

Charter Township of Texas
Kalamazoo County, Michigan

FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS

Year ended December 31, 2023



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 11, 2024

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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2024, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Orederold 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, 2023. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$3,674,546 as a result of this year's activities.
- Of the \$28,970,556 total net position reported, \$11,959,972 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 \$2,092,996, which represents 62 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 2023 and 2022 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 \$28,970,556. Of this total, \$14,415,860 is invested in capital assets, \$2,594,724 is restricted for various purposes, and \$11,959,972 is unrestricted.

Condensed financial information
Net position

	<i>Governmental activities</i>	
	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 22,298,723	\$ 24,804,933
Capital assets	<u>20,865,395</u>	<u>13,500,699</u>
Total assets	<u>43,164,118</u>	<u>38,305,632</u>
Current and other liabilities	4,925,778	3,582,394
Long-term debt	<u>6,535,713</u>	<u>6,814,869</u>
Total liabilities	<u>11,461,491</u>	<u>10,397,263</u>
Deferred inflows of resources	<u>2,732,071</u>	<u>2,612,359</u>
Net position:		
Net investment in capital assets	14,415,860	11,929,876
Restricted	2,594,724	3,161,850
Unrestricted	<u>11,959,972</u>	<u>10,204,284</u>
Total net position	<u>\$ 28,970,556</u>	<u>\$ 25,296,010</u>

Changes in net position

The Township's total revenues were \$12,392,935. During the 2023 fiscal year, 22 percent of the Township's revenues came from property taxes, 13 percent came from charges for services, 38 percent came from operating grants, and 16 percent came from state shared revenue.

The total cost of the Township's programs and services totaled \$8,718,389. Approximately 22 percent of the Township's costs relates to public safety costs, 16 percent to general governmental activities, and 52 percent to public works.

*Condensed financial information
Changes in net position*

	<i>Governmental activities</i>	
	2023	2022
Program revenues:		
Charges for services	\$ 1,640,365	\$ 1,259,941
Operating grants and contributions	4,668,315	1,189,879
Capital grants and contributions	509,273	259,730
General revenues:		
Property taxes	2,787,554	2,800,064
State grants	1,983,076	2,016,509
Franchise fees	115,735	122,995
Investment return	688,617	156,618
Total revenues	<u>12,392,935</u>	<u>7,805,736</u>
Expenses:		
General government	1,417,242	1,266,361
Public safety	1,932,832	1,757,038
Public works	4,582,266	1,786,630
Community and economic development	207,196	158,271
Recreation and culture	289,751	219,355
Interest on long-term debt	289,102	142,437
Total expenses	<u>8,718,389</u>	<u>5,330,092</u>
Changes in net position	<u>\$ 3,674,546</u>	<u>\$ 2,475,644</u>
Net position, end of year	<u>\$ 28,970,556</u>	<u>\$ 25,296,010</u>

The 2022 column reflects reclassified amounts. Taxes were increased and Operating Grants and Contributions were decreased by \$992,992 to present community wide assessments as property taxes.

Governmental activities

The \$3,674,546 increase in net position for 2023 is \$1,198,902 more than the \$2,475,644 increase in 2022. Revenues increased by \$4,587,199, due in large part to an increase of \$3,478,436 in operating grants from the receipt of \$1,555,416 federal and \$2,011,083 local grants for the lake level project. Expenses increased by \$3,388,297 compared to 2022, which was primarily due to increases in public works costs related to the lake level project.

The total cost of governmental activities this year was \$8,718,389. After subtracting the direct charges to those who directly benefited from the programs (\$1,640,365), operating grants (\$4,668,315) and capital grants (\$509,273), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$1,900,436.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

The Township's governmental funds reported combined ending fund balances of \$13,355,327 at the end of 2023, representing a decrease of \$4,344,517 from the previous year.

The General Fund is the primary operating fund of the Township. Fund balance increased by \$35,465 during the year, as revenues of \$4,144,590 exceeded expenditures of \$3,361,125 and total transfers out of \$748,000. The total fund balance was \$4,637,844 at year end.

The Fire Improvement Fund experienced a decrease in fund balance of \$501,046 during the current year, as revenues of \$1,083,014 and a transfer from the General Fund of \$275,000 exceeded current year expenditures of \$1,359,060 and a transfer to the Facility Renovation Fund. Total fund balance at year end was \$1,211,467.

The Building Construction Fund experienced a decrease in fund balance of \$6,697,235 during the current year, as capital outlay of \$7,145,864 exceeded revenues of \$448,629. Total fund balance at year end was \$533,584.

The Lake Level Project Fund experienced an increase in fund balance of \$1,274,080 during the current year, as project costs of \$2,615,598 were covered by revenues of \$3,579,678 and transfers in of \$310,000. Total fund balance at year end was \$1,316,117.

The Sewer and Water Fund experienced an increase in fund balance of \$767,198, as revenues of \$975,132 were higher than expenditures of \$207,934. Total fund balance at year end was \$3,915,075.

Proprietary fund

The Building Inspections Fund experienced a \$227,243 increase in net position as revenues of \$619,425 were sufficient to cover expenses of \$392,182. The fund's net position was \$709,096 at year end.

General Fund budgetary highlights

The Township made amendments to the General Fund budgeted revenues and expenditures during the year to decrease budgeted revenues by \$256,245, decrease budgeted expenditures by \$543,612, and decrease budgeted transfers by \$315,000. Actual revenues were \$181,077 more than budgeted, while expenditures and transfer out were less than the amounts appropriated by \$286,414 and \$100,000, respectively. These variances resulted in a \$567,491 positive budget variance, with a \$35,465 increase in fund balance, compared to a budget that expected a \$532,026 decrease in fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of December 31, 2023, amounts to \$20,865,395 (net of accumulated depreciation). This investment includes buildings and improvements, fire equipment and vehicles, and sewer and water infrastructure. The \$7,364,696 increase in the Township's investment in capital assets for the current fiscal year reflects \$8,015,757 in capital asset additions less \$651,061 for depreciation expense.

Major capital asset acquisitions during the current year include:

- \$7,055,434 for the new Township Hall
- \$363,787 for the Maple Hill Splash Pad
- \$237,440 for fire station renovations

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 \$6,251,178 of outstanding long-term obligations payable, a decrease of \$252,741. Principal repayments were made in a timely manner. Other long-term obligations consisted of a liability for compensated absences of \$62,900 and a bond premium of \$284,535.

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 2024 in order to maintain current fund balances. Expenditures are expected to increase by nominal amounts compared to fiscal year 2023. 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
7227 West Q Avenue
Kalamazoo, MI 49009

Phone: (269) 375-1591

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2023

	Primary government	Component unit
	Governmental activities	
ASSETS		
Current assets:		
Cash	\$ 9,504,476	\$ 297,695
Investments	8,000,496	197,162
Receivables, net	4,029,638	109,104
Advance to component unit	25,223	-
Prepaid expenses	37,690	-
Total current assets	21,597,523	603,961
Noncurrent assets:		
Receivables, net	626,008	-
Advance to component unit	75,192	-
Capital assets not being depreciated	9,861,199	122,329
Capital assets, net of depreciation	11,004,196	73,571
Total noncurrent assets	21,566,595	195,900
Total assets	43,164,118	799,861
LIABILITIES		
Current liabilities:		
Payables	3,024,277	1,549
Unearned assessment revenue	403,394	-
Unearned grant revenue	1,435,207	-
Advance from primary government	-	25,223
Notes payable	223,707	-
Total current liabilities	5,086,585	26,772
Noncurrent liabilities:		
Compensated absences	62,900	-
Advance from primary government	-	75,192
Notes payable	6,312,006	-
Total noncurrent liabilities	6,374,906	75,192
Total liabilities	11,461,491	101,964
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for the subsequent year	2,732,071	129,852
NET POSITION		
Net investment in capital assets	14,415,860	(131,473)
Restricted for:		
Public safety	709,956	-
Public works	1,884,768	-
Unrestricted	11,959,972	699,518
Total net position	\$ 28,970,556	\$ 568,045

See notes to financial statements

Charter Township of Texas
STATEMENT OF ACTIVITIES
Year ended December 31, 2023

	Program revenues				Net revenues (expenses) and changes in net position	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government	
					Governmental activities	Component unit
Functions/Programs						
Primary government:						
Governmental activities:						
General government	\$ 1,417,242	\$ 519,923	\$ -	\$ 214,344	\$ (682,975)	
Public safety	1,932,832	619,531	-	-	(1,313,301)	
Public works	4,582,266	457,687	4,668,315	-	543,736	
Community and economic development	207,196	17,016	-	-	(190,180)	
Recreation and culture	289,751	26,208	-	294,929	31,386	
Interest on long-term debt	289,102	-	-	-	(289,102)	
Total primary government	<u>\$ 8,718,389</u>	<u>\$ 1,640,365</u>	<u>\$ 4,668,315</u>	<u>\$ 509,273</u>	<u>\$ (1,900,436)</u>	
Component unit - DDA	<u>\$ 51,429</u>	<u>\$ -</u>	<u>\$ 10,320</u>	<u>\$ -</u>		<u>\$ (41,109)</u>
General revenues:						
Property taxes:						
Operating					872,697	200,413
Emergency services					1,018,349	-
Road enhancement					896,508	-
State grants					1,983,076	-
Franchise fees					115,735	-
Investment return					688,617	13,414
Total general revenues					<u>5,574,982</u>	<u>213,827</u>
Changes in net position					3,674,546	172,718
Net position - beginning					<u>25,296,010</u>	<u>395,327</u>
Net position - ending					<u>\$ 28,970,556</u>	<u>\$ 568,045</u>

See notes to financial statements

BALANCE SHEET - governmental funds

December 31, 2023

		<i>Special revenue</i>		<i>Capital project</i>			<i>Total governmental funds</i>
	<i>General</i>	<i>Fire Improvement</i>	<i>Building Construction</i>	<i>Lake Level Project</i>	<i>Sewer and Water</i>	<i>Nonmajor funds</i>	
ASSETS							
Cash	\$ 3,676,855	\$ 1,220,454	\$ 139,803	\$ 232,393	\$ 2,405,261	\$ 1,298,134	\$ 8,972,900
Investments	2,240,559	468,957	1,807,308	711,671	1,451,153	1,139,379	7,819,027
Receivables	1,304,474	667,987	23,115	1,279,375	721,166	659,529	4,655,646
Advance to component unit	100,415	-	-	-	-	-	100,415
Prepaid items	20,161	9,095	-	-	4,526	-	33,782
Total assets	<u>\$ 7,342,464</u>	<u>\$ 2,366,493</u>	<u>\$ 1,970,226</u>	<u>\$ 2,223,439</u>	<u>\$ 4,582,106</u>	<u>\$ 3,097,042</u>	<u>\$ 21,581,770</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Payables	\$ 242,459	\$ 57,845	\$ 1,436,642	\$ 907,322	\$ 52,128	\$ 232,952	\$ 2,929,348
Unearned federal grants	1,435,207	-	-	-	-	-	1,435,207
Unearned special assessments	-	-	-	-	-	403,394	403,394
Total liabilities	<u>1,677,666</u>	<u>57,845</u>	<u>1,436,642</u>	<u>907,322</u>	<u>52,128</u>	<u>636,346</u>	<u>4,767,949</u>
Deferred inflows of resources:							
Property taxes levied for the subsequent year	915,434	1,097,181	-	-	-	719,456	2,732,071
Unavailable advance to component unit	100,415	-	-	-	-	-	100,415
Unavailable special assessments	11,105	-	-	-	614,903	-	626,008
Total deferred inflows of resources	<u>1,026,954</u>	<u>1,097,181</u>	<u>-</u>	<u>-</u>	<u>614,903</u>	<u>719,456</u>	<u>3,458,494</u>
Fund balances:							
Nonspendable for:							
Prepaid items	20,161	9,095	-	-	4,526	-	33,782
Restricted for:							
Lake level project	-	-	-	1,006,117	-	-	1,006,117
Public safety	-	-	-	-	-	10,070	10,070
Road maintenance	-	-	-	-	-	526,842	526,842
Street lighting	-	-	-	-	-	56,297	56,297
Private road maintenance	-	-	-	-	-	17,228	17,228
Private lake maintenance	-	-	-	-	-	278,284	278,284
Assigned for:							
Parks and open spaces	825,400	-	-	-	-	-	825,400
Vehicles and Equipment	75,000	-	-	-	-	-	75,000
Community facilities and development	734,809	-	-	-	-	-	734,809
Capital Improvements	859,045	-	-	-	-	-	859,045
Pathway enhancement	30,214	-	-	-	-	-	30,214
Debt service	219	-	-	-	-	-	219
Fire protection	-	53,409	-	-	-	-	53,409
Fire capital	-	1,148,963	-	-	-	-	1,148,963
Lake level project	-	-	-	310,000	-	-	310,000
Sewer improvements	-	-	-	-	3,183,423	-	3,183,423
Water improvements	-	-	-	-	727,126	-	727,126
Road maintenance	-	-	-	-	-	537,972	537,972
Public transportation	-	-	-	-	-	16,560	16,560
Building construction and renovations	-	-	533,584	-	-	297,987	831,571
Unassigned	<u>2,092,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,092,996</u>
Total fund balances	<u>4,637,844</u>	<u>1,211,467</u>	<u>533,584</u>	<u>1,316,117</u>	<u>3,915,075</u>	<u>1,741,240</u>	<u>13,355,327</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,342,464</u>	<u>\$ 2,366,493</u>	<u>\$ 1,970,226</u>	<u>\$ 2,223,439</u>	<u>\$ 4,582,106</u>	<u>\$ 3,097,042</u>	<u>\$ 21,581,770</u>

BALANCE SHEET - governmental funds (Continued)

December 31, 2023

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

Total fund balance - total governmental funds (page 13)	\$ 13,355,327
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.	726,423
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	20,856,185
Net position of the Building Inspections Fund that has been combined with those of <i>governmental activities</i> .	709,096
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.	(6,598,613)
Interest payable is not due in the current period and, therefore, is not reported in the funds	<u>(77,862)</u>
Net position of <i>governmental activities</i>	<u>\$ 28,970,556</u>

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

Year ended December 31, 2023

		<i>Special revenue</i>	<i>Capital Project</i>				<i>Total governmental funds</i>
	<i>General</i>	<i>Fire Improvement</i>	<i>Building Construction</i>	<i>Lake Level Project</i>	<i>Sewer and Water</i>	<i>Nonmajor funds</i>	
REVENUES							
Taxes	\$ 1,278,937	\$ 1,018,349	\$ -	\$ -	\$ -	\$ 896,508	\$ 3,193,794
Special assessments	7,868	-	-	-	64,026	378,517	450,411
Licenses and permits	115,735	-	-	-	-	-	115,735
Federal grants	127,574	-	-	1,555,416	-	-	1,682,990
State grants	1,995,419	-	-	-	-	9,997	2,005,416
Intergovernmental	-	-	214,344	2,011,083	-	-	2,225,427
Charges for services	113,232	-	-	-	784,536	-	897,768
Fines and forfeitures	33	-	-	-	-	-	33
Interest and rentals	264,114	64,665	234,285	13,179	126,570	59,327	762,140
Other	241,678	-	-	-	-	-	241,678
Total revenues	<u>4,144,590</u>	<u>1,083,014</u>	<u>448,629</u>	<u>3,579,678</u>	<u>975,132</u>	<u>1,344,349</u>	<u>11,575,392</u>
EXPENDITURES							
Current:							
General government	1,308,759	-	-	-	-	-	1,308,759
Public safety	243,279	1,207,416	-	-	-	-	1,450,695
Public works	362,333	-	-	2,615,598	207,934	1,023,469	4,209,334
Community and economic development	200,920	-	-	-	-	-	200,920
Recreation and culture	159,959	-	-	-	-	-	159,959
Capital outlay	554,793	151,644	7,145,864	-	-	206,859	8,059,160
Debt service:							
Principal	252,741	-	-	-	-	-	252,741
Interest	278,341	-	-	-	-	-	278,341
Total expenditures	<u>3,361,125</u>	<u>1,359,060</u>	<u>7,145,864</u>	<u>2,615,598</u>	<u>207,934</u>	<u>1,230,328</u>	<u>15,919,909</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>783,465</u>	<u>(276,046)</u>	<u>(6,697,235)</u>	<u>964,080</u>	<u>767,198</u>	<u>114,021</u>	<u>(4,344,517)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	275,000	-	310,000	-	663,000	1,248,000
Transfers out	<u>(748,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,248,000)</u>
Net other financing sources (uses)	<u>(748,000)</u>	<u>(225,000)</u>	<u>-</u>	<u>310,000</u>	<u>-</u>	<u>663,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	35,465	(501,046)	(6,697,235)	1,274,080	767,198	777,021	(4,344,517)
FUND BALANCES - BEGINNING	<u>4,602,379</u>	<u>1,712,513</u>	<u>7,230,819</u>	<u>42,037</u>	<u>3,147,877</u>	<u>964,219</u>	<u>17,699,844</u>
FUND BALANCES - ENDING	<u>\$ 4,637,844</u>	<u>\$ 1,211,467</u>	<u>\$ 533,584</u>	<u>\$ 1,316,117</u>	<u>\$ 3,915,075</u>	<u>\$ 1,741,240</u>	<u>\$ 13,355,327</u>

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

Year ended December 31, 2023

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) \$ (4,344,517)

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

Capital assets:

Assets acquired	8,007,663
Provision for depreciation	(649,091)

Changes in deferred inflows of resources:

Net increase in unavailable special assessments	223,046
Net decrease in advance to component unit	(24,928)

Long-term debt:

Principal payments	252,741
Amortization of bond premium	26,415

Changes in other assets/liabilities:

Net increase in compensated absences	(6,850)
Net increase in interest payable	(37,176)

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

227,243

Change in net position of *governmental activities*

\$ 3,674,546

STATEMENT OF NET POSITION - Proprietary Fund

December 31, 2023

	<u>Building Inspections</u>
ASSETS	
Cash	\$ 531,576
Investments	181,469
Prepays	3,908
Capital assets, net of \$43,351 accumulated depreciation	<u>9,210</u>
Total assets	<u>726,163</u>
LIABILITIES	
Payables	<u>17,067</u>
NET POSITION	
Investment in capital assets	9,210
Unrestricted	<u>699,886</u>
Total net position	<u><u>\$ 709,096</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, 2023*

	<u>Building Inspections</u>
OPERATING REVENUES	
Charges for services - licenses and permits	\$ 591,704
OPERATING EXPENSES	
Salaries and fringe benefits	320,376
Other	69,836
Depreciation	<u>1,970</u>
Total operating expenses	<u>392,182</u>
OPERATING INCOME	199,522
NONOPERATING REVENUES	
Interest revenue	<u>27,721</u>
CHANGE IN NET POSITION	227,243
NET POSITION - BEGINNING	<u>481,853</u>
NET POSITION - ENDING	<u><u>\$ 709,096</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, 2023

	<i>Building Inspections</i>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 591,704
Payments to employees	(282,577)
Payments to suppliers	(110,864)
	<u>198,263</u>
Net cash provided by (used in) operating activities	<u>198,263</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(8,094)
	<u>(8,094)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(100,000)
Sale of investments	200,000
Interest received	12,185
	<u>112,185</u>
Net cash provided by (used in) investing activities	<u>112,185</u>
NET INCREASE IN CASH	302,354
CASH - BEGINNING	<u>229,222</u>
CASH - ENDING	<u><u>\$ 531,576</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating income	\$ 199,522
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation	1,970
(Increase) decrease in prepaids	(177)
Increase (decrease) in accounts payable	694
Increase (decrease) in accrued payroll	(3,666)
Increase (decrease) in compensated absences	(80)
	<u>(80)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 198,263</u></u>

See notes to financial statements

STATEMENT OF FIDUCIARY NET POSITION - *custodial funds*

December 31, 2023

	<i>Tax Collection</i>
ASSETS	
Cash	<u>\$ 8,258,938</u>
LIABILITIES	
Due to other governments	<u>8,258,938</u>
NET POSITION	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

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

Year ended December 31, 2023

	<u><i>Tax Collection</i></u>
ADDITIONS	
Property taxes collected for other governments	\$ 38,637,704
DEDUCTIONS	
Property taxes distributed to other governments	<u>38,637,704</u>
NET CHANGE IN FIDUCIARY NET POSITION	-
NET POSITION - BEGINNING	<u>-</u>
NET POSITION - ENDING	<u><u>\$ -</u></u>

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity:

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

Discretely presented component unit - Downtown Development Authority:

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

Government-wide and fund financial statements:

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

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

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

Measurement focus, basis of accounting, and financial statement presentation:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Federal grants, state grants, licenses and permits, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal year is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

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

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

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

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

The Township also reports a fiduciary fund (Tax Collection Fund), which 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

<i>Fund</i>	<i>Function</i>	<i>Activity</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance</i>
General	General government	Legislative - Township Board	\$ 34,150	\$ 36,179	\$ 2,029
		Superintendent	223,200	226,946	3,746
		Election	18,850	29,792	10,942
		Treasurer	156,479	157,522	1,043
	Public works	Drains	220,000	220,042	42
		Cemetery	25,750	25,793	43
		Sanitation and refuse collection	88,500	104,028	15,528
	Recreation and culture	Parks and recreation	135,500	137,922	2,422
	Debt services	Interest	277,524	278,341	817

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	\$ 9,504,276	\$ 8,258,738	\$ 297,695	\$ 18,060,709
Investments	8,000,496	-	197,162	8,197,658
Cash on hand	<u>200</u>	<u>200</u>	<u>-</u>	<u>400</u>
Totals	<u>\$ 17,504,972</u>	<u>\$ 8,258,938</u>	<u>\$ 494,857</u>	<u>\$ 26,258,767</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, 2023, \$18,171,045 of the Township's bank balance of \$20,069,707 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, 2023, the fair value, unfunded commitments, and redemption rules of these investments are as follows:

	<u>Michigan CLASS</u>
Fair value at December 31, 2023	\$ 8,197,658
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, 2023, 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	\$ 33,327	\$ 554,529	\$ 16,176	\$ 577	\$ 699,865	\$ 1,304,474
Fire Improvement	-	667,987	-	-	-	667,987
Building Construction	-	-	-	-	23,115	23,115
Lake Level Project	-	-	-	-	1,279,375	1,279,375
Sewer and Water	-	-	638,719	9,170	73,277	721,166
Nonmajor	-	414,493	245,036	-	-	659,529
Total governmental	<u>\$ 33,327</u>	<u>\$ 1,637,009</u>	<u>\$ 899,931</u>	<u>\$ 9,747</u>	<u>\$ 2,075,632</u>	<u>\$ 4,655,646</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,008</u>
Component unit - DDA	<u>\$ -</u>	<u>\$ 109,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,104</u>

NOTE 5 - PROPERTY TAXES

The 2022 taxable valuation of the approximated \$1,040,239,049, 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 property tax revenue, though the operating millage is reduced by tax captures by the Township's component units and county chargebacks.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - PROPERTY TAXES (Continued)

The 2023 taxable valuation of the Township approximated \$1,124,373,000, on which ad valorem taxes levied consisted of 0.8321 mills for operating purposes and 0.9805 mills for fire operations, raising approximately \$931,000 and \$1,097,000, 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, 2023, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 866,307	\$ -	\$ -	\$ 866,307
Construction in progress	<u>2,044,641</u>	<u>7,701,928</u>	<u>(751,677)</u>	<u>8,994,892</u>
Total capital assets not being depreciated	<u>2,910,948</u>	<u>7,701,928</u>	<u>(751,677)</u>	<u>9,861,199</u>
Capital assets being depreciated:				
Buildings	1,793,959	12,005	-	1,805,964
Improvements	2,696,080	813,410	-	3,509,490
Furniture and equipment	2,267,194	205,481	-	2,472,675
Vehicles	1,193,230	34,610	-	1,227,840
Infrastructure	<u>11,899,567</u>	<u>-</u>	<u>-</u>	<u>11,899,567</u>
Subtotal	<u>19,850,030</u>	<u>1,065,506</u>	<u>-</u>	<u>20,915,536</u>
Less accumulated depreciation for:				
Buildings	(660,705)	(45,859)	-	(706,564)
Improvements	(918,377)	(144,317)	-	(1,062,694)
Furniture and equipment	(1,232,994)	(172,084)	-	(1,405,078)
Vehicles	(717,275)	(39,829)	-	(757,104)
Infrastructure	<u>(5,730,928)</u>	<u>(248,972)</u>	<u>-</u>	<u>(5,979,900)</u>
Subtotal	<u>(9,260,279)</u>	<u>(651,061)</u>	<u>-</u>	<u>(9,911,340)</u>
Total capital assets being depreciated, net	<u>10,589,751</u>	<u>414,445</u>	<u>-</u>	<u>11,004,196</u>
Governmental activities capital assets, net	<u>\$ 13,500,699</u>	<u>\$ 8,116,373</u>	<u>\$ (751,677)</u>	<u>\$ 20,865,395</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	(83,845)	(6,548)	-	(90,393)
Total capital assets being depreciated, net	80,119	(6,548)	-	73,571
Component unit capital assets, net	<u>\$ 202,448</u>	<u>\$ (6,548)</u>	<u>\$ -</u>	<u>\$ 195,900</u>

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

Governmental activities:	
General government	\$ 35,134
Public safety	79,031
Public works	372,852
Community and economic development	4,396
Recreation and culture	<u>159,648</u>
Total governmental activities	<u>\$ 651,061</u>

NOTE 7 - PAYABLES

Payables as of December 31, 2023, 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	\$ 62,987	\$ 63,063	\$ 57,140	\$ 59,269	\$ 242,459
Fire Improvement	17,312	40,533	-	-	57,845
Building Construction	1,436,642	-	-	-	1,436,642
Lake Level Project	907,322	-	-	-	907,322
Sewer and Water	1,403	-	50,725	-	52,128
Nonmajor	<u>141,388</u>	<u>-</u>	<u>91,564</u>	<u>-</u>	<u>232,952</u>
Total governmental	<u>\$ 2,567,054</u>	<u>\$ 103,596</u>	<u>\$ 199,429</u>	<u>\$ 59,269</u>	<u>\$ 2,929,348</u>
Proprietary - Building Inspections	<u>\$ 1,419</u>	<u>\$ 15,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,067</u>
Component unit - DDA	<u>\$ 1,472</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,549</u>

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund transfers for the year ended December 31, 2023, is as follows:

<i>Fund</i>	<i>Transfers in</i>	<i>Fund</i>	<i>Transfers out</i>
Road Enhancement	\$ 150,000	General	\$ 438,000
CCTA	13,000		
Fire Improvement	<u>275,000</u>		
	<u>438,000</u>		
Lake Level Project	<u>310,000</u>	General	<u>310,000</u>
Fire Improvement	<u>500,000</u>	Facility Renovation	<u>500,000</u>
	<u>\$ 1,248,000</u>		<u>\$ 1,248,000</u>

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

The transfer to the Lake Level Project Fund from the General Fund represents the Townships share of the overall water level mitigation project.

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

NOTE 9 - LONG-TERM LIABILITIES

Long-term liabilities at December 31, 2023, 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	\$ 6,165,000
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Bond premium	<u>284,535</u>
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Total bonds payable	<u>6,449,535</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	86,178
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Compensated absences	<u>62,900</u>
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Total primary government	<u>\$ 6,598,613</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.	\$ 39,483
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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>60,932</u>
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Total component unit	<u>\$ 100,415</u>
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NOTE 9 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity for the year ended December 31, 2023, 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	\$ 108,919	\$ -	\$ (22,741)	\$ -	\$ 86,178	\$ 23,707
Bonds payable:						
2022 Capital improvement bonds	<u>6,395,000</u>	<u>-</u>	<u>(230,000)</u>	<u>-</u>	<u>6,165,000</u>	<u>200,000</u>
Subtotal	6,503,919	-	(252,741)	-	6,251,178	223,707
Premium on bonds payable	310,950	-	(26,415)	-	284,535	-
Compensated absences	<u>56,130</u>	<u>-</u>	<u>-</u>	<u>6,770</u>	<u>62,900</u>	<u>-</u>
Total	<u>\$ 6,870,999</u>	<u>\$ -</u>	<u>\$ (279,156)</u>	<u>\$ 6,770</u>	<u>\$ 6,598,613</u>	<u>\$ 223,707</u>
Component unit - Downtown						
Development Authority:						
Advances from primary government	<u>\$ 125,343</u>	<u>\$ -</u>	<u>\$ (24,928)</u>	<u>\$ -</u>	<u>\$ 100,415</u>	<u>\$ 25,223</u>

At December 31, 2023, 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>
2024	\$ 223,707	\$ 305,483	\$ 25,223	\$ 2,430
2025	234,373	294,567	25,902	1,750
2026	245,058	283,132	25,140	1,050
2027	243,040	271,178	12,631	382
2028	245,000	259,125	11,519	192
2029 - 2033	1,420,000	1,094,750	-	-
2034 - 2038	1,820,000	691,250	-	-
2039 - 2042	<u>1,820,000</u>	<u>187,750</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 6,251,178</u>	<u>\$ 3,387,235</u>	<u>\$ 100,415</u>	<u>\$ 5,804</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, 2023, the Township and eligible employees made contributions of \$148,188 and \$-0-, respectively. At December 31, 2023 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 - 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 13 - CONSTRUCTION COMMITMENT

At December 31, 2023, The Township had the following contractual construction commitments:

	<u>Contractor</u>	<u>Project authorization</u>	<u>Expended through December 31, 2023</u>	<u>Committed</u>
Charter Township of Texas New Hall Construction	Progressive SPR	\$ 8,911,622	\$ 8,574,247	\$ 337,375
Fire Station Building Renovations	Progressive SPR	1,398,404	199,785	1,198,619
Lake Level Control Project	Balkema Excavating	<u>4,418,738</u>	<u>2,294,825</u>	<u>2,123,913</u>
		<u>\$ 14,728,764</u>	<u>\$ 11,068,857</u>	<u>\$ 3,659,907</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2023

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Taxes	\$ 1,275,533	\$ 1,275,533	\$ 1,278,937	\$ 3,404
Special assessments	6,179	6,179	7,868	1,689
Licenses and permits	125,000	125,000	115,735	(9,265)
Federal grants	700,000	100,000	127,574	27,574
State grants	1,907,129	1,907,129	1,995,419	88,290
Charges for services	96,650	96,650	113,232	16,582
Fines and forfeitures	750	750	33	(717)
Interest and rentals	63,005	230,505	264,114	33,609
Other	45,512	221,767	241,678	19,911
Total revenues	<u>4,219,758</u>	<u>3,963,513</u>	<u>4,144,590</u>	<u>181,077</u>
EXPENDITURES				
General government:				
Legislative - Township Board	34,150	34,150	36,179	(2,029)
Supervisor	25,250	25,250	18,381	6,869
Superintendent	192,200	223,200	226,946	(3,746)
Election	18,850	18,850	29,792	(10,942)
Assessor	158,980	149,980	132,738	17,242
Clerk	154,364	154,364	145,037	9,327
Board of review	6,200	6,200	3,866	2,334
Treasurer	156,479	156,479	157,522	(1,043)
Hall and grounds	56,500	56,500	52,688	3,812
Other	621,100	657,400	505,610	151,790
Total general government	<u>1,424,073</u>	<u>1,482,373</u>	<u>1,308,759</u>	<u>173,614</u>
Public safety - police	<u>260,400</u>	<u>260,400</u>	<u>243,279</u>	<u>17,121</u>
Public works:				
Street lights	12,000	12,000	6,149	5,851
Drains	40,000	220,000	220,042	(42)
Streets	16,400	16,400	6,321	10,079
Cemetery	25,750	25,750	25,793	(43)
Sanitation and refuse collection	88,500	88,500	104,028	(15,528)
Total public works	<u>182,650</u>	<u>362,650</u>	<u>362,333</u>	<u>317</u>
Community and economic development - planning and zoning	<u>240,000</u>	<u>255,250</u>	<u>200,920</u>	<u>54,330</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Continued)				
Recreation and culture:				
Parks and recreation	\$ 118,250	\$ 135,500	\$ 137,922	\$ (2,422)
Farmers market	<u>22,500</u>	<u>22,500</u>	<u>22,037</u>	<u>463</u>
Total recreation and culture	<u>140,750</u>	<u>158,000</u>	<u>159,959</u>	<u>(1,959)</u>
Capital outlay	<u>1,414,195</u>	<u>598,283</u>	<u>554,793</u>	<u>43,490</u>
Debt service				
Principal	<u>253,059</u>	<u>253,059</u>	<u>252,741</u>	<u>318</u>
Interest	<u>276,024</u>	<u>277,524</u>	<u>278,341</u>	<u>(817)</u>
Total expenditures	<u>4,191,151</u>	<u>3,647,539</u>	<u>3,361,125</u>	<u>286,414</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>28,607</u>	<u>315,974</u>	<u>783,465</u>	<u>467,491</u>
OTHER FINANCING USES				
Transfers out	<u>(1,163,000)</u>	<u>(848,000)</u>	<u>(748,000)</u>	<u>100,000</u>
NET CHANGES IN FUND BALANCES	<u>(1,134,393)</u>	<u>(532,026)</u>	<u>35,465</u>	<u>567,491</u>
FUND BALANCES - BEGINNING	<u>4,602,379</u>	<u>4,602,379</u>	<u>4,602,379</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 3,467,986</u>	<u>\$ 4,070,353</u>	<u>\$ 4,637,844</u>	<u>\$ 567,491</u>

BUDGETARY COMPARISON SCHEDULE - Fire Improvement Fund

Year ended December 31, 2023

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Taxes	\$ 1,029,089	\$ 1,029,089	\$ 1,018,349	\$ (10,740)
Interest	<u>1,750</u>	<u>59,170</u>	<u>64,665</u>	<u>5,495</u>
Total revenues	<u>1,030,839</u>	<u>1,088,259</u>	<u>1,083,014</u>	<u>(5,245)</u>
EXPENDITURES				
Public safety - fire protection	1,124,210	1,217,610	1,207,416	10,194
Capital outlay	<u>15,000</u>	<u>155,000</u>	<u>151,644</u>	<u>3,356</u>
Total expenditures	<u>1,139,210</u>	<u>1,372,610</u>	<u>1,359,060</u>	<u>13,550</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(108,371)	(284,351)	(276,046)	8,305
OTHER FINANCING SOURCES (USES)				
Transfers in	275,000	275,000	275,000	-
Transfers out	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>275,000</u>	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	166,629	(509,351)	(501,046)	8,305
FUND BALANCES - BEGINNING	<u>1,712,513</u>	<u>1,712,513</u>	<u>1,712,513</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,879,142</u>	<u>\$ 1,203,162</u>	<u>\$ 1,211,467</u>	<u>\$ 8,305</u>

SUPPLEMENTARY INFORMATION

	Special revenue											Capital Project	Totals
	Liquor Law Enforcement	Opioid Settlement	Road Enhancement	Treasurer Island Road	Street Lighting	CCTA	Eagle Lake #1	Eagle Lake #2	Eagle Lake Drive	Crooked Lake #1	Crooked Lake #2	Facility Renovation	
ASSETS													
Cash	\$ 7,789	\$ 2,281	\$ 618,335	\$ 10,443	\$ 142,637	\$ 26,397	\$ 81,913	\$ 114,917	\$ 9,485	\$ 78,310	\$ 82,923	\$ 122,704	\$ 1,298,134
Investments	-	-	836,426	-	-	-	-	-	-	-	-	302,953	1,139,379
Receivables	-	-	414,493	4,800	89,096	13,439	57,145	29,472	1,440	-	49,644	-	659,529
Total assets	<u>\$ 7,789</u>	<u>\$ 2,281</u>	<u>\$ 1,869,254</u>	<u>\$ 15,243</u>	<u>\$ 231,733</u>	<u>\$ 39,836</u>	<u>\$ 139,058</u>	<u>\$ 144,389</u>	<u>\$ 10,925</u>	<u>\$ 78,310</u>	<u>\$ 132,567</u>	<u>\$ 425,657</u>	<u>\$ 3,097,042</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES													
Liabilities:													
Payables	\$ -	\$ -	\$ 84,984	\$ -	\$ 12,632	\$ 6,580	\$ -	\$ 944	\$ -	\$ 142	\$ -	\$ 127,670	\$ 232,952
Unearned special assessments	-	-	-	6,600	162,804	16,696	90,183	54,326	2,340	-	70,445	-	403,394
Total liabilities	-	-	84,984	6,600	175,436	23,276	90,183	55,270	2,340	142	70,445	127,670	636,346
Deferred inflows of resources -													
Taxes levied for the subsequent year	-	-	719,456	-	-	-	-	-	-	-	-	-	719,456
Fund balances:													
Restricted for:													
Public safety	7,789	2,281	-	-	-	-	-	-	-	-	-	-	10,070
Road maintenance	-	-	526,842	-	-	-	-	-	-	-	-	-	526,842
Street lighting	-	-	-	-	56,297	-	-	-	-	-	-	-	56,297
Private road maintenance	-	-	-	8,643	-	-	-	-	8,585	-	-	-	17,228
Private lake maintenance	-	-	-	-	-	-	48,875	89,119	-	78,168	62,122	-	278,284
Assigned for:													
Road maintenance	-	-	537,972	-	-	-	-	-	-	-	-	-	537,972
Public transportation	-	-	-	-	-	16,560	-	-	-	-	-	-	16,560
Building renovations	-	-	-	-	-	-	-	-	-	-	-	297,987	297,987
Total fund balances	<u>7,789</u>	<u>2,281</u>	<u>1,064,814</u>	<u>8,643</u>	<u>56,297</u>	<u>16,560</u>	<u>48,875</u>	<u>89,119</u>	<u>8,585</u>	<u>78,168</u>	<u>62,122</u>	<u>297,987</u>	<u>1,741,240</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,789</u>	<u>\$ 2,281</u>	<u>\$ 1,869,254</u>	<u>\$ 15,243</u>	<u>\$ 231,733</u>	<u>\$ 39,836</u>	<u>\$ 139,058</u>	<u>\$ 144,389</u>	<u>\$ 10,925</u>	<u>\$ 78,310</u>	<u>\$ 132,567</u>	<u>\$ 425,657</u>	<u>\$ 3,097,042</u>

	Special revenue											Capital Project	
	Liquor Law Enforcement	Liquor Law Enforcement	Road Enhancement	Treasure Island Road	Street Lighting	CCTA	Eagle Lake #1	Eagle Lake #2	Eagle Lake Drive	Crooked Lake #1	Crooked Lake #2	Facility Renovation	Totals
REVENUES													
Taxes	\$ -	\$ -	\$ 896,508	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 896,508
Special assessments	-	-	-	12,600	155,303	16,707	90,874	34,093	2,340	66,600	-	-	378,517
State grants	7,741	2,256	-	-	-	-	-	-	-	-	-	-	9,997
Interest	48	25	45,834	143	2,041	422	1,296	1,590	162	1,687	1,233	4,846	59,327
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	7,789	2,281	942,342	12,743	157,344	17,129	92,170	35,683	2,502	68,287	1,233	4,846	1,344,349
EXPENDITURES													
Current:													
Public works	-	-	700,520	6,334	148,390	25,581	62,731	33,986	1,338	42,936	1,653	-	1,023,469
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	206,859	206,859
Total expenditures	-	-	700,520	6,334	148,390	25,581	62,731	33,986	1,338	42,936	1,653	206,859	1,230,328
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,789	2,281	241,822	6,409	8,954	(8,452)	29,439	1,697	1,164	25,351	(420)	(202,013)	114,021
OTHER FINANCING SOURCES													
Transfers in	-	-	150,000	-	-	13,000	-	-	-	-	-	500,000	663,000
NET CHANGES IN FUND BALANCES	7,789	2,281	391,822	6,409	8,954	4,548	29,439	1,697	1,164	25,351	(420)	297,987	777,021
FUND BALANCES - BEGINNING	-	-	672,992	2,234	47,343	12,012	19,436	87,422	7,421	52,817	62,542	-	964,219
FUND BALANCES - ENDING	\$ 7,789	\$ 2,281	\$ 1,064,814	\$ 8,643	\$ 56,297	\$ 16,560	\$ 48,875	\$ 89,119	\$ 8,585	\$ 78,168	\$ 62,122	\$ 297,987	\$ 1,741,240

BALANCE SHEET - Component Unit

December 31, 2023

ASSETS

Cash	\$ 297,695
Investments	197,162
Receivables	<u>109,104</u>
Total assets	<u>\$ 603,961</u>

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

Liabilities - accounts payable	<u>\$ 1,549</u>
Deferred inflows of resources - property tax revenues levied for the subsequent year	<u>129,852</u>
Fund balance - restricted for public works	<u>472,560</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 603,961</u>

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

Fund balance	\$ 472,560
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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.	195,900
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Long-term advance from primary government is not reported in the fund.	<u>(100,415)</u>
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Net position of the <i>component unit</i>	<u>\$ 568,045</u>
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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - *Component Unit*

Year ended December 31, 2023

REVENUES

Taxes	\$ 200,413
Interest	13,414
Other	<u>10,320</u>
Total revenues	<u>224,147</u>

EXPENDITURES

Current - public works	41,779
Debt services:	
Principal	24,928
Interest	<u>3,102</u>
Total expenditures	<u>69,809</u>

NET CHANGE IN FUND BALANCE 154,338

FUND BALANCE - BEGINNING 318,222

FUND BALANCE - ENDING \$ 472,560

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

Net change in fund balance \$ 154,338

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 24,928

Change in net position of *component unit* \$ 172,718

BUDGETARY COMPARISON SCHEDULE - Component Unit

Year ended December 31, 2023

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 191,167	\$ 191,167	\$ 200,413	\$ 9,246
Interest	500	500	13,414	12,914
Other	-	-	10,320	10,320
Total revenues	<u>191,667</u>	<u>191,667</u>	<u>224,147</u>	<u>32,480</u>
EXPENDITURES				
Current - public works	249,300	249,300	41,779	207,521
Debt services:				
Principal	24,842	24,842	24,928	(86)
Interest	<u>3,188</u>	<u>3,188</u>	<u>3,102</u>	<u>86</u>
Total expenditures	<u>277,330</u>	<u>277,330</u>	<u>69,809</u>	<u>207,521</u>
NET CHANGES IN FUND BALANCES	(85,663)	(85,663)	154,338	240,001
FUND BALANCES - BEGINNING	<u>318,222</u>	<u>318,222</u>	<u>318,222</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 232,559</u>	<u>\$ 232,559</u>	<u>\$ 472,560</u>	<u>\$ 240,001</u>

SINGLE AUDIT SCHEDULES AND REPORTS



Vredeveld Haefner LLC

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

June 11, 2024

Members of Board
Charter Township of Texas
Kalamazoo County, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Charter Township of Texas, Kalamazoo County, Michigan (the Township) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 11, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Vredenburg Haefner LLC



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

June 11, 2024

Members of Board
Charter Township of Texas
Kalamazoo County, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Charter Township of Texas, Kalamazoo County, Michigan's (the Township) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Township's major federal programs for the year ended December 31, 2023. The Township's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will

always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Uredaold Haefner LLC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*Year ended December 31, 2023*

<u>Federal Agency/Pass-through agency/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>
Federal Emergency Management Agency - Passed thru Michigan Hazard Mitigation Assistance Hazard Mitigation Grant Program	97.039	\$ 1,555,416
United States Department of Treasury Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>127,574</u>
Total expenditures of Federal Awards		<u><u>\$ 1,682,990</u></u>

See notes to the Schedule of Expenditures of Federal Awards

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Charter Township of Texas (the Township) under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Township.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Township's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATES

The Township has not elected to use the 10 percent de minimus cost rate as allowed under the Uniform Guidance.

CHARTER TOWNSHIP OF TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

CFDA Number(s)

97.039

Name of Federal Program or Cluster

Community Facilities Bonds

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

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

None noted