

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

**FINANCIAL STATEMENTS**

*Year ended December 31, 2022*

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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 2, 2023

Members of 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, 2022, 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, 2022, 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.

*Urodevelo 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, 2022. Please read it in conjunction with the Township's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The Township's total net position increased by \$2,475,644 as a result of this year's activities.
- Of the \$25,296,010 total net position reported, \$10,204,284 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 \$2,907,835, which represents 95 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 2022 and 2021 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 \$25,296,010. Of this total, \$11,929,876 is invested in capital assets, \$3,161,850 is restricted for various purposes, and \$10,204,284 is unrestricted.

*Condensed financial information*  
*Net position*

	<i>Governmental activities</i>	
	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 24,804,933	\$ 15,506,735
Capital assets	<u>13,500,699</u>	<u>11,747,453</u>
Total assets	<u>38,305,632</u>	<u>27,254,188</u>
Current and other liabilities	3,582,394	1,536,563
Long-term debt	<u>6,814,869</u>	<u>358,625</u>
Total liabilities	<u>10,397,263</u>	<u>1,895,188</u>
Deferred inflows of resources	<u>2,612,359</u>	<u>2,538,634</u>
Net position:		
Net investment in capital assets	11,929,876	11,747,453
Restricted	3,161,850	988,367
Unrestricted	<u>10,204,284</u>	<u>10,084,546</u>
Total net position	<u>\$ 25,296,010</u>	<u>\$ 22,820,366</u>

The 2021 column reflects restated amounts for capital assets and the related net position, net investment in capital assets, as a result of a prior period adjustment recorded in 2022. Both amounts were reduced by \$124,529, for the effect of correcting an error in the accounting for capital assets.

## Changes in net position

The Township's total revenues were \$7,805,736. During the 2022 fiscal year, 23 percent of the Township's revenues came from property taxes, 29 percent came from charges for services, 15 percent came from operating grants, and 26 percent came from state shared revenue.

The total cost of the Township's programs and services totaled \$5,330,092. Approximately 33 percent of the Township's costs relates to public safety costs, 24 percent to general governmental activities, and 34 percent to public works.

*Condensed financial information*

*Changes in net position*

	<i>Governmental activities</i>	
	<b>2022</b>	<b>2021</b>
Program revenues:		
Charges for services	\$ 2,252,863	\$ 2,120,163
Operating grants and contributions	1,189,879	475,422
Capital grants and contributions	259,730	62,175
General revenues:		
Property taxes	1,807,142	1,741,858
State grants	2,016,509	1,971,286
Franchise fees	122,995	126,152
Investment return	156,618	41,070
Gain on asset sale	-	50,000
Total revenues	<b>7,805,736</b>	<b>6,588,126</b>
Expenses:		
General government	1,266,361	1,423,448
Public safety	1,757,038	1,616,737
Public works	1,786,630	1,933,281
Community and economic development	158,271	165,731
Recreation and culture	219,355	186,694
Interest on long-term debt	142,437	16,200
Total expenses	<b>5,330,092</b>	<b>5,342,091</b>
Changes in net position	<b>\$ 2,475,644</b>	<b>\$ 1,246,035</b>
Net position, end of year	<b>\$ 25,296,010</b>	<b>\$ 22,820,366</b>

The 2021 column reflects restated amounts as a result of a prior period adjustment recorded in 2022. Recreation and culture expenses were increased by \$24,979, related to the restatement of 2021 balances for the effect of correcting the error in the accounting for capital assets.

**Governmental activities**

The \$2,475,644 increase in net position for 2022 is \$1,229,609 more than the \$1,246,035 increase in 2021. Revenues increased by \$1,217,610, due in large part to an increase of \$714,457 in operating grants and an increase of \$197,555 in capital grants, due to water and sewer connections and the recognition of \$250,000 of the ARPA grant for the development of the Maple Hill Splash Pad, respectively. Expenses decreased by \$11,999 compared to 2021, which was primarily due to increases in general government and public works costs.

The total cost of governmental activities this year was \$5,330,092. After subtracting the direct charges to those who directly benefited from the programs (\$2,252,863), operating grants (\$1,189,879) and capital grants (\$259,730), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$1,627,620.

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

### **Governmental funds**

The Township's governmental funds reported combined ending fund balances of \$17,699,844 at the end of 2022, representing an increase of \$7,500,774 from the previous year.

The General Fund is the primary operating fund of the Township. Fund balance decreased by \$586,329 during the year, as revenues of \$4,286,038 and a transfer in of \$163,249, were less than expenditures of \$3,062,138 and total transfers out of \$1,973,478. The total fund balance was \$4,602,379 at year end.

The Road Enhancement Fund experienced an increase in fund balance of \$462,349 during the current year, as revenues of \$1,000,620 and a transfer from the General Fund of \$150,000 were sufficient to cover current year expenditures of \$688,271. Total fund balance was \$672,992 at year end.

The Fire Improvement Fund experienced an increase in fund balance of \$187,350 during the current year, as revenues of \$992,758 and a transfer from the General Fund of \$275,000 covered current year expenditures of \$1,080,408. Total fund balance at year end was \$1,712,513.

The Building Construction Fund end the fiscal year with a fund balance of \$7,230,819. The proceeds from the issuance of bond proceeds totaled \$6,732,848, including premiums of \$337,848, plus the transfers from other funds of \$1,810,278 and interest of \$26,308 covered the issuance cost of the bonds and the initial phase of construction of the new township hall totaling \$1,338,615.

The Sewer and Water Fund experienced an increase in fund balance of \$662,725, as revenues of \$939,184 were higher than expenditures of \$203,659 and a transfer out of \$72,800. Total fund balance at year end was \$3,147,877.

### **Proprietary fund**

The Building Inspections Fund experienced a \$65,509 decrease in net position as expenses of \$348,643 and transfers out of \$252,000 exceeded revenues of \$535,134. The fund's net position was \$481,853 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 \$250,000, increase budgeted expenditures by \$204,545, and increase budgeted transfers by \$1,485,478. Actual revenues were \$187,832 more than budgeted, while expenditures were \$428,645 less than the amounts appropriated. The Township did not budget for a transfer in of \$163,249. These variances resulted in a \$779,726 positive budget variance, with a \$586,329 decrease in fund balance, compared to a budget that expected a \$1,366,055 decrease 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, 2022, amounts to \$13,500,699 (net of accumulated depreciation). This investment includes buildings and improvements, fire equipment and vehicles, and sewer and water infrastructure. The \$1,753,246 increase in the Township's investment in capital assets for the current fiscal year reflects \$2,393,139 in capital asset additions less \$639,893 for depreciation expense.

Major capital asset acquisitions during the current year include:

- \$387,890 for the Maple Hill Splash Pad
- \$1,570,823 for the new Township Hall
- \$363,304 for the parcel of land for the new Township Hall

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 \$6,503,919 of outstanding long-term obligations payable, an increase of \$6,145,294 with payments of \$249,706 and issuance of \$6,395,000 to finance the construction of a new Township Hall. Principal repayments were made in a timely manner. Other long-term obligations consisted of a liability for compensated absences of \$56,130 and amortizable bond premium of \$310,950.

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 2023 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:

Erik Wilson, 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, 2022

	<i>Primary government</i>		<i>Component unit</i>
	<i>Governmental activities</i>		
<b>ASSETS</b>			
Current assets:			
Cash	\$ 9,455,690	\$	374,488
Investments	12,053,272		-
Receivables, net	2,726,073		59,216
Advance to component unit	24,516		-
Prepaid expenses	41,593		-
Total current assets	<u>24,301,144</u>		<u>433,704</u>
Noncurrent assets:			
Receivables, net	402,962		-
Advance to component unit	100,827		-
Capital assets not being depreciated	2,910,948		122,329
Capital assets, net of depreciation	<u>10,589,751</u>		<u>80,119</u>
Total noncurrent assets	<u>14,004,488</u>		<u>202,448</u>
Total assets	<u>38,305,632</u>		<u>636,152</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	1,624,988		2,408
Unearned assessment revenue	338,496		-
Unearned grant revenue	1,562,780		-
Advance from primary government	-		24,516
Notes payable	<u>253,059</u>		<u>-</u>
Total current liabilities	<u>3,779,323</u>		<u>26,924</u>
Noncurrent liabilities:			
Compensated absences	56,130		-
Advance from primary government	-		100,827
Notes payable	<u>6,561,810</u>		<u>-</u>
Total noncurrent liabilities	<u>6,617,940</u>		<u>100,827</u>
Total liabilities	<u>10,397,263</u>		<u>127,751</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied for the subsequent year	1,872,091		113,074
Assessments levied for the subsequent year	<u>740,268</u>		<u>-</u>
Total deferred inflows of resources	<u>2,612,359</u>		<u>113,074</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,929,876		129,616
Restricted for:			
Public safety	478,767		-
Public works	587,391		-
Building construction	2,095,692		-
Unrestricted	<u>10,204,284</u>		<u>265,711</u>
Total net position	<u>\$ 25,296,010</u>	\$	<u>395,327</u>

See notes to financial statements

**Charter Township of Texas**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2022

	<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>
<b>Functions/Programs</b>						
Primary government:						
Governmental activities:						
General government	\$ 1,266,361	\$ 432,633	\$ -	\$ -	\$ (833,728)	
Public safety	1,757,038	538,682	-	-	(1,218,356)	
Public works	1,786,630	1,266,769	1,189,879	-	670,018	
Community and economic development	158,271	14,779	-	-	(143,492)	
Recreation and culture	219,355	-	-	259,730	40,375	
Interest on long-term debt	142,437	-	-	-	(142,437)	
Total primary government	<u>\$ 5,330,092</u>	<u>\$ 2,252,863</u>	<u>\$ 1,189,879</u>	<u>\$ 259,730</u>	<u>\$ (1,627,620)</u>	
Component unit - DDA	<u>\$ 53,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (53,591)</u>
		General revenues:				
		Property taxes:				
		Operating			839,838	161,175
		Emergency services			967,304	-
		State grants			2,016,509	-
		Franchise fees			122,995	-
		Investment return			156,618	2,231
		Total general revenues			<u>4,103,264</u>	<u>163,406</u>
		Changes in net position			2,475,644	109,815
		Net position - beginning			<u>22,820,366</u>	<u>285,512</u>
		Net position - ending			<u>\$ 25,296,010</u>	<u>\$ 395,327</u>

See notes to financial statements

**BALANCE SHEET - governmental funds**

December 31, 2022

	General	Special revenue		Capital project		Nonmajor funds	Total governmental funds
		Road Enhancement	Fire Improvement	Building Construction	Sewer and Water		
<b>ASSETS</b>							
Cash	\$ 2,939,912	\$ 1,015,827	\$ 1,021,403	\$ 1,604,989	\$ 2,175,107	\$ 469,230	\$ 9,226,468
Investments	3,237,145	-	1,096,257	6,526,308	927,629	-	11,787,339
Receivables	1,289,554	473,588	669,178	-	476,326	220,389	3,129,035
Advance to component unit	125,343	-	-	-	-	-	125,343
Prepaid items	19,644	-	12,619	-	5,599	-	37,862
Total assets	<u>\$ 7,611,598</u>	<u>\$ 1,489,415</u>	<u>\$ 2,799,457</u>	<u>\$ 8,131,297</u>	<u>\$ 3,584,661</u>	<u>\$ 689,619</u>	<u>\$ 24,306,047</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities:							
Payables	\$ 450,114	\$ 76,155	\$ 66,863	\$ 900,478	\$ 52,794	\$ 17,859	\$ 1,564,263
Unearned federal grants	1,562,780	-	-	-	-	-	1,562,780
Unearned special assessments	-	-	-	-	-	338,496	338,496
Total liabilities	<u>2,012,894</u>	<u>76,155</u>	<u>66,863</u>	<u>900,478</u>	<u>52,794</u>	<u>356,355</u>	<u>3,465,539</u>
Deferred inflows of resources:							
Property taxes levied for the subsequent year	852,010	-	1,020,081	-	-	-	1,872,091
Assessments levied for the subsequent year	-	740,268	-	-	-	-	740,268
Unavailable advance to component unit	125,343	-	-	-	-	-	125,343
Unavailable special assessments	18,972	-	-	-	383,990	-	402,962
Total deferred inflows of resources	<u>996,325</u>	<u>740,268</u>	<u>1,020,081</u>	<u>-</u>	<u>383,990</u>	<u>-</u>	<u>3,140,664</u>
Fund balances:							
Nonspendable for:							
Prepaid items	19,644	-	12,619	-	5,599	-	37,862
Restricted for:							
Road maintenance	-	308,176	-	-	-	-	308,176
Street lighting	-	-	-	-	-	47,343	47,343
Private road maintenance	-	-	-	-	-	2,234	2,234
Private lake maintenance	-	-	-	-	-	229,638	229,638
Building construction	-	-	-	7,230,819	-	-	7,230,819
Committed for:							
Flood mitigation	25,000	-	-	-	-	-	25,000
Parks and recreation	1,056,900	-	-	-	-	-	1,056,900
Assigned for:							
Public transportation	-	-	-	-	-	12,012	12,012
Flood mitigation	-	-	-	-	-	42,037	42,037
Road maintenance	150,000	364,816	-	-	-	-	514,816
Fire protection	150,000	-	583,605	-	-	-	733,605
Fire capital	125,000	-	1,116,289	-	-	-	1,241,289
Parks and recreation	108,000	-	-	-	-	-	108,000
Sewer improvements	-	-	-	-	2,510,665	-	2,510,665
Water improvements	-	-	-	-	631,613	-	631,613
Capital outlay	60,000	-	-	-	-	-	60,000
Unassigned	2,907,835	-	-	-	-	-	2,907,835
Total fund balances	<u>4,602,379</u>	<u>672,992</u>	<u>1,712,513</u>	<u>7,230,819</u>	<u>3,147,877</u>	<u>333,264</u>	<u>17,699,844</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,611,598</u>	<u>\$ 1,489,415</u>	<u>\$ 2,799,457</u>	<u>\$ 8,131,297</u>	<u>\$ 3,584,661</u>	<u>\$ 689,619</u>	<u>\$ 24,306,047</u>

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

Total fund balance - total governmental funds (page 13)	\$ 17,699,844
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.	528,305
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	13,497,613
Net position of the Building Inspections Fund that has been combined with those of <i>governmental activities</i> .	481,853
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.	(6,870,919)
Interest payable is not due in the current period and, therefore, is not reported in the funds	<u>(40,686)</u>
Net position of <i>governmental activities</i>	<u>\$ 25,296,010</u>

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

Year ended December 31, 2022

		<i>Special revenue</i>	
	<i>General</i>	<i>Road Enhancement</i>	<i>Fire Improvement</i>
<b>REVENUES</b>			
Taxes	\$ 1,191,933	\$ -	\$ 967,304
Licenses and permits	122,995	-	-
Federal grants	250,000	-	-
State grants	2,485,420	-	-
Charges for services	99,810	-	-
Fines and forfeitures	109	-	-
Interest and rentals	88,533	7,698	22,015
Other:			
Special assessments	8,517	992,922	-
Miscellaneous	38,721	-	3,439
Total revenues	<u>4,286,038</u>	<u>1,000,620</u>	<u>992,758</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,214,209	-	-
Public safety	247,234	-	1,045,533
Public works	134,235	688,271	-
Community and economic development	152,410	-	-
Recreation and culture	113,019	-	-
Capital outlay	1,175,091	-	34,875
Debt service:			
Principal	22,429	-	-
Interest	3,511	-	-
Issuance costs	-	-	-
Total expenditures	<u>3,062,138</u>	<u>688,271</u>	<u>1,080,408</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,223,900</u>	<u>312,349</u>	<u>(87,650)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the issuance of bonds	-	-	-
Premium received on the issuance of bonds	-	-	-
Transfers in	163,249	150,000	275,000
Transfers out	(1,973,478)	-	-
Net other financing sources (uses)	<u>(1,810,229)</u>	<u>150,000</u>	<u>275,000</u>
<b>NET CHANGES IN FUND BALANCES</b>	(586,329)	462,349	187,350
<b>FUND BALANCES - BEGINNING</b>	<u>5,188,708</u>	<u>210,643</u>	<u>1,525,163</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 4,602,379</u>	<u>\$ 672,992</u>	<u>\$ 1,712,513</u>

<i>Capital Project</i>		<i>Nonmajor funds</i>	<i>Total governmental funds</i>
<i>Building Construction</i>	<i>Sewer and Water</i>		
\$ -	\$ -	\$ -	\$ 2,159,237
-	-	-	122,995
-	-	-	250,000
-	-	-	2,485,420
-	867,435	-	967,245
-	-	-	109
26,308	33,845	4,062	182,461
-	37,904	173,214	1,212,557
-	-	65,500	107,660
<u>26,308</u>	<u>939,184</u>	<u>242,776</u>	<u>7,487,684</u>
-	-	-	1,214,209
-	-	-	1,292,767
-	203,659	368,742	1,394,907
-	-	-	152,410
-	-	-	113,019
1,214,767	-	-	2,424,733
-	-	227,277	249,706
-	-	2,648	6,159
123,848	-	-	123,848
<u>1,338,615</u>	<u>203,659</u>	<u>598,667</u>	<u>6,971,758</u>
<u>(1,312,307)</u>	<u>735,525</u>	<u>(355,891)</u>	<u>515,926</u>
6,395,000	-	-	6,395,000
337,848	-	-	337,848
1,810,278	-	63,000	2,461,527
-	(72,800)	(163,249)	(2,209,527)
<u>8,543,126</u>	<u>(72,800)</u>	<u>(100,249)</u>	<u>6,984,848</u>
7,230,819	662,725	(456,140)	7,500,774
-	2,485,152	789,404	10,199,070
<u>\$ 7,230,819</u>	<u>\$ 3,147,877</u>	<u>\$ 333,264</u>	<u>\$ 17,699,844</u>

See notes to financial statements

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

Year ended December 31, 2022

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) \$ 7,500,774

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

Capital assets:

Assets acquired	2,393,139
Provision for depreciation	(632,316)

Changes in deferred inflows of resources:

Net increase in unavailable special assessments	205,619
Net decrease in unavailable state shared revenue	(401,867)
Net decrease in advance to component unit	(24,194)

Long-term debt:

Bond proceeds	(6,395,000)
Bond premium	(337,848)
Principal payments	249,706
Amortization of bond premium	26,898

Changes in other assets/liabilities:

Net increase in compensated absences	(4,430)
Net increase in interest payable	(39,328)

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

(65,509)

Change in net position of *governmental activities*

\$ 2,475,644

**STATEMENT OF NET POSITION - Proprietary Fund**

December 31, 2022

	<u><b>Building Inspections</b></u>
<b>ASSETS</b>	
Cash	\$ 229,222
Investments	265,933
Prepays	3,731
Capital assets, net of \$41,381 accumulated depreciation	<u>3,086</u>
Total assets	<u>501,972</u>
<b>LIABILITIES</b>	
Payables	20,039
Compensated absences	<u>80</u>
Total liabilities	<u>20,119</u>
<b>NET POSITION</b>	
Investment in capital assets	3,086
Unrestricted	<u>478,767</u>
Total net position	<u><u>\$ 481,853</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, 2022*

	<b><i>Building Inspections</i></b>
<b>OPERATING REVENUES</b>	
Charges for services - licenses and permits	\$ 527,857
<b>OPERATING EXPENSES</b>	
Salaries and fringe benefits	292,516
Other	48,550
Depreciation	7,577
Total operating expenses	348,643
<b>OPERATING INCOME</b>	179,214
<b>NONOPERATING REVENUES</b>	
Interest revenue	7,277
<b>INCOME BEFORE TRANSFERS</b>	186,491
<b>TRANSFERS OUT</b>	(252,000)
<b>CHANGE IN NET POSITION</b>	(65,509)
<b>NET POSITION - BEGINNING</b>	547,362
<b>NET POSITION - ENDING</b>	\$ 481,853

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, 2022

	<b><i>Building Inspections</i></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 527,857
Payments to employees	(231,774)
Payments to suppliers	<u>(111,840)</u>
Net cash provided by operating activities	<u>184,243</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other fund	<u>(252,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(150,000)
Interest received	<u>3,105</u>
Net cash used in investing activities	<u>(146,895)</u>
<b>NET DECREASE IN CASH</b>	(214,652)
<b>CASH - BEGINNING</b>	<u>443,874</u>
<b>CASH - ENDING</b>	<u><u>\$ 229,222</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 179,214
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	7,577
(Increase) decrease in prepaids	(1,127)
Increase (decrease) in accounts payable	(7,108)
Increase (decrease) in accrued payroll	7,757
Increase (decrease) in compensated absences	<u>(2,070)</u>
Net cash provided by operating activities	<u><u>\$ 184,243</u></u>

See notes to financial statements

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

December 31, 2022

	<b><i>Tax Collection</i></b>
<b>ASSETS</b>	
Cash	<u>\$ 5,856,994</u>
<b>LIABILITIES</b>	
Due to other governments	<u>5,856,994</u>
<b>NET POSITION</b>	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

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

*Year ended December 31, 2022*

	<u><i>Tax Collection</i></u>
<b>ADDITIONS</b>	
Property taxes collected for other governments	\$ 33,315,110
<b>DEDUCTIONS</b>	
Property taxes distributed to other governments	<u>33,315,110</u>
<b>NET CHANGE IN FIDUCIARY NET POSITION</b>	-
<b>NET POSITION - BEGINNING</b>	<u>-</u>
<b>NET POSTION - 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):*

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 Building Construction Capital Project Fund for financial resources used for the construction of a new Township Hall. Revenues are primarily derived from bond proceeds and required transfers 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 account 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. 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:

<i>Fund</i>	<i>Function</i>	<i>Activity</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance</i>
General	General government	Superintendent	\$ 177,655	\$ 180,864	\$ 3,209
	Public safety	Police	237,900	247,234	9,334
	Public works	Sanitation and refuse collection	70,000	91,852	21,852
	Recreation and culture	Parks and recreation	108,500	113,019	4,519
Fire Improvement	Capital outlay	Capital outlay	26,000	34,875	8,875
Treasurer Island Road	Public works	Road maintenance	2,700	70,995	68,295
Eagle Lake #1	Public works	Lake maintenance	43,250	56,066	12,816
Crooked Lake #2	Public works	Lake maintenance	50,750	52,207	1,457

**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	\$ 9,455,190	\$ 5,856,994	\$ 374,488	\$ 15,686,672
Investments	12,053,272	-	-	12,053,272
Cash on hand	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
Totals	<u>\$ 21,508,962</u>	<u>\$ 5,856,994</u>	<u>\$ 374,488</u>	<u>\$ 27,740,444</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, 2022, \$16,400,289 of the Township's bank balance of \$18,300,992 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, 2022, the fair value, unfunded commitments, and redemption rules of these investments are as follows:

	<u>Michigan CLASS</u>
Fair value at December 31, 2022	\$ 12,053,272
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, 2022, 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	\$ 30,487	\$ 557,814	\$ 22,906	\$ 596	\$ 677,751	\$ 1,289,554
Road Enhancement	-	-	473,588	-	-	473,588
Fire Improvement	3,157	666,021	-	-	-	669,178
Sewer and Water	-	-	399,550	6,185	70,591	476,326
Nonmajor	-	-	220,389	-	-	220,389
Total governmental	<u>\$ 33,644</u>	<u>\$ 1,223,835</u>	<u>\$ 1,116,433</u>	<u>\$ 6,781</u>	<u>\$ 748,342</u>	<u>\$ 3,129,035</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,962</u>
Component unit - DDA	<u>\$ -</u>	<u>\$ 59,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,216</u>

**NOTE 5 - PROPERTY TAXES**

The 2021 taxable valuation of the approximated \$977,698,000, 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 property tax revenue, though the operating millage is reduced by tax captures by the Township's component units.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - PROPERTY TAXES (Continued)**

The 2022 taxable valuation of the Township approximated \$1,040,274,000, on which ad valorem taxes levied consisted of 0.8321 mills for operating purposes and 0.9805 mills for fire operations, raising approximately \$866,000 and \$1,020,000, 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, 2022, 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	\$ 363,304	\$ -	\$ 866,307
Construction in progress	<u>76,847</u>	<u>1,967,794</u>	<u>-</u>	<u>2,044,641</u>
Total capital assets not being depreciated	<u>579,850</u>	<u>2,331,098</u>	<u>-</u>	<u>2,910,948</u>
Capital assets being depreciated:				
Buildings	1,793,959	-	-	1,793,959
Improvements	2,696,080	-	-	2,696,080
Furniture and equipment	2,231,437	35,757	-	2,267,194
Vehicles	1,166,946	26,284	-	1,193,230
Infrastructure	<u>11,899,567</u>	<u>-</u>	<u>-</u>	<u>11,899,567</u>
Subtotal	<u>19,787,989</u>	<u>62,041</u>	<u>-</u>	<u>19,850,030</u>
Less accumulated depreciation for:				
Buildings	(615,220)	(45,485)	-	(660,705)
Improvements	(797,094)	(121,283)	-	(918,377)
Furniture and equipment	(1,047,806)	(185,188)	-	(1,232,994)
Vehicles	(678,310)	(38,965)	-	(717,275)
Infrastructure	<u>(5,481,956)</u>	<u>(248,972)</u>	<u>-</u>	<u>(5,730,928)</u>
Subtotal	<u>(8,620,386)</u>	<u>(639,893)</u>	<u>-</u>	<u>(9,260,279)</u>
Total capital assets being depreciated, net	<u>11,167,603</u>	<u>(577,852)</u>	<u>-</u>	<u>10,589,751</u>
Governmental activities capital assets, net	<u>\$ 11,747,453</u>	<u>\$ 1,753,246</u>	<u>\$ -</u>	<u>\$ 13,500,699</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	<u>(77,297)</u>	<u>(6,548)</u>	<u>-</u>	<u>(83,845)</u>
Total capital assets being depreciated, net	<u>86,667</u>	<u>(6,548)</u>	<u>-</u>	<u>80,119</u>
Component unit capital assets, net	<u>\$ 208,996</u>	<u>\$ (6,548)</u>	<u>\$ -</u>	<u>\$ 202,448</u>

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

Governmental activities:	
General government	\$ 35,998
Public safety	89,855
Public works	388,363
Community and economic development	5,861
Recreation and culture	<u>119,816</u>
Total governmental activities	<u>\$ 639,893</u>

NOTE 7 - PAYABLES

Payables as of December 31, 2022, 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	\$ 334,492	\$ 20,062	\$ 54,991	\$ 40,569	\$ 450,114
Road enhancement	-	-	76,155	-	76,155
Fire Improvement	14,988	51,875	-	-	66,863
Building Construction	900,478	-	-	-	900,478
Sewer and Water	9,082	-	43,712	-	52,794
Nonmajor	<u>11,592</u>	<u>-</u>	<u>6,267</u>	<u>-</u>	<u>17,859</u>
Total governmental	<u>\$ 1,270,632</u>	<u>\$ 71,937</u>	<u>\$ 181,125</u>	<u>\$ 40,569</u>	<u>\$ 1,564,263</u>
Proprietary - Building Inspections	<u>\$ 725</u>	<u>\$ 19,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,039</u>
Component unit - DDA	<u>\$ 2,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,408</u>

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

A summary of interfund transfers for the year ended December 31, 2022, is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
Road Enhancement	\$ 150,000	General	\$ 488,000
Fire Improvement	275,000		
CCTA	13,000		
Flood Mitigation #2	<u>50,000</u>		
	<u>488,000</u>		
General	<u>163,249</u>	Michigan DNR Land and Water	<u>163,249</u>
Building Construction	<u>1,810,278</u>	General	1,485,478
		Sewer and Water	72,800
		Building Inspections	<u>252,000</u>
			<u>1,810,278</u>
	<u>\$ 2,461,527</u>		<u>\$ 2,461,527</u>

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

The transfer to the General Fund from the Michigan DNR Land and Water Fund represents grant revenues to cover park improvements costs incurred by the General Fund in the previous year.

The transfer to the Building Construction Fund from General Fund, Sewer and Water Fund, and Building Inspections Fund represents a proportionate share of anticipated construction costs of the new Township Hall that exceed amounts received from bond proceeds.

**NOTE 9 - LONG-TERM LIABILITIES**

Long-term liabilities at December 31, 2022, 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	\$ 6,395,000
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Bond premium	<u>310,950</u>
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Total bonds payable	<u>6,705,950</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	108,919
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Compensated absences	<u>56,130</u>
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Total primary government	<u>\$ 6,870,999</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.	\$ 52,511
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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>72,832</u>
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Total component unit	<u>\$ 125,343</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, 2022, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Net change in compensated absences</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Primary government:						
Governmental activities:						
Installment purchase agreements:						
2017 Installment purchase agreement	\$ 131,347	\$ -	\$ (22,428)	\$ -	\$ 108,919	\$ 23,059
2019 Installment purchase agreement	227,278	-	(227,278)	-	-	-
Bonds payable:						
2022 Capital improvement bonds	-	6,395,000	-	-	6,395,000	230,000
Subtotal	358,625	6,395,000	(249,706)	-	6,503,919	253,059
Premium on bonds payable	-	337,848	(26,898)	-	310,950	-
Compensated absences	53,770	-	-	2,360	56,130	-
Total	<u>\$ 412,395</u>	<u>\$ 6,732,848</u>	<u>\$ (276,604)</u>	<u>\$ 2,360</u>	<u>\$ 6,870,999</u>	<u>\$ 253,059</u>
Component unit - Downtown						
Development Authority:						
Advances from primary government	<u>\$ 149,537</u>	<u>\$ -</u>	<u>\$ (24,194)</u>	<u>\$ -</u>	<u>\$ 125,343</u>	<u>\$ 24,516</u>

At December 31, 2022, debt service requirements, with the exception of compensated absences, are as follows:

<i>Year ended</i>	<i>Governmental activities</i>		<i>Component unit</i>	
<i>December 31:</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2023	\$ 253,059	\$ 276,024	\$ 24,516	\$ 3,136
2024	223,707	305,483	25,174	2,479
2025	234,373	294,567	25,851	1,802
2026	245,057	283,132	25,653	1,103
2027	242,723	271,179	12,630	382
2028 - 2032	1,350,000	1,164,000	11,519	192
2033 - 2037	1,735,000	780,125	-	-
2038 - 2042	<u>2,220,000</u>	<u>288,750</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 6,503,919</u>	<u>\$ 3,663,260</u>	<u>\$ 125,343</u>	<u>\$ 9,094</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, 2022, the Township and eligible employees made contributions of \$126,207 and \$-0-, respectively. At December 31, 2022 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**

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

**NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE**

During 2022, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101, *Compensated Absences*, replaces GASB 16, *Accounting Compensated Absences*. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. These changes were incorporated in the Township's 2022 financial statements and had no effect on the beginning fund balance or net position any Fund.

**NOTE 14 - 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 \$1,812,780 in federal Coronavirus Local Fiscal Recovery Funds ("ARPA Funds"). The Township received half of the ARPA Funds in September 2021 and the second half 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 15 - CONSTRUCTION COMMITMENT**

At December 31, 2022, The Township had the following contractual construction commitments:

	<u>Contractor</u>	<u>Project authorization</u>	<u>Expended through December 31, 2022</u>	<u>Committed</u>
Charter Township of Texas New Hall Construction	Progressive SPR	\$ 8,695,878	\$ 1,579,608	\$ 7,116,270
Maple Hill Splash Pad	Katerberg Verhage Inc	<u>677,300</u>	<u>354,859</u>	<u>322,441</u>
		<u>\$ 9,373,178</u>	<u>\$ 1,934,467</u>	<u>\$ 7,438,711</u>

**NOTE 16 - PRIOR PERIOD ADJUSTMENT**

A prior period adjustment has been recorded in fiscal year 2022 to correct errors in recording capital assets that resulted in a restatement of opening net position of the governmental activities. Net position, as of December 31, 2021, included in the financial statements, represents restated balances, as presented below.

	<u>Net position Governmental activities</u>
Beginning of year, as previously reported	\$ 22,944,895
Prior period adjustment - overstatement of capital assets	<u>(124,529)</u>
Beginning of year, as restated	<u>\$ 22,820,366</u>

## REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Taxes	\$ 1,190,324	\$ 1,190,324	\$ 1,191,933	\$ 1,609
Licenses and permits	130,000	130,000	122,995	(7,005)
Federal grants	902,766	1,152,766	250,000	(902,766)
State grants	1,434,575	1,434,575	2,485,420	1,050,845
Charges for services	93,200	93,200	99,810	6,610
Fines and forfeitures	750	750	109	(641)
Interest and rentals	35,510	35,510	88,533	53,023
Other:				
Miscellaneous	52,981	52,981	38,721	(14,260)
Special assessments	8,100	8,100	8,517	417
Total revenues	<u>3,848,206</u>	<u>4,098,206</u>	<u>4,286,038</u>	<u>187,832</u>
<b>EXPENDITURES</b>				
General government:				
Legislative - Township Board	34,150	34,150	33,845	305
Supervisor	22,750	22,750	20,980	1,770
Superintendent	177,655	177,655	180,864	(3,209)
Election	59,250	59,250	54,526	4,724
Assessor	153,369	153,369	137,748	15,621
Clerk	142,500	142,500	120,160	22,340
Board of review	5,950	5,950	3,707	2,243
Treasurer	148,100	148,100	141,146	6,954
Hall and grounds	64,550	64,550	63,396	1,154
Other	585,100	585,100	457,837	127,263
Total general government	<u>1,393,374</u>	<u>1,393,374</u>	<u>1,214,209</u>	<u>179,165</u>
Public safety - police	<u>237,900</u>	<u>237,900</u>	<u>247,234</u>	<u>(9,334)</u>
Public works:				
Street lights	12,000	12,000	5,495	6,505
Drains	40,000	40,000	12,147	27,853
Streets	2,750	2,750	-	2,750
Cemetery	25,750	25,750	24,741	1,009
Sanitation and refuse collection	70,000	70,000	91,852	(21,852)
Total public works	<u>150,500</u>	<u>150,500</u>	<u>134,235</u>	<u>16,265</u>
Community and economic development - planning and zoning	<u>235,024</u>	<u>235,024</u>	<u>152,410</u>	<u>82,614</u>

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

Year ended December 31, 2022

	<i><u>Original budget</u></i>	<i><u>Final budget</u></i>	<i><u>Actual</u></i>	<i><u>Variance with final budget positive (negative)</u></i>
<b>EXPENDITURES (Continued)</b>				
Recreation and culture - parks and recreation	\$ 108,500	\$ 108,500	\$ 113,019	\$ (4,519)
Capital outlay	<u>1,135,000</u>	<u>1,339,545</u>	<u>1,175,091</u>	<u>164,454</u>
Debt service				
Principal	<u>22,429</u>	<u>22,429</u>	<u>22,429</u>	<u>-</u>
Interest	<u>3,511</u>	<u>3,511</u>	<u>3,511</u>	<u>-</u>
Total expenditures	<u>3,286,238</u>	<u>3,490,783</u>	<u>3,062,138</u>	<u>428,645</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	561,968	607,423	1,223,900	616,477
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	163,249	163,249
Transfers out	<u>(488,000)</u>	<u>(1,973,478)</u>	<u>(1,973,478)</u>	<u>-</u>
Total other financing sources (use):	<u>(488,000)</u>	<u>(1,973,478)</u>	<u>(1,810,229)</u>	<u>163,249</u>
<b>NET CHANGES IN FUND BALANCES</b>	73,968	(1,366,055)	(586,329)	779,726
<b>FUND BALANCES - BEGINNING</b>	<u>5,188,708</u>	<u>5,188,708</u>	<u>5,188,708</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 5,262,676</u>	<u>\$ 3,822,653</u>	<u>\$ 4,602,379</u>	<u>\$ 779,726</u>

**BUDGETARY COMPARISON SCHEDULE - Road Enhancement Fund**

Year ended December 31, 2022

	<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>				
Interest	\$ -	\$ -	\$ 7,698	\$ 7,698
Other - special assessments	<u>761,986</u>	<u>761,986</u>	<u>992,922</u>	<u>230,936</u>
Total revenues	761,986	761,986	1,000,620	238,634
<b>EXPENDITURES</b>				
Public works	<u>910,000</u>	<u>910,000</u>	<u>688,271</u>	<u>221,729</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(148,014)	(148,014)	312,349	460,363
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	1,986	1,986	462,349	460,363
<b>FUND BALANCES - BEGINNING</b>	<u>210,643</u>	<u>210,643</u>	<u>210,643</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 212,629</u>	<u>\$ 212,629</u>	<u>\$ 672,992</u>	<u>\$ 460,363</u>

**BUDGETARY COMPARISON SCHEDULE - Fire Improvement Fund**

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Taxes	\$ 971,800	\$ 971,800	\$ 967,304	\$ (4,496)
Interest	1,500	1,500	22,015	20,515
Other - miscellaneous	100	100	3,439	3,339
Total revenues	973,400	973,400	992,758	19,358
<b>EXPENDITURES</b>				
Public safety - fire protection	1,112,361	1,112,361	1,045,533	66,828
Capital outlay	26,000	26,000	34,875	(8,875)
Total expenditures	1,138,361	1,138,361	1,080,408	57,953
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(164,961)	(164,961)	(87,650)	77,311
<b>OTHER FINANCING SOURCES</b>				
Transfers in	275,000	275,000	275,000	-
<b>NET CHANGES IN FUND BALANCES</b>	110,039	110,039	187,350	77,311
<b>FUND BALANCES - BEGINNING</b>	1,525,163	1,525,163	1,525,163	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,635,202</u>	<u>\$ 1,635,202</u>	<u>\$ 1,712,513</u>	<u>\$ 77,311</u>

## **SUPPLEMENTARY INFORMATION**

	<i>Special revenue</i>							<i>Capital project</i>		<i>Debt service</i>		
	<i>Treasurer Island Road</i>	<i>Street Lighting</i>	<i>CCTA</i>	<i>Eagle Lake #1</i>	<i>Eagle Lake #2</i>	<i>Eagle Lake Drive</i>	<i>Crooked Lake #1</i>	<i>Crooked Lake #2</i>	<i>Flood Mitigation</i>	<i>Michigan DNR Land and Water</i>	<i>Flood Mitigation</i>	<i>Totals</i>
<b>ASSETS</b>												
Cash	\$ 5,234	\$ 114,097	\$ 22,261	\$ 19,436	\$ 119,189	\$ 8,141	\$ 52,817	\$ 85,808	\$ 42,247	\$ -	\$ -	\$ 469,230
Receivables	4,200	99,785	12,544	-	58,760	1,620	-	43,480	-	-	-	220,389
Total assets	\$ 9,434	\$ 213,882	\$ 34,805	\$ 19,436	\$ 177,949	\$ 9,761	\$ 52,817	\$ 129,288	\$ 42,247	\$ -	\$ -	\$ 689,619
<b>LIABILITIES AND FUND BALANCES</b>												
Liabilities:												
Payables	\$ -	\$ 11,236	\$ 6,267	\$ -	\$ -	\$ -	\$ -	\$ 146	\$ 210	\$ -	\$ -	\$ 17,859
Unearned special assessments	7,200	155,303	16,526	-	90,527	2,340	-	66,600	-	-	-	338,496
Total liabilities	7,200	166,539	22,793	-	90,527	2,340	-	66,746	210	-	-	356,355
Fund balances:												
Restricted for:												
Road maintenance	2,234	-	-	-	-	-	-	-	-	-	-	2,234
Street lighting	-	47,343	-	-	-	-	-	-	-	-	-	47,343
Private lake maintenance	-	-	-	19,436	87,422	7,421	52,817	62,542	-	-	-	229,638
Assigned for:												
Public transportation	-	-	12,012	-	-	-	-	-	-	-	-	12,012
Flood mitigation	-	-	-	-	-	-	-	-	42,037	-	-	42,037
Total fund balances	2,234	47,343	12,012	19,436	87,422	7,421	52,817	62,542	42,037	-	-	333,264
Total liabilities and fund balances	\$ 9,434	\$ 213,882	\$ 34,805	\$ 19,436	\$ 177,949	\$ 9,761	\$ 52,817	\$ 129,288	\$ 42,247	\$ -	\$ -	\$ 689,619

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

Year ended December 31, 2022

	<i>Special revenue</i>								<i>Capital project</i>		<i>Debt service</i>	
	<i>Treasurer Island Road</i>	<i>Street Lighting</i>	<i>CCTA</i>	<i>Eagle Lake #1</i>	<i>Eagle Lake #2</i>	<i>Eagle Lake Drive</i>	<i>Crooked Lake #1</i>	<i>Crooked Lake #2</i>	<i>Flood Mitigation</i>	<i>Michigan DNR Land and Water</i>	<i>Flood Mitigation</i>	<i>Totals</i>
<b>REVENUES</b>												
Interest	\$ 167	\$ 657	\$ 167	\$ 287	\$ 801	\$ 65	\$ 476	\$ 576	\$ 427	\$ 439	\$ -	\$ 4,062
Other:												
Special assessments	3,362	151,046	16,138	-	328	2,340	-	-	-	-	-	173,214
Contributions	65,500	-	-	-	-	-	-	-	-	-	-	65,500
Total revenues	69,029	151,703	16,305	287	1,129	2,405	476	576	427	439	-	242,776
<b>EXPENDITURES</b>												
Current - public works	70,995	132,681	24,372	56,066	9,375	1,819	12,837	52,207	8,390	-	-	368,742
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	227,277	227,277
Interest	-	-	-	-	-	-	-	-	-	-	2,648	2,648
Total expenditures	70,995	132,681	24,372	56,066	9,375	1,819	12,837	52,207	8,390	-	229,925	598,667
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,966)	19,022	(8,067)	(55,779)	(8,246)	586	(12,361)	(51,631)	(7,963)	439	(229,925)	(355,891)
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	-	13,000	-	-	-	-	-	50,000	-	-	63,000
Transfers out	-	-	-	-	-	-	-	-	-	(163,249)	-	(163,249)
Total other financing sources (uses)	-	-	13,000	-	-	-	-	-	50,000	(163,249)	-	(100,249)
<b>NET CHANGES IN FUND BALANCES</b>	(1,966)	19,022	4,933	(55,779)	(8,246)	586	(12,361)	(51,631)	42,037	(162,810)	(229,925)	(456,140)
<b>FUND BALANCES - BEGINNING</b>	4,200	28,321	7,079	75,215	95,668	6,835	65,178	114,173	-	162,810	229,925	789,404
<b>FUND BALANCES - ENDING</b>	\$ 2,234	\$ 47,343	\$ 12,012	\$ 19,436	\$ 87,422	\$ 7,421	\$ 52,817	\$ 62,542	\$ 42,037	\$ -	\$ -	\$ 333,264

**BALANCE SHEET - Component Unit**

December 31, 2022

**ASSETS**

Cash	\$ 374,488
Receivables	<u>59,216</u>
Total assets	<u>\$ 433,704</u>

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

Liabilities - accounts payable	\$ 2,408
Deferred inflows of resources - property tax revenues levied for the subsequent year	113,074
Fund balance - restricted for public works	<u>318,222</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 433,704</u>

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

Fund balance	\$ 318,222
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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.	202,448
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Long-term advance from primary government is not reported in the fund.	<u>(125,343)</u>
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Net position of the <i>component unit</i>	<u>\$ 395,327</u>
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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - *Component Unit****Year ended December 31, 2022*

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**REVENUES**

Taxes	\$ 161,175
Interest	<u>2,231</u>
Total revenues	<u>163,406</u>

**EXPENDITURES**

Current - public works	43,206
Debt services:	
Principal	24,194
Interest	<u>3,837</u>
Total expenditures	<u>71,237</u>

<b>NET CHANGE IN FUND BALANCE</b>	92,169
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<b>FUND BALANCE - BEGINNING</b>	<u>226,053</u>
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<b>FUND BALANCE - ENDING</b>	<u><u>\$ 318,222</u></u>
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Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance	\$ 92,169
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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>24,194</u>
Change in net position of <i>component unit</i>	<u><u>\$ 109,815</u></u>

**BUDGETARY COMPARISON SCHEDULE - Component Unit**

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes	\$ 137,173	\$ 137,173	\$ 161,175	\$ 24,002
Interest	625	625	2,231	1,606
Other	2,000	2,000	-	(2,000)
Total revenues	139,798	139,798	163,406	23,608
<b>EXPENDITURES</b>				
Current - public works	183,500	183,500	43,206	140,294
Debt services:				
Principal	23,850	23,850	24,194	(344)
Interest	4,180	4,180	3,837	343
Total expenditures	211,530	211,530	71,237	140,293
<b>NET CHANGES IN FUND BALANCES</b>	(71,732)	(71,732)	92,169	163,901
<b>FUND BALANCES - BEGINNING</b>	226,053	226,053	226,053	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 154,321</u>	<u>\$ 154,321</u>	<u>\$ 318,222</u>	<u>\$ 163,901</u>