

Charter Township of Zeeland
Ottawa County, Michigan

FINANCIAL STATEMENTS

Year ended December 31, 2022

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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, 2022, 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, 2022, 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.

Correction of Errors

As described in Note 14 to the financial statements, the Township recorded prior period adjustments to correct its accounting for state shared revenue. Our opinions are not modified with respect to this matter.

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.

May 28, 2023

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

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$4,193,257 (12 percent) as a result of this year's activities.
- Of the \$40,249,937 total net position reported, \$16,792,340 (42 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 \$2,645,558, which is 102 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental funds statements explain how government services, like general government 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 sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2022 and 2021 is also presented.

Government-wide financial statements

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

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

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

The government-wide financial statements 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 \$40,249,937. Of this total, \$18,826,768 is invested in capital assets (net of related debt) and \$4,630,829 is restricted for various purposes. Consequently, unrestricted net position was \$16,792,340, which represents 42 percent of the total.

*Condensed financial information**Net position*

	<i>Governmental activities</i>	
	2022	2021
Current and other assets	\$ 27,308,022	\$ 24,929,984
Capital assets	19,026,768	16,138,627
Total assets	46,334,790	41,068,611
Deferred outflows of resources	-	4,494
Current and other liabilities	2,793,093	1,192,068
Long-term debt	200,000	430,000
Total liabilities	2,993,093	1,622,068
Deferred inflows of resources	3,091,760	3,394,357
Net position:		
Net investment in capital assets	18,826,768	15,713,121
Restricted	4,630,829	3,806,180
Unrestricted	16,792,340	16,537,379
Total net position	\$ 40,249,937	\$ 36,056,680

Changes in net position

The Township's total revenues were \$7,989,603 in the current year compared to \$6,222,633 in the prior year. Approximately 43 percent of the revenues comes from property taxes. Approximately 17 percent of the total revenues comes from state shared revenue, and 15 percent comes from charges for services. In the current year, capital grants represented 30 percent of total revenues.

The total cost of the Township's programs, covering a wide range of services, totaled \$3,796,346 compared to \$3,474,230 in the prior year. Approximately 47 percent of the Township's costs relates to the public safety function. The public works and general government functions account for 21 and 17 percent of the Township's total expenses, respectively.

*Condensed financial information
Changes in net position*

	<i>Governmental activities</i>	
	<u>2022</u>	<u>2021</u>
Program revenues:		
Charges for services	\$ 1,219,919	\$ 708,854
Operating grants and contributions	23,148	1,500
Capital grants and contributions	2,391,098	1,039,559
General revenues:		
Property taxes	3,397,811	3,017,725
State shared revenue	1,362,983	1,342,471
Franchise fees	158,841	153,198
Local community stabilization	47,360	45,219
Investment earnings	<u>(611,557)</u>	<u>(85,893)</u>
Total revenues	<u>7,989,603</u>	<u>6,222,633</u>
Expenses:		
General government	636,891	486,764
Public safety	1,791,349	1,299,373
Public works	803,239	1,309,762
Community and economic development	55,184	23,098
Recreation and culture	493,968	333,639
Interest	<u>15,715</u>	<u>21,594</u>
Total expenses	<u>3,796,346</u>	<u>3,474,230</u>
Changes in net position	<u>4,193,257</u>	<u>2,748,403</u>
Net position, end of year	<u>\$ 40,249,937</u>	<u>\$ 36,056,680</u>

Governmental activities

Governmental activities increased the Township's net position by \$4,193,257 in the current year compared to a \$2,748,403 increase in the prior year. Though expenses increased by \$322,116, revenues were augmented by \$1,766,970, which caused the larger increase in net position. The increase in revenues was primarily due to a \$1,351,539 increase in capital grants and contributions, due to several substantial projects in the current year. Capital contributions included ARPA revenue, which supported the pump station improvements (\$1,215,246), new water and sewer assessments (\$449,809), water and sewer lines contributed by developers (\$421,205), and a grant related to the Quincy bike path (\$304,838). The increase in expenses can be primarily attributed to a \$491,976 increase in public safety costs, primarily due to higher code inspection costs, which was offset by a \$506,523 reduction in public works costs, as road improvement costs were lower in the current year.

The total cost of governmental activities this year was \$3,796,346. After subtracting the direct charges to those who directly benefited from the programs (\$1,219,919), operating grants (\$23,148), and capital grants (\$2,391,098), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$162,181.

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 \$21,377,285, an increase of \$1,356,819 from the prior year.

The General Fund is the primary operating fund of the Township. Its fund balance increased by \$1,407,361 during the year, as revenues of \$4,106,179 exceeded expenditures and transfers out of \$2,589,218 and \$109,600, respectively. While total fund balance at the end of the year amounts to \$14,090,772, a portion is nonspendable (\$14,565), related to prepaid expenditures, \$170,649 is restricted for code inspections, and \$11,260,000 is committed for various purposes. Unassigned fund balance amounts to \$2,645,558, which represents 102% of current year expenditures.

The Road Fund, a special revenue fund, experienced an increase in fund balance of \$695,967, as revenues of \$889,352 exceeded expenditures of \$193,385 in the current year. Fund balance at the end of the year, which is restricted for road maintenance and improvements, amounts to \$4,249,358.

The Fire Compensation Fund, a special revenue fund, experienced a decrease in fund balance of \$9,333, as revenues of \$245,333 and a transfer from the General Fund, in the amount of \$69,600, were not sufficient to cover expenditures of \$324,266. Fund balance at the end of the year amounts to \$97.

The Sewer Improvement Fund, a capital project fund, experienced a \$757,152 decrease in fund balance, as revenues of \$1,513,150 were not sufficient to cover expenditures of \$2,256,502 in the current year. The decrease in fund balance was the result of significant expenditures related to pump station improvements that were partially supported by the Township's ARPA award, in the amount of \$1,215,246. Fund balance at the end of the year is \$1,064,602.

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 \$814,500, as licenses and permits were increased by \$567,650, due to an increase in code inspections activity, and state grants were increased by \$557,700, as state distributions were higher than expected. These increases in revenues were offset by a \$343,000 decrease in investment earnings, due to losses on investments during the year. Appropriations were increased by a net amount of \$8,350. The budget for building inspections was increased by \$385,000, due to the increase in code inspection activity, which was offset by a \$471,400 reduction in capital outlay expenditures.

Total actual revenues were higher than budgeted amounts by \$122,779, primarily because state grant revenues were \$155,572 more than expected. Total actual expenditures were \$475,782 less than appropriations, primarily because capital outlay expenditures were under budget by \$365,613. These variances, along with a positive variance of \$10,400 associated with transfers out, resulted in a total positive budget variance of \$608,961, due to a \$1,407,361 increase in fund balance compared to a budget that anticipated a \$798,400 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, 2022, amounts to \$19,026,768 (net of accumulated depreciation). This investment includes land, buildings and improvements, fire equipment and vehicles, and sewer and water infrastructure. The \$2,888,141 net increase in the Township's investment in capital assets for the current fiscal year reflects capital additions of \$3,681,562, net of depreciation of \$792,379 and a \$1,042 loss on disposition of assets.

Major capital asset acquisitions during the current year include:

- Pump station 29 improvements at a cost of \$2,153,462
- Quincy bike path improvements of \$607,953 of which \$304,838 was provided by a federal grant
- Developers contributed water and sewer lines valued at \$421,205
- Parking lots were improved at a total cost of \$271,772

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 total long-term debt outstanding, in the amount of \$200,000, associated with a single bond issue, which will be retired in 2023. Debt was reduced by \$230,000 due to a timely principal payment. No new debt was issued.

More detailed information about the Township's long-term debt is presented in Note 7 of the notes to the basic financial statements.

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 2023 at levels similar to 2022. 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, 2022

	<i>Governmental activities</i>
ASSETS	
Current assets:	
Cash and investments	\$ 25,175,321
Receivables	2,065,290
Prepaid expenses	<u>67,411</u>
Total current assets	<u>27,308,022</u>
Noncurrent assets:	
Capital assets not being depreciated - land and construction in progress	3,190,996
Depreciable capital assets, net	<u>15,835,772</u>
Total noncurrent assets	<u>19,026,768</u>
Total assets	<u>46,334,790</u>
LIABILITIES	
Current liabilities:	
Payables	2,784,243
Customer deposits	8,850
Current portion of bonds payable	<u>200,000</u>
Total current liabilities	<u>2,993,093</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenues levied for the subsequent year	<u>3,091,760</u>
NET POSITION	
Net investment in capital assets	18,826,768
Restricted for:	
Public safety	445,006
Public works	3,313,023
Capital acquisitions	854,526
Debt service	18,274
Unrestricted	<u>16,792,340</u>
Total net position	<u>\$ 40,249,937</u>

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

		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	\$ 636,891	\$ 50,896	\$ -	\$ -	\$ (585,995)
Public safety	1,791,349	716,940	2,550	-	(1,071,859)
Public works	803,239	421,716	8,226	2,391,098	2,017,801
Community and economic development	55,184	30,367	-	-	(24,817)
Recreation and culture	493,968	-	12,372	-	(481,596)
Interest on long-term debt	15,715	-	-	-	(15,715)
Total governmental activities	<u>\$ 3,796,346</u>	<u>\$ 1,219,919</u>	<u>\$ 23,148</u>	<u>\$ 2,391,098</u>	<u>\$ (162,181)</u>
General revenues:					
Property taxes					3,397,811
State shared revenue					1,362,983
Franchise fees					158,841
Local community stabilization share revenue					47,360
Investment earnings					<u>(611,557)</u>
Total general revenues					<u>4,355,438</u>
Change in net position					4,193,257
Net position - beginning					<u>36,056,680</u>
Net position - ending					<u>\$ 40,249,937</u>

See notes to financial statements

BALANCE SHEET - governmental funds

December 31, 2022

	Special revenue funds				Capital project funds		Nonmajor fund	Total governmental funds
	General	Road	Fire	Fire Compensation	Water Improvement	Sewer Improvement		
ASSETS								
Cash and investments	\$ 14,933,227	\$ 4,509,097	\$ 1,017,086	\$ 320,422	\$ 1,186,046	\$ 3,206,808	\$ 2,635	\$ 25,175,321
Receivables	1,135,341	284,611	282,539	284,997	38,650	20,376	18,776	2,065,290
Prepaid expenditures	14,565	-	52,846	-	-	-	-	67,411
Total assets	<u>\$ 16,083,133</u>	<u>\$ 4,793,708</u>	<u>\$ 1,352,471</u>	<u>\$ 605,419</u>	<u>\$ 1,224,696</u>	<u>\$ 3,227,184</u>	<u>\$ 21,411</u>	<u>\$ 27,308,022</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Payables	\$ 490,701	\$ 16,290	\$ 15,193	\$ 62,492	\$ 36,485	\$ 2,162,582	\$ -	\$ 2,783,743
Customer deposits	8,850	-	-	-	-	-	-	8,850
Total liabilities	<u>499,551</u>	<u>16,290</u>	<u>15,193</u>	<u>62,492</u>	<u>36,485</u>	<u>2,162,582</u>	<u>-</u>	<u>2,792,593</u>
Deferred inflows of resources:								
Property tax revenues levied for the subsequent year	1,492,810	528,060	528,060	542,830	-	-	-	3,091,760
Unavailable special assessment revenues	-	-	-	-	27,610	-	18,774	46,384
Total deferred inflows of resources	<u>1,492,810</u>	<u>528,060</u>	<u>528,060</u>	<u>542,830</u>	<u>27,610</u>	<u>-</u>	<u>18,774</u>	<u>3,138,144</u>
Fund balances:								
Nonspendable - prepaid expenditures	14,565	-	52,846	-	-	-	-	67,411
Restricted for:								
Public safety - code inspections	170,649	-	-	-	-	-	-	170,649
Public safety - fire operations	-	-	274,357	-	-	-	-	274,357
Public works - roads	-	3,313,023	-	-	-	-	-	3,313,023
Capital - sewer and water improvements	-	-	-	-	826,916	-	-	826,916
Committed for:								
Parks	1,455,000	-	-	-	-	-	-	1,455,000
Emergency disaster	30,000	-	-	-	-	-	-	30,000
Bike paths	2,870,000	-	-	-	-	-	-	2,870,000
Utilities	4,000,000	-	-	-	-	-	-	4,000,000
Cemetery	100,000	-	-	-	-	-	-	100,000
Fire capital	2,200,000	-	-	-	-	-	-	2,200,000
Building and grounds	500,000	-	-	-	-	-	-	500,000
Emergency management	105,000	-	-	-	-	-	-	105,000
Assigned for:								
Public safety - Fire Department operations	-	-	482,015	-	-	-	-	482,015
Public safety - Fire Department compensation	-	-	-	97	-	-	-	97
Public works - roads	-	936,335	-	-	-	-	-	936,335
Capital - sewer and water improvements	-	-	-	-	333,685	1,064,602	-	1,398,287
Debt service	-	-	-	-	-	-	2,637	2,637
Unassigned	<u>2,645,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,645,558</u>
Total fund balances	<u>14,090,772</u>	<u>4,249,358</u>	<u>809,218</u>	<u>97</u>	<u>1,160,601</u>	<u>1,064,602</u>	<u>2,637</u>	<u>21,377,285</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,083,133</u>	<u>\$ 4,793,708</u>	<u>\$ 1,352,471</u>	<u>\$ 605,419</u>	<u>\$ 1,224,696</u>	<u>\$ 3,227,184</u>	<u>\$ 21,411</u>	<u>\$ 27,308,022</u>

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

Total fund balance - total governmental funds (page 14) \$ 21,377,285

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. 19,026,768

Special assessments receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds. 46,384

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (200,000)

Interest related to long-term debt is not due and payable in the current period and, therefore, is not reported in the funds. (500)

Net position of *governmental activities* \$ 40,249,937

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

Year ended December 31, 2022

	Special revenue funds				Capital project funds			Total
	General	Road	Fire	Fire Compensation	Water Improvement	Sewer Improvement	Nonmajor fund	governmental funds
REVENUES								
Property taxes	\$ 1,675,268	\$ 990,879	\$ 498,081	\$ 246,353	\$ -	\$ -	\$ -	\$ 3,410,581
Licenses and permits	1,038,454	-	-	-	-	-	-	1,038,454
Federal grant	-	-	-	-	-	1,215,246	-	1,215,246
State grants	1,673,972	14,140	2,645	1,308	-	-	-	1,692,065
Charges for services	85,748	-	6,940	2,665	26,228	-	-	121,581
Investment earnings	(379,876)	(115,667)	(31,677)	(4,993)	(27,048)	(43,614)	(8,682)	(611,557)
Other	12,613	-	2,550	-	199,301	341,518	119,971	675,953
Total revenues	4,106,179	889,352	478,539	245,333	198,481	1,513,150	111,289	7,542,323
EXPENDITURES								
Current:								
General government	601,171	-	-	-	-	-	-	601,171
Public safety	693,265	-	514,774	324,266	-	-	-	1,532,305
Public works	226,429	193,385	-	-	41,901	103,040	-	564,755
Community and economic development	21,443	-	-	-	-	-	-	21,443
Recreation and culture	258,923	-	-	-	-	-	-	258,923
Capital outlay	787,987	-	22,683	-	-	2,153,462	-	2,964,132
Debt service:								
Principal	-	-	-	-	-	-	230,000	230,000
Interest	-	-	-	-	-	-	12,775	12,775
Total expenditures	2,589,218	193,385	537,457	324,266	41,901	2,256,502	242,775	6,185,504
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES								
	1,516,961	695,967	(58,918)	(78,933)	156,580	(743,352)	(131,486)	1,356,819
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	40,000	69,600	-	-	13,800	123,400
Transfers out	(109,600)	-	-	-	-	(13,800)	-	(123,400)
Net other financing sources (uses)	(109,600)	-	40,000	69,600	-	(13,800)	13,800	-
NET CHANGES IN FUND BALANCES	1,407,361	695,967	(18,918)	(9,333)	156,580	(757,152)	(117,686)	1,356,819
FUND BALANCES - BEGINNING	12,683,411	3,553,391	828,136	9,430	1,004,021	1,821,754	120,323	20,020,466
FUND BALANCES - ENDING	\$ 14,090,772	\$ 4,249,358	\$ 809,218	\$ 97	\$ 1,160,601	\$ 1,064,602	\$ 2,637	\$ 21,377,285

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 \$ 1,356,819

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

Capital assets:

Add - capital asset acquisitions 3,681,562
Deduct - provision for depreciation (792,379)
Deduct - loss on asset dispositions (1,042)

Deferred outflows of resources - deduct decrease in bond refunding charge (4,494)

Long-term debt - add principal repayments 230,000

Deferred inflows of resources - add net decrease in unavailable revenue (278,763)

Changes in other liabilities:

Add decrease in accrued interest expense 1,554

Change in net position of *governmental activities* \$ 4,193,257

Zeeland Charter Township

STATEMENT OF FIDUCIARY NET POSITION - *Custodial Fund*

December 31, 2022

	<u><i>Tax</i></u>
ASSETS	
Cash	<u>\$ 1,797,455</u>
LIABILITIES	
Due to others	<u>1,797,455</u>
NET POSITION	
Restricted for other governments	<u>\$ -</u>

See notes to financial statements

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

Year ended December 31, 2022

	<u><i>Tax</i></u>
ADDITIONS	
Property taxes collected for other governments	<u>\$ 15,410,296</u>
DEDUCTIONS	
Property taxes distributed to other governments	<u>15,410,296</u>
NET CHANGE IN FIDUCIARY NET POSITION	-
NET POSITION - BEGINNING	<u>-</u>
NET POSTION - ENDING	<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 the fiduciary funds, even though the latter are excluded from 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 to finance the 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 proportionately allocated to all funds.

Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

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

Net position flow assumption - Sometimes, the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide 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 2021 ad valorem tax was levied and collectible on December 1, 2021, 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The budget document presents information by fund, function, 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.

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

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public works	Bike paths	\$ 41,000	\$ 57,647	\$ 16,647
	Recreation and culture	Drenthe Grove	87,000	90,286	3,286

NOTE 3 - CASH AND INVESTMENTS

At December 31, 2022, cash and investments are classified in the accompanying financial statements as follows:

	<u>Governmental activities</u>	<u>Fiduciary activity</u>	<u>Totals</u>
Cash and investments	\$ 25,175,321	\$ 1,797,455	\$ 26,972,776

At December 31, 2022, cash and investments consist of the following:

Petty cash	\$ 200
Deposits with financial institutions	5,496,753
Investments	<u>21,475,823</u>
Total	<u>\$ 26,972,776</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, 2022, \$4,242,139 of the Township's bank balances of \$5,452,802 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:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>S&P Rating</u>	<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>S&P Rating</u>
Prime Commercial Paper:				Municipal Bonds:			
Enbridge US Income	3/1/2023	793,968	A-2	Allendale Mich Pub School	5/1/2028	168,032	AA
Enel Finance American LLC	1/10/2023	649,128	A-2	Bangor Mich Public School	5/1/2028	197,868	AA
Enel Finance American LLC	1/20/2023	249,360	A-2	Bangor Mich Public School	5/1/2029	211,769	AA
Pacific Life	5/19/2023	893,155	A-1+	Chippewa Valley Mich School	5/1/2026	176,590	AA+
Salvation Army	3/9/2023	<u>991,470</u>		Chippewa Valley Mich School	5/1/2027	213,403	AA+
				Chippewa Valley Mich School	5/1/2028	416,355	AA+
Total Prime Commercial Paper		<u>3,577,081</u>		Comstock Park Mich School	11/1/2023	212,296	AA
				Comstock Park Mich School	11/1/2024	263,964	AA
US Government Agency Obligations:				Comstock Park Mich School	11/1/2025	318,826	AA
Federal Home Loan Bank	3/10/2026	1,341,900	AA+	Goodrich Mich Area School	5/1/2025	229,295	AA
Federal Farm Credit Bank	9/13/2024	1,065,492	AA+	Perry Mich Pub School	5/1/2026	446,930	AA
Federal National Mortgage Assoc	11/15/1930	81,116	AA+	Portage Mich Pub School	11/1/2026	582,578	AA-
Federal Home Loan Bank	12/10/2027	1,607,638	AA+	Rochester Mich	10/1/2023	96,976	AAA
Federal Home Loan Bank Consumer Bond	12/10/2027	1,007,560	AA+	Rochester Mich	10/1/2024	112,038	AAA
Federal Home Loan Mtg Corp	7/15/1939	37,062	AA+	Rochester Mich	10/1/2025	112,420	AAA
Government National Mtg Assoc	11/20/1949	132,691	AA+	Romulus Mich Comm School	5/1/2025	192,572	AA
Government National Mtg Assoc	12/20/1948	<u>184,237</u>	AA+	West Ottawa Mich Pub School	5/1/2026	187,950	AA+
				West Ottawa Mich Pub School	5/1/2027	<u>195,515</u>	AA+
Total US Government Agency Obligations		<u>5,457,696</u>		Total Municipal Bonds		<u>4,335,377</u>	
Treasury Obligations:							
United States Treasury Bill	1/26/2023	1,057,371	AAAm				
United States Treasury Bill	2/23/2023	1,391,572	AAAm				
United States Treasury Bill	8/10/2023	<u>885,630</u>	AAAm				
Total Treasury Obligations		<u>3,334,573</u>		Michigan CLASS pool		<u>4,771,096</u>	
				Total Investments		<u>21,475,823</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 as of December 31, 2022:

- 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, 2022, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	<u>Michigan CLASS Pool</u>
Fair value at December 31, 2022	\$ 4,771,096
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. 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, 2022, for the Township's individual major funds and nonmajor funds, in the aggregate, all of which are due within one year and are considered fully collectible, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Interest</u>	<u>Special assessments</u>	<u>Intergovern- mental</u>	<u>Totals</u>
Governmental:						
General	\$ 100,591	\$ 783,724	\$ 24,474	\$ -	\$ 226,552	\$ 1,135,341
Road	-	277,232	7,379	-	-	284,611
Fire	3,942	277,232	1,365	-	-	282,539
Fire compensation	-	284,986	11	-	-	284,997
Water improvement	8,987	-	2,053	27,610	-	38,650
Sewer improvement	14,802	-	5,574	-	-	20,376
Nonmajor	-	-	2	18,774	-	18,776
Total governmental	<u>\$ 128,322</u>	<u>\$ 1,623,174</u>	<u>\$ 40,858</u>	<u>\$ 46,384</u>	<u>\$ 226,552</u>	<u>\$ 2,065,290</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	<i><u>Beginning balance</u></i>	<i><u>Increases</u></i>	<i><u>Decreases</u></i>	<i><u>Ending balance</u></i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,028,992	\$ -	\$ -	\$ 1,028,992
Construction in progress	<u>215,010</u>	<u>2,162,004</u>	<u>(215,010)</u>	<u>2,162,004</u>
Total capital assets not being depreciated	<u>1,244,002</u>	<u>2,162,004</u>	<u>(215,010)</u>	<u>3,190,996</u>
Capital assets being depreciated:				
Buildings and improvements	3,880,926	-	-	3,880,926
Improvements other than buildings	2,892,659	1,299,222	(102,796)	4,089,085
Machinery and equipment	3,724,060	22,683	(161,654)	3,585,089
Infrastructure	<u>11,264,012</u>	<u>412,663</u>	<u>-</u>	<u>11,676,675</u>
Subtotal	<u>21,761,657</u>	<u>1,734,568</u>	<u>(264,450)</u>	<u>23,231,775</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,134,298)	(102,871)	-	(1,237,169)
Improvements other than buildings	(1,731,206)	(270,360)	102,796	(1,898,770)
Machinery and equipment	(1,667,951)	(193,868)	160,612	(1,701,207)
Infrastructure	<u>(2,333,577)</u>	<u>(225,280)</u>	<u>-</u>	<u>(2,558,857)</u>
Subtotal	<u>(6,867,032)</u>	<u>(792,379)</u>	<u>263,408</u>	<u>(7,396,003)</u>
Total capital assets being depreciated, net	<u>14,894,625</u>	<u>942,189</u>	<u>(1,042)</u>	<u>15,835,772</u>
Governmental activities capital assets, net	<u>\$16,138,627</u>	<u>\$ 3,104,193</u>	<u>\$ (216,052)</u>	<u>\$19,026,768</u>

NOTE 5 - CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 35,720
Public safety	258,002
Public works	229,871
Recreation and culture	<u>268,786</u>
Total governmental activities	<u>\$ 792,379</u>

NOTE 6 - PAYABLES

Payables as of December 31, 2022, 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	\$ 404,112	\$ 22,706	\$ 63,883	\$ 490,701
Road	16,290	-	-	16,290
Fire	14,953	240	-	15,193
Fire compensation	-	62,492	-	62,492
Water improvement	36,485	-	-	36,485
Sewer improvement	<u>2,162,582</u>	<u>-</u>	<u>-</u>	<u>2,162,582</u>
Total governmental	<u>\$ 2,634,422</u>	<u>\$ 85,438</u>	<u>\$ 63,883</u>	<u>\$ 2,783,743</u>

NOTE 7 - LONG-TERM DEBT

At December 31, 2022, long-term debt is comprised of the following individual issue:

Governmental activities:	
Bonds:	
\$800,000 2013 Adams Steet sewer refunding bonds - payable in annual installments ranging from \$25,000 to \$265,000, plus interest at 0.95% to 3.00%; final payment due November 2023	
	<u>\$ 200,000</u>

Long-term debt activity for the year ended December 31, 2022, 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>\$ 430,000</u>	<u>\$ -</u>	<u>\$ (230,000)</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

NOTE 7 - LONG-TERM DEBT (Continued)

At December 31, 2022, debt service requirements were as follows:

<u>Year ended</u> <u>December 31:</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	<u>\$ 200,000</u>	<u>\$ 6,000</u>

All debt is secured by the full faith and credit of the Township and represents direct borrowing or direct placement debt.

NOTE 8 - PROPERTY TAXES

The 2021 taxable valuation of the Township approximated \$488,233,000, on which ad valorem taxes levied consisted of 3.2500 mills for operating purposes, 1.9430 mills for roads, 0.9767 for fire operations, and 0.4831 mills for fire compensation, raising approximately \$1,587,000 for operating purposes, \$949,000 for roads, \$477,000 for fire operations, and \$236,000 for fire compensation. These amounts are recognized in the respective fund financial statements as property tax revenue.

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 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, 2022, the Township abated property taxes totaling \$146,325 under Public Act 198 of 1974, related to industrial facilities.

NOTE 10 - INTERFUND TRANSFERS

For the year ended December 31, 2022, interfund transfers consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
Fire Compensation	\$ 69,600	General	\$ 109,600
Nonmajor fund	<u>40,000</u>		
	109,600		
Nonmajor fund	<u>13,800</u>	Sewer Improvement	<u>13,800</u>
Total	<u>\$ 123,400</u>	Total	<u>\$ 123,400</u>

The transfers out of the General Fund to the other governmental funds represent support for expenditures incurred in those funds.

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, 2022, is as follows:

Cumulative excess revenues, beginning of year	<u>\$ 14,733</u>
Revenues	\$ 707,335
Expenses	<u>551,419</u>
Excess of revenues over expenses	<u>\$ 155,916</u>
Cumulative excess revenues, end of year	<u>\$ 170,649</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, 2022, the portion of these Ottawa County bonds outstanding, for which the Township has pledged its full faith and credit, amounted to \$4,129,449.

NOTE 14 - CORRECTION OF ERRORS

Prior period adjustments have been recorded in 2022 to correct the accounting for state shared revenue that resulted in a restatement of opening fund balance and net position. Fund balance and net position, as of December 31, 2021, included in the governmental fund financial statements and in the government-wide financial statements, represents restated balances, as presented below.

	<u>Fund Balance</u>	<u>Net position</u>
	<u>General</u>	<u>Governmental</u>
	<u>Fund</u>	<u>activities</u>
Beginning of year, as previously reported	\$ 12,501,397	\$ 35,783,184
Prior period adjustment:		
Understatement of receivables		
related to state shared revenue	182,014	-
Understatement of state shared revenue		
related to census adjustments	<u>-</u>	<u>273,496</u>
Beginning of year, as restated	<u>\$ 12,683,411</u>	<u>\$ 36,056,680</u>

NOTE 15 - PENDING ACCOUNTING PRONOUNCEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 1,682,500	\$ 1,682,500	\$ 1,675,268	\$ (7,232)
Licenses and permits	468,000	1,035,650	1,038,454	2,804
State grants	960,700	1,518,400	1,673,972	155,572
Charges for services	46,000	81,850	85,748	3,898
Investment earnings	3,700	(355,300)	(379,876)	(24,576)
Other	8,000	20,300	12,613	(7,687)
	<u>3,168,900</u>	<u>3,983,400</u>	<u>4,106,179</u>	<u>122,779</u>
Total revenues				
EXPENDITURES				
General government:				
Legislative	33,950	33,950	29,070	4,880
Supervisor	120,150	72,150	71,834	316
Accounting	16,800	16,800	16,148	652
Clerk	38,250	43,700	42,657	1,043
Audit	15,800	17,100	17,100	-
Information technology	36,000	36,000	35,598	402
Board of review	1,900	1,900	1,338	562
Treasurer	37,800	41,650	40,616	1,034
Assessor	52,650	124,750	113,264	11,486
Office administration	73,050	83,550	79,505	4,045
Elections	25,000	40,150	38,749	1,401
Building and grounds	62,350	69,450	68,492	958
Attorney	25,000	35,000	32,660	2,340
Insurance	22,000	22,000	14,140	7,860
Contingencies	60,000	-	-	-
	<u>620,700</u>	<u>638,150</u>	<u>601,171</u>	<u>36,979</u>
Total general government				
Public safety:				
Police protection	178,500	182,000	181,745	255
Fire protection	1,100	1,100	802	298
Building inspection	94,000	469,000	451,691	17,309
Electrical inspection	20,800	30,800	26,327	4,473
Mechanical inspection	25,600	25,600	18,750	6,850
Plumbing inspection	16,000	16,000	13,950	2,050
	<u>336,000</u>	<u>724,500</u>	<u>693,265</u>	<u>31,235</u>
Total public safety				

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2022

	<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	\$ 57,647	\$ (16,647)
Drains	50,000	50,000	27,767	22,233
Roads	550	550	210	340
Street lighting	46,350	46,350	42,061	4,289
Water and sewer	32,000	50,000	47,419	2,581
Cemetery	38,450	48,150	40,751	7,399
Macatawa Watershed	10,700	10,700	10,574	126
Total public works	<u>219,050</u>	<u>246,750</u>	<u>226,429</u>	<u>20,321</u>
Community and economic development:				
Planning	11,600	11,600	5,366	6,234
Zoning	10,500	10,500	-	10,500
Zoning Board of Appeals	2,300	2,300	-	2,300
Macatawa Area Coordinating Council	13,000	13,000	11,077	1,923
Economic development	5,000	5,000	5,000	-
Total community and economic development	<u>42,400</u>	<u>42,400</u>	<u>21,443</u>	<u>20,957</u>
Recreation and culture:				
Drenthe Grove	51,000	87,000	90,286	(3,286)
Van Zoeren Woods	7,000	7,000	5,218	1,782
Parks facilities	500	600	710	(110)
Library	140,000	150,000	150,000	-
Community services	15,000	15,000	12,709	2,291
Total recreation and culture	<u>213,500</u>	<u>259,600</u>	<u>258,923</u>	<u>677</u>
Capital outlay	<u>1,625,000</u>	<u>1,153,600</u>	<u>787,987</u>	<u>365,613</u>
Total expenditures	<u>3,056,650</u>	<u>3,065,000</u>	<u>2,589,218</u>	<u>475,782</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	112,250	918,400	1,516,961	598,561
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(120,000)</u>	<u>(109,600)</u>	<u>10,400</u>
NET CHANGES IN FUND BALANCES	112,250	798,400	1,407,361	608,961
FUND BALANCES - BEGINNING	<u>12,683,411</u>	<u>12,683,411</u>	<u>12,683,411</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 12,795,661</u>	<u>\$ 13,481,811</u>	<u>\$ 14,090,772</u>	<u>\$ 608,961</u>

BUDGETARY COMPARISON SCHEDULE - Road Fund

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 995,800	\$ 995,800	\$ 990,879	\$ (4,921)
State grant	15,000	15,000	14,140	(860)
Investment earnings	-	(109,000)	(115,667)	(6,667)
Total revenues	<u>1,010,800</u>	<u>901,800</u>	<u>889,352</u>	<u>(12,448)</u>
EXPENDITURES				
Public works:				
Dust control	52,000	52,000	19,121	32,879
Road improvements	<u>700,000</u>	<u>350,000</u>	<u>174,264</u>	<u>175,736</u>
Total expenditures	<u>752,000</u>	<u>402,000</u>	<u>193,385</u>	<u>208,615</u>
NET CHANGES IN FUND BALANCES	258,800	499,800	695,967	196,167
FUND BALANCES - BEGINNING	<u>3,553,391</u>	<u>3,553,391</u>	<u>3,553,391</u>	-
FUND BALANCES - ENDING	<u>\$ 3,812,191</u>	<u>\$ 4,053,191</u>	<u>\$ 4,249,358</u>	<u>\$ 196,167</u>

BUDGETARY COMPARISON SCHEDULE - Fire Fund

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 500,600	\$ 500,600	\$ 498,081	\$ (2,519)
State grants	3,700	3,700	2,645	(1,055)
Charges for services	1,000	1,000	6,940	5,940
Investment earnings	-	(28,000)	(31,677)	(3,677)
Other	-	-	2,550	2,550
Total revenues	505,300	477,300	478,539	1,239
EXPENDITURES				
Public safety:				
Compensation	3,400	3,400	3,082	318
Training	7,000	14,000	13,486	514
Supplies	66,000	259,000	246,643	12,357
Contracted services	18,000	25,000	25,337	(337)
Hydrant rental	56,000	56,100	56,034	66
Utilities	24,000	26,000	28,659	(2,659)
Repairs and maintenace	56,000	68,000	64,285	3,715
Insurance	73,000	74,000	71,969	2,031
Miscellaneous	7,500	7,500	5,279	2,221
Total public safety	310,900	533,000	514,774	18,226
Capital outlay	22,000	25,000	22,683	2,317
Total expenditures	332,900	558,000	537,457	20,543
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	172,400	(80,700)	(58,918)	21,782
OTHER FINANCING SOURCES (USES)				
Transfers in	-	40,000	40,000	-
Transfers out	(70,000)	-	-	-
Net other financing sources (uses)	(70,000)	40,000	40,000	-
NET CHANGES IN FUND BALANCES	102,400	(40,700)	(18,918)	21,782
FUND BALANCES - BEGINNING	828,136	828,136	828,136	-
FUND BALANCES - ENDING	\$ 930,536	\$ 787,436	\$ 809,218	\$ 21,782

BUDGETARY COMPARISON SCHEDULE - Fire Compensation Fund

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 247,600	\$ 247,600	\$ 246,353	\$ (1,247)
State grants	1,800	1,800	1,308	(492)
Charges for services	-	-	2,665	2,665
Investment earnings	-	-	(4,993)	(4,993)
Total revenues	249,400	249,400	245,333	(4,067)
EXPENDITURES				
Public safety - compensation	334,950	338,500	324,266	14,234
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(85,550)	(89,100)	(78,933)	10,167
OTHER FINANCING SOURCES				
Transfers in	70,000	80,000	69,600	(10,400)
NET CHANGES IN FUND BALANCES	(15,550)	(9,100)	(9,333)	(233)
FUND BALANCES - BEGINNING	9,430	9,430	9,430	-
FUND BALANCES - ENDING	<u>\$ (6,120)</u>	<u>\$ 330</u>	<u>\$ 97</u>	<u>\$ (233)</u>

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM

Board of Trustees
Zeeland Charter Township, Michigan

We have examined Zeeland Charter Township's (the Township) compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2022 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended December 31, 2022. Management of the Township is responsible for the Township's compliance with the specified requirements. Our responsibility is to express an opinion on the Township's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the Township complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Township complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Township's compliance with specified requirements.

In our opinion, the Township complied, in all material respects, with the specified requirements referenced above during the year ended December 31, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the Township's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the Township's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the Township complied, in all material respects, with the specified requirements referenced above during the year ended December 31, 2022. Accordingly, this report is not suitable for any other purpose.

Siegfried Crandall P.C.

May 28, 2023