

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 - 30
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	31 - 32
Fire Fund	33
Road Fund	34
SUPPLEMENTARY INFORMATION	
Combining balance sheet - nonmajor governmental funds	35
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	36



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, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2023, and the respective changes in financial position 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.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

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.

Siegfried Crandall P.C.

April 18, 2024



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, 2023. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$380,138 (4.5 percent) as a result of this year's operations.
- Of the \$8,818,148 total net position reported, \$2,976,162 (34 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 \$999,062, which represents 88 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 2023 and 2022 is also presented.

Government-wide financial statements

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

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

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

The government-wide financial statements 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 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 \$8,818,148. However, \$5,361,590 of this total represents an investment in capital assets and \$480,396 is restricted for various purposes. Consequently, the unrestricted net position was \$2,976,162, or 34 percent of the total.

*Condensed financial information
Net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 2,517,720	\$ 2,623,245	\$ 1,960,123	\$ 1,752,081	\$ 4,477,843	\$ 4,375,326
Capital assets	<u>3,527,521</u>	<u>3,435,712</u>	<u>1,834,069</u>	<u>1,897,816</u>	<u>5,361,590</u>	<u>5,333,528</u>
Total assets	<u>6,045,241</u>	<u>6,058,957</u>	<u>3,794,192</u>	<u>3,649,897</u>	<u>9,839,433</u>	<u>9,708,854</u>
Current and other liabilities	<u>145,328</u>	<u>456,759</u>	<u>23,366</u>	<u>27,100</u>	<u>168,694</u>	<u>483,859</u>
Deferred inflows of resources	<u>852,591</u>	<u>786,985</u>	<u>-</u>	<u>-</u>	<u>852,591</u>	<u>786,985</u>
Net position:						
Investment in capital assets	3,527,521	3,435,712	1,834,069	1,897,816	5,361,590	5,333,528
Restricted	480,396	340,479	-	-	480,396	340,479
Unrestricted	<u>1,039,405</u>	<u>1,039,022</u>	<u>1,936,757</u>	<u>1,724,981</u>	<u>2,976,162</u>	<u>2,764,003</u>
Total net position	<u>\$ 5,047,322</u>	<u>\$ 4,815,213</u>	<u>\$ 3,770,826</u>	<u>\$ 3,622,797</u>	<u>\$ 8,818,148</u>	<u>\$ 8,438,010</u>

Changes in net position

The Township's total revenues were \$2,534,630 in the current year compared to \$2,435,304 in the prior year. Approximately 34 percent of the Township's revenues comes from charges for services, primarily related to sewer charges. Property taxes and state shared revenue represent 30 and 17 percent of the Township's total revenues, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

*Condensed financial information
Changes in net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program revenues:						
Charges for services	\$ 157,980	\$ 151,759	\$ 712,210	\$ 704,681	\$ 870,190	\$ 856,440
Operating grants and contributions	68,930	66,437	-	-	68,930	66,437
Capital grants and contributions	275,950	234,975	7,500	60,000	283,450	294,975
General revenues:						
Property taxes	759,954	752,167	-	-	759,954	752,167
State shared revenue	423,215	432,609	-	-	423,215	432,609
Interest income	60,994	7,865	51,004	7,209	111,998	15,074
Cable franchise fees	16,893	17,602	-	-	16,893	17,602
Total revenues	<u>1,763,916</u>	<u>1,663,414</u>	<u>770,714</u>	<u>771,890</u>	<u>2,534,630</u>	<u>2,435,304</u>
Expenses:						
General government	449,727	371,111	-	-	449,727	371,111
Public safety	257,137	259,973	-	-	257,137	259,973
Public works	595,775	808,836	-	-	595,775	808,836
Community and economic development	21,990	26,212	-	-	21,990	26,212
Recreation and culture	207,178	61,416	-	-	207,178	61,416
Sewer	-	-	560,213	533,468	560,213	533,468
Inspections	-	-	62,472	60,054	62,472	60,054
Total expenses	<u>1,531,807</u>	<u>1,527,548</u>	<u>622,685</u>	<u>593,522</u>	<u>2,154,492</u>	<u>2,121,070</u>
Changes in net position	<u>\$ 232,109</u>	<u>\$ 135,866</u>	<u>\$ 148,029</u>	<u>\$ 178,368</u>	<u>\$ 380,138</u>	<u>\$ 314,234</u>
Net position, end of year	<u>\$ 5,047,322</u>	<u>\$ 4,815,213</u>	<u>\$ 3,770,826</u>	<u>\$ 3,622,797</u>	<u>\$ 8,818,148</u>	<u>\$ 8,438,010</u>

Governmental activities

Governmental activities increased the Township's net position by \$232,109 in the current year compared to an increase of \$135,866 in the prior year. Expenses only rose by \$4,259, while revenues increased by \$100,502, which caused the larger increase in net position in the current year.

The increase in revenues was primarily due to a \$40,975 increase in capital grants and contributions, due to the recognition of a portion of the federal ARPA grant, and a \$53,129 increase in interest income. Expenses increased primarily due to a 145,762 increase in recreation and culture expenses which was offset by a \$213,061 decrease in public works expenses, as road improvement costs were significantly higher in the prior year.

The total cost of governmental activities this year was \$1,531,807, compared to \$1,527,548 in the prior year. After subtracting the direct charges to those who directly benefited from the programs (\$157,980), operating grants (\$68,930), and capital grants (\$275,950), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$1,028,947.

Business-type activities

Business-type activities increased the Township's net position by \$148,029 in the current year compared to a \$178,368 increase in the prior year. The increase in net position was \$30,339 lower in the current year because expenses rose by \$29,163, while revenues decreased by \$1,176. Revenues decreased as capital contributions were \$52,500 lower, primarily due to a decrease in sewer connection charges.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

At December 31, 2023, the Township's governmental funds reported a combined fund balance of \$1,519,801, which represents an increase of \$140,300 compared to the prior year.

The fund balance of the General Fund increased by \$20,049 in the current year as the fund's revenues, in the amount of \$1,179,215, were sufficient to cover its expenditures (\$1,139,166) and transfers to other funds (\$20,000). Fund balance was \$1,005,557 at year end.

The fund balance of the Fire Fund, a special revenue fund, increased by \$66,598 in the current year as the fund's revenues, in the amount of \$279,870, were sufficient to cover its expenditures of \$213,272. Fund balance was \$175,644 at year end.

The fund balance of the Road Fund, a special revenue fund, increased by \$72,889 in the current year as the fund's revenues, in the amount of \$256,547, were sufficient to cover current year expenditures of \$183,658. Fund balance was \$157,474 at year end.

Proprietary funds

At December 31, 2023, the Township's proprietary funds reported total net position of \$3,770,826, which represents an increase of \$148,029 compared to the prior year.

The Sewer Fund experienced an increase in net position of \$160,143, as charges for services were sufficient to cover operating costs. The fund's net position amounted to \$3,637,991 at the end of the year, of which \$1,803,922 is unrestricted.

The Inspections Fund experienced a decrease in net position of \$12,114, as permit revenue of \$50,358 was not sufficient to cover operating costs of \$62,472 during the current year. The fund's net position amounted to \$132,835 at the end of the year.

General Fund budgetary highlights

The Township Board amended the budget to reflect anticipated changes in the nature and extent of expenditures during the current year. The amendments increased appropriations by \$183,000, primarily to increase capital outlay expenditures by \$154,000, associated with building improvements.

Total revenues were \$388,215 higher than budgeted, primarily because federal grants of \$275,950 were recognized, but not included in the budget. Total expenditures were \$50,565 less than the amounts appropriated, primarily because capital outlay expenditures were \$47,290 less than budgeted, as certain projects were less than anticipated.

These variances resulted in a \$418,780 positive budget variance with a \$20,049 increase in fund balance compared to a budgeted decrease of \$398,731.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At December 31, 2023, the Township had invested \$5,361,590, net of depreciation, in various capital assets, including its land, buildings, equipment, vehicles, and infrastructure.

This year's major capital asset additions included:

- Playground equipment was purchased for Highland Park for \$185,612
- Improvements to the new Election Hall amounted to \$165,367
- Cemetery improvements were made at a cost of \$31,381

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 2024 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
Carmen Bean, Township Supervisor
14212 Northland Drive
Big Rapids, MI 49307

Phone: (231) 796-3603

BASIC FINANCIAL STATEMENTS



Charter Township of Big Rapids

STATEMENT OF NET POSITION

December 31, 2023

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 1,491,588	\$ 965,457	\$ 2,457,045
Investments	347,757	901,459	1,249,216
Receivables	662,768	92,150	754,918
Prepaid expenses	<u>15,607</u>	<u>1,057</u>	<u>16,664</u>
Total current assets	<u>2,517,720</u>	<u>1,960,123</u>	<u>4,477,843</u>
Noncurrent assets:			
Capital assets not being depreciated	259,152	-	259,152
Capital assets, net of depreciation	<u>3,268,369</u>	<u>1,834,069</u>	<u>5,102,438</u>
Total noncurrent assets	<u>3,527,521</u>	<u>1,834,069</u>	<u>5,361,590</u>
Total assets	<u>6,045,241</u>	<u>3,794,192</u>	<u>9,839,433</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,328	23,366	24,694
Unearned revenue - cell tower	<u>144,000</u>	<u>-</u>	<u>144,000</u>
Total current liabilities	<u>145,328</u>	<u>23,366</u>	<u>168,694</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenues levied for the subsequent year	<u>852,591</u>	<u>-</u>	<u>852,591</u>
NET POSITION			
Investment in capital assets	3,527,521	1,834,069	5,361,590
Restricted for:			
Public safety	166,546	-	166,546
Public works	202,760	-	202,760
Recreation and culture	169	-	169
Capital improvements	7,675	-	7,675
Perpetual care - nonspendable	103,246	-	103,246
Unrestricted	<u>1,039,405</u>	<u>1,936,757</u>	<u>2,976,162</u>
Total net position	<u>\$ 5,047,322</u>	<u>\$ 3,770,826</u>	<u>\$ 8,818,148</u>

See notes to financial statements



Charter Township of Big Rapids

STATEMENT OF ACTIVITIES

Year ended December 31, 2023

	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
Functions/Programs						
Governmental activities:						
General government	\$ 449,727	\$ 96,272	\$ 505	\$ 86,477	\$ (266,473)	\$ (266,473)
Public safety	257,137	22,298	7,171	-	(227,668)	(227,668)
Public works	595,775	35,285	61,173	-	(499,317)	(499,317)
Community and economic development	21,990	4,125	-	-	(17,865)	(17,865)
Recreation and culture	207,178	-	81	189,473	(17,624)	(17,624)
Total governmental activities	1,531,807	157,980	68,930	275,950	(1,028,947)	(1,028,947)
Business-type activities:						
Sewer	560,213	661,852	-	7,500	\$ 109,139	109,139
Inspections	62,472	50,358	-	-	(12,114)	(12,114)
Total business-type activities	622,685	712,210	-	7,500	97,025	97,025
Totals	\$ 2,154,492	\$ 870,190	\$ 68,930	\$ 283,450	(1,028,947)	(931,922)
General revenues:						
Property taxes					759,954	759,954
State shared revenue					423,215	423,215
Cable franchise fees					16,893	16,893
Unrestricted interest income					60,994	111,998
Total general revenues					1,261,056	1,312,060
Changes in net position					232,109	380,138
Net position - beginning					4,815,213	3,622,797
Net position - ending					\$ 5,047,322	\$ 3,770,826

See notes to financial statements

Charter Township of Big Rapids

BALANCE SHEET - governmental funds

December 31, 2023

	General	Special revenue		Nonmajor funds	Total governmental funds
		Fire	Road		
ASSETS					
Cash	\$ 741,184	\$ 280,309	\$ 273,497	\$ 196,598	\$ 1,491,588
Investments	347,757	-	-	-	347,757
Receivables	293,930	174,590	171,349	22,899	662,768
Prepaid expenditures	6,495	9,112	-	-	15,607
Total assets	<u>\$ 1,389,366</u>	<u>\$ 464,011</u>	<u>\$ 444,846</u>	<u>\$ 219,497</u>	<u>\$ 2,517,720</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 333	\$ 995	\$ -	\$ -	\$ 1,328
Unearned revenues	144,000	-	-	-	144,000
Total liabilities	<u>144,333</u>	<u>995</u>	<u>-</u>	<u>-</u>	<u>145,328</u>
Deferred inflows of resources:					
Property tax revenues levied for the subsequent year	<u>239,476</u>	<u>287,372</u>	<u>287,372</u>	<u>38,371</u>	<u>852,591</u>
Fund balances:					
Nonspendable:					
Permanent fund principal	-	-	-	103,246	103,246
Prepaid expenditures	6,495	9,112	-	-	15,607
Restricted for:					
Public safety	-	166,532	-	14	166,546
Public works	-	-	157,474	45,286	202,760
Recreation and culture	-	-	-	169	169
Capital improvements	-	-	-	7,675	7,675
Assigned for:					
Public works	-	-	-	3,505	3,505
Perpetual care	-	-	-	21,231	21,231
Unassigned	<u>999,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>999,062</u>
Total fund balances	<u>1,005,557</u>	<u>175,644</u>	<u>157,474</u>	<u>181,126</u>	<u>1,519,801</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,389,366</u>	<u>\$ 464,011</u>	<u>\$ 444,846</u>	<u>\$ 219,497</u>	<u>\$ 2,517,720</u>

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

Total fund balance - total governmental funds \$ 1,519,801

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. 3,527,521

Net position of *governmental activities* \$ 5,047,322

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, 2023

	General	Special revenue		Nonmajor funds	Total governmental funds
		Fire	Road		
REVENUES					
Property taxes	\$ 277,903	\$ 255,941	\$ 255,941	\$ 34,174	\$ 823,959
Licenses and permits	16,893	-	-	-	16,893
Federal grants	275,950	1,025	-	-	276,975
State grants	423,720	606	606	12,215	437,147
Contributions from local units	53,973	22,227	-	-	76,200
Charges for services	44,342	-	-	859	45,201
Interest and rentals	74,543	-	-	1,036	75,579
Other	11,891	71	-	-	11,962
Total revenues	1,179,215	279,870	256,547	48,284	1,763,916
EXPENDITURES					
Current:					
General government	425,812	-	-	-	425,812
Public safety	-	184,132	-	5,664	189,796
Public works	305,643	-	183,658	21,346	510,647
Community and economic development	21,990	-	-	-	21,990
Recreation and culture	13,511	-	-	37,128	50,639
Capital outlay	372,210	29,140	-	23,382	424,732
Total expenditures	1,139,166	213,272	183,658	87,520	1,623,616
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	40,049	66,598	72,889	(39,236)	140,300
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	20,000	20,000
Transfers out	(20,000)	-	-	-	(20,000)
Net other financing sources (uses)	(20,000)	-	-	20,000	-
NET CHANGES IN FUND BALANCES	20,049	66,598	72,889	(19,236)	140,300
FUND BALANCES - BEGINNING	985,508	109,046	84,585	200,362	1,379,501
FUND BALANCES - ENDING	\$ 1,005,557	\$ 175,644	\$ 157,474	\$ 181,126	\$ 1,519,801

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, 2023

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) \$ 140,300

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

Capital assets:

Assets acquired	405,554
Provision for depreciation	<u>(313,745)</u>

Change in net position of *governmental activities* \$ 232,109

See notes to financial statements

Charter Township of Big Rapids**STATEMENT OF NET POSITION - proprietary funds**

December 31, 2023

	<u>Sewer</u>	<u>Nonmajor fund</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 832,622	\$ 132,835	\$ 965,457
Investments	901,459	-	901,459
Receivables	92,150	-	92,150
Prepays	<u>1,057</u>	<u>-</u>	<u>1,057</u>
Total current assets	1,827,288	132,835	1,960,123
Noncurrent assets - capital assets, net of depreciation	<u>1,834,069</u>	<u>-</u>	<u>1,834,069</u>
Total assets	<u>3,661,357</u>	<u>132,835</u>	<u>3,794,192</u>
LIABILITIES			
Current liabilities - accounts payable	<u>23,366</u>	<u>-</u>	<u>23,366</u>
NET POSITION			
Investment in capital assets	1,834,069	-	1,834,069
Unrestricted	<u>1,803,922</u>	<u>132,835</u>	<u>1,936,757</u>
Total net position	<u>\$ 3,637,991</u>	<u>\$ 132,835</u>	<u>\$ 3,770,826</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, 2023*

	<u>Sewer</u>	<u>Nonmajor fund</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 661,852	\$ 50,358	\$ 712,210
OPERATING EXPENSES			
Operation and maintenance	462,066	62,472	524,538
Depreciation	98,147	-	98,147
Total operating expenses	560,213	62,472	622,685
OPERATING INCOME (LOSS)	101,639	(12,114)	89,525
NONOPERATING REVENUE			
Interest revenue	51,004	-	51,004
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	152,643	(12,114)	140,529
CAPITAL CONTRIBUTIONS			
Connection fees	7,500	-	7,500
CHANGES IN NET POSITION	160,143	(12,114)	148,029
NET POSITION - BEGINNING	3,477,848	144,949	3,622,797
NET POSITION - ENDING	<u>\$ 3,637,991</u>	<u>\$ 132,835</u>	<u>\$ 3,770,826</u>

See notes to financial statements



STATEMENT OF CASH FLOWS - proprietary funds

Year ended December 31, 2023

	<u>Sewer</u>	<u>Nonmajor fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 665,136	\$ 50,358	\$ 715,494
Payments to suppliers	(465,809)	(15,204)	(481,013)
Payments to employees	-	(47,268)	(47,268)
Net cash provided by (used in) operating activities	<u>199,327</u>	<u>(12,114)</u>	<u>187,213</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Connection fees	7,500	-	7,500
Acquisition of capital assets	<u>(34,400)</u>	<u>-</u>	<u>(34,400)</u>
Net cash provided by (used in) capital and related financing activities	<u>(26,900)</u>	<u>-</u>	<u>(26,900)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of investments, net	72,597	-	72,597
Interest received	<u>51,004</u>	<u>-</u>	<u>51,004</u>
Net cash provided by (used in) investing activities	<u>123,601</u>	<u>-</u>	<u>123,601</u>
NET CHANGE IN CASH	296,028	(12,114)	283,914
CASH - BEGINNING	<u>536,594</u>	<u>144,949</u>	<u>681,543</u>
CASH - ENDING	<u>\$ 832,622</u>	<u>\$ 132,835</u>	<u>\$ 965,457</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 101,639	\$ (12,114)	\$ 89,525
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	98,147	-	98,147
Change in assets and liabilities:			
(Increase) decrease in receivables	3,284	-	3,284
(Increase) decrease in prepaids	(9)	-	(9)
Increase (decrease) in payables	<u>(3,734)</u>	<u>-</u>	<u>(3,734)</u>
Net cash provided by (used in) operating activities	<u>\$ 199,327</u>	<u>\$ (12,114)</u>	<u>\$ 187,213</u>

See notes to financial statements



Charter Township of Big Rapids

STATEMENT OF FIDUCIARY NET POSITION - Custodial Fund

December 31, 2023

	<u><i>Tax Collection</i></u>
ASSETS	
Cash	\$ 444,436
LIABILITIES	
Due to other governments	<u>444,436</u>
NET POSITION	
Restricted for individuals and other governments	<u>\$ -</u>

See notes to financial statements



STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - Custodial Fund

Year ended December 31, 2023

	<u>Tax Collection</u>
ADDITIONS	
Property taxes collected for other governments	\$ 5,706,659
DEDUCTIONS	
Property taxes distributed to other governments	<u>5,706,659</u>
NET CHANGE IN FIDUCIARY NET POSITION	-
NET POSITION - BEGINNING	<u>-</u>
NET POSITION - ENDING	<u>\$ -</u>

See 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 property 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 financial statements. 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. 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 financial resources used to finance fire protection costs of the Township. Revenues are primarily derived from property taxes.

The Roads Fund, a special revenue fund, accounts for the financial resources used to finance road improvement and maintenance costs of the Township. Revenues are primarily derived from property taxes.

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.

Investments - 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 interest income.

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	5 - 20 years
Sewer systems	40 years

Unearned revenue - Unearned revenue represents resources related to a tower lease which have been received, but not yet earned.

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 one item that is included in this category, property tax revenue, which is levied to finance the following period's budget, is deferred and recognized as an inflow of resources in the period that it was intended to finance in the fund and government-wide financial statements.

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 2022 ad valorem taxes were levied on December 1, 2022, it is the Township's policy to recognize revenue from that tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

Use of estimates - The preparation of financial statements in conformity with 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 Fund 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 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 the reportable budget variances:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
General	General government	Elections	\$ 13,300	\$ 16,211	\$ 2,911
		Clerk	87,292	88,861	1,569
		General administration	102,375	116,324	13,949
	Public works	Cemetery	105,270	115,329	10,059
		Drains	6,000	20,365	14,365
	Other financing sources	Transfer out	-	20,000	20,000
Library	Recreation and culture	Library	34,000	37,128	3,128

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS

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

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Fiduciary activity</u>	<u>Totals</u>
Deposits	\$ 1,491,388	\$ 965,357	\$ 444,436	\$ 2,901,181
Investments	347,757	901,459	-	1,249,216
Cash on hand	<u>200</u>	<u>100</u>	<u>-</u>	<u>300</u>
Totals	<u>\$ 1,839,345</u>	<u>\$ 1,866,916</u>	<u>\$ 444,436</u>	<u>\$ 4,150,697</u>

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

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township's investment policy does not specifically address custodial credit risk for deposits. At December 31, 2023, \$2,509,759 of the Township's bank balances of \$3,009,759 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 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 are summarized as follows:

<u>Investment</u>	<u>Fair value</u>	<u>Maturity</u>	<u>Rating</u>
U.S. government securities - Treasury Bills	\$ 1,249,216	2024	N/A

Fair value measurement - The Township categorizes its fair value measurements of investments 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 assets. 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 measurement as of December 31, 2023:

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

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

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. The maturities of the Township's investments are identified above.

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2023, for the Township's individual major funds and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Totals</u>
Governmental:				
General	\$ 142,790	\$ 4,200	\$ 146,940	\$ 293,930
Fire	171,349	-	3,241	174,590
Road	171,349	-	-	171,349
Nonmajor	<u>22,899</u>	<u>-</u>	<u>-</u>	<u>22,899</u>
Total governmental	<u>\$ 508,387</u>	<u>\$ 4,200</u>	<u>\$ 150,181</u>	<u>\$ 662,768</u>
Proprietary - Sewer	<u>\$ -</u>	<u>\$ 92,150</u>	<u>\$ -</u>	<u>\$ 92,150</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, 2023, 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	\$ 259,152	\$ -	\$ -	\$ 259,152
Construction in progress	<u>267,660</u>	<u>-</u>	<u>(267,660)</u>	<u>-</u>
Total capital assets not being depreciated	<u>526,812</u>	<u>-</u>	<u>(267,660)</u>	<u>259,152</u>
Capital assets being depreciated:				
Buildings	1,094,335	449,221	-	1,543,556
Infrastructure	2,598,162	31,381	-	2,629,543
Vehicles	817,689	-	-	817,689
Equipment	<u>384,862</u>	<u>192,612</u>	<u>(15,872)</u>	<u>561,602</u>
Subtotal	<u>4,895,048</u>	<u>673,214</u>	<u>(15,872)</u>	<u>5,552,390</u>
Less accumulated depreciation for:				
Buildings	(405,838)	(26,182)	-	(432,020)
Infrastructure	(929,323)	(64,954)	-	(994,277)
Vehicles	(491,320)	(41,789)	-	(533,109)
Equipment	<u>(159,667)</u>	<u>(180,820)</u>	<u>15,872</u>	<u>(324,615)</u>
Subtotal	<u>(1,986,148)</u>	<u>(313,745)</u>	<u>15,872</u>	<u>(2,284,021)</u>
Total capital assets being depreciated, net	<u>2,908,900</u>	<u>359,469</u>	<u>-</u>	<u>3,268,369</u>
Governmental activities capital assets, net	<u>\$ 3,435,712</u>	<u>\$ 359,469</u>	<u>\$ (267,660)</u>	<u>\$ 3,527,521</u>
Business-type activities:				
Capital assets being depreciated - sewer system	\$ 3,211,444	\$ 34,400	\$ -	\$ 3,245,844
Less accumulated depreciation	<u>(1,313,628)</u>	<u>(98,147)</u>	<u>-</u>	<u>(1,411,775)</u>
Business-type activities capital assets, net	<u>\$ 1,897,816</u>	<u>\$ (63,747)</u>	<u>\$ -</u>	<u>\$ 1,834,069</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 14,752
Public safety	64,342
Public works	81,973
Recreation and culture	<u>152,678</u>
Total governmental activities	<u>\$ 313,745</u>

NOTE 6 - PROPERTY TAXES

The 2022 taxable valuation of the Township approximated \$177,033,000, on which ad valorem taxes levied consisted of 1.2480 mills for operating purposes, 1.4976 mills for fire protection, 1.4976 mills for road improvements, and 0.20 mills for library services, raising \$221,000 for operating purposes, \$265,000 for fire protection, \$265,000 for roads maintenance, and \$35,000 for library services. These amounts are recognized in the respective fund financial statements as property tax revenues.

The 2023 taxable valuation of the Township approximated \$191,799,000, on which ad valorem taxes levied consisted of 1.2480 mills for operating purposes, 1.4976 mills for fire protection, 1.4976 mills for road improvements, and 0.20 mills for library services, raising \$239,000 for operating purposes, \$287,000 for fire protection, \$287,000 for roads maintenance, and \$38,000 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, 2023, the Township made the required contributions of \$36,524, of which \$9,301 represented an employer match. At December 31, 2023, 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 TRANSFER

During the year ended December 31, 2023, 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.



REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Big Rapids

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Property taxes	\$ 271,900	\$ 271,900	\$ 277,903	\$ 6,003
Licenses and permits	16,000	16,000	16,893	893
Federal grant - ARPA	-	-	275,950	275,950
State grants	405,000	405,000	423,720	18,720
Contribution from local unit	48,000	48,000	53,973	5,973
Charges for services	32,350	32,350	44,342	11,992
Interest and rentals	13,250	13,250	74,543	61,293
Other	4,500	4,500	11,891	7,391
Total revenues	<u>791,000</u>	<u>791,000</u>	<u>1,179,215</u>	<u>388,215</u>
EXPENDITURES				
General government:				
Legislative	12,760	12,760	11,016	1,744
Supervisor	68,365	68,365	65,087	3,278
Elections	4,300	13,300	16,211	(2,911)
Assessor	65,470	51,970	46,095	5,875
Clerk	87,292	87,292	88,861	(1,569)
Treasurer	65,316	65,316	63,570	1,746
Board of review	2,020	2,020	1,288	732
Hall and grounds	20,000	20,000	17,360	2,640
General administration	69,375	102,375	116,324	(13,949)
Total general government	<u>394,898</u>	<u>423,398</u>	<u>425,812</u>	<u>(2,414)</u>
Public works:				
Road improvements and maintenance	180,000	180,000	161,651	18,349
Cemetery	105,270	105,270	115,329	(10,059)
Drains	6,000	6,000	20,365	(14,365)
Street lighting	8,200	8,700	8,298	402
Total public works	<u>299,470</u>	<u>299,970</u>	<u>305,643</u>	<u>(5,673)</u>

Charter Township of Big Rapids

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2023

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
EXPENDITURES (Continued)				
Community and economic development:				
Planning and zoning	\$ 23,708	\$ 23,708	\$ 21,990	\$ 1,718
Community promotion	10,000	10,000	-	10,000
Total community and economic development	33,708	33,708	21,990	11,718
Recreation and culture - parks and recreation	13,155	13,155	13,511	(356)
Capital outlay	265,500	419,500	372,210	47,290
Total expenditures	1,006,731	1,189,731	1,139,166	50,565
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(215,731)	(398,731)	40,049	438,780
OTHER FINANCING USES				
Transfers out	-	-	(20,000)	(20,000)
NET CHANGES IN FUND BALANCES	(215,731)	(398,731)	20,049	418,780
FUND BALANCES - BEGINNING	985,508	985,508	985,508	-
FUND BALANCES - ENDING	\$ 769,777	\$ 586,777	\$ 1,005,557	\$ 418,780



Charter Township of Big Rapids

BUDGETARY COMPARISON SCHEDULE - Fire Fund

Year ended December 31, 2023

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 252,000	\$ 252,000	\$ 255,941	\$ 3,941
Federal grant	-	-	1,025	1,025
State grant	-	-	606	606
Contribution from local unit	15,000	15,000	22,227	7,227
Interest	150	150	-	(150)
Other	-	-	71	71
Total revenues	<u>267,150</u>	<u>267,150</u>	<u>279,870</u>	<u>12,720</u>
EXPENDITURES				
Public safety	193,640	193,640	184,132	9,508
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>29,140</u>	<u>860</u>
Total expenditures	<u>223,640</u>	<u>223,640</u>	<u>213,272</u>	<u>10,368</u>
NET CHANGES IN FUND BALANCES	43,510	43,510	66,598	23,088
FUND BALANCES - BEGINNING	<u>109,046</u>	<u>109,046</u>	<u>109,046</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 152,556</u>	<u>\$ 152,556</u>	<u>\$ 175,644</u>	<u>\$ 23,088</u>



Charter Township of Big Rapids**BUDGETARY COMPARISON SCHEDULE - Road Fund**

Year ended December 31, 2023

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 252,000	\$ 252,000	\$ 255,941	\$ 3,941
State grant	-	-	606	606
Total revenues	252,000	252,000	256,547	4,547
EXPENDITURES				
Public works	252,000	252,000	183,658	68,342
NET CHANGES IN FUND BALANCES	-	-	72,889	72,889
FUND BALANCES - BEGINNING	84,585	84,585	84,585	-
FUND BALANCES - ENDING	\$ 84,585	\$ 84,585	\$ 157,474	\$ 72,889



SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - nonmajor governmental funds

December 31, 2023

	<u>Special revenue</u>			<u>Capital project</u>		<u>Permanent</u>	
	<u>Metro</u>		<u>Liquor</u>	<u>Water</u>	<u>Cemetery</u>	<u>Perpetual</u>	
	<u>Act</u>	<u>Library</u>	<u>Law</u>	<u>Project</u>	<u>Building</u>	<u>Care</u>	<u>Totals</u>
ASSETS							
Cash	\$ 45,286	\$ 15,660	\$ 14	\$ 3,486	\$ 7,675	\$ 124,477	\$ 196,598
Receivables	-	22,880	-	19	-	-	22,899
Total assets	<u>\$ 45,286</u>	<u>\$ 38,540</u>	<u>\$ 14</u>	<u>\$ 3,505</u>	<u>\$ 7,675</u>	<u>\$ 124,477</u>	<u>\$ 219,497</u>
DEFERRED INFLOWS OF RESOURCES							
AND FUND BALANCES							
Deferred inflows of resources:							
Property tax revenues levied for the subsequent year	<u>\$ -</u>	<u>\$ 38,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,371</u>
Fund balances:							
Nonspendable:							
Permanent fund principal	-	-	-	-	-	103,246	103,246
Restricted for:							
Public safety	-	-	14	-	-	-	14
Public works	45,286	-	-	-	-	-	45,286
Recreation and culture	-	169	-	-	-	-	169
Capital improvements	-	-	-	-	7,675	-	7,675
Assigned for:							
Public works	-	-	-	3,505	-	-	3,505
Perpetual care	-	-	-	-	-	21,231	21,231
Total fund balances	<u>45,286</u>	<u>169</u>	<u>14</u>	<u>3,505</u>	<u>7,675</u>	<u>124,477</u>	<u>181,126</u>
Total deferred inflows of resources and fund balances	<u>\$ 45,286</u>	<u>\$ 38,540</u>	<u>\$ 14</u>	<u>\$ 3,505</u>	<u>\$ 7,675</u>	<u>\$ 124,477</u>	<u>\$ 219,497</u>

Charter Township of Big Rapids

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

Year ended December 31, 2023

	<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	\$ -	\$34,174	\$ -	\$ -	\$ -	\$ -	\$ 34,174
State grants	6,594	81	5,540	-	-	-	12,215
Charges for services	-	-	-	859	-	-	859
Interest	-	-	-	-	-	1,036	1,036
Total revenues	6,594	34,255	5,540	859	-	1,036	48,284
EXPENDITURES							
Public safety	-	-	5,664	-	-	-	5,664
Public works	1,545	-	-	19,801	-	-	21,346
Recreation and culture	-	37,128	-	-	-	-	37,128
Capital outlay	-	-	-	-	23,382	-	23,382
Total expenditures	1,545	37,128	5,664	19,801	23,382	-	87,520
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,049	(2,873)	(124)	(18,942)	(23,382)	1,036	(39,236)
OTHER FINANCING SOURCES							
Transfers in	-	-	-	20,000	-	-	20,000
NET CHANGES IN FUND BALANCES	5,049	(2,873)	(124)	1,058	(23,382)	1,036	(19,236)
FUND BALANCES - BEGINNING	40,237	3,042	138	2,447	31,057	123,441	200,362
FUND BALANCES - ENDING	\$ 45,286	\$ 169	\$ 14	\$ 3,505	\$ 7,675	\$ 124,477	\$ 181,126

