



# Vredeveld Haefner LLC

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June 12, 2025

Members of the Board  
Charter Township of Texas  
Kalamazoo County, Michigan

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Texas (the Township) for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2024. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Results

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. The Township implemented GASB Statement No. 101 *Compensated Absences* for 2024; the implementation of this standard did not have a material effect on the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Township's financial statements were:

Management's estimate of the useful lives of capital assets is based on previous history and future expectations. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Specializing in services to governmental and nonprofit entities*

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 12, 2025.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as itemized in the table of contents, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

This information is intended solely for the information and use of the Board and management of the Township and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Vredewold Haefner LLC*

*Charter Township of Texas*  
*Kalamazoo County, Michigan*

**FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS**

*Year ended December 31, 2024*

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Vredeveld Haefner LLC  
CPAs and Consultants

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## **INDEPENDENT AUDITOR'S REPORT**



## Vredeveld Haefner LLC

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### INDEPENDENT AUDITORS' REPORT

June 12, 2025

Members of the Board  
Charter Township of Texas  
Kalamazoo County, Michigan

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Texas (the Township), Kalamazoo County, Michigan, as of and for the year ended December 31, 2024, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2024, 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 Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Township's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 June 12, 2025, on our consideration of the Township'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 Township'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 Township's internal control over financial reporting and compliance

*Vredersold Haefner LLC*



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Charter Township of Texas' (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the Township's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The Township's total net position increased by \$775,745 as a result of this year's activities.
- Of the \$29,746,301 total net position reported, \$12,253,949 is available to be used at the Board's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$2,773,171, which represents 69 percent of the actual total General Fund expenditures for the current fiscal year.

### **Overview of the financial statements**

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
  - Governmental funds statements explain how government services, like general government, public safety, and public works, were financed in the short-term, as well as what remains for future spending.
  - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business.
  - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as a custodian for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2024 and 2023 is also presented.

### **Government-wide financial statements**

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets, and liabilities and deferred inflows of resources) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

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

- *Governmental activities* - Most of the Township's basic services are included here, such as public safety, public works, debt service, and general government. Property taxes and state revenue finance most of these activities.
- *Component unit* - The Township includes one other entity in its report - the Downtown Development Authority. Although legally separate, this "component unit" is important because the Township is financially accountable for the Authority.

#### **Fund financial statements**

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain other revenues.

The Township has three types of funds:

- *Governmental funds.* Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Proprietary funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary fund.* This fund is used to account for the collection and disbursement of property taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances and activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

# FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

## Net position

Total net position at the end of the fiscal year was \$29,746,301. Of this total, \$16,184,158 is invested in capital assets, \$1,308,194 is restricted for various purposes, and \$12,253,949 is unrestricted.

### Condensed financial information

#### Net position

	Governmental activities	
	2024	2023
Current and other assets	\$ 20,360,067	\$ 22,298,723
Capital assets	22,408,183	20,865,395
Total assets	42,768,250	43,164,118
Current and other liabilities	3,644,757	4,925,778
Long-term debt	6,491,382	6,535,713
Total liabilities	10,136,139	11,461,491
Deferred inflows of resources	2,885,810	2,732,071
Net position:		
Net investment in capital assets	16,184,158	14,415,860
Restricted	1,308,194	2,594,724
Unrestricted	12,253,949	11,959,972
Total net position	\$ 29,746,301	\$ 28,970,556

## Changes in net position

The Township's total revenues were \$10,886,180. During the 2024 fiscal year, 26 percent of the Township's revenues came from property taxes, 15 percent came from charges for services, 23 percent came from operating grants, and 18 percent came from state shared revenue.

The total cost of the Township's programs and services totaled \$10,110,435. Approximately 21 percent of the Township's costs relates to public safety costs, 16 percent to general governmental activities, and 54 percent to public works.

*Condensed financial information  
Changes in net position*

	<i>Governmental activities</i>	
	<i>2024</i>	<i>2023</i>
Program revenues:		
Charges for services	\$ 1,633,789	\$ 1,640,365
Operating grants and contributions	2,462,297	4,668,315
Capital grants and contributions	1,237,729	509,273
General revenues:		
Property taxes	2,872,883	2,787,554
State grants	1,961,468	1,983,076
Franchise fees	100,755	115,735
Investment return	617,259	688,617
Total revenues	<u>10,886,180</u>	<u>12,392,935</u>
Expenses:		
General government	1,625,531	1,417,242
Public safety	2,156,954	1,932,832
Public works	5,438,965	4,582,266
Community and economic development	228,323	207,196
Recreation and culture	381,410	289,751
Interest on long-term debt	279,252	289,102
Total expenses	<u>10,110,435</u>	<u>8,718,389</u>
Changes in net position	<u>\$ 775,745</u>	<u>\$ 3,674,546</u>
Net position, end of year	<u>\$ 29,746,301</u>	<u>\$ 28,970,556</u>

**Governmental activities**

The \$775,745 increase in net position for 2024 is \$2,898,801 less than the \$3,674,546 increase in 2023. Revenues decreased by \$1,506,755, due in large part to a \$2,206,018 decrease in operating grants, mostly for funding the lake leveling project, which were offset by a \$728,456 increase in capital grants, primarily due to ARPA revenue recognition. Expenses increased by \$1,392,046 compared to 2023, which was primarily due to increases in general government, public safety, and public works.

The total cost of governmental activities this year was \$10,110,435. After subtracting the direct charges to those who directly benefited from the programs (\$1,633,789), operating grants (\$2,462,297) and capital grants (\$1,237,729), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$4,776,620.

## **FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

### **Governmental funds**

The Township's governmental funds reported combined ending fund balances of \$12,483,545 at the end of 2024, representing a decrease of \$871,782 from the previous year.

The General Fund is the primary operating fund of the Township. Fund balance increased by \$39,308 during the year, as revenues of \$4,974,011 exceeded expenditures of \$4,027,534 and total transfers out of \$907,169. The total fund balance was \$4,677,152 at year end.

The Fire Improvement Fund experienced a decrease in fund balance of \$32,197 during the current year, as current year expenditures of \$1,393,751 and a \$269,028 transfer to the Facility Renovation Fund exceeded revenues of \$1,190,529 and transfers from the General Fund and Opioid Fund of \$440,053. Total fund balance at year end was \$1,179,270.

The Road Enhancement Fund experienced a decrease in fund balance of \$9,075 during the current year, as expenditures of \$1,089,471 exceeded revenues of \$905,396 and a transfer from the General Fund of \$175,000. Total fund balance at year end was \$1,055,739.

The Facility Renovation Fund experienced a decrease in fund balance of \$287,408 during the current year, as capital outlay of \$1,256,707 exceeded revenues and transfers from other funds of \$409,847 and \$559,452, respectively. Total fund balance at year end was \$10,579.

The Lake Level Project Fund experienced a decrease in fund balance of \$1,014,364 during the current year, as project costs of \$2,835,298 exceeded revenues of \$1,820,934. Total fund balance at year end was \$301,753.

The Sewer and Water Fund experienced an increase in fund balance of \$488,941, as revenues of \$706,821 were higher than expenditures of \$217,880. Total fund balance at year end was \$4,404,016.

### **Proprietary fund**

The Building Inspections Fund experienced a \$28,144 increase in net position as revenues of \$427,345 were sufficient to cover expenses of \$399,201. The fund's net position was \$737,240 at year end.

### **General Fund budgetary highlights**

The Township made amendments to the General Fund budgeted revenues and expenditures during the year to increase budgeted revenues by \$299,205, increase budgeted expenditures by \$299,125, and increase budgeted transfers by \$1,043,703. Actual revenues were \$6,502 more than budgeted, while expenditures and transfers out were less than the amounts appropriated by \$230,142 and \$1,734,560, respectively. These variances resulted in a \$1,971,204 positive budget variance, with a \$39,308 increase in fund balance, compared to a budget that expected a \$1,931,896 decrease in fund balance.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital assets**

The Township's investment in capital assets for its governmental activities as of December 31, 2024, amounts to \$22,408,183 (net of accumulated depreciation). This investment includes buildings and improvements, fire equipment and vehicles, and sewer and water infrastructure. The \$1,542,788 increase in the Township's investment in capital assets for the current fiscal year reflects \$2,204,288 in capital asset additions less \$661,500 for depreciation expense.

Major capital asset acquisitions during the current year include:

- \$165,809 for the remaining construction costs of the new Township Hall
- \$461,694 for the 6<sup>th</sup> Street Park Restrooms
- \$1,238,054 for Fire Station Renovations
- \$160,471 for 6<sup>th</sup> Street Park Pavilion
- \$95,825 for Texas Drive Park parking lot and phase 1 trailway repaving

More detailed information about the Township's capital assets is presented in Note 6 of the notes to the financial statements.

### **Debt**

At the end of the fiscal year, the Township had \$6,170,367 of outstanding long-term obligations payable, a decrease of \$80,811. Principal repayments were made in a timely manner. Other long-term obligations consisted of a liability for compensated absences of \$61,990 and a bond premium of \$259,025.

More detailed information about the Township's noncurrent liabilities is presented in Note 9 of the notes to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Township plans to primarily use current revenues to provide essential services in fiscal year 2025 in order to maintain current fund balances. Expenditures are expected to increase by nominal amounts compared to fiscal year 2024. The ongoing costs of providing essential services for the citizens of the Township will again need to be monitored in order to maintain the financial condition and operational capabilities of the Township.

## **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Brooke Hovenkamp, Township Superintendent  
Emily Beutel, Township Clerk  
Charter Township of Texas  
7227 West Q Avenue  
Kalamazoo, MI 49009

Phone: (269) 375-1591

## **BASIC FINANCIAL STATEMENTS**



**STATEMENT OF NET POSITION**

December 31, 2024

	<b>Primary government</b> <b>Governmental activities</b>	<b>Component unit</b>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 10,375,416	\$ 400,934
Investments	6,922,307	235,734
Receivables, net	2,323,188	136,189
Advance to component unit	25,916	-
Prepaid expenses	51,462	-
Total current assets	19,698,289	772,857
Noncurrent assets:		
Receivables, net	612,880	-
Advance to component unit	48,898	-
Capital assets not being depreciated	866,307	122,329
Capital assets, net of depreciation	21,541,876	67,022
Total noncurrent assets	23,069,961	189,351
Total assets	42,768,250	962,208
<b>LIABILITIES</b>		
Current liabilities:		
Payables	1,615,014	3,660
Unearned assessment revenue	416,965	-
Unearned grant revenue	1,612,778	-
Compensated absences	61,990	-
Advance from primary government	-	25,916
Current portion on long-term liabilities	305,821	-
Total current liabilities	4,012,568	29,576
Noncurrent liabilities:		
Advance from primary government	-	48,898
Long-term liabilities	6,123,571	-
Total noncurrent liabilities	6,123,571	48,898
Total liabilities	10,136,139	78,474
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes levied for the subsequent year	2,885,810	170,701
<b>NET POSITION</b>		
Net investment in capital assets	16,184,158	114,537
Restricted for:		
Public safety	742,821	-
Public works	565,373	-
Unrestricted	12,253,949	598,496
Total net position	\$ 29,746,301	\$ 713,033

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2024

	Program revenues				Net revenues (expenses) and changes in net position	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government	
					Governmental activities	Component unit
<b>Functions/Programs</b>						
Primary government:						
Governmental activities:						
General government	\$ 1,625,531	\$ 578,084	\$ -	\$ -	\$ (1,047,447)	
Public safety	2,156,954	427,664	20,987	437,416	(1,270,887)	
Public works	5,438,965	574,313	2,420,485	-	(2,444,167)	
Community and economic development	228,323	18,415	-	-	(209,908)	
Recreation and culture	381,410	35,313	20,825	800,313	475,041	
Interest on long-term debt	279,252	-	-	-	(279,252)	
Total primary government	<u>\$ 10,110,435</u>	<u>\$ 1,633,789</u>	<u>\$ 2,462,297</u>	<u>\$ 1,237,729</u>	<u>\$ (4,776,620)</u>	
Component unit - DDA	<u>\$ 128,189</u>	<u>\$ -</u>	<u>\$ 1,540</u>	<u>\$ -</u>		<u>\$ (126,649)</u>
			General revenues:			
			Property taxes:			
			Operating		940,638	246,908
			Emergency services		1,095,149	-
			Road enhancement		837,096	-
			State grants		1,961,468	-
			Franchise fees		100,755	-
			Investment return		617,259	24,729
			Total general revenues		<u>5,552,365</u>	<u>271,637</u>
			Changes in net position		775,745	144,988
			Net position - beginning		<u>28,970,556</u>	<u>568,045</u>
			Net position - ending		<u>\$ 29,746,301</u>	<u>\$ 713,033</u>

See notes to financial statements

	Special revenue			Capital project				Total governmental funds
	General	Fire Improvement	Road Enhancement	Facility Renovation	Lake Level Project	Sewer and Water	Nonmajor funds	
<b>ASSETS</b>								
Cash	\$ 3,522,926	\$ 1,306,005	\$ 1,310,025	\$ 54,595	\$ 516,131	\$ 2,720,249	\$ 769,570	\$ 10,199,501
Investments	1,623,508	551,419	229,017	-	2,052,406	1,570,745	328,462	6,355,557
Receivables	851,634	579,878	316,198	-	248,163	735,999	204,196	2,936,068
Advance to component unit	74,814	-	-	-	-	-	-	74,814
Prepaid items	23,515	19,966	-	-	-	3,885	-	47,366
Total assets	<u>\$ 6,096,397</u>	<u>\$ 2,457,268</u>	<u>\$ 1,855,240</u>	<u>\$ 54,595</u>	<u>\$ 2,816,700</u>	<u>\$ 5,030,878</u>	<u>\$ 1,302,228</u>	<u>\$ 19,613,306</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities:								
Payables	\$ 192,547	\$ 82,557	\$ 103,153	\$ 44,016	\$ 1,055,347	\$ 18,666	\$ 30,227	\$ 1,526,513
Unearned federal grants	153,178	-	-	-	-	-	-	153,178
Unearned state grants	-	-	-	-	1,459,600	-	-	1,459,600
Unearned special assessments	-	-	-	-	-	-	416,965	416,965
Total liabilities	<u>345,725</u>	<u>82,557</u>	<u>103,153</u>	<u>44,016</u>	<u>2,514,947</u>	<u>18,666</u>	<u>447,192</u>	<u>3,556,256</u>
Deferred inflows of resources:								
Property taxes levied for the subsequent year	994,021	1,195,441	696,348	-	-	-	-	2,885,810
Unavailable advance to component unit	74,814	-	-	-	-	-	-	74,814
Unavailable special assessments	4,685	-	-	-	-	608,196	-	612,881
Total deferred inflows of resources	<u>1,073,520</u>	<u>1,195,441</u>	<u>696,348</u>	<u>-</u>	<u>-</u>	<u>608,196</u>	<u>-</u>	<u>3,573,505</u>
Fund balances:								
Nonspendable for:								
Prepaid items	23,515	19,966	-	-	-	3,885	-	47,366
Restricted for:								
Public safety	-	-	-	-	-	-	12,510	12,510
Road maintenance	-	-	293,451	-	-	-	-	293,451
Street lighting	-	-	-	-	-	-	42,895	42,895
Private road maintenance	-	-	-	-	-	-	12,428	12,428
Private lake maintenance	-	-	-	-	-	-	359,495	359,495
Assigned for:								
Parks and open spaces	540,000	-	-	-	-	-	-	540,000
Vehicles and Equipment	75,000	-	-	-	-	-	-	75,000
Community facilities and development	190,000	-	-	-	-	-	-	190,000
Capital Improvements	1,024,339	-	-	-	-	-	-	1,024,339
Pathway enhancement	27,088	-	-	-	-	-	-	27,088
Tornado recovery	9,444	-	-	-	-	-	-	9,444
Debt service	14,595	-	-	-	-	-	-	14,595
Fire protection	-	114,327	-	-	-	-	-	114,327
Fire capital	-	1,044,977	-	-	-	-	-	1,044,977
Lake level project	-	-	-	-	301,753	-	-	301,753
Sewer improvements	-	-	-	-	-	3,643,238	-	3,643,238
Water improvements	-	-	-	-	-	756,893	-	756,893
Road maintenance	-	-	762,288	-	-	-	-	762,288
Public transportation	-	-	-	-	-	-	21,766	21,766
Building construction and renovations	-	-	-	10,579	-	-	405,942	416,521
Unassigned	<u>2,773,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,773,171</u>
Total fund balances	<u>4,677,152</u>	<u>1,179,270</u>	<u>1,055,739</u>	<u>10,579</u>	<u>301,753</u>	<u>4,404,016</u>	<u>855,036</u>	<u>12,483,545</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,096,397</u>	<u>\$ 2,457,268</u>	<u>\$ 1,855,240</u>	<u>\$ 54,595</u>	<u>\$ 2,816,700</u>	<u>\$ 5,030,878</u>	<u>\$ 1,302,228</u>	<u>\$ 19,613,306</u>

Reconciliation of the balance sheet with the statement of net position:

Total fund balance - total governmental funds (page 13)	\$ 12,483,545
Amounts reported for <i>governmental activities</i> in the statement of net position (page 11) are different because:	
Special assessments and loans receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	687,695
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	22,401,254
Net position of the Building Inspections Fund that has been combined with those of <i>governmental activities</i> .	737,240
Long-term liabilities, including bond premiums and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(6,488,292)
Interest payable is not due in the current period and, therefore, is not reported in the funds	<u>(75,141)</u>
Net position of <i>governmental activities</i>	<u>\$ 29,746,301</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds

Year ended December 31, 2024

	Special revenue			Capital project				Nonmajor funds	Total governmental funds
	General	Fire Improvement	(formerly nonmajor) Road Enhancement	(formerly nonmajor) Facility Renovation	(formerly major) Building Construction	Lake Level Project	Sewer and Water		
REVENUES									
Taxes	\$ 1,411,526	\$ 1,095,149	\$ 837,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,343,771
Special assessments	6,420	-	-	-	-	-	79,680	411,767	497,867
Licenses and permits	100,755	-	-	-	-	-	-	-	100,755
Federal grants	875,553	-	-	406,476	-	1,014,773	-	-	2,296,802
State grants	1,977,980	30,940	-	-	-	740,400	-	12,056	2,761,376
Contributions from local units	102,732	-	-	-	-	-	-	-	102,732
Charges for services	129,255	-	-	-	-	-	401,647	-	530,902
Interest and rentals	286,018	64,440	68,300	3,371	-	65,761	225,494	48,991	762,375
Other	83,772	-	-	-	-	-	-	17,211	100,983
Total revenues	4,974,011	1,190,529	905,396	409,847	-	1,820,934	706,821	490,025	10,497,563
EXPENDITURES									
Current:									
General government	1,592,648	-	-	-	-	-	-	-	1,592,648
Public safety	267,416	1,389,102	-	-	-	-	-	-	1,656,518
Public works	333,783	-	1,089,471	-	-	2,835,298	217,880	375,336	4,851,768
Community and economic development	225,443	-	-	-	-	-	-	-	225,443
Recreation and culture	185,870	-	-	-	-	-	-	-	185,870
Capital outlay	891,184	4,649	-	1,256,707	-	-	-	173,368	2,325,908
Debt service:			-	-					
Principal	223,707	-	-	-	-	-	-	-	223,707
Interest	307,483	-	-	-	-	-	-	-	307,483
Total expenditures	4,027,534	1,393,751	1,089,471	1,256,707	-	2,835,298	217,880	548,704	11,369,345
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	946,477	(203,222)	(184,075)	(846,860)	-	(1,014,364)	488,941	(58,679)	(871,782)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	440,053	175,000	559,452	-	-	-	13,000	1,187,505
Transfers out	(907,169)	(269,028)	-	-	-	-	-	(11,308)	(1,187,505)
Net other financing sources (uses)	(907,169)	171,025	175,000	559,452	-	-	-	1,692	-
NET CHANGES IN FUND BALANCES	39,308	(32,197)	(9,075)	(287,408)	-	(1,014,364)	488,941	(56,987)	(871,782)
FUND BALANCES - BEGINNING, as previously reported	4,637,844	1,211,467	-	-	533,584	1,316,117	3,915,075	1,741,240	13,355,327
Adjustment - changes from major fund to nonmajor fund	-	-	-	-	(533,584)	-	-	533,584	-
Adjustment - changes from nonmajor fund to major fund	-	-	1,064,814	297,987	-	-	-	(1,362,801)	-
FUND BALANCES - BEGINNING, as restated	4,637,844	1,211,467	1,064,814	297,987	-	1,316,117	3,915,075	912,023	13,355,327
FUND BALANCES - ENDING	\$ 4,677,152	\$ 1,179,270	\$ 1,055,739	\$ 10,579	\$ -	\$ 301,753	\$ 4,404,016	\$ 855,036	\$ 12,483,545

See notes to financial statements

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds (Continued)

Year ended December 31, 2024

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:		
Net change in fund balance - total governmental funds (page 15)	\$	(871,782)
Amounts reported for <i>governmental activities</i> in the statement of activities (page 12) are different because:		
Capital assets:		
Assets acquired		2,204,288
Provision for depreciation		(659,219)
Changes in deferred inflows of resources:		
Net decrease in unavailable special assessments		(13,127)
Net decrease in advance to component unit		(25,601)
Long-term debt:		
Contract additions		(214,344)
Principal payments		295,155
Amortization of bond premium		25,510
Changes in other assets/liabilities:		
Net decrease in compensated absences		4,000
Net decrease in interest payable		2,721
Change in net position of the Building Inspections Fund has been combined with those of the <i>governmental activities</i>		<u>28,144</u>
Change in net position of <i>governmental activities</i>	\$	<u>775,745</u>

**STATEMENT OF NET POSITION - Proprietary Fund**

December 31, 2024

	<u><b>Building Inspections</b></u>
<b>ASSETS</b>	
Cash	\$ 175,915
Investments	566,750
Prepays	4,096
Capital assets, net of \$45,632 accumulated depreciation	<u>6,929</u>
Total assets	<u>753,690</u>
<b>LIABILITIES</b>	
Payables	13,360
Compensated absences	<u>3,090</u>
Total liabilities	<u>16,450</u>
<b>NET POSITION</b>	
Investment in capital assets	6,929
Unrestricted	<u>730,311</u>
Total net position	<u><u>\$ 737,240</u></u>

The assets, liabilities, and net position of the Building Inspections Fund have been combined with those of *governmental activities*.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - Proprietary Fund***December 31, 2024*

	<b><u>Building Inspections</u></b>
<b>OPERATING REVENUES</b>	
Charges for services - licenses and permits	\$ 396,640
<b>OPERATING EXPENSES</b>	
Salaries and fringe benefits	334,353
Other	62,567
Depreciation	<u>2,281</u>
Total operating expenses	<u>399,201</u>
<b>OPERATING INCOME (LOSS)</b>	(2,561)
<b>NONOPERATING REVENUES</b>	
Interest revenue	<u>30,705</u>
<b>CHANGE IN NET POSITION</b>	28,144
<b>NET POSITION - BEGINNING</b>	<u>709,096</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 737,240</u></u>

The revenues and expenses of the Building Inspections Fund have been combined with those of *governmental activities*.



**STATEMENT OF CASH FLOWS - Proprietary Fund**

Year ended December 31, 2024

	<b><i>Building Inspections</i></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 396,640
Payments to employees	(266,528)
Payments to suppliers	<u>(131,197)</u>
Net cash provided by (used in) operating activities	<u>(1,085)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(360,000)
Interest received	<u>5,424</u>
Net cash provided by (used in) investing activities	<u>(354,576)</u>
<b>NET DECREASE IN CASH</b>	(355,661)
<b>CASH - BEGINNING</b>	<u>531,576</u>
<b>CASH - ENDING</b>	<u><u>\$ 175,915</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating income (loss)	\$ (2,561)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation	2,281
(Increase) decrease in prepaids	(188)
Increase (decrease) in accounts payable	(1,021)
Increase (decrease) in accrued payroll	(2,686)
Increase (decrease) in compensated absences	<u>3,090</u>
Net cash provided by (used in) operating activities	<u><u>\$ (1,085)</u></u>

See notes to financial statements

**STATEMENT OF FIDUCIARY NET POSITION - *custodial funds***

*December 31, 2024*

	<b><i>Tax Collection</i></b>
<b>ASSETS</b>	
Cash	<u>\$ 12,560,403</u>
<b>LIABILITIES</b>	
Due to other governments	<u>12,560,403</u>
<b>NET POSITION</b>	
Total net position	<u><u>\$ -</u></u>

*See notes to financial statements*

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - *custodial funds***

*Year ended December 31, 2024*

	<u><b><i>Tax Collection</i></b></u>
<b>ADDITIONS</b>	
Property taxes collected for other governments	\$ 44,798,482
<b>DEDUCTIONS</b>	
Property taxes distributed to other governments	<u>44,798,482</u>
<b>NET CHANGE IN FIDUCIARY NET POSITION</b>	-
<b>NET POSITION - BEGINNING</b>	<u>-</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ -</u></u>

*See notes to financial statements*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Charter Township of Texas, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

*Reporting entity:*

As required by generally accepted accounting principles, these financial statements present the Township (the primary government), located in Kalamazoo County, and the component unit described below, for which the Township is financially accountable. The active discretely presented component is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

*Discretely presented component unit - Downtown Development Authority:*

The component unit's governing body is appointed by the Township Board and its budgets must be approved by the Township Board. Separate financial statements for the component unit have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit.

*Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, the proprietary fund, and the fiduciary funds, even though the latter are excluded from 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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds 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 if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement focus, basis of accounting, and financial statement presentation (continued):*

Federal grants, state grants, licenses and permits, and charges for services 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 year is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Improvement Fund accounts for financial resources used for the operational and capital costs of the Township's public safety functions. Revenues are primarily derived from property taxes.

The Road Enhancement Fund accounts for financial resources used for the operational costs of maintaining the Township's public roads. Revenues are primarily derived from property taxes.

The Facility Renovation Capital Project Fund accounts for financial resources used for the renovation of the Township Fire Station. Revenues are primarily derived from federal grants and transfers from the Township.

The Lake Level Capital Project Fund accounts for financial resources used for the construction and development of water control structures from Eagle Lake through Crooked Lake into a wetland to reduce long term risk of future property damage. Revenues are primarily derived from federal grants, Kalamazoo County Drain Commission contributions, and general revenues from the Township.

The Sewer and Water Capital Projects Fund accounts for financial resources used for the expansion and repairs and maintenance of sewer and water lines located in the Township. Revenues are primarily derived from connection fees.

The Township reports one proprietary fund, its Building Inspections Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Township also reports a fiduciary fund (Tax Collection Fund), which accounts for assets held by the Township in a fiduciary capacity for other governments and individuals. Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary 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, deferred inflows of resources, and equity:*

*Bank deposits* - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled investment income is proportionately allocated to all funds.

*Investments* - Investments are reported at fair value.

*Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

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

*Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer and water systems, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets retroactively.

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

Buildings and improvements	15 - 60 years
Equipment	3 - 5 years
Vehicles	3 - 20 years
Sewer and water systems	50 years

*Compensated absences* - It is the Township's policy to permit employees to accumulate earned but unused sick pay benefits. Compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

*Unearned revenue* - Unearned revenue represents resources related to special assessments and federal grants which have not yet been earned due to performance of service.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, liabilities, deferred inflows of resources, and equity (continued):*

*Deferred inflows of resources-* The statement of net position and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. Property taxes and assessments, which are levied to finance the following period's budget, are deferred and recognized as revenue in the period that they are intended to finance. Special assessment, interest revenues, and advances to component unit, which are not available (collected later than 60 days after the end of the Township's fiscal year), are deferred in governmental funds and recognized as revenue in the period that they become available.

*Net position* - Net position represents the difference between assets, and liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

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

*Fund equity* - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Township Board retains the authority to assign fund balances as to purpose. Unassigned fund balances are amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted or assigned to those purposes. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

*Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14 (with the final collection date of February 28), at which time the bill becomes delinquent, and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the subsequent year.

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The budget document presents information by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

*Excess of expenditures over appropriations* - The following schedule sets forth the reportable budget variance:

<i>Fund</i>	<i>Function</i>	<i>Activity</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance</i>
General	General government	Hall and grounds	\$ 89,768	\$ 94,826	\$ 5,058
Road Enhancement	Public works	Road maintenance	1,001,043	1,089,471	88,428

**NOTE 3 - CASH AND INVESTMENTS**

The Township and component unit's cash were reported in the basic financial statements as follows:

	<i>Governmental activities</i>	<i>Custodial funds</i>	<i>Component unit</i>	<i>Total</i>
Deposits	\$ 10,375,016	\$ 12,560,203	\$ 400,934	\$ 23,336,153
Investments	6,922,307		235,734	7,158,041
Cash on hand	<u>400</u>	<u>200</u>	<u>-</u>	<u>600</u>
Totals	<u>\$ 17,297,723</u>	<u>\$ 12,560,403</u>	<u>\$ 636,668</u>	<u>\$ 30,494,794</u>

*Deposits* - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township's investment policy does not specifically address custodial credit risk for deposits. As of December 31, 2024, \$23,331,369 of the Township's bank balance of \$25,096,240 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Investments* - State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds composed of otherwise legal investments; and f) investment pools organized under the local government investment pool act. The Township's investment policy does not address credit risk or interest rate risk for investments.



### NOTE 3 - CASH AND INVESTMENTS (Continued)

*Investments in entities that calculate net asset value per share* - The Township holds shares in an investment pool where the fair value of the investment is measured on a recurring basis using net asset value per share of the investment pool as a practical expedient. At December 31, 2024, the fair value, unfunded commitments, and redemption rules of these investments are as follows:

	<u>Michigan CLASS</u>
Fair value at December 31, 2024	\$ 7,158,041
Unfunded commitments	none
Redemption frequency	n/a
Notice period	none

The Michigan CLASS investment Pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasury agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. The Pool purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

### NOTE 4 - RECEIVABLES

Receivables as of December 31, 2024, for the Township's individual major, nonmajor governmental funds, and component unit, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Interest</u>	<u>Intergovern- mental</u>	<u>Totals</u>
Governmental:						
General	\$ 24,361	\$ 471,797	\$ 8,714	\$ 305	\$ 346,457	\$ 851,634
Fire Improvement	-	574,878	-	5,000	-	579,878
Road Enhancement	-	316,198	-	-	-	316,198
Lake Level Project	-	-	-	-	248,163	248,163
Sewer and Water	-	-	623,069	10,575	102,355	735,999
Nonmajor	-	-	204,196	-	-	204,196
Total governmental	<u>\$ 24,361</u>	<u>\$ 1,362,873</u>	<u>\$ 835,979</u>	<u>\$ 15,880</u>	<u>\$ 696,975</u>	<u>\$ 2,936,068</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,880</u>
Component unit - DDA	<u>\$ -</u>	<u>\$ 136,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,189</u>

### NOTE 5 - PROPERTY TAXES

The 2023 taxable valuation of the approximated \$1,118,754,000, on which ad valorem taxes levied consisted of 0.8321 mills for operating purposes and 0.9805 mills for fire operations, raising approximately \$930,000 and \$1,095,000, respectively. These amounts are recognized in the respective fund financial statements as property tax revenue, though the operating millage is reduced by tax captures by the Township's component units and county chargebacks.

**NOTES TO FINANCIAL STATEMENTS (Continued)**
**NOTE 5 - PROPERTY TAXES (Continued)**

The 2024 taxable valuation of the Township approximated \$1,221,462,661, on which ad valorem taxes levied consisted of 0.8306 mills for operating purposes and 0.9787 mills for fire operations, raising approximately \$1,014,000 and \$1,195,000, respectively. These amounts are recognized in the respective fund financial statements as deferred tax revenue, though the operating millage is reduced by tax captures by the Township's component units, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2024, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 866,307	\$ -	\$ -	\$ 866,307
Construction in progress	<u>8,994,892</u>	<u>1,883,249</u>	<u>(10,878,141)</u>	<u>-</u>
Total capital assets not being depreciated	<u>9,861,199</u>	<u>1,883,249</u>	<u>(10,878,141)</u>	<u>866,307</u>
Capital assets being depreciated:				
Buildings	1,805,964	10,496,079	-	12,302,043
Improvements	3,509,490	653,038	-	4,162,528
Furniture and equipment	2,472,675	50,063	-	2,522,738
Vehicles	1,227,840	-	-	1,227,840
Infrastructure	<u>11,899,567</u>	<u>-</u>	<u>-</u>	<u>11,899,567</u>
Subtotal	<u>20,915,536</u>	<u>11,199,180</u>	<u>-</u>	<u>32,114,716</u>
Less accumulated depreciation for:				
Buildings	(706,564)	(46,087)	-	(752,651)
Improvements	(1,062,694)	(148,610)	-	(1,211,304)
Furniture and equipment	(1,405,078)	(182,212)	-	(1,587,290)
Vehicles	(757,104)	(35,625)	-	(792,729)
Infrastructure	<u>(5,979,900)</u>	<u>(248,966)</u>	<u>-</u>	<u>(6,228,866)</u>
Subtotal	<u>(9,911,340)</u>	<u>(661,500)</u>	<u>-</u>	<u>(10,572,840)</u>
Total capital assets being depreciated, net	<u>11,004,196</u>	<u>10,537,680</u>	<u>-</u>	<u>21,541,876</u>
Governmental activities capital assets, net	<u>\$ 20,865,395</u>	<u>\$ 12,420,929</u>	<u>\$ (10,878,141)</u>	<u>\$ 22,408,183</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Component unit:				
Capital assets not being depreciated - land	\$ 122,329	\$ -	\$ -	\$ 122,329
Capital assets being depreciated - land improvements	163,964	-	-	163,964
Less accumulated depreciation	(90,393)	(6,549)	-	(96,942)
Total capital assets being depreciated, net	73,571	(6,549)	-	67,022
Component unit capital assets, net	<u>\$ 195,900</u>	<u>\$ (6,549)</u>	<u>\$ -</u>	<u>\$ 189,351</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 39,664
Public safety	82,332
Public works	372,853
Recreation and culture	<u>166,651</u>
Total governmental activities	<u>\$ 661,500</u>

NOTE 7 - PAYABLES

Payables as of December 31, 2024, for the Township's individual major funds, nonmajor governmental funds, in the aggregate, and component unit were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Payroll</i>	<i>Intergovern- mental</i>	<i>Customer Deposits</i>	<i>Totals</i>
Governmental:					
General	\$ 39,838	\$ 38,915	\$ 72,595	\$ 41,199	\$ 192,547
Fire Improvement	10,190	71,683	684	-	82,557
Road Enhancement	-	-	103,153	-	103,153
Facility Renovation	44,016	-	-	-	44,016
Lake Level Project	314,947	-	740,400	-	1,055,347
Sewer and Water	4,556	-	14,110	-	18,666
Nonmajor	<u>23,443</u>	<u>-</u>	<u>6,784</u>	<u>-</u>	<u>30,227</u>
Total governmental	<u>\$ 436,990</u>	<u>\$ 110,598</u>	<u>\$ 937,726</u>	<u>\$ 41,199</u>	<u>\$ 1,526,513</u>
Proprietary - Building Inspections	<u>\$ 398</u>	<u>\$ 12,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,360</u>
Component unit - DDA	<u>\$ 2,607</u>	<u>\$ 1,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,660</u>

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A summary of interfund transfers for the year ended December 31, 2024, is as follows:

<i>Fund</i>	<i>Transfers in</i>	<i>Fund</i>	<i>Transfers out</i>
Road Enhancement	\$ 175,000	General	\$ 616,745
CCTA	13,000		
Fire Improvement	<u>428,745</u>		
	<u>616,745</u>		
Facility Renovation	<u>559,452</u>	General	290,424
		Fire Improvement	<u>269,028</u>
			<u>559,452</u>
Fire Improvement	<u>11,308</u>	Opioid Settlement	<u>11,308</u>
	<u>\$ 1,187,505</u>		<u>\$ 1,187,505</u>

The transfer to the Fire Improvement Fund represents support to cover expenditures that could not be covered by current tax revenues.

The transfers to the Road Enhancement Fund and the CCTA Fund represent the Townships contribution to the funds tied to special assessments.

The transfer to the Facility Renovation Fund from the General Fund and Fire Improvement Fund represents funds that were previously assigned to finance renovation costs of the Texas Township Fire Departments building.

The transfer to the Fire Improvement Fund from the Opioid Settlement Fund represents reimbursement of opioid remediation expenditures.

**NOTE 9 - LONG-TERM LIABILITIES**

Long-term liabilities at December 31, 2024, are comprised of the following individual issues:

Primary government:

Governmental activities:

*Bonds payable:*

\$6,395,000 2022 Limited Tax General Obligation Bonds - due in annual installments ranging from \$230,000 to \$490,000, plus interest at 5.00% through April 2042	\$ 5,965,000
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Bond premium	<u>259,025</u>
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Total bonds payable	<u>6,224,025</u>
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*Installment purchase agreement:*

\$225,000 Installment purchase agreement due in semi-annual installments of \$12,970 including interest at 2.79%; final payment due September 2026	62,471
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*Contracts payable:*

\$214,344 Delayed payment agreement with the Road Commission of Kalamazoo County for actual costs incurred for work completed on Q Avenue Turn Lane, payable in three equal installments of \$71,488 thru April 2026, no interest	142,896
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Compensated absences	<u>61,990</u>
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Total primary government	<u><u>\$ 6,491,382</u></u>
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Component unit:

Downtown Development Authority:

*Advance from primary government:*

\$120,000, primary government advanced to component unit. Due in annual installments over 10 years at an interest rate of 3.79% per annum.	\$ 25,961
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\$119,699, primary government advanced to component unit. Due in annual installments over 15 years at an interest rate of 1.50% per annum. The first five years are interest only payments, followed by a ten-year period of principal and interest collections.	<u>48,853</u>
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Total component unit	<u><u>\$ 74,814</u></u>
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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

Long-term liability activity for the year ended December 31, 2024, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Net change in compensated absences</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Primary government:						
Governmental activities:						
Installment purchase agreements:						
2017 Installment purchase agreement	\$ 86,178	\$ -	\$ (23,707)	\$ -	\$ 62,471	\$ 24,373
Bonds payable:						
2022 Capital improvement bonds	6,165,000	-	(200,000)	-	5,965,000	210,000
Contract Payable:						
Road Commission of Kalamazoo County	-	214,344	(71,448)	-	142,896	71,448
Subtotal	6,251,178	214,344	(295,155)	-	6,170,367	305,821
Premium on bonds payable	284,535	-	(25,510)	-	259,025	-
Compensated absences	62,900	-	-	(910)	61,990	61,990
Total	<u>\$ 6,598,613</u>	<u>\$ 214,344</u>	<u>\$ (320,665)</u>	<u>\$ (910)</u>	<u>\$ 6,491,382</u>	<u>\$ 367,811</u>
Component unit - Downtown						
Development Authority:						
Advances from primary government	<u>\$ 100,415</u>	<u>\$ -</u>	<u>\$ (25,601)</u>	<u>\$ -</u>	<u>\$ 74,814</u>	<u>\$ 25,916</u>

At December 31, 2024, debt service requirements, with the exception of compensated absences, are as follows:

<u>Year ended</u>	<u>Governmental activities</u>		<u>Component unit</u>	
<u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 305,821	\$ 294,567	\$ 25,916	\$ 1,736
2026	316,506	283,132	24,748	1,035
2027	243,040	271,178	12,631	382
2028	245,000	259,125	11,519	192
2029	255,000	246,625	-	-
2030 - 2034	1,495,000	1,021,875	-	-
2035 - 2039	1,910,000	598,000	-	-
2040 - 2042	1,400,000	107,250	-	-
Totals	<u>\$ 6,170,367</u>	<u>\$ 3,081,752</u>	<u>\$ 74,814</u>	<u>\$ 3,345</u>

All debt is secured by the full faith and credit of the Township. All outstanding debt of the Township is direct borrowing or direct placement debt.

**NOTE 10 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The risks of loss arising from general liability of up to \$4,000,000, building contents and property, and workers' compensation coverage are managed through purchased commercial insurance.

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN

The Township contributes to the Texas Charter Township Group Pension Plan, a defined contribution pension plan, which is administered by a third-party administrator. The plan covers all elected officials, full-time and certain part-time employees, who are eligible to participate after ninety days of employment, and for fire fighters who are eligible to participate after completing a probationary period.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Township contributes 10% of each qualified employee's total earnings to the plan. Employees are permitted to make voluntary contributions to the Plan, up to applicable Internal Revenue Code limits. For the year ended December 31, 2024, the Township and eligible employees made contributions of \$184,340 and \$-0-, respectively. At December 31, 2024 the Township reported no accrued liability as part of the contributions to the plan.

The Township's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested immediately.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

NOTE 12 - CONSTRUCTION COMMITMENT

At December 31, 2024, The Township had the following contractual construction commitments:

	<u>Contractor</u>	<u>Project authorization</u>	<u>Expended through December 31, 2024</u>	<u>Construction Commitment</u>
Lake Level Control Project	Balkema Excavating	\$ 4,428,148	\$ 4,295,560	\$ 132,588

NOTE 13 - UPCOMING GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) issued Statement No. 103, "Financial Reporting Model Improvements," in April 2024. This statement is effective for fiscal years beginning after June 15, 2025. The requirements of this statement will enhance the financial reporting model by improving key components to provide essential information for decision-making and assessing accountability. Management's Discussion and Analysis (MD&A) will continue to be required as required supplementary information (RSI), and the presentation of proprietary fund statements will be updated.

The Governmental Accounting Standards Board (GASB) issued Statement No. 104, "Disclosure of Certain Capital Assets," in September 2024. This statement is effective for fiscal years beginning after June 15, 2025. The requirements of this statement will enhance the financial reporting model by providing users of government financial statements with essential information about certain types of capital assets. This includes separate disclosure of lease assets, intangible right-to-use assets, subscription-based IT assets, and other intangible assets by major class. Additionally, capital assets held for sale must be evaluated each reporting period and disclosed separately.

**NOTE 14 - IMPLEMENTATION OF GASB STATEMENT NO. 100 – CHANGES IN REPORTING ENTITY**

Effective for the fiscal year ending December 31, 2024, the Township has implemented GASB Statement No. 100, which provides updated guidance on accounting changes and error corrections, including changes to or within the financial reporting entity.

A change in the reporting entity occurs when there is a modification to the composition of the entity's financial statements due to events such as the addition or removal of component units, changes in fund structure, or shifts in financial accountability. As required by GASB 100, these changes have been reflected by adjusting the beginning balances of the current period rather than restating prior periods.

For the fiscal year 2024, the following changes in the reporting entity have been recognized:

The Road Enhancement Fund and the Facility Renovation Fund, which were previously reported as nonmajor funds, are now reported as major funds. Whereas, the Building Construction Fund, which was previously reported as a major fund, is now reported as a nonmajor fund.

The impact of these changes has been disclosed in the reconciliation of beginning balances, ensuring transparency and comparability for financial statement users.



## REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended December 31, 2024

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 934,418	\$ 934,418	\$ 913,628	\$ (20,790)
Admin fees	412,787	412,787	470,888	58,101
Other	12,800	12,800	27,010	14,210
Total taxes	1,360,005	1,360,005	1,411,526	51,521
Special assessments - principal	6,100	6,100	6,420	320
Licenses and permits - franchise fees	120,000	120,000	100,755	(19,245)
Federal grants - ARPA	635,216	773,927	875,553	101,626
State grants:				
State shared revenue	1,937,740	1,937,740	1,883,506	(54,234)
CVTRS	59,549	59,549	73,179	13,630
Metro act	22,000	22,000	16,512	(5,488)
Local community stabilization shared revenue	6,000	6,000	4,783	(1,217)
Total state grants	2,025,289	2,025,289	1,977,980	(47,309)
Contributions from local units - Tornado recovery	-	95,494	102,732	7,238
Charges for services:				
Passports	35,000	35,000	39,035	4,035
Farmers market	17,500	17,500	23,528	6,028
Cemetery	15,000	15,000	22,750	7,750
Zoning	18,700	18,700	18,415	(285)
Other	17,100	17,100	25,527	8,427
Total charges for services	103,300	103,300	129,255	25,955
Interest and rentals:				
Interest	148,776	213,776	274,233	60,457
Rentals	15,000	15,000	11,785	(3,215)
Total interest and rentals	163,776	228,776	286,018	57,242
Other:				
Contributions and donations	42,236	42,236	55,269	13,033
Miscellaneous	212,382	212,382	28,503	(183,879)
Total other	254,618	254,618	83,772	(170,846)
Total revenues	4,668,304	4,967,509	4,974,011	6,502

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2024

**EXPENDITURES**

General government:

Legislative - Township Board	\$ 36,077	\$ 36,077	\$ 36,022	\$ 55
Supervisor	26,346	32,126	31,095	1,031
Superintendent	248,321	251,905	227,875	24,030
Election	94,477	96,562	95,536	1,026
Assessor	169,284	155,284	137,752	17,532
Clerk	151,558	153,058	151,012	2,046
Board of review	7,100	7,100	4,230	2,870
Treasurer	167,417	167,417	161,518	5,899
Hall and grounds	70,768	89,768	94,826	(5,058)
Other	681,285	689,557	652,782	36,775

Total general government	<u>1,652,633</u>	<u>1,678,854</u>	<u>1,592,648</u>	<u>86,206</u>
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Public safety - police	<u>266,850</u>	<u>285,445</u>	<u>267,416</u>	<u>18,029</u>
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Public works:

Street lights	8,000	8,000	7,276	724
Drains	15,000	15,000	(774)	15,774
Streets	14,159	20,268	17,519	2,749
Cemetery	29,058	32,558	26,909	5,649
Sanitation and refuse collection	103,000	111,000	108,513	2,487
Tornado recovery	-	174,600	174,340	260

Total public works	<u>169,217</u>	<u>361,426</u>	<u>333,783</u>	<u>27,643</u>
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Community and economic development - planning and zoning	<u>291,057</u>	<u>237,557</u>	<u>225,443</u>	<u>12,114</u>
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Recreation and culture:

Parks and recreation	165,763	165,763	159,912	5,851
Farmers market	25,010	29,510	25,958	3,552

Total recreation and culture	<u>190,773</u>	<u>195,273</u>	<u>185,870</u>	<u>9,403</u>
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Capital outlay	<u>856,831</u>	<u>967,931</u>	<u>891,184</u>	<u>76,747</u>
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Debt service

Principal	<u>223,707</u>	<u>223,707</u>	<u>223,707</u>	-
Interest	<u>307,483</u>	<u>307,483</u>	<u>307,483</u>	-

Total expenditures	<u>3,958,551</u>	<u>4,257,676</u>	<u>4,027,534</u>	<u>230,142</u>
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<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>709,753</u>	<u>709,833</u>	<u>946,477</u>	<u>236,644</u>
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**OTHER FINANCING USES**

Transfers out	<u>(1,598,026)</u>	<u>(2,641,729)</u>	<u>(907,169)</u>	<u>1,734,560</u>
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<b>NET CHANGES IN FUND BALANCES</b>	<u>(888,273)</u>	<u>(1,931,896)</u>	<u>39,308</u>	<u>1,971,204</u>
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<b>FUND BALANCES - BEGINNING</b>	<u>4,637,844</u>	<u>4,637,844</u>	<u>4,637,844</u>	<u>-</u>
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<b>FUND BALANCES - ENDING</b>	<u>\$ 3,749,571</u>	<u>\$ 2,705,948</u>	<u>\$ 4,677,152</u>	<u>\$ 1,971,204</u>
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**BUDGETARY COMPARISON SCHEDULE - Fire Improvement Fund**

Year ended December 31, 2024

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Taxes	\$ 1,098,874	\$ 1,098,874	\$ 1,095,149	\$ (3,725)
State grants	-	-	30,940	30,940
Interest	36,000	36,000	64,440	28,440
Other	500	500	-	(500)
Total revenues	<u>1,135,374</u>	<u>1,135,374</u>	<u>1,190,529</u>	<u>55,155</u>
<b>EXPENDITURES</b>				
Public safety - fire protection	1,248,010	1,457,934	1,389,102	68,832
Capital outlay	<u>335,000</u>	<u>335,000</u>	<u>4,649</u>	<u>330,351</u>
Total expenditures	<u>1,583,010</u>	<u>1,792,934</u>	<u>1,393,751</u>	<u>399,183</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(447,636)	(657,560)	(203,222)	454,338
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	275,000	433,428	440,053	6,625
Transfers out	<u>(343,595)</u>	<u>(343,595)</u>	<u>(269,028)</u>	<u>74,567</u>
Net other financing sources (uses)	<u>(68,595)</u>	<u>89,833</u>	<u>171,025</u>	<u>81,192</u>
<b>NET CHANGES IN FUND BALANCES</b>	(516,231)	(567,727)	(32,197)	535,530
<b>FUND BALANCES - BEGINNING</b>	<u>1,211,467</u>	<u>1,211,467</u>	<u>1,211,467</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 695,236</u>	<u>\$ 643,740</u>	<u>\$ 1,179,270</u>	<u>\$ 535,530</u>

**BUDGETARY COMPARISON SCHEDULE - Road Enhancement Fund**

Year ended December 31, 2024

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Taxes	\$ 732,360	\$ 732,360	\$ 837,096	\$ 104,736
Interest	<u>20,000</u>	<u>20,000</u>	<u>68,300</u>	<u>48,300</u>
Total revenues	<u>752,360</u>	<u>752,360</u>	<u>905,396</u>	<u>153,036</u>
<b>EXPENDITURES</b>				
Public works - road maintenance	<u>1,001,043</u>	<u>1,001,043</u>	<u>1,089,471</u>	<u>(88,428)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(248,683)	(248,683)	(184,075)	64,608
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>175,000</u>	<u>25,000</u>
<b>NET CHANGES IN FUND BALANCES</b>	(98,683)	(98,683)	(9,075)	89,608
<b>FUND BALANCES - BEGINNING</b>	<u>672,992</u>	<u>672,992</u>	<u>1,064,814</u>	<u>391,822</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 574,309</u>	<u>\$ 574,309</u>	<u>\$ 1,055,739</u>	<u>\$ 481,430</u>

## SUPPLEMENTARY INFORMATION

	Special revenue										Capital Project	Totals
	Liquor Law Enforcement	Opioid Settlement	Treasurer Island Road	Street Lighting	CCTA	Eagle Lake #1	Eagle Lake #2	Eagle Lake Drive	Crooked Lake #1	Crooked Lake #2	Building Construction	
<b>ASSETS</b>												
Cash	\$ 12,510	\$ -	\$ 6,297	\$ 167,854	\$ 33,479	\$ 155,610	\$ 81,619	\$ 10,679	\$ 155,751	\$ 62,573	\$ 83,198	\$ 769,570
Investments	-	-	-	-	-	-	-	-	-	-	328,462	328,462
Receivables	-	-	3,800	72,362	11,099	49,151	23,841	1,200	42,743	-	-	204,196
Total assets	\$ 12,510	\$ -	\$ 10,097	\$ 240,216	\$ 44,578	\$ 204,761	\$ 105,460	\$ 11,879	\$ 198,494	\$ 62,573	\$ 411,660	\$ 1,302,228
<b>LIABILITIES AND FUND BALANCES</b>												
Liabilities:												
Payables	\$ -	\$ -	\$ 29	\$ 14,669	\$ 6,784	\$ 2,219	\$ -	\$ 779	\$ 29	\$ -	\$ 5,718	\$ 30,227
Unearned special assessments	-	-	6,400	182,652	16,028	90,530	44,696	2,340	74,319	-	-	416,965
Total liabilities	-	-	6,429	197,321	22,812	92,749	44,696	3,119	74,348	-	5,718	447,192
Fund balances:												
Restricted for:												
Public safety	12,510	-	-	-	-	-	-	-	-	-	-	12,510
Street lighting	-	-	-	42,895	-	-	-	-	-	-	-	42,895
Private road maintenance	-	-	3,668	-	-	-	-	8,760	-	-	-	12,428
Private lake maintenance	-	-	-	-	-	112,012	60,764	-	124,146	62,573	-	359,495
Assigned for:												
Public transportation	-	-	-	-	21,766	-	-	-	-	-	-	21,766
Building renovations	-	-	-	-	-	-	-	-	-	-	405,942	405,942
Total fund balances	12,510	-	3,668	42,895	21,766	112,012	60,764	8,760	124,146	62,573	405,942	855,036
Total liabilities and fund balances	\$ 12,510	\$ -	\$ 10,097	\$ 240,216	\$ 44,578	\$ 204,761	\$ 105,460	\$ 11,879	\$ 198,494	\$ 62,573	\$ 411,660	\$ 1,302,228

	Special Revenue											Capital Project		Totals
	Liquor Law Enforcement	Opioid Settlement	(formerly nonmajor) Road Enhancement	Treasure Island Road	Street Lighting	CCTA	Eagle Lake #1	Eagle Lake #2	Eagle Lake Drive	Crooked Lake #1	Crooked Lake #2	(formerly major) Building Construction	(formerly nonmajor) Facility Renovation	
REVENUES														
Special assessments	\$ -	\$ -	\$ -	\$ 8,200	\$ 162,804	\$ 18,775	\$ 90,183	\$ 59,020	\$ 2,340	\$ 70,445	\$ -	\$ -	\$ -	\$ 411,767
State grants	12,056	-	-	-	-	-	-	-	-	-	-	-	-	12,056
Interest	223	96	-	214	2,078	559	2,034	1,999	173	2,293	1,154	38,168	-	48,991
Other	-	8,931	-	8,280	-	-	-	-	-	-	-	-	-	17,211
Total revenues	12,279	9,027	-	16,694	164,882	19,334	92,217	61,019	2,513	72,738	1,154	38,168	-	490,025
EXPENDITURES														
Current:														
Public works	-	-	-	21,669	178,284	27,128	29,080	89,374	2,338	26,760	703	-	-	375,336
Capital outlay	7,558	-	-	-	-	-	-	-	-	-	-	165,810	-	173,368
Total expenditures	7,558	-	-	21,669	178,284	27,128	29,080	89,374	2,338	26,760	703	165,810	-	548,704
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,721	9,027	-	(4,975)	(13,402)	(7,794)	63,137	(28,355)	175	45,978	451	(127,642)	-	(58,679)
OTHER FINANCING SOURCES														
Transfers in	-	-	-	-	-	13,000	-	-	-	-	-	-	-	13,000
Transfers out	-	(11,308)	-	-	-	-	-	-	-	-	-	-	-	(11,308)
Total other financing sources (uses)	-	(11,308)	-	-	-	13,000	-	-	-	-	-	-	-	1,692
NET CHANGES IN FUND BALANCES	4,721	(2,281)	-	(4,975)	(13,402)	5,206	63,137	(28,355)	175	45,978	451	(127,642)	-	(56,987)
FUND BALANCES - BEGINNING, as previously reported	7,789	2,281	1,064,814	8,643	56,297	16,560	48,875	89,119	8,585	78,168	62,122	-	297,987	1,741,240
Adjustment - changes from major fund to nonmajor fund	-	-	-	-	-	-	-	-	-	-	-	533,584	-	533,584
Adjustment - changes from nonmajor fund to major fund	-	-	(1,064,814)	-	-	-	-	-	-	-	-	-	(297,987)	(1,362,801)
FUND BALANCES - BEGINNING, as restated	7,789	2,281	-	8,643	56,297	16,560	48,875	89,119	8,585	78,168	62,122	533,584	-	912,023
FUND BALANCES - ENDING	\$ 12,510	\$ -	\$ -	\$ 3,668	\$ 42,895	\$ 21,766	\$ 112,012	\$ 60,764	\$ 8,760	\$ 124,146	\$ 62,573	\$ 405,942	\$ -	\$ 855,036



**BALANCE SHEET - Component Unit**

December 31, 2024

**ASSETS**

Cash	\$ 400,934
Investments	235,734
Receivables	<u>136,189</u>
Total assets	<u>\$ 772,857</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,  
AND FUND BALANCES**

Liabilities - accounts payable	<u>\$ 3,660</u>
Deferred inflows of resources - property tax revenues levied for the subsequent year	<u>170,701</u>
Fund balance - restricted for public works	<u>598,496</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 772,857</u>

Reconciliation of the balance sheet with the statement of net position:

Fund balance	\$ 598,496
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Amounts reported for the *component unit* in the statement of net position (page 11) are different because:

Capital assets used are not financial resources and, therefore, are not reported in the fund.	189,351
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Long-term advance from primary government is not reported in the fund.	<u>(74,814)</u>
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Net position of the <i>component unit</i>	<u>\$ 713,033</u>
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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - *Component Unit***

*Year ended December 31, 2024*

**REVENUES**

Taxes	\$ 246,908
Interest	24,729
Other	<u>1,540</u>
Total revenues	<u>273,177</u>

**EXPENDITURES**

Current - public works	119,210
Debt services:	
Principal	25,601
Interest	<u>2,430</u>
Total expenditures	<u>147,241</u>

**NET CHANGE IN FUND BALANCE** 125,936

**FUND BALANCE - BEGINNING** 472,560

**FUND BALANCE - ENDING** \$ 598,496

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance \$ 125,936

Amounts reported for the *component unit* in the statement of activities (page 12) are different because:

Capital assets - provision for depreciation (6,549)

Advance from primary government - principal payments 25,601

Change in net position of *component unit* \$ 144,988

**BUDGETARY COMPARISON SCHEDULE - Component Unit**

Year ended December 31, 2024

	<i><b>Original budget</b></i>	<i><b>Final budget</b></i>	<i><b>Actual</b></i>	<i><b>Variance with final budget positive (negative)</b></i>
<b>REVENUES</b>				
Property taxes	\$ 222,103	\$ 222,103	\$ 246,908	\$ 24,805
Interest	10,000	10,000	24,729	14,729
Other	20,000	20,000	1,540	(18,460)
Total revenues	252,103	252,103	273,177	21,074
<b>EXPENDITURES</b>				
Current - public works	189,966	189,966	119,210	70,756
Debt services:				
Principal	25,512	25,512	25,601	(89)
Interest	2,519	2,519	2,430	89
Total expenditures	217,997	217,997	147,241	70,756
<b>NET CHANGES IN FUND BALANCES</b>	34,106	34,106	125,936	91,830
<b>FUND BALANCES - BEGINNING</b>	472,560	472,560	472,560	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 506,666</u>	<u>\$ 506,666</u>	<u>\$ 598,496</u>	<u>\$ 91,830</u>

## **SINGLE AUDIT SCHEDULES AND REPORTS**



## Vredeveld Haefner LLC

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### **INDEPENDENT AUDITORS' 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**

June 12, 2025

Members of the Board  
Charter Township of Texas  
Kalamazoo County, 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 discretely presented component unit, each major fund and the aggregate remaining fund information of the Charter Township of Texas, Kalamazoo County, Michigan (the Township) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 12, 2025.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis to design 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 the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 or significant deficiencies may exist that were not identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township'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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Vredenburg Haefner LLC*



## Vredeveld Haefner LLC

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(616) 648-8447

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

June 12, 2025

Members of the Board  
Charter Township of Texas  
Kalamazoo County, Michigan

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

We have audited the Charter Township of Texas, Kalamazoo County, Michigan's (the Township) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Township's major federal programs for the year ended December 31, 2024. The Township's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

##### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Township's federal programs.

##### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Urodeuxeld Haefner LLC*



**CHARTER TOWNSHIP OF TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	Expenditures
Federal Emergency Management Agency Passed thru Michigan Hazard Mitigation Assistance Hazard Mitigation Grant Program	97.039	P4381.07 HMGP	\$ 2,570,189	\$ 1,014,773
United States Department of Treasury Passed thru Michigan Department of Treasury American Rescue Plan Act	21.027		1,812,780	<u>1,282,029</u>
Total expenditures of federal awards				<u>\$ 2,296,802</u>

See notes to schedule of expenditures of federal awards.

# **CHARTER TOWNSHIP OF TEXAS**

## ***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

### ***FOR THE YEAR ENDED DECEMBER 31, 2024***

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1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting.
2. Revenues from federal sources per financial statements agrees to expenditures per the Schedule of Expenditures of Federal Awards.
3. The Authority did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.

**CHARTER TOWNSHIP OF TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ yes	<u>  X  </u> no	
Significant deficiency(ies) identified?	_____ yes	<u>  X  </u> none reported	
Noncompliance material to financial statements noted?	_____ yes	<u>  X  </u> no	

**Federal Awards**

Internal control over major programs:			
Material weakness(es) identified?	<u>  X  </u> yes	_____ no	
Significant deficiency(ies) identified?	_____ yes	<u>  X  </u> none reported	
Type of auditors' report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	_____ yes	<u>  X  </u> no	
Identification of major programs:			

CFDA Number(s)

21.027

Name of Federal Program or Cluster

American Rescue Plan Act

Dollar threshold used to distinguish between Type A and B programs:	<u>  \$750,000  </u>
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Auditee qualified as low-risk auditee?	_____ yes	<u>  X  </u> no
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**SECTION II - FINANCIAL STATEMENT FINDINGS**

None noted

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Condition and Criteria:** The Township does not have written policies and procedures regarding some aspects of federal awards required by 2CFR 200. This includes procedures for review of vendors for suspension and debarment.

**Cause:** The Township has had minimal federal grant funding in the past and has not implemented written federal grant policies and procedures as required by 2CFR 200.

**Effect:** The Township expended federal funds without implementing written federal grant policies and procedures, and did not follow the federal requirements for review of vendor suspension and debarment.

**Recommendation:** The Township should establish formal written federal grant policies and procedures.

**Management Response:** Management will establish formal written federal grant policies and procedures as

**SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS**

None noted



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June 11, 2025

To Whom It May Concern,

Charter Township of Texas agrees with the findings identified and respectfully submits the following corrective action plan for the year ending December 31, 2024.

2024-001

The Township did not document the part of the policy that is needed to show that the vendor was not suspended or debarred from the Federal Government through the SAM.gov before the contract was entered into.

Implementation and Monitoring

The Township has discussed the procedure of policy and has identified that the review and the documentation on the selected vendor needs to happen prior to approval of the contract by the Township Board. It will be the responsibility of the Township Superintendent and the Township Treasurer to adhere to the policy to document the review of the vendor through SAM.gov.

If anyone has questions about the plan, please contact Brooke Hovenkamp at 269-375-1591.

Sincerely,

A handwritten signature in black ink that reads "Brooke Hovenkamp". The signature is written in a cursive style with a large, stylized "B" and "H".

Brooke Hovenkamp  
Superintendent