

Charter Township of Big Rapids
Mecosta County, Michigan

FINANCIAL STATEMENTS

Year ended December 31, 2021



CONTENTS

	<i>Page</i>
INDEPENDENT AUDITOR'S REPORT	3 - 5
MANAGEMENT'S DISCUSSION AND ANALYSIS	6 - 11
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net position	12
Statement of activities	13
Fund financial statements:	
Balance sheet - governmental funds	14
Statement of revenues, expenditures, and changes in fund balances - governmental funds	15 - 16
Statement of net position - proprietary funds	17
Statement of revenues, expenses, and changes in net position - proprietary funds	18
Statement of cash flows - proprietary funds	19
Statement of fiduciary net position - custodial fund	20
Statement of changes in fiduciary net position - custodial fund	21
Notes to financial statements	22 - 29
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	30 - 31
Fire Fund	32
Road Fund	33
SUPPLEMENTARY INFORMATION	
Combining balance sheet - nonmajor governmental funds	34
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	35

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Big Rapids Charter Township, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Big Rapids, Michigan (the Township), as of and for the year ended December 31, 2021, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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.



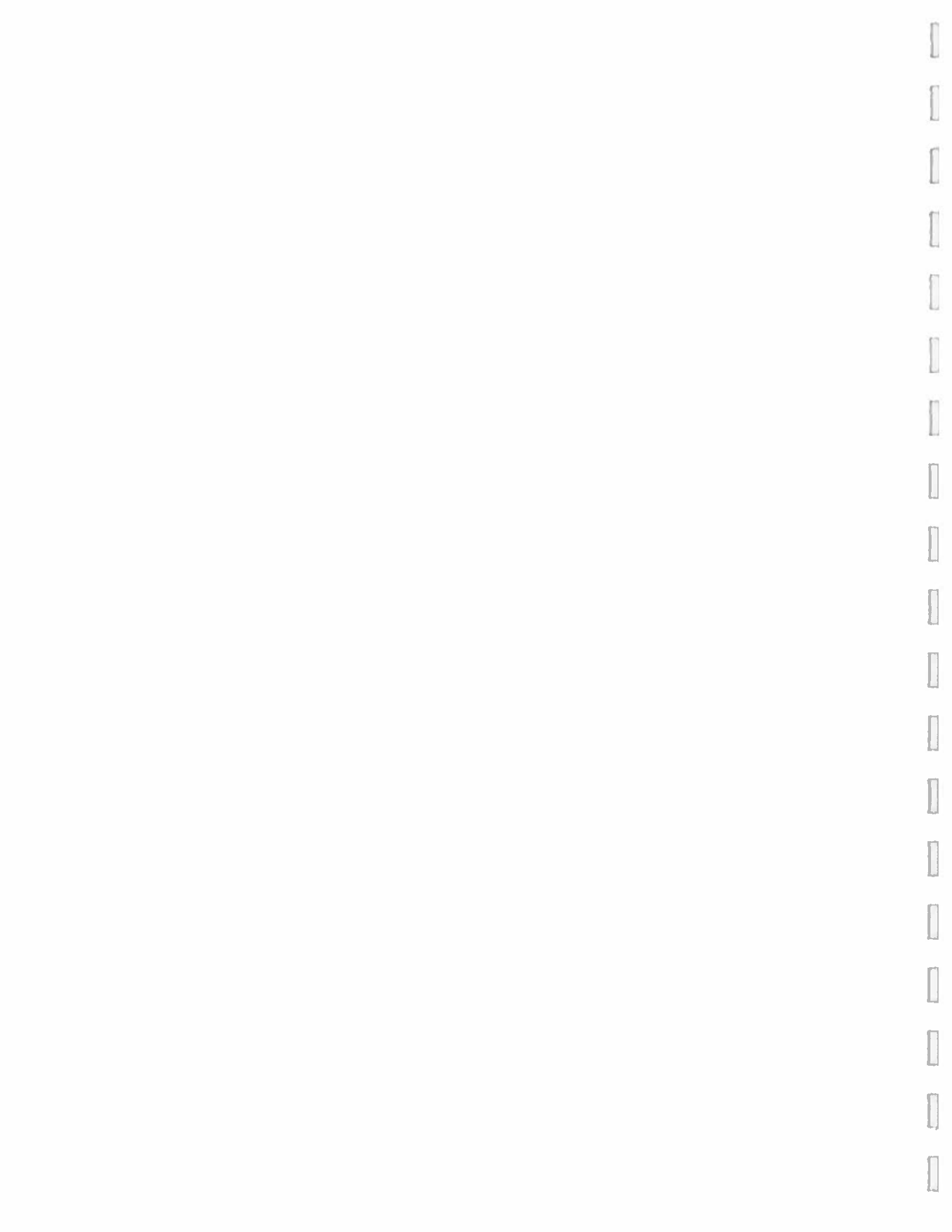
Supplementary information

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

Sigfried Crandall P.C.

April 27, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



Charter Township of Big Rapids
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Charter Township of Big Rapids' (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$442,879 (5.8 percent) as a result of this year's operations.
- Of the \$8,123,776 total net position reported, \$2,600,466 (32 percent) is unrestricted and, therefore, available to be used to meet future operating and capital needs at the discretion of the Township Board, 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 \$1,003,277, which represents 156 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 works, were financed in the short-term, as well as what remains for future spending.
 - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business. The Township's proprietary funds account for its construction code inspections department and sewage collection system.
 - Fiduciary fund 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 basic financial statements for 2021 and 2020 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 are divided into two categories:

- *Governmental activities* - These activities include functions most commonly associated with government (e.g., general government, public safety, public works, etc.). Property taxes and state grants generally fund most of these activities.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of operating the Township's sewage collection system and inspections department.

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.
- The Township Board establishes other funds to control and manage money for particular purposes (like paying the debt service on the debt associated with the Industrial Park) or to show that it is properly using certain taxes and other revenues (like the fire protection and road millages).

The Township has three types of funds:

- *Governmental funds.* Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Proprietary funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information. In fact, the Township's enterprise funds are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$8,123,776. However, \$5,195,444 of this total represents an investment in capital assets and \$327,866 is restricted for various purposes. Consequently, the unrestricted net position was \$2,600,466, or 32 percent of the total.

Condensed financial information
Net position

	Governmental activities		Business-type activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 2,451,323	\$ 1,890,571	\$ 1,506,692	\$ 1,294,363	\$ 3,958,015	\$ 3,184,934
Capital assets	3,233,267	3,202,593	1,962,177	2,053,546	5,195,444	5,256,139
Total assets	5,684,590	5,093,164	3,468,869	3,347,909	9,153,459	8,441,073
Current and other liabilities	256,697	6,550	24,440	17,781	281,137	24,331
Deferred inflows of resources	748,546	735,845	-	-	748,546	735,845
Net position:						
Investment in capital assets	3,233,267	3,202,593	1,962,177	2,053,546	5,195,444	5,256,139
Restricted	327,866	229,976	-	-	327,866	229,976
Unrestricted	1,118,214	918,200	1,482,252	1,276,582	2,600,466	2,194,782
Total net position	\$ 4,679,347	\$ 4,350,769	\$ 3,444,429	\$ 3,330,128	\$ 8,123,776	\$ 7,680,897

Changes in net position

The Township's total revenues were \$2,041,860 in the current year compared to \$1,970,283 in the prior year. Approximately 38 percent of the Township's revenues comes from charges for services, primarily related to sewer charges. Property taxes and state shared revenue represent 36 and 21 percent of the Township's total revenues, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed financial information
Changes in net position

	Governmental activities		Business-type activities		Totals	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 146,381	\$ 129,381	\$ 628,699	\$ 577,059	\$ 775,080	\$ 706,440
Operating grants and contributions	62,707	118,891	-	1,797	62,707	120,688
Capital grants and contributions	5,000	1,505	5,000	15,375	10,000	16,880
General revenues:						
Property taxes	739,903	714,587	-	-	739,903	714,587
State shared revenue	432,742	371,721	-	-	432,742	371,721
Interest income	2,890	8,052	1,163	14,744	4,053	22,796
Cable franchise fees	17,375	17,171	-	-	17,375	17,171
Total revenues	<u>1,406,998</u>	<u>1,361,308</u>	<u>634,862</u>	<u>608,975</u>	<u>2,041,860</u>	<u>1,970,283</u>
Expenses:						
General government	451,191	402,222	-	-	451,191	402,222
Public safety	233,790	236,325	-	-	233,790	236,325
Public works	339,906	446,096	-	-	339,906	446,096
Community and economic development	14,594	15,055	-	-	14,594	15,055
Recreation and culture	38,939	41,467	-	-	38,939	41,467
Interest	-	4,605	-	-	-	4,605
Sewer	-	-	460,308	462,109	460,308	462,109
Inspections	-	-	60,253	54,914	60,253	54,914
Total expenses	<u>1,078,420</u>	<u>1,145,770</u>	<u>520,561</u>	<u>517,023</u>	<u>1,598,981</u>	<u>1,662,793</u>
Changes in net position	<u>\$ 328,578</u>	<u>\$ 215,538</u>	<u>\$ 114,301</u>	<u>\$ 91,952</u>	<u>\$ 442,879</u>	<u>\$ 307,490</u>
Net position, end of year	<u>\$ 4,679,347</u>	<u>\$ 4,350,769</u>	<u>\$ 3,444,429</u>	<u>\$ 3,330,128</u>	<u>\$ 8,123,776</u>	<u>\$ 7,680,897</u>

Governmental activities

Governmental activities increased the Township's net position by \$328,578 in the current year compared to an increase of \$215,538 in the prior year. The larger increase in net position was caused by a \$45,690 increase in revenues and a \$67,350 reduction in expenses.

The increase in revenues was primarily due to a \$61,021 increase in state shared revenue due to much larger distributions from the state as the COVID-19 pandemic receded. Expenses decreased primarily due to a \$106,190 reduction in public works expenses as road maintenance and improvement costs were significantly higher in the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The total cost of governmental activities this year was \$1,078,420 compared to \$1,145,770 in the prior year. After subtracting the direct charges to those who directly benefited from the programs (\$146,381), operating grants (\$62,707), and capital grants (\$5,000), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$864,332.

Business-type activities

Business-type activities increased the Township's net position by \$114,301 in the current year compared to a \$91,952 increase in the prior year. The increase in net position was \$22,349 higher in the current year as revenues increased by \$25,887 while expenses only increased by \$3,538. Revenues increased as charges for services were \$51,640 higher, primarily due to an increase in fees for building inspections.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

At December 31, 2021, the Township's governmental funds reported a combined fund balance of \$1,396,108, which represents an increase of \$347,875 compared to the prior year.

The fund balance of the General Fund increased by \$226,070 in the current year as the fund's revenues, in the amount of \$890,602, were sufficient to cover its expenditures (\$644,532) and transfers to other funds (\$20,000). Fund balance was \$1,007,297 at year end.

The fund balance of the Fire Fund, a special revenue fund, increased by \$87,798 in the current year as the fund's revenues, in the amount of \$273,101, exceeded its expenditures of \$185,303. Fund balance was \$137,293 at year end.

The fund balance of the Road Fund, a special revenue fund, increased by \$23,674 in the current year as property tax revenues of \$248,674 were sufficient to cover current year expenditures of \$225,000. Fund balance was \$60,967 at year end.

The fund balance of the ARPA Fund, a special revenue fund, has a fund balance of \$-0- at year end. A federal grant of \$253,664 was received during the current year, but the fund did not incur any expenditures; therefore, no revenue was recognized during the year.

Proprietary funds

At December 31, 2021, the Township's proprietary funds reported total net position of \$3,444,429, which represents an increase of \$114,301 compared to the prior year.

The Sewer Fund experienced an increase in net position of \$110,660, as charges for services were sufficient to cover operating costs. The fund's net position amounted to \$3,325,489 at the end of the year, of which \$1,363,312 is unrestricted.

The Inspections Fund experienced an increase in net position of \$3,641, as permit revenue of \$63,894 was sufficient to cover operating costs of \$60,253 during the current year. The fund's net position amounted to \$118,940 at the end of the year.

Charter Township of Big Rapids
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

General Fund budgetary highlights

The Township amended the General Fund budget during the year to increase revenues by \$105,000, associated with an increase in expectations related to state shared revenue. Total appropriations were increased by \$196,400, primarily to increase capital outlay expenditures by \$175,000, associated with the purchase of a building during the year.

Total revenues were \$81,702 higher than budgeted as virtually every category of revenue exceeded expectations. Total expenditures were \$173,698 less than the amounts appropriated. The largest expenditure variance occurred in the public works function where expenditures were \$106,306 less than budgeted as road improvement costs were \$105,400 less than anticipated.

These variances resulted in a \$255,400 positive budget variance with a \$226,070 increase in fund balance compared to a budgeted decrease of \$29,330.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At December 31, 2021, the Township had invested \$5,195,444, net of depreciation, in various capital assets, including its land, buildings, equipment, vehicles, and infrastructure.

This year's major capital asset additions included:

- Acquired property at 14320 Northland Drive which is being renovated at year end
- Purchased a drone for \$5,000, which was funded by a grant

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

Debt

The Township had no debt at the beginning or end of the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township's 2022 budget does not anticipate significant changes in the amounts or composition of its major revenue sources. The Township has budgeted expenditures for the upcoming year at amounts sufficient to support its ongoing programs and activities and plans to primarily use current revenues to provide essential services in order to maintain current fund balances.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors 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:

Charter Township of Big Rapids
Bill Stanek, Township Supervisor
14212 Northland Drive
Big Rapids, MI 49307

Phone: (231) 796-3603

BASIC FINANCIAL STATEMENTS

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

Charter Township of Big Rapids
STATEMENT OF NET POSITION
December 31, 2021

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 1,748,701	\$ 1,401,255	\$ 3,149,956
Receivables	667,703	104,400	772,103
Prepaid expenses	34,919	1,037	35,956
Total current assets	<u>2,451,323</u>	<u>1,506,692</u>	<u>3,958,015</u>
Noncurrent assets:			
Capital assets not being depreciated	420,639	-	420,639
Capital assets, net of depreciation	<u>2,812,628</u>	<u>1,962,177</u>	<u>4,774,805</u>
Total noncurrent assets	<u>3,233,267</u>	<u>1,962,177</u>	<u>5,195,444</u>
Total assets	<u>5,684,590</u>	<u>3,468,869</u>	<u>9,153,459</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,033	24,440	27,473
Unearned federal grant revenue	<u>253,664</u>	<u>-</u>	<u>253,664</u>
Total current liabilities	<u>256,697</u>	<u>24,440</u>	<u>281,137</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenues levied for the subsequent year	<u>748,546</u>	<u>-</u>	<u>748,546</u>
NET POSITION			
Investment in capital assets	3,233,267	1,962,177	5,195,444
Restricted for:			
Public safety	107,013	-	107,013
Public works	95,000	-	95,000
Recreation and culture	1,565	-	1,565
Capital improvements	21,057	-	21,057
Perpetual care - nonspendable	103,231	-	103,231
Unrestricted	<u>1,118,214</u>	<u>1,482,252</u>	<u>2,600,466</u>
Total net position	<u>\$ 4,679,347</u>	<u>\$ 3,444,429</u>	<u>\$ 8,123,776</u>

See notes to financial statements

Charter Township of Big Rapids
STATEMENT OF ACTIVITIES
Year ended December 31, 2021

	Program revenues				Net (expenses) revenues and changes in net position		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Totals
Functions/Programs							
Governmental activities:							
General government	\$ 451,191	\$ 126,195	\$ 48,642	\$ -	\$ (276,354)	\$ -	\$ (276,354)
Public safety	233,790	15,879	6,572	5,000	(206,339)		(206,339)
Public works	339,906	782	7,493	-	(331,631)		(331,631)
Community and economic development	14,594	3,525	-	-	(11,069)		(11,069)
Recreation and culture	38,939	-	-	-	(38,939)		(38,939)
Total governmental activities	1,078,420	146,381	62,707	5,000	(864,332)		(864,332)
Business-type activities:							
Sewer	460,308	564,805	-	5,000		\$ 109,497	109,497
Inspections	60,253	63,894	-	-		3,641	3,641
Total business-type activities	520,561	628,699	-	5,000		113,138	113,138
Totals	\$ 1,598,981	\$ 775,080	\$ 62,707	\$ 10,000	(864,332)	113,138	(751,194)
General revenues:							
Property taxes					739,903	-	739,903
State shared revenue					432,742	-	432,742
Cable franchise fees					17,375	-	17,375
Unrestricted interest income					2,890	1,163	4,053
Total general revenues					1,192,910	1,163	1,194,073
Changes in net position					328,578	114,301	442,879
Net position - beginning					4,350,769	3,330,128	7,680,897
Net position - ending					\$ 4,679,347	\$ 3,444,429	\$ 8,123,776

See notes to financial statements

Charter Township of Big Rapids
BALANCE SHEET - governmental funds
December 31, 2021

	General	Special revenue			Nonmajor funds	Total governmental funds
		Fire	Road	ARPA		
ASSETS						
Cash	\$ 908,889	\$ 223,798	\$ 158,803	\$ 253,664	\$ 203,547	\$ 1,748,701
Receivables	332,658	159,916	154,489	-	20,640	667,703
Due from other funds	25,000	-	-	-	-	25,000
Prepaid expenditures	4,020	30,899	-	-	-	34,919
Total assets	\$1,270,567	\$ 414,613	\$ 313,292	\$ 253,664	\$ 224,187	\$ 2,476,323
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 3,033	\$ -	\$ -	\$ -	\$ -	\$ 3,033
Due to other funds	-	25,000	-	-	-	25,000
Unearned federal grant revenue	-	-	-	253,664	-	253,664
Total liabilities	3,033	25,000	-	253,664	-	281,697
Deferred inflows of resources:						
Property tax revenues levied for the subsequent year	210,265	252,320	252,325	-	33,636	748,546
Unavailable assessment revenues	49,972	-	-	-	-	49,972
Total deferred inflows of resources	260,237	252,320	252,325	-	33,636	798,518
Fund balances:						
Nonspendable:						
Permanent fund principal	-	-	-	-	103,231	103,231
Prepaid expenditures	4,020	30,899	-	-	-	34,919
Restricted for:						
Public safety	-	106,394	-	-	619	107,013
Public works	-	-	60,967	-	34,033	95,000
Recreation and culture	-	-	-	-	1,565	1,565
Capital improvements	-	-	-	-	21,057	21,057
Assigned for:						
Public works	-	-	-	-	1,216	1,216
Capital improvements	-	-	-	-	10,000	10,000
Perpetual care	-	-	-	-	18,830	18,830
Unassigned	1,003,277	-	-	-	-	1,003,277
Total fund balances	1,007,297	137,293	60,967	-	190,551	1,396,108
Total liabilities, deferred inflows of resources, and fund balances	\$1,270,567	\$ 414,613	\$ 313,292	\$ 253,664	\$ 224,187	\$ 2,476,323

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

Total fund balance - total governmental funds \$ 1,396,108

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. 3,233,267

Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds. 49,972

Net position of governmental activities \$ 4,679,347

See notes to financial statements

Charter Township of Big Rapids

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCES - governmental funds

Year ended December 31, 2021

	General	Special revenue			Nonmajor funds	Total governmental funds
		Fire	Road	ARPA		
REVENUES						
Property taxes	\$ 270,172	\$ 248,675	\$ 248,674	\$ -	\$ 33,150	\$ 800,671
Licenses and permits	17,375	-	-	-	-	17,375
State grants	432,742	-	-	-	14,065	446,807
Contributions from local units	48,642	15,879	-	-	-	64,521
Charges for services	44,905	-	-	-	782	45,687
Interest and rentals	12,373	-	-	-	142	12,515
Other	64,393	8,547	-	-	-	72,940
Total revenues	<u>890,602</u>	<u>273,101</u>	<u>248,674</u>	<u>-</u>	<u>48,139</u>	<u>1,460,516</u>
EXPENDITURES						
Current:						
General government	434,073	-	-	-	-	434,073
Public safety	-	179,803	-	-	6,585	186,388
Public works	28,194	-	225,000	-	19,566	272,760
Community and economic development	14,594	-	-	-	-	14,594
Recreation and culture	6,134	-	-	-	31,655	37,789
Capital outlay	<u>161,537</u>	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,037</u>
Total expenditures	<u>644,532</u>	<u>185,303</u>	<u>225,000</u>	<u>-</u>	<u>57,806</u>	<u>1,112,641</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>246,070</u>	<u>87,798</u>	<u>23,674</u>	<u>-</u>	<u>(9,667)</u>	<u>347,875</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	20,000	20,000
Transfers out	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Net other financing sources (uses)	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	226,070	87,798	23,674	-	10,333	347,875
FUND BALANCES - BEGINNING	<u>781,227</u>	<u>49,495</u>	<u>37,293</u>	<u>-</u>	<u>180,218</u>	<u>1,048,233</u>
FUND BALANCES - ENDING	<u>\$ 1,007,297</u>	<u>\$ 137,293</u>	<u>\$ 60,967</u>	<u>\$ -</u>	<u>\$ 190,551</u>	<u>\$ 1,396,108</u>

See notes to financial statements

Charter Township of Big Rapids

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds (Continued)

Year ended December 31, 2021

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

Net change in fund balance - total governmental funds (page 15) \$ 347,875

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

Capital assets:

Assets acquired	166,487
Provision for depreciation	(135,813)

Changes in other assets/liabilities:

Decrease in unavailable special assessments	(49,971)
---	----------

Change in net position of governmental activities \$ 328,578

See notes to financial statements

Charter Township of Big Rapids

STATEMENT OF NET POSITION - *proprietary funds*

December 31, 2021

	<u><i>Sewer</i></u>	<u><i>Nonmajor fund</i></u>	<u><i>Totals</i></u>
ASSETS			
Current assets:			
Cash	\$ 1,282,315	\$ 118,940	\$ 1,401,255
Prepays	1,037	-	1,037
Receivables	<u>104,400</u>	<u>-</u>	<u>104,400</u>
Total current assets	1,387,752	118,940	1,506,692
Noncurrent assets - capital assets, net of depreciation	<u>1,962,177</u>	<u>-</u>	<u>1,962,177</u>
Total assets	<u>3,349,929</u>	<u>118,940</u>	<u>3,468,869</u>
LIABILITIES			
Current liabilities - accounts payable	<u>24,440</u>	<u>-</u>	<u>24,440</u>
NET POSITION			
Investment in capital assets	1,962,177	-	1,962,177
Unrestricted	<u>1,363,312</u>	<u>118,940</u>	<u>1,482,252</u>
Total net position	<u>\$ 3,325,489</u>	<u>\$ 118,940</u>	<u>\$ 3,444,429</u>

See notes to financial statements

Charter Township of Big Rapids

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - *proprietary funds***

Year ended December 31, 2021

	<u>Sewer</u>	<u>Nonmajor fund</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 564,805	\$ 63,894	\$ 628,699
OPERATING EXPENSES			
Operation and maintenance	368,939	60,253	429,192
Depreciation	91,369	-	91,369
Total operating expenses	460,308	60,253	520,561
OPERATING INCOME	104,497	3,641	108,138
NONOPERATING REVENUE			
Interest revenue	1,163	-	1,163
INCOME BEFORE CAPITAL CONTRIBUTIONS	105,660	3,641	109,301
CAPITAL CONTRIBUTIONS			
Connection fees	5,000	-	5,000
CHANGES IN NET POSITION	110,660	3,641	114,301
NET POSITION - BEGINNING	3,214,829	115,299	3,330,128
NET POSITION - ENDING	<u>\$ 3,325,489</u>	<u>\$ 118,940</u>	<u>\$ 3,444,429</u>

See notes to financial statements

Charter Township of Big Rapids

STATEMENT OF CASH FLOWS - proprietary funds

Year ended December 31, 2021

	<u>Sewer</u>	<u>Nonmajor fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 589,035	\$ 63,894	\$ 652,929
Payments to suppliers	(353,804)	(60,186)	(413,990)
Payments to employees	(8,432)	-	(8,432)
Net cash provided by (used in) operating activities	<u>226,799</u>	<u>3,708</u>	<u>230,507</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Connection fees	<u>5,000</u>	<u>-</u>	<u>5,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>1,163</u>	<u>-</u>	<u>1,163</u>
NET CHANGE IN CASH	<u>232,962</u>	<u>3,708</u>	<u>236,670</u>
CASH - BEGINNING	<u>1,049,353</u>	<u>115,232</u>	<u>1,164,585</u>
CASH - ENDING	<u>\$ 1,282,315</u>	<u>\$ 118,940</u>	<u>\$ 1,401,255</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 104,497	\$ 3,641	\$ 108,138
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	91,369	-	91,369
Change in assets and liabilities:			
(Increase) decrease in receivables	24,230	-	24,230
(Increase) decrease in prepaids	44	67	111
Increase (decrease) in payables	<u>6,659</u>	<u>-</u>	<u>6,659</u>
Net cash provided by (used in) operating activities	<u>\$ 226,799</u>	<u>\$ 3,708</u>	<u>\$ 230,507</u>

See notes to financial statements

Charter Township of Big Rapids

STATEMENT OF FIDUCIARY NET POSITION - Custodial Fund

December 31, 2021

	<u><i>Tax Collection</i></u>
ASSETS	
Cash	\$ 385,901
LIABILITIES	
Due to other governments	<u>385,901</u>
NET POSITION	
Restricted for individuals and other governments	<u>\$ -</u>

See notes to financial statements

Charter Township of Big Rapids

STATEMENT OF CHANGES IN FIDUCIARY NET POSTION - Custodial Fund

Year ended December 31, 2021

	<u>Tax Collection</u>
ADDITIONS	
Property taxes collected for other governments	\$ 5,292,791
DEDUCTIONS	
Property taxes distributed to other governments	<u>5,292,791</u>
NET CHANGE IN FIDUCIARY NET POSITION	-
NET POSITION - BEGINNING	<u>-</u>
NET POSTION - ENDING	<u><u>\$ -</u></u>

See notes to financial statements

Charter Township of Big Rapids
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Big Rapids, 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 Mecosta 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. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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 year, is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

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 Fire Fund, a special revenue fund, accounts for the use of property tax revenues that are restricted for the financing of fire protection costs of the Township. Revenues are primarily derived from property taxes.

The Roads Fund, a special revenue fund, accounts for the use of property tax revenues that are restricted for financing road projects within the Township. Revenues are primarily derived from property taxes.

The ARPA Fund, a special revenue fund, is used to account for the restricted resources provided by the American Rescue Plan Act.

The Township reports the following major proprietary fund:

The Sewer Fund accounts for the activities of the Township's sewage collection system.

The Township also reports a custodial fund, the Tax Collection Fund, which accounts for assets held by the Township in a fiduciary capacity for other governments. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash - Cash is considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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 the fund financial statements and the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital assets - Capital assets, which include land, buildings, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 (\$10,000 for infrastructure improvements) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets of governmental activities either retroactively to June 15, 1980, or prospectively. The Township has elected to account for its infrastructure assets prospectively, beginning January 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	3 - 10 years
Vehicles	20 years
Sewer systems	40 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 three items that are included in this category: property taxes, unearned grant revenues 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. Unearned grant revenues will be recognized when allowable expenditures occur. Special assessment revenues, which are not recognized until available (collected not later than 60 days after the end of the Township's fiscal year), are deferred and recognized as an inflow of resources in the period that the revenue becomes 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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund equity - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either a) not in spendable form, or b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Board of Trustees retains the right to assign fund balance as to purpose. Unassigned fund balance is the residual classification for the General Fund. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied 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 2020 ad valorem taxes were levied on December 1, 2020, 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 the Township's General and special revenue funds. The budget document presents information by fund, function, activity, and line-item. The legal level of budgetary control adopted by the governing body is the function 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. The Township did not have any reportable negative budget variances in the current year.

NOTE 3 - CASH

Cash, as presented in the accompanying financial statements, consists of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Fiduciary activity</u>	<u>Totals</u>
Deposits	\$ 1,748,501	\$ 1,401,155	\$ 385,901	\$ 3,535,557
Cash on hand	200	100	-	300
Totals	<u><u>\$ 1,748,701</u></u>	<u><u>\$ 1,401,255</u></u>	<u><u>\$ 385,901</u></u>	<u><u>\$ 3,535,857</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH (Continued)

Deposits - Deposits are carried at cost and are maintained at a single financial institution in the name of the Township. State statutes 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. 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, 2021, \$2,760,857 of the Township's bank balances of \$3,260,857 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2021, for the Township's individual major funds and nonmajor funds, in the aggregate, were as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Special Assessments</i>	<i>Accounts</i>	<i>Inter- governmental</i>	<i>Totals</i>
Governmental:					
General	\$ 128,735	\$ 49,972	\$ 4,445	\$ 149,506	\$ 332,658
Fire	154,478	-	5,438	-	159,916
Road	154,489	-	-	-	154,489
Nonmajor	20,594	-	46	-	20,640
Total governmental	<u>\$ 458,296</u>	<u>\$ 49,972</u>	<u>\$ 9,929</u>	<u>\$ 149,506</u>	<u>\$ 667,703</u>
Proprietary - Sewer	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,400</u>	<u>\$ -</u>	<u>\$ 104,400</u>

All amounts are due within one year.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, 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	\$ 259,152	\$ -	\$ -	\$ 259,152
Construction in progress	-	161,487	-	161,487
Total capital assets not being depreciated	<u>259,152</u>	<u>161,487</u>	<u>-</u>	<u>420,639</u>
Capital assets being depreciated:				
Buildings	1,084,795	-	-	1,084,795
Infrastructure	2,598,162	-	-	2,598,162
Vehicles	789,689	-	-	789,689
Equipment	<u>234,217</u>	<u>5,000</u>	<u>(13,432)</u>	<u>225,785</u>
Subtotal	<u>4,706,863</u>	<u>5,000</u>	<u>(13,432)</u>	<u>4,698,431</u>
Less accumulated depreciation for:				
Buildings	(363,705)	(20,629)	-	(384,334)
Infrastructure	(799,415)	(64,954)	-	(864,369)
Vehicles	(425,419)	(35,779)	-	(461,198)
Equipment	<u>(174,883)</u>	<u>(14,451)</u>	<u>13,432</u>	<u>(175,902)</u>
Subtotal	<u>(1,763,422)</u>	<u>(135,813)</u>	<u>13,432</u>	<u>(1,885,803)</u>
Total capital assets being depreciated, net	<u>2,943,441</u>	<u>(130,813)</u>	<u>-</u>	<u>2,812,628</u>
Governmental activities capital assets, net	<u>\$3,202,593</u>	<u>\$ 30,674</u>	<u>\$ -</u>	<u>\$3,233,267</u>
Business-type activities:				
Capital assets being depreciated - sewer system	\$3,182,746	\$ -	\$ -	\$3,182,746
Less accumulated depreciation	<u>(1,129,200)</u>	<u>(91,369)</u>	<u>-</u>	<u>(1,220,569)</u>
Business-type activities capital assets, net	<u>\$2,053,546</u>	<u>\$ (91,369)</u>	<u>\$ -</u>	<u>\$1,962,177</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 17,068
Public safety	50,449
Public works	67,146
Recreation and culture	<u>1,150</u>
Total governmental activities	<u>\$ 135,813</u>

Charter Township of Big Rapids
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - PROPERTY TAXES

The 2020 taxable valuation of the Township approximated \$165,273,000, on which ad valorem taxes levied consisted of 1.25 mills for operating purposes, 1.50 mills for fire protection, 1.50 mills for roads, and 0.20 mills for library services, raising \$207,000 for operating purposes, \$248,000 for fire protection, \$248,000 for roads maintenance, and \$33,000 for library services. These amounts are recognized in the respective fund financial statements as property tax revenues.

The 2021 taxable valuation of the Township approximated \$168,193,000, on which ad valorem taxes levied consisted of 1.25 mills for operating purposes, 1.50 mills for fire protection, 1.50 mills for road improvements, and 0.20 mills for library services, raising \$210,000 for operating purposes, \$252,000 for fire protection, \$252,000 for roads maintenance, and \$34,000 for library services. 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 7 - DEFINED CONTRIBUTION PENSION PLAN

The Township and its employees contribute to the Big Rapids Township Group Pension Plan, a defined contribution pension plan, which is administered by a third-party administrator. The plan covers all elected officials and full-time employees, excluding seasonal employees.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment, as described above. The Township contributes 12.5% of each elected official's base salary and 10% of each qualified full-time employee's base salary to the Plan. Employee contributions, up to applicable Internal Revenue Code limits, are matched by an employer contribution not to exceed a maximum employer match of four percent of covered wages. For the year ended December 31, 2021, the Township made the required contributions of \$20,885, of which \$6,973 represented an employer match. At December 31, 2021, the Township reported no accrued liability as part of the contributions to the plan.

The Township's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested on the day the employee is eligible to participate in the plan, which occurs immediately after employment.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

NOTE 8 - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plans were held in trust (custodial account or annuity contract), as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the Township's financial statements.

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss to general liability, property and casualty, workers' compensation, and employee medical claims. The risks of loss arising from general liability up to \$5,000,000, property losses, workers' compensation, and employee medical costs are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

NOTE 10 - INTERFUND BALANCE AND TRANSFER

The General Fund advanced \$100,000 to the Fire Fund to finance a portion of the acquisition of a fire truck in a prior year. The Fire Fund is repaying the General Fund \$25,000 per year until the loan is repaid. At December 31, 2021, the Fire Fund owes the General Fund \$25,000.

During the year ended December 31, 2021, the General Fund transferred \$20,000 to the Water Project Fund, a nonmajor governmental fund, which accounts for activities in the Township's industrial park, to provide support for water system operating costs.

NOTE 11 - CONTINGENT LIABILITY

In the normal course of its activities, the Township becomes a party in various legal actions. The Township is currently involved in a tax appeal, which could have a significant financial impact. Because the outcome of this lawsuit is not presently determinable, the possible range of the potential cost cannot be reasonably predicted; therefore, no accrual has been made for this amount in the financial statements. The Township intends to vigorously defend its position in this case.

NOTE 12 - PENDING ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for periods beginning after June 15, 2021. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Big Rapids

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2021

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Property taxes	\$ 244,500	\$ 244,500	\$ 270,172	\$ 25,672
Licenses and permits	17,500	17,500	17,375	(125)
State grants	296,000	401,000	432,742	31,742
Contribution from local unit	46,000	46,000	48,642	2,642
Charges for services	28,500	28,500	44,905	16,405
Interest and rentals	19,200	19,200	12,373	(6,827)
Other:				
Special assessments	49,900	49,900	49,972	72
Miscellaneous	2,300	2,300	14,421	12,121
Total revenues	<u>703,900</u>	<u>808,900</u>	<u>890,602</u>	<u>81,702</u>
EXPENDITURES				
General government:				
Legislative	9,465	9,465	9,224	241
Supervisor	52,705	52,705	49,092	3,613
Assessor	66,200	76,600	77,714	(1,114)
Clerk	66,815	77,815	75,206	2,609
Treasurer	56,960	56,960	53,678	3,282
Board of review	1,825	1,825	1,705	120
Hall and grounds	10,425	10,425	14,561	(4,136)
Cemetery	107,215	107,215	97,573	9,642
General administration	67,650	67,650	55,320	12,330
Total general government	<u>439,260</u>	<u>460,660</u>	<u>434,073</u>	<u>26,587</u>
Public works:				
Road improvements and maintenance	125,000	125,000	19,600	105,400
Street lighting	9,500	9,500	8,594	906
Total public works	<u>134,500</u>	<u>134,500</u>	<u>28,194</u>	<u>106,306</u>

Charter Township of Big Rapids

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2021

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Continued)				
Community and economic development:				
Planning and zoning	\$ 19,350	\$ 19,350	\$ 10,594	\$ 8,756
Community promotion	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total community and economic development	<u>23,350</u>	<u>23,350</u>	<u>14,594</u>	<u>8,756</u>
Recreation and culture - parks and recreation	<u>7,720</u>	<u>7,720</u>	<u>6,134</u>	<u>1,586</u>
Capital outlay	<u>17,000</u>	<u>192,000</u>	<u>161,537</u>	<u>30,463</u>
Total expenditures	<u>621,830</u>	<u>818,230</u>	<u>644,532</u>	<u>173,698</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	82,070	(9,330)	246,070	255,400
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	82,070	(29,330)	226,070	255,400
FUND BALANCES - BEGINNING	<u>781,227</u>	<u>781,227</u>	<u>781,227</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 863,297</u>	<u>\$ 751,897</u>	<u>\$ 1,007,297</u>	<u>\$ 255,400</u>

Charter Township of Big Rapids

BUDGETARY COMPARISON SCHEDULE - Fire Fund

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 225,000	\$ 225,000	\$ 248,675	\$ 23,675
Contribution from local unit	15,000	15,000	15,879	879
Other	-	-	8,547	8,547
Total revenues	<u>240,000</u>	<u>240,000</u>	<u>273,101</u>	<u>33,101</u>
EXPENDITURES				
Public safety	188,450	188,450	179,803	8,647
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>5,500</u>	<u>14,500</u>
Total expenditures	<u>208,450</u>	<u>208,450</u>	<u>185,303</u>	<u>23,147</u>
NET CHANGES IN FUND BALANCES	31,550	31,550	87,798	56,248
FUND BALANCES - BEGINNING	<u>49,495</u>	<u>49,495</u>	<u>49,495</u>	-
FUND BALANCES - ENDING	<u>\$ 81,045</u>	<u>\$ 81,045</u>	<u>\$ 137,293</u>	<u>\$ 56,248</u>

Charter Township of Big Rapids

BUDGETARY COMPARISON SCHEDULE - Road Fund

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 225,000	\$ 225,000	\$ 248,674	\$ 23,674
EXPENDITURES				
Public works	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	-	23,674	23,674
FUND BALANCES - BEGINNING	<u>37,293</u>	<u>37,293</u>	<u>37,293</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ 37,293</u></u>	<u><u>\$ 37,293</u></u>	<u><u>\$ 60,967</u></u>	<u><u>\$ 23,674</u></u>

SUPPLEMENTARY INFORMATION

Charter Township of Big Rapids

COMBINING BALANCE SHEET - nonmajor governmental funds

December 31, 2021

	<i>Special revenue</i>			<i>Capital project</i>		<i>Permanent</i>	
	<i>Metro Act</i>	<i>Library</i>	<i>Liquor Law</i>	<i>Water Project</i>	<i>Cemetery Building</i>	<i>Perpetual Care</i>	<i>Totals</i>
ASSETS							
Cash	\$ 34,033	\$ 14,607	\$ 619	\$ 1,170	\$ 31,057	\$ 122,061	\$ 203,547
Receivables	-	20,594	-	46	-	-	20,640
Total assets	<u>\$ 34,033</u>	<u>\$ 35,201</u>	<u>\$ 619</u>	<u>\$ 1,216</u>	<u>\$ 31,057</u>	<u>\$ 122,061</u>	<u>\$ 224,187</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Deferred inflows of resources:							
Property tax revenues levied for the subsequent year	\$ -	\$ 33,636	\$ -	\$ -	\$ -	\$ -	\$ 33,636
Fund balances:							
Nonspendable:							
Permanent fund principal	-	-	-	-	-	103,231	103,231
Restricted for:							
Public safety	-	-	619	-	-	-	619
Public works	34,033	-	-	-	-	-	34,033
Recreation and culture	-	1,565	-	-	-	-	1,565
Capital improvements	-	-	-	-	21,057	-	21,057
Assigned for:							
Public works	-	-	-	1,216	-	-	1,216
Capital improvements	-	-	-	-	10,000	-	10,000
Perpetual care	-	-	-	-	-	18,830	18,830
Total fund balances	<u>34,033</u>	<u>1,565</u>	<u>619</u>	<u>1,216</u>	<u>31,057</u>	<u>122,061</u>	<u>190,551</u>
Total deferred inflows of resources and fund balances	<u>\$ 34,033</u>	<u>\$ 35,201</u>	<u>\$ 619</u>	<u>\$ 1,216</u>	<u>\$ 31,057</u>	<u>\$ 122,061</u>	<u>\$ 224,187</u>

Charter Township of Big Rapids

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

Year ended December 31, 2021

	<i>Special revenue</i>				<i>Capital project</i>	<i>Permanent</i>	
	<i>Metro Act</i>	<i>Library</i>	<i>Liquor Law</i>	<i>Water Project</i>	<i>Cemetery Building</i>	<i>Perpetual Care</i>	<i>Totals</i>
REVENUES							
Property taxes	\$ -	\$33,150	\$ -	\$ -	\$ -	\$ -	\$ 33,150
State grants	7,493	-	6,572	-	-	-	14,065
Charges for services	-	-	-	782	-	-	782
Interest	-	-	-	-	-	142	142
Total revenues	<u>7,493</u>	<u>33,150</u>	<u>6,572</u>	<u>782</u>	<u>-</u>	<u>142</u>	<u>48,139</u>
EXPENDITURES							
Public safety	632	-	5,953	-	-	-	6,585
Public works	-	-	-	19,566	-	-	19,566
Recreation and culture	-	31,655	-	-	-	-	31,655
Total expenditures	<u>632</u>	<u>31,655</u>	<u>5,953</u>	<u>19,566</u>	<u>-</u>	<u>-</u>	<u>57,806</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,861	1,495	619	(18,784)	-	142	(9,667)
OTHER FINANCING SOURCES							
Transfers in	-	-	-	20,000	-	-	20,000
NET CHANGES IN FUND BALANCES	6,861	1,495	619	1,216	-	142	10,333
FUND BALANCES - BEGINNING	<u>27,172</u>	<u>70</u>	<u>-</u>	<u>-</u>	<u>31,057</u>	<u>121,919</u>	<u>180,218</u>
FUND BALANCES - ENDING	<u>\$ 34,033</u>	<u>\$ 1,565</u>	<u>\$ 619</u>	<u>\$ 1,216</u>	<u>\$ 31,057</u>	<u>\$ 122,061</u>	<u>\$190,551</u>

