

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

FINANCIAL STATEMENTS

Year ended December 31, 2021



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 8, 2022

Members of Board
Charter Township of Texas
Kalamazoo County, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Texas (the Township), Kalamazoo County, Michigan, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Urodeheld 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, 2021. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$1,271,014 as a result of this year's activities.
- Of the \$22,944,895 total net position reported, \$10,084,546 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 \$3,368,980, which represents 179 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 2021 and 2020 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 \$22,944,895. Of this total, \$11,871,982 is invested in capital assets, \$988,367 is restricted for various purposes, and \$10,084,546 is unrestricted.

Condensed financial information
Net position

	Governmental activities	
	2021	2020
Current and other assets	\$ 15,506,735	\$ 13,441,297
Capital assets	<u>11,871,982</u>	<u>12,328,774</u>
Total assets	<u>27,378,717</u>	<u>25,770,071</u>
Current and other liabilities	1,536,563	761,215
Long-term debt	<u>358,625</u>	<u>827,194</u>
Total liabilities	<u>1,895,188</u>	<u>1,588,409</u>
Deferred inflows of resources	<u>2,538,634</u>	<u>2,507,781</u>
Net position:		
Net investment in capital assets	11,871,982	12,328,774
Restricted	988,367	1,138,203
Unrestricted	<u>10,084,546</u>	<u>8,206,904</u>
Total net position	<u>\$ 22,944,895</u>	<u>\$ 21,673,881</u>

Changes in net position

The Township's total revenues were \$6,588,126. During the 2021 fiscal year, 26 percent of the Township's revenues came from property taxes, 32 percent came from charges for services, 7 percent came from operating grants, and 30 percent came from state shared revenue.

The total cost of the Township's programs and services totaled \$5,317,112. Approximately 30 percent of the Township's costs relates to public safety costs, 27 percent to general governmental activities, and 36 percent to public works.

Condensed financial information

Changes in net position

	Governmental activities	
	2021	2020
Program revenues:		
Charges for services	\$ 2,120,163	\$ 1,424,137
Operating grants and contributions	475,422	565,313
Capital grants and contributions	62,175	150,000
General revenues:		
Property taxes	1,741,858	1,237,232
State shared revenue	1,971,286	1,568,247
Franchise fees	126,152	133,321
Investment return	41,070	101,570
Gain on asset sale	50,000	27,620
Total revenues	<u>6,588,126</u>	<u>5,207,440</u>
Expenses:		
General government	1,423,448	1,041,048
Public safety	1,616,737	1,351,299
Public works	1,933,281	1,813,972
Community and economic development	165,731	180,166
Recreation and culture	161,715	119,925
Interest on long-term debt	16,200	26,995
Total expenses	<u>5,317,112</u>	<u>4,533,405</u>
Changes in net position	<u>\$ 1,271,014</u>	<u>\$ 674,035</u>
Net position, end of year	<u>\$ 22,944,895</u>	<u>\$ 21,673,881</u>

Governmental activities

The \$1,271,014 increase in net position for 2021 is \$596,979 more than the \$674,035 increase in 2020. Revenues increased by \$1,380,686, due in large part to an increase of \$504,626 in tax revenues and an increase of \$403,039 in state grants, due to renewal of the fire millage and census adjustments for State Shared Revenues, respectively. Expenses increased by \$783,707 compared to 2020, which was primarily due to increases in general government and public safety costs.

The total cost of governmental activities this year was \$5,317,112. After subtracting the direct charges to those who directly benefited from the programs (\$2,120,163), operating grants (\$475,422) and capital grants (\$62,175), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$2,659,352.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

The Township's governmental funds reported combined ending fund balances of \$10,199,070 at the end of 2021, representing an increase of \$1,102,062 from the previous year.

The General Fund is the primary operating fund of the Township. Fund balance increased by \$671,344 during the year, as revenues of \$3,082,306, were higher than expenditures of \$1,882,357 and total transfers out of \$528,605. The total fund balance was \$5,188,708 at year end.

The Road Enhancement Fund experienced an increase in fund balance of \$194,293 during the current year, as revenues of \$1,007,794 and a transfer from the General Fund of \$150,000 were sufficient to cover current year expenditures of \$963,501. Total fund balance was \$210,643 at year end.

The Fire Improvement Fund experienced an increase in fund balance of \$245,530 during the current year, as revenues of \$961,357, the sale of capital assets of \$50,000 and a transfer from the General Fund of \$275,000 covered current year expenditures of \$1,040,827. Total fund balance at year end was \$1,525,163.

The Sewer and Water Fund experienced an increase in fund balance of \$244,360, as revenues of \$374,055 were higher than expenditures of \$129,695. Total fund balance at year end was \$2,485,152.

Proprietary fund

The Building Inspections Fund experienced a \$82,626 increase in net position as expenses of \$295,430 were exceeded by revenues of \$378,056. Additional levels of charges for services contributed to the fund's increased revenue and related expenses. The fund's net position was \$547,362 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 \$727,766, increase budgeted expenditures by \$151,000, and decrease budgeted transfers by \$175,000. Actual revenues were \$614,695 less than budgeted, while expenditures were \$488,351 less than the amounts appropriated. Transfers to other funds were under budget by \$41,395. These variances resulted in a \$84,949 negative budget variance, with a \$671,344 increase in fund balance, compared to a budget that expected a \$756,293 increase in fund balance.

Positive expenditure variances primarily resulted from lower than anticipated costs for general government, community and economic development, and capital outlay functions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of December 31, 2021, amounts to \$11,871,982 (net of accumulated depreciation). This investment includes buildings and improvements, fire equipment and vehicles, and sewer and water infrastructure. The \$456,792 decrease in the Township's investment in capital assets for the current fiscal year reflects \$390,262 in capital asset additions less \$640,738 for depreciation expenses and \$206,316 in disposals.

Major capital asset acquisitions during the current year include:

- \$138,190 for flooding equipment
- \$126,070 for 6th street park project cost
- \$51,442 for public safety equipment
- \$68,047 for design of new Township Hall and Fire Station

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 installment purchase notes with balances outstanding totaling \$358,625, a decrease of \$468,569. Principal repayments were made in a timely manner. Other long-term obligations consisted of a liability for compensated absences of \$53,770.

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 2022 in order to maintain current fund balances. Expenditures are expected to increase by nominal amounts compared to fiscal year 2022. 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:

Julie VanderWiere, Township Superintendent
Emily Beutel, Township Clerk
Charter Township of Texas
7110 West Q Avenue
Kalamazoo, MI 49009

Phone: (269) 375-1591

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2021

	Primary government		Component unit
	Governmental activities		
ASSETS			
Current assets:			
Cash	\$ 10,054,120	\$	262,061
Investments	2,282,576		-
Receivables, net	2,784,654		56,428
Advance to component unit	23,880		-
Prepaid expenses	38,505		-
	<u>15,183,735</u>		<u>318,489</u>
Total current assets			
Noncurrent assets:			
Receivables, net	197,343		-
Advance to component unit	125,657		-
Capital assets not being depreciated	571,050		122,329
Capital assets, net of depreciation	11,300,932		86,667
	<u>12,194,982</u>		<u>208,996</u>
Total noncurrent assets			
Total assets	<u>27,378,717</u>		<u>527,485</u>
LIABILITIES			
Current liabilities:			
Payables	407,140		7,630
Unearned assessment revenue	172,886		-
Unearned grant revenue	902,767		-
Advance from primary government	-		23,880
Notes payable	249,706		-
	<u>1,732,499</u>		<u>31,510</u>
Total current liabilities			
Noncurrent liabilities:			
Compensated absences	53,770		-
Advance from primary government	-		125,657
Notes payable	108,919		-
	<u>162,689</u>		<u>125,657</u>
Total noncurrent liabilities			
Total liabilities	<u>1,895,188</u>		<u>157,167</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for the subsequent year	1,777,642		84,806
Assessments levied for the subsequent year	760,992		-
	<u>2,538,634</u>		<u>84,806</u>
Total deferred inflows of resources			
NET POSITION			
Net investment in capital assets	11,871,982		124,440
Restricted for:			
Public safety	536,699		-
Public works	396,669		-
Recreation and culture	54,999		-
Unrestricted	10,084,546		161,072
	<u>22,944,895</u>		<u>285,512</u>
Total net position			

See notes to financial statements

Charter Township of Texas
STATEMENT OF ACTIVITIES
Year ended December 31, 2021

	<u>Program revenues</u>				<u>Net revenues (expenses) and changes in net position</u>	
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Primary government</u>	
					<u>Governmental activities</u>	<u>Component unit</u>
Functions/Programs						
Primary government:						
Governmental activities:						
General government	\$ 1,423,448	\$ 425,007	\$ -	\$ -	\$ (998,441)	
Public safety	1,616,737	378,587	10,773	-	(1,227,377)	
Public works	1,933,281	1,287,755	464,649	-	(180,877)	
Community and economic development	165,731	25,140	-	-	(140,591)	
Recreation and culture	161,715	-	-	62,175	(99,540)	
Interest on long-term debt	16,200	3,674	-	-	(12,526)	
Total primary government	<u>\$ 5,317,112</u>	<u>\$ 2,120,163</u>	<u>\$ 475,422</u>	<u>\$ 62,175</u>	<u>\$ (2,659,352)</u>	
Component unit - DDA	<u>\$ 54,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (54,623)</u>
			General revenues:			
			Property taxes:			
			Operating		796,701	129,560
			Emergency services		945,157	-
			State shared revenue		1,971,286	-
			Franchise fees		126,152	-
			Investment return		41,070	212
			Gain on sale of assets		50,000	-
			Total general revenues		<u>3,930,366</u>	<u>129,772</u>
			Changes in net position		1,271,014	75,149
			Net position - beginning		<u>21,673,881</u>	<u>210,363</u>
			Net position - ending		<u>\$ 22,944,895</u>	<u>\$ 285,512</u>

See notes to financial statements

BALANCE SHEET - governmental funds

December 31, 2021

		<i>Special revenue</i>		<i>Capital project</i>		
	<i>General</i>	<i>Road Enhancement</i>	<i>Fire Improvement</i>	<i>Sewer and Water</i>	<i>Nonmajor funds</i>	<i>Total governmental funds</i>
ASSETS						
Cash	\$ 4,657,757	\$ 637,887	\$ 1,718,347	\$ 1,913,366	\$ 682,889	\$ 9,610,246
Investments	1,308,706	-	279,477	582,632	-	2,170,815
Receivables	1,525,024	419,238	556,844	183,166	297,725	2,981,997
Advance to component unit	149,537	-	-	-	-	149,537
Prepaid items	22,021	-	8,281	5,599	-	35,901
Total assets	<u>\$ 7,663,045</u>	<u>\$ 1,057,125</u>	<u>\$ 2,562,949</u>	<u>\$ 2,684,763</u>	<u>\$ 980,614</u>	<u>\$ 14,948,496</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Payables	\$ 179,008	\$ 85,490	\$ 70,453	\$ 33,117	\$ 18,324	\$ 386,392
Unearned federal grants	902,767	-	-	-	-	902,767
Unearned special assessments	-	-	-	-	172,886	172,886
Total liabilities	<u>1,081,775</u>	<u>85,490</u>	<u>70,453</u>	<u>33,117</u>	<u>191,210</u>	<u>1,462,045</u>
Deferred inflows of resources:						
Property taxes levied for the subsequent year	810,309	-	967,333	-	-	1,777,642
Assessments levied for the subsequent year	-	760,992	-	-	-	760,992
Unavailable state shared revenue	401,867	-	-	-	-	401,867
Unavailable advance to component unit	149,537	-	-	-	-	149,537
Unavailable special assessments	30,849	-	-	166,494	-	197,343
Total deferred inflows of resources	<u>1,392,562</u>	<u>760,992</u>	<u>967,333</u>	<u>166,494</u>	<u>-</u>	<u>3,287,381</u>
Fund balances:						
Nonspendable for:						
Prepaid items	22,021	-	8,281	5,599	-	35,901
Restricted for:						
Road maintenance	-	-	-	-	4,200	4,200
Street lighting	-	-	-	-	28,321	28,321
Public transportation	-	-	-	-	7,079	7,079
Private lake maintenance	-	-	-	-	357,069	357,069
Parks and recreation	54,999	-	-	-	-	54,999
Debt service	-	-	-	-	229,925	229,925
Committed for:						
Building improvements	466,034	-	-	-	-	466,034
Parks and recreation	150,000	-	-	-	-	150,000
Assigned for:						
Road maintenance	300,000	210,643	-	-	-	510,643
Fire protection	150,000	-	535,588	-	-	685,588
Fire capital	66,518	-	981,294	-	-	1,047,812
Parks and recreation	290,156	-	-	-	-	290,156
Flood mitigation	25,000	-	-	-	-	25,000
Sidewalks and trails	250,000	-	-	-	-	250,000
Sewer improvements	-	-	-	1,873,818	-	1,873,818
Water improvements	-	-	-	605,735	-	605,735
Capital outlay	-	-	-	-	162,810	162,810
Cemetery	45,000	-	-	-	-	45,000
Unassigned	<u>3,368,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,368,980</u>
Total fund balances	<u>5,188,708</u>	<u>210,643</u>	<u>1,525,163</u>	<u>2,485,152</u>	<u>789,404</u>	<u>10,199,070</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,663,045</u>	<u>\$ 1,057,125</u>	<u>\$ 2,562,949</u>	<u>\$ 2,684,763</u>	<u>\$ 980,614</u>	<u>\$ 14,948,496</u>

See notes to financial statements

BALANCE SHEET - governmental funds (Continued)

December 31, 2021

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

Total fund balance - total governmental funds (page 13)	\$ 10,199,070
Amounts reported for <i>governmental activities</i> in the statement of net position (page 11) are different because:	
Special assessments, loans, and state share revenue receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	748,747
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	11,861,319
Net position of the Building Inspections Fund that has been combined with those of <i>governmental activities</i> .	547,362
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(410,245)
Interest payable is not due in the current period and, therefore, is not reported in the funds	<u>(1,358)</u>
Net position of <i>governmental activities</i>	<u>\$ 22,944,895</u>

Charter Township of Texas

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

Year ended December 31, 2021

		<i>Special revenue</i>	
	<i>General</i>	<i>Road Enhancement</i>	<i>Fire Improvement</i>
REVENUES			
Taxes	\$ 1,118,721	\$ -	\$ 945,157
Licenses and permits	126,152	-	-
Federal grants	-	-	10,773
State grants	1,588,668	-	-
Charges for services	99,303	-	-
Fines and forfeitures	531	-	-
Interest and rentals	40,325	39	4,419
Other:			
Special assessments	27,466	1,007,755	-
Miscellaneous	81,140	-	1,008
Total revenues	<u>3,082,306</u>	<u>1,007,794</u>	<u>961,357</u>
EXPENDITURES			
Current:			
General government	1,139,400	-	-
Public safety	220,257	-	1,014,575
Public works	50,564	963,501	-
Community and economic development	159,870	-	-
Recreation and culture	60,001	-	-
Capital outlay	226,325	-	26,252
Debt service:			
Principal	21,837	-	-
Interest	4,103	-	-
Total expenditures	<u>1,882,357</u>	<u>963,501</u>	<u>1,040,827</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,199,949</u>	<u>44,293</u>	<u>(79,470)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	-	50,000
Transfers in	-	150,000	275,000
Transfers out	(528,605)	-	-
Net other financing sources (uses)	<u>(528,605)</u>	<u>150,000</u>	<u>325,000</u>
NET CHANGES IN FUND BALANCES	671,344	194,293	245,530
FUND BALANCES - BEGINNING	<u>4,517,364</u>	<u>16,350</u>	<u>1,279,633</u>
FUND BALANCES - ENDING	<u>\$ 5,188,708</u>	<u>\$ 210,643</u>	<u>\$ 1,525,163</u>

<u>Capital Project</u>		
<u>Sewer and Water</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
\$ -	\$ -	\$ 2,063,878
-	-	126,152
-	-	10,773
-	-	1,588,668
343,761	-	443,064
-	-	531
13,700	3,745	62,228
16,594	622,872	1,674,687
-	-	82,148
<u>374,055</u>	<u>626,617</u>	<u>6,052,129</u>
-	-	1,139,400
-	-	1,234,832
129,695	523,838	1,667,598
-	-	159,870
-	-	60,001
-	-	252,577
-	446,732	468,569
-	13,117	17,220
<u>129,695</u>	<u>983,687</u>	<u>5,000,067</u>
<u>244,360</u>	<u>(357,070)</u>	<u>1,052,062</u>
-	-	50,000
-	162,054	587,054
-	(58,449)	(587,054)
<u>-</u>	<u>103,605</u>	<u>50,000</u>
244,360	(253,465)	1,102,062
<u>2,240,792</u>	<u>1,042,869</u>	<u>9,097,008</u>
<u>\$ 2,485,152</u>	<u>\$ 789,404</u>	<u>\$ 10,199,070</u>

See notes to financial statements

Charter Township of Texas

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

Year ended December 31, 2021

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) \$ 1,102,062

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

Capital assets:

Assets acquired	390,262
Basis of disposed assets	(206,316)
Provision for depreciation	(632,615)

Changes in deferred inflows of resources

Net decrease in unavailable special assessments	(293,926)
Net increase in unavailable state shared revenue	401,867
Net decrease in advance to component unit	(24,565)

Long-term debt - principal payments 468,569

Changes in other assets/liabilities:

Net increase in compensated absences	(17,970)
Net decrease in interest payable	1,020

Change in net position of the Building Inspections Fund has been
combined with those of the *governmental activities*

82,626

Change in net position of *governmental activities*

\$ 1,271,014

See notes to financial statements

STATEMENT OF NET POSITION - Proprietary Fund

December 31, 2021

	<u>Building Inspections</u>
ASSETS	
Cash	\$ 443,874
Investments	111,761
Prepays	2,604
Capital assets, net of \$33,804 accumulated depreciation	<u>10,663</u>
Total assets	<u>568,902</u>
LIABILITIES	
Payables	19,390
Compensated absences	<u>2,150</u>
Total liabilities	<u>21,540</u>
NET POSITION	
Investment in capital assets	10,663
Unrestricted	<u>536,699</u>
Total net position	<u><u>\$ 547,362</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, 2021*

	<u>Building Inspections</u>
OPERATING REVENUES	
Charges for services - licenses and permits	\$ 377,754
OPERATING EXPENSES	
Salaries and fringe benefits	237,519
Other	49,788
Depreciation	<u>8,123</u>
Total operating expenses	<u>295,430</u>
OPERATING INCOME	82,324
NONOPERATING REVENUES	
Interest revenue	<u>302</u>
CHANGE IN NET POSITION	82,626
NET POSITION - BEGINNING	<u>464,736</u>
NET POSITION - ENDING	<u><u>\$ 547,362</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, 2021

	<i>Building Inspections</i>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 377,754
Payments to employees	(183,460)
Payments to suppliers	(94,558)
	<u>99,736</u>
Net cash provided by operating activities	<u>99,736</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	89,000
Interest received	254
	<u>89,254</u>
Net cash provided by investing activities	<u>89,254</u>
NET INCREASE IN CASH	188,990
CASH - BEGINNING	<u>254,884</u>
CASH - ENDING	<u><u>\$ 443,874</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 82,324
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	8,123
(Increase) decrease in prepaids	(342)
Increase (decrease) in accounts payable	6,129
Increase (decrease) in accrued payroll	2,412
Increase (decrease) in compensated absences	1,090
	<u>1,090</u>
Net cash provided by operating activities	<u><u>\$ 99,736</u></u>

See notes to financial statements

STATEMENT OF FIDUCIARY NET POSITION - *custodial funds*

December 31, 2021

	<i>Tax</i> <i>Collection</i>	<i>Custodial</i>
ASSETS		
Cash	\$ 9,570,056	\$ -
LIABILITIES		
Due to other governments	9,570,056	-
NET POSITION		
Total net position	\$ -	\$ -

See notes to financial statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSTION - *custodial funds**Year ended December 31, 2021*

	<u><i>Tax Collection</i></u>	<u><i>Custodial</i></u>
ADDITIONS		
Property taxes collected for other governments	\$ 30,531,682	\$ -
DEDUCTIONS		
Property taxes distributed to other governments	30,531,682	-
Distributions to others	<u>-</u>	<u>1,870</u>
Total deductions	<u>30,531,682</u>	<u>1,870</u>
NET CHANGE IN FIDUCIARY NET POSITION	-	(1,870)
NET POSITION - BEGINNING	<u>-</u>	<u>1,870</u>
NET POSTION - ENDING	<u><u>\$ -</u></u>	<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):

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 Road Enhancement Fund accounts for financial resources used for road improvement projects. Revenues are primarily derived from special assessments.

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 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 fiduciary funds, which account for assets held by the Township in a fiduciary capacity for other governments and individuals. The Township currently reports two fiduciary funds (Tax Collection fund and Custodial fund). 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.

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. Vested 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Road enhancement	Public works	Road enhancements	\$ 931,000	\$ 963,501	\$ 32,501

NOTE 3 - CASH AND INVESTMENTS

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

	<u>Governmental activities</u>	<u>Custodial funds</u>	<u>Component unit</u>	<u>Total</u>
Deposits	\$ 10,053,620	\$ 9,570,056	\$ 262,061	\$ 19,885,737
Investments	2,282,576	-	-	2,282,576
Cash on hand	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
Totals	<u>\$ 12,336,696</u>	<u>\$ 9,570,056</u>	<u>\$ 262,061</u>	<u>\$ 22,168,813</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, 2021, \$18,166,511 of the Township's bank balance of \$20,171,724 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.

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, 2021, the fair value, unfunded commitments, and redemption rules of these investments are as follows:

	<u>Michigan CLASS</u>
Fair value at December 31, 2021	\$ 2,282,576
Unfunded commitments	none
Redemption frequency	n/a
Notice period	none

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, 2021, for the Township's individual major, nonmajor governmental funds, and component unit, in the aggregate, were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Interest</i>	<i>Intergovern- mental</i>	<i>Totals</i>
Governmental:						
General	\$ 65,224	\$ 465,313	\$ 37,025	\$ 1,170	\$ 956,292	\$ 1,525,024
Road Enhancement	-	-	419,238	-	-	419,238
Fire Improvement	350	556,494	-	-	-	556,844
Sewer and Water	-	-	179,003	4,163	-	183,166
Nonmajor	-	-	295,745	1,980	-	297,725
Total governmental	<u>\$ 65,574</u>	<u>\$ 1,021,807</u>	<u>\$ 931,011</u>	<u>\$ 7,313</u>	<u>\$ 956,292</u>	<u>\$ 2,981,997</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,343</u>
Component unit - DDA	<u>\$ -</u>	<u>\$ 56,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,428</u>

NOTE 5 - PROPERTY TAXES

The 2020 taxable valuation of the approximated \$949,469,000, on which ad valorem taxes levied consisted of 0.8429 mills for operating purposes and 0.9933 mills for fire operations, raising approximately \$799,000 and \$942,000, 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.

The 2021 taxable valuation of the Township approximated \$977,829,000, on which ad valorem taxes levied consisted of 0.8395 mills for operating purposes and 0.9893 mills for fire operations, raising approximately \$821,000 and \$967,000, 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, 2021, 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	\$ 503,003	\$ -	\$ -	\$ 503,003
Construction in progress	<u>1,151,571</u>	<u>164,952</u>	<u>(1,248,476)</u>	<u>68,047</u>
Total capital assets not being depreciated	<u>1,654,574</u>	<u>164,952</u>	<u>(1,248,476)</u>	<u>571,050</u>
Capital assets being depreciated:				
Buildings	1,788,060	5,899	-	1,793,959
Improvements	1,633,555	1,071,325	-	2,704,880
Furniture and equipment	2,041,191	190,246	-	2,231,437
Vehicles	1,439,026	-	(272,080)	1,166,946
Infrastructure	<u>11,899,567</u>	<u>-</u>	<u>-</u>	<u>11,899,567</u>
Subtotal	<u>18,801,399</u>	<u>1,267,470</u>	<u>(272,080)</u>	<u>19,796,789</u>
Less accumulated depreciation for:				
Buildings	(567,961)	(47,259)	-	(615,220)
Improvements	(564,182)	(108,383)	-	(672,565)
Furniture and equipment	(861,367)	(186,439)	-	(1,047,806)
Vehicles	(900,705)	(49,685)	272,080	(678,310)
Infrastructure	<u>(5,232,984)</u>	<u>(248,972)</u>	<u>-</u>	<u>(5,481,956)</u>
Subtotal	<u>(8,127,199)</u>	<u>(640,738)</u>	<u>272,080</u>	<u>(8,495,857)</u>
Total capital assets being depreciated, net	<u>10,674,200</u>	<u>626,732</u>	<u>-</u>	<u>11,300,932</u>
Governmental activities capital assets, net	<u>\$ 12,328,774</u>	<u>\$ 791,684</u>	<u>\$ (1,248,476)</u>	<u>\$ 11,871,982</u>
Component unit:				
Capital assets not being depreciated - land	<u>\$ 122,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,329</u>
Capital assets being depreciated - land improvements	163,964	-	-	163,964
Less accumulated depreciation	<u>(70,749)</u>	<u>(6,548)</u>	<u>-</u>	<u>(77,297)</u>
Total capital assets being depreciated, net	<u>93,215</u>	<u>(6,548)</u>	<u>-</u>	<u>86,667</u>
Component unit capital assets, net	<u>\$ 215,544</u>	<u>\$ (6,548)</u>	<u>\$ -</u>	<u>\$ 208,996</u>

NOTE 6 - CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 37,305
Public safety	103,048
Public works	403,872
Community and economic development	5,861
Recreation and culture	<u>90,652</u>
Total governmental activities	<u>\$ 640,738</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund transfers for the year ended December 31, 2021, is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
Road Enhancement	\$ 150,000	General	\$ <u>528,605</u>
Fire Improvement	275,000		
CCTA	20,000		
Flood Mitigation #1	66,287		
Flood Mitigation #2	<u>17,318</u>		
	<u>528,605</u>		
Flood Mitigation #1	<u>58,449</u>	Flood Mitigation Debt Service	<u>58,449</u>
	<u>\$ 587,054</u>		<u>\$ 587,054</u>

The transfers to the Road Enhancement Fund, Fire Improvement Fund, Flood Mitigation #1 Fund, and Flood Mitigation #2 Fund represent support to cover expenditures that could not be covered by current tax revenues.

The transfer to the Flood Mitigation #1 Fund from the Flood Mitigation Debt Service Fund represents the remaining special assessments collected to finance a portion of short-term capital costs of the Flood Mitigation Plan.

NOTE 8 - PAYABLES

Payables as of December 31, 2021, 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	\$ 47,720	\$ 48,218	\$ 67,612	\$ 15,458	\$ 179,008
Road enhancement	-	-	85,490	-	85,490
Fire Improvement	15,379	55,074	-	-	70,453
Sewer and Water	-	-	33,117	-	33,117
Nonmajor	<u>18,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,324</u>
Total governmental	<u>\$ 81,423</u>	<u>\$ 103,292</u>	<u>\$ 186,219</u>	<u>\$ 15,458</u>	<u>\$ 386,392</u>
Proprietary - Building Inspections	<u>\$ 7,833</u>	<u>\$ 11,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,390</u>
Component unit - DDA	<u>\$ 7,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,630</u>

NOTE 9 - NONCURRENT LIABILITIES

During the year ended December 31, 2013, the primary government advanced \$119,699 to the component unit. The advance will be collected over 15 years at an interest rate of 1.5% per annum. The first five years are interest only payments, followed by a ten-year period of principal and interest collections.

During year ending December 31, 2017, the primary government advanced \$120,000 to the component unit. The advance will be collected over 10 years at an interest rate of 3.79% per annum.

During year ending December 31, 2017, the primary government borrowed \$225,000 from Chemical bank in an Installment purchase agreement. The loan will be paid back over 8 years at an interest rate of 2.79% per annum with final payment due on March 1, 2027.

During year ending December 31, 2019, the primary government borrowed \$1,325,000 from Southern Michigan Bank and Trust in an Installment purchase agreement. The loan will be paid back over 3 years at an interest rate of 2.33% per annum with final payment due on June 1, 2022.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - NONCURRENT LIABILITIES (Continued)

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Primary government:					
Governmental activities:					
Notes payable:					
2017 Installment purchase agreement	\$ 153,184	\$ -	\$ (21,837)	\$ 131,347	\$ 22,429
2019 Installment purchase agreement	<u>674,010</u>	<u>-</u>	<u>(446,732)</u>	<u>227,278</u>	<u>227,277</u>
Total	<u>827,194</u>	<u>-</u>	<u>(468,569)</u>	<u>358,625</u>	<u>249,706</u>
Compensated absences	<u>\$ 34,710</u>	<u>\$ 70,010</u>	<u>\$ (50,950)</u>	<u>\$ 53,770</u>	<u>\$ -</u>
Component unit - Downtown Development Authority:					
Advance from primary government	<u>\$ 174,102</u>	<u>\$ -</u>	<u>\$ (24,565)</u>	<u>\$ 149,537</u>	<u>\$ 23,880</u>

At December 31, 2021, 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>
2022	\$ 249,706	\$ 6,159	\$ 23,880	\$ 3,773
2023	23,059	2,881	24,517	3,136
2024	23,707	2,233	25,173	2,479
2025	24,373	1,567	25,851	1,802
2026	25,058	883	25,967	1,103
2027 - 2028	<u>12,722</u>	<u>178</u>	<u>24,149</u>	<u>574</u>
Totals	<u>\$ 358,625</u>	<u>\$ 13,901</u>	<u>\$ 149,537</u>	<u>\$ 12,867</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, 2021, the Township and eligible employees made contributions of \$118,552 and \$-0-, respectively. At December 31, 2021 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 - PENDING ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for periods beginning after June 15, 2021. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

NOTE 13 - AMERICAN RESCUE PLAN ACT of 2021

On March 11, 2021, the United States executed the American Rescue Plan Act of 2021 (ARPA), which included \$362 billion in funds to be awarded as economic assistance to state and local units to prepare for and respond to COVID-19. Under the American Rescue Plan Act, the Township, was awarded approximately \$1,805,533 in federal Coronavirus Local Fiscal Recovery Funds ("ARPA Funds"). The Township received half of the ARPA Funds in September 2021, with the second half anticipated in 2022. The Township is subject to rules issued by the U.S. Treasury Department regarding the use of ARPA Funds and has identified the following allowable uses: support public health expenditures, address negative economic impacts caused by the COVID-19 public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure. The Township expects to spend the awarded funds under the applicable federal guidelines

NOTE 14 - SUBSEQUENT EVENT

On February 14, 2022, the Township entered into contracts for the acquisition of land for the purposes of constructing a new township hall in 2022. The purchase agreement was signed with an agreed upon purchase price of \$362,500.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Taxes	\$ 1,161,700	\$ 1,161,700	\$ 1,118,721	\$ (42,979)
Licenses and permits	133,159	133,159	126,152	(7,007)
Federal grants	-	902,766	-	(902,766)
State grants	1,316,762	1,316,762	1,588,668	271,906
Charges for services	100,100	100,100	99,303	(797)
Fines and forfeitures	1,000	1,000	531	(469)
Interest and rentals	52,857	52,857	40,325	(12,532)
Other:				
Miscellaneous	182,500	7,500	81,140	73,640
Special assessments	21,157	21,157	27,466	6,309
 Total revenues	<u>2,969,235</u>	<u>3,697,001</u>	<u>3,082,306</u>	<u>(614,695)</u>
 EXPENDITURES				
General government:				
Legislative - Township Board	31,050	31,050	30,597	453
Supervisor	19,150	19,150	17,762	1,388
Superintendent	173,750	173,750	172,657	1,093
Election	25,750	25,750	19,106	6,644
Assessor	126,050	137,050	127,237	9,813
Clerk	145,400	145,400	125,720	19,680
Board of review	5,950	5,950	4,454	1,496
Treasurer	146,350	146,350	136,286	10,064
Hall and grounds	67,188	67,188	60,305	6,883
Cemetery	25,250	25,250	21,082	4,168
Other	566,080	565,080	424,194	140,886
 Total general government	<u>1,331,968</u>	<u>1,341,968</u>	<u>1,139,400</u>	<u>202,568</u>
 Public safety - police	<u>257,900</u>	<u>257,900</u>	<u>220,257</u>	<u>37,643</u>
 Public works:				
Street lights	12,000	12,000	6,299	5,701
Drains	40,000	40,000	11,456	28,544
Streets	5,000	5,000	1,804	3,196
Sanitation and refuse collection	64,250	64,250	31,005	33,245
 Total public works	<u>121,250</u>	<u>121,250</u>	<u>50,564</u>	<u>70,686</u>
 Community and economic development - planning and zoning	<u>234,350</u>	<u>234,350</u>	<u>159,870</u>	<u>74,480</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
EXPENDITURES (Continued)				
Recreation and culture - parks and recreation	\$ 78,000	\$ 78,000	\$ 60,001	\$ 17,999
Capital outlay	170,300	311,300	226,325	84,975
Debt service				
Principal	21,816	21,816	21,837	(21)
Interest	4,124	4,124	4,103	21
Total expenditures	2,219,708	2,370,708	1,882,357	488,351
EXCESS OF REVENUES OVER EXPENDITURES	749,527	1,326,293	1,199,949	(126,344)
OTHER FINANCING SOURCES				
Transfers out	(745,000)	(570,000)	(528,605)	41,395
NET CHANGES IN FUND BALANCES	4,527	756,293	671,344	(84,949)
FUND BALANCES - BEGINNING	4,517,364	4,517,364	4,517,364	-
FUND BALANCES - ENDING	\$ 4,521,891	\$ 5,273,657	\$ 5,188,708	\$ (84,949)

BUDGETARY COMPARISON SCHEDULE - Road Enhancement Fund

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Interest	\$ 25	\$ 25	\$ 39	\$ 14
Other - special assessments	<u>781,068</u>	<u>781,068</u>	<u>1,007,755</u>	<u>226,687</u>
Total revenues	781,093	781,093	1,007,794	226,701
EXPENDITURES				
Public works	<u>931,000</u>	<u>931,000</u>	<u>963,501</u>	<u>(32,501)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(149,907)	(149,907)	44,293	194,200
OTHER FINANCING SOURCES				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	93	93	194,293	194,200
FUND BALANCES - BEGINNING	<u>16,350</u>	<u>16,350</u>	<u>16,350</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 16,443</u>	<u>\$ 16,443</u>	<u>\$ 210,643</u>	<u>\$ 194,200</u>

BUDGETARY COMPARISON SCHEDULE - Fire Improvement Fund

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Taxes	\$ 942,826	\$ 942,826	\$ 945,157	\$ 2,331
Federal grants	-	-	10,773	10,773
Interest	6,000	6,000	4,419	(1,581)
Other - miscellaneous	-	-	1,008	1,008
Total revenues	<u>948,826</u>	<u>948,826</u>	<u>961,357</u>	<u>12,531</u>
EXPENDITURES				
Public safety - fire protection	1,093,811	1,093,811	1,014,575	79,236
Capital outlay	-	26,300	26,252	48
Total expenditures	<u>1,093,811</u>	<u>1,120,111</u>	<u>1,040,827</u>	<u>79,284</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(144,985)</u>	<u>(171,285)</u>	<u>(79,470)</u>	<u>91,815</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	50,000	50,000
Transfers in	275,000	275,000	275,000	-
Net other financing sources	<u>275,000</u>	<u>275,000</u>	<u>325,000</u>	<u>50,000</u>
NET CHANGES IN FUND BALANCES	130,015	103,715	245,530	141,815
FUND BALANCES - BEGINNING	<u>1,279,633</u>	<u>1,279,633</u>	<u>1,279,633</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,409,648</u>	<u>\$ 1,383,348</u>	<u>\$ 1,525,163</u>	<u>\$ 141,815</u>

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - nonmajor governmental funds

December 31, 2021

	Special revenue								Capital project			Debt service	Totals
	Road Improvement	Street Lighting	CCTA	Eagle Lake #1	Eagle Lake #2	Eagle Lake Drive	Crooked Lake #1	Crooked Lake #2	Michigan DNR Land and Water	Flood Mitigation #1	Flood Mitigation #2	Flood Mitigation	
ASSETS													
Cash	\$ 5,227	\$ 112,876	\$ 19,224	\$ 75,215	\$ 95,668	\$ 7,675	\$ 68,207	\$ 111,144	\$ 162,810	\$ -	\$ -	\$ 24,843	\$ 682,889
Receivables	2,335	78,846	9,962	-	-	1,500	-	-	-	-	-	205,082	297,725
Total assets	<u>\$ 7,562</u>	<u>\$ 191,722</u>	<u>\$ 29,186</u>	<u>\$ 75,215</u>	<u>\$ 95,668</u>	<u>\$ 9,175</u>	<u>\$ 68,207</u>	<u>\$ 111,144</u>	<u>\$ 162,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,925</u>	<u>\$ 980,614</u>
LIABILITIES AND FUND BALANCES													
Liabilities:													
Payables	\$ -	\$ 12,355	\$ 5,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,324
Unearned special assessments	3,362	151,046	16,138	-	-	2,340	-	-	-	-	-	-	172,886
Total liabilities	<u>3,362</u>	<u>163,401</u>	<u>22,107</u>	<u>-</u>	<u>-</u>	<u>2,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,210</u>
Fund balances:													
Restricted for:													
Road maintenance	4,200	-	-	-	-	-	-	-	-	-	-	-	4,200
Street lighting	-	28,321	-	-	-	-	-	-	-	-	-	-	28,321
Private lake maintenance	-	-	-	75,215	95,668	6,835	68,207	111,144	-	-	-	-	357,069
Public transportation	-	-	7,079	-	-	-	-	-	-	-	-	-	7,079
Debt service	-	-	-	-	-	-	-	-	-	-	-	229,925	229,925
Assigned for - capital projects	-	-	-	-	-	-	-	-	162,810	-	-	-	162,810
Total fund balances	<u>4,200</u>	<u>28,321</u>	<u>7,079</u>	<u>75,215</u>	<u>95,668</u>	<u>6,835</u>	<u>68,207</u>	<u>111,144</u>	<u>162,810</u>	<u>-</u>	<u>-</u>	<u>229,925</u>	<u>789,404</u>
Total liabilities and fund balances	<u>\$ 7,562</u>	<u>\$ 191,722</u>	<u>\$ 29,186</u>	<u>\$ 75,215</u>	<u>\$ 95,668</u>	<u>\$ 9,175</u>	<u>\$ 68,207</u>	<u>\$ 111,144</u>	<u>\$ 162,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,925</u>	<u>\$ 980,614</u>

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

Year ended December 31, 2021

	Special revenue								Capital project			Debt service	
	Road Improvement	Street Lighting	CCTA	Eagle Lake #1	Eagle Lake #2	Eagle Lake Drive	Crooked Lake #1	Crooked Lake #2	Michigan DNR Land and Water	Flood Mitigation #1	Flood Mitigation #2	Flood Mitigation	Totals
REVENUES													
Interest	\$ -	\$ 6	\$ 1	\$ 7	\$ 10	\$ 1	\$ 7	\$ 31	\$ 2	\$ 6	\$ -	\$ 3,674	\$ 3,745
Other - special assessments	3,362	138,239	8,737	-	71,683	2,341	-	47,005	-	-	-	351,505	622,872
Total revenues	3,362	138,245	8,738	7	71,693	2,342	7	47,036	2	6	-	355,179	626,617
EXPENDITURES													
Current - public works	2,663	144,185	25,067	26,725	68,915	1,557	35,076	17,583	815	183,934	17,318	-	523,838
Debt service:													
Principal	-	-	-	-	-	-	-	-	-	-	-	446,732	446,732
Interest	-	-	-	-	-	-	-	-	-	-	-	13,117	13,117
Total expenditures	2,663	144,185	25,067	26,725	68,915	1,557	35,076	17,583	815	183,934	17,318	459,849	983,687
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	699	(5,940)	(16,329)	(26,718)	2,778	785	(35,069)	29,453	(813)	(183,928)	(17,318)	(104,670)	(357,070)
OTHER FINANCING SOURCES (USES)													
Transfers in	-	-	20,000	-	-	-	-	-	-	124,736	17,318	-	162,054
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(58,449)	(58,449)
Total other financing sources (uses)	-	-	20,000	-	-	-	-	-	-	124,736	17,318	(58,449)	103,605
NET CHANGES IN FUND BALANCES	699	(5,940)	3,671	(26,718)	2,778	785	(35,069)	29,453	(813)	(59,192)	-	(163,119)	(253,465)
FUND BALANCES - BEGINNING	3,501	34,261	3,408	101,933	92,890	6,050	103,276	81,691	163,623	59,192	-	393,044	1,042,869
FUND BALANCES - ENDING	\$ 4,200	\$ 28,321	\$ 7,079	\$ 75,215	\$ 95,668	\$ 6,835	\$ 68,207	\$ 111,144	\$ 162,810	\$ -	\$ -	\$ 229,925	\$ 789,404

BALANCE SHEET - Component Unit

December 31, 2021

ASSETS

Cash	\$ 262,061
Receivables	<u>56,428</u>
Total assets	<u>\$ 318,489</u>

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

Liabilities - accounts payable	\$ 7,630
Deferred inflows of resources - property tax revenues levied for the subsequent year	84,806
Fund balance - restricted for public works	<u>226,053</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 318,489</u>

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

Fund balance	\$ 226,053
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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.	208,996
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Long-term advance from primary government is not reported in the fund.	<u>(149,537)</u>
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Net position of the <i>component unit</i>	<u>\$ 285,512</u>
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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - *Component Unit*

Year ended December 31, 2021

REVENUES

Taxes	\$ 129,560
Interest	<u>212</u>
Total revenues	<u>129,772</u>

EXPENDITURES

Current - public works	43,610
Debt services:	
Principal	24,565
Interest	<u>4,465</u>
Total expenditures	<u>72,640</u>

NET CHANGE IN FUND BALANCE 57,132

FUND BALANCE - BEGINNING 168,921

FUND BALANCE - ENDING \$ 226,053

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

Net change in fund balance \$ 57,132

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

Capital assets - provision for depreciation	(6,548)
Advance from primary government - principal payments	<u>24,565</u>
Change in net position of <i>component unit</i>	<u><u>\$ 75,149</u></u>

BUDGETARY COMPARISON SCHEDULE - Component Unit

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 140,000	\$ 140,000	\$ 129,560	\$ (10,440)
Interest	634	634	212	(422)
Other	2,000	2,000	-	(2,000)
Total revenues	142,634	142,634	129,772	(12,862)
EXPENDITURES				
Current - public works	132,000	132,000	43,610	88,390
Debt services:				
Principal	22,664	22,664	24,565	(1,901)
Interest	5,074	5,074	4,465	609
Total expenditures	159,738	159,738	72,640	87,098
NET CHANGES IN FUND BALANCES	(17,104)	(17,104)	57,132	74,236
FUND BALANCES - BEGINNING	168,921	168,921	168,921	-
FUND BALANCES - ENDING	<u>\$ 151,817</u>	<u>\$ 151,817</u>	<u>\$ 226,053</u>	<u>\$ 74,236</u>