



LAKE CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

December 31, 2022

**LAKE CHARTER TOWNSHIP
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December 31, 2022**

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Independent Auditor's Report

To the Township Board
Lake Charter Township
Berrien County, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Charter Township, Michigan (the "Township"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Township, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 15 to the financial statements in 2022 the Township adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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.

INDEPENDENT AUDITOR'S REPORT, CONCLUDED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

INDEPENDENT AUDITOR'S REPORT, CONCLUDED

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.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kruegel, Lawton & Company, LLC". The signature is written in a cursive style.

Certified Public Accountants

St. Joseph, Michigan
June 20, 2023

Using this Annual Report

This report consists of a series of financial statements for Lake Charter Township (the "Township"). The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

Financial Highlights

The Township's combined net position increased 1.64% from a year ago—increasing from \$33,738,415 to \$34,291,132. As we look at the governmental activities separately from the business-type activities, the governmental activities experienced an increase in net position of \$1,043,794 during the year, while the business-type activities experienced a decrease in net position of \$491,077.

Overview of the Financial Statements

This report consists of three parts---*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. 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 statements.
 - The *governmental funds statements* tell how general government services like capital projects were financed in the short-term as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activities the government operates like businesses, such as the water and sewer systems.
 - *Fiduciary fund statements* provide information about the financial relationships, in which the Township acts solely as a trustee or agent 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 statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The following table summarizes the major features of the Township's financial statements, including the portion of Township government they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Overview of the Financial Statements, Concluded

Major Features of Lake Charter Township Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Township government (except fiduciary funds).	The activities of the Township that are not proprietary or fiduciary, such as general and capital projects.	Activities the Township operates similar to private businesses: the water and sewer system.	Instances in which the Township is the trustee or agent for someone else's resources, such as property tax collections.
Required Financial Statements.	> Statement of net position > Statement of activities.	> Balance Sheet > Statement of revenues, expenditures, and changes in fund balances.	> Statement of net position > Statement of revenues, expenditures, and changes in net position > Statement of cash flows	> Statement of fiduciary net position > Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	> Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term; the Township's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information.	All revenues and expenses during year, regardless of when cash is received or paid.	received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-wide Statements

The government-wide 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 government’s assets and liabilities. 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 positions and how they have changed. Net position are the difference between the Township’s assets and liabilities, which is one way to measure the Township’s financial health, or position.

- Over time, increases or decreases in the Township’s net positions 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 non-financial factors such as changes in the Township’s property tax base and condition of the Township’s infrastructure.

Government-wide Statements, Concluded

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 general government, public safety, public works, and recreation and culture.
- Business-type activities—The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer systems are included here.

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 by bond covenants.
- The Township Board establishes other funds to control and manage money for a particular purpose (i.e. cemetery or capital projects monies) or to show that it is properly using certain taxes and grants (i.e. debt service monies).

The Township has the following three kinds 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 readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statement provides a detailed short-term view that helps you 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 at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary Funds*—Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise funds (a type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary Funds*—The Township is the trustee, or fiduciary, for its property tax collections. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of 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

As of December 31st the Township's combined net position is shown in a condensed table below:

	Governmental Activities		Business- Type Activities		Total	
	2022*	2021	2022*	2021	2022*	2021
Assets						
Current Assets	\$ 15,404,408	\$ 14,487,253	\$ 1,393,317	\$ 1,508,065	\$ 16,797,725	\$ 15,995,318
Equity Investment	-	-	3,084,702	3,096,023	3,084,702	3,096,023
Capital Assets, net	5,649,759	5,497,839	16,232,096	17,036,027	21,881,855	22,533,866
Total Assets	\$ 21,054,167	\$ 19,985,092	\$ 20,710,115	\$ 21,640,115	\$ 41,764,282	\$ 41,625,207
Deferred Outflows of Resources	\$ -	\$ -	\$ 36,773	\$ 43,685	\$ 36,773	\$ 43,685
Liabilities						
Current Liabilities	\$ 389,563	\$ 491,997	\$ 575,278	\$ 562,791	\$ 964,841	\$ 1,054,788
Noncurrent Liabilities	21,037	21,037	2,071,763	2,530,085	2,092,800	2,551,122
Total Liabilities	\$ 410,600	\$ 513,034	\$ 2,647,041	\$ 3,092,876	\$ 3,057,641	\$ 3,605,910
Deferred Inflows of Resources	\$ 4,452,282	\$ 4,324,567	\$ -	\$ -	\$ 4,452,282	\$ 4,324,567
Net Position						
Net investment in capital assets	\$ 5,649,759	\$ 5,497,839	\$ 13,815,157	\$ 14,172,324	\$ 19,464,916	\$ 19,670,163
Restricted for Metro Act	44,400	44,400	-	-	44,400	44,400
Unrestricted	10,497,126	9,605,252	4,284,690	4,418,600	14,781,816	14,023,852
Total Net Position	\$ 16,191,285	\$ 15,147,491	\$ 18,099,847	\$ 18,590,924	\$ 34,291,132	\$ 33,738,415

*GASB 87, Leases was implemented only in the 2022 calendar year.

Governmental Activities

The Township's current assets related to governmental activities increased by \$917,155 from prior year. This was primarily due to the governmental funds gathering additional cash in order to cover expenditures related to a large water main project that was expected to take place. Due to supply chain issues this project was delayed another year, and the governmental funds still contained this additional cash at year end.

The Township's governmental capital assets increased by \$151,920, primarily due to the acquisition of capital assets during the current year.

The Township's total liabilities related to governmental activities decreased by \$102,434 from the prior year. This was primarily due to a decrease in amounts owed to proprietary funds.

Business-Type Activities

The Township's current assets related to business-type activities decreased by \$114,748 from prior year. This was primarily due to less funds being transferred from the general fund during the current year and less inventory being on hand at fiscal year end.

The Township's business-type capital assets decreased by \$803,931, primarily due current year depreciation.

The Township's total liabilities related to business-type activities decreased by \$445,835 from the prior year. This was primarily due to principal payments being made on the bonds.

The following table shows the change in net position for the years ended December 31st:

	Governmental Activities		Business- Type Activities		Total	
	2022*	2021	2022*	2021	2022*	2021
Program Revenues						
Charges for services	\$ 131,976	\$ 134,230	\$ 2,764,604	\$ 2,735,413	\$ 2,896,580	\$ 2,869,643
General Revenues						
Property Taxes	4,470,711	4,380,142	-	-	4,470,711	4,380,142
State Revenues	412,761	309,530	-	-	412,761	309,530
Investment Income and Rentals	47,787	117,381	-	-	47,787	117,381
Other revenues	-	-	12,679	(78,156)	12,679	(78,156)
Transfers	(500,000)	(455,810)	500,000	455,810	-	-
Total Revenues	<u>\$ 4,563,235</u>	<u>\$ 4,485,473</u>	<u>\$ 3,277,283</u>	<u>\$ 3,113,067</u>	<u>\$ 7,840,518</u>	<u>\$ 7,598,540</u>
Program Expenses						
General Government	\$ 751,567	\$ 692,378	\$ -	\$ -	\$ 751,567	\$ 692,378
Public Safety	1,429,632	1,296,602	-	-	1,429,632	1,296,602
Public Works	866,455	651,753	-	-	866,455	651,753
Health and welfare	79,423	76,350	-	-	79,423	76,350
Community and economic development	63,612	63,593	-	-	63,612	63,593
Recreation and Culture	328,752	317,018	-	-	328,752	317,018
Water	-	-	2,910,203	2,654,571	2,910,203	2,654,571
Sewer	-	-	858,157	742,697	858,157	742,697
Total Expenses	<u>\$ 3,519,441</u>	<u>\$ 3,097,694</u>	<u>\$ 3,768,360</u>	<u>\$ 3,397,268</u>	<u>\$ 7,287,801</u>	<u>\$ 6,494,962</u>
Change in Net Position	\$ 1,043,794	\$ 1,387,779	\$ (491,077)	\$ (284,201)	\$ 552,717	\$ 1,103,578
Net Position, Beginning of Year	<u>15,147,491</u>	<u>13,759,712</u>	<u>18,590,924</u>	<u>18,875,125</u>	<u>33,738,415</u>	<u>32,634,837</u>
Net Position, End of Year	<u>\$ 16,191,285</u>	<u>\$ 15,147,491</u>	<u>\$ 18,099,847</u>	<u>\$ 18,590,924</u>	<u>\$ 34,291,132</u>	<u>\$ 33,738,415</u>

*GASB 87, Leases was implemented only in the 2022 calendar year.

Governmental Activities

The Township's total governmental revenues (not including transfers) increased by \$121,952 from prior year; this was the result of property tax revenues increasing by \$90,569 from the prior year and state revenues increasing by \$103,231, while investment income and rentals decreased by \$69,594.

Total governmental activities expenses increased by \$421,747 from the prior year. This increase is primarily due to inflation of costs of goods sold and wage increases.

Business-Type Activities

The Township's business-type activities consist of the water and sewer systems. The township provides water to the Township residents, along with supplying water to Weesaw Township, Chikaming Township, Baroda Township and Baroda Village from our water plant and sewage treatment through the GRSD Sewer Authority sewage treatment plant. In 2022, revenues from business-type activities (not including transfers) increased by \$120,026.

Total operating expenses from business-type activities increased by \$371,092 from the prior year. This increase is primarily due to inflation of costs of goods sold and wage increases.

The Township's Funds

Our analysis of the Township's major funds begins following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millage. The Township's major fund for 2022 included only the General Fund.

The General Fund pays for most of the Township's governmental services, including legislative, public safety, library, sanitation, and parks and subsidizes water and sewer. The most significant is public safety, which incurred expenditures of \$1,477,020 in 2022. The service is supported by general revenue sources of the General Fund and Capital Projects Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township Board may amend the budget to take into account events during the year. The General Fund had a positive revenue variance of \$172,860 and a positive expenditure variance of \$69,719. See page 31 for the detailed General Fund Budget to actual.

Capital Asset and Debt Administration

At December 31, 2022, the Township had investment in capital assets for its governmental and business-type activities of \$21,881,855 (net of depreciation). This investment includes a broad range of capital assets, including land, buildings and improvements, equipment, vehicles, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statement because of Michigan law, which makes these roads the property of the Berrien County Road Department, along with the responsibility to maintain them. The Township has chosen not to retroactively report any other infrastructure assets and will only report any additions prospectively, in accordance with GASB 34.

During 2022, the Township as a whole acquired approximately \$571,000 of capital assets. These capital assets consisted of the purchasing outdoor sprinkling systems, a new fire truck, ceiling tile replacement, a boat, lighting, and infrastructure improvements.

The Township has made great strides in assessing the condition of its current water system equipment and infrastructure. Due to the relatively old age of certain of these capital assets, the Township continues to make repairs and monitor maintenance costs and/or additional capital expenditures related to the acquisition of new water system infrastructure assets and equipment.

Long-Term Debt

During 2007, the Township issued \$7,000,000 in general obligation capital improvement bonds for the purpose of funding improvements of the Township's water system. The improvements consisted of a new water storage tank and a membrane water filtration system. The existing bond was refinanced during 2016 to save an estimated \$543,000 in interest charges over the remaining life of the bond. The interest rate on the bond was reduced approximately 50%. The Township made principal payments of \$430,000 during 2022. Total interest incurred on the bonds was \$61,603 in 2022.

Long-Term Debt, Concluded

During 2007, the GRSD Sewer Authority issued \$1,800,000 of general obligation bonds for the purpose of various capital improvements, which were refunded in 2016. The responsibility of the repayment of the debt is shared equally with the cities of Bridgman and New Buffalo, and the Townships of New Buffalo and Chikaming. The Authority anticipates making the debt payments on these bonds with excess reserves on behalf of the municipalities. During 2022 principal payments of \$24,000 were made by the Authority on behalf of the Township.

Economic Factors and Next Year's Budgets and Future Plans

We are again anticipating expenses to exceed revenues in the general fund. We have budgeted a decrease in all funds \$1,405,830 including transfers of \$50,000 to the sewer fund and \$2,250,000 to the water fund to cover capital improvements and the bond payment. Fund balances have been increasing over the past several years due to the inability to complete projects. We believe this year most of those projects will move forward. It is our intention to use fund balance reserves to complete important infrastructure projects and improve services to residents.

The Township has been given notice that the Cook Nuclear Power Plant will be seeking an assessment reduction for the Plant. The impact of this to the Township tax revenue may be significant depending upon the outcome. A tribunal tax action may take years to have a decision made but the Township Board is making plans on how to best handle a reduction in revenue. The Township has a very healthy fund reserve and options moving forward. The reduction should not result in a reduction of services.

The Township has also received \$315,053 in Coronavirus State and Local Fiscal Recovery Funds and plans to put these funds toward the water main replacement project and or the Gast Memorial Trail project.

Reclassifications

Some items in the 2021 presentation have been reclassified to match current year classifications.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

**Lake Charter Township
3220 Shawnee Road
P.O. Box 818
Bridgman, MI 49106**

GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 10,790,921	\$ 827,140	\$ 11,618,061
Due from custodial funds	180,767	-	180,767
Taxes receivable	4,106,805	-	4,106,805
Due from other governments	129,759		129,759
Other receivables	-	413,672	413,672
Lease receivable	166,599	-	166,599
Prepaid expenses	29,557	20,980	50,537
Inventory	-	131,525	131,525
Total Current Assets	<u>\$ 15,404,408</u>	<u>\$ 1,393,317</u>	<u>\$ 16,797,725</u>
Noncurrent Assets			
Equity investments	\$ -	\$ 3,084,702	\$ 3,084,702
Capital assets not being depreciated	931,970	25,776	957,746
Capital assets being depreciated, net	4,717,789	16,206,320	20,924,109
Total Noncurrent Assets	<u>\$ 5,649,759</u>	<u>\$ 19,316,798</u>	<u>\$ 24,966,557</u>
Total Assets	<u>\$ 21,054,167</u>	<u>\$ 20,710,115</u>	<u>\$ 41,764,282</u>
Deferred Outflows of Resources			
Deferred amount on bond refunding	<u>\$ -</u>	<u>\$ 36,773</u>	<u>\$ 36,773</u>

The Notes to the Financial Statements are an integral part of this statement.

GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 38,676	\$ 71,502	\$ 110,178
Payroll liabilities	30,575	18,336	48,911
Unearned revenue	315,053	-	315,053
Compensated absences, current portion	5,259	20,698	25,957
Bonds payable, current portion	-	464,742	464,742
Total Current Liabilities	<u>\$ 389,563</u>	<u>\$ 575,278</u>	<u>\$ 964,841</u>
Noncurrent Liabilities			
Bonds payable, less current portion	\$ -	\$ 1,988,970	\$ 1,988,970
Compensated absences, less current portion	21,037	82,793	103,830
Total Noncurrent Liabilities	<u>\$ 21,037</u>	<u>\$ 2,071,763</u>	<u>\$ 2,092,800</u>
Total Liabilities	<u>\$ 410,600</u>	<u>\$ 2,647,041</u>	<u>\$ 3,057,641</u>
Deferred inflows of resources			
Taxes levied for a subsequent period	\$ 4,285,683	\$ -	\$ 4,285,683
Future lease revenue	166,599	-	166,599
Total Deferred Inflows of Resources	<u>\$ 4,452,282</u>	<u>\$ -</u>	<u>\$ 4,452,282</u>
Net Position			
Net investment in capital assets	\$ 5,649,759	\$ 13,815,157	\$ 19,464,916
Restricted for metro act	44,400	-	44,400
Unrestricted	10,497,126	4,284,690	14,781,816
Total Net Position	<u>\$ 16,191,285</u>	<u>\$ 18,099,847</u>	<u>\$ 34,291,132</u>

The Notes to the Financial Statements are an integral part of this statement.

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
December 31, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Primary Government			
			Governmental Activities	Business - Type Activities	Total	
Governmental Activities						
General Government	\$ 751,567	\$ 131,976	\$ (619,591)	\$ -	\$ (619,591)	
Public Safety	1,429,632	-	(1,429,632)	-	(1,429,632)	
Public Works	866,455	-	(866,455)	-	(866,455)	
Health and Welfare	79,423	-	(79,423)	-	(79,423)	
Community and Economic Development	63,612	-	(63,612)	-	(63,612)	
Recreation and Culture	328,752	-	(328,752)	-	(328,752)	
Total Governmental Activities	<u>\$ 3,519,441</u>	<u>\$ 131,976</u>	<u>\$ (3,387,465)</u>	<u>\$ -</u>	<u>\$ (3,387,465)</u>	
Business-Type Activities						
Water	\$ 2,910,203	\$ 1,970,571	\$ -	\$ (939,632)	\$ (939,632)	
Sewer	858,157	794,033	-	(64,124)	(64,124)	
Total Business-Type Activities	<u>\$ 3,768,360</u>	<u>\$ 2,764,604</u>	<u>\$ -</u>	<u>\$ (1,003,756)</u>	<u>\$ (1,003,756)</u>	
Total Primary Government	<u>\$ 7,287,801</u>	<u>\$ 2,896,580</u>	<u>\$ (3,387,465)</u>	<u>\$ (1,003,756)</u>	<u>\$ (4,391,221)</u>	
General Revenues						
Property Taxes			\$ 4,470,711	\$ -	\$ 4,470,711	
State Grants			412,761	-	412,761	
Investment Income and Rentals			47,787	-	47,787	
Other revenue			-	12,679	12,679	
Transfers			(500,000)	500,000	-	
Total General Revenues and Transfers			<u>\$ 4,431,259</u>	<u>\$ 512,679</u>	<u>\$ 4,943,938</u>	
Change in Net Position			<u>\$ 1,043,794</u>	<u>\$ (491,077)</u>	<u>\$ 552,717</u>	
Net Position, Beginning			15,147,491	18,590,924	33,738,415	
Net Position, Ending			<u>\$ 16,191,285</u>	<u>\$ 18,099,847</u>	<u>\$ 34,291,132</u>	

The Notes to the Financial Statements are an integral part of this statement.

GOVERNMENTAL FUNDS BALANCE SHEET
December 31, 2022

	General Fund	Nonmajor-Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 10,550,416	\$ 240,505	\$ 10,790,921
Taxes receivable	4,106,805	-	4,106,805
Due from custodial funds	180,767	-	180,767
Due from other governments	129,759	-	129,759
Lease receivable	166,599	-	166,599
Prepaid expenditures	29,557	-	29,557
Total Assets	<u>\$ 15,163,903</u>	<u>\$ 240,505</u>	<u>\$ 15,404,408</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 38,676	\$ -	\$ 38,676
Payroll liabilities	30,575	-	30,575
Unearned revenue	315,053	-	315,053
Total Liabilities	<u>\$ 384,304</u>	<u>\$ -</u>	<u>\$ 384,304</u>
Deferred Inflows of Resources			
Taxes levied for a subsequent period	\$ 4,285,683	\$ -	\$ 4,285,683
Future lease revenue	166,599	-	166,599
Total Deferred Inflows of Resources	<u>\$ 4,452,282</u>	<u>\$ -</u>	<u>\$ 4,452,282</u>
Fund Balances			
Nonspendable:			
Prepaid expenditures	\$ 29,557	\$ -	\$ 29,557
Restricted for:			
Metro Act	44,400	-	44,400
Assigned to:			
Budget appropriations	1,443,576	-	1,443,576
Committed for:			
Capital projects	-	240,505	240,505
Unassigned	8,809,784	-	8,809,784
Total Fund Balances	<u>\$ 10,327,317</u>	<u>\$ 240,505</u>	<u>\$ 10,567,822</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,163,903</u>	<u>\$ 240,505</u>	<u>\$ 15,404,408</u>

The Notes to the Financial Statements are an integral part of this statement.

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
December 31, 2022**

Total Fund Balances - Governmental Funds \$ 10,567,822

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 5,649,759

Compensated absences, other the portion paid within 60 days of the year end, are not due and payable in the current period and are not reported as fund liabilities. (26,296)

Total Net Position - Governmental Activities \$ 16,191,285

The Notes to the Financial Statements are an integral part of this statement.

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2022**

	General Fund	Nonmajor-Capital Projects Fund	Total Governmental Funds
Revenues			
Taxes	\$ 4,470,711	\$ -	\$ 4,470,711
Licenses and Permits	81,983	-	81,983
State Sources	412,761	-	412,761
Charges for Services	49,993	-	49,993
Investment Income and Rentals	47,787	-	47,787
Total Revenues	<u>\$ 5,063,235</u>	<u>\$ -</u>	<u>\$ 5,063,235</u>
Expenditures			
General Government	\$ 864,433	\$ -	\$ 864,433
Public Safety	1,477,020	-	1,477,020
Public Works	866,455	-	866,455
Health and Welfare	79,423	-	79,423
Community and Economic Development	63,612	-	63,612
Recreation and Culture	320,418	-	320,418
Total Expenditures	<u>\$ 3,671,361</u>	<u>\$ -</u>	<u>\$ 3,671,361</u>
Excess of Revenues Over Expenditures	<u>\$ 1,391,874</u>	<u>\$ -</u>	<u>\$ 1,391,874</u>
Other Financing Uses			
Transfers Out	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ (500,000)</u>
Change in Net Position	\$ 891,874	\$ -	\$ 891,874
Fund Balances, Beginning of Year	9,435,443	240,505	9,675,948
Fund Balances, End of Year	<u>\$ 10,327,317</u>	<u>\$ 240,505</u>	<u>\$ 10,567,822</u>

The Notes to the Financial Statements are an integral part of this statement.

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 891,874

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation:

Capital Outlays	423,288
Depreciation Expense	<u>(271,368)</u>

Change in Net Position of Governmental Activities \$ 1,043,794

PROPRIETARY FUNDS STATEMENT OF NET POSITION
December 31, 2022

	Water Fund	Sewer Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 217,596	\$ 609,544	\$ 827,140
Receivables	247,190	166,482	413,672
Prepaid expenses	15,166	5,814	20,980
Inventory	131,525	-	131,525
Total Current Assets	\$ 611,477	\$ 781,840	\$ 1,393,317
Noncurrent Assets			
Equity investment	\$ -	\$ 3,084,702	\$ 3,084,702
Capital assets not being depreciated	25,776	-	25,776
Capital assets being depreciated, net	10,897,948	5,308,372	16,206,320
Total Noncurrent Assets	\$ 10,923,724	\$ 8,393,074	\$ 19,316,798
Total Assets	\$ 11,535,201	\$ 9,174,914	\$ 20,710,115
Deferred Outflows of Resources			
Deferred amount on bond refunding	\$ 36,773	\$ -	\$ 36,773
Liabilities			
Current Liabilities			
Accounts payable	\$ 30,312	\$ 41,190	\$ 71,502
Payroll liabilities	18,336	-	18,336
Compensated absences, current	20,407	291	20,698
Bonds payable, current	440,000	24,742	464,742
Total Current Liabilities	\$ 509,055	\$ 66,223	\$ 575,278
Noncurrent liabilities			
Bonds payable, noncurrent	\$ 1,890,000	\$ 98,970	\$ 1,988,970
Compensated absences, noncurrent	81,629	1,164	82,793
Total Noncurrent Liabilities	\$ 1,971,629	\$ 100,134	\$ 2,071,763
Total Liabilities	\$ 2,480,684	\$ 166,357	\$ 2,647,041
Net Position			
Net investment in capital assets	\$ 8,630,497	\$ 5,184,660	\$ 13,815,157
Unrestricted	460,793	3,823,897	4,284,690
Total Net Position	\$ 9,091,290	\$ 9,008,557	\$ 18,099,847

The Notes to the Financial Statements are an integral part of this statement.

**PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended December 31, 2022**

	Enterprise Funds		Total
	Water Fund	Sewer Fund	
Operating Revenues			
Charges for services	\$ 1,970,571	\$ 794,033	\$ 2,764,604
Operating Expenses			
Personal services	\$ 1,176,591	\$ 32,752	\$ 1,209,343
Contractual services	8,234	576,495	584,729
Repairs and maintenance	169,175	2,065	171,240
Chemicals and supplies	211,015	2,942	213,957
Utilities	200,268	20,618	220,886
Other	119,362	4,115	123,477
Capital outlay	231,397	-	231,397
Depreciation	732,558	219,170	951,728
Total Operating Expenses	<u>\$ 2,848,600</u>	<u>\$ 858,157</u>	<u>\$ 3,706,757</u>
Operating Loss	<u>\$ (878,029)</u>	<u>\$ (64,124)</u>	<u>\$ (942,153)</u>
Nonoperating Revenues(Expenses)			
Gain from joint venture	\$ -	\$ 12,679	\$ 12,679
Interest expense	(61,603)	-	(61,603)
Total Nonoperating Revenues(Expenses)	<u>\$ (61,603)</u>	<u>\$ 12,679</u>	<u>\$ (48,924)</u>
Loss Before Transfers	\$ (939,632)	\$ (51,445)	\$ (991,077)
Transfers In	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Change in Net Position	\$ (439,632)	\$ (51,445)	\$ (491,077)
Net Position, Beginning of Year	<u>9,530,922</u>	<u>9,060,002</u>	<u>18,590,924</u>
Net Position, Ending of Year	<u><u>\$ 9,091,290</u></u>	<u><u>\$ 9,008,557</u></u>	<u><u>\$ 18,099,847</u></u>

The Notes to the Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities			
Receipts from Customers	\$ 1,924,342	\$ 769,251	\$ 2,693,593
Payments to Employees	(1,180,852)	(32,034)	(1,212,886)
Payments to Suppliers	(632,799)	(603,069)	(1,235,868)
Net Cash Provided by Operating Activities	<u>\$ 110,691</u>	<u>\$ 134,148</u>	<u>\$ 244,839</u>
Cash Flows from Noncapital Financing Activities			
Transfers from General Fund	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of Capital Assets	\$ (147,797)	\$ -	\$ (147,797)
Principal paid on Capital Debt	(430,000)	-	(430,000)
Interest paid on Capital Debt	(63,898)	-	(63,898)
Net Cash Used for Capital and Related Financing Activities	<u>\$ (641,695)</u>	<u>\$ -</u>	<u>\$ (641,695)</u>
Net Increase (Decrease) in Cash	\$ (31,004)	\$ 134,148	\$ 103,144
Cash and Cash Equivalents, Beginning of Year	<u>248,600</u>	<u>475,396</u>	<u>723,996</u>
Cash and Cash Equivalents, Ending of Year	<u><u>\$ 217,596</u></u>	<u><u>\$ 609,544</u></u>	<u><u>\$ 827,140</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities			
Operating Loss	\$ (878,029)	\$ (64,124)	\$ (942,153)
Adjustment to reconcile operating loss to net cash used in operating activities:			
Depreciation	732,558	219,170	951,728
Amortization expense	-	324	324
Change in Assets and Liabilities			
Increase in accounts receivables	(46,229)	(24,782)	(71,011)
Decrease in inventory	16,329	-	16,329
Decrease in due from/to governmental funds	273,727	718	274,445
(Increase) decrease in interfund activity	180	(180)	-
(Increase) decrease in prepaid expenses	1,132	(3,183)	(2,051)
Increase in accounts payable	15,284	6,205	21,489
Decrease in payroll liabilities	(12,286)	-	(12,286)
Increase in compensated absences	8,025	-	8,025
Net Cash Used in Operating Activities	<u><u>\$ 110,691</u></u>	<u><u>\$ 134,148</u></u>	<u><u>\$ 244,839</u></u>

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND-STATEMENT OF NET POSITION
December 31, 2022

	<u>Tax Account Custodial Fund</u>
Assets	
Cash	\$ 366,454
Total Assets	<u>366,454</u>
Liabilities	
Due to governmental funds	\$ 180,767
Due to other governments	184,253
Due to taxpayers	1,434
Total Liabilities	<u>\$ 366,454</u>

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND-STATEMENT OF CHANGES IN NET POSITION
For the Year Ended December 31, 2022

	Tax Account Custodial Fund
Additions	
Property taxes collected for other governments	\$ 41,466,935
Interest revenue	1,442
Total Additions	\$ 41,468,377
Deductions	
Property taxes distributed to other governments	\$ (41,468,377)
Changes in net position	\$ -
Net Position, Beginning of Year	-
Net Position, End of Year	\$ -

The Notes to the Financial Statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Charter Township (the "Township") is incorporated as a charter township under provisions of Act 359, Public Acts of 1947, as amended by the Public Acts of 1976. The Township is governed by a Board of Trustees (the "Board") which consists of a Supervisor, Clerk, Treasurer and four Trustees. The Township provides, or contributes to the providing of, the following services to its residents as provided by statute: public safety (fire), sewer and water, parks and recreation, public improvements, planning and zoning, general administrative and other services.

The financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applicable to Townships. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The accompanying financial statements presented the Township of Lake Charter. The Township has no component units, entities for which the Township is considered to be financially accountable. The following is a brief overview of each potential component unit addressed in defining the Township's reporting entity.

Joint Venture

GRSD Sewer Authority – This potential component unit is disclosed as a joint venture because the Township; (1) selects a member of the governing authority, (2) shares the cost of the sewage treatment plant and has capacity rights, (3) is responsible for bonds issued, and (4) provides subsidies.

Baroda-Lake Township Police – This potential component unit is disclosed as a joint venture because the Township; (1) appoints three members of the governing authority, (2) solely owns the land on which the governing authority is located, and (3) provides subsidies.

Jointly-Governed Organizations

Community Emergency Services, Inc., operating as Medic 1 Ambulance (nonprofit) – This potential component unit is disclosed as a jointly governed organization because it is jointly governed by various municipal governments, including the Township, but the Township does not have an ongoing financial interest or ongoing financial responsibility. The Township is entitled to the rights and privileges of one voting board member. Medic 1 is organized for the purpose of providing emergency ambulance service to surrounding communities. The Township's portion of the community operating subsidies for the year ended December 31, 2022 was \$64,006.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**A. Reporting Entity, Concluded**

Bridgman Public Library – This potential component unit is disclosed as a jointly governed organization because it is jointly governed by various municipal governments, including the Township, but the Township does not have an ongoing financial interest or ongoing financial responsibility. The Township is entitled to the rights and privileges of appointing three voting members. In exchange for a financial contribution from the Township, library services will be provided to the residents of the Township. The Township's portion of the community operating subsidies for the year ended December 31, 2022 was \$143,827.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the primary government as a whole. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

The Township reports the following major governmental fund:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**B. Government-Wide and Fund Financial Statements, Concluded**

The Township reports the following major proprietary funds:

Sewer Fund – This fund accounts for the activities related to the Township’s share of the GRSD Sewer Authority and o the sewage collection system.

Water Fund – This fund accounts for the activities of the water distribution system.

Additionally, the Township reports the following fund types:

Fiduciary Funds – These funds are used to account for assets as an agent for individuals, private organizations, other governments and/or other funds. The Township’s fiduciary funds are custodial in nature (assets equal liabilities).

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Revenue is recognized in the accounting period in which they become susceptible to accrual—that is, when it becomes both measurable and available to finance expenditures of the fiscal period. Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are various other functions of the government. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenue 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 revenue rather than program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds relate to charges to customers for sales and services. The water fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Property Taxes—Property taxes for the Township and Berrien County become due and payable on December 1st of each year. Property taxes for school districts become due and payable on July 1st and December 1st, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent on March 1st of the following year.

Township property tax revenues are recognized in the General Fund in the fiscal year levied, to the extent they are measurable and available. The 2021 property tax roll, levied December 1, 2021, represents revenue for the fiscal year ended December 31, 2022.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Berrien County, Bridgman Public Schools, Berrien RESA, River Valley Public Schools, Lakeshore Public Schools, and Lake Michigan College. Collection and remittance of taxes are accounted for in the Tax Account Custodial Fund.

The Township is permitted to levy up to 5.0 mills of general property taxes on the assessed valuation in the Township. The 2022 taxable valuation of the Township totaled \$1.43 million, on which ad valorem taxes are levied and consisted of 3.0 mills for the Township's operating purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Bank Deposits and Certificates of Deposit—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. All certificates of deposit are deemed cash and cash equivalents regardless of maturity.

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

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes for the Township and Berrien County become due and payable on December 1st of each year. Property taxes for school districts become due and payable on July 1st and December 1st, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent on March 1st of the following year.

Inventories and Prepaid Items—Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets—Capital assets, which include property, plant, equipment, infrastructure assets (e.g., land, land improvements, buildings and improvements, equipment and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Right of use assets of the Village are amortized using the straight-line method over the shorter of the lease period or the estimated useful life. The Township has chosen not to retroactively report any other infrastructure assets and will only report any additions prospectively in accordance with GASB 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, Continued**

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings	40-60 years
Building improvements	15-30 years
Equipment	3-7 years
Vehicles	3-5 years
Water and sewer lines	50-75 years
Right of use - leased equipment	20-30 years
Right of use - leased building	5-10 years

Deferred Outflows of Resources— In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources are reported in the government-wide and proprietary fund financial statements for deferred amounts on refunding of the bonds.

Compensated Absences (Vacation and Sick Leave)—It is the Township's policy to permit employees to accumulate earned and unused sick and vacation pay benefits. There are liabilities for unpaid accumulated sick/vacation leave since the government does have a policy to pay any amounts when employees separate from service with the government.

Long-Term Obligations—In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, Continued

Deferred Inflows of Resources—In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of sources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, for long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available. Deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods, and for future revenues expected to be collected related to leases entered into by the Township in which the Township is the lessor. The lease revenues are recognized over the term of the lease agreements.

Fund Equity—The Township has adopted GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The following are the Township's fund balance classifications:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by what the external resources provides (for example grant providers, constitutionally, or through enabling legislation). Effectively, restricts may be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed constraint originally.

Assigned Fund Balance – includes amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed.

Unassigned Fund Balance – is the residual classification for General Fund. This classification represents governmental fund balances that have not been assigned to other funds that have not been restricted, committed, or assigned to specific purposes within the respective governmental fund balances.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, Concluded**

Leases – The Township is a lessor for a lease of a cell tower and a lease of a garage. The Township recognizes a lease receivable and deferred outflows of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Township determines (1) the discount rate is used to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Township uses the appropriate risk-free rate for lease terms that fall in-between the standard treasury bond terms as the discount rate for the leases.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of this lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Estimates—The process of preparing financial statements in conformity with GAAP requires the use of management estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major governmental funds. All annual appropriations lapse at the fiscal year end. The Township Supervisor submits the proposed operating budget for the fiscal year commencing January 1st and public hearings are conducted to obtain taxpayer comments. After submission, the Township Board formally adopts the budget and any future transfers or amendments must be approved by the Township Board.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONCLUDED

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing board (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by January 1st. Expenditures in excess of the amounts budgeted is violation of P.A. 621 of 1978, Section 18(1) as amended. State law permits Townships to amend its budgets during the year. Amendments were made during the year to expenditures in order to more accurately reflect current year activity.

Excess of Expenditures Over Appropriations in Major Budgeted Funds—See the Township’s budgetary comparison schedule for budget variances. Funds sufficient to provide for the excess expenditures were made available from other functions within the fund, and had no impact on the financial results of the Township.

Fund/Net Position Deficits—The Township has no accumulated fund balance/net position deficits in their reported funds.

NOTE 3. DEPOSITS

At December 31st, the Township’s deposits were reported in the basis financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Total Primary Government	Fiduciary Funds
Cash and cash equivalents	\$ 10,790,921	\$ 827,140	\$ 11,618,061	\$ 366,454
Total	<u>\$ 10,790,921</u>	<u>\$ 827,140</u>	<u>\$ 11,618,061</u>	<u>\$ 366,454</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds
Bank deposits (checking and savings accounts, C/D's)	\$ 11,616,099	\$ 366,354
Petty cash and cash on hand	1,962	100
	<u>\$ 11,618,061</u>	<u>\$ 366,454</u>

NOTE 3. DEPOSITS, CONTINUED**Custodial Credit Risk – Deposits:**

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2022, \$10,571,224 of the Township's deposits balance of \$12,182,624 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Investments:

Michigan law permits investments in: 1) Bonds and other obligations of the United States Government; 2) Certificates of deposit and savings accounts of banks or credit unions who are members of the FDIC and FSLIC, respectively; 3) Certain commercial paper; 4) United States Government repurchase agreements; 5) Banker's acceptance of the United States Bank; and 6) Certain mutual funds. The Township has put further restrictions on those investments through its current policy, and the following investment is permitted by law and policy.

Interest rate risk:

In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

Credit Risk:

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of December 31, 2022, the Township had no investments.

Concentration of Credit Risk:

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. As of December 31, 2022, the Township had no investments.

NOTE 3. DEPOSITS, CONCLUDED**Custodial Credit Risk – Investments:**

For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by: limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business. As of December 31, 2022, the Township had no investments.

Foreign Currency Risk:

The Township is not authorized to invest in investments which have this type of risk.

NOTE 4. CAPITAL ASSETS

Capital asset activity of the Township's governmental and business-type activities for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 898,970	\$ -	\$ -	\$ 898,970
Construction in progress	508,653	33,000	(508,653)	33,000
Net capital assets not being depreciated	<u>\$ 1,407,623</u>	<u>\$ 33,000</u>	<u>\$ (508,653)</u>	<u>\$ 931,970</u>
Capital assets being depreciated				
Land improvements	\$ 526,167	\$ 17,500	\$ -	\$ 543,667
Buildings and building improvements	5,940,912	98,145	-	6,039,057
Vehicles	1,245,290	664,893	-	1,910,183
Equipment	783,123	118,403	-	901,526
Subtotal	<u>\$ 8,495,492</u>	<u>\$ 898,941</u>	<u>\$ -</u>	<u>\$ 9,394,433</u>
Less: accumulated depreciation	(4,405,276)	(271,368)	-	(4,676,644)
Net capital assets being depreciated	<u>\$ 4,090,216</u>			<u>\$ 4,717,789</u>
Net capital assets	<u>\$ 5,497,839</u>			<u>\$ 5,649,759</u>

Depreciation expense was charged in the Governmental Activities in the Statement of Activities as follows:

General Government	\$ 55,876
Public Safety	174,405
Recreation and Culture	41,087
Total	<u>\$ 271,368</u>

NOTE 4. CAPITAL ASSETS, CONCLUDED

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-Type Activities</i>				
Capital assets not being depreciated				
Land	\$ 25,776	\$ -	\$ -	\$ 25,776
Capital assets being depreciated				
Infrastructure	\$ 24,334,170	\$ 37,150	\$ -	\$ 24,371,320
Land improvements	128,351	-	-	128,351
Buildings and building improvements	7,934,718	-	-	7,934,718
Machinery and equipment	10,354,991	110,647	-	10,465,638
Vehicles	214,975	-	-	214,975
Subtotal	\$ 42,967,205	\$ 147,797	\$ -	\$ 43,115,002
Less: accumulated depreciation	(25,956,954)	(951,728)	-	(26,908,682)
Net capital assets being depreciated	\$ 17,010,251			\$ 16,206,320
Net capital assets	\$ 17,036,027			\$ 16,232,096

Depreciation expense was charged in the Business-type Activities in the Statement of Activities as follows:

Water	\$ 732,558
Sewer	219,170
Total	<u>\$ 951,728</u>

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables as of December 31st, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Tax Account Custodial Fund	\$ 180,767

Interfund transfers made during the year ended December 31st, are summarized as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 500,000
Water Fund	500,000	-
	<u>\$ 500,000</u>	<u>\$ 500,000</u>

Transfers from the General Fund to the Water Fund are made to fund the principal and interest payments on outstanding debt.

NOTE 6. LONG TERM DEBT

Long term debt is comprised of the following:

Fund	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences - Other Debt	\$ 26,296	\$ -	\$ -	\$ 26,296	\$ 5,259
Business-Type Activities					
General Obligation Bonds - Direct Borrowing					
2016 Refunding of 2007 Capital Improvement Bonds, dated May 7, 2016, with annual principal payments increasing from \$430,000 to \$490,000, fully maturing in 2027, with semi-annual interest payments at a rate of 1.65% to 2.25%					
	\$ 2,760,000	\$ -	\$ (430,000)	\$ 2,330,000	\$ 440,000
2016 GRSD Sewer Authority Bonds, dated November 17, 2016, with annual principal payments increasing from \$105,000 to \$130,000 beginning May 1, 2018; fully maturing in 2027, with semiannual interest payments at a rate of 4.5%. The Township is liable for 20% of the outstanding bond.					
	149,000	-	(24,000)	125,000	24,000
Bond issuance discounts - Sewer					
	(1,612)	324	-	(1,288)	
Deferred outflow - deferred charges on bond refunding					
	43,685	-	(7,540)	36,145	7,540
Compensated absences - Sewer Fund and Water Fund - Other					
	95,466	8,025	-	103,491	20,698
Total Business-Type Activities	<u>\$ 3,046,539</u>	<u>\$ 8,349</u>	<u>\$ (461,540)</u>	<u>\$ 2,593,348</u>	<u>\$ 492,238</u>

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

	Direct Borrowing		
	Business-type Activities		
	Principal	Interest	Total
2023	\$ 464,000	\$ 53,222	\$ 517,222
2024	475,000	44,268	519,268
2025	495,000	34,403	529,403
2026	505,000	23,385	528,385
2027	516,000	11,633	527,633
	<u>\$ 2,455,000</u>	<u>\$ 166,911</u>	<u>\$ 2,621,911</u>

NOTE 7. JOINT VENTURES

The Township participates with Chikaming and New Buffalo Townships, and the Cities of New Buffalo and Bridgman in a joint venture investment known as the GRSD Sewer Authority (the "Authority"). The Authority provides sewage treatment and collection facilities for the residents of those municipalities.

The Authority is governed by a joint board of six members consisting of one member from each of the participating municipalities appointed by their respective governing bodies, and the sixth member appointed by the other five.

On dissolution of the Authority, net position will be shared on a pro-rata basis as follows:

New Buffalo Township	16.60%
Chikaming Township	28.60%
Lake Charter Township	16.60%
City of New Buffalo	21.60%
City of Bridgman	16.60%
	100.00%

The Township has accounted for this investment using the equity method.

The following is audited financial information from the GRSD Sewer Authority for the year ended December 31, 2022, with a report thereto dated March 15, 2023. A copy of the audited financial report is available for review at the Township office.

Assets	\$ 24,893,511
Liabilities	8,688,603
Net position	16,204,908
Operating revenues	3,472,887
Operating expenses	3,142,795
Nonoperating expenses	373,710
Change in net position	(43,618)

The Township's net investment and share of the operating results of the Authority are reported in the Sewer Fund. The Township's equity investment was \$3,084,702 for the year ended December 31, 2022, and the Township had contributed \$576,495 to the Authority's operations.

In 2010, Baroda Township, Village of Baroda and the Township entered into a joint venture to form the Baroda-Lake Township Police. The purpose of the Board is to control and manage the Joint Police Department. Title of the land upon which the Department is located, as well as the facility and its equipment, are owned solely by the Township.

NOTE 7. JOINT VENTURES, CONCLUDED

The administrative board consists of five Police Board Members. Two members are appointed by Baroda and three members are appointed by Lake Charter Township.

For the year ended December 31, 2022, the Township contributed \$821,800 towards the Baroda-Lake Township Police's operations. The following is audited financial information from the Baroda-Lake Township Police for the year ended December 31, 2022, with a report thereto dated June 16, 2023. A copy of the audited financial report is available for review at the Township office.

Assets	\$	846,944
Deferred outflows of resources		207,559
Liabilities		380,707
Deferred inflows of resources		123,917
Net position		549,879
Program revenues		1,031,043
Expenses		1,271,504
General revenues		53,350
Change in net position		(187,111)

The Township does not have an equity interest in Baroda-Lake Township Police.

NOTE 8. 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 Township has purchased commercial insurance for property loss, torts, and errors and omissions claims and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9. SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES

Public Act 245 of 1999 requires that the legislative bodies of the local government establish reasonable fees which bear a reasonable relationship to the cost of operating the enforcing agency. The Act provides that a separate fund be established to track these costs, unless the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. In that case, the local unit may continue accounting for building department activities within the General Fund.

NOTE 9. SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES, CONCLUDED

The following is a schedule of building departments revenues and expenditures:

Cumulative shortfall, beginning of year		\$(738,629)
Permit revenues	81,983	
Expenditures - direct costs	<u>(135,973)</u>	
Current year deficit		<u>(53,990)</u>
Cumulative shortfall, end of year		<u><u>\$(792,619)</u></u>

NOTE 10. ECONOMIC DEPENDENCY

One taxpayer in the Township, American Electric Power, accounts for 86.08% of the total non-homestead taxable value of real and personal property in the Township.

NOTE 11. DEFERRED COMPENSATION

The Township offer its employees a deferred compensation plan created in accordance with the provisions of the Internal Revenue Code Section 457. As a result of federal legislation with regard to Internal Revenue Code Section 457, the Township no longer has rights to the assets of the deferred compensation plan. The assets of the plan have been transferred into individual trust accounts of the employees and are not subject to the claims of the general creditors of the Township. Therefore, the Township is not required to account for the deferred compensation plan.

NOTE 12. DEPOSIT – BERRIEN COUNTY ROAD DEPARTMENT

On an annual basis, the Township places on deposit with the Berrien County Road Department money for local road construction work. The County matches certain funds 100%.

NOTE 13. PENSION PLAN

The Township provides pension benefits for all of full-time Township board members and salaried employees over the age of 18 through a defined contribution plan administered by John Hancock Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township's annual contribution to the plan is equal to 8% of compensation. Employees are required to make an after-tax contribution of 2% of compensation and may make additional voluntary after-tax contributions ranging from 1% to 10% of compensation.

Benefits attributable to Township contributions shall be 100% vested on death, total disability or normal retirement. Upon early retirement or on termination of service, other than because of death, disability or normal retirement, such benefits shall vest upon completion of 20 months of service.

NOTE 13. PENSION PLAN, CONCLUDED

During the year, the Township made its required contribution of \$93,558 which was 8% of its current year payroll of \$1,173,967 plus additional fees. The employees contributed \$32,351, which includes 2% of payroll plus additional voluntary payments.

No pension provision changes occurred during the year that affected the required contributions by the Township or its employees.

The plan held no securities of the Township or other related parties during the year as of December 31, 2022.

NOTE 14. TAX ABATEMENTS

The Township has evaluated the tax abatements related to the Township and determined none are material for disclosure as of December 31, 2022.

NOTE 15. NEW ACCOUNTING PRONOUNCEMENT

For the year ended December 31, 2022, the Township implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Summary:

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

The Township is the lessor for the fire hall rental agreement that began in 2016 and one tower rental agreement that began in 2016 as well. The restatement of the beginning of year had no impact on net position. The change in lease receivables and deferred inflows of resources is as follows:

	<u>Lease Receivable</u>	<u>Deferred Inflows of Resources</u>
Balances as of January 1, 2023	\$ -	\$ 4,285,683
Adoption of GASB Statement 87	166,599	166,599
Balances as of January 1, 2023	<u>\$ 166,599</u>	<u>\$ 4,452,282</u>

Note 16. Upcoming Accounting Pronouncements

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

Note 17. Coronavirus State and Local Fiscal Recovery Funds

The Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) program, a part of the American Rescue Plan Act, delivered \$350 billion to state, local and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. The Township has received \$315,053 from the program as of December 31, 2022. The total expenditures incurred during the fiscal year was \$0. Accordingly, the \$315,053 is reported as unearned revenue as of December 31, 2022.

Note 18. Deferred Outflows and Inflows of Resources

The following is a schedule of deferred outflows and inflows of resources in the Township’s governmental and proprietary funds balance sheets, and the statement of net position as of December 31st:

	Governmental Fund Balance Sheet (Modified Accrual)	Proprietary Fund Balance Sheet (Full Accrual)	Statement of Net Position (Full Accrual)
Deferred Outflows:			
Amount related to bond refunding	\$ -	\$ 36,773	\$ 36,773
Deferred Inflows:			
Taxes levied for use in			
subsequent year	\$ 4,285,683	\$ -	\$ 4,285,683
Amount related to future lease revenue	166,599	-	166,599
	<u>\$ 4,452,282</u>	<u>\$ -</u>	<u>\$ 4,452,282</u>

Note 19. Subsequent Events

The Township has evaluated events through June 20, 2023, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTARY SCHEDULE
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,302,800	\$ 4,302,800	\$ 4,470,711	\$ 167,911
Licenses and Permits	63,050	63,050	81,983	18,933
State Sources	436,325	436,325	412,761	(23,564)
Charges for Services	14,200	14,200	49,993	35,793
Investment Income and Rentals	74,000	74,000	47,787	(26,213)
Total Revenues	<u>\$ 4,890,375</u>	<u>\$ 4,890,375</u>	<u>\$ 5,063,235</u>	<u>\$ 172,860</u>
Expenditures				
General Government:				
Township Board	\$ 49,731	\$ 43,364	\$ 43,403	\$ (39)
Board of Appeals	2,055	1,150	1,163	(13)
Supervisor	107,347	82,100	85,186	(3,086)
Clerk	96,800	96,800	94,619	2,181
Board of Review	1,300	700	390	310
Treasurer	106,250	96,250	97,165	(915)
Assessor	42,700	42,700	46,263	(3,563)
Elections	25,600	15,000	13,641	1,359
Other Financial	75,600	75,600	152,965	(77,365)
Township Hall and Grounds	331,145	331,145	329,638	1,507
Public safety:				
Public Safety Building	74,000	74,000	-	74,000
Police	821,800	821,800	821,800	-
Fire	562,850	562,850	519,247	43,603
Building and Electrical Inspections	104,250	104,250	135,973	(31,723)
Public Works:				
Cemetery and Grounds	566,160	432,500	422,553	9,947
Highways and Streets	266,821	138,721	177,743	(39,022)
Sanitation	265,000	287,400	266,159	21,241
Health and Welfare:				
Ambulance	78,000	78,000	79,423	(1,423)
Community and Economic Development:				
Planning Commission	34,470	18,900	10,920	7,980
Zoning	84,025	64,025	52,692	11,333
Recreation and Culture:				
Parks and Recreation	331,025	230,000	176,591	53,409
Library	143,825	143,825	143,827	(2)
Total Expenditures	<u>\$ 4,170,754</u>	<u>\$ 3,741,080</u>	<u>\$ 3,671,361</u>	<u>\$ 69,719</u>
Excess of Revenues Over Expenditures	<u>\$ 719,621</u>	<u>\$ 1,149,295</u>	<u>\$ 1,391,874</u>	<u>\$ 242,579</u>
Other Financing Uses				
Transfers Out	<u>\$ (2,254,000)</u>	<u>\$ (2,254,000)</u>	<u>\$ (500,000)</u>	<u>\$ 1,754,000</u>
Net Change in Fund Balance	<u>\$ (1,534,379)</u>	<u>\$ (1,104,705)</u>	<u>\$ 891,874</u>	<u>\$ 1,996,579</u>
Fund Balance, Beginning of Year	9,435,443	9,435,443	9,435,443	
Fund Balance, End of Year	<u>\$ 7,901,064</u>	<u>\$ 8,330,738</u>	<u>\$ 10,327,317</u>	