
Township of Ontwa
Cass County, Michigan

FINANCIAL REPORT

March 31, 2023

**TOWNSHIP OF ONTWA
CASS COUNTY, MICHIGAN
MARCH 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Ontwa Township
Cass 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 Ontwa Township, Michigan (the "Township"), as of and for the year ended March 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 and each major fund of the Township, as of March 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. 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.

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully submitted,



Kruggel Lawton & Company, LLC

Saint Joseph, Michigan
August 11, 2023

Using this Annual Report

This report consists of a series of financial statements for Ontwa 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 slightly from a year ago—increasing from \$11,617,973 to \$11,741,155. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase in net position of \$120,121 during the year, while the business-type activities experienced an increase in net position of \$3,061.

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 public safety were financed in the short-term as well as what remains for future spending.
 - *Proprietary fund statements* offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the sewer system.
 - *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 remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

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, deferred outflows of resources, 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.

Government-wide Statements, Concluded

The two government-wide statements report the Township's net position and how it has changed. Net position is the difference between the Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, which 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 non-financial factors such as changes in the Township's property tax base and condition of the Township's infrastructure.

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 sewer system is 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. public safety monies) or to show that it is properly using certain taxes and grants (i.e. special assessment districts).

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 separate financial statements. 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

In a condensed format the following table below shows a breakdown of net position as of March 31st.

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2023	2022	2023	2022	2023	2022
Current Assets	\$ 1,807,810	\$ 1,565,947	\$ 2,761,068	\$ 2,449,324	\$ 4,568,878	\$ 4,015,271
Noncurrent Assets	530,141	583,551	7,234,661	7,559,733	7,764,802	8,143,284
Total Assets	\$ 2,337,951	\$ 2,149,498	\$ 9,995,729	\$ 10,009,057	\$ 12,333,680	\$ 12,158,555
Current Liabilities	\$ 454,995	\$ 386,663	\$ 105,760	\$ 79,789	\$ 560,755	\$ 466,452
Noncurrent Liabilities	-	-	31,770	74,130	31,770	74,130
Total Liabilities	\$ 454,995	\$ 386,663	\$ 137,530	\$ 153,919	\$ 592,525	\$ 540,582
Net Position:						
Net Investment in						
Capital Assets	\$ 530,141	\$ 583,551	\$ 7,160,531	\$ 7,443,243	\$ 7,690,672	\$ 8,026,794
Restricted	198,047	154,217	30,023	105,566	228,070	259,783
Unrestricted	1,154,768	1,025,067	2,667,645	2,306,329	3,822,413	3,331,396
Total Net Position	\$ 1,882,956	\$ 1,762,835	\$ 9,858,199	\$ 9,855,138	\$ 11,741,155	\$ 11,617,973

Financial Analysis of the Township as a Whole, Concluded

The following table shows the change in net position for the years ended March 31st.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for services	\$ 133,702	\$ 104,918	\$ 1,311,013	\$ 1,189,584	\$ 1,444,715	\$ 1,294,502
Operating grants	183,526	-	-	-	183,526	-
General Revenues						
Property taxes	1,540,021	1,472,823	-	-	1,540,021	1,472,823
Special assessments	80,147	80,147	-	-	80,147	80,147
State shared revenues	648,810	544,021	-	-	648,810	544,021
Investment earnings	6,876	5,487	12,649	12,770	19,525	18,257
Franchise fees	96,231	96,539	-	-	96,231	96,539
Other revenue	109,969	69,496	-	-	109,969	69,496
Total Revenues	<u>\$ 2,799,282</u>	<u>\$ 2,373,431</u>	<u>\$ 1,323,662</u>	<u>\$ 1,202,354</u>	<u>\$ 4,122,944</u>	<u>\$ 3,575,785</u>
Program Expenses						
General government	\$ 488,993	\$ 381,176	\$ -	\$ -	\$ 488,993	\$ 381,176
Public safety	1,773,681	1,581,531	-	-	1,773,681	1,581,531
Public works	337,213	266,932	-	-	337,213	266,932
Recreation and culture	6,756	9,774	-	-	6,756	9,774
Community and economic development	19,108	14,984	-	-	19,108	14,984
Depreciation (unallocated)	53,410	53,140	-	-	53,410	53,140
Sewer	-	-	1,320,601	1,310,074	1,320,601	1,310,074
Total Expenses	<u>\$ 2,679,161</u>	<u>\$ 2,307,537</u>	<u>\$ 1,320,601</u>	<u>\$ 1,310,074</u>	<u>\$ 3,999,762</u>	<u>\$ 3,617,611</u>
Change in Net Position	<u>\$ 120,121</u>	<u>\$ 60,140</u>	<u>\$ 3,061</u>	<u>\$ (107,720)</u>	<u>\$ 123,182</u>	<u>\$ (41,826)</u>

Governmental Activities

The Township's total governmental revenues increased \$242,325 from prior year, or 10.21%. The Township saw increases in a variety of revenue sources such as property taxes, state shared revenue, and federal grants, among others. The Township's total governmental expenses increased \$371,624 from prior year, or 16.10%. The increase in governmental expenses was due primarily to increases in public safety, public works, and general government expenses.

Business-Type Activities

The Township's business-type activities consist of the Sewer Fund. In 2023, total revenues increased from the prior year by \$121,308, or 10.09% largely due to an increase in charges for services. Business-type expenses increased by \$10,527, or 0.80%, due primarily to increased repair and maintenance expenses compared to the prior year.

Business-Type Activities, Concluded

The Township is continuing to monitor the sewer activities and reviewing the entire system to ensure it is being run efficiently and most effective for the Township residents.

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 funds for 2023 included the General, Police, Fire/Ambulance, Ambulance, and Sewer Funds.

The General Fund pays for most of the Township's governmental services, including legislative, public safety, public works and other. The most significant is general government, which incurred expenditures of \$488,993 in 2023. The service is supported by general revenue sources of the General Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township Board may amend the budget to consider changing events during the year. There were budget amendments made during 2023.

Capital Asset and Debt Administration

At the end of March 31, 2023, the Township had investment in capital assets for its governmental and business-type activities of \$7,690,672 (net of depreciation). This investment includes a broad range of capital assets, including land, buildings and improvements, furniture and equipment, and sewer lines. In addition, the Township has invested significantly in roads within the Township. The Township has chosen not to retroactively report any other infrastructure assets and will only report any additions prospectively, in accordance with GASB Statement No. 34.

During fiscal year 2023, the Township had no capital additions.

Long-Term Debt

The Township continued to make scheduled payments on its outstanding long-term debt obligations.

Economic Factors and Next Year's Budgets and Rates

The General Fund's 2024 fund balance is expected to remain stable compared to 2023. The Township plans to maintain all ongoing programs for 2024 at similar levels.

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.

GOVERNMENT-WIDE STATEMENT OF NET POSITION
March 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,700,713	\$ 2,568,830	\$ 4,269,543
Accounts receivable, net	85,833	162,215	248,048
Special assessment receivables	-	30,023	30,023
Due from fiduciary fund	21,264	-	21,264
Capital assets - non-depreciable	30,350	-	30,350
Capital assets - depreciable, net	499,791	7,234,661	7,734,452
Total Assets	<u>\$ 2,337,951</u>	<u>\$ 9,995,729</u>	<u>\$ 12,333,680</u>
Liabilities			
Accounts payable	\$ 75,411	\$ 62,036	\$ 137,447
Payroll liabilities	45	-	45
Accrued interest	-	1,364	1,364
Unearned revenue	379,539	-	379,539
Debt due within one year	-	42,360	42,360
Debt due in more than one year	-	31,770	31,770
Total Liabilities	<u>\$ 454,995</u>	<u>\$ 137,530</u>	<u>\$ 592,525</u>
Net Position			
Net investment in capital assets	\$ 530,141	\$ 7,160,531	\$ 7,690,672
Restricted	198,047	30,023	228,070
Unrestricted	1,154,768	2,667,645	3,822,413
Total Net Position	<u>\$ 1,882,956</u>	<u>\$ 9,858,199</u>	<u>\$ 11,741,155</u>

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

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended March 31, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants	Capital Grants	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
General government	\$ 488,993	\$ 133,702	\$ 103,524	\$ -	\$ (251,767)	\$ -	\$ (251,767)
Public safety	1,773,681	-	60,390	-	(1,713,291)	-	(1,713,291)
Public works	337,213	-	14,977	-	(322,236)	-	(322,236)
Recreation and culture	6,756	-	4,635	-	(2,121)	-	(2,121)
Community and economic development	19,108	-	-	-	(19,108)	-	(19,108)
Depreciation (unallocated)	53,410	-	-	-	(53,410)	-	(53,410)
Total Governmental Activities	<u>\$ 2,679,161</u>	<u>\$ 133,702</u>	<u>\$ 183,526</u>	<u>\$ -</u>	<u>\$ (2,361,933)</u>	<u>\$ -</u>	<u>\$ (2,361,933)</u>
Business-Type Activities							
Sewer fund	\$ 1,320,601	\$ 1,311,013	\$ -	\$ -	\$ -	\$ (9,588)	\$ (9,588)
Total Business-Type Activities	<u>\$ 1,320,601</u>	<u>\$ 1,311,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,588)</u>	<u>\$ (9,588)</u>
Total Primary Government	<u>\$ 3,999,762</u>	<u>\$ 1,444,715</u>	<u>\$ 183,526</u>	<u>\$ -</u>	<u>\$ (2,361,933)</u>	<u>\$ (9,588)</u>	<u>\$ (2,371,521)</u>
General Revenues							
Property taxes					\$ 1,540,021	\$ -	\$ 1,540,021
Special assessments					80,147	-	80,147
State shared revenues					648,810	-	648,810
Franchise fees					96,231	-	96,231
Investment earnings					6,876	12,649	19,525
Other revenues					109,969	-	109,969
Total General Revenues					<u>\$ 2,482,054</u>	<u>\$ 12,649</u>	<u>\$ 2,494,703</u>
Change in Net Position					\$ 120,121	\$ 3,061	\$ 123,182
Net Position-Beginning					1,762,835	9,855,138	11,617,973
Net Position-Ending					<u>\$ 1,882,956</u>	<u>\$ 9,858,199</u>	<u>\$ 11,741,155</u>

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

March 31, 2023

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General	Police	Fire / Ambulance	Ambulance		
Assets						
Cash and cash equivalents	\$ 1,502,360	\$ 47	\$ 11,496	\$ -	\$ 186,810	\$ 1,700,713
Taxes receivable	10,728	30,000	26,520	15,000	3,585	85,833
Due from fiduciary fund	21,264	-	-	-	-	21,264
Total Assets	<u>\$ 1,534,352</u>	<u>\$ 30,047</u>	<u>\$ 38,016</u>	<u>\$ 15,000</u>	<u>\$ 190,395</u>	<u>\$ 1,807,810</u>
Liabilities						
Accounts payable	\$ -	\$ 30,047	\$ 30,364	\$ 15,000	\$ -	\$ 75,411
Unearned revenue	379,539	-	-	-	-	379,539
Payroll liabilities	45	-	-	-	-	45
Total Liabilities	<u>\$ 379,584</u>	<u>\$ 30,047</u>	<u>\$ 30,364</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 454,995</u>
Fund Balance						
Restricted:						
Special assessment districts	\$ -	\$ -	\$ -	\$ -	\$ 168,096	\$ 168,096
Adamsville cemetery	-	-	-	-	22,299	22,299
Public safety	-	-	7,652	-	-	7,652
Committed	123,133	-	-	-	-	123,133
Assigned for budgeted deficit	141,910	-	-	-	-	141,910
Unassigned	889,725	-	-	-	-	889,725
Total Fund Balance	<u>\$ 1,154,768</u>	<u>\$ -</u>	<u>\$ 7,652</u>	<u>\$ -</u>	<u>\$ 190,395</u>	<u>\$ 1,352,815</u>
Total Liabilities and Fund Balance	<u>\$ 1,534,352</u>	<u>\$ 30,047</u>	<u>\$ 38,016</u>	<u>\$ 15,000</u>	<u>\$ 190,395</u>	<u>\$ 1,807,810</u>

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

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
March 31, 2023**

Total Fund Balances - Governmental Funds \$ 1,352,815

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 are not reported in the funds.

Net Position of Governmental Activities 530,141
\$ 1,882,956

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Year Ended March 31, 2023**

	Major Funds				Non-Major Governmental Funds	Total
	General	Police	Fire/Ambulance	Ambulance		
Revenues						
Tax revenues	\$ 212,642	\$ 544,584	\$ 562,115	\$ 220,680	\$ -	\$ 1,540,021
Special assessments	-	-	-	-	80,147	80,147
Intergovernmental federal grants	183,526	-	-	-	-	183,526
Intergovernmental revenue from state	648,810	-	-	-	-	648,810
Fines and forfeits	7,586	-	-	-	-	7,586
Licenses and permits	126,116	-	-	-	-	126,116
Franchise fees	96,231	-	-	-	-	96,231
Interest and rents	6,876	-	-	-	-	6,876
Other revenues	87,604	-	-	-	22,365	109,969
Total Revenues	\$ 1,369,391	\$ 544,584	\$ 562,115	\$ 220,680	\$ 102,512	\$ 2,799,282
Expenditures						
General Government:						
Legislative	\$ 91,252	\$ -	\$ -	\$ -	\$ -	\$ 91,252
Chief executive	106,469	-	-	-	-	106,469
Treasurer	62,634	-	-	-	-	62,634
Assessing equalization	49,513	-	-	-	-	49,513
Clerk	48,949	-	-	-	-	48,949
Elections	19,490	-	-	-	-	19,490
Building and grounds	101,518	-	-	-	-	101,518
All other	9,168	-	-	-	-	9,168
Public Safety:						
Police	219,532	544,584	-	-	-	764,116
Ambulance/fire	54,223	-	562,115	220,680	-	837,018
Building inspections	115,270	-	-	-	-	115,270
All other	-	-	-	-	57,277	57,277
Public Works:						
Electric utilities	6,851	-	-	-	1,405	8,256
Roads	298,427	-	-	-	-	298,427
All other	30,530	-	-	-	-	30,530
Recreation and Culture:						
Parks and recreation	6,756	-	-	-	-	6,756
Community and Economic Development:						
Community planning and zoning	19,108	-	-	-	-	19,108
Total Expenditures	\$ 1,239,690	\$ 544,584	\$ 562,115	\$ 220,680	\$ 58,682	\$ 2,625,751
Net Change in Fund Balance	\$ 129,701	\$ -	\$ -	\$ -	\$ 43,830	\$ 173,531
Fund Balance - Beginning of Year	1,025,067	-	7,652	-	146,565	1,179,284
Fund Balance - End of Year	\$ 1,154,768	\$ -	\$ 7,652	\$ -	\$ 190,395	\$ 1,352,815

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 BALANCE TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended March 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 173,531

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

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

Depreciation expense	<u>(53,410)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 120,121</u></u>

PROPRIETARY FUND
STATEMENT OF NET POSITION
March 31, 2023

	Sewer Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 2,568,830
Trade receivables, net	162,215
Special assessments receivable, current	30,023
Total Current Assets	\$ 2,761,068
Noncurrent Assets	
Capital assets - depreciable, net	\$ 7,234,661
Total Noncurrent Assets	\$ 7,234,661
Total Assets	\$ 9,995,729
Liabilities	
Current Liabilities	
Accounts payable	\$ 62,036
Interest payable	1,364
Contracts payable, current	42,360
Total Current Liabilities	\$ 105,760
Noncurrent Liabilities	
Contracts payable, noncurrent	31,770
Total Liabilities	\$ 137,530
Net Position	
Net investment in capital assets	\$ 7,160,531
Restricted	30,023
Unrestricted	2,667,645
Total Net Position	\$ 9,858,199

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

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended March 31, 2023

	Sewer Fund
Operating Revenues	
Charges for Services:	
Flat/metered fees	\$ 1,088,335
Debt service	60,640
Granger, Indiana	102,612
Other	111,309
Reimbursement of Debt Service Fee to Local Governments:	
Village of Edwardsburg	(42,104)
Mason Township	(9,779)
Total Operating Revenues	\$ 1,311,013
Operating Expenses	
Personal services	\$ 56,586
Professional fees	259
Wastewater treatment plant costs:	
Sewage processing	533,782
Wastewater system management	116,150
Chemical treatments	124,353
Lab and testing fees	17,512
Office expenses	12,568
Repairs and maintenance	61,721
Utilities	32,157
Depreciation	325,072
Other	38,819
Total Operating Expenses	\$ 1,318,979
Operating Loss	\$ (7,966)
Other Revenues (Expenses)	
Interest Income:	
Special assessments	\$ 5,568
Other	7,081
Interest Expense	(1,622)
Total Other Revenues (Expenses)	\$ 11,027
Change in Net Position	\$ 3,061
Net Position - Beginning of Year	9,855,138
Net Position - End of Year	\$ 9,858,199

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

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023**

	Sewer Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,303,469
Payments to vendors and suppliers	(911,350)
Payments to employees	(56,586)
Net Cash Provided by Operating Activities	\$ 335,533
Cash Flows From Capital and Related Financing Activities	
Special assessment principal received	\$ 75,543
Special Assessment Interest Received	5,568
Principal paid on debt	(42,360)
Interest paid	(1,622)
Net Cash Provided by Capital and Related Financing Activities	\$ 37,129
Cash Flows From Investing Activities	
Interest received	\$ 7,081
Net Cash Used in Investing Activities	\$ 7,081
Net Change in Cash and Cash Equivalents	\$ 379,743
Cash and Cash Equivalents - Beginning	2,189,087
Cash and Cash Equivalents - Ending	\$ 2,568,830
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	\$ (7,966)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	325,072
<i>Change in Assets and Liabilities:</i>	
Trade receivables, net	(7,544)
Accounts payable	27,030
Interest payable	(1,059)
Net Cash Provided by Operating Activities	\$ 335,533

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

TOWNSHIP OF ONTWA

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
MARCH 31, 2023**

	Custodial Funds		Total Fiduciary Funds
	Property Taxes	Escrow	
Assets			
Cash	\$ 21,264	\$ 3,000	\$ 24,264
Total Assets	\$ 21,264	\$ 3,000	\$ 24,264
Liabilities			
Due to governmental funds	\$ 21,264	\$ -	\$ 21,264
Due to others	-	3,000	3,000
Total Liabilities	\$ 21,264	\$ 3,000	\$ 24,264

TOWNSHIP OF ONTWA

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED MARCH 31, 2023**

	Custodial Funds		Total Fiduciary Funds
	Property Taxes	Escrow	
Additions			
Taxes for other governments	\$ 8,992,748	\$ -	\$ 8,992,748
Deductions			
Payments of tax to other governments	8,992,748	-	8,992,748
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

The accounting policies of Township of Ontwa (the "Township") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

A. Reporting Entity

The Township is governed by an elected seven-member council ("Board"). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. See the following criteria and descriptions for the component units reported:

Blended Component Units—A blended component unit is a legally separate entity from the Township, but is so intertwined with the unit that it is, in substance, the same as the Township. It is reported as part of the Township and blended into the appropriate fund types. There were no such units at March 31, 2023.

Discretely Presented Component Units—A discretely presented component unit is an entity that is legally separate from the Township, but for which the unit is financially accountable, or its relationship with the unit is such that exclusion would cause the unit's financial statements to be misleading or incomplete. There were no such units at March 31, 2023.

Jointly Governed Organization—The Township is a sponsoring member of the Township of Ontwa-Edwardsburg Police Department, The Edwardsburg Joint Fire Board, and the Edwardsburg Ambulance Service. The Township appoints two members to each jointly governed organization's governing board, and the Township provides annual financial support to each entity. The Township does not retain an equity interest in any of the entities and, accordingly, these entities are not considered includable in these financial statements. Financial information of the jointly governed organizations is available from their respective offices in Edwardsburg, Michigan.

B. 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 primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenue, 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.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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 revenue are reported instead as general revenue.

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

The Township reports the following major governmental funds:

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.

Police Fund – This fund accounts for the 2.000 mills of special voted taxes used to support the operating and capital costs for police services. This millage expires on December 31, 2023.

Fire/Ambulance Fund - This fund accounts for the 2.000 mills of special voted taxes used to support the operating and capital costs for fire and ambulance services. This millage expires on December 31, 2023.

Ambulance Fund – This fund accounts for the additional 0.75 of a mill special voted tax to support the operating and capital costs for ambulance services. This millage expires on December 31, 2023.

The Township reports the following major proprietary funds:

Sewer Fund - This fund is the Township's enterprise fund that accounts for the operations for the services of processing and treating the Township's sewage.

The Township reports the following non-major governmental funds:

Cemetery Fund – This fund accounts for cemetery grave plot sales and cover the expenditures.

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

The Township has approved the following Special Assessment Districts pursuant to Act 188, Public Acts of Michigan of 1954, as amended.

Special Assessment for Pleasant Lake and Back Lots District – This fund accounts for special assessments for aquatic weed control/eradication improvement for Pleasant Lake and its Back Lots. The District was renewed for ten (10) years beginning in fiscal year 2017, not to exceed \$300/year per assessed parcel. Annual redetermination to potentially reduce the following year’s special assessment takes place at the Township’s September regular board meeting.

Special Assessment for Eagle Lake and Channels District – This fund accounts for special assessments for aquatic weed control/eradication improvement for Eagle Lake and its Channels, and properties with deeded access. The District was renewed for ten (10) years beginning in fiscal year 2015, not to exceed \$150/year per assessed parcel. Annual redetermination, to potentially reduce the following year’s special assessment takes place at the Township’s September regular board meeting.

Special Assessment for Regal Place Lights I, II, III – This fund accounts for special assessments for the monthly street lights in the Regal Place sub-division. The District was established in 2008 and charges \$10 per assessed parcel. Annual redetermination, to potentially reduce the following year’s special assessment takes place at the Township’s September regular board meeting.

Special Assessment for Garver Lake Aquatic Plant Control and Lake Improvements District 16-1 – This fund accounts for special assessments for assessing the cost of a proposed aquatic plant control project for an estimated cost of \$90,000. The District was established in fiscal year 2017 for five (5) years.

Special Assessment for Eagle Lake Road/Morton Drive Channel – This fund accounts for special assessments for improvements of waterways between Eagle Lake Road and Morton Drive and properties with deeded access. The District was approved beginning in fiscal year 2018, not to exceed \$120/year per assessed parcel. The project shall not exceed \$35,000 over an initial 5-year period.

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 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.

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

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 revenue to be available if it is 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 it becomes 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.

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 as program revenue. Likewise, general revenue includes all taxes.

Property Taxes - The Township's property taxes attach as an enforceable lien on December 1st, on the taxable valuation of property (as defined by State statutes) located in the Township and payable on February 15th of the succeeding year. The Township's 2022 ad valorem tax is levied and collectible on December 1st, 2022 and it is recognized as revenue in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2022 taxable valuation of the Township totaled approximately \$290.3 million, on which ad valorem taxes are levied which consisted of 0.7217 mills for the Township's operating purposes, 2.000 for police, 2.000 for fire/ambulance services, and .75 mills for ambulance services. These amounts are recognized in their governmental fund financial statements as taxes receivable—current or as tax revenue.

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 Investments—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 certificate of deposits are deemed cash and cash equivalents regardless of maturity.

Receivables and Payables—all trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Capital Assets—Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental 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. The Township has chosen not to retroactively report any other infrastructure assets and will only report any additions prospectively in accordance with Governmental Accounting Standards Board (“GASB”) Statement Number 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*.

Interest incurred during the construction of capital assets is included as part of the capitalized value of the assets constructed. During the current year, there were no assets under construction and no interest expense to capitalize.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Office Equipment	5 to 15 years
Computer Equipment	3 to 7 years
Roads	20 years
Sewer System	50 years

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 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.

Compensated Absences (Vacation and Sick Leave)—The Township does not compensate employees for any absences (i.e., there are no vacation days or sick days). As a result, there is no liability with regards to vacation or sick days.

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.

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. The Township does not have any deferred inflows of resources.

Estimates—the preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Equity—the Township has adopted the provisions of 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.

Proprietary Fund —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.

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**

The following are definitions for the five fund balance classifications:

Non spendable 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 resource provides (for example grant providers, constitutionally, or through enabling legislation). Effectively, restrictions 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 the General Fund. This classification represents fund balance that has not been assigned to other funds that has not been restricted, committed, or assigned to specific purposes within the General Fund.

As the Township has not established a policy for its use of unrestricted fund balance amounts, it considers that committed amounts would be reduced first, followed by assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net position— Net position represents the difference between the assets and deferred outflows of resources, less 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, and increases by balances of deferred outflows of resources related to 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. Restricted net position is reduced by the 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.

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**

Fund Equity Flow Assumption—Sometimes the Township will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund 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 fund balance to have been depleted before using any components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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 of net position to report as restricted and unrestricted in the government-wide 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.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental major funds. All annual appropriations lapse at the fiscal year end. The Township Supervisor submits the proposed operating budget for the fiscal year commencing April 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.

The budget document presents information by function. The legal level of budgetary control adopted by the governing board (i.e., the level at which expenditures that may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by April 1st. Expenditures in excess of the amounts budgeted is violation of P.A. 621 of 1978, Section 18(1) as amended. State law permits Township to amend its budgets during the year. There were no amendments to the General or major Special Revenue funds budgets during the year.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONCLUDED

Excess of Expenditures Over Appropriations in Major Budgeted Funds – Funds sufficient to provide for excess expenditures were made available from other functions in the fund, and the excess had no impact on the financial results of the Township.

Fund Deficits – The Township has no accumulated fund balance/retained earning deficits in their reported funds.

Construction Code Fees – The Township oversees building construction, in accordance with the State’s Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative deficit beginning of year	<u>\$ (41,740)</u>
Current year permit revenue	\$ 126,116
Related expenses:	
Direct costs	(115,270)
Current year income (deficit)	<u>\$ 10,846</u>
Cumulative deficit end of year	<u><u>\$ (30,894)</u></u>

NOTE 3. DEPOSITS

At March 31st, the Township's deposits were reported in the financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Total Primary Government	Fiduciary Funds
Cash and cash equivalents	\$ 1,700,713	\$ 2,568,830	\$ 4,269,543	\$ 24,264
Total	<u>\$ 1,700,713</u>	<u>\$ 2,568,830</u>	<u>\$ 4,269,543</u>	<u>\$ 24,264</u>

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 March 31, 2023, \$3,941,714 of the Township's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Credit Risk:

State law limits investments in commercial paper and corporate bonds to prime or better ratings issued by nationally recognized statistical rating organizations (NRSROs). As of March 31, 2023, the Township had no such investments.

NOTE 3. DEPOSITS , CONCLUDED**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. This is accomplished 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 funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

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 issuer will be minimized. As of March 31, 2023, the Township had no such investments.

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 March 31, 2023, the Township had no such investments.

Foreign Currency Risk:

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

NOTE 4. RECEIVABLES

Receivables as of year-end for the Township's individual major fund including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Police Fund	Fire/ Ambulance Fund	Ambulance Fund	Non-Major Funds	Sewer Fund	Total
Receivables:							
Taxes	\$ 10,728	\$ 30,000	\$ 26,520	\$ 15,000	\$ 3,585	\$ -	\$ 85,833
Special assessments	-	-	-	-	-	30,023	30,023
Trade	-	-	-	-	-	162,215	162,215
Total Receivables	<u>\$ 10,728</u>	<u>\$ 30,000</u>	<u>\$ 26,520</u>	<u>\$ 15,000</u>	<u>\$ 3,585</u>	<u>\$ 192,238</u>	<u>\$ 278,071</u>

By ordinance, the Township can place substantially all of its delinquent receivables on the tax rolls as a lien against real property.

NOTE 5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 30,350	\$ -	\$ -	\$ 30,350
Capital assets being depreciated:				
Building	\$ 409,206	\$ -	\$ -	\$ 409,206
Equipment	196,926	-	-	196,926
Streets	702,798	-	-	702,798
Total	<u>\$ 1,308,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,308,930</u>
Accumulated depreciation:				
Building	\$ (219,563)	\$ (11,273)	\$ -	\$ (230,836)
Equipment	(126,462)	(6,998)	-	(133,460)
Streets	(409,704)	(35,139)	-	(444,843)
Total	<u>\$ (755,729)</u>	<u>\$ (53,410)</u>	<u>\$ -</u>	<u>\$ (809,139)</u>
Net capital assets being depreciated	<u>\$ 553,201</u>			<u>\$ 499,791</u>
Net capital assets	<u>\$ 583,551</u>			<u>\$ 530,141</u>

NOTE 5. CAPITAL ASSETS, CONCLUDED

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-Type Activities - Sewer</i>				
Capital assets being depreciated				
Sewer system	\$ 11,959,388	\$ -	\$ -	\$ 11,959,388
Equipment	585,696	-	-	585,696
Total	<u>\$ 12,545,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,545,084</u>
Accumulated depreciation:				
Sewer system	\$ (4,768,317)	\$ (241,401)	\$ -	\$ (5,009,718)
Equipment	(217,034)	(83,671)	-	(300,705)
Total	<u>\$ (4,985,351)</u>	<u>\$ (325,072)</u>	<u>\$ -</u>	<u>\$ (5,310,423)</u>
Net capital assets - Sewer	<u>\$ 7,559,733</u>			<u>\$ 7,234,661</u>

Depreciation was charged to programs of the primary government as follows:

Governmental Activities	
Unallocated Depreciation	<u>\$ 53,410</u>
Business-type Activities	
Sewer	<u>\$ 325,072</u>

NOTE 6. LONG TERM DEBT

Long term obligations consist of the following contract payables to Cass County, issued in connection with sewer system improvements and expansion. All debt is secured by the full faith and credit of the Township.

Long-term obligation activity can be summarized as follows:

Fund	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct borrowings and direct placements					
Business-type Activities					
2012 Contract Payable	<u>\$ 116,490</u>	<u>\$ -</u>	<u>\$ (42,360)</u>	<u>\$ 74,130</u>	<u>\$ 42,360</u>

NOTE 6. LONG TERM DEBT, CONCLUDED

	Face Amount
\$1,360,000 Cass County Sewage Disposal Bonds (Painter, Juno, and Christiana Lakes) (Refunding, Series 2012 general obligation limited tax); bearing interest at 2.00% to 3.15%, due in annual installments of \$75,000 to \$140,000, beginning in May 2013, plus interest, through May 2024. **	\$ 74,130
	\$ 74,130

** -- This bond obligation is shown with Ontwa Township responsible for 42.35% and Mason Township responsible for 57.65%.

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

	Business-type Activities		
	Direct borrowings and direct placements		
	Principal	Interest	Total
2024	\$ 42,360	\$ 1,636	\$ 43,996
2025	31,770	499	32,269
	\$ 74,130	\$ 2,135	\$ 76,265

Interest expense of \$5,568 was charged to the sewer operations of the Township for the year ended March 31, 2023.

NOTE 7. WASTEWATER TREATMENT SERVICES WITH CITY OF ELKHART

The Township and the Cass County Board of Public Works (“BPW”) are parties with the City of Elkhart (“Elkhart”) for sewage and wastewater treatment services. The original agreement was dated March 14, 2000, with amendments on August 15, 2000 and May 16, 2011. The BPW has made fixed capital buy-in payments that entitle the Township and BPW to an average daily flow rate that shall not exceed 515,000 gallons per day or 900 gallons per minute. They also have the option to purchase additional capacity to add an additional 155,000 gallons per day of average flow. The agreement is in place for twenty (20) years from the date of the 2nd amendment. The cost of these services for March 31, 2023 was \$533,782.

NOTE 8. SANITARY SEWAGE DISPOSAL FOR GRANGER SERVICE AREA

The Township has an agreement with the St. Joseph County Regional Water & Sewer District ("District") for the transmittal of District sewage through the Township's sewer system to be processed by the Elkhart system. (See Note 7). The District purchased a capacity of 75,000 gallons per day at a cost of \$3.14/gal for a total cost of \$235,500, with the option of purchasing an additional 60,000 gallons per day at the same multiplier. The total amount of revenue received from the District was \$102,612 for fiscal 2023.

The monthly charge for treatment of the sewage will be \$2.94/1,000 gallons, with \$2.40 for the treatment by Elkhart and \$0.54 for transportation in the Township's system.

NOTE 9. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; worker's compensation; and natural disaster. The Township participates in the Michigan Municipal Liability and Property Pool for claims relating to general liability, excess liability, auto liability, error and omissions, physical damage (equipment, building and contents) and work's compensations. Settlement amounts have not exceeded insurance coverage for the past four years.

NOTE 10. TAX ABATEMENTS

The Township has evaluated the tax abatements related to the Township and determined none existed for disclosure as of March 31, 2023.

NOTE 11. 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 subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-24 fiscal year.

NOTE 12. CHANGES IN ACCOUNTING PRINCIPLE

For the year ended March 31, 2023, the Township implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Summary:

Governmental Accounting Standards Board (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.

There was no material impact on the Township's financial statement after the adoption of GASB Statement 87.

NOTE 13. CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

The Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") program, a part of the American Rescue Plan, 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 received \$563,065 from the program through year ended March 31, 2023. The total expenditures incurred during the fiscal year was \$183,526, therefore \$379,539 is reported as unearned revenue as of March 31, 2023.

NOTE 14. SUBSEQUENT EVENTS

The Township has evaluated subsequent events through August 11, 2023, the date the financial statements were available to be issued. No events or transactions occurred during this period which requires recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED March 31, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues				
Tax revenues	\$ 210,000	\$ 210,000	\$ 212,642	\$ 2,642
Intergovernmental revenue from federal grants	250,000	250,000	183,526	(66,474)
Intergovernmental revenue from state	489,000	489,000	648,810	159,810
Fines and forfeits	17,000	17,000	7,586	(9,414)
Licenses and permits	97,700	97,700	126,116	28,416
Franchise fees	87,400	87,400	96,231	8,831
Interest and rents	12,000	12,000	6,876	(5,124)
Other revenue	62,500	62,500	87,604	25,104
Total Revenues	<u>\$ 1,225,600</u>	<u>\$ 1,225,600</u>	<u>\$ 1,369,391</u>	<u>\$ 143,791</u>
Expenditures				
General Government:				
Legislative	\$ 104,500	\$ 104,500	\$ 91,252	\$ 13,248
Chief executive	112,750	112,750	106,469	6,281
Treasurer	67,350	67,350	62,634	4,716
Assessing equalization	55,104	55,104	49,513	5,591
Clerk	50,350	50,350	48,949	1,401
Elections	17,500	17,500	19,490	(1,990)
Building and grounds	106,800	106,800	101,518	5,282
All other	3,700	3,700	9,168	(5,468)
Public Safety:				
Police	252,100	252,100	219,532	32,568
Ambulance/fire	46,900	46,900	54,223	(7,323)
Building inspections	78,100	78,100	115,270	(37,170)
Public Works:				
Electric utilities	7,000	7,000	6,851	149
Roads	300,000	300,000	298,427	1,573
All other	31,500	31,500	30,530	970
Recreation and Culture:				
Parks and recreation	57,000	57,000	6,756	50,244
Community and Economic Development:				
Community planning and zoning	66,850	66,850	19,108	47,742
Total Expenditures	<u>\$ 1,357,504</u>	<u>\$ 1,357,504</u>	<u>\$ 1,239,690</u>	<u>\$ 117,814</u>
Net Change in Fund Balance	\$ (131,904)	\$ (131,904)	\$ 129,701	<u>\$ 261,605</u>
Fund Balance - Beginning of Year	<u>1,025,067</u>	<u>1,025,067</u>	<u>1,025,067</u>	
Fund Balance - End of Year	<u>\$ 893,163</u>	<u>\$ 893,163</u>	<u>\$ 1,154,768</u>	

**BUDGETARY COMPARISON SCHEDULE
POLICE FUND
YEAR ENDED March 31, 2023**

	Original and Final Budget	Actual	Variance
Revenues			
Taxes revenues	\$ 544,584	\$ 544,584	\$ -
Total Revenues	<u>\$ 544,584</u>	<u>\$ 544,584</u>	<u>\$ -</u>
Expenditures			
Public safety	\$ 544,584	\$ 544,584	\$ -
Total Expenditures	<u>\$ 544,584</u>	<u>\$ 544,584</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	

**BUDGETARY COMPARISON SCHEDULE-
FIRE/AMBULANCE FUND
YEAR ENDED March 31, 2023**

	Original and Final Budget	Actual	Variance
Revenues			
Taxes revenues	\$ 562,115	\$ 562,115	\$ -
Total Revenues	<u>\$ 562,115</u>	<u>\$ 562,115</u>	<u>\$ -</u>
Expenditures			
Public safety	\$ 562,115	\$ 562,115	\$ -
Total Expenditures	<u>\$ 562,115</u>	<u>\$ 562,115</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Beginning of Year	<u>\$ 7,652</u>	<u>\$ 7,652</u>	
Fund Balance - End of Year	<u><u>\$ 7,652</u></u>	<u><u>\$ 7,652</u></u>	

**BUDGETARY COMPARISON SCHEDULE-
AMBULANCE FUND
YEAR ENDED March 31, 2023**

	Original and Final Budget	Actual	Variance
Revenues			
Taxes revenues	\$ 220,680	\$ 220,680	\$ -
Total Revenues	<u>\$ 220,680</u>	<u>\$ 220,680</u>	<u>\$ -</u>
Expenditures			
Public safety	\$ 220,680	\$ 220,680	\$ -
Total Expenditures	<u>\$ 220,680</u>	<u>\$ 220,680</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Beginning of Year	<u>\$ -</u>	<u>\$ -</u>	
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

OTHER SUPPLEMENTARY INFORMATION

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
March 31, 2023**

	Special Revenue Funds						Total
	Pleasant Lake and Back Lots District	Eagle Lake and Channels District	Regal Place Street Lights I, II, III District	Garver Lake District 16-1 District	East Lake Road/ Morton Lake District	Cemetery Fund	
Assets							
Cash and cash equivalents	\$ 25,424	\$ 84,390	\$ 4,371	\$ 31,505	\$ 18,821	\$ 22,299	\$ 186,810
Taxes receivables	600	1,635	70	920	360	-	3,585
Total Assets	<u>\$ 26,024</u>	<u>\$ 86,025</u>	<u>\$ 4,441</u>	<u>\$ 32,425</u>	<u>\$ 19,181</u>	<u>\$ 22,299</u>	<u>\$ 190,395</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances							
Restricted:							
Street lighting	\$ -	\$ -	\$ 4,441	\$ -	\$ -	\$ -	\$ 4,441
Weed control districts	26,024	86,025	-	32,425	19,181	-	163,655
Adamsville cemetery	-	-	-	-	-	22,299	22,299
Total Fund Balances	<u>\$ 26,024</u>	<u>\$ 86,025</u>	<u>\$ 4,441</u>	<u>\$ 32,425</u>	<u>\$ 19,181</u>	<u>\$ 22,299</u>	<u>\$ 190,395</u>
Total Liabilities and Fund Balances	<u>\$ 26,024</u>	<u>\$ 86,025</u>	<u>\$ 4,441</u>	<u>\$ 32,425</u>	<u>\$ 19,181</u>	<u>\$ 22,299</u>	<u>\$ 190,395</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS
Year Ended March 31, 2023**

Special Revenue Funds							
	Pleasant Lake and Back Lots District	Eagle Lake and Channels District	Regal Place Street Lights I, II, III District	Garver Lake District 16-1 District	East Lake Road/ Morton Lake District	Cemetery Fund	Total
Revenues							
Special assessments	\$ 21,061	\$ 35,861	\$ 2,695	\$ 13,570	\$ 6,960	\$ -	\$ 80,147
Other revenue	-	-	-	-	-	22,365	22,365
Total Revenues	<u>\$ 21,061</u>	<u>\$ 35,861</u>	<u>\$ 2,695</u>	<u>\$ 13,570</u>	<u>\$ 6,960</u>	<u>\$ 22,365</u>	<u>\$ 102,512</u>
Expenditures							
Public safety	\$ 19,575	\$ 18,585	\$ -	\$ 15,037	\$ 4,080	\$ -	\$ 57,277
Public works	-	-	1,339	-	-	66	1,405
Total Expenditures	<u>\$ 19,575</u>	<u>\$ 18,585</u>	<u>\$ 1,339</u>	<u>\$ 15,037</u>	<u>\$ 4,080</u>	<u>\$ 66</u>	<u>\$ 58,682</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,486</u>	<u>\$ 17,276</u>	<u>\$ 1,356</u>	<u>\$ (1,467)</u>	<u>\$ 2,880</u>	<u>\$ 22,299</u>	<u>\$ 43,830</u>
Net Change in Fund Balances	\$ 1,486	\$ 17,276	\$ 1,356	\$ (1,467)	\$ 2,880	\$ 22,299	\$ 43,830
Fund Balance - Beginning of Year	24,538	68,749	3,085	33,892	16,301	-	146,565
Fund Balance - End of Year	<u>\$ 26,024</u>	<u>\$ 86,025</u>	<u>\$ 4,441</u>	<u>\$ 32,425</u>	<u>\$ 19,181</u>	<u>\$ 22,299</u>	<u>\$ 190,395</u>