

Charter Township of Zeeland
Ottawa County, Michigan

FINANCIAL STATEMENTS

Year ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Zeeland Charter Township, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Zeeland Charter Township, Michigan (the Township), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the 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. 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.

Siegfried Crandall P.C.

March 22, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Zeeland Charter Township's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$4,273,380 (11 percent) as a result of this year's activities.
- Of the \$44,523,317 total net position reported, \$19,214,535 (43 percent) is available to be used to meet the Township's ongoing obligations to its citizens and customers, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$2,571,566, which is 125 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's annual report is comprised of three parts: management's discussion and analysis, 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 financial statements.
 - Governmental funds statements explain how government services, like general government and public safety, were financed in the short term, as well as what remains for future spending.
 - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as a custodian for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2023 and 2022 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets, and liabilities and deferred inflows of resources) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements present governmental activities. These activities include functions most commonly associated with government (e.g., general government, public safety, public works, etc.). Property taxes and state shared revenue generally fund these services.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain other revenues.

The Township has two types of funds:

- *Governmental funds.* Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances and activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$44,523,317. Of this total, \$19,406,568 is invested in capital assets and \$5,902,214 is restricted for various purposes. Consequently, unrestricted net position was \$19,214,535, which represents 43 percent of the total.

*Condensed financial information**Net position*

| | <i>Governmental activities</i> | |
|----------------------------------|--------------------------------|----------------------|
| | <u>2023</u> | <u>2022</u> |
| Current and other assets | \$ 29,115,724 | \$ 27,308,022 |
| Capital assets | <u>19,406,568</u> | <u>19,026,768</u> |
| Total assets | <u>48,522,292</u> | <u>46,334,790</u> |
| Current and other liabilities | 633,762 | 2,793,093 |
| Long-term debt | <u>-</u> | <u>200,000</u> |
| Total liabilities | <u>633,762</u> | <u>2,993,093</u> |
| Deferred inflows of resources | <u>3,365,213</u> | <u>3,091,760</u> |
| Net position: | | |
| Net investment in capital assets | 19,406,568 | 18,826,768 |
| Restricted | 5,902,214 | 4,630,829 |
| Unrestricted | <u>19,214,535</u> | <u>16,792,340</u> |
| Total net position | <u>\$ 44,523,317</u> | <u>\$ 40,249,937</u> |

Changes in net position

The Township's total revenues were \$7,812,929 in the current year compared to \$7,989,603 in the prior year. Property taxes represent 40 percent of the total revenues. Approximately 17 percent of the total revenues comes from state shared revenue and 16 percent comes from investment earnings. In the current year, capital grants represented 17 percent of total revenues.

The total cost of the Township's programs, covering a wide range of services, totaled \$3,539,549 compared to \$3,796,346 in the prior year. Approximately 38 percent of the Township's costs relates to the public safety function. The public works and general government functions account for 28 and 18 percent of the Township's total expenses, respectively.

*Condensed financial information
Changes in net position*

| | <i>Governmental activities</i> | |
|------------------------------------|--------------------------------|-----------------------------|
| | <u>2023</u> | <u>2022</u> |
| Program revenues: | | |
| Charges for services | \$ 608,595 | \$ 1,219,919 |
| Operating grants and contributions | 20,540 | 23,148 |
| Capital grants and contributions | 1,295,365 | 2,391,098 |
| General revenues: | | |
| Property taxes | 3,095,614 | 3,397,811 |
| State shared revenue | 1,335,634 | 1,362,983 |
| Franchise fees | 157,320 | 158,841 |
| Local community stabilization | 81,456 | 47,360 |
| Investment earnings | <u>1,218,405</u> | <u>(611,557)</u> |
| Total revenues | <u>7,812,929</u> | <u>7,989,603</u> |
| Expenses: | | |
| General government | 653,416 | 636,891 |
| Public safety | 1,342,287 | 1,791,349 |
| Public works | 987,259 | 803,239 |
| Community and economic development | 22,218 | 55,184 |
| Recreation and culture | 528,399 | 493,968 |
| Interest | <u>5,970</u> | <u>15,715</u> |
| Total expenses | <u>3,539,549</u> | <u>3,796,346</u> |
| Changes in net position | <u>4,273,380</u> | <u>4,193,257</u> |
| Net position, end of year | <u><u>\$ 44,523,317</u></u> | <u><u>\$ 40,249,937</u></u> |

Governmental activities

Governmental activities increased the Township's net position by \$4,273,380 in the current year compared to a \$4,193,257 increase in the prior year. Though revenues were \$176,674 lower, expenses were reduced by \$256,797, which caused the larger increase in net position. The decrease in revenues was primarily due to a \$1,095,733 reduction in capital grants and contributions, due to several substantial projects in the prior year. The decrease in expenses can be primarily attributed to a \$449,062 reduction in public safety costs, as code inspection costs were unusually high in the prior year.

The total cost of governmental activities this year was \$3,539,549. After subtracting the direct charges to those who directly benefited from the programs (\$608,595), operating grants (\$20,540), and capital grants (\$1,295,365), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$1,615,049.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$25,036,097, an increase of \$3,658,812 from the prior year.

The General Fund is the primary operating fund of the Township. Its fund balance increased by \$2,350,481 during the year, as revenues of \$4,405,327 exceeded expenditures \$2,054,846. While the total fund balance at the end of the year amounts to \$16,441,253, a portion is nonspendable (\$17,377), related to prepaid expenditures, \$174,910 is restricted for public safety expenditures, and \$13,677,400 is committed for various purposes. Unassigned fund balance amounts to \$2,571,566, which represents 125% of current year expenditures.

The Road Fund, a special revenue fund, experienced an increase in fund balance of \$437,788, as revenues of \$787,852 exceeded expenditures of \$350,064 in the current year. Fund balance at the end of the year, which is restricted for road maintenance and improvements, amounts to \$4,687,146.

The Fire Fund, a special revenue fund, experienced an increase in fund balance of \$264,581, as revenues of \$588,796 exceeded expenditures of \$324,215 in the current year. Fund balance at the end of the year, which is restricted for Fire Department costs, amounts to \$1,073,799.

The Fire Compensation Fund, a special revenue fund, experienced an increase in fund balance of \$191,874, as revenues of \$559,712 exceeded expenditures of \$367,838 in the current year. Fund balance at the end of the year, which is restricted for Fire Department compensation, amounts to \$191,971.

The Water Improvement Fund, a capital project fund, experienced a \$285,170 increase in fund balance, as revenues of \$310,915 exceeded expenditures of \$25,745 in the current year. Fund balance at the end of the year is \$1,445,771.

The Sewer Improvement Fund, a capital project fund, experienced a \$131,555 increase in fund balance, as revenues of \$606,333 exceeded expenditures of \$310,155 in the current year. Fund balance at the end of the year is \$1,196,157.

General Fund budgetary highlights

The Township Board amended the budget to reflect anticipated changes in the nature and extent of revenues and expenditures during the current year. The amendments increased revenues by a net amount of \$422,000, as investment earnings were increased by \$350,000, due to increases in the fair value of investments. Appropriations were decreased by a net amount of \$2,009,850, primarily due to a \$1,901,600 reduction in capital outlay expenditures, as various projects were delayed.

Total actual revenues were higher than budgeted amounts by \$513,377, primarily because investment earnings outpaced expectations as they were \$423,979 higher than budgeted. Total actual expenditures were \$333,504 less than appropriations, primarily because capital outlay expenditures were under budget by \$130,188. These variances resulted in a total positive budget variance of \$846,881, due to a \$2,350,481 increase in fund balance compared to a budget that anticipated a \$1,503,600 increase in fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of December 31, 2023, amounts to \$19,406,568 (net of accumulated depreciation). This investment includes land, buildings and improvements, fire equipment and vehicles, and sewer and water infrastructure. The \$379,800 net increase in the Township's investment in capital assets for the current fiscal year reflects capital additions of \$1,237,693, net of a depreciation provision of \$857,893.

Major capital asset acquisitions during the current year include:

- Developers contributed water and sewer lines valued at \$480,515
- Bike path improvements were made at a cost of \$301,139
- Pump station 29 improvements were completed at a cost of \$192,365
- Playground equipment was purchased for \$150,000
- Township Hall renovation costs amounted to \$38,129, which will be completed in the subsequent year

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

Debt

At the end of the year, the Township had no long-term debt outstanding, as the lone debt issue was retired with a timely principal payment of \$200,000. No new debt was issued.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township expects to be able to use current revenues to provide essential services that will allow the current fund balances to be maintained. The Township plans to maintain all ongoing programs in 2024 at levels similar to 2023. The ongoing costs of providing essential services for the citizens of the Township will need to be closely monitored in order to maintain the financial condition and operational capabilities of the Township.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Tom Oonk, Township Supervisor
Charter Township of Zeeland
6582 Byron Road
Zeeland, MI 49464

Phone: (616) 772-6701

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2023

| | <i>Governmental activities</i> |
|--|---|
| ASSETS | |
| Current assets: | |
| Cash and investments | \$ 26,784,467 |
| Receivables | 2,252,073 |
| Prepaid expenses | <u>79,184</u> |
| Total current assets | <u>29,115,724</u> |
| Noncurrent assets: | |
| Capital assets not being depreciated - land and construction in progress | 1,194,048 |
| Depreciable capital assets, net | <u>18,212,520</u> |
| Total noncurrent assets | <u>19,406,568</u> |
| Total assets | <u>48,522,292</u> |
| LIABILITIES | |
| Current liabilities: | |
| Payables | 625,212 |
| Customer deposits | <u>8,550</u> |
| Total current liabilities | <u>633,762</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Property tax revenues levied for the subsequent year | <u>3,365,213</u> |
| NET POSITION | |
| Investment in capital assets | 19,406,568 |
| Restricted for: | |
| Public safety | 958,665 |
| Public works | 3,750,811 |
| Capital acquisitions | 1,192,738 |
| Unrestricted | <u>19,214,535</u> |
| Total net position | <u><u>\$ 44,523,317</u></u> |

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2023

| | | Program revenues | | | Net (expenses) revenues and change in net position |
|---|---------------------|-------------------------|--|--|---|
| | | Charges for services | Operating grants and contributions | Capital grants and contributions | Governmental activities |
| Functions/Programs | Expenses | | | | |
| Governmental activities: | | | | | |
| General government | \$ 653,416 | \$ 65,918 | \$ 6,000 | \$ - | \$ (581,498) |
| Public safety | 1,342,287 | 241,754 | 5,560 | - | (1,094,973) |
| Public works | 987,259 | 273,645 | 8,980 | 1,295,365 | 590,731 |
| Community and economic development | 22,218 | 27,278 | - | - | 5,060 |
| Recreation and culture | 528,399 | - | - | - | (528,399) |
| Interest on long-term debt | 5,970 | - | - | - | (5,970) |
| Total governmental activities | <u>\$ 3,539,549</u> | <u>\$ 608,595</u> | <u>\$ 20,540</u> | <u>\$ 1,295,365</u> | <u>\$ (1,615,049)</u> |
| General revenues: | | | | | |
| Property taxes | | | | | 3,095,614 |
| State shared revenue | | | | | 1,335,634 |
| Franchise fees | | | | | 157,320 |
| Local community stabilization share revenue | | | | | 81,456 |
| Investment earnings | | | | | <u>1,218,405</u> |
| Total general revenues | | | | | <u>5,888,429</u> |
| Change in net position | | | | | 4,273,380 |
| Net position - beginning | | | | | <u>40,249,937</u> |
| Net position - ending | | | | | <u>\$ 44,523,317</u> |

See notes to financial statements

BALANCE SHEET - governmental funds

December 31, 2023

| | <i>Special revenue funds</i> | | | | <i>Capital project funds</i> | | <i>Nonmajor fund</i> | <i>Total governmental funds</i> |
|--|------------------------------|---------------------|---------------------|--------------------------|------------------------------|--------------------------|----------------------|---------------------------------|
| | <i>General</i> | <i>Road</i> | <i>Fire</i> | <i>Fire Compensation</i> | <i>Water Improvement</i> | <i>Sewer Improvement</i> | | |
| ASSETS | | | | | | | | |
| Cash and investments | \$ 17,014,053 | \$ 4,951,209 | \$ 1,309,909 | \$ 520,247 | \$ 1,462,678 | \$ 1,526,371 | \$ - | \$ 26,784,467 |
| Receivables | 1,210,685 | 310,703 | 303,279 | 309,921 | 48,353 | 69,132 | - | 2,252,073 |
| Prepaid expenditures | 17,377 | - | 54,851 | 6,956 | - | - | - | 79,184 |
| Total assets | <u>\$ 18,242,115</u> | <u>\$ 5,261,912</u> | <u>\$ 1,668,039</u> | <u>\$ 837,124</u> | <u>\$ 1,511,031</u> | <u>\$ 1,595,503</u> | <u>\$ -</u> | <u>\$ 29,115,724</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Payables | \$ 167,472 | \$ - | \$ 19,474 | \$ 54,312 | \$ 24,622 | \$ 359,332 | \$ - | \$ 625,212 |
| Customer deposits | 8,550 | - | - | - | - | - | - | 8,550 |
| Total liabilities | 176,022 | - | 19,474 | 54,312 | 24,622 | 359,332 | - | 633,762 |
| Deferred inflows of resources: | | | | | | | | |
| Property tax revenues levied for the subsequent year | 1,624,840 | 574,766 | 574,766 | 590,841 | - | - | - | 3,365,213 |
| Unavailable special assessment revenues | - | - | - | - | 40,638 | 40,014 | - | 80,652 |
| Total deferred inflows of resources | 1,624,840 | 574,766 | 574,766 | 590,841 | 40,638 | 40,014 | - | 3,445,865 |
| Fund balances: | | | | | | | | |
| Nonspendable - prepaid expenditures | 17,377 | - | 54,851 | 6,956 | - | - | - | 79,184 |
| Restricted for: | | | | | | | | |
| Public safety - code inspections | 172,255 | - | - | - | - | - | - | 172,255 |
| Public safety - fire operations | - | - | 536,933 | 185,015 | - | - | - | 721,948 |
| Public safety - opioid | 2,655 | - | - | - | - | - | - | 2,655 |
| Public works - roads | - | 3,750,811 | - | - | - | - | - | 3,750,811 |
| Capital - sewer and water improvements | - | - | - | - | 1,112,086 | - | - | 1,112,086 |
| Committed for: | | | | | | | | |
| Parks | 1,476,500 | - | - | - | - | - | - | 1,476,500 |
| Emergency disaster | 30,000 | - | - | - | - | - | - | 30,000 |
| Bike paths | 5,095,900 | - | - | - | - | - | - | 5,095,900 |
| Utilities | 4,000,000 | - | - | - | - | - | - | 4,000,000 |
| Cemetery | 90,000 | - | - | - | - | - | - | 90,000 |
| Fire capital | 2,200,000 | - | - | - | - | - | - | 2,200,000 |
| Building and grounds | 680,000 | - | - | - | - | - | - | 680,000 |
| Emergency management | 105,000 | - | - | - | - | - | - | 105,000 |
| Assigned for: | | | | | | | | |
| Public safety - Fire Department operations | - | - | 482,015 | - | - | - | - | 482,015 |
| Public works - roads | - | 936,335 | - | - | - | - | - | 936,335 |
| Capital - sewer and water improvements | - | - | - | - | 333,685 | 1,196,157 | - | 1,529,842 |
| Unassigned | 2,571,566 | - | - | - | - | - | - | 2,571,566 |
| Total fund balances | 16,441,253 | 4,687,146 | 1,073,799 | 191,971 | 1,445,771 | 1,196,157 | - | 25,036,097 |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 18,242,115</u> | <u>\$ 5,261,912</u> | <u>\$ 1,668,039</u> | <u>\$ 837,124</u> | <u>\$ 1,511,031</u> | <u>\$ 1,595,503</u> | <u>\$ -</u> | <u>\$ 29,115,724</u> |

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

Total fund balance - total governmental funds (page 14) \$ 25,036,097

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

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 19,406,568

Special assessments receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds. 80,652

Net position of *governmental activities* \$ 44,523,317

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

Year ended December 31, 2023

| | | Special revenue funds | | | Capital project funds | | Nonmajor | Total |
|--|---------------|-----------------------|--------------|-------------------|-----------------------|-------------------|-----------|--------------------|
| | General | Road | Fire | Fire Compensation | Water Improvement | Sewer Improvement | fund | governmental funds |
| REVENUES | | | | | | | | |
| Property taxes | \$ 1,511,987 | \$ 527,921 | \$ 527,826 | \$ 542,531 | \$ - | \$ - | \$ - | \$ 3,110,265 |
| Licenses and permits | 622,258 | - | - | - | - | - | - | 622,258 |
| State grants | 1,400,263 | 30,437 | 3,068 | 1,332 | - | - | - | 1,435,100 |
| Charges for services | 80,609 | - | 1,000 | - | 129,580 | 233,405 | - | 444,594 |
| Investment earnings | 778,479 | 229,494 | 54,371 | 15,849 | 67,183 | 76,324 | 485 | 1,222,185 |
| Other | 11,731 | - | 2,531 | - | 114,152 | 296,604 | 38,725 | 463,743 |
| Total revenues | 4,405,327 | 787,852 | 588,796 | 559,712 | 310,915 | 606,333 | 39,210 | 7,298,145 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | 617,697 | - | - | - | - | - | - | 617,697 |
| Public safety | 388,755 | - | 324,215 | 367,838 | - | - | - | 1,080,808 |
| Public works | 206,577 | 350,064 | - | - | 25,745 | 117,790 | - | 700,176 |
| Community and economic development | 22,218 | - | - | - | - | - | - | 22,218 |
| Recreation and culture | 254,787 | - | - | - | - | - | - | 254,787 |
| Capital outlay | 564,812 | - | - | - | - | 192,365 | - | 757,177 |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | - | - | 200,000 | 200,000 |
| Interest | - | - | - | - | - | - | 6,470 | 6,470 |
| Total expenditures | 2,054,846 | 350,064 | 324,215 | 367,838 | 25,745 | 310,155 | 206,470 | 3,639,333 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 2,350,481 | 437,788 | 264,581 | 191,874 | 285,170 | 296,178 | (167,260) | 3,658,812 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | - | - | - | - | 164,623 | 164,623 |
| Transfers out | - | - | - | - | - | (164,623) | - | (164,623) |
| Net other financing sources (uses) | - | - | - | - | - | (164,623) | 164,623 | - |
| NET CHANGES IN FUND BALANCES | 2,350,481 | 437,788 | 264,581 | 191,874 | 285,170 | 131,555 | (2,637) | 3,658,812 |
| FUND BALANCES - BEGINNING | 14,090,772 | 4,249,358 | 809,218 | 97 | 1,160,601 | 1,064,602 | 2,637 | 21,377,285 |
| FUND BALANCES - ENDING | \$ 16,441,253 | \$ 4,687,146 | \$ 1,073,799 | \$ 191,971 | \$ 1,445,771 | \$ 1,196,157 | \$ - | \$ 25,036,097 |

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

Net change in fund balance - total governmental funds \$ 3,658,812

Amounts reported for *governmental activities* in the statement of activities (page 13) are different because:

Capital assets:

Add - capital asset acquisitions 1,237,693
Deduct - provision for depreciation (857,893)

Long-term debt - add principal repayments 200,000

Deferred inflows of resources - add net increase in unavailable assessment revenue 34,268

Changes in other liabilities - add decrease in accrued interest expense 500

Change in net position of *governmental activities* \$ 4,273,380

Zeeland Charter Township

STATEMENT OF FIDUCIARY NET POSITION - *Custodial Fund*

December 31, 2023

| | <u><i>Tax</i></u> |
|----------------------------------|--------------------------|
| ASSETS | |
| Cash | \$ <u>2,066,352</u> |
| LIABILITIES | |
| Due to others | <u>2,066,352</u> |
| NET POSITION | |
| Restricted for other governments | <u>\$ -</u> |

See notes to financial statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - *Custodial Fund*

Year ended December 31, 2023

| | <u><i>Tax</i></u> |
|---|--------------------------|
| ADDITIONS | |
| Property taxes collected for other governments | <u>\$ 18,143,787</u> |
| DEDUCTIONS | |
| Property taxes distributed to other governments | <u>18,143,787</u> |
| NET CHANGE IN FIDUCIARY NET POSITION | - |
| NET POSITION - BEGINNING | <u>-</u> |
| NET POSITION - ENDING | <u><u>\$ -</u></u> |

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity:

As required by generally accepted accounting principles, these financial statements present only the Township (located in Ottawa County), as management has determined that there are no other entities for which the Township is financially accountable.

Government-wide and fund financial statements:

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

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

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.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Township reports the following major governmental funds:

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

The Road Fund, a special revenue fund, accounts for financial resources used for maintenance and improvements of roads within the Township. Revenues are primarily derived from property taxes.

The Fire Fund, a special revenue fund, accounts for financial resources used for costs associated with the Township's Fire Department. Revenues are primarily derived from property taxes.

The Fire Compensation Fund, a special revenue fund, accounts for financial resources used for the personnel costs of the Township's Fire Department. Revenues are primarily derived from property taxes.

The Water Improvement Fund, a capital project fund, accounts for financial resources used for the improvement and maintenance of water utility lines within the Township. Revenues are primarily derived from special assessments and connection fees.

The Sewer Improvement Fund, a capital project fund, accounts for financial resources used for the improvement and maintenance of sewer utility lines within the Township. Revenues are primarily derived from special assessments and connection fees.

The Township also reports a custodial fund, the Tax Collection Fund, which accounts for the collection and disbursement of property taxes in a fiduciary capacity for other governments.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Assets, liabilities, deferred inflows of resources, and equity:

Cash and investments - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, with changes in value recognized in the operating statement of the fund holding the investment. Realized and unrealized gains and losses are included in investment earnings. Pooled investment earnings are allocated proportionately to all funds.

Receivables - No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

Prepays - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaids in both the fund financial statements and the government-wide financial statements.

Capital assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., sewer and water lines, bike paths, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Assets, liabilities, deferred inflows of resources, and equity (continued):*

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning January 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|-------------------------|---------------|
| Buildings | 40 - 60 years |
| Building improvements | 15 - 30 years |
| Land improvements | 15 - 30 years |
| Water and sewer lines | 40 - 50 years |
| Vehicles | 5 - 25 years |
| Office equipment | 5 - 7 years |
| Machinery and equipment | 3 - 20 years |

Deferred inflows of resources - The statement of net position and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. The Township has two items that are included in this category: property taxes and special assessments. Property tax revenue, which is levied to finance the following period's budget, is deferred, and recognized as an inflow of resources in the period that it was intended to finance in the fund and government-wide financial statements. Special assessment revenue, which is not recognized until available (collected not later than 60 days after the end of the Township's fiscal year) is deferred and recognized as an inflow of resources in the period that the assessments become available.

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

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

Fund equity - Nonspendable fund balance is reported for amounts that cannot be spent because they are not in spendable form. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Township Board (the Township's highest level of decision-making authority). A formal resolution of the Township Board is required to establish, modify, or rescind a fund balance commitment. The Township reports assigned fund balance for amounts that are constrained by the Township's intent to be used for specific purposes but are neither restricted nor committed. The Township Board of Trustees retains the authority to assign fund balance. Unassigned fund balance is the residual classification for the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Assets, liabilities, deferred inflows of resources, and equity (continued):*

When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use restricted fund balance first, followed by committed fund balance, then assigned fund balance, and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied each December 1 (lien date) on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. Although the Township's 2022 ad valorem tax was levied and collectible on December 1, 2022, it is the Township's policy to recognize revenue from that tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township's general and special revenue funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. No reportable budget variances were reported during the fiscal year.

NOTE 3 - CASH AND INVESTMENTS

At December 31, 2023, cash and investments are classified in the accompanying financial statements as follows:

| | <i>Governmental activities</i> | <i>Fiduciary activity</i> | <i>Totals</i> |
|----------------------|------------------------------------|-------------------------------|----------------------|
| Cash and investments | <u>\$ 26,784,467</u> | <u>\$ 2,066,352</u> | <u>\$ 28,850,819</u> |

At December 31, 2023, cash and investments consist of the following:

| | |
|--------------------------------------|----------------------|
| Petty cash | \$ 200 |
| Deposits with financial institutions | 6,066,069 |
| Investments | <u>22,784,550</u> |
| Total | <u>\$ 28,850,819</u> |

NOTE 3 - CASH AND INVESTMENTS (Continued)

Deposits - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township's investment policy does not specifically address custodial credit risk for deposits. At December 31, 2023, \$3,561,115 of the Township's bank balances of \$4,535,070 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments - State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two (2) highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds composed of otherwise legal investments; and f) investment pools organized under the local government investment pool act. The Township's investment policy does not address credit risk or interest rate risk for investments.

The Township's investments consist of the following:

| Investment | Maturities | Fair Value | S&P Rating | Investment | Maturities | Fair Value | S&P Rating |
|---|------------|------------------|---------------|--------------------------------|------------|----------------------|---------------|
| Prime Commercial Paper: | | | | Municipal Bonds: | | | |
| Bayer Corporation | 8/12/2024 | 1,064,556 | A-2 | Allendale Mich Public Schools | 5/1/2028 | 181,092 | AA |
| Duke Energy Corporation | 2/27/2024 | 507,418 | A-2 | Bangor Mich Public Schools | 5/1/2028 | 209,424 | AA |
| L3Harris Technologies Inc | 1/25/2024 | 1,003,986 | A-2 | Bangor Mich Public Schools | 5/1/2029 | 225,017 | AA |
| Nestle Financial International Ltd | 4/30/2024 | 834,637 | A-1+ | Chippewa Valley Mich Schools | 5/1/2026 | 185,062 | AA+ |
| VW CR Inc | 5/24/2024 | 1,043,952 | A-2 | Chippewa Valley Mich Schools | 5/1/2027 | 225,758 | AA+ |
| | | | | Chippewa Valley Mich Schools | 5/1/2028 | 444,145 | AA+ |
| | | | | Comstock Park Mich Schools | 11/1/2024 | 274,481 | AA |
| Total Prime Commercial Paper | | <u>4,454,549</u> | | Comstock Park Mich Schools | 11/1/2025 | 331,392 | AA |
| US Government Agency Obligations: | | | | Goodrich Mich Area Schools | 5/1/2025 | 237,377 | AA |
| Federal Home Loan Bank bonds | 3/10/2026 | 1,389,105 | AA+ | Perry Mich Public Schools | 5/1/2026 | 464,090 | AA |
| Federal Farm Credit Bank bonds | 9/13/2024 | 1,074,530 | AA+ | Portage Mich Public Schools | 11/1/2026 | 570,168 | AA- |
| Federal National Mortgage Assn notes | 11/15/2030 | 79,535 | AA+ | Rochester Mich | 10/1/2024 | 116,170 | AAA |
| Federal Home Loan Bank bonds | 4/28/2026 | 1,660,522 | AA+ | Rochester Mich | 10/1/2025 | 116,701 | AAA |
| Federal Home Loan Bank bonds | 12/10/2027 | 1,010,810 | AA+ | Romulus Mich Community Schoc | 5/1/2025 | 199,074 | AA |
| Federal Farm Credit Bank bonds | 1/13/2026 | 645,398 | AA+ | West Ottawa Mich Public School | 5/1/2026 | 196,138 | AA+ |
| Federal Home Loan Mortgage Corp | 7/15/2039 | 26,345 | AA+ | West Ottawa Mich Public School | 5/1/2027 | 206,001 | AA+ |
| Government National Mortgage Assn | 11/20/2049 | 100,203 | AA+ | | | | |
| Government National Mortgage Assn | 12/20/2048 | 164,004 | AA+ | | | | |
| | | | | | | | |
| Total US Government Agency Obligations | | <u>6,150,452</u> | | Total Municipal Bonds | | <u>4,182,090</u> | |
| U.S. Treasury Securities: | | | | MI Class pool | | | |
| United States Treasury Bill | 3/28/2024 | 142,213 | AAAm | | | <u>7,612,260</u> | |
| United States Treasury Bill | 2/27/2024 | 242,986 | AAAm | | | | |
| | | | | | | | |
| Total U.S. Treasury Securities | | <u>385,199</u> | | Total Investments | | <u>\$ 22,784,550</u> | |

NOTE 3 - CASH AND INVESTMENTS (Continued)

Fair value measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements at December 31, 2023:

- U.S. government and agency securities are valued using observable fair values of similar assets (Level 2).
- Municipal bonds are valued using observable fair values of similar assets (Level 2).

Investments in prime commercial paper are recorded at amortized cost, which approximates fair value, and are not subject to fair value disclosures.

Investments in entities that calculate net asset value per share - The Township holds shares in an investment pool where the fair value of the investments are measured on a recurring basis using net asset value per share of the investment pool as a practical expedient. Such investments are not subject to fair value disclosures. At December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

| | <u>Michigan CLASS Pool</u> |
|---------------------------------|--------------------------------|
| Fair value at December 31, 2023 | \$ 7,612,260 |
| Unfunded commitments | none |
| Redemption frequency | n/a |
| Notice period | none |

The MI CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasury agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. The pool purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The Township's investments are subject to several types of risk, which are discussed below:

Custodial credit risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. State law does not require, and the Township's investment policy does not contain, requirements that would limit the exposure to custodial credit risk for investments. At year end, all of the investments listed above were uninsured and unregistered and held by the same broker-dealer (counterparty) that purchased the securities for the Township.

Credit risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Township's investment policy does not contain requirements that would limit the exposure to credit risk for investments. Obligations of the U.S. government are not considered to have credit risk. The ratings for each investment held at year end are identified above.

NOTE 3 - CASH AND INVESTMENTS (Continued)

Concentration of credit risk - The Township's investment policy and state statutes place no limitations on the amount that can be invested in any one issuer.

Interest rate risk - Interest rate risk is the risk that the value of an investment will decrease as a result of an increase in market interest rates. Generally, longer investment maturities generate more sensitivity to changes in an investment's fair value due to changes in market interest rates. The Township's investment policy has no specific limitations with respect to maturities of investments.

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2023, for the Township's individual major funds, all of which are due within one year and are considered fully collectible, were as follows:

| <i>Fund</i> | <i>Accounts</i> | <i>Property taxes</i> | <i>Interest</i> | <i>Special assessments</i> | <i>Intergovern- mental</i> | <i>Totals</i> |
|--------------------|-------------------|---------------------------|------------------|--------------------------------|--------------------------------|---------------------|
| Governmental: | | | | | | |
| General | \$ 105,537 | \$ 850,933 | \$ 33,630 | \$ - | \$ 220,585 | \$ 1,210,685 |
| Road | - | 301,007 | 9,696 | - | - | 310,703 |
| Fire | - | 301,007 | 2,147 | - | 125 | 303,279 |
| Fire compensation | - | 309,426 | 495 | - | - | 309,921 |
| Water improvement | 4,684 | - | 3,031 | 40,638 | - | 48,353 |
| Sewer improvement | 25,960 | - | 3,158 | 40,014 | - | 69,132 |
| Total governmental | <u>\$ 136,181</u> | <u>\$ 1,762,373</u> | <u>\$ 52,157</u> | <u>\$ 80,652</u> | <u>\$ 220,710</u> | <u>\$ 2,252,073</u> |

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

| | <u>Beginning balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending balance</u> |
|---|------------------------------|---------------------|-----------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,028,992 | \$ - | \$ - | \$ 1,028,992 |
| Construction in progress | <u>2,162,004</u> | <u>165,056</u> | <u>(2,162,004)</u> | <u>165,056</u> |
| Total capital assets not being depreciated | <u>3,190,996</u> | <u>165,056</u> | <u>(2,162,004)</u> | <u>1,194,048</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 3,880,926 | - | - | 3,880,926 |
| Improvements other than buildings | 4,089,085 | 219,739 | - | 4,308,824 |
| Machinery and equipment | 3,585,089 | 150,000 | - | 3,735,089 |
| Infrastructure | <u>11,676,675</u> | <u>2,864,902</u> | <u>-</u> | <u>14,541,577</u> |
| Subtotal | <u>23,231,775</u> | <u>3,234,641</u> | <u>-</u> | <u>26,466,416</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (1,237,169) | (102,734) | - | (1,339,903) |
| Improvements other than buildings | (1,898,770) | (269,395) | - | (2,168,165) |
| Machinery and equipment | (1,701,207) | (202,037) | - | (1,903,244) |
| Infrastructure | <u>(2,558,857)</u> | <u>(283,727)</u> | <u>-</u> | <u>(2,842,584)</u> |
| Subtotal | <u>(7,396,003)</u> | <u>(857,893)</u> | <u>-</u> | <u>(8,253,896)</u> |
| Total capital assets being depreciated, net | <u>15,835,772</u> | <u>2,376,748</u> | <u>-</u> | <u>18,212,520</u> |
| Governmental activities capital assets, net | <u>\$ 19,026,768</u> | <u>\$ 2,541,804</u> | <u>\$ (2,162,004)</u> | <u>\$ 19,406,568</u> |

NOTE 5 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to the Township's governmental functions as follows:

| | |
|-------------------------------|-------------------|
| Governmental activities: | |
| General government | \$ 35,720 |
| Public safety | 261,479 |
| Public works | 287,083 |
| Recreation and culture | <u>273,611</u> |
| Total governmental activities | <u>\$ 857,893</u> |

NOTE 6 - PAYABLES

Payables as of December 31, 2023, for the Township's individual major funds were as follows:

| <i>Fund</i> | <i>Accounts</i> | <i>Payroll</i> | <i>Intergovern- mental</i> | <i>Totals</i> |
|--------------------|-------------------|------------------|--------------------------------|-------------------|
| Governmental: | | | | |
| General | \$ 133,383 | \$ 17,781 | \$ 16,308 | \$ 167,472 |
| Fire | 19,017 | 457 | - | 19,474 |
| Fire compensation | 18,016 | 36,296 | - | 54,312 |
| Water improvement | 24,622 | - | - | 24,622 |
| Sewer improvement | <u>-</u> | <u>-</u> | <u>359,332</u> | <u>359,332</u> |
| Total governmental | <u>\$ 195,038</u> | <u>\$ 54,534</u> | <u>\$ 375,640</u> | <u>\$ 625,212</u> |

NOTE 7 - LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2023, was as follows:

| | <i>Beginning balance</i> | <i>Additions</i> | <i>Reductions</i> | <i>Ending balance</i> | <i>Amounts due within one year</i> |
|-------------------------------|------------------------------|------------------|---------------------|---------------------------|--|
| Governmental activities: | | | | | |
| Bonds: | | | | | |
| 2013 Adams Street sewer bonds | <u>\$ 200,000</u> | <u>\$ -</u> | <u>\$ (200,000)</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTE 8 - PROPERTY TAXES

The 2022 taxable valuation of the Township approximated \$520,148,000, on which ad valorem taxes levied consisted of 2.7500 mills for operating purposes, 0.9728 mills for roads, 0.9728 for fire operations, and 1.0000 mills for fire compensation, raising approximately \$1,430,000 for operating purposes, \$506,000 for roads, \$506,000 for fire operations, and \$520,000 for fire compensation. These amounts are recognized in the respective fund financial statements as property tax revenue.

The 2023 taxable valuation of the Township approximated \$562,865,000, on which ad valorem taxes levied consisted of 2.7500 mills for operating purposes, 0.9728 mills for roads, 0.9728 for fire operations, and 1.0000 mills for fire compensation, raising approximately \$1,548,000 for operating purposes, \$548,000 for roads, \$548,000 for fire operations, and \$563,000 for fire compensation. These amounts are recognized in the respective fund financial statements as deferred inflows of resources, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

NOTE 9 - TAX ABATEMENTS

The Township enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within the Township. Each agreement was negotiated under a state law, which allows local units to abate property taxes for a variety of economic development purposes. The abatements may be granted to local businesses located within the Township or promising to relocate within the Township. Depending on the statute referenced for a particular abatement, the Township may grant abatements of up to 50% of annual property taxes through a direct reduction of the entity's property tax bill, not to exceed twelve years. Depending on the terms of the agreement and state law, abated taxes may be subject to recapture upon default of the entity. The Township has not made any commitments as part of the agreements other than to reduce taxes. The Township is not subject to any tax abatement agreements entered into by other governmental entities.

For the fiscal year ended December 31, 2023, the Township abated property taxes totaling \$129,284 under Public Act 198 of 1974, related to industrial facilities.

NOTE 10 - INTERFUND TRANSFERS

For the year ended December 31, 2023, interfund transfers consisted of the following:

| <u>Fund</u> | <u>Transfers in</u> | <u>Fund</u> | <u>Transfers out</u> |
|---------------|---------------------|-------------------|----------------------|
| Nonmajor fund | <u>\$ 164,623</u> | Sewer Improvement | <u>\$ 164,623</u> |

The transfer out of the Sewer Improvement Fund to the nonmajor fund represents support for debt service costs recorded in the nonmajor fund.

NOTE 11 - CONSTRUCTION CODE ACT

A summary of construction code enforcement transactions for the year ended December 31, 2023, is as follows:

| | |
|---|-------------------|
| Cumulative excess revenues, beginning of year | <u>\$ 170,649</u> |
| Revenues | \$ 240,754 |
| Expenses | <u>239,148</u> |
| Excess of revenues over expenses | <u>\$ 1,606</u> |
| Cumulative excess revenues, end of year | <u>\$ 172,255</u> |

NOTE 12 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The risks of loss arising from general liability up to \$5,000,000, property and casualty, and workers' compensation are managed through purchased commercial insurance.

NOTE 13 - COMMITMENT

The Township, along with other local municipalities, purchases water from the City of Wyoming for storage and distribution to the Township's customers. The City of Wyoming bills Ottawa County for this water purchase, and the County bills the individual municipalities.

Ottawa County has issued several bonds to provide for the construction and acquisition of a portion of the City of Wyoming's water system for the benefit of the local municipalities. Each participating municipality has pledged its full faith and credit for the payment of its respective share of contract payments to Ottawa County sufficient to pay the principal and interest on the bonds. Separate contract payments for principal and interest on these bonds are not made by the Township; instead, the payments are included as part of the water rate charged by Ottawa County to the Township.

At December 31, 2023, the portion of these Ottawa County bonds outstanding, for which the Township has pledged its full faith and credit, amounted to \$4,019,949.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2023

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|--------------------------|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 1,512,000 | \$ 1,512,000 | \$ 1,511,987 | \$ (13) |
| Licenses and permits | 579,250 | 614,250 | 622,258 | 8,008 |
| State grants | 1,303,200 | 1,330,200 | 1,400,263 | 70,063 |
| Charges for services | 47,000 | 57,000 | 80,609 | 23,609 |
| Investment earnings | 4,500 | 354,500 | 778,479 | 423,979 |
| Other | 24,000 | 24,000 | 11,731 | (12,269) |
| Total revenues | <u>3,469,950</u> | <u>3,891,950</u> | <u>4,405,327</u> | <u>513,377</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Legislative | 35,700 | 35,700 | 30,072 | 5,628 |
| Supervisor | 78,400 | 78,400 | 77,572 | 828 |
| Manager | 53,850 | - | - | - |
| Accounting | 17,800 | 19,400 | 19,377 | 23 |
| Clerk | 41,850 | 41,850 | 39,420 | 2,430 |
| Audit | 18,000 | 15,000 | 15,000 | - |
| Information technology | 41,000 | 45,000 | 39,834 | 5,166 |
| Board of review | 1,900 | 1,900 | 1,583 | 317 |
| Treasurer | 46,400 | 46,400 | 45,498 | 902 |
| Assessor | 127,400 | 127,400 | 125,289 | 2,111 |
| Office administration | 79,750 | 93,550 | 89,318 | 4,232 |
| Elections | 9,400 | 23,600 | 22,609 | 991 |
| Building and grounds | 65,600 | 65,600 | 65,012 | 588 |
| Attorney | 30,000 | 35,000 | 30,877 | 4,123 |
| Insurance | 23,500 | 23,500 | 16,236 | 7,264 |
| Contingencies | 100,000 | - | - | - |
| Total general government | <u>770,550</u> | <u>652,300</u> | <u>617,697</u> | <u>34,603</u> |
| Public safety: | | | | |
| Police protection | 195,000 | 195,000 | 193,834 | 1,166 |
| Fire protection | 1,100 | 1,100 | 1,023 | 77 |
| Building inspection | 205,000 | 205,000 | 144,565 | 60,435 |
| Electrical inspection | 24,000 | 29,000 | 22,583 | 6,417 |
| Mechanical inspection | 32,000 | 32,000 | 12,450 | 19,550 |
| Plumbing inspection | 17,600 | 17,600 | 10,500 | 7,100 |
| Emergency management | - | 4,000 | 3,800 | 200 |
| Total public safety | <u>474,700</u> | <u>483,700</u> | <u>388,755</u> | <u>94,945</u> |

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2023

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|---|----------------------------|-------------------------|----------------------|---|
| EXPENDITURES | | | | |
| Public works: | | | | |
| Bike paths | \$ 41,000 | \$ 41,000 | \$ 19,085 | \$ 21,915 |
| Drains | 75,000 | 59,000 | 58,600 | 400 |
| Roads | 550 | 550 | 210 | 340 |
| Street lighting | 49,000 | 49,000 | 43,061 | 5,939 |
| Water and sewer | 30,000 | 45,000 | 42,576 | 2,424 |
| Cemetery | 39,500 | 41,500 | 32,471 | 9,029 |
| Macatawa Watershed | 13,000 | 13,000 | 10,574 | 2,426 |
| Total public works | <u>248,050</u> | <u>249,050</u> | <u>206,577</u> | <u>42,473</u> |
| Community and economic development: | | | | |
| Planning | 11,600 | 11,600 | 5,716 | 5,884 |
| Zoning | 10,500 | 10,500 | - | 10,500 |
| Zoning Board of Appeals | 2,300 | 2,300 | 425 | 1,875 |
| Economic development | <u>18,000</u> | <u>18,000</u> | <u>16,077</u> | <u>1,923</u> |
| Total community and economic development | <u>42,400</u> | <u>42,400</u> | <u>22,218</u> | <u>20,182</u> |
| Recreation and culture: | | | | |
| Drenthe Grove | 92,400 | 92,400 | 80,094 | 12,306 |
| Van Zoeren Woods | 3,187 | 3,187 | 3,187 | - |
| Parks facilities | 1,000 | 1,000 | 343 | 657 |
| Library | 157,500 | 157,500 | 157,500 | - |
| Community services | <u>15,000</u> | <u>15,000</u> | <u>13,663</u> | <u>1,337</u> |
| Total recreation and culture | <u>269,087</u> | <u>269,087</u> | <u>254,787</u> | <u>14,300</u> |
| Capital outlay | <u>2,593,413</u> | <u>691,813</u> | <u>564,812</u> | <u>127,001</u> |
| Total expenditures | <u>4,398,200</u> | <u>2,388,350</u> | <u>2,054,846</u> | <u>333,504</u> |
| NET CHANGES IN FUND BALANCES | (928,250) | 1,503,600 | 2,350,481 | 846,881 |
| FUND BALANCES - BEGINNING | <u>14,090,772</u> | <u>14,090,772</u> | <u>14,090,772</u> | - |
| FUND BALANCES - ENDING | <u>\$ 13,162,522</u> | <u>\$ 15,594,372</u> | <u>\$ 16,441,253</u> | <u>\$ 846,881</u> |

BUDGETARY COMPARISON SCHEDULE - Road Fund

Year ended December 31, 2023

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|-------------------------------------|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 528,000 | \$ 528,000 | \$ 527,921 | \$ (79) |
| State grant | 14,000 | 30,000 | 30,437 | 437 |
| Investment earnings | - | 121,000 | 229,494 | 108,494 |
| | <u>542,000</u> | <u>679,000</u> | <u>787,852</u> | <u>108,852</u> |
| Total revenues | | | | |
| EXPENDITURES | | | | |
| Public works: | | | | |
| Dust control | 40,000 | 48,100 | 48,008 | 92 |
| Road improvements | <u>402,000</u> | <u>432,000</u> | <u>302,056</u> | <u>129,944</u> |
| | <u>442,000</u> | <u>480,100</u> | <u>350,064</u> | <u>130,036</u> |
| Total expenditures | | | | |
| NET CHANGES IN FUND BALANCES | 100,000 | 198,900 | 437,788 | 238,888 |
| FUND BALANCES - BEGINNING | <u>4,249,358</u> | <u>4,249,358</u> | <u>4,249,358</u> | - |
| FUND BALANCES - ENDING | <u>\$ 4,349,358</u> | <u>\$ 4,448,258</u> | <u>\$ 4,687,146</u> | <u>\$ 238,888</u> |

BUDGETARY COMPARISON SCHEDULE - Fire Fund

Year ended December 31, 2023

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|-------------------------------------|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 528,000 | \$ 528,000 | \$ 527,826 | \$ (174) |
| State grants | 2,600 | 2,600 | 3,068 | 468 |
| Charges for services | 1,000 | 1,000 | 1,000 | - |
| Investment earnings | - | 44,000 | 54,371 | 10,371 |
| Other | - | 2,500 | 2,531 | 31 |
| Total revenues | <u>531,600</u> | <u>578,100</u> | <u>588,796</u> | <u>10,696</u> |
| EXPENDITURES | | | | |
| Public safety: | | | | |
| Compensation | 3,700 | 3,700 | 3,307 | 393 |
| Training | 12,000 | 7,000 | 5,026 | 1,974 |
| Supplies | 76,000 | 98,000 | 92,930 | 5,070 |
| Contracted services | 19,000 | 25,000 | 24,492 | 508 |
| Hydrant rental | 59,000 | 59,000 | 55,935 | 3,065 |
| Utilities | 26,000 | 29,000 | 27,501 | 1,499 |
| Repairs and maintenance | 63,000 | 47,700 | 44,284 | 3,416 |
| Insurance | 58,300 | 63,800 | 63,243 | 557 |
| Miscellaneous | 7,500 | 8,900 | 7,497 | 1,403 |
| Total public safety | <u>324,500</u> | <u>342,100</u> | <u>324,215</u> | <u>17,885</u> |
| NET CHANGES IN FUND BALANCES | <u>207,100</u> | <u>236,000</u> | <u>264,581</u> | <u>28,581</u> |
| FUND BALANCES - BEGINNING | <u>809,218</u> | <u>809,218</u> | <u>809,218</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 1,016,318</u> | <u>\$ 1,045,218</u> | <u>\$ 1,073,799</u> | <u>\$ 28,581</u> |

BUDGETARY COMPARISON SCHEDULE - Fire Compensation Fund

Year ended December 31, 2023

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|-------------------------------------|-----------------------------------|--------------------------------|----------------------|--|
| REVENUES | | | | |
| Property taxes | \$ 543,400 | \$ 543,400 | \$ 542,531 | \$ (869) |
| State grants | 1,300 | 1,300 | 1,332 | 32 |
| Investment earnings | - | 13,000 | 15,849 | 2,849 |
| | | | | |
| Total revenues | 544,700 | 557,700 | 559,712 | 2,012 |
| EXPENDITURES | | | | |
| Public safety - compensation | 386,700 | 403,600 | 367,838 | 35,762 |
| | | | | |
| NET CHANGES IN FUND BALANCES | 158,000 | 154,100 | 191,874 | 37,774 |
| | | | | |
| FUND BALANCES - BEGINNING | 97 | 97 | 97 | - |
| | | | | |
| FUND BALANCES - ENDING | <u>\$ 158,097</u> | <u>\$ 154,197</u> | <u>\$ 191,971</u> | <u>\$ 37,774</u> |