



**COUNTY OF OTTAWA, MICHIGAN
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2022



Vredeveld Haefner LLC
CPAs and Consultants

Georgetown Charter Township

TABLE OF CONTENTS

FINANCIAL SECTION	<u>PAGE</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10-11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position - Proprietary Fund	16
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18
Statement of Net Position- Fiduciary Fund	19
Statement of Changes in Net Position – Fiduciary Fund	20
Notes to Financial Statements	21-32
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	33-34
Note to Required Supplementary Information	34
Individual Fund Financial Schedule	
Nonmajor Governmental Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Perpetual Care Fund	35



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

April 6, 2023

Township Board
Georgetown Charter Township
Jenison, 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 Georgetown Charter Township (the Township), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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 (GAAS). 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 these 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgement 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 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 judgement, 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 in 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 on pages 3 through 7 and the budgetary comparison information on pages 33 and 34 be presented to supplement the basic financial statements. Such information, 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.

Other 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 individual fund financial schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual fund financial schedule 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. Such 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 individual fund financial schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Urodevelo Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Georgetown Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- Property tax revenue increased 4.9% in 2022 with the millage rate at 2.25 mills. The increase represents \$207,849 in additional tax revenue. Property values increased 8.7% on average during 2022.
- The Township received \$6.9 Million in revenue sharing from State Sales Tax. This represents an increase of \$2,058,863 over 2021 revenue due to recognizing census population adjustments during 2022. The Township was also in receipt of Statutory Revenue Sharing in the amount of \$174,534, which was an increase from \$167,788 in 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Georgetown Charter Township's financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences, accrued interest, etc.).

Both of the government-wide financial statements distinguish functions of Georgetown Charter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture activities. The business-type activities of the Township include the water and sewer systems.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Georgetown Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund which is considered a major fund.

The Township adopts an annual appropriated budget for its general and permanent funds. Budgetary comparison schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The Township maintains one type of proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, which is considered to be a major fund of the Township.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which consists of this management discussion and analysis and major fund budgetary schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Georgetown Charter Township, assets exceeded liabilities by \$110,409,279 at the close of the most recent fiscal year. A summary of net position is as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Current and other assets	\$26,209,554	\$21,697,996	\$ 18,836,090	\$ 15,818,607	\$ 45,045,644
Capital assets	37,354,275	36,402,471	40,318,055	41,635,917	77,672,330	78,038,388
Total assets	<u>63,563,829</u>	<u>58,100,467</u>	<u>59,154,145</u>	<u>57,454,524</u>	<u>122,717,974</u>	<u>115,554,991</u>
Current liabilities	803,570	352,954	1,703,164	1,096,806	2,506,734	1,449,760
Deferred inflows of resources	9,801,961	7,053,833	-	-	9,801,961	7,053,833
Net position:						
Invested in capital assets	37,354,275	36,402,471	40,318,055	41,635,917	77,672,330	78,038,388
Restricted	1,641,841	1,941,532	-	-	1,641,841	1,941,532
Unrestricted	13,962,182	12,349,677	17,132,926	14,721,801	31,095,108	27,071,478
Total net position	<u>\$52,958,298</u>	<u>\$50,693,680</u>	<u>\$57,450,981</u>	<u>\$56,357,718</u>	<u>\$110,409,279</u>	<u>\$107,051,398</u>

By far the largest portion of the Township's net position (70.3%) reflects the net investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure less any related debt used to acquire those assets that is still outstanding). The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Unrestricted net position (28.2%) reflects net position available for future operations.

The government's net position increased by \$3,357,881 during the current fiscal year. A summary of changes in net position is as follows:

Changes in Net Position

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue:						
Program revenue:						
Charges for services	\$ 1,451,192	\$ 1,511,491	\$10,277,847	\$10,262,468	\$ 11,729,039	\$ 11,773,959
Operating grants and contributions	(265,431)	43,381	-	-	(265,431)	43,381
Capital grants and contributions	156,143	44,946	875,307	861,365	1,031,450	906,311
General revenue:						
Property taxes	4,554,837	4,344,556	-	-	4,554,837	4,344,556
State sources	6,191,864	5,968,235	-	-	6,191,864	5,968,235
Other	193,800	227,358	143,542	70,703	337,342	298,061
Total revenue	<u>12,282,405</u>	<u>12,139,967</u>	<u>11,296,696</u>	<u>11,194,536</u>	<u>23,579,101</u>	<u>23,334,503</u>
Expenses:						
General government	1,385,396	995,741	-	-	1,385,396	995,741
Public safety	3,578,069	3,525,382	-	-	3,578,069	3,525,382
Public works	2,297,613	1,741,119	-	-	2,297,613	1,741,119
Community and economic development	5,304	14,962	-	-	5,304	14,962
Recreation and culture	2,686,777	2,979,506	-	-	2,686,777	2,979,506
Water and sewer	-	-	10,331,461	9,618,162	10,331,461	9,618,162
Total expenses	<u>9,953,159</u>	<u>9,256,710</u>	<u>10,331,461</u>	<u>9,618,162</u>	<u>20,284,620</u>	<u>18,874,872</u>
Change before contributions	2,329,246	2,883,257	965,235	1,576,374	3,294,481	4,459,631
Contributions to permanent fund	63,400	97,000	-	-	63,400	97,000
Transfers	(128,028)	-	128,028	-	-	-
Change in net position	<u>2,264,618</u>	<u>2,980,257</u>	<u>1,093,263</u>	<u>1,576,374</u>	<u>3,357,881</u>	<u>4,556,631</u>
Net position - beginning of year	<u>50,693,680</u>	<u>47,713,423</u>	<u>56,357,718</u>	<u>54,781,344</u>	<u>107,051,398</u>	<u>102,494,767</u>
Net position - end of year	<u>\$52,958,298</u>	<u>\$50,693,680</u>	<u>\$57,450,981</u>	<u>\$56,357,718</u>	<u>\$110,409,279</u>	<u>\$107,051,398</u>

Governmental Activities. The preceding table shows that the governmental activities increased the Township's net position by \$2,264,618 during this fiscal year. The increase is primarily the result of increased taxable values and state revenue sharing partially off-set by an investment loss in the cemetery perpetual care fund. During the year the Township invested \$3,578,069 or 35.9% of governmental activities expenses in public safety. Recreation and culture expenses amounted to \$2,686,777 or 27.0% of governmental activities while general government, public works, and community and economic development made up the remaining 37.1% of governmental activities expenses.

Business-type Activities. Business-type activities increased the Township's net position by \$1,093,263 during the year. This increase is primarily the result of connection charge revenues and rates.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$15,675,940, an increase of \$2,233,994 in comparison with the prior year.

The general fund is the chief operating fund of the Township. The general fund reports total fund balance of \$14,034,099 at the end of the current fiscal year. Unassigned fund balance of the general fund was \$12,103,553. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 111% of total general fund expenditures. The fund balance of the Township's general fund increased by \$2,533,685 during the current fiscal year primarily due to higher State shared revenue and delays in drain and street projects.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer fund at the end of the year amounted to \$17,132,926. The water and sewer fund had an increase in net position for the year of \$1,093,263.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounted to \$77,672,330 (net of accumulated depreciation).

The Township's capital assets (net of depreciation) are summarized as follows:

Georgetown Charter Township's Capital Assets (net of depreciation)

	Governmental activities	Business-type activities	Total
Land	\$ 4,271,330	\$ 299,588	\$ 4,570,918
Construction in progress	-	98,498	98,498
Buildings and improvements	14,883,147	76,666	14,959,813
Land improvements	5,372,991	-	5,372,991
Machinery and equipment	175,731	-	175,731
Furniture and equipment	56,182	199,577	255,759
Vehicles	2,032,969	191,013	2,223,982
Infrastructure	10,561,925	-	10,561,925
Water systems	-	14,111,467	14,111,467
Sewer systems	-	25,341,246	25,341,246
Total	\$37,354,275	\$40,318,055	\$77,672,330

Additional information on the Township's capital assets can be found in the footnotes to the financial statements.

Debt. At the end of the current fiscal year, the Township had no debt outstanding.

Budgetary Highlights

- The Fund Balance for Township unrestricted funds rose to \$12.1 Million in 2022.
- There were no changes to the Budget Stabilization Fund, which maintained a balance of \$1 Million in 2022.
- Under the American Rescue Plan Act (ARPA), the Township received its second and final installment of a little over \$2.5 Million in 2022.
- The 2020 Census set the Township population at 54,091. Due to the population increase, the Township received an adjustment to its 2022 State Revenue Sharing, resulting in an additional \$891,825.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2023 fiscal year:

- The Township Board has approved \$3.2 million for secondary and sub-division road re-surfacing for 2023. In 2022, \$3.3 million was spent for this purpose.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Superintendent, 1515 Baldwin, Jenison, Michigan 49428.

(This page left intentionally blank)

BASIC FINANCIAL STATEMENTS

GEORGETOWN CHARTER TOWNSHIP

STATEMENT OF NET POSITION

DECEMBER 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	\$ 22,931,810	\$ 15,945,022	\$ 38,876,832
Receivables			
Taxes	1,971,494	-	1,971,494
Accounts	213,482	1,519,170	1,732,652
Interest	27,793	13,732	41,525
Due from other governments	1,021,841	-	1,021,841
Prepaid items	42,619	-	42,619
Inventory	-	268,046	268,046
Total current assets	<u>26,209,039</u>	<u>17,745,970</u>	<u>43,955,009</u>
Noncurrent assets			
Special assessment receivable	515	1,090,120	1,090,635
Capital assets			
Non-depreciable	4,271,330	299,588	4,570,918
Construction in progress	-	98,498	98,498
Depreciable capital assets, net	<u>33,082,945</u>	<u>39,919,969</u>	<u>73,002,914</u>
Total noncurrent assets	<u>37,354,790</u>	<u>41,408,175</u>	<u>78,762,965</u>
Total assets	<u>63,563,829</u>	<u>59,154,145</u>	<u>122,717,974</u>
Liabilities			
Accounts payable	<u>803,570</u>	<u>1,703,164</u>	<u>2,506,734</u>
Deferred inflows of resources			
Unavailable revenue - subsequent year property taxes	4,853,076	-	4,853,076
Unavailable revenue - American Rescue Plan	<u>4,948,885</u>	<u>-</u>	<u>4,948,885</u>
Total deferred inflows of resources	<u>9,801,961</u>	<u>-</u>	<u>9,801,961</u>
Net position			
Invested in capital assets	37,354,275	40,318,055	77,672,330
Restricted for			
Perpetual care	1,641,841	-	1,641,841
Unrestricted	<u>13,962,182</u>	<u>17,132,926</u>	<u>31,095,108</u>
Total net position	<u>\$ 52,958,298</u>	<u>\$ 57,450,981</u>	<u>\$ 110,409,279</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Primary government					
Governmental activities					
General government	\$ 1,385,396	\$ 876,300	\$ (329,411)	\$ -	\$ (838,507)
Public safety	3,578,069	39,663	-	-	(3,538,406)
Public works	2,297,613	124,038	-	128,028	(2,045,547)
Community and economic development	5,304	-	-	-	(5,304)
Culture and recreation	<u>2,686,777</u>	<u>411,191</u>	<u>63,980</u>	<u>28,115</u>	<u>(2,183,491)</u>
Total governmental activities	9,953,159	1,451,192	(265,431)	156,143	(8,611,255)
Business-type activities					
Water & sewer	<u>10,331,461</u>	<u>10,277,847</u>	<u>-</u>	<u>875,307</u>	<u>821,693</u>
Total primary government	<u>\$ 20,284,620</u>	<u>\$ 11,729,039</u>	<u>\$ (265,431)</u>	<u>\$ 1,031,450</u>	<u>\$ (7,789,562)</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position			
Net (expense) revenue	\$ (8,611,255)	\$ 821,693	\$ (7,789,562)
General revenues			
Property taxes	4,554,837	-	4,554,837
State shared revenues	6,191,864	-	6,191,864
Unrestricted investment earnings	114,773	143,542	258,315
Miscellaneous	79,027	-	79,027
Contributions to permanent fund	63,400	-	63,400
Transfers	(128,028)	128,028	-
Total general revenues and contributions	10,875,873	271,570	11,147,443
Changes in net position	2,264,618	1,093,263	3,357,881
Net position, beginning of year	50,693,680	56,357,718	107,051,398
Net position, end of year	\$ 52,958,298	\$ 57,450,981	\$ 110,409,279

(Concluded)

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2022

	<u>General</u>	<u>Nonmajor Perpetual Care Permanent Fund</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 21,289,969	\$ 1,641,841	\$ 22,931,810
Receivables			
Taxes	1,971,494	-	1,971,494
Accounts	213,482	-	213,482
Special assessments	515	-	515
Interest	27,793	-	27,793
Due from other governments	1,021,841	-	1,021,841
Prepaid items	42,619	-	42,619
	<u>24,567,713</u>	<u>1,641,841</u>	<u>26,209,554</u>
Total assets	\$ 24,567,713	\$ 1,641,841	\$ 26,209,554
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 731,138	\$ -	\$ 731,138
Deferred inflows of resources			
Unavailable revenue - special assessments	515	-	515
Unavailable revenue - subsequent year property taxes	4,853,076	-	4,853,076
Unavailable revenue - American Rescue Plan	4,948,885	-	4,948,885
	<u>9,802,476</u>	<u>-</u>	<u>9,802,476</u>
Total deferred inflows of resources	9,802,476	-	9,802,476
Fund balances			
Non-spendable			
Prepaid items	42,619	-	42,619
Restricted for perpetual care	-	1,641,841	1,641,841
Committed			
Stabilization funds	1,000,000	-	1,000,000
Assigned			
Appropriation for subsequent year's expenditures	887,927	-	887,927
Unassigned	12,103,553	-	12,103,553
	<u>14,034,099</u>	<u>1,641,841</u>	<u>15,675,940</u>
Total fund balances	14,034,099	1,641,841	15,675,940
Total liabilities, deferred inflows and fund balances	\$ 24,567,713	\$ 1,641,841	\$ 26,209,554

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

DECEMBER 31, 2022

Fund balances - total governmental funds	\$ 15,675,940
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - land	4,271,330
Add - capital assets (net of accumulated depreciation)	33,082,945
Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.	
Add - special assessments deferred receivable	515
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	<u>(72,432)</u>
Net position of governmental activities	<u>\$ 52,958,298</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General</u>	<u>Nonmajor Perpetual Care Permanent Fund</u>	<u>Total</u>
Revenues			
Taxes	\$ 4,554,837	\$ -	\$ 4,554,837
Licenses and permits	730,060	-	730,060
Grants	28,115	-	28,115
Federal ARPA grant	128,028	-	128,028
State	7,173,805	-	7,173,805
Charges for services	500,739	63,400	564,139
Fines	220,912	-	220,912
Investment earnings (loss)	114,773	(329,411)	(214,638)
Miscellaneous	79,027	-	79,027
	<u>13,530,296</u>	<u>(266,011)</u>	<u>13,264,285</u>
Total revenues			
Expenditures			
Current			
General government	1,219,800	-	1,219,800
Public safety	3,370,389	-	3,370,389
Public works	3,892,875	-	3,892,875
Community and economic development	5,304	-	5,304
Culture and recreation	2,413,895	-	2,413,895
	<u>10,902,263</u>	<u>-</u>	<u>10,902,263</u>
Total expenditures			
Revenues over (under) expenditures	<u>2,628,033</u>	<u>(266,011)</u>	<u>2,362,022</u>
Other financing sources (uses)			
Transfers in	33,680	-	33,680
Transfers out	(128,028)	(33,680)	(161,708)
	<u>(94,348)</u>	<u>(33,680)</u>	<u>(128,028)</u>
Total other financing sources (uses)			
Net changes in fund balances	2,533,685	(299,691)	2,233,994
Fund balances, beginning of year	<u>11,500,414</u>	<u>1,941,532</u>	<u>13,441,946</u>
Fund balances, end of year	<u>\$ 14,034,099</u>	<u>\$ 1,641,841</u>	<u>\$ 15,675,940</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

Net changes in fund balances - total governmental funds	\$ 2,233,994
Amounts reported for <i>governmental activities</i> in the statement of activities are different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	3,389,427
Deduct - depreciation expense	(2,437,623)
Certain receivables are measurable but not available and are therefore deferred on the fund statements, but not the government-wide statements.	
Deduct - decrease in unavailable state revenue	(917,961)
Special assessments receivable are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.	
Deduct - special assessment receipts	(519)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Deduct - increase in compensated absences	<u>(2,700)</u>
Change in net position of governmental activities	<u>\$ 2,264,618</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

PROPRIETARY FUND STATEMENT OF NET POSITION

DECEMBER 31, 2022

	<u>Enterprise</u>
	<u>Water & Sewer</u>
Assets	
Current assets	
Cash and pooled investments	\$ 15,945,022
Accounts receivable	1,519,170
Interest receivable	13,732
Inventory	<u>268,046</u>
Total current assets	<u>17,745,970</u>
Noncurrent assets	
Special assessments receivable	1,090,120
Land	299,588
Construction in progress	98,498
Property, plant and equipment-net of accumulated depreciation	<u>39,919,969</u>
Total noncurrent assets	<u>41,408,175</u>
Total assets	<u>59,154,145</u>
Liabilities	
Current liabilities	
Accounts payable	<u>1,703,164</u>
Net position	
Invested in capital assets	40,318,055
Unrestricted	<u>17,132,926</u>
Total net position	<u>\$ 57,450,981</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

PROPRIETARY FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Enterprise</u>
	<u>Water & Sewer</u>
Operating revenue	
Charges for services	
Water sales	\$ 5,212,648
Sewage disposal services	<u>4,510,529</u>
Total charges for services	9,723,177
Other revenue	<u>554,670</u>
Total operating revenue	<u>10,277,847</u>
Operating expense	
Cost of water	2,655,726
Cost of sewage treatment	3,210,273
Operations and maintenance	781,499
Administration	2,064,643
Depreciation	<u>1,619,320</u>
Total operating expense	<u>10,331,461</u>
Operating income (loss)	(53,614)
Non-operating revenue (expense)	
Investment earnings	143,542
Transfer in	<u>128,028</u>
Total non-operating revenue (expense)	<u>271,570</u>
Income (loss) before capital contributions	217,956
Connection charges and contributions	<u>875,307</u>
Change in net position	1,093,263
Net position, beginning of year	<u>56,357,718</u>
Net position, end of year	<u>\$ 57,450,981</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

PROPRIETARY FUND STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Enterprise</u>
	<u>Water & Sewer</u>
Cash flows from operating activities	
Receipts from customers and users	\$ 10,219,876
Payments to employees	(932,309)
Payments to suppliers	<u>(7,343,946)</u>
Net cash provided by (used in) operating activities	<u>1,943,621</u>
Cash flows from capital and related financing activities	
Transfer from other funds	128,028
Connection charges and contributions	875,307
Special assessments collected (issued)	189,172
Acquisition of capital assets	<u>(301,458)</u>
Net cash provided by (used in) capital and related financing activities	<u>891,049</u>
Cash flows from investing activities	
Interest received	<u>130,610</u>
Net increase (decrease) in cash and pooled investments	2,965,280
Cash and pooled investments, beginning of year	<u>12,979,742</u>
Cash and pooled investments, end of year	<u>\$ 15,945,022</u>
Cash flows from operating activities	
Operating income (loss)	\$ (53,614)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	1,619,320
Change in operating assets and liabilities which provided (used) cash	
Accounts receivable	(57,971)
Inventory	(170,472)
Accounts payable	<u>606,358</u>
Net cash provided by (used in) operating activities	<u>\$ 1,943,621</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

FIDUCIARY FUND STATEMENT OF NET POSITION

DECEMBER 31, 2022

	<u>Custodial Fund</u>
Assets	
Cash and pooled investments	\$ 2,078,247
Due from other governments	<u>2,615</u>
Total assets	2,080,862
Liabilities	
Accounts payable	<u>2,080,862</u>
Net position	
Restricted	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Custodial Fund</u>
Additions	
Property taxes collected for other governments	\$ <u>61,095,913</u>
Total additions	<u>61,095,913</u>
Deductions	
Property taxes distributed to other governments	<u>61,095,913</u>
Total deductions	<u>61,095,913</u>
Net increase	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Georgetown Charter Township (the "Township") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. The Township has no component units to be included.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are 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 or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Governmental fund 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* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement based grants, state shared revenue, and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Taxes, state revenue, grants, charges for services, licenses, 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.

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 enterprise fund are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental fund:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources, except those required to be accounted for in another fund.

The Township reports the following major proprietary fund:

The *Water and Sewer Enterprise Fund* is used to account for the operations of the Township's water distribution system and wastewater collection system which provides water and sewer services on a user charge basis.

Additionally, the Township reports the following fund types:

The *Permanent Fund* is used to account for the assets held by the Township pursuant to a trust agreement. The principal portion of the fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

The *Custodial Fund* is used to account for the collection and disbursement of funds that are collected on behalf of outside governments or other parties.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the general and permanent funds. General and permanent funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Superintendent submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget is adopted by department within a function.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the general and permanent funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Michigan State law. The appropriations resolution is based on the projected expenditures budgets of the department heads of the Township. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department within a function must be approved by the Board of Trustees. Thus, the legal level of budgetary control is at the department within a function level. Supplemental appropriations were necessary during the year.

Cash and Pooled Investments

For the purpose of the statement of cash flows, the Township considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal at any time similar to a demand deposit account.

Investments

Investments are stated at fair value at the balance sheet date. Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds participating in the pool.

Township investment policy allows for investments authorized by State statutes. State statutes authorize the Township to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase that are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- g. External investment pools as authorized by Public Act 20 as amended.
- h. The Township Perpetual Care Permanent fund is also allowed to invest in corporate debt and equity securities in accordance with Public Act 215.

Receivables and Payables

Outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances, if any, are immaterial to the financial statements.

Inventory and Prepaid Items

Inventories are valued at cost on the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements following the consumption method.

Capital Assets

Capital assets, which include land, construction in progress, buildings and equipment, and infrastructure assets (e.g., water and sewer systems, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (\$20,000 for business-type activities) and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Included in capital assets as infrastructure, are the Township's investment in roads and drains within the Township that are considered intangible assets (shared road improvements and flowage rights). Although paid for by the Township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	15-20
Buildings and improvements	20-40
Water and sewer systems	50
Roads (shared road improvements)	15
Drains	15
Vehicles	5-20
Machinery and equipment	5-15
Office furniture and equipment	5

Compensated Absences

Individual employees have a vested right to receive payments for unused vacation. Accumulated compensated absences of governmental funds are recorded on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The township has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds and governmental activities report unearned revenues from property taxes levied for the following year and unearned grant funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

4. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Stabilization amounts are established by formal action of the Board. Any increases or use of stabilization amounts are required to be authorized by the Board. Stabilization funds were not used during 2022. Board action is also required to commit or assign fund balance.

Net Position and Fund Balance Flow Assumptions

Sometimes the government 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/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Property Taxes

Township property taxes attach as an enforceable lien on property as of December 1 of each year and are due without penalty on or before February 14. Tax bills include the Township's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the county for collection, which advances the Township 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer. The December 1 levy is recorded as a receivable (to the extent uncollected) and unearned revenue at the end of the year and is intended to fund expenditures of the following year.

Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Charges between enterprise funds and other functions of the Township are not reimbursements because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Remaining transactions are generally reflected as transfers.

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2022, the Township carried commercial insurance to cover risks of losses. The Township had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a department within a function basis. The approved budgets of the Township for these budgeted funds were adopted at the department within a function level.

During the year ended December 31, 2022, the Township incurred expenditures in excess of the amount appropriated as follows:

In the general fund, the fire department was over budget by \$30,918. This was the result of unanticipated fire calls in December 2022 due to a severe snowstorm and the necessity to have multiple personnel in place at all three fire stations.

Also in the general fund, transfers out were over budget by \$128,028. This was due to the Board approved use of ARPA funds in the water/sewer fund, however the transfer and related Federal revenues were not budgeted.

3. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$22,931,810	\$15,945,022	\$2,078,247	\$40,955,079

The cash and investments making up the above balances are as follows:

Deposits	\$39,327,338
Perpetual Care Permanent Fund investments	<u>1,627,741</u>
Total	<u>\$40,955,079</u>

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the Township and a specific fund or common account. They are recorded in Township records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require, and the Township does not have, a policy for deposit custodial credit risk. As of year-end, \$38,557,093 of the Township's bank balance of \$39,307,093 was exposed to custodial credit risk because the balance was uninsured and uncollateralized. The Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Investments

The Township chooses to disclose its investments by specifically identifying each. As of year-end, the Township had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Money market accounts	N/A	\$ 43,412	Not rated	N/A
Fixed income securities:				
Citigroup Global 4%	8/15/2024	97,408	Not rated	N/A
Federal Home Loan Bank .55%	11/26/2024	46,133	Not rated	N/A
Federated Inst Hi Yld Bond Fund	N/A	116,991	4 stars	Morning Star
Fidelity GMNA Fund	N/A	97,016	4 stars	Morning Star
FNMA 2.875	9/12/2023	49,357	Not rated	N/A
Guggenheim Investment Grade Bond Fund I	N/A	161,095	5 stars	Morning Star
Vanguard Intermediate Term Treasury	N/A	108,873	4 stars	Morning Star
Vanguard Short-Term Investment-Grade fund	N/A	108,756	4 stars	Morning Star
Equity securities:				
Congress Small Cap Growth Fund Instl	N/A	48,259	5 stars	Morning Star
Diamond Hill Long/Short-I	N/A	15,776	4 stars	Morning Star
Eventide Gilead Fund - Inst	N/A	58,451	4 stars	Morning Star
Goldman Sachs Inc Build-Ins	N/A	78,348	5 stars	Morning Star
JPMorgan Mid Cap Value fund	N/A	74,616	4 stars	Morning Star
MFS value fund – R6	N/A	105,340	5 stars	Morning Star
MFS International Value fund	N/A	54,574	5 stars	Morning Star
Principal GI R/E Sec-Ins	N/A	47,128	4 stars	Morning Star
T. Rowe Price Emerging Markets Stock fund	N/A	27,998	2 stars	Morning Star
T. Rowe Price Institutional Mid Cap Equity Growth fund	N/A	39,417	4 stars	Morning Star
Touchstone Sands Emerging Markets I Class	N/A	16,385	3 stars	Morning Star
Vanguard Long-term Treasury Etf	N/A	6,162	4 stars	Morning Star
Vanguard S&P 500 Etf	N/A	140,536	4 stars	Morning Star
Vanguard Star Fd Total International Etf	N/A	12,930	3 stars	Morning Star
Wisdomtree Total Dividend Fund	N/A	72,780	4 stars	Morning Star
		<u>\$1,627,741</u>		

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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Township has the following recurring fair value measurements as of year-end:

- The Township has no investments that are valued using quoted market prices (Level 1 inputs).
- The money market accounts, equity securities and fixed income securities are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The Township has no investments that report fair value based on significant unobservable inputs (Level 3 inputs).

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Investment and Deposit Risk

Interest Rate Risk. State law and Township policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the Township does not have, a policy for investment custodial credit risk. Of the above investments, \$1,627,741 is subject to custodial credit risk because the investments are uninsured and unregistered and held by the Township's brokerage firm.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The Township has not adopted a formal policy for concentration of credit risk. All investments held at year-end are reported above.

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 4,271,330	\$ -	\$ -	\$ 4,271,330
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	4,271,330	-	-	4,271,330
Capital assets, being depreciated				
Buildings and improvements	19,538,056	-	-	19,538,056
Land improvements	8,962,687	450,000	-	9,412,687
Machinery and equipment	1,299,615	120,168	-	1,419,783
Furniture and equipment	284,895	-	-	284,895
Vehicles	4,726,424	-	-	4,726,424
Infrastructure	21,483,430	2,819,259	-	24,302,689
Total capital assets, being depreciated	56,295,107	3,389,427	-	59,684,534

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2022</u>
Less accumulated depreciation for				
Buildings and improvements	\$ 4,169,176	\$ 485,733	\$ -	\$ 4,654,909
Land improvements	3,633,033	406,663	-	4,039,696
Machinery and equipment	1,162,155	81,897	-	1,244,052
Office furniture and equipment	213,732	14,981	-	228,713
Vehicles	2,469,103	224,352	-	2,693,455
Infrastructure	12,516,767	1,223,997	-	13,740,764
Total accumulated depreciation	<u>24,163,966</u>	<u>2,437,623</u>	-	<u>26,601,589</u>
Net capital assets, being depreciated	<u>32,131,141</u>	<u>951,804</u>	-	<u>33,082,945</u>
Governmental Activities capital assets, net	<u>\$36,402,471</u>	<u>\$951,804</u>	<u>\$ -</u>	<u>\$37,354,275</u>

Business-type Activities

Capital assets, not being depreciated

Land	\$ 299,588	\$ -	\$ -	\$ 299,588
Construction in progress	-	98,498	-	98,498
Total capital assets, not being depreciated	<u>299,588</u>	<u>98,498</u>	-	<u>398,086</u>

Capital assets being depreciated

Buildings	1,185,819	-	-	1,185,819
Furniture and equipment	251,299	202,960	-	454,259
Vehicles	356,662	-	-	356,662
Water systems	28,130,387	-	-	28,130,387
Sewer systems	48,474,383	-	-	48,474,383
Total capital assets, being depreciated	<u>78,398,550</u>	<u>202,960</u>	-	<u>78,601,510</u>

Less accumulated depreciation for

Buildings	1,102,617	6,536	-	1,109,153
Furniture and equipment	251,299	3,383	-	254,682
Vehicles	143,523	22,126	-	165,649
Water systems	13,401,133	617,787	-	14,018,920
Sewer systems	22,163,649	969,488	-	23,133,137
Total accumulated depreciation	<u>37,062,221</u>	<u>1,619,320</u>	-	<u>38,681,541</u>

Net capital assets, being depreciated

Business-type Activities capital assets, net	<u>41,336,329</u>	<u>(1,416,360)</u>	<u>\$ -</u>	<u>\$40,318,055</u>
---	--------------------------	---------------------------	--------------------	----------------------------

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

Governmental Activities

General government	\$ 162,896
Public safety	327,848
Public works	1,223,997
Culture and recreation	<u>722,882</u>

Total depreciation expense - governmental activities

\$2,437,623

Business-type Activities

Water & Sewer

\$1,619,320

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5. LONG-TERM DEBT COMMITMENT

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

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

At December 31, 2022, the portion of these Ottawa County bonds outstanding for which the Township has pledged its full faith and credit amounted to approximately \$28,500,000.

6. INTERFUND TRANSACTIONS

Transfers in and out for the year are as follows:

	<u>Transfers in</u>		
	<u>General fund</u>	<u>Water & Sewer fund</u>	
<u>Transfers out</u>			
General Fund	\$ -	\$128,028	\$128,028
Non-major fund	33,680	-	33,680
	\$33,680	\$128,028	\$161,708

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move allocated cost of general operations to applicable funds.

7. PENSION PLANS

Defined Contribution Pension Plan

The Georgetown Charter Township Group Pension Plan is a defined contribution plan established by the Township to provide benefits at retirement to employees of the Township meeting length of service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. No contributions are required of plan members. The Township contribution is 11.5% of covered salary and amounted to \$191,492 for 2022. Forfeitures of approximately \$8,400 were used to off-set a portion of the contributions. Plan provisions and contribution requirements are established and may be amended by the Georgetown Charter Township Board.

Deferred Compensation Plan

The Township offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the Plan are held in trust for employees and the related assets and liabilities are not included in this report.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

8. TAX ABATEMENTS

The Township entered into property tax abatements agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 12 years as determined by the local unit of government. The IFT is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%. For the year ended December 31, 2022, the Township abated property tax revenues of approximately \$4,800.

9. COMMITMENTS

At December 31, 2022, the Township had entered into various construction agreements with remaining work to be done in 2023 totaling approximately \$1,320,000.

REQUIRED SUPPLEMENTARY INFORMATION

GEORGETOWN CHARTER TOWNSHIP

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,538,480	\$ 4,538,480	\$ 4,554,837	\$ 16,357
Licenses and permits	738,025	738,025	730,060	(7,965)
Grants	30,000	30,000	28,115	(1,885)
Federal ARPA grant	-	-	128,028	128,028
State	4,337,200	4,337,200	7,173,805	2,836,605
Charges for services	380,900	451,385	500,739	49,354
Fines	209,000	209,000	220,912	11,912
Investment earnings	100,000	100,000	114,773	14,773
Miscellaneous	14,000	14,000	79,027	65,027
Total revenues	<u>10,347,605</u>	<u>10,418,090</u>	<u>13,530,296</u>	<u>3,112,206</u>
Expenditures				
Current				
General government				
Township Board	56,950	56,950	53,441	3,509
Supervisor	29,715	29,715	22,955	6,760
Township office	165,000	165,000	111,988	53,012
Elections	243,000	343,485	339,258	4,227
Assessor	253,450	260,950	250,508	10,442
Clerk	23,400	23,400	18,074	5,326
Board of Review	4,105	4,105	3,808	297
Treasurer	20,420	20,420	16,393	4,027
Superintendent	210,720	210,720	191,469	19,251
Cemetery	380,570	380,570	211,906	168,664
	<u>1,387,330</u>	<u>1,495,315</u>	<u>1,219,800</u>	<u>275,515</u>
Public safety				
Sheriff E-Unit	1,922,000	1,922,000	1,809,466	112,534
School safety	88,800	88,800	68,532	20,268
Fire department	1,093,500	1,223,500	1,254,418	(30,918)
Building inspection	294,050	294,050	237,973	56,077
	<u>3,398,350</u>	<u>3,528,350</u>	<u>3,370,389</u>	<u>157,961</u>
Public works				
Drains	503,000	503,000	176,301	326,699
Streets	4,048,000	4,048,000	3,321,140	726,860
Street lighting	482,000	482,000	395,434	86,566
	<u>5,033,000</u>	<u>5,033,000</u>	<u>3,892,875</u>	<u>1,140,125</u>

(Continued)

GEORGETOWN CHARTER TOWNSHIP

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community and economic development				
Planning Commission	\$ 12,300	\$ 12,300	\$ 2,962	\$ 9,338
Zoning Board of Appeals	6,500	6,500	2,342	4,158
	<u>18,800</u>	<u>18,800</u>	<u>5,304</u>	<u>13,496</u>
Recreation and culture				
Parks	657,450	657,450	571,903	85,547
Senior transportation	196,600	196,600	102,035	94,565
Senior center	289,550	289,550	276,121	13,429
Community projects	60,000	60,000	11,708	48,292
Historical Society	16,300	16,300	9,419	6,881
Library	1,471,900	1,471,900	1,442,709	29,191
	<u>2,691,800</u>	<u>2,691,800</u>	<u>2,413,895</u>	<u>277,905</u>
Total expenditures	<u>12,529,280</u>	<u>12,767,265</u>	<u>10,902,263</u>	<u>1,865,002</u>
Revenues over (under) expenditures	<u>(2,181,675)</u>	<u>(2,349,175)</u>	<u>2,628,033</u>	<u>4,977,208</u>
Other financing sources (uses)				
Budgeted use of fund balance	2,143,675	2,311,175	-	(2,311,175)
Transfers in	38,000	38,000	33,680	(4,320)
Transfers out	-	-	(128,028)	(128,028)
	<u>2,181,675</u>	<u>2,349,175</u>	<u>(94,348)</u>	<u>(2,443,523)</u>
Net change in fund balance	-	-	2,533,685	2,533,685
Fund balances, beginning of year	<u>11,500,414</u>	<u>11,500,414</u>	<u>11,500,414</u>	<u>-</u>
Fund balances, end of year	<u>\$ 11,500,414</u>	<u>\$ 11,500,414</u>	<u>\$ 14,034,099</u>	<u>\$ 2,533,685</u>

(Concluded)

Note to required supplementary information

Budgets and Budgetary Accounting

The Township adopts an annual budget for the general fund following the GAAP basis of accounting. Unexpended appropriations lapse at year-end.

**INDIVIDUAL FUND
FINANCIAL SCHEDULE**

GEORGETOWN CHARTER TOWNSHIP

**PERPETUAL CARE PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ -	\$ -	\$ 63,400	\$ 63,400
Investment earnings	50,000	50,000	33,680	(16,320)
Change in fair value of investments	-	-	(363,091)	(363,091)
Total revenues	50,000	50,000	(266,011)	(316,011)
Expenditures				
Current				
Public works	-	-	-	-
Revenues over (under) expenditures	50,000	50,000	(266,011)	(316,011)
Other financing sources (uses)				
Transfers out	(50,000)	(50,000)	(33,680)	16,320
Net change in fund balance	-	-	(299,691)	(299,691)
Fund balances, beginning of year	<u>1,941,532</u>	<u>1,941,532</u>	<u>1,941,532</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,941,532</u>	<u>\$ 1,941,532</u>	<u>\$ 1,641,841</u>	<u>\$ (299,691)</u>