

Charter Township of Union

Financial Statements

December 31, 2021



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Charter Township of Union
List of Elected and Appointed Officials
December 31, 2021

Board of Trustees

Bryan Mielke, Supervisor

Lisa Cody, Clerk

Kim Rice, Treasurer

Bill Hauck, Trustee

Connie Bills, Trustee

Jeff Brown, Trustee

James Thering, Jr., Trustee

Other Officers and Officials

Mark Stuhldreher, Township Manager

Sherrie Teall, Finance Director



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Independent Auditors' Report

Management and Board of Trustees
Charter Township of Union
Mt. Pleasant, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2022 on our consideration of the Charter Township of Union's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter Township of Union's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Township of Union's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Alma, Michigan
May 4, 2022

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

This section of the Charter Township of Union's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended December 31, 2021.

FINANCIAL HIGHLIGHTS

- The Township's combined total net position is \$35.0 million for the fiscal year ended December 31, 2021, compared to \$34.1 million last fiscal year.
- The combined total net position increased by \$0.9 million.
- In the Township's governmental activities, revenues generated \$3.8 million, while expenses were \$3.1 million.
- In the Township's business-type activities, revenues generated \$4.4 million, while expenses were \$4.2 million.
- The total revenues of all Township programs, including government and business-type activities was \$8.2 million, up \$0.7 million from last fiscal year.
- The total cost of all Township programs, including governmental and business-type activities was \$7.3 million, up \$0.6 million from last fiscal year.

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 are comprised of three components:

- 1) government-wide financial statements
- 2) fund financial statements
- 3) notes to the financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide statements are designed to provide readers with an overview of the Township's finances, as a whole, in a manner similar to a private sector business. The *statement of net position* presents information on all the Township's assets and liabilities, with the difference between the two reported as net position. The *statement of activities* presents all the Township's revenues and expenses and is reported based on when the event occurs that creates the revenue or expense, regardless of when cash is received or paid.

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

The government-wide statements of the Charter Township of Union are divided into two categories:

- 1) **Governmental Activities** – Most of the Township's basic services are included here, such as public safety, fire protection, public works, parks and recreation, community development, and general administration. Property taxes, state shared revenue, and charges for services finance most of these activities.
- 2) **Business-type Activities** – The Township's business-type activities include water and sewer. Fees are charged to customers to recover all or a significant portion of certain services each fund provides.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Charter Township of Union has three types of funds:

Governmental Funds – Many of the Township's basic services are included in governmental funds which focus on how cash and other financial assets that can be readily converted into cash flow in and out. The funds also show the balances left at year-end that are available for spending.

The governmental funds focus on a short-term view, rather than the long-term focus of the government-wide statements, so additional information is provided after each of the governmental fund statements that explain the relationship or differences between the fund and government-wide statements.

The Township maintains 5 individual governmental funds. Separate information is provided for the General Fund, Fire Protection Fund, and the American Rescue Plan Act Fund, each of which are considered a "major" fund. Data from the 2 other governmental funds, the Public Improvement Fund and the Tribal Grants Fund, are combined into a single column labeled "non-major governmental funds".

The Township adopts an annual budget for each of its governmental funds. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with those budgets.

Proprietary Funds – Proprietary funds are used to report services where the Township charges a fee to the customer to recover most or all the cost of the services rendered. Proprietary funds provide both long and short-term financial information. The two types of proprietary funds are enterprise and internal service funds. The Township does not have any internal service funds.

The Township has 2 enterprise funds, the Water Fund and the Sewer Fund. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund, which are considered major funds of the Township.

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the Township. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

TOWNSHIP'S SUMMARY OF NET POSITION

The following summarizes the Township's net position at December 31, 2021 and 2020:

The Township's total combined net position for the fiscal year ended December 31, 2021 is \$35.0 million, made up of \$26.3 million in business-type activities, and \$8.7 million in governmental activities.

Combined unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, is \$13.5 million. Business-type activities unrestricted total is \$7.7 million, while the unrestricted governmental activities net asset total is \$5.8 million.

A portion of the Township's net position (57%) reflects its investment in capital assets (e.g. land, buildings, equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

Charter Township of Union Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 9,166,204	\$ 7,955,921	\$ 8,562,300	\$ 8,364,727	\$ 17,728,504	\$ 16,320,648
Capital assets	1,535,444	1,364,757	24,598,466	25,075,144	26,133,910	26,439,901
Total assets	10,701,648	9,320,678	33,160,766	33,439,871	43,862,414	42,760,549
Deferred outflows of resources						
Deferred amount on refunding	-	-	-	38,746	-	38,746
Liabilities						
Current liabilities	843,076	118,940	845,724	1,170,988	1,688,800	1,289,928
Long-term liabilities	-	-	6,032,592	6,253,768	6,032,592	6,253,768
Total liabilities	843,076	118,940	6,878,316	7,424,756	7,721,392	7,543,696
Deferred inflows of resources						
Property taxes	1,127,220	1,127,338	-	-	1,127,220	1,127,338
Net position						
Net investment in capital assets	1,535,444	1,361,507	18,378,445	18,286,412	19,913,889	19,647,919
Restricted	1,383,480	1,475,632	228,712	190,000	1,612,192	1,665,632
Unrestricted	5,812,428	5,237,261	7,675,293	7,577,449	13,487,721	12,814,710
Total net position	\$ 8,731,352	\$ 8,074,400	\$ 26,282,450	\$ 26,053,861	\$ 35,013,802	\$ 34,128,261

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

TOWNSHIP'S SUMMARY OF CHANGES IN NET POSITION

The following summarizes the Township's changes in net position for the fiscal years ended December 31, 2021 and 2020:

Governmental Activities

Net position for governmental activities increased by \$0.7 million during the year ended December 31, 2021, compared to a \$0.5 million increase last year.

The Township's total governmental revenue is \$3.8 million in 2021, which is a \$0.6 million increase over the prior year

Expenses for governmental activities totaled \$3.1 million, which is a \$0.4 million increase over the prior year.

Business-type Activities

Net position for business-type activities increased by \$0.2 million during the year ended December 31, 2021, compared to a \$0.3 million increase last year.

Total revenue from business-type activities was \$4.4 million in 2021, which was an increase of \$0.1 million over the prior year.

Expenses for business-type activities totaled \$4.2 million, an increase of \$0.2 million from the prior year.

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

Charter Township of Union Change in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for services	\$ 533,241	\$ 436,197	\$ 4,361,638	\$ 4,018,285	\$ 4,894,879	\$ 4,454,482
Operating grants and contributions	62,418	48,091	-	47,352	62,418	95,443
Capital grants and contributions	529,258	273,186	-	73,534	529,258	346,720
General revenues						
Property taxes	1,199,296	1,110,232	-	-	1,199,296	1,110,232
State shared revenue	1,397,481	1,202,383	-	-	1,397,481	1,202,383
Unrestricted investment earnings	30,757	124,704	33,215	128,284	63,972	252,988
Miscellaneous	19,513	23,839	7,559	58,044	27,072	81,883
Total revenues	<u>3,771,964</u>	<u>3,218,632</u>	<u>4,402,412</u>	<u>4,325,499</u>	<u>8,174,376</u>	<u>7,544,131</u>
Expenses						
General government	890,522	914,080	-	-	890,522	914,080
Public safety	1,031,475	1,013,062	-	-	1,031,475	1,013,062
Public works	836,433	358,552	-	-	836,433	358,552
Health and welfare	-	-	-	-	-	-
Community and economic development	253,882	239,549	-	-	253,882	239,549
Recreation and culture	102,627	222,104	-	-	102,627	222,104
Interest on long-term debt	73	892	-	-	73	892
Sewer	-	-	2,504,378	2,473,494	2,504,378	2,473,494
Water	-	-	1,669,445	1,526,787	1,669,445	1,526,787
Total expenses	<u>3,115,012</u>	<u>2,748,239</u>	<u>4,173,823</u>	<u>4,000,281</u>	<u>7,288,835</u>	<u>6,748,520</u>
Change in net position	656,952	470,393	228,589	325,218	885,541	795,611
Net position - beginning of year	<u>8,074,400</u>	<u>7,604,007</u>	<u>26,053,861</u>	<u>25,728,643</u>	<u>34,128,261</u>	<u>33,332,650</u>
Net position - end of year	<u>\$ 8,731,352</u>	<u>\$ 8,074,400</u>	<u>\$ 26,282,450</u>	<u>\$ 26,053,861</u>	<u>\$ 35,013,802</u>	<u>\$ 34,128,261</u>

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

Charter Township of Union's Funds

Analysis of the Charter Township of Union's major funds begins on page 4-4, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant individual funds, not the Township as a whole. Funds are created to help manage money for specific purposes, as well as show accountability for certain activities, such as specific property tax millage and restricted receipts from federal and state sources.

The General Fund is the chief operating fund of the Township and one of two governmental funds that is considered a major fund. It pays for most of the Township's governmental services. Its major components of revenue are state shared revenue and property taxes. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4.7 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 212% of total General Fund expenditures including transfers to other funds. The fund balance of the General Fund increased by about \$581,000 during the current fiscal year due to revenues being higher than expenditures.

The fund balance of the Fire Fund increased by approximately \$136,000 during the current fiscal year. The Township has a contract with the City of Mt. Pleasant for fire services. Per the contract, the Township owed the City \$796,300 for fire services in 2021. The City Commissioners voted to reduce the annual amount owed by \$54,090 for 2021. This reduction was due to reduced staffing costs in the City's fire department for April and May 2020, due to COVID. This reduction resulted in the Township's expenditures for fire services being reduced to \$745,789 for the year, \$54,090 less than originally expected.

The American Rescue Plan Act Fund was created in 2021 to separately account for Federal funding received through the American Rescue Plan Act of 2021 (ARPA). As of December 31, 2021, the Township's Board of Trustees had not decided how to spend this funding, so no expenditures were incurred in this Fund during 2021. Therefore, the total amount received of ARPA funding received during 2021 of \$717,032 remains in unearned revenue at year end, generating \$156 in interest income during 2021.

The Water and Sewer Funds are the Township's two major Proprietary Funds. The net position of the Sewer Fund increased by approximately \$171,000 during the year. The increase was partly due to spending under budget. The net position of the Water Fund increased by approximately \$57,000 during the year. The increase was partly due to spending under budget.

General Fund Budgetary Highlights

Budgets reflect best estimates of the next year's financial events. Budget amendments are often required to adjust for unexpected events and timing differences between when events are anticipated to happen and when they occur. The statements, schedules and notes included in the financial statements' present comparisons of original budget, amended budget and actual revenues and expenditures beginning on page 5-1.

The Charter Township of Union had no issues balancing the budget in the past several years, and this year was no exception. The Township continues to grow and remains financially strong with General Fund revenues increasing each year, and overall General Fund expenditures are well under

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

budget. The revenues in the 2021 original budget were estimated to be \$427,557 lower than expenditures. However, this estimated shortfall was amended to a surplus of \$80,459.

One of the challenges the Township faces in budgeting revenues is estimating building and zoning permit fees which fluctuate from year to year. As the Township grows, it is uncertain if new construction will increase or decrease when compared to past years. Another challenge is budgeting expenditures for Township contributions to the Isabella County Road Commission for several road construction projects. The road projects are a large part of the Township's general fund budget, and the projects can take more than one year to complete or even begin. The General Fund budget is amended mid-year when the progress on the various projects is easier to estimate. Overall, when the 2021 budget was amended, total estimated revenues increased \$285,157 and total estimated expenditures were reduced by \$222,859, changing the estimated surplus (deficit) for the year from (\$427,557) to \$80,459.

In the fiscal year 2021, the General Fund budget for revenues increased by approximately \$285,157 from the original budget to the final amended budget. This was partly due to revenue sharing we expected to receive from the State of Michigan. The amended budget for State revenue sharing was \$140,000 higher than the original budget of \$1,059,900. The budget for State revenue sharing was amended mid-year when actual payments were coming in higher than expected and the decrease in population figures were received from the 2020 Census when compared to the 2010 Census. In addition, interest income was lower than expected when the original budget was created. Interest rates have decreased for the Certificates of Deposit that we purchased/renewed in 2021, and the Township has also decreased the amounts invested in 2021, so the budget was reduced by \$9,800 to reflect the drop in interest earnings. The Township also increased the budget for Local Contributions \$132,227 when the Township's Economic Development Authority (EDA) approved an additional \$104,000 to help pay for upgrades to Jameson Hall and the Saginaw Chippewa Indian Tribe (SCIT) awarded the Township a 2% grant in the amount of \$38,227 for the chip seal program on certain roads in the Township.

General Fund appropriations decreased by \$222,859 from original budget to final amended budget in fiscal year 2021. Following are some of the notable details for these changes:

In the General Government area, the budget was increased \$17,250 in the Elections Department mostly due to costs to run three elections during the year and the numbers of absentee ballots that are processed due to the public reaction to COVID-19.

In Public Works, the Township reduced the budgeted amounts for public works by \$143,800, because road projects supported by the Township were not commenced or completed at year-end. There was one major road project delayed until 2022. This was for an upgrade to Lincoln Road between M-20 and Broomfield Road, south of the bridge. The Township had committed to contributing \$167,000 for this project. The Lincoln Road project is expected to be completed in 2022. Also, the 2021 Budget was adjusted up \$31,000 because the Meridian Road 2" overlay project was approved by the Board of Trustees mid-year.

In the Capital Outlay area, the 2021 budget was decreased \$70,000 because the upgrade project for the back offices at the Township Hall was delayed until 2022. This was for carpet/tile/new office furniture/painting in the back offices. The budget was also decreased by \$30,500 because the clean up of the property at Jonathon Lane was delayed until 2022. The capital outlay budget was also increased by \$15,500 for the removal of windmills, installation of a light pole and landscaping near the southern parking lot at the Township Hall. The total budget adjustments for capital outlay in the General Fund for 2021, was a decrease of \$85,000.

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

In the General Fund, each individual department in the fund came in under budget in 2021, except for Attorney fees, which were over budget by \$6,298. Overall, the total actual expenditures in the general fund were under budget by \$304,252 or 12.2%

CAPITAL ASSETS

The Charter Township of Union's primary government has \$26,133,910 invested in capital assets net of depreciation. Capital assets include all tangible assets that exceed \$5,000 in value and have an expected useful life of greater than two years. Capital assets include land, land improvements, sidewalks, buildings, equipment, vehicles and sewer and water systems. The Township uses straight line depreciation ranging from three to fifty years useful life. From fiscal year 2020 to 2021, net capital assets increased \$170,687 for Governmental Activities and decreased \$476,678 for Business-type Activities. Additional details of capital assets can be found in the Notes to Financial Statements beginning on page 4-18. A summary of the capital assets for the Township's primary government follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Capital assets not being depreciated						
Land	\$ 160,650	\$ 160,650	\$ 275,780	\$ 275,780	\$ 436,430	\$ 436,430
Construction in progress	256,494	32,717	341,394	611,514	597,888	644,231
Capital assets being depreciated						
Land improvements	349,809	349,809	41,964	41,964	391,773	391,773
Building & improvements	1,118,025	1,101,389	389,275	389,275	1,507,300	1,490,664
Machinery and equipment	287,402	287,402	2,071,294	1,917,951	2,358,696	2,205,353
Vehicles	538,297	538,297	435,023	435,023	973,320	973,320
Water system	-	-	13,941,801	13,609,586	13,941,801	13,609,586
Sewer system	-	-	14,952,006	14,518,206	14,952,006	14,518,206
Wastewater treatment plant	-	-	12,567,029	12,567,029	12,567,029	12,567,029
Total capital assets	2,710,677	2,470,264	45,015,566	44,366,328	47,726,243	46,836,592
Less: accumulated depreciation	(1,175,233)	(1,105,507)	(20,417,100)	(19,291,184)	(21,592,333)	(20,396,691)
Capital assets, net	<u>\$ 1,535,444</u>	<u>\$ 1,364,757</u>	<u>\$ 24,598,466</u>	<u>\$ 25,075,144</u>	<u>\$ 26,133,910</u>	<u>\$ 26,439,901</u>

LONG-TERM DEBT

Bonded Debt

The Township's current debt outstanding has been issued to fund capital improvements for new water and sewer infrastructure. For the total primary government, \$609,000 of the bonded debt was retired in 2021. In addition, bond discounts were amortized in the amount of \$2,680 for the year.

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

The Business-type Activities of the Township have \$6,220,021 in outstanding bonded debt as of December 31, 2021. Of the outstanding debt, \$1,167,370 is general obligation bonded debt, and \$5,052,651 is revenue bonds. The general obligation bonded debt is indirect debt issued by Isabella County on the Township's behalf. The revenue bonded debt is direct debt issued by the Township itself. Currently, there is no bonded debt outstanding for the Governmental Activities of Charter Township of Union.

Capital Lease Debt

In 2016, the Charter Township of Union entered into a capital lease agreement with Xerox for the purchase of seven new copiers that are used in primary government operations. At December 31st, 2021, the Governmental Activities and the Business Type Activities had paid the debt in full.

Compensated Absences

The compensated absences for the Township represent the amounts owed to employees for leave time earned and not used as of December 31, 2021. In the Governmental Activities (General Fund), the amounts owed were \$20,562. In the Business-type Activities (Water and Sewer Funds), the amounts owed were \$116,410. In the Governmental Activities, the liability for compensated absences increased by \$5,946 for the year. In Business-type Activities, the accrual for compensated absences increased by \$6,169. Overall, the value of earned leave time owed to employees at December 31, 2021 that would be paid at the time of separation was \$12,115 for the Total Primary Government.

A summary of the long-term debt outstanding for the Township's primary government follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ -	\$ -	\$ 6,220,021	\$ 6,826,341	\$ 6,220,021	\$ 6,826,341
Capital lease	-	3,250	-	1,137	-	4,387
Compensated absences	20,562	14,616	116,410	110,241	136,972	124,857
	<u>\$ 20,562</u>	<u>\$ 17,866</u>	<u>\$ 6,336,431</u>	<u>\$ 6,937,719</u>	<u>\$ 6,356,993</u>	<u>\$ 6,955,585</u>

CURRENT ECONOMIC EVENTS

The Township's budget for the next fiscal year is balanced with no property tax rate increase for general operations; the millage for fire protection services is at 2.25 mills to cover the annual increases in fire services contract with the City of Mount Pleasant. The Township's taxable value and property tax revenues have increased an average of 2.0% since 2015, this is mainly due to the growth in the Township being offset by personal property taxes for small business no longer being assessed and the reductions created by tax tribunal cases filed with the State of Michigan by owners of commercial properties. Management continues to keep abreast of the possible changes to taxable values and property tax revenues from year to year.

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

In 2022, the Township expects to receive less in General Fund revenues compared to 2021. Interest rates declined dramatically in 2020. To date, the interest rates have not recovered. Therefore, interest income in fiscal year 2022 is expected to be less than 1/2 of the interest earned in 2021, down to \$10,500 from \$26,000 in the General Fund alone. The reason for this is because 12 month CD's that matured early in 2020, before anyone knew about COVID, renewed at a higher interest rate before the interest rates fell dramatically later in the year, so the Township had locked in some decent interest rates for 12 months, that did not renew until February, 2021. After February 2021, the interest rates earned by all funds of the Township are at an all-time low.

There is always uncertainty in State revenue sharing levels and for the 2022 fiscal year the uncertainty is there. In 2021, the Township's actual State shared revenue received was \$1,397,481 and that amount was 50% of total General Fund revenues. The Township budgets for the last several fiscal years were prepared conservatively when estimating revenue sharing proceeds, so when the 2022 original budget was prepared, the estimate was \$1,180,000. Management is aware that the budget for revenue sharing may need to be amended up or down depending on actual payments received. The revenue sharing amount received for the first two months in 2022 is \$200,542.

State shared sales tax revenue is made up of two components: the constitutional component and the statutory portion.

The constitutional component is 13% of the gross collections of the 6% State sales tax. This portion cannot be adjusted by the legislature, but the amount of sales tax collected in the State of Michigan affects the amount of revenue sharing the Township will receive. Going forward, sales tax collections could be lower or higher, it is difficult to determine. The population of the Township is used to calculate the constitutional portion of the revenue sharing received. According to the 2020 Census, population in the Township decreased from 12,927 to 11,692 compared to the 2010 Census. This change in population will affect the revenue sharing received from the State in 2022. Management has taken this into consideration when calculating estimates for the 2022 General Fund budget.

The Township became eligible for the statutory portion of the State's revenue sharing in fiscal year 2014. The statutory revenue sharing to the Township is approximately \$46,600 in fiscal year 2022. To receive the statutory revenue sharing, the municipality must embrace accountability and transparency and publish a performance "dashboard" that is readily available to the public. This "dashboard" is full of financial information and other statistical information about the Township. It can be found on the Township's website on the Accounting Department tab. The Township has consistently met the requirements to receive the statutory revenue sharing each year. Management anticipates qualifying for next year's funding, but State funding for this statutory portion is always uncertain.

Total expenditures in the General Fund for the next fiscal year are estimated to be \$2.65 million. Included in those expenditures are contributions to the Isabella County Road Commission for road maintenance in the amount of \$247,000 for an upgrade to Lincoln Road, south of the bridge, between High St and Broomfield, to improve four miles of gravel roads, and three brine applications to gravel roads. \$300,000 is in the budget for sidewalks in the Township. The planned sidewalks: New sidewalks along the North side of Pickard Road from Ashland Dr. to Lincoln Rd, new sidewalk along the South side of West Pickard Rd. from the Lincoln/Pickard intersection to the Township Hall and into McDonald Park, construction of sidewalk ramps and pedestrian crossing at the Lincoln/Pickard intersection, sidewalk construction on the remaining sections of Broomfield and Bluegrass Roads.

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2021**

There is \$132,000 in the 2022 General Fund budget for maintenance to the Township Hall. Of the \$132,000 budgeted, \$60,000 is for parking lot repair, \$40,000 for carpet for the back offices, \$10,000 for new office furniture, and \$15,000 for painting the back offices. There is also \$7,000 budgeted for electronics upgrades to the Board Room.

In the Community and Economic Development Department, there is \$96,000 budgeted for new trucks for the zoning administration/ordinance enforcement activities and rental inspection activities.

There is also \$20,000 budgeted to evaluate the need to renovate the existing Township Hall, purchase and renovate another building, or construct a new building for a Township Hall in the future.

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021. ARPA is a program offered by the Federal Government which is providing \$350 billion in additional funding for state and local governments. In 2021, the Township received \$717,032 from the Federal Government's ARPA funding. The Township expects to receive another \$719,918 in ARPA funding in fiscal year 2022. This funding is considered a replacement for revenue the Township lost the last couple of years due to COVID-19. The revenue will not be recorded in the funds until both of the following occur: 1) an award has been executed and 2) eligible expenditures are incurred. The Township's Board of Trustees has not yet decided how these funds will be spent. The funding must be spent by the end of calendar year 2024.

Overall, the Township has a good, strong financial position in the General Fund and all other funds. The strong financial position of the Township will help weather the economic storm created by decisions made at the Federal and State levels related to the COVID-19 pandemic. Township management is looking forward to the future and making the Township a better place in which to live and work.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances. If you have questions about this report or would like additional information, contact the Township finance office at 989-772-4600. Additional information can also be obtained at the Township's website, www.uniontownshipmi.com.

Charter Township of Union
Statement of Net Position
December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 7,852,587	\$ 7,268,315	\$ 15,120,902	\$ 3,055,143
Receivables				
Taxes	685,372	-	685,372	204,525
Customers	37,069	984,473	1,021,542	-
Special assessments	71,772	10,841	82,613	-
Accrued interest and other	1,789	81	1,870	166
Due from other units of government	235,974	-	235,974	699,043
Due from component unit	263	-	263	-
Prepaid items	281,378	69,878	351,256	1,528
Restricted assets				
Cash and cash equivalents	-	228,712	228,712	-
Capital assets not being depreciated	417,144	617,174	1,034,318	197,697
Capital assets, net of accumulated depreciation	1,118,300	23,981,292	25,099,592	82,449
 Total assets	 10,701,648	 33,160,766	 43,862,414	 4,240,551

See Accompanying Notes to the Financial Statements

Charter Township of Union
Statement of Net Position
December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 78,462	\$ 476,866	\$ 555,328	\$ 31,170
Accrued and other liabilities	27,020	65,019	92,039	-
Due to primary government	-	-	-	263
Unearned revenue	717,032	-	717,032	-
Noncurrent liabilities				
Due within one year	20,562	303,839	324,401	-
Due in more than one year	-	6,032,592	6,032,592	-
 Total liabilities	 843,076	 6,878,316	 7,721,392	 31,433
 Deferred inflows of resources				
Property taxes	1,127,220	-	1,127,220	903,570
 Net position				
Net investment in capital assets	1,535,444	18,378,445	19,913,889	280,146
Restricted				
Fire	960,332	-	960,332	-
Tribal grants	81,737	-	81,737	-
Capital projects	341,411	-	341,411	-
Bond required reserves	-	228,712	228,712	-
Unrestricted	5,812,428	7,675,293	13,487,721	3,025,402
 Total net position	 \$ 8,731,352	 \$ 26,282,450	 \$ 35,013,802	 \$ 3,305,548

See Accompanying Notes to the Financial Statements

Charter Township of Union
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 890,522	\$ 299,448	\$ 37,741	\$ -	\$ (553,333)	\$ -	\$ (553,333)	\$ -
Public safety	1,031,475	140,666	24,677	-	(866,132)	-	(866,132)	-
Public works	836,433	93,127	-	529,258	(214,048)	-	(214,048)	-
Community and economic development	253,882	-	-	-	(253,882)	-	(253,882)	-
Recreation and culture	102,627	-	-	-	(102,627)	-	(102,627)	-
Interest on long-term debt	73	-	-	-	(73)	-	(73)	-
Total governmental activities	3,115,012	533,241	62,418	529,258	(1,990,095)	-	(1,990,095)	-
Business-type activities								
Sewer	2,504,378	2,656,602	-	-	-	152,224	152,224	-
Water	1,669,445	1,705,036	-	-	-	35,591	35,591	-
Total business-type activities	4,173,823	4,361,638	-	-	-	187,815	187,815	-
Total primary government	<u>\$ 7,288,835</u>	<u>\$ 4,894,879</u>	<u>\$ 62,418</u>	<u>\$ 529,258</u>	(1,990,095)	187,815	(1,802,280)	-
Component units								
East Downtown Development Authority	\$ 444,688	\$ -	\$ 56,127	\$ -				(388,561)
West Downtown Development Authority	95,669	-	38	-				(95,631)
Total component units	<u>\$ 540,357</u>	<u>\$ -</u>	<u>\$ 56,165</u>	<u>\$ -</u>				<u>(484,192)</u>
General revenues								
Property taxes					1,199,296	-	1,199,296	789,158
State shared revenue					1,397,481	-	1,397,481	-
Unrestricted investment earnings					30,757	33,215	63,972	9,222
Miscellaneous					19,513	7,559	27,072	-
Total general revenues					2,647,047	40,774	2,687,821	798,380
Change in net position					656,952	228,589	885,541	314,188
Net position - beginning of year					8,074,400	26,053,861	34,128,261	2,991,360
Net position - end of year					<u>\$ 8,731,352</u>	<u>\$ 26,282,450</u>	<u>\$ 35,013,802</u>	<u>\$ 3,305,548</u>

See Accompanying Notes to the Financial Statements

Charter Township of Union
Governmental Funds
Balance Sheet
December 31, 2021

		Special Revenue Funds				
	General	Fire	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds	
Assets						
Cash and cash equivalents	\$ 5,747,963	\$ 1,033,040	\$ 717,188	\$ 354,396	\$ 7,852,587	
Receivables						
Taxes	259,010	426,362	-	-	685,372	
Customers	37,069	-	-	-	37,069	
Special assessments	-	-	-	71,772	71,772	
Accrued interest and other	1,745	44	-	-	1,789	
Due from other units of government	235,974	-	-	-	235,974	
Due from component units	263	-	-	-	263	
Prepaid items	78,153	203,225	-	-	281,378	
Total assets	<u>\$ 6,360,177</u>	<u>\$ 1,662,671</u>	<u>\$ 717,188</u>	<u>\$ 426,168</u>	<u>\$ 9,166,204</u>	
Liabilities						
Accounts payable	\$ 75,442	\$ -	\$ -	\$ 3,020	\$ 78,462	
Accrued and other liabilities	27,020	-	-	-	27,020	
Unearned revenue	-	-	717,032	-	717,032	
Total liabilities	<u>102,462</u>	<u>-</u>	<u>717,032</u>	<u>3,020</u>	<u>822,514</u>	

See Accompanying Notes to the Financial Statements

Charter Township of Union
Governmental Funds
Balance Sheet
December 31, 2021

	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Fire	American Rescue Plan Act		
Deferred inflows of resources					
Property taxes	\$ 424,881	\$ 702,339	\$ -	\$ -	\$ 1,127,220
Special assessments	-	-	-	71,772	71,772
Total deferred inflows of resources	424,881	702,339	-	71,772	1,198,992
Fund Balances					
Non-spendable					
Prepaid items	78,153	203,225	-	-	281,378
Restricted for					
Fire	-	757,107	-	-	757,107
Tribal grants	-	-	-	81,737	81,737
Capital projects	-	-	-	269,639	269,639
Assigned for					
Future fiscal year budget	627,353	-	-	-	627,353
Road Commission projects	466,846	-	-	-	466,846
American Rescue Plan Act expenditures	-	-	156	-	156
Unassigned	4,660,482	-	-	-	4,660,482
Total fund balances	5,832,834	960,332	156	351,376	7,144,698
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,360,177	\$ 1,662,671	\$ 717,188	\$ 426,168	\$ 9,166,204

See Accompanying Notes to the Financial Statements

Charter Township of Union
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2021

Total fund balances for governmental funds	\$ 7,144,698
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	1,118,300
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	417,144
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	71,772
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	<u>(20,562)</u>
Net position of governmental activities	<u><u>\$ 8,731,352</u></u>

Charter Township of Union
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

		Special Revenue Funds			
	General	Fire	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 486,022	\$ 713,274	\$ -	\$ -	\$ 1,199,296
Licenses and permits	84,131	-	-	-	84,131
State revenue sharing	1,397,481	-	-	-	1,397,481
Other state grants	37,741	24,677	-	-	62,418
Local contributions	491,031	-	-	38,227	529,258
Charges for services	211,162	140,666	-	-	351,828
Fines and forfeitures	627	-	-	-	627
Interest income	26,008	3,546	156	1,047	30,757
Rental income	3,528	-	-	-	3,528
Other revenue	37,712	-	-	57,299	95,011
Total revenues	2,775,443	882,163	156	96,573	3,754,335
Expenditures					
Current					
General government	838,606	-	-	-	838,606
Public safety	259,344	745,789	-	-	1,005,133
Public works	505,443	-	-	272,227	777,670
Community and economic development	253,375	-	-	-	253,375
Recreation and culture	81,737	-	-	13,295	95,032
Capital outlay	252,658	-	-	57,206	309,864
Debt service					
Principal retirement	3,250	-	-	-	3,250
Interest and fiscal charges	73	-	-	-	73
Total expenditures	2,194,486	745,789	-	342,728	3,283,003
Net change in fund balances	580,957	136,374	156	(246,155)	471,332
Fund balances - beginning of year	5,251,877	823,958	-	597,531	6,673,366
Fund balances - end of year	\$ 5,832,834	\$ 960,332	\$ 156	\$ 351,376	\$ 7,144,698

See Accompanying Notes to the Financial Statements

Charter Township of Union
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

Net change in fund balances - Total governmental funds	\$ 471,332
Total change in net position reported for governmental activities in the statement of activities is 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.	
Depreciation expense	(69,726)
Capital outlay	240,413
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	17,629
Expenses are recorded when incurred in the statement of activities.	
Compensated absences	(5,946)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments of long-term debt	<u>3,250</u>
Change in net position of governmental activities	<u><u>\$ 656,952</u></u>

Charter Township of Union
Proprietary Funds
Statement of Net Position
December 31, 2021

	Enterprise Funds		
	Sewer	Water	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 3,466,349	\$ 3,801,966	\$ 7,268,315
Receivables			
Customers	642,502	341,971	984,473
Special assessments, current	-	10,841	10,841
Accrued interest and other	52	29	81
Prepaid items	40,589	29,289	69,878
Total current assets	4,149,492	4,184,096	8,333,588
Noncurrent assets			
Restricted assets			
Cash and cash equivalents			
USDA bond reserve	228,712	-	228,712
Capital assets not being depreciated	373,335	243,839	617,174
Capital assets, net of accumulated depreciation	15,451,977	8,529,315	23,981,292
Total noncurrent assets	16,054,024	8,773,154	24,827,178
Total assets	20,203,516	12,957,250	33,160,766

See Accompanying Notes to the Financial Statements

Charter Township of Union
Proprietary Funds
Statement of Net Position
December 31, 2021

	Enterprise Funds		
	Sewer	Water	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 215,718	\$ 261,148	\$ 476,866
Accrued and other liabilities	31,647	33,372	65,019
Current portion of noncurrent liabilities	151,723	152,116	303,839
Total current liabilities	399,088	446,636	845,724
Noncurrent liabilities			
Long-term debt net of current portion	4,963,367	1,069,225	6,032,592
Total liabilities	5,362,455	1,515,861	6,878,316
Net position			
Net investment in capital assets	10,772,661	7,605,784	18,378,445
Restricted for			
Bond required reserves	228,712	-	228,712
Unrestricted	3,839,688	3,835,605	7,675,293
Total net position	<u>\$ 14,841,061</u>	<u>\$ 11,441,389</u>	<u>\$ 26,282,450</u>

See Accompanying Notes to the Financial Statements

Charter Township of Union
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2021

	Enterprise Funds		
	Sewer	Water	Total
Operating revenue			
Customer fees	\$ 2,574,001	\$ 1,514,707	\$ 4,088,708
Connection fees	82,601	137,958	220,559
Rental income	-	52,371	52,371
Other revenue	2,763	4,796	7,559
Total operating revenue	2,659,365	1,709,832	4,369,197
Operating expenses			
Personnel services	894,456	674,544	1,569,000
Supplies	165,805	81,728	247,533
Contractual services	86,335	119,485	205,820
Utilities	234,890	140,634	375,524
Repairs and maintenance	134,109	170,020	304,129
Other expenses	57,781	36,234	94,015
Depreciation	731,998	393,918	1,125,916
Total operating expenses	2,305,374	1,616,563	3,921,937
Operating income	353,991	93,269	447,260
Nonoperating revenue (expenses)			
Interest income	16,346	16,869	33,215
Interest expense	(199,004)	(52,882)	(251,886)
Total nonoperating revenues (expenses)	(182,658)	(36,013)	(218,671)
Change in net position	171,333	57,256	228,589
Net position - beginning of year	14,669,728	11,384,133	26,053,861
Net position - end of year	\$ 14,841,061	\$ 11,441,389	\$ 26,282,450

See Accompanying Notes to the Financial Statements

Charter Township of Union
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2021

	Enterprise Funds		
	Sewer	Water	Total
Cash flows from operating activities			
Receipts from customers	\$ 2,629,652	\$ 1,694,638	\$ 4,324,290
Payments to suppliers	(752,678)	(391,913)	(1,144,591)
Payments to employees	(887,354)	(664,302)	(1,551,656)
Net cash provided by operating activities	989,620	638,423	1,628,043
Cash flows from capital and related financing activities			
Proceeds from special assessments	-	12,229	12,229
Purchases/construction of capital assets	(299,939)	(349,299)	(649,238)
Principal and interest paid on long-term debt	(705,631)	(159,416)	(865,047)
Net cash used by capital and related financing activities	(1,005,570)	(496,486)	(1,502,056)
Cash flows from investing activities			
Interest received	18,885	19,122	38,007
Net change in cash and cash equivalents	2,935	161,059	163,994
Cash and cash equivalents - beginning of year	3,692,126	3,640,907	7,333,033
Cash and cash equivalents - end of year	<u>\$ 3,695,061</u>	<u>\$ 3,801,966</u>	<u>\$ 7,497,027</u>

See Accompanying Notes to the Financial Statements

Charter Township of Union
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2021

	Enterprise Funds		
	Sewer	Water	Total
Statement of Net Position classification			
Cash and cash equivalents	\$ 3,466,349	\$ 3,801,966	\$ 7,268,315
Restricted assets			
Cash and cash equivalents			
USDA bond reserve	228,712	-	228,712
Total cash and cash equivalents	<u>\$ 3,695,061</u>	<u>\$ 3,801,966</u>	<u>\$ 7,497,027</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 353,991	\$ 93,269	\$ 447,260
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation and amortization expense	771,845	395,497	1,167,342
Changes in assets and liabilities			
Receivables (net)	(29,713)	(15,194)	(44,907)
Prepaid items	(3,462)	(2,231)	(5,693)
Accounts payable	(110,143)	156,840	46,697
Accrued and other liabilities	5,445	5,730	11,175
Compensated absences	1,657	4,512	6,169
Net cash provided by operating activities	<u>\$ 989,620</u>	<u>\$ 638,423</u>	<u>\$ 1,628,043</u>

See Accompanying Notes to the Financial Statements

Charter Township of Union
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2021

	Custodial Fund
	<u>Current Tax Collection</u>
Assets	
Cash and cash equivalents	<u>\$ 2,288,943</u>
Liabilities	
Due to other units of government	<u>2,288,943</u>
Net Position	
Restricted for:	
Individuals, organizations, and other governments	<u><u>\$ -</u></u>

See Accompanying Notes to the Financial Statements

Charter Township of Union
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2021

	Custodial Fund Current Tax Collection
Additions	
Property tax collections for other governments	\$ 13,920,821
Deductions	
Payments of property tax to other governments	<u>13,920,821</u>
Change in net position	-
Net position - beginning of year	<u>-</u>
Net position - end of year	<u><u>\$ -</u></u>

See Accompanying Notes to the Financial Statements

Charter Township of Union
Combining Statement of Component Units
Statement of Net Position
December 31, 2021

	East Downtown Development Authority	West Downtown Development Authority	Total
Assets			
Cash and cash equivalents	\$ 1,579,901	\$ 1,475,242	\$ 3,055,143
Receivables			
Taxes	79,445	125,080	204,525
Accrued interest and other	29	137	166
Due from other units of government	426,340	272,703	699,043
Prepaid items	1,528	-	1,528
Capital assets not being depreciated	197,697	-	197,697
Capital assets, net of accumulated depreciation	77,033	5,416	82,449
	<u>2,361,973</u>	<u>1,878,578</u>	<u>4,240,551</u>
Total assets			
Liabilities			
Accounts payable	30,552	618	31,170
Due to primary government	-	263	263
	<u>30,552</u>	<u>881</u>	<u>31,433</u>
Total liabilities			
Deferred inflows of resources			
Property taxes	505,786	397,784	903,570
	<u>505,786</u>	<u>397,784</u>	<u>903,570</u>
Net position			
Net investment in capital assets	274,730	5,416	280,146
Unrestricted	1,550,905	1,474,497	3,025,402
	<u>1,550,905</u>	<u>1,474,497</u>	<u>3,025,402</u>
Total net position	<u>\$ 1,825,635</u>	<u>\$ 1,479,913</u>	<u>\$ 3,305,548</u>

See Accompanying Notes to the Financial Statements

Charter Township of Union
Combining Statement of Component Units
Statement of Activities
For the Year Ended December 31, 2021

		Program Revenues	Net (Expense) Revenue and Changes in Net Position		
			East	West	Total
	Expenses	Operating Grants and Contributions	Downtown Development Authority	Downtown Development Authority	
Component units					
East Downtown Development Authority	\$ 444,688	\$ 56,127	\$ (388,561)	\$ -	\$ (388,561)
West Downtown Development Authority	95,669	38	-	(95,631)	(95,631)
Total component units	<u>\$ 540,357</u>	<u>\$ 56,165</u>	<u>(388,561)</u>	<u>(95,631)</u>	<u>(484,192)</u>
General revenues					
Property taxes			447,142	342,016	789,158
Interest income			4,340	4,882	9,222
Total general revenues			<u>451,482</u>	<u>346,898</u>	<u>798,380</u>
Change in net position			62,921	251,267	314,188
Net position - beginning of year			1,762,714	1,228,646	2,991,360
Net position - end of year			<u>\$ 1,825,635</u>	<u>\$ 1,479,913</u>	<u>\$ 3,305,548</u>

See Accompanying Notes to the Financial Statements

Charter Township of Union

Notes to the Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies

Reporting entity

The Charter Township of Union, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen townships in Isabella County. The Township is governed by an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four Trustees and provides services to its residents in many areas including water and sewer, general government, fire protection and prevention, maintenance of highway, streets and bridges, and community enrichment.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each 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 (see discussion below for description).

Discretely Presented Component Units – The component unit column in the entity wide financial statements includes the financial data of the Township's East Downtown Development Authority and West Downtown Development Authority. These units are reported in a separate column to emphasize that they are legally separate from the Township. The members of the Governing Board of the Downtown Development Authorities are appointed by the Board of Trustees. The budgets and expenditures of the Downtown Development Authorities must be approved by the Board of Trustees. The Township also has the ability to significantly influence operations of the Downtown Development Authorities. The Downtown Development Authorities do not issue any other form of financial statements except as contained in the Charter Township of Union annual financial statements.

In 2014, the Township created a Brownfield Redevelopment Authority ("Authority") to promote the redevelopment of environmentally distressed, functionally obsolete and/or blighted areas of the Township. The Authority has not yet had any financial activity.

Joint venture

The Mid-Michigan Aquatic Recreational Authority (the "Authority") is a joint venture between the Township, the City of Mt. Pleasant and the Mt. Pleasant Public School District. The governing Board is comprised of five to seven members consisting of two members appointed by each the Township and the City of Mt. Pleasant and one member appointed by the Mt. Pleasant Public School District. The Authority Board may also appoint two additional at large members. The provisions of the agreement do not explicitly state equity interest. In the event the Township withdraws from the Authority the Township is liable for a proportion of the debts and liabilities of the Authority incurred while the Township was a part of the Authority. There has been no financial activity for the Authority as of December 31, 2021.

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. *Government 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 legally separate *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 segments 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

Charter Township of Union

Notes to the Financial Statements

December 31, 2021

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. The Township's property taxes are recognized as revenues in the fiscal year following 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, sales taxes, franchise taxes, licenses, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for resources used to provide fire services to residents of the Township and the surrounding area.

The American Rescue Plan Act Fund is a special revenue fund that accounts for funding received for pandemic relief and the related expenditures.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

Additionally, the government reports the following:

The Nonmajor Special Revenue Fund accounts for the proceeds of a specific revenue source requiring separate accounting because of administrative requirements.

The Capital Projects Fund accounts for the proceeds of special assessments, and the improvements made with those funds.

Charter Township of Union

Notes to the Financial Statements

December 31, 2021

The Custodial Fund accounts for property tax and other deposits collected on behalf of other units and individuals.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 sewer and water funds are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for sewer and water 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.

Assets, liabilities, and net position or equity

Deposits – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The Township considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Although the Township's 2021 tax is levied and collectible on December 1, 2021, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2020 taxable valuation of the government totaled \$378,208,149, on which ad valorem taxes consisted of 1.000 mills for operating purposes and 2.250 mills for fire services. This resulted in \$378,208 for operating expenses and \$850,968 for fire services, exclusive of East Downtown Development and West Downtown Development tax captures, as well as any Michigan Tax Tribunal or Board of Review adjustments.

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Township follows the consumption method, and they therefore are capitalized as prepaid items in both entity-wide and fund financial statements.

Restricted assets – Certain bonds of the Enterprise Funds require amounts to be set aside for a bond reserve and future operations and maintenance. These amounts have been classified as restricted cash.

Charter Township of Union
Notes to the Financial Statements
December 31, 2021

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of more than two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

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

Land improvements	10 - 20 years
Buildings and improvements	7 - 50 years
Machinery and equipment	5 - 25 years
Vehicles	5 - 20 years
Water and sewer systems	10 - 50 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the government-wide financial statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt.

Compensated absences – It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Policies are as follows:

Employees hired on or before December 31, 2014, who give proper resignation after 20 years of service will be paid for 50% of their accumulated but unused sick leave days.

Employees whose employment relationship with the Township ends receive pay for earned and credited, but unused vacation leave if the employee retires in accordance with the retirement plan in effect or if the employee resigns from employment and a minimum of 2 weeks advance written notice is given to the Township.

Vacation and sick pay are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred inflows in each respective fund at December 31.

Charter Township of Union
Notes to the Financial Statements
December 31, 2021

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the government's highest level of decision-making, its Board of Trustees. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Trustees.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Trustees. The Board of Trustees has not approved a policy indicating who is to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Trustees. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

The Township has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

Upcoming Accounting and Reporting Changes

The Governmental Accounting Standards Board has released the following Statements.

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending December 31, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending December 31, 2023.

The Township is evaluating the impact that the above GASBs will have on its financial reporting.

Charter Township of Union

Notes to the Financial Statements

December 31, 2021

Note 2 - Stewardship, Compliance and Accountability

Budgetary information

The government is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to December 31, the Township Manager submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. Public hearings are held to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to December 31.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township Manager is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Board of Trustees.

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

State Construction Code Act

The Township oversees building construction in accordance with the State's Construction Code Act, including inspection on building construction renovation to ensure compliance with the building codes. The Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

A summary of the current year activity and cumulative shortfall follow:

Shortfall at January 1, 2021	\$ (1,053,666)
Current year building permit revenue	178,827
Related expenditures	<u>(512,719)</u>
Cumulative shortfall at December 31, 2021	<u><u>\$ (1,387,558)</u></u>

Note 3 - Deposits and Investments

At year end the government's deposits were reported in the financial statements as follows:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Governmental activities	\$ 7,852,587	\$ -	\$ 7,852,587
Business-type activities	7,268,315	228,712	7,497,027
Total primary government	15,120,902	228,712	15,349,614
Fiduciary funds	2,288,943	-	2,288,943
Component unit	3,055,143	-	3,055,143
Total	<u>\$ 20,464,988</u>	<u>\$ 228,712</u>	<u>\$ 20,693,700</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 15,349,114	\$ 2,288,943	\$ 3,055,143	\$ 20,693,200
Petty cash and cash on hand	500	-	-	500
	<u>\$ 15,349,614</u>	<u>\$ 2,288,943</u>	<u>\$ 3,055,143</u>	<u>\$ 20,693,700</u>

Charter Township of Union

Notes to the Financial Statements

December 31, 2021

Interest rate risk – The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market rate interest rates, by structuring the investment portfolio to attain a market average rate of return while taking into account investment risk constraints and liquidity needs.

Credit risk – State statutes authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the government authorizes investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Concentration of credit risk – The government has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year end, \$21,690,026 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Receivables

The only receivables not expected to be collected within one year are as follows:

	Due After One Year	Fund
Primary government		
Special assessments	\$ 18,593	Public Improvement Fund

Note 5 - Capital Assets

At year end capital assets activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 160,650	\$ -	\$ -	\$ 160,650
Construction in progress	32,717	223,777	-	256,494
Total capital assets not being depreciated	193,367	223,777	-	417,144
Capital assets being depreciated				
Land improvements	349,809	-	-	349,809
Buildings, additions and improvements	1,101,389	16,636	-	1,118,025
Machinery and equipment	287,402	-	-	287,402
Vehicles	538,297	-	-	538,297
Total capital assets being depreciated	2,276,897	16,636	-	2,293,533
Less accumulated depreciation for				
Land improvements	309,097	7,487	-	316,584
Buildings, additions and improvements	475,279	23,443	-	498,722
Machinery and equipment	236,556	9,767	-	246,323
Vehicles	84,575	29,029	-	113,604
Total accumulated depreciation	1,105,507	69,726	-	1,175,233
Net capital assets being depreciated	1,171,390	(53,090)	-	1,118,300
Governmental activities capital assets, net	\$ 1,364,757	\$ 170,687	\$ -	\$ 1,535,444

Charter Township of Union
Notes to the Financial Statements
December 31, 2021

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 275,780	\$ -	\$ -	\$ 275,780
Construction in progress	611,514	283,908	554,028	341,394
Total capital assets not being depreciated	887,294	283,908	554,028	617,174
Capital assets being depreciated				
Land improvements	41,964	-	-	41,964
Buildings, additions and improvements	389,275	-	-	389,275
Machinery and equipment	1,917,951	153,343	-	2,071,294
Vehicles	435,023	-	-	435,023
Water system	13,609,586	332,215	-	13,941,801
Sewer system	14,518,206	433,800	-	14,952,006
Wastewater treatment plant	12,567,029	-	-	12,567,029
Total capital assets being depreciated	43,479,034	919,358	-	44,398,392
Less accumulated depreciation for				
Land improvements	33,498	1,210	-	34,708
Buildings, additions and improvements	140,170	12,354	-	152,524
Machinery and equipment	1,221,948	127,860	-	1,349,808
Vehicles	263,669	28,769	-	292,438
Water system	5,569,943	318,941	-	5,888,884
Sewer system	8,124,785	364,367	-	8,489,152
Wastewater treatment plant	3,937,171	272,415	-	4,209,586
Total accumulated depreciation	19,291,184	1,125,916	-	20,417,100
Net capital assets being depreciated	24,187,850	(206,558)	-	23,981,292
Business-type capital assets, net	<u>\$ 25,075,144</u>	<u>\$ 77,350</u>	<u>\$ 554,028</u>	<u>\$ 24,598,466</u>

Capital assets activity of the component units for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Units				
East Downtown Development Authority				
Capital assets not being depreciated				
Land	\$ -	\$ 197,697	\$ -	\$ 197,697
Capital assets being depreciated				
Land improvements	233,279	7,049	-	240,328
Less accumulated depreciation for Land improvements	151,632	11,663	-	163,295
Net capital assets being depreciated	81,647	(4,614)	-	77,033
East Downtown Development Authority capital assets, net	<u>\$ 81,647</u>	<u>\$ 193,083</u>	<u>\$ -</u>	<u>\$ 274,730</u>
West Downtown Development Authority				
Capital assets being depreciated				
Land improvements	\$ 15,473	\$ -	\$ -	\$ 15,473
Less accumulated depreciation for Land improvements	9,284	773	-	10,057
West Downtown Development Authority capital assets, net	<u>\$ 6,189</u>	<u>\$ (773)</u>	<u>\$ -</u>	<u>\$ 5,416</u>
Total component units	<u>\$ 87,836</u>	<u>\$ 192,310</u>	<u>\$ -</u>	<u>\$ 280,146</u>

Charter Township of Union
Notes to the Financial Statements
December 31, 2021

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

Governmental activities

General government	\$ 37,991
Public safety	24,330
Recreation and culture	<u>7,405</u>
Total governmental activities	<u>69,726</u>

Business-type activities

Sewer	731,998
Water	<u>393,918</u>
Total business-type activities	<u>1,125,916</u>
Total primary government	<u><u>\$ 1,195,642</u></u>

Depreciation expense was charged to the following programs for component units:

East Downtown Development Authority	\$ 11,663
West Downtown Development Authority	<u>773</u>
Total component units	<u><u>\$ 12,436</u></u>

Construction Commitments

Project	Total Project	Amount Spent	Remaining Balance
General Fund			
Lincoln Rd. upgrade project	\$ 496,700	\$ -	\$ 496,700
Jameson Hall upgrade project - phase II	228,293	220,447	7,846
Township board room electronics upgrade	7,000	-	7,000
Improvements to 5243 Jonathon Lane	<u>40,500</u>	<u>2,430</u>	<u>38,070</u>
	<u>772,493</u>	<u>222,877</u>	<u>549,616</u>
East DDA Fund			
Property purchase for development	<u>300,000</u>	<u>204,747</u>	<u>95,253</u>
West DDA Fund			
Lincoln Rd. upgrade project	<u>330,000</u>	<u>-</u>	<u>330,000</u>
Sewer Fund			
Pump station #1 replacement	750,000	68,587	681,413
Pump station #7 and collection system upgrades	500,000	32,568	467,432
Bypass manhole pump station #12 upgrades	75,000	11,500	63,500
Vactor truck	425,000	-	425,000
2021 Model truck with snowplow - sewer portion	<u>30,000</u>	<u>-</u>	<u>30,000</u>
	<u>1,780,000</u>	<u>112,655</u>	<u>1,667,345</u>
Water Fund			
River Road Control Building - pump installation	275,000	17,595	257,405
2021 Model truck with snowplow - water portion	30,000	-	30,000
2021 Broadway elevated water storage project	<u>31,300</u>	<u>22,950</u>	<u>8,350</u>
	<u>336,300</u>	<u>40,545</u>	<u>295,755</u>
	<u><u>\$ 3,518,793</u></u>	<u><u>\$ 580,824</u></u>	<u><u>\$ 2,937,969</u></u>

Charter Township of Union

Notes to the Financial Statements

December 31, 2021

Note 6 - Long-Term Debt

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Other long-term obligations include a capital lease and compensated absences. Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Capital leases	\$ 3,250	\$ -	\$ 3,250	\$ -	\$ -
Compensated absences	14,616	30,734	24,788	20,562	20,562
Total governmental activities	<u>\$ 17,866</u>	<u>\$ 30,734</u>	<u>\$ 28,038</u>	<u>\$ 20,562</u>	<u>\$ 20,562</u>
Business-type activities					
Bonds payable					
General obligation bonds					
2009 Wastewater Refunding Bonds	\$ 405,000	\$ -	\$ 405,000	\$ -	\$ -
2010 Water Revenue Bonds	1,285,000	-	105,000	1,180,000	110,000
2011 Sanitary Sewer System (Phase I)	958,000	-	18,000	940,000	19,000
2011 Sanitary Sewer System (Phase II)	4,193,651	-	81,000	4,112,651	84,000
	<u>6,841,651</u>	<u>-</u>	<u>609,000</u>	<u>6,232,651</u>	<u>213,000</u>
Less deferred amounts					
for issuance discounts	(15,310)	-	(2,680)	(12,630)	-
Total bonds payable	<u>6,826,341</u>	<u>-</u>	<u>606,320</u>	<u>6,220,021</u>	<u>213,000</u>
Other liabilities					
Capital leases	1,137	-	1,137	-	-
Compensated absences	110,241	97,008	90,839	116,410	90,839
Total business-type activities	<u>\$ 6,937,719</u>	<u>\$ 97,008</u>	<u>\$ 698,296</u>	<u>\$ 6,336,431</u>	<u>\$ 303,839</u>

Significant details regarding outstanding long-term debt are presented below:

Primary Government

\$2,105,000 General Obligation Water Revenue Bonds Series 2010 dated July 21, 2010, due in annual installments ranging from \$105,000 to \$155,000 through October 1, 2030, with an interest rate ranging from 3.50 to 4.40 percent, payable semi-annually. \$ 1,180,000

\$1,100,000 Sewer System Revenue Bonds dated November 1, 2011, due in annual installments ranging from \$18,000 to \$47,000 through May 1, 2051, with an interest rate of 3.25 percent, payable semi-annually. 940,000

\$1,424,5110 Sewer System Revenue Bonds dated July 17, 2013, due in annual installments ranging from \$81,000 to \$189,000 through July 1, 2053, with an interest rate of 2.75 percent, payable semi-annually. 4,112,651

\$ 6,232,651

Charter Township of Union
Notes to the Financial Statements
December 31, 2021

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

Year Ending December 31,	Bonds	
	Principal	Interest
2022	\$ 213,000	\$ 191,426
2023	221,000	184,532
2024	228,000	177,211
2025	237,000	169,521
2026	245,000	161,337
2027 - 2031	1,205,000	670,285
2032 - 2036	720,000	512,132
2037 - 2041	829,000	403,522
2042 - 2046	952,000	278,604
2047 - 2051	1,093,000	134,882
2052 - 2053	289,651	10,733
	<u>\$ 6,232,651</u>	<u>\$ 2,894,185</u>

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payment for unused sick and vacation time. The dollar amount of these vested rights including related payroll taxes, which have been accrued on the financial statements in the government-wide financial statements, amounted to \$20,562 for governmental activities. Resources from the general fund will be used to liquidate this liability. The business-type activities reported a liability of \$116,410. Resources from the sewer and water funds will be used to liquidate this liability.

Note 7 - Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2021 was as follows:

	Governmental Activities	Business-type Activities	Component Unit
Capital assets			
Capital assets not being depreciated	\$ 417,144	\$ 617,174	\$ 197,697
Capital assets, net of accumulated depreciation	<u>1,118,300</u>	<u>23,981,292</u>	<u>82,449</u>
Total capital assets	<u>1,535,444</u>	<u>24,598,466</u>	<u>280,146</u>
Related debt			
General obligation bonds	-	6,232,651	-
Unamortized bond discounts	<u>-</u>	<u>(12,630)</u>	<u>-</u>
Total related debt	<u>-</u>	<u>6,220,021</u>	<u>-</u>
Net investment in capital assets	<u>\$ 1,535,444</u>	<u>\$ 18,378,445</u>	<u>\$ 280,146</u>

Note 8 - Risk Management

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

The Township also participates in a pool, the Michigan Township Participating Plan with other municipalities for various risks of loss including general, employee benefits, public officials, law enforcement, inland marine, crime, auto, boiler and machinery, and EDP liability, errors and omissions, and property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's

Charter Township of Union
Notes to the Financial Statements
December 31, 2021

policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

Note 9 - Employee Retirement and Benefit Systems

Defined contribution plan

The Township participates in a defined contribution plan administered by Municipal Employees' Retirement System. The plan is available for all full-time employees, excluding elected officials. The Township is required to contribute 9.0 percent of each participant's annual compensation. Employees are required to contribute 2.5 percent of their annual compensation. Contributions can be made by employees on a pre-tax basis. Upon early retirement or termination of service, other than because of death, disability, or normal retirement, benefits in the plan vest at 100% after twenty months of service.

For the year ended December 31, 2021, the Township's total payroll was \$1,600,204. The current year employer contribution was \$129,800. Employee contributions for the year ended December 31, 2021, totaled \$35,744.

Note 10 - Contingent Liabilities

Amounts received or receivable from grant 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 that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Note 11 - Contractual Commitments

The Township has contracted with the City of Mount Pleasant for fire protection. The contract currently runs through 2023. The Township's future anticipated operating revenues are expected to be sufficient to cover this commitment.

The remaining contractual commitment is as follows:

Year Ending December 31,	
2022	\$ 812,900
2023	<u>830,100</u>
	<u><u>\$ 1,643,000</u></u>

Charter Township of Union
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 310,000	\$ 310,000	\$ 313,768	\$ 3,768
Other taxes	5,400	5,400	6,429	1,029
Penalties and interest	4,100	4,100	5,159	1,059
Administration fee	153,700	157,700	160,666	2,966
Licenses and permits	90,000	75,000	84,131	9,131
State revenue sharing	1,059,900	1,199,900	1,397,481	197,581
State grants	2,500	36,730	37,741	1,011
Local contributions	369,340	501,567	491,031	(10,536)
Charges for services	208,100	208,100	211,162	3,062
Fines and forfeitures	800	800	627	(173)
Interest income	36,800	27,000	26,008	(992)
Rental income	9,400	3,900	3,528	(372)
Other revenue	43,500	48,500	37,712	(10,788)
Sale of fixed assets	500	500	-	(500)
Total revenues	2,294,040	2,579,197	2,775,443	196,246

Charter Township of Union
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Expenditures				
General government				
Township board	\$ 67,186	\$ 67,186	\$ 59,109	\$ (8,077)
Supervisor	10,530	10,530	7,302	(3,228)
Manager	108,683	117,358	114,352	(3,006)
Accounting	237,898	239,398	202,963	(36,435)
Clerk	37,991	40,991	36,832	(4,159)
Data processing	58,480	58,480	50,739	(7,741)
Treasurer	34,978	34,978	28,144	(6,834)
Assessor	121,404	119,429	116,776	(2,653)
Elections	12,771	30,021	28,667	(1,354)
Buildings and grounds	72,450	78,550	67,559	(10,991)
Attorney	90,000	119,865	126,163	6,298
Total general government	852,371	916,786	838,606	(78,180)
Public safety				
Building inspection department	301,134	277,498	259,344	(18,154)

Charter Township of Union
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public works				
Department of public works	\$ 814,340	\$ 670,540	\$ 505,443	\$ (165,097)
Community and economic development				
Planning	276,119	256,684	253,375	(3,309)
Recreation and culture				
Parks and recreation	118,308	102,905	81,737	(21,168)
Capital outlay	356,000	271,000	252,658	(18,342)
Debt service				
Principal retirement	3,250	3,250	3,250	-
Interest and fiscal charges	75	75	73	(2)
Total debt service	3,325	3,325	3,323	(2)
Total expenditures	2,721,597	2,498,738	2,194,486	(304,252)
Excess (deficiency) of revenues over expenditures	(427,557)	80,459	580,957	500,498
Fund balance - beginning of year	5,251,877	5,251,877	5,251,877	-
Fund balance - end of year	\$ 4,824,320	\$ 5,332,336	\$ 5,832,834	\$ 500,498

Charter Township of Union
Required Supplementary Information
Budgetary Comparison Schedule
Fire Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 704,800	\$ 704,800	\$ 713,274	\$ 8,474
Other state grants	16,000	17,400	24,677	7,277
Charges for services	164,100	194,250	140,666	(53,584)
Interest income	5,600	3,600	3,546	(54)
Total revenues	890,500	920,050	882,163	(37,887)
Expenditures				
Current				
Public safety	831,450	806,450	745,789	(60,661)
Excess of revenues over expenditures	59,050	113,600	136,374	22,774
Fund balance - beginning of year	823,958	823,958	823,958	-
Fund balance - end of year	<u>\$ 883,008</u>	<u>\$ 937,558</u>	<u>\$ 960,332</u>	<u>\$ 22,774</u>

Charter Township of Union
Required Supplementary Information
Budgetary Comparison Schedule
American Rescue Plan Act Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Interest income	\$ -	\$ -	\$ 156	\$ 156
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156</u>	<u>\$ 156</u>

Charter Township of Union
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	Special Revenue Fund	Capital Projects Fund Public Improvement	Total Nonmajor Governmental Funds
	Tribal 2%		
Assets			
Cash and cash equivalents	\$ 84,757	\$ 269,639	\$ 354,396
Receivables			
Special assessments	-	71,772	71,772
	<u>84,757</u>	<u>71,772</u>	<u>71,772</u>
Total assets	<u>\$ 84,757</u>	<u>\$ 341,411</u>	<u>\$ 426,168</u>
Liabilities			
Accounts payable	\$ 3,020	\$ -	\$ 3,020
	<u>3,020</u>	<u>-</u>	<u>3,020</u>
Deferred inflows of resources			
Special assessments	-	71,772	71,772
	<u>-</u>	<u>71,772</u>	<u>71,772</u>
Fund Balances			
Restricted			
Tribal grants	81,737	-	81,737
Capital projects	-	269,639	269,639
	<u>81,737</u>	<u>269,639</u>	<u>269,639</u>
Total fund balances	<u>81,737</u>	<u>269,639</u>	<u>351,376</u>
	<u>\$ 84,757</u>	<u>\$ 341,411</u>	<u>\$ 426,168</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 84,757</u>	<u>\$ 341,411</u>	<u>\$ 426,168</u>

Charter Township of Union
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Tribal 2%	Public Improvement	
Revenues			
Local contributions	\$ 38,227	\$ -	\$ 38,227
Interest income	531	516	1,047
Other revenue	-	57,299	57,299
	<u>38,758</u>	<u>57,815</u>	<u>96,573</u>
Expenditures			
Current			
Public works	272,227	-	272,227
Recreation and culture	13,295	-	13,295
Capital outlay	-	57,206	57,206
	<u>285,522</u>	<u>57,206</u>	<u>342,728</u>
Net change in fund balance	(246,764)	609	(246,155)
Fund balance - beginning of year	<u>328,501</u>	<u>269,030</u>	<u>597,531</u>
Fund balance - end of year	<u><u>\$ 81,737</u></u>	<u><u>\$ 269,639</u></u>	<u><u>\$ 351,376</u></u>

Charter Township of Union
Component Unit - East Downtown Development Authority
Balance Sheet
December 31, 2021

Assets

Cash and cash equivalents	\$ 1,579,901
Receivables	
Taxes	79,445
Accrued interest and other	29
Due from other units of government	426,340
Prepaid items	<u>1,528</u>
 Total assets	 <u><u>\$ 2,087,243</u></u>

Liabilities

Accounts payable	<u>\$ 30,552</u>
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Deferred inflows of resources

Property taxes	<u>505,786</u>
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Fund Balances

Non-spendable	
Prepaid items	1,528
Unassigned	<u>1,549,377</u>
 Total fund balances	 <u><u>1,550,905</u></u>

Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 2,087,243</u></u>
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**Charter Township of Union
East Downtown Development Authority
Reconciliation of Fund Balances of Component Unit
to Net Position of Component Unit
December 31, 2021**

Total fund balance for component unit fund	\$ 1,550,905
Total net position for component unit activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in the government wide statements are not financial resources and therefore are not reported in the funds.	77,033
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>197,697</u>
Net position of component unit	<u><u>\$ 1,825,635</u></u>

Charter Township of Union
Component Unit - East Downtown Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

Revenues

Taxes	\$ 447,142
Other state grants	56,127
Interest income	<u>4,340</u>
Total revenues	<u>507,609</u>

Expenditures

Current	
Public safety	81,150
Community and economic development	351,874
Capital outlay	<u>204,747</u>
Total expenditures	<u>637,771</u>
Net change in fund balance	(130,162)
Fund balance - beginning of year	<u>1,681,067</u>
Fund balance - end of year	<u><u>\$ 1,550,905</u></u>

**Charter Township of Union
East Downtown Development Authority
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Component Units to the Statement of Activities
For the Year Ended December 31, 2021**

Net change in fund balances - total component unit fund	\$ (130,162)
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Total change in net position reported for component unit activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the government wide statements the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(11,663)
Capital outlay	<u>204,746</u>

Change in net position of component unit	<u>\$ 62,921</u>
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Charter Township of Union
Component Unit - West Downtown Development Authority
Balance Sheet
December 31, 2021

Assets

Cash and cash equivalents	\$ 1,475,242
Receivables	
Taxes	125,080
Accrued interest and other	137
Due from other units of government	<u>272,703</u>
 Total assets	 <u><u>\$ 1,873,162</u></u>

Liabilities

Accounts payable	\$ 618
Due to primary government	<u>263</u>
 Total liabilities	 881

Deferred inflows of resources

Property taxes	397,784
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Fund Balance

Unassigned	<u>1,474,497</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u><u>\$ 1,873,162</u></u>

**Charter Township of Union
West Downtown Development Authority
Reconciliation of Fund Balances of Component Unit
to Net Position of Component Unit
December 31, 2021**

Total fund balance for component unit fund	\$1,474,497
Total net position for component unit activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in the government wide statements are not financial resources and therefore are not reported in the funds.	<u>5,416</u>
Net position of component unit	<u><u>\$ 1,479,913</u></u>

Charter Township of Union
Component Unit - West Downtown Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

Revenues

Taxes	\$ 342,016
Interest income	<u>4,882</u>
Total revenues	<u>346,936</u>

Expenditures

Current	
Public safety	59,516
Community and economic development	<u>35,380</u>
Total expenditures	<u>94,896</u>
Net change in fund balance	252,040
Fund balance - beginning of year	<u>1,222,457</u>
Fund balance - end of year	<u><u>\$ 1,474,497</u></u>

**Charter Township of Union
West Downtown Development Authority
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Component Units to the Statement of Activities
For the Year Ended December 31, 2021**

Net change in fund balances - total component unit fund	\$ 252,040
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Total change in net position reported for component unit activities in the statement of activities
is different because:

Governmental funds report capital outlays as expenditures. However, in the government wide statements the cost
of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	<u>(773)</u>
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Change in net position of component unit	<u><u>\$ 251,267</u></u>
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Management and the Board of Trustees
Charter Township of Union
Mt. Pleasant, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Charter Township of Union as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Charter Township of Union's basic financial statements, and have issued our report thereon dated May 4, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Charter Township of Union's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Charter Township of Union's internal control. Accordingly, we do not express an opinion on the effectiveness of Charter Township of Union's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter Township of Union's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Alma, Michigan
May 4, 2022