

**TOWNSHIP OF BURT**  
ALGER COUNTY, MICHIGAN  
FINANCIAL STATEMENTS

Fiscal Year Ended March 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Supervisor and Board  
Township of Burt  
P.O. Box 430  
Grand Marais, MI 49839

### **Report on the Financial Statements**

I 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 Township of Burt, Alger County, Michigan (Township), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### **Management's Responsibility 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; this includes the design, implementation, and the maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from materials misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Member  
American Institute of Certified Public Accountants  
Michigan Association of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my 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 of Burt, Alger County, Michigan, as of March 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 39 through 43 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Management's Discussion and Analysis*

The Township has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. My opinion on the basic financial statements is not affected by this omitted information.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

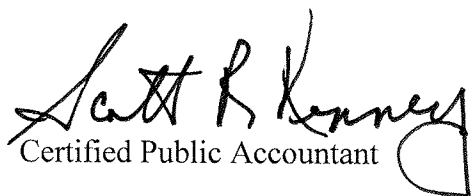
### *Other Supplementary Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The Other Supplementary Information Section which includes the combining nonmajor governmental fund financial statements, the combining nonmajor business type, comparative individual fund financial statements, budgetary comparison schedules for nonmajor governmental funds and the bond covenant compliance schedule is presented for purposes of additional analysis and not a required part of the financial statements.

The Other Supplementary Information Section 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 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 my opinion, the Other Supplementary Information Section is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report letter dated June 25, 2021, on my consideration of the Township's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Accounting Standards* in considering the Township's internal control over financial reporting and compliance.

  
Certified Public Accountant

June 25, 2021

FINANCIAL  
STATEMENTS

TOWNSHIP OF BURT  
GOVERNMENT WIDE STATEMENT OF NET POSITION  
March 31, 2021

|   | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS                                      |                            |                             |                      |
| CURRENT ASSETS                              |                            |                             |                      |
| Cash and equivalents                        | \$ 744,649                 | \$ 453,180                  | \$ 1,197,829         |
| Receivables - net                           | 45,994                     | 24,553                      | 70,547               |
| Inventory                                   | 0                          | 6,754                       | 6,754                |
| Internal balances                           | <u>50,471</u>              | <u>0</u>                    | <u>50,471</u>        |
| TOTAL CURRENT ASSETS                        | \$ 841,114                 | \$ 484,487                  | \$ 1,325,601         |
| RESTRICTED ASSETS - Cash and equivalents    | \$ 0                       | \$ 253,129                  | \$ 253,129           |
| NON-CURRENT ASSETS                          |                            |                             |                      |
| Property and equipment, net of depreciation | \$ 4,965,648               | \$ 5,460,340                | \$ 10,425,988        |
| Notes receivable                            | <u>0</u>                   | <u>0</u>                    | <u>0</u>             |
| TOTAL NON-CURRENT ASSETS                    | \$ <u>4,965,648</u>        | \$ <u>5,460,340</u>         | \$ <u>10,425,988</u> |
| TOTAL ASSETS                                | \$ 5,806,762               | \$ 6,197,956                | \$ 12,004,718        |
| LIABILITIES                                 |                            |                             |                      |
| CURRENT LIABILITIES                         |                            |                             |                      |
| Accounts payable                            | \$ 4,329                   | \$ 8,030                    | \$ 12,359            |
| Accrued and other liabilities               | 13,066                     | 21,952                      | 35,018               |
| Interprogram payables                       | 0                          | 50,471                      | 50,471               |
| Current part of non-current liabilities     | <u>18,000</u>              | <u>60,412</u>               | <u>78,412</u>        |
| TOTAL CURRENT LIABILITIES                   | \$ 35,395                  | \$ 140,865                  | \$ 176,260           |
| NON-CURRENT LIABILITIES                     |                            |                             |                      |
| Compensated absences                        | \$ 5,608                   | \$ 0                        | \$ 5,608             |
| Equipment installment agreements            | 0                          | 181,588                     | 181,588              |
| General obligation bond                     | 566,000                    | 0                           | 566,000              |
| Revenue bonds payable                       | <u>0</u>                   | <u>2,003,000</u>            | <u>2,003,000</u>     |
| TOTAL NON-CURRENT LIABILITIES               | \$ <u>571,608</u>          | \$ <u>2,184,588</u>         | \$ <u>2,756,196</u>  |
| TOTAL LIABILITIES                           | \$ 607,003                 | \$ 2,325,453                | \$ 2,932,456         |
| NET POSITION                                |                            |                             |                      |
| Investment in capital assets                | \$ 4,381,648               | \$ 3,215,340                | \$ 7,596,988         |
| Restricted for                              |                            |                             |                      |
| Nonspendable                                | 0                          | 6,754                       | 6,754                |
| Fire Protection                             | 82,009                     | 0                           | 82,009               |
| Road improvements                           | 79,404                     | 0                           | 79,404               |
| Ambulance                                   | 103,503                    | 0                           | 103,503              |
| Harbor operations                           | 58,510                     | 0                           | 58,510               |
| Capital outlay                              | 0                          | 127,450                     | 127,450              |
| Debt service                                | 0                          | 125,679                     | 125,679              |
| Unrestricted                                | <u>494,685</u>             | <u>397,280</u>              | <u>891,965</u>       |
| TOTAL NET POSITION                          | \$ <u>5,199,759</u>        | \$ <u>3,872,503</u>         | \$ <u>9,072,262</u>  |

Notes to Financial Statements are an integral part of this statement.



TOWNSHIP OF BURT  
GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
Year ended March 31, 2021

| FUNCTIONS/PROGRAMS                          | PROGRAM REVENUES  |                      |                                    |                                  | NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION |                          |                     |
|---|-------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
|   | EXPENSES          | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | PRIMARY GOVERNMENT                                |                          |                     |
|   |                   |                      |                                    |                                  | GOVERNMENTAL ACTIVITIES                           | BUSINESS-TYPE ACTIVITIES | TOTAL               |
| Governmental Activities                     |                   |                      |                                    |                                  |   |                          |                     |
| Legislative                                 | \$ 10,765         | \$ 0                 | \$ 0                               | 0                                | \$ (10,765)                                       | \$                       | \$ (10,765)         |
| General government                          | 253,398           | 10,515               | 11,433                             | 0                                | (231,450)   |                          | (231,450)           |
| Public safety                               | 107,863           | 10,971               | 100                                | 0                                | (96,792)  |                          | (96,792)            |
| Public works                                | 236,515           | 1,250                | 0                                  | 0                                | (235,265)   |                          | (235,265)           |
| Parks and recreation                        | 172,194           | 3,812                | 0                                  | 0                                | (168,382)   |                          | (168,382)           |
| Community development                       | 19,420            | 0                    | 0                                  | 0                                | (19,420)  |                          | (19,420)            |
| Interest and fees on debt                   | 56,058            | 0                    | 0                                  | 0                                | (56,058)  |                          | (56,058)            |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>        | <b>\$ 856,213</b> | <b>\$ 26,548</b>     | <b>\$ 11,533</b>                   | <b>\$ 0</b>                      | <b>\$ (818,132)</b>                               | <b>\$</b>                | <b>\$ (818,132)</b> |
| Business-Type Activities                    |                   |                      |                                    |                                  |   |                          |                     |
| Woodland Park                               | \$ 325,082        | \$ 460,945           | \$ 185                             | \$ 0                             | \$  | \$ 136,048               | \$ 136,048          |
| Marina                                      | 71,438            | 49,414               | 0                                  | 20,250                           | (1,774)   |                          | (1,774)             |
| Water                                       | 311,815           | 247,442              | 0                                  | 0                                | (64,373)  |                          | (64,373)            |
| Fuel  | 58,465            | 60,752               | 0                                  | 0                                | 2,287   |                          | 2,287               |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>       | <b>\$ 766,800</b> | <b>\$ 818,553</b>    | <b>\$ 185</b>                      | <b>\$ 20,250</b>                 | <b>\$</b>   | <b>\$ 72,188</b>         | <b>\$ 72,188</b>    |
| <b>GENERAL REVENUES</b>                     |                   |                      |                                    |                                  |   |                          |                     |
| Property taxes                              |                   |                      |                                    |                                  | \$ 536,523  | \$ 0                     | \$ 536,523          |
| State shared revenues and grants            |                   |                      |                                    |                                  | 114,696   | 0                        | 114,696             |
| Unrestricted investments earnings           |                   |                      |                                    |                                  | 5,506   | 4,841                    | 10,347              |
| Licenses and fees                           |                   |                      |                                    |                                  | 11,937  | 0                        | 11,937              |
| Other                                       |                   |                      |                                    |                                  | 24,132  | 0                        | 24,132              |
| <b>TRANSFERS</b>                            |                   |                      |                                    |                                  | <b>16,000</b>                                     | <b>(16,000)</b>          | <b>0</b>            |
| <b>TOTAL GENERAL REVENUES AND TRANSFERS</b> | <b>\$</b>         | <b>708,794</b>       | <b>\$</b>                          | <b>(11,159)</b>                  | <b>\$</b>   | <b>697,635</b>           | <b>\$ 697,635</b>   |
| <b>CHANGE IN NET POSITION</b>               |                   |                      |                                    |                                  |   |                          |                     |
| Net position - beginning (as restated)      |                   |                      |                                    |                                  | \$ (109,338)                                      | \$ 61,029                | \$ (48,309)         |
|   |                   |                      |                                    |                                  | 5,309,097   | 3,811,474                | 9,120,571           |
| <b>NET POSITION - ENDING</b>                | <b>\$</b>         | <b>5,199,759</b>     | <b>\$</b>                          | <b>3,872,503</b>                 | <b>\$</b>   | <b>9,072,262</b>         | <b>\$ 9,072,262</b> |

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURTON  
GOVERNMENTAL FUNDS BALANCE SHEET  
COMBINED BALANCE SHEET  
March 31, 2021

|                                   | GENERAL<br>FUND | FIRE<br>PROTECTION<br>FUND | TOWNSHIP<br>IMPROVEMENT<br>FUND | ROAD<br>IMPROVEMENT<br>FUND | (as restated)<br>AMBULANCE<br>FUND | NON-MAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|-----------------------------------|-----------------|----------------------------|---------------------------------|-----------------------------|------------------------------------|------------------------------------|--------------------------------|
| ASSETS                            |                 |                            |                                 |                             |                                    |                                    |                                |
| Cash and equivalents              | \$ 140,737      | \$ 223,421                 | \$ 117,533                      | \$ 74,761                   | \$ 102,305                         | \$ 85,892                          | \$ 744,649                     |
| Taxes receivable                  | 7,463           | 4,644                      | 9,286                           | 4,643                       | 1,547                              | 773                                | 28,356                         |
| Notes and accounts receivable     | 4,419           | 0                          | 0                               | 0                           | 0                                  | 0                                  | 4,419                          |
| Due from fiduciary fund           | 1,284           | 0                          | 0                               | 0                           | 0                                  | 0                                  | 1,284                          |
| Due from other funds              | 50,471          | 0                          | 0                               | 0                           | 0                                  | 0                                  | 50,471                         |
| Due from other governmental units | 11,935          | 0                          | 0                               | 0                           | 0                                  | 0                                  | 11,935                         |
| TOTAL ASSETS                      | \$ 216,309      | \$ 228,065                 | \$ 126,819                      | \$ 79,404                   | \$ 103,852                         | \$ 86,665                          | \$ 841,114                     |
| LIABILITIES                       |                 |                            |                                 |                             |                                    |                                    |                                |
| Accounts payable                  | \$ 1,167        | \$ 562                     | \$ 2,138                        | \$ 0                        | \$ 349                             | \$ 113                             | \$ 4,329                       |
| Accrued payroll expense           | 8,152           | 0                          | 4,914                           | 0                           | 0                                  | 0                                  | 13,066                         |
| Due to other governmental units   | 0               | 0                          | 0                               | 0                           | 0                                  | 0                                  | 0                              |
| TOTAL LIABILITIES                 | \$ 9,319        | \$ 562                     | \$ 7,052                        | \$ 0                        | \$ 349                             | \$ 113                             | \$ 17,395                      |
| FUND BALANCES                     |                 |                            |                                 |                             |                                    |                                    |                                |
| Restricted                        | \$ 0            | \$ 82,009                  | \$ 0                            | \$ 79,404                   | \$ 103,503                         | \$ 58,510                          | \$ 323,426                     |
| Committed                         | 0               | 145,494                    | 119,767                         | 0                           | 0                                  | 28,042                             | 293,303                        |
| Unassigned                        | 206,990         | 0                          | 0                               | 0                           | 0                                  | 0                                  | 206,990                        |
| TOTAL FUND EQUITY                 | \$ 206,990      | \$ 227,503                 | \$ 119,767                      | \$ 79,404                   | \$ 103,503                         | \$ 86,552                          | \$ 823,719                     |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 216,309      | \$ 228,065                 | \$ 126,819                      | \$ 79,404                   | \$ 103,852                         | \$ 86,665                          | \$ 841,114                     |

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT  
RECONCILIATION OF BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF FINANCIAL POSITION  
March 31, 2021

|  |                         |
|--|-------------------------|
| Total fund balance - total governmental funds (as restated)  | \$ 823,719              |
| Amounts reported for governmental activities in the Statement of Net Position are different because:                                     |                         |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds net of related depreciation | 4,965,648               |
| Long term liabilities:   |                         |
| Bonds/loans not due and payable with the current period and not reported in the funds  |                         |
| Public Works equipment installment contracts   | 0                       |
| Weston Building bonds  | (584,000)               |
| Accumulated employee vacation pay not used in current period   | <u>(5,608)</u>          |
| NET POSITION OF GOVERNMENTAL ACTIVITIES \$   | <u><u>5,199,759</u></u> |

TOWNSHIP OF BURTON  
ALL GOVERNMENTAL FUND TYPES  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year ended March 31, 2021

|  | GENERAL<br>FUND   | FIRE<br>PROTECTION<br>FUND | TOWNSHIP<br>IMPROVEMENT<br>FUND | ROAD<br>IMPROVEMENT<br>FUND | (as restated)<br>AMBULANCE<br>FUND | NON-MAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--|-------------------|----------------------------|---------------------------------|-----------------------------|------------------------------------|------------------------------------|--------------------------------|
| <b>REVENUES</b>  |                   |                            |                                 |                             |                                    |                                    |                                |
| General property taxes   | \$ 140,921        | \$ 87,433                  | \$ 174,872                      | \$ 87,425                   | \$ 31,305                          | \$ 14,567                          | \$ 536,523                     |
| State shared revenues and grants   | 113,906           | 164                        | 328                             | 164                         | 107                                | 7,740                              | 122,409                        |
| Licenses and fees  | 11,937            | 0                          | 0                               | 0                           | 0                                  | 0                                  | 11,937                         |
| Charges for services   | 10,515            | 4,362                      | 1,250                           | 0                           | 6,609                              | 3,812                              | 26,548                         |
| Interest and rentals   | 667               | 2,144                      | 621                             | 224                         | 406                                | 1,444                              | 5,506                          |
| Local grants/contributions   | 3,720             | 0                          | 0                               | 0                           | 100                                | 0                                  | 3,820                          |
| Other  | 7,514             | 1,197                      | 14,797                          | 0                           | 549                                | 75                                 | 24,132                         |
| <b>TOTAL REVENUES</b>  | <b>\$ 289,180</b> | <b>\$ 95,300</b>           | <b>\$ 191,868</b>               | <b>\$ 87,813</b>            | <b>\$ 39,076</b>                   | <b>\$ 27,638</b>                   | <b>\$ 730,875</b>              |
| <b>EXPENDITURES</b>  |                   |                            |                                 |                             |                                    |                                    |                                |
| Legislative  | \$ 10,765         | \$ 0                       | \$ 0                            | \$ 0                        | \$ 0                               | \$ 0                               | \$ 10,765                      |
| General government   | 219,449           | 1,464                      | 12,027                          | 0                           | 2,197                              | 4,188                              | 239,325                        |
| Public safety  | 0                 | 57,092                     | 0                               | 0                           | 15,423                             | 0                                  | 72,515                         |
| Public works   | 0                 | 0                          | 134,218                         | 70,683                      | 0                                  | 0                                  | 204,901                        |
| Parks and recreation   | 0                 | 0                          | 0                               | 0                           | 0                                  | 0                                  | 0                              |
| Community development  | 19,420            | 0                          | 0                               | 0                           | 0                                  | 0                                  | 19,420                         |
| Insurance  | 7,599             | 0                          | 0                               | 0                           | 0                                  | 0                                  | 7,599                          |
| Debt service   | 0                 | 0                          | 41,218                          | 0                           | 35,950                             | 0                                  | 77,168                         |
| Capital outlay   | 1,359             | 0                          | 0                               | 0                           | 0                                  | 0                                  | 1,359                          |
| <b>TOTAL EXPENDITURES</b>  | <b>\$ 258,592</b> | <b>\$ 58,556</b>           | <b>\$ 187,463</b>               | <b>\$ 70,683</b>            | <b>\$ 53,570</b>                   | <b>\$ 4,188</b>                    | <b>\$ 633,052</b>              |
| <b>EXCESS OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>                  | <b>\$ 30,588</b>  | <b>\$ 36,744</b>           | <b>\$ 4,405</b>                 | <b>\$ 17,130</b>            | <b>\$ (14,494)</b>                 | <b>\$ 23,450</b>                   | <b>\$ 97,823</b>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                                    |                   |                            |                                 |                             |                                    |                                    |                                |
| Transfer from other funds  | \$ 22,000         | \$ 0                       | \$ 28,510                       | \$ 0                        | \$ 0                               | \$ 0                               | \$ 50,510                      |
| Contribution from other governmental units                               | 0                 | 0                          | 0                               | 0                           | 0                                  | 0                                  | 0                              |
| Sale of property and equipment   | 0                 | 0                          | 0                               | 0                           | 0                                  | 0                                  | 0                              |
| Transfer to other funds  | 0                 | (18,726)                   | (1,000)                         | 0                           | (12,784)                           | (2,000)                            | (34,510)                       |
| <b>EXCESS OF REVENUES AND OTHER<br/>FINANCING USES OVER EXPENDITURES</b> | <b>\$ 52,588</b>  | <b>\$ 18,018</b>           | <b>\$ 31,915</b>                | <b>\$ 17,130</b>            | <b>\$ (27,278)</b>                 | <b>\$ 21,450</b>                   | <b>\$ 113,823</b>              |
| Fund balance - beginning   | 154,402           | 209,485                    | 87,852                          | 62,274                      | 130,781                            | 65,102                             | 709,896                        |
| <b>FUND BALANCE - ENDING</b>   | <b>\$ 206,990</b> | <b>\$ 227,503</b>          | <b>\$ 119,767</b>               | <b>\$ 79,404</b>            | <b>\$ 103,503</b>                  | <b>\$ 86,552</b>                   | <b>\$ 823,719</b>              |

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT  
RECONCILIATION OF STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
Year ended March 31, 2021

Restatement of Beginning Net Position:

|   |                       |
|---|-----------------------|
| Reclassification of fund balance in the Ambulance Fund - Fund Type changed<br>from Business Type to Governmental Type | \$ 130,781            |
| Transfer in capital used in the Ambulance Fund, net of depreciation   | <u>205,435</u>        |
| NET CHANGE IN BEGINNING NET POSITION \$   | <u><u>336,216</u></u> |

|   |            |
|---|------------|
| Net change in fund balance - total governmental funds | \$ 113,823 |
|---|------------|

Amounts reported for governmental activities in the Statement  
of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities  
these costs are allocated over their estimated useful life and reported as depreciation

|                    |           |
|--------------------|-----------|
| General Government | (5,655)   |
| Public Safety      | (35,348)  |
| Public Works       | (33,190)  |
| Recreation         | (172,194) |
| Capital Outlay     | 1,359     |

Payments on long term debt; these expenditures are reflected as a reduction of liabilities  
on government-wide statements and an expenditure in the governmental fund statements

|  |        |
|--|--------|
| Public Works equipment installment contracts | 3,110  |
| Weston Building bonds                        | 18,000 |

(Increase) decrease in accumulated employee vacation are recorded when earned in the  
Statement of Activities

|                    |              |
|--------------------|--------------|
| General Government | (819)        |
| Public Works       | <u>1,576</u> |

|  |                         |
|--|-------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ | <u><u>(109,338)</u></u> |
|--|-------------------------|

TOWNSHIP OF BURT  
STATEMENT OF NET POSITION  
BUSINESS TYPE FUNDS  
March 31, 2021

|  | WOODLAND<br>PARK<br>FUND | MARINA<br>FUND    | WATER<br>UTILITY<br>FUND | FUEL<br>FUND     | TOTAL               |
|--|--------------------------|-------------------|--------------------------|------------------|---------------------|
| <b>ASSETS</b>                              |                          |                   |                          |                  |                     |
| Current Assets:                            |                          |                   |                          |                  |                     |
| Cash and equivalents                       | \$ 193,342               | \$ 7,384          | \$ 252,454               | \$ 0             | \$ 453,180          |
| Taxes receivable                           | 0                        | 0                 | 0                        | 0                | 0                   |
| Accounts receivable                        | 0                        | 0                 | 16,308                   | 8,245            | 24,553              |
| Due from other funds                       | 0                        | 0                 | 0                        | 0                | 0                   |
| Due from fiduciary fund                    | 0                        | 0                 | 0                        | 0                | 0                   |
| Inventory                                  | 0                        | 0                 | 0                        | 6,754            | 6,754               |
| <b>TOTAL CURRENT ASSETS</b>                | <b>\$ 193,342</b>        | <b>\$ 7,384</b>   | <b>\$ 268,762</b>        | <b>\$ 14,999</b> | <b>\$ 484,487</b>   |
| Restricted Assets                          | \$ 0                     | \$ 0              | \$ 253,129               | \$ 0             | \$ 253,129          |
| Property, Plant and Equipment:             |                          |                   |                          |                  |                     |
| Land, buildings and equipment              | \$ 1,487,485             | \$ 557,214        | \$ 6,145,339             | \$ 168,290       | \$ 8,358,328        |
| Less accumulated depreciation              | (730,244)                | (102,797)         | (1,964,947)              | (100,000)        | (2,897,988)         |
| <b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b> | <b>\$ 757,241</b>        | <b>\$ 454,417</b> | <b>\$ 4,180,392</b>      | <b>\$ 68,290</b> | <b>\$ 5,460,340</b> |
| <b>TOTAL ASSETS</b>                        | <b>\$ 950,583</b>        | <b>\$ 461,801</b> | <b>\$ 4,702,283</b>      | <b>\$ 83,289</b> | <b>\$ 6,197,956</b> |
| <b>LIABILITIES</b>                         |                          |                   |                          |                  |                     |
| Current Liabilities:                       |                          |                   |                          |                  |                     |
| Accounts payable                           | \$ 2,726                 | \$ 207            | \$ 4,925                 | \$ 172           | \$ 8,030            |
| Salaries, wages and payroll taxes payable  | 1,683                    | 0                 | 5,218                    | 0                | 6,901               |
| Interest payable                           | 1,418                    | 0                 | 13,633                   | 0                | 15,051              |
| Due to other funds                         | 0                        | 0                 | 0                        | 50,471           | 50,471              |
| Current portion of long term debt          | 18,412                   | 0                 | 42,000                   | 0                | 60,412              |
| <b>TOTAL CURRENT LIABILITIES</b>           | <b>\$ 24,239</b>         | <b>\$ 207</b>     | <b>\$ 65,776</b>         | <b>\$ 50,643</b> | <b>\$ 140,865</b>   |
| Long Term Liabilities                      | \$ 181,588               | \$ 0              | \$ 2,003,000             | \$ 0             | \$ 2,184,588        |
| <b>TOTAL LIABILITIES</b>                   | <b>\$ 205,827</b>        | <b>\$ 207</b>     | <b>\$ 2,068,776</b>      | <b>\$ 50,643</b> | <b>\$ 2,325,453</b> |
| <b>NET POSITION</b>                        |                          |                   |                          |                  |                     |
| Net investment in capital assets           | \$ 557,241               | \$ 454,417        | \$ 2,135,392             | \$ 68,290        | \$ 3,215,340        |
| Restricted                                 |                          |                   |                          |                  |                     |
| Nonspendable                               | 0                        | 0                 | 0                        | 6,754            | 6,754               |
| Capital outlay                             | 0                        | 0                 | 127,450                  | 0                | 127,450             |
| Debt service                               | 0                        | 0                 | 125,679                  | 0                | 125,679             |
| Unrestricted                               | 187,515                  | 7,177             | 244,986                  | (42,398)         | 397,280             |
| <b>TOTAL NET POSITION</b>                  | <b>\$ 744,756</b>        | <b>\$ 461,594</b> | <b>\$ 2,633,507</b>      | <b>\$ 32,646</b> | <b>\$ 3,872,503</b> |

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
BUSINESS TYPE FUNDS  
Year ended March 31, 2021

|  | WOODLAND<br>PARK<br>FUND | MARINA<br>FUND     | WATER<br>UTILITY<br>FUND | FUEL<br>FUND     | TOTAL               |
|--|--------------------------|--------------------|--------------------------|------------------|---------------------|
| <b>OPERATING REVENUES</b>                              |                          |                    |                          |                  |                     |
| User charges, net of allowance                         | \$ 459,806               | \$ 13,324          | \$ 231,892               | \$ 0             | \$ 705,022          |
| Memberships  | (36)                     | 0                  | 0                        | 0                | (36)                |
| Fuel sales   | 0                        | 35,929             | 0                        | 60,752           | 96,681              |
| Other  | 1,175                    | 161                | 15,550                   | 0                | 16,886              |
| <b>TOTAL OPERATING REVENUES</b>                        | <b>\$ 460,945</b>        | <b>\$ 49,414</b>   | <b>\$ 247,442</b>        | <b>\$ 60,752</b> | <b>\$ 818,553</b>   |
| <b>OPERATING EXPENSES</b>                              |                          |                    |                          |                  |                     |
| Recreation   |                          |                    |                          |                  |                     |
| Salaries and wages                                     | \$ 85,047                | \$ 5,144           | \$ 0                     | \$ 0             | \$ 90,191           |
| Payroll taxes  | 20,940                   | 394                | 0                        | 0                | 21,334              |
| Employee benefits                                      | 4,940                    | 0                  | 0                        | 0                | 4,940               |
| Supplies   | 22,726                   | 3,324              | 0                        | 0                | 26,050              |
| Repairs and maintenance                                | 29,418                   | 1,762              | 0                        | 0                | 31,180              |
| Contracted services                                    | 3,775                    | 889                | 0                        | 0                | 4,664               |
| User fees  | 15,248                   | 0                  | 0                        | 0                | 15,248              |
| Utilities  | 66,698                   | 6,979              | 0                        | 0                | 73,677              |
| Other  | 15,392                   | 3,250              | 0                        | 0                | 18,642              |
| Transmission, distribution, operations and maintenance |                          |                    |                          |                  |                     |
| Salaries and wages                                     | 0                        | 0                  | 57,502                   | 0                | 57,502              |
| Payroll taxes  | 0                        | 0                  | 4,392                    | 0                | 4,392               |
| Employee benefits                                      | 0                        | 0                  | 21,552                   | 0                | 21,552              |
| Fuel purchases for resale                              | 0                        | 28,151             | 0                        | 52,970           | 81,121              |
| Supplies   | 0                        | 0                  | 5,774                    | 58               | 5,832               |
| Repairs and maintenance                                | 0                        | 0                  | 7,166                    | 1,852            | 9,018               |
| Contracted services                                    | 0                        | 0                  | 9,923                    | 2,026            | 11,949              |
| Utilities  | 0                        | 0                  | 14,252                   | 1,559            | 15,811              |
| Other  | 0                        | 0                  | 4,364                    | 0                | 4,364               |
| Depreciation   | 56,753                   | 21,545             | 84,368                   | 0                | 162,666             |
| <b>TOTAL OPERATING EXPENSES</b>                        | <b>\$ 320,937</b>        | <b>\$ 71,438</b>   | <b>\$ 209,293</b>        | <b>\$ 58,465</b> | <b>\$ 660,133</b>   |
| <b>OPERATING INCOME (LOSS)</b>                         | <b>\$ 140,008</b>        | <b>\$ (22,024)</b> | <b>\$ 38,149</b>         | <b>\$ 2,287</b>  | <b>\$ 158,420</b>   |
| <b>NON-OPERATING INCOME (EXPENSE)</b>                  |                          |                    |                          |                  |                     |
| Property taxes   | \$ 0                     | \$ 0               | \$ 0                     | \$ 0             | \$ 0                |
| Federal grant  | 0                        | 0                  | 0                        | 0                | 0                   |
| State grant  | 0                        | 20,250             | 0                        | 0                | 20,250              |
| Interest   | 571                      | 8                  | 3,081                    | 81               | 3,741               |
| Rent   | 1,100                    | 0                  | 0                        | 0                | 1,100               |
| Contribution from other governmental units             | 0                        | 0                  | 0                        | 0                | 0                   |
| Local contributions                                    | 185                      | 0                  | 0                        | 0                | 185                 |
| Interest and fees expense                              | (4,145)                  | 0                  | (41,037)                 | 0                | (45,182)            |
| Grant amortization                                     | 0                        | 0                  | (61,485)                 | 0                | (61,485)            |
| <b>NON-OPERATING TRANSFERS</b>                         |                          |                    |                          |                  |                     |
| From other funds                                       | \$ 0                     | \$ 25,000          | \$ 0                     | \$ 0             | \$ 25,000           |
| To other funds   | (35,000)                 | 0                  | (5,000)                  | (1,000)          | (41,000)            |
| <b>NET INCOME (LOSS)</b>                               | <b>\$ 102,719</b>        | <b>\$ 23,234</b>   | <b>\$ (66,292)</b>       | <b>\$ 1,368</b>  | <b>\$ 61,029</b>    |
| Net position - beginning                               | 642,037                  | 438,360            | 2,699,799                | 31,278           | 3,811,474           |
| <b>NET POSITION - ENDING</b>                           | <b>\$ 744,756</b>        | <b>\$ 461,594</b>  | <b>\$ 2,633,507</b>      | <b>\$ 32,646</b> | <b>\$ 3,872,503</b> |

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT  
STATEMENT OF CASH FLOWS  
BUSINESS TYPE FUNDS  
Year ended March 31, 2021

|   | WOODLAND<br>PARK<br>FUND | MARINA<br>FUND | WATER<br>UTILITY | FUEL<br>FUND | TOTAL        |
|---|--------------------------|----------------|------------------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES  |                          |                |                  |              |              |
| Receipts from customers   | \$ 460,945               | \$ 49,414      | \$ 247,398       | \$ 56,265    | \$ 814,022   |
| Payments to suppliers   | (153,957)                | (44,264)       | (38,676)         | (60,597)     | (297,494)    |
| Payments to or on behalf of employees   | (109,761)                | (5,538)        | (84,361)         | 0            | (199,660)    |
| TOTAL CASH FLOWS FROM<br>OPERATING ACTIVITIES   | \$ 197,227               | \$ (388)       | \$ 124,361       | \$ (4,332)   | \$ 316,868   |
| CASH FLOWS FROM NON-CAPITAL<br>FINANCING ACTIVITIES   |                          |                |                  |              |              |
| Loans/Transfer from (to) other funds  | \$ (35,000)              | \$ 25,000      | \$ (5,000)       | \$ (1,000)   | \$ (16,000)  |
| Contributions from other governmental units   | 0                        | 0              | 0                | 0            | 0            |
| Local contributions   | 185                      | 0              | 0                | 0            | 185          |
| Property taxes  | 0                        | 0              | 0                | 0            | 0            |
| Other   | 0                        | 0              | 0                | 0            | 0            |
| Loans made from (repaid to) other funds   | 0                        | (15,000)       | 15,000           | 50,471       | 50,471       |
| TOTAL CASH FLOWS FROM<br>NON-CAPITAL FINANCING ACTIVITIES   | \$ (34,815)              | \$ 10,000      | \$ 10,000        | \$ 49,471    | \$ 34,656    |
| CASH FLOWS FROM CAPITAL AND RELATED<br>FINANCING ACTIVITIES   |                          |                |                  |              |              |
| Payments on capital debt  | \$ (264,578)             | \$ 0           | \$ (82,311)      | \$ 0         | \$ (346,889) |
| Purchases of capital assets   | 0                        | (23,010)       | (8,752)          | (68,290)     | (100,052)    |
| Loan proceeds   | 202,688                  | 0              | 0                | 0            | 202,688      |
| Funding of restricted accounts  | 0                        | 0              | (27,605)         | 0            | (27,605)     |
| Federal grant proceeds  | 0                        | 0              | 0                | 0            | 0            |
| State grant proceeds  | 0                        | 20,250         | 0                | 0            | 20,250       |
| Installment sale proceeds to purchase capital equipment   | 0                        | 0              | 0                | 0            | 0            |
| TOTAL CASH FLOWS FROM CAPITAL<br>AND RELATED FINANCING ACTIVITIES                                   | \$ (61,890)              | \$ (2,760)     | \$ (118,668)     | \$ (68,290)  | \$ (251,608) |
| CASH FLOWS FROM INVESTING ACTIVITIES  |                          |                |                  |              |              |
| Interest earned on unrestricted accounts  | \$ 571                   | \$ 8           | \$ 3,081         | \$ 81        | \$ 3,741     |
| Rent received   | 1,100                    | 0              | 0                | 0            | 1,100        |
| TOTAL CASH FLOWS FROM INVESTING ACTIVITIES  | \$ 1,671                 | \$ 8           | \$ 3,081         | \$ 81        | \$ 4,841     |
| NET INCREASE (DECREASE) IN CASH   | \$ 102,193               | \$ 6,860       | \$ 18,774        | \$ (23,070)  | \$ 104,757   |
| Cash and equivalents - beginning  | 91,149                   | 524            | 233,680          | 23,070       | 348,423      |
| CASH AND EQUIVALENTS - ENDING   | \$ 193,342               | \$ 7,384       | \$ 252,454       | \$ 0         | \$ 453,180   |
| RECONCILIATION OF OPERATING INCOME (LOSS)<br>TO NET CASH PROVIDED (USED) BY<br>OPERATING ACTIVITIES |                          |                |                  |              |              |
| Operating income (loss)   | \$ 140,008               | \$ (22,024)    | \$ 38,149        | \$ 2,287     | \$ 158,420   |
| Adjustments to Reconcile Operating Income to Net Cash<br>Provided (Used) by Operating Activities    |                          |                |                  |              |              |
| Depreciation  | 56,753                   | 21,545         | 84,368           | 0            | 162,666      |
| Change in Assets and Liabilities  |                          |                |                  |              |              |
| Receivables - net   | 0                        | 0              | (44)             | (4,487)      | (4,531)      |
| Due from fiduciary funds  | 0                        | 0              | 0                | 0            | 0            |
| Due from other governmental units   | 0                        | 0              | 0                | 0            | 0            |
| Inventory   | 0                        | 0              | 0                | (1,983)      | (1,983)      |
| Accounts payable  | (700)                    | 91             | 2,803            | (149)        | 2,045        |
| Accrued salaries, wages and payroll taxes   | 1,166                    | 0              | (915)            | 0            | 251          |
| NET CASH PROVIDED BY OPERATING ACTIVITIES   | \$ 197,227               | \$ (388)       | \$ 124,361       | \$ (4,332)   | \$ 316,868   |

Notes to Financial Statements are an integral part of this statement.



TOWNSHIP OF BURT  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
MARCH 31, 2021

|                                 |    | <u>TAX<br/>COLLECTIONS<br/>FUND</u> |
|---------------------------------|----|-------------------------------------|
| ASSETS                          |    |                                     |
| Cash and equivalents            | \$ | 1,292                               |
| Due from other funds            |    | <u>0</u>                            |
| TOTAL ASSETS                    | \$ | <u><u>1,292</u></u>                 |
| LIABILITIES AND FUND EQUITY     |    |                                     |
| Liabilities                     |    |                                     |
| Due to other funds              | \$ | 1,284                               |
| Due to other governmental units |    | 0                                   |
| Due to taxpayer                 |    | <u>8</u>                            |
| TOTAL LIABILITIES               | \$ | <u><u>1,292</u></u>                 |

Notes to Financial Statements are an integral part of this statement.

NOTES  
TO  
FINANCIAL  
STATEMENTS

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township of Burt, Alger County, Michigan (Township) is governed by an elected five member board of trustees (Board). The financial statements of the Township have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

**REPORTING ENTITY**

The financial reporting entity, as required by generally accepted accounting principles, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations referred to generally as component units for which the nature and significance of the relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the electoral officials of the primary government are financially accountable.

The accompanying financial statements present the primary government, as the Township does not have any component units that are required to be presented, either discretely or blended.

Educational services are provided to citizens through the local school district, which is a separate governmental entity.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide statements (i.e., Statement of Net Position and the Statement of Activities) report information on all of the activities of the Township except for the fiduciary activities. All of the Township's activities are considered to be governmental activities or business type activities. For the most part, the effect of interfund activity has been eliminated from these statements. *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 services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges the services or applicants for 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 proprietary funds are reported as separate columns in the fund financial statements.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

Township resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**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, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when 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.

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 Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for state shared revenues, reimbursement-based grants and interest which use one year. 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. Property taxes, intergovernmental revenue, charges and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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 funds principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental funds:

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

Fire Protection Fund - used to account to the financial transactions of the fire department.

Township Improvement Fund - used to account for the financial transactions of the public works and properties of the Township.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Road Improvement Fund - used to account for the approved millage tax collections and other financial transactions related to road improvements within the Township.

Ambulance Fund - used to account for the financial transactions of the ambulance service. This fund was reclassified as a governmental fund at the beginning of the 2020-21 fiscal year because the Township no longer operates the service (now contracted with Alger County). The beginning fund balance and balances were restated to comply with generally accepted accounting principles.

The Township reports the following major proprietary funds:

Woodland Park Fund - used to account for the financial transactions of the Township's parks, library and community center.

Marina Fund - used to account for the financial transactions of the Marina operations and ongoing maintenance.

Water Utility Fund - used to account for the financial transactions of the water supply system.

Fuel Fund - used to account for the financial transactions of the fuel system.

All other funds are considered to be non-major. They include:

Harbor Fund - used to account for the financial transactions of the breakwall construction and other harbor maintenance.

Medical Facility Fund - used to account for the financial transactions of the medical clinic which houses rotating medical practitioners.

Beach Access Fund - used to account for the financial transactions to assure access to Lake Superior for Township residents and the general public.

**BUDGET AND BUDGETARY ACCOUNTING**

Formal budgetary accounting is employed as a management control for all funds of the Township. The budgetary financial statements included in this report include all funds of the Township. For the funds required to adopt a budget, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of generally accepted accounting principles.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BUDGET AND BUDGETARY ACCOUNTING (CONTINUED)**

The Township follows these procedures in establishing data reflected in the financial statements:

1. The supervisor submits to the Board, a recommended operating budget for the fiscal year commencing April 1. The proposed budget includes expenditures and the means of financing them.
2. Public hearing is held to obtain taxpayers comments.
3. The budget is legally enacted by the Board of Trustees adoption authorizing a General Appropriation Act for the fiscal year.
4. Any revisions to budgeted amounts are approved by the Board of Trustees.
5. Budgeted amounts are as originally adopted, plus amendments made on or before March 31 by the Board.
6. The budget expires on March 31 of the budget 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 of these balances at any time similar to a demand deposit account restricted cash consists of amount set aside in accordance with bond provisions for principal payment in the event of default and/or system improvements.

Statutory Authority

State statute authorizes the Township to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or any 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.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CASH AND POOLED INVESTMENTS (CONTINUED)**

- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase 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 public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

**RECEIVABLES**

All receivables are reported in a gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**DO TO AND DUE FROM OTHER FUNDS**

Interfund receivables and payables arise from interfund transactions that are recorded by all funds affected in the period in which transactions are executed. All funds are expected to be repaid within one year and are classified as short term.

**INVENTORY AND PREPAID ITEMS**

Where each fund's inventory value is material to that fund, the value of the inventory is recorded in the financial records. Where the value is immaterial, the amount is not recorded as an asset on the financial statements. The inventory consists primarily of parts and supplies necessary to accomplish the duties of the funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

**RESTRICTED ASSETS**

Money that is restricted for a designated purpose (i.e. construction, capital improvements, debt service) are segregated from operational cash accounts due to their restriction. In addition, some bonds contain covenants that require the Township to establish and maintain prescribed amounts of resources for making system improvements or future bond payments.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, 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 Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. 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 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. The amount reported for infrastructure includes only assets added since 2003.

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.

No interest expense has been capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure), is computed using the straight-line method over the following estimated useful lives:

|           |                |                       |                |
|-----------|----------------|-----------------------|----------------|
| Buildings | 40 to 50 years | Building Improvements | 15 to 30 years |
| Water     | 40 years       | Other Infrastructure  | 10 to 40 years |
| Vehicles  | 3 to 5 years   | Office Equipment      | 5 to 7 years   |

**COMPENSATED ABSENCES**

It is the Township's policy to permit employees to accumulate earned but unused vacation benefits. The Township does not have a determinable liability for unpaid accumulated sick leave since the Township has a policy not to pay any portion of the accumulated benefits to employees upon separation from service. All vacation leave pay is accrued when incurred in the proprietary fund financial statements.

**LONG-TERM OBLIGATIONS**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the applicable governmental activities, proceeds from any noncurrent liabilities and payments on those liabilities are recorded as other financing sources and debt services expenditures, respectively.

**GRANTING OF CREDIT**

The Township grants credit to the state of Michigan and various local units of government. The Township also extends credit to its Ambulance Fund patients and enterprise fund customers.



TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The 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 does not have any items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The 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 Township does not have any items that qualify for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

**NET POSITION AND FUND BALANCE REPORTING**

Governmental funds report fund balance in the following five categories:

- a. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (1) not in an expendable form or (2) legally or contractually required to be maintained intact. Non-spendable fund balance would be equal to inventory, prepaid items, noncurrent financial assets, and the non-spendable portion of endowments.
- b. Restricted - the related assets can only be spent for the specific purposes stipulated by the Charter, external source providers, or as identified in enabling legislation.
- c. Committed - the related assets can only be spent for the specific purpose identified by formal resolution of the governing board.
- d. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
- e. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Business-type funds report net position in the following three categories:

- a. Investment in Capital - The portion of net position that consists of capital assets, net of accumulated depreciation and reduced by liabilities attributable to the acquisition, construction or improvement of those assets.
- b. Restricted Net Position - Net position is restricted when there is constraints placed on their use by external parties or by statute.
- c. Unrestricted Net Position - Net position not meeting either category above are considered unrestricted.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**NET POSITION AND FUND BALANCE FLOW ASSUMPTIONS**

Sometimes the Township is able to fund outlays for a particular purpose from either restricted (e.g., restricted bond or grant proceeds) or 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 Township's policy to use restricted resources first, and unrestricted resources as they are needed. Further when components of unrestricted fund balance can be used for the same purpose, committed fund balance is the depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The Board can delegate authority to assign fund balance for a specific purpose to the Township Supervisor.

**PROPERTY TAXES**

Township property taxes are attached as an enforceable lien on property as of December 31. Summer taxes are levied July 1 and are due without penalty on or before September 15, and winter taxes are levied on December 1 that are due without penalty on or before February 15. The winter tax bills include the Township's own property taxes. Real property taxes not collected are turned over to Alger County for collection, which advances the Township 100% of the delinquent real property taxes. Collection of the delinquent personal property taxes remains the responsibility of the Township Treasurer.

In addition to its own taxes, the Township collects taxes for the State of Michigan, Alger County, the local school district and the intermediate school district.

The Township actually assessed 1.9901 mills for General Fund operations, 3.0000 mills for Improvement Fund operations, 0.2500 mills for harbor improvements, 1.5000 mills for fire protection, 1.5000 mills for road improvements and 0.5000 mills for ambulance service. The millage generated net tax collections of \$140,921 in the General Fund, \$87,433 for fire protection, \$14,567 for harbor improvements, \$87,425 for road improvements, \$174,872 in the general Township improvements and \$31,305 for ambulance service.

**RETIREMENT PLANS**

The Township maintains two different defined contribution retirement plans for its full-time employees. One of the plans requires an employee contribution to participate while the other plan does not.

**INTERFUND TRANSACTIONS**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**AMBULANCE SERVICES**

During the prior fiscal year, the ambulance services ceased operations with the service now being operated by Alger County Emergency Services. The Township continues to house and utilize the ambulance equipment that it presently owns. Since this fund no longer meets the definition of a “business type fund”, the fund has been reclassified as a “governmental type fund”. Various balance within the fund have been restated in this report to comply with the updated fund classification.

**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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

**SUBSEQUENT EVENTS**

**Covid-19 Outbreak**

The Covid-19 outbreak in the State of Michigan has resulted in government and business disruption throughout the State of Michigan. The State of Michigan Governor’s recent executive orders include declaring a state of emergency in Michigan and stay-at-home orders to combat the spread of the outbreak. While the disruption is currently expected to be temporary, there is considerable uncertainty as to the duration of the disruption. Management is unable to determine the potential negative impact this may have on the finances of the Township at this time.

**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Public Act 275 of 1980**

The Township did not have any funds with a net position deficiency or fund balance deficit at March 31, 2021. The Township did have an unrestricted deficiency in its fuel fund at the conclusion of the fiscal year.

**Public Act 621 of 1978**

Public act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. In the body of financial statements, the Township’s actual expenditures and appropriations have been shown on a functional basis. The approved budgets for the Township for the budgetary funds were adopted on the functional level.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**Public Act 621 of 1978 (continued)**

During the year ended March 31, 2021, the Township incurred expenditures in some of the governmental funds governmental funds that exceeded the appropriated amounts. The variances in the major governmental funds can be found on pages 39 through 43 of this report. The variances in the non-major governmental funds can be found on pages 51 through 53 of this report.

**Bond Covenants**

The schedule showing bond covenants can be found on page 54 of this report. The Township is in compliance with the financial bond covenants required under the ordinance.

**NOTE C - CASH AND INVESTMENTS**

The Township has designated two banks for the deposit of Township funds. The investments policy adopted by the board in accordance with Public Act 20 of 1943, as amended. The Township's deposits and investment policy are in accordance with statutory authority.

At year end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

|                         | Governmental<br>Activities | Business-Type<br>Activities | Fiduciary<br>Funds | Total Primary<br>Government |
|-------------------------|----------------------------|-----------------------------|--------------------|-----------------------------|
| Cash & Cash Equivalents | \$ 744,649                 | \$ 453,180                  | \$ 1,292           | \$ 1,199,121                |
| Restricted Assets       | 0                          | 253,129                     | 0                  | 253,129                     |
| Total                   | <u>\$ 744,649</u>          | <u>\$ 706,309</u>           | <u>\$ 1,292</u>    | <u>\$ 1,452,250</u>         |

The federal insured bank balance of the Township's deposits is \$ 250,000. There were no items classified as investments during the fiscal year.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE D - INTERFUND TRANSFERS**

The following interfund transfers were recorded during the year and is reflected in the financial statements.

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------------|----------------------|---------------|----------------|
| General            | Fire Protection      | \$ 2,000      | Administration |
| General            | Harbor               | 2,000         | Administration |
| General            | Township Improvement | 1,000         | Administration |
| General            | Ambulance            | 1,000         | Administration |
| General            | Woodland Park        | 10,000        | Administration |
| General            | Fuel                 | 1,000         | Administration |
| General            | Water                | 5,000         | Administration |
| Improvement        | Fire                 | 16,726        | Debt service   |
| Improvement        | Ambulance            | 11,784        | Debt service   |
| Marina             | Park                 | 25,000        | Maintenance    |

During a prior fiscal year, the Township completed construction of a building (Weston Building) used to house the Department of Public Works as well as the Ambulance and Fire Departments. All costs related to the financing of the building have been and will continue to be recorded in the Township Improvement Fund. These costs are being allocated to the various departments based on their usable square footage. The percentages used are: Public Works 25%, Ambulance 31% and Fire 44%. The costs are being returned to the improvement fund via interfund transfers.

**NOTE E - INTERFUND RECEIVABLES AND PAYABLE**

The March 31, 2021, balances of interfund receivables and payables are as follows:

| <u>Receivable</u> | <u>Payable</u> | <u>Amount</u> |
|-------------------|----------------|---------------|
| General           | Fuel           | \$ 50,471     |
| General           | Tax            | 1,284         |

The borrowing by the Marina Fund occurred late in the fiscal year to conclude the bathhouse/fish cleaning project and is expected to be repaid in the upcoming year. The balance in the Tax Collection Fund is maintained to keep the bank account open and also include delinquent personal property tax collections from late in the fiscal year.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE F - CAPITAL ASSETS**

Capital asset activity for the Township for the year ended March 31, 2021 was as follows:

|                                    | Beginning           | Additions           | Disposals   | Ending              |
|------------------------------------|---------------------|---------------------|-------------|---------------------|
| <b>Governmental Funds</b>          |                     |                     |             |                     |
| Assets not depreciated             |                     |                     |             |                     |
| Land                               | \$ 155,105          | \$ 0                | \$ 0        | \$ 155,105          |
| Assets being depreciated           |                     |                     |             |                     |
| Land improvements                  | 5,130,244           | 0                   | 0           | 5,130,244           |
| Buildings                          | 2,167,447           | 0                   | 0           | 2,167,447           |
| Equipment                          | 463,522             | 1,359               | 0           | 464,881             |
| Vehicles                           | <u>252,609</u>      | <u>0</u>            | <u>0</u>    | <u>252,609</u>      |
| Total at historic cost             | \$ 8,168,927        | \$ 1,359            | \$ 0        | \$ 8,170,286        |
| Less accumulated depreciation for: |                     |                     |             |                     |
| Land improvements                  | \$ 1,300,037        | \$ 171,765          | \$ 0        | \$ 1,471,802        |
| Buildings                          | 1,212,852           | 30,600              | 0           | 1,243,452           |
| Equipment                          | 397,423             | 12,534              | 0           | 409,957             |
| Vehicles                           | <u>47,940</u>       | <u>31,487</u>       | <u>0</u>    | <u>79,427</u>       |
| Total accumulated depreciation     | \$ 2,958,252        | \$ 246,386          | \$ 0        | \$ 3,204,638        |
| Governmental Funds-Capital Assets  | \$ <u>5,210,675</u> | \$ <u>(245,027)</u> | \$ <u>0</u> | \$ <u>4,965,648</u> |
| <b>Business Type Funds</b>         |                     |                     |             |                     |
| Assets not depreciated             |                     |                     |             |                     |
| Land                               | \$ 72,014           | \$ 0                | \$ 0        | \$ 72,014           |
| Fuel system improvements           | 0                   | 68,290              | 0           | 68,290              |
| Assets being depreciated           |                     |                     |             |                     |
| Woodland Park                      | 1,477,485           | 0                   | 0           | 1,477,485           |
| Fuel                               | 100,000             | 0                   | 0           | 100,000             |
| Water utility                      | 6,126,587           | 8,752               | 0           | 6,135,339           |
| Marina                             | <u>482,189</u>      | <u>23,011</u>       | <u>0</u>    | <u>505,200</u>      |
| Total at historic cost             | \$ 8,258,275        | \$ 100,053          | \$ 0        | \$ 8,358,328        |
| Less accumulated depreciation for: |                     |                     |             |                     |
| Woodland Park                      | \$ 673,491          | \$ 56,753           | \$ 0        | \$ 730,244          |
| Fuel                               | 100,000             | 0                   | 0           | 100,000             |
| Water utility                      | 1,819,093           | 145,853             | 0           | 1,964,946           |
| Marina                             | <u>81,251</u>       | <u>21,547</u>       | <u>0</u>    | <u>102,798</u>      |
| Total accumulated depreciation     | \$ 2,673,835        | \$ 224,153          | \$ 0        | \$ 2,897,988        |
| Business Type Funds-Capital Assets | \$ <u>5,584,440</u> | \$ <u>(124,100)</u> | \$ <u>0</u> | \$ <u>5,460,340</u> |

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE F - CAPITAL ASSETS (CONTINUED)**

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

|                                |                   |
|--------------------------------|-------------------|
| Governmental Activities        |                   |
| General Government             | \$ 5,655          |
| Public Safety                  | 35,347            |
| Public Works                   | 33,190            |
| Recreation                     | <u>172,194</u>    |
| Total Governmental Activities  | <u>\$ 246,386</u> |
| <br>Business-Type Activities   |                   |
| Woodland Park                  | \$ 56,753         |
| Fuel                           | 0                 |
| Water utility                  | 145,853           |
| Marina                         | <u>21,547</u>     |
| Total Business Type Activities | <u>\$ 224,153</u> |

**NOTE G - GENERAL LONG TERM DEBT**

**General Obligation Bond - Weston Building**

\$712,000 - On May 17, 2012, the Township entered into a contract for the construction and equipping of a new building that will be utilized by the Township's Departments of Public Works, Ambulance and Fire Protection with a total projected cost of \$912,000. The project was financed with a combination grant/general obligation bond from the Rural Development Agency of the United States Department of Agriculture of \$200,000 and \$712,000, respectively.

The bond was issued for \$712,000 and bears interest at the rate of 3.375% per annum. The bond requires annual principal payments on May 1 of each year as scheduled below. Interest is payable semiannually on November 1 and May 1 of each year.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE G - GENERAL LONG TERM DEBT (CONTINUED)**

**General Obligation Bond - Weston Building (Continued)**

The cumulative debt service schedule is below:

| Payable<br>Fiscal Year | May 1             |                   | November 1        |    | Total          |
|------------------------|-------------------|-------------------|-------------------|----|----------------|
|                        | Interest          | Principal         | Interest          |    |                |
| 2021-2022              | \$ 9,855          | \$ 18,000         | \$ 9,551          | \$ | 37,406         |
| 2022-2023              | 9,551             | 19,000            | 9,231             |    | 37,782         |
| 2023-2024              | 9,231             | 20,000            | 8,893             |    | 38,124         |
| 2024-2025              | 8,893             | 20,000            | 8,555             |    | 37,448         |
| 2025-2026              | 8,556             | 21,000            | 8,201             |    | 37,757         |
| 2026-2031              | 37,226            | 116,000           | 35,269            |    | 188,495        |
| 2031-2036              | 26,763            | 136,000           | 24,469            |    | 187,232        |
| 2036-2041              | 14,513            | 160,000           | 11,813            |    | 186,326        |
| 2041-2043              | 1,890             | 74,000            | 641               |    | 76,531         |
| TOTALS                 | \$ <u>126,478</u> | \$ <u>584,000</u> | \$ <u>116,623</u> | \$ | <u>827,101</u> |

**Bucket Truck Installment Purchase Contract**

\$29,615 - During a prior year, the Township entered into an installment purchase contract to acquire a “bucket truck” for use in Public Works and Woodland Park. This debt was settled in full during the fiscal year.

**Ambulance Installment Purchase Agreement**

\$35,000 - During the year, the Township entered into an installment purchase contract to acquire and equip a new ambulance. The acquisition was financed with the trade-in of the previous ambulance, a federal grant, a federal loan (Rural Development) and accumulated funds in the Ambulance Fund. The debt bears interest at the rate of 2.75% per annum. The contract calls for semi-annual payments as scheduled below.

The cumulative debt service schedule for the Ambulance Fund is below:

| Payable<br>Fiscal Year | August 1        |                 | February 1       |           | Total         |
|------------------------|-----------------|-----------------|------------------|-----------|---------------|
|                        | Interest        |                 | Interest         | Principal |               |
| 2020-2021              | \$ 427          | \$ 481          | \$ 6,000         | \$        | 6,908         |
| 2021-2022              | 399             | 399             | 7,000            |           | 7,798         |
| 2022-2023              | 302             | 303             | 7,000            |           | 7,605         |
| 2023-2024              | 206             | 206             | 7,000            |           | 7,412         |
| 2024-2025              | 110             | 110             | 8,000            |           | 8,220         |
| TOTALS                 | \$ <u>1,444</u> | \$ <u>1,499</u> | \$ <u>35,000</u> | \$        | <u>37,943</u> |



TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE G - GENERAL LONG TERM DEBT (CONTINUED)**

**Summary of General Long Term Debt**

|                       | <u>Beginning</u>  | <u>New Debt</u> | <u>Payments</u>  | <u>Ending</u>     | <u>Current Part</u> |
|-----------------------|-------------------|-----------------|------------------|-------------------|---------------------|
| Weston Building Bond  | \$ 602,000        | \$ 0            | \$ 18,000        | \$ 584,000        | \$ 18,000           |
| Bucket Truck Contract | 3,110             | 0               | 3,110            | 0                 | 0                   |
| Ambulance Installment | 35,000            | 0               | 35,000           | 0                 | 0                   |
| <b>TOTALS</b>         | <b>\$ 640,110</b> | <b>\$ 0</b>     | <b>\$ 56,110</b> | <b>\$ 584,000</b> | <b>\$ 18,000</b>    |

**NOTE H - PROPRIETARY FUND DEBT**

**2012 Water Supply System Revenue Bond**

\$2,350,000 - A Water System Revenue Bond was issued for \$2,350,000 dated June 26, 2012. The bond requires annual principal payments as scheduled below and bears interest at the rate of 2.0% per annum. Interest is payable semiannually on March 1 and September 1 of each year.

The Bond is subject to redemption prior to maturity at the option of the Township, either in whole or in part; on any interest payment date, at par plus accrued interest.

The cumulative debt service schedule is below:

| <u>Payable<br/>Fiscal Year</u> | <u>June 1</u>     |                     | <u>December 1</u> |           | <u>Total</u>     |
|--------------------------------|-------------------|---------------------|-------------------|-----------|------------------|
|                                | <u>Interest</u>   | <u>Principal</u>    | <u>Interest</u>   |           |                  |
| 2021-2022                      | \$ 20,450         | \$ 42,000           | \$ 20,030         | \$        | 82,480           |
| 2022-2023                      | 20,030            | 44,000              | 19,590            |           | 83,620           |
| 2023-2024                      | 19,590            | 45,000              | 19,140            |           | 83,730           |
| 2024-2025                      | 19,140            | 46,000              | 18,680            |           | 83,820           |
| 2025-2026                      | 18,680            | 47,000              | 18,210            |           | 83,890           |
| 2026-2031                      | 86,120            | 253,000             | 83,590            |           | 422,710          |
| 2031-2036                      | 72,830            | 286,000             | 69,970            |           | 428,800          |
| 2036-2041                      | 57,770            | 324,000             | 54,530            |           | 436,300          |
| 2041-2046                      | 40,760            | 366,000             | 37,100            |           | 443,860          |
| 2046-2051                      | 21,500            | 415,000             | 17,350            |           | 453,850          |
| 2051-2053                      | 2,660             | 177,000             | 890               |           | 180,550          |
| <b>TOTALS</b>                  | <b>\$ 379,530</b> | <b>\$ 2,045,000</b> | <b>\$ 359,080</b> | <b>\$</b> | <b>2,783,610</b> |

The bond ordinance requires that the Township fund specific accounts designated for bond interest and redemption payments, a bond redemption reserve and an amount for system repair, replacement and/or improvements.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE H - PROPRIETARY FUND DEBT (CONTINUED)**

**Bucket Truck Installment Purchase Contract**

\$29,615 - During a prior year, the Township entered into an installment purchase contract to acquire a “bucket truck” for use in Public Works and Woodland Park. This debt was settled in full during the fiscal year.

**Woodland Park Improvement Loan**

\$400,000 - In January, 2018, the electors of Burt Township approved a borrowing up to \$400,000 for the purpose of construction and improvements at Woodland Park (Park). The debt will be repaid with proceeds from Park operations. The Township entered into an agreement with Peoples State Bank to finance the approved obligation. The Township took one additional draw on the note during the fiscal year totaling \$80,000 bringing the total draws on the debt to \$338,000. The debt bears interest at the rate of 3.75% per annum. The contract calls for annual payments of \$50,000 (principal and interest) due February 28 of each year beginning in 2019.

The note was deemed improper by the Department of Treasury of State of Michigan. During the year, the Township was successful in renegotiating this debt with a debt that complies with Michigan requirements.

**Woodland Park Installment Purchase Contract**

\$202,687.75 - In January, 2021, the Township refinanced the non-compliant debt defined above. The debt will be repaid with proceeds from Park operations. The debt bears interest at the rate of 3.75% per annum. The contract calls for annual payments of \$26,693.10 (principal and interest) due February 22 of each year beginning in 2022. An initial payment was made by the Township reducing the principal amount of the debt to \$200,000.00

The cumulative debt service schedule for the Woodland Park Fund is below:

| Payable<br>Fiscal Year | February 28      |                   | Total             |
|------------------------|------------------|-------------------|-------------------|
|                        | Interest         | Principal         |                   |
| 2021-2022              | \$ 8,281         | \$ 18,412         | \$ 26,693         |
| 2022-2023              | 6,809            | 19,884            | 26,693            |
| 2023-2024              | 6,064            | 20,629            | 26,693            |
| 2024-2025              | 5,290            | 21,403            | 26,693            |
| 2025-2026              | 4,488            | 22,205            | 26,693            |
| 2026-2030              | 9,305            | 97,467            | 106,772           |
| TOTALS                 | \$ <u>40,237</u> | \$ <u>200,000</u> | \$ <u>240,237</u> |

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE H - PROPRIETARY FUND DEBT (CONTINUED)**

**Summary of Proprietary Fund Debt**

|                            | <u>Beginning</u>    | <u>New Debt</u>   | <u>Payments</u>   | <u>Ending</u>       | <u>Current Part</u> |
|----------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| Water Supply System Bond I | \$ 2,086,000        | \$ 0              | \$ 40,000         | \$ 2,046,000        | \$ 42,000           |
| Bucket Truck Contract      | 3,110               | 0                 | 3,110             | 0                   | 0                   |
| Woodland Park Improvements | 255,192             | 0                 | 255,192           | 0                   | 0                   |
| Woodland Park Installment  | 0                   | 202,688           | 2,688             | 200,000             | 18,412              |
| <b>TOTALS</b>              | <b>\$ 2,344,302</b> | <b>\$ 202,688</b> | <b>\$ 300,990</b> | <b>\$ 2,246,000</b> | <b>\$ 60,412</b>    |

**NOTE I - COMPENSATED ABSENCES**

The Township grants full-time employees paid time off for vacation and sickness.

Sick leave is earned at the rate of one day for each month worked, up to a maximum of 960 hours. Sick leave is paid at the employees then current hourly rate. No provision has been made in the financial statements for recording the possible liability related to sick leave, and there is no certainty that the benefits will ever be paid. The total value of the sick benefit earned as of March 31, 2021, was \$45,065.

Vacation time is earned at varying rates based upon a number of years of employment at the Township. Vacation time is paid at the employees then current hourly rate. A provision has been made in the government wide financial statements for \$5,608 for earned benefits as of March 31, 2021.

**NOTE J - DEFINED CONTRIBUTION PENSION PLAN**

The Township provides pension benefits to its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to join the plan on January 1 of each year. As established by the Township Board, the Township makes a contribution to the plan according to each employee's gross payroll. The contributions by the Township for the year were \$6,783.

At the financial statement date, the Township had all full time employees except for a newly hired person, participating in the Pension Plan.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE K - DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is available to substantially all full-time employees and permits employees to defer a portion of their salary into future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the Plan and all income attributable to those amounts are, until paid and made available to the employee or other beneficiary, to be held in trust for the exclusive benefit of plan participants and their beneficiaries.

Investments are managed by the Plans' trustees under one of several investment options, or a combination thereof. The choice of investment option(s) is made by the participant. The Plan trustee is Municipal Retirement Systems.

As the Township does not have an established trust agreement with the Plan trustee, does not provide investment advice and does not administer the Plan, the Township has not established a fiduciary relationship with the Plan. Therefore, the Plan assets are not included in the financial statements of the Township.

The Township's required and actual contribution to the plan during the year was \$7,430.

**NOTE L - NEW ACCOUNTING STANDARDS**

For the year ended March 31, 2021, the Township implemented the following new pronouncement:

No new Governmental Accounting Standards Board Statements that were issued with effective dates for periods covered by the audit were required to be implemented by the Township. Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, was issued by the GASB in January 2017 and will be effective for the Township's 2021-2022 fiscal year. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Townships with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, was issued by the GASB in August 2019 and will be effective for the Township's 2022-2023 fiscal year. The objective of this Statement is to improve the usefulness of governmental financial statements by requiring the recognition of certain lease assets and the related liabilities.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE M - CONTINGENCIES/COMMITMENT**

No material contingencies/commitments were noted that are required to be separately disclosed in these financial statements

**NOTE N - RECLASSIFICATION**

Certain reclassifications have been made in the 2020 comparative totals to conform to classifications used in 2021.

**NOTE O - RISK MANAGEMENT**

The Township of Burt, Alger County, Michigan, 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. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year ended March 31, 2021

|   | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL     | VARIANCE WITH<br>AMENDED BUDGET |
|---|--------------------|-------------------|------------|---------------------------------|
| Beginning Fund Balance                      | \$ 154,402         | \$ 154,402        | \$ 154,402 | \$ 0                            |
| Resources (Inflows)                         |                    |                   |            |                                 |
| Property taxes                              | 136,000            | 136,000           | 140,921    | 4,921                           |
| State shared revenues and grants            | 104,500            | 104,500           | 113,906    | 9,406                           |
| Contributions from other governmental units | 0                  | 0                 | 0          | 0                               |
| Licenses and fees                           | 10,100             | 8,100             | 11,937     | 3,837                           |
| Charges for services                        | 10,100             | 10,900            | 10,515     | (385)                           |
| Interest and rentals                        | 1,000              | 1,000             | 667        | (333)                           |
| Local contribuitons/donations               | 0                  | 0                 | 3,720      | 3,720                           |
| Other                                       | 0                  | 6,000             | 7,514      | 1,514                           |
| Transfer from other funds                   | 22,000             | 22,000            | 22,000     | 0                               |
| AMOUNTS AVAILABLE FOR APPROPRIATION         | \$ 438,102         | \$ 442,902        | \$ 465,582 | \$ 22,680                       |
| Charges to Appropriations (Outflows)        |                    |                   |            |                                 |
| Legislative                                 |                    |                   |            |                                 |
| Board                                       | \$ 10,800          | \$ 10,800         | \$ 10,765  | \$ 35                           |
| General Government                          |                    |                   |            |                                 |
| Supervisor                                  | 30,900             | 30,900            | 29,737     | 1,163                           |
| Clerk                                       | 38,250             | 36,250            | 36,044     | 206                             |
| Audit                                       | 3,000              | 3,000             | 3,215      | (215)                           |
| Board of review                             | 1,800              | 1,800             | 655        | 1,145                           |
| Treasurer                                   | 30,200             | 30,200            | 28,830     | 1,370                           |
| Assessor                                    | 31,700             | 33,500            | 33,063     | 437                             |
| Elections                                   | 3,100              | 3,300             | 3,937      | (637)                           |
| Buildings and other property                | 11,000             | 14,000            | 14,181     | (181)                           |
| Legal services                              | 1,000              | 2,000             | 1,967      | 33                              |
| Administration                              | 68,750             | 69,750            | 67,820     | 1,930                           |
| Community development                       |                    |                   |            |                                 |
| Planning and zoning                         | 16,800             | 13,300            | 13,775     | (475)                           |
| Historical society                          | 500                | 500               | 500        | 0                               |
| Other                                       | 20,000             | 6,000             | 5,145      | 855                             |
| Insurance                                   | 7,500              | 7,500             | 7,599      | (99)                            |
| Capital outlay                              | 0                  | 1,500             | 1,359      | 141                             |
| Transfers to other funds                    | 0                  | 0                 | 0          | 0                               |
| TOTAL CHARGES TO APPROPRIATIONS             | \$ 275,300         | \$ 264,300        | \$ 258,592 | \$ 5,708                        |
| BUDGETARY FUND BALANCE--ENDING              | \$ 162,802         | \$ 178,602        | \$ 206,990 | \$ 28,388                       |

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
FIRE PROTECTION FUND  
Year ended March 31, 2021

|                                      | ORIGINAL<br>BUDGET       | AMENDED<br>BUDGET        | ACTUAL                   | VARIANCE WITH<br>AMENDED BUDGET |
|--------------------------------------|--------------------------|--------------------------|--------------------------|---------------------------------|
| Beginning Fund Balance               | \$ 209,485               | \$ 209,485               | \$ 209,485               | \$ 0                            |
| Resources (Inflows)                  |                          |                          |                          |                                 |
| Property taxes                       | 88,000                   | 88,000                   | 87,433                   | (567)                           |
| State grant                          | 5,000                    | 5,000                    | 164                      | (4,836)                         |
| Local grants/donations               | 0                        | 0                        | 0                        | 0                               |
| Charges for services                 | 3,500                    | 4,300                    | 4,362                    | 62                              |
| Interest earned                      | 1,000                    | 2,000                    | 2,144                    | 144                             |
| Other                                | 0                        | 1,100                    | 1,197                    | 97                              |
| Sale of property and equipment       | 0                        | 0                        | 0                        | 0                               |
| Transfers from other funds           | <u>0</u>                 | <u>0</u>                 | <u>0</u>                 | <u>0</u>                        |
| AMOUNTS AVAILABLE FOR APPROPRIATION  | \$ 306,985               | \$ 309,885               | \$ 304,785               | \$ (5,100)                      |
| Charges to Appropriations (Outflows) |                          |                          |                          |                                 |
| General government - audit           | \$ 1,300                 | \$ 1,300                 | \$ 1,464                 | \$ (164)                        |
| Public safety - fire                 | 79,450                   | 77,650                   | 57,092                   | 20,558                          |
| Capital outlay                       | 10,000                   | 0                        | 0                        | 0                               |
| Transfers to other funds             | <u>2,000</u>             | <u>2,000</u>             | <u>18,726</u>            | <u>(16,726)</u>                 |
| TOTAL CHARGES TO APPROPRIATIONS      | \$ <u>92,750</u>         | \$ <u>80,950</u>         | \$ <u>77,282</u>         | \$ <u>3,668</u>                 |
| BUDGETARY FUND BALANCE--ENDING       | \$ <u><u>214,235</u></u> | \$ <u><u>228,935</u></u> | \$ <u><u>227,503</u></u> | \$ <u><u>(1,432)</u></u>        |



TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
TOWNSHIP IMPROVEMENT FUND  
Year ended March 31, 2021

|                                      | ORIGINAL<br>BUDGET       | AMENDED<br>BUDGET        | ACTUAL                   | VARIANCE WITH<br>AMENDED BUDGET |
|--------------------------------------|--------------------------|--------------------------|--------------------------|---------------------------------|
| Beginning Fund Balance               | \$ 87,852                | \$ 87,852                | \$ 87,852                | \$ 0                            |
| Resources (Inflows)                  |                          |                          |                          |                                 |
| Property taxes                       | 185,000                  | 175,000                  | 174,872                  | (128)                           |
| State grants                         | 0                        | 0                        | 328                      | 328                             |
| Charges for services                 | 500                      | 1,200                    | 1,250                    | 50                              |
| Interest and rentals                 | 1,400                    | 600                      | 621                      | 21                              |
| Local grants/donations               | 0                        | 0                        | 0                        | 0                               |
| Other                                | 500                      | 14,700                   | 14,797                   | 97                              |
| Transfer from other funds            | <u>0</u>                 | <u>0</u>                 | <u>28,510</u>            | <u>28,510</u>                   |
| AMOUNTS AVAILABLE FOR APPROPRIATION  | \$ 275,252               | \$ 279,352               | \$ 308,230               | \$ 28,878                       |
| Charges to Appropriations (Outflows) |                          |                          |                          |                                 |
| General Government                   |                          |                          |                          |                                 |
| Audit                                | \$ 2,000                 | \$ 2,000                 | \$ 2,034                 | \$ (34)                         |
| Airport                              | 1,025                    | 1,025                    | 752                      | 273                             |
| Cemetery                             | 10,500                   | 1,700                    | 1,871                    | (171)                           |
| Buildings and grounds                | 200                      | 200                      | 0                        | 200                             |
| Other                                | 19,500                   | 9,500                    | 7,370                    | 2,130                           |
| Public Works                         |                          |                          |                          |                                 |
| General                              | 104,200                  | 110,200                  | 114,991                  | (4,791)                         |
| Street lighting                      | 11,000                   | 17,000                   | 19,227                   | (2,227)                         |
| Road improvements                    | 0                        | 0                        | 0                        | 0                               |
| Debt service                         | 9,500                    | 12,000                   | 41,218                   | (29,218)                        |
| Capital outlay                       | 5,800                    | 0                        | 0                        | 0                               |
| Transfers to other funds             | <u>0</u>                 | <u>0</u>                 | <u>1,000</u>             | <u>(1,000)</u>                  |
| TOTAL CHARGES TO APPROPRIATIONS      | \$ <u>163,725</u>        | \$ <u>153,625</u>        | \$ <u>188,463</u>        | \$ <u>(34,838)</u>              |
| BUDGETARY FUND BALANCE--ENDING       | \$ <u><u>111,527</u></u> | \$ <u><u>125,727</u></u> | \$ <u><u>119,767</u></u> | \$ <u><u>(5,960)</u></u>        |

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
ROAD IMPROVEMENT FUND  
Year ended March 31, 2021

|                                      | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL     | VARIANCE WITH<br>AMENDED BUDGET |
|--------------------------------------|--------------------|-------------------|------------|---------------------------------|
| Beginning Fund Balance               | \$ 62,274          | \$ 62,274         | \$ 62,274  | \$ 0                            |
| Resources (Inflows)                  |                    |                   |            |                                 |
| Property taxes                       | 81,000             | 81,000            | 87,425     | 6,425                           |
| State grants                         | 0                  | 0                 | 164        | 164                             |
| Charges for services                 | 0                  | 0                 | 0          | 0                               |
| Interest and rentals                 | 300                | 300               | 224        | (76)                            |
| Local grants/donations               | 0                  | 0                 | 0          | 0                               |
| Other                                | 0                  | 0                 | 0          | 0                               |
| Transfer from other funds            | 0                  | 0                 | 0          | 0                               |
| AMOUNTS AVAILABLE FOR APPROPRIATION  | \$ 143,574         | \$ 143,574        | \$ 150,087 | \$ 6,513                        |
| Charges to Appropriations (Outflows) |                    |                   |            |                                 |
| Public Works                         |                    |                   |            |                                 |
| Road improvements                    | \$ 96,300          | \$ 93,300         | \$ 70,683  | \$ 22,617                       |
| Capital outlay                       | 0                  | 0                 | 0          | 0                               |
| Transfers to other funds             | 0                  | 0                 | 0          | 0                               |
| TOTAL CHARGES TO APPROPRIATIONS      | \$ 96,300          | \$ 93,300         | \$ 70,683  | \$ 22,617                       |
| BUDGETARY FUND BALANCE--ENDING       | \$ 47,274          | \$ 50,274         | \$ 79,404  | \$ 29,130                       |

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
AMBULANCE FUND  
Year ended March 31, 2021

|                                      | ORIGINAL<br>BUDGET       | AMENDED<br>BUDGET        | ACTUAL                   | VARIANCE WITH<br>AMENDED BUDGET |
|--------------------------------------|--------------------------|--------------------------|--------------------------|---------------------------------|
| Beginning Fund Balance               | \$ 130,781               | \$ 130,781               | \$ 130,781               | \$ 0                            |
| Resources (Inflows)                  |                          |                          |                          |                                 |
| Property taxes                       | 59,000                   | 34,000                   | 31,305                   | (2,695)                         |
| State grants                         | 0                        | 0                        | 107                      | 107                             |
| Charges for services                 | 3,000                    | 3,800                    | 6,609                    | 2,809                           |
| Interest and rentals                 | 1,000                    | 500                      | 406                      | (94)                            |
| Local grants/donations               | 500                      | 100                      | 100                      | 0                               |
| Other                                | 0                        | 0                        | 549                      | 549                             |
| Transfer from other funds            | <u>0</u>                 | <u>0</u>                 | <u>0</u>                 | <u>0</u>                        |
| AMOUNTS AVAILABLE FOR APPROPRIATION  | \$ 194,281               | \$ 169,181               | \$ 169,857               | \$ 676                          |
| Charges to Appropriations (Outflows) |                          |                          |                          |                                 |
| General Government                   |                          |                          |                          |                                 |
| Administration                       | \$ 2,000                 | \$ 2,000                 | \$ 2,197                 | \$ (197)                        |
| Public Safety                        |                          |                          |                          |                                 |
| Ambulance                            | 18,150                   | 10,650                   | 15,423                   | (4,773)                         |
| Debt service                         | 17,000                   | 36,000                   | 35,950                   | 50                              |
| Transfers to other funds             | <u>1,000</u>             | <u>13,000</u>            | <u>12,784</u>            | <u>216</u>                      |
| TOTAL CHARGES TO APPROPRIATIONS      | \$ <u>38,150</u>         | \$ <u>61,650</u>         | \$ <u>66,354</u>         | \$ <u>(4,704)</u>               |
| BUDGETARY FUND BALANCE--ENDING       | \$ <u><u>156,131</u></u> | \$ <u><u>107,531</u></u> | \$ <u><u>103,503</u></u> | \$ <u><u>(4,028)</u></u>        |

OTHER  
SUPPLEMENTARY  
INFORMATION

TOWNSHIP OF BURT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
March 31, 2021

|                                      | HARBOR<br>FUND | MEDICAL<br>FACILITY<br>FUND | BEACH<br>ACCESS<br>FUND | TOTAL     |
|--------------------------------------|----------------|-----------------------------|-------------------------|-----------|
| ASSETS                               |                |                             |                         |           |
| Cash and equivalents                 | \$ 57,737      | \$ 21,048                   | \$ 7,107                | \$ 85,892 |
| Taxes receivable                     | 773            | 0                           | 0                       | 773       |
| Due from other funds                 | 0              | 0                           | 0                       | 0         |
| Due from fiduciary funds             | 0              | 0                           | 0                       | 0         |
| TOTAL ASSETS                         | \$ 58,510      | \$ 21,048                   | \$ 7,107                | \$ 86,665 |
| LIABILITIES AND FUND EQUITY          |                |                             |                         |           |
| LIABILITIES                          |                |                             |                         |           |
| Accounts payable                     | \$ 0           | \$ 113                      | \$ 0                    | \$ 113    |
| Due to other funds                   | 0              | 0                           | 0                       | 0         |
| Accrued wages                        | 0              | 0                           | 0                       | 0         |
| TOTAL LIABILITIES                    | \$ 0           | \$ 113                      | \$ 0                    | \$ 113    |
| FUND EQUITY                          |                |                             |                         |           |
| Fund balance:                        |                |                             |                         |           |
| Restricted                           | \$ 58,510      | \$ 0                        | \$ 0                    | \$ 58,510 |
| Committed                            | 0              | 20,935                      | 7,107                   | 28,042    |
| Assigned                             | 0              | 0                           | 0                       | 0         |
| Unassigned                           | 0              | 0                           | 0                       | 0         |
| TOTAL FUND BALANCE                   | \$ 58,510      | \$ 20,935                   | \$ 7,107                | \$ 86,552 |
| TOTAL LIABILITIES AND<br>FUND EQUITY | \$ 58,510      | \$ 21,048                   | \$ 7,107                | \$ 86,665 |

TOWNSHIP OF BURT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE  
Year ended March 31, 2021

|  | HARBOR<br>FUND | MEDICAL<br>FACILITY<br>FUND | BEACH<br>ACCESS<br>FUND | TOTAL     |
|--|----------------|-----------------------------|-------------------------|-----------|
| REVENUES   |                |                             |                         |           |
| Property taxes   | \$ 14,567      | \$ 0                        | \$ 0                    | \$ 14,567 |
| State grants   | 27             | 7,713                       | 0                       | 7,740     |
| Local grants/contributions                                       | 0              | 0                           | 0                       | 0         |
| User fees  | 3,812          | 0                           | 0                       | 3,812     |
| Rent   | 0              | 1,185                       | 0                       | 1,185     |
| Other  | 0              | 75                          | 0                       | 75        |
| TOTAL REVENUES   | \$ 18,406      | \$ 8,973                    | \$ 0                    | \$ 27,379 |
| EXPENDITURES   |                |                             |                         |           |
| Salaries and wages   | \$ 0           | \$ 0                        | \$ 0                    | \$ 0      |
| Payroll taxes  | 0              | 0                           | 0                       | 0         |
| Employee benefits  | 0              | 0                           | 0                       | 0         |
| Professional fees  | 0              | 764                         | 0                       | 764       |
| Insurance  | 0              | 518                         | 0                       | 518       |
| Repairs and maintenance  | 0              | 87                          | 0                       | 87        |
| Utilities  | 0              | 2,819                       | 0                       | 2,819     |
| Other  | 0              | 0                           | 0                       | 0         |
| Capital outlay   | 0              | 0                           | 0                       | 0         |
| TOTAL EXPENDITURES   | \$ 0           | \$ 4,188                    | \$ 0                    | \$ 4,188  |
| EXCESS OF REVENUES<br>OVER (UNDER) EXPENDITURES                  | \$ 18,406      | \$ 4,785                    | \$ 0                    | \$ 23,191 |
| OTHER FINANCING SOURCES (USES)                                   |                |                             |                         |           |
| Interest earned  | \$ 168         | \$ 63                       | \$ 28                   | \$ 259    |
| Transfer from other funds  | 0              | 0                           | 0                       | 0         |
| Transfer to other funds  | (2,000)        | 0                           | 0                       | (2,000)   |
| EXCESS OF REVENUES AND OTHER<br>FINANCING USES OVER EXPENDITURES | \$ 16,574      | \$ 4,848                    | \$ 28                   | \$ 21,450 |
| Fund balance - beginning   | 41,936         | 16,087                      | 7,079                   | 65,102    |
|  | \$ 58,510      | \$ 20,935                   | \$ 7,107                | \$ 86,552 |

TOWNSHIP OF BURT  
WATER UTILITY FUND  
STATEMENT OF NET POSITION  
March 31, 2021 and 2020

|  |    | <u>2021</u>             | <u>2020</u>                |
|--|----|-------------------------|----------------------------|
| ASSETS   |    |                         |                            |
| CURRENT ASSETS:  |    |                         |                            |
| Cash and equivalents   | \$ | 252,454                 | \$ 233,680                 |
| Accounts receivable  |    | 16,308                  | 16,264                     |
| Due from other funds   |    | <u>0</u>                | <u>15,000</u>              |
| TOTAL CURRENT ASSETS   | \$ | 268,762                 | \$ 264,944                 |
| RESTRICTED ASSETS  |    |                         |                            |
| Repair, replacement and improvements                           | \$ | 127,450                 | \$ 110,180                 |
| Debt service   |    | <u>125,679</u>          | <u>115,344</u>             |
| TOTAL RESTRICTED ASSETS  | \$ | 253,129                 | \$ 225,524                 |
| PROPERTY, PLANT AND EQUIPMENT                                  |    |                         |                            |
| Land   | \$ | 10,000                  | \$ 10,000                  |
| Plant, lines and equipment                                     |    | 6,135,339               | 6,126,587                  |
| Less accumulated depreciation                                  |    | <u>(1,964,947)</u>      | <u>(1,819,094)</u>         |
| TOTAL PROPERTY, PLANT AND EQUIPMENT                            | \$ | <u>4,180,392</u>        | \$ <u>4,317,493</u>        |
| TOTAL ASSETS   | \$ | 4,702,283               | \$ 4,807,961               |
| LIABILITIES  |    |                         |                            |
| CURRENT LIABILITIES:   |    |                         |                            |
| Accounts payable   | \$ | 4,925                   | \$ 2,122                   |
| Salaries and wages payable                                     |    | 5,218                   | 6,133                      |
| Accrued interest   |    | 13,633                  | 13,907                     |
| Current part of long term liabilities                          |    | <u>42,000</u>           | <u>41,000</u>              |
| TOTAL CURRENT LIABILITIES                                      | \$ | 65,776                  | \$ 63,162                  |
| LONG TERM LIABILITIES - Bonds payable (less current part above | \$ | <u>2,003,000</u>        | \$ <u>2,045,000</u>        |
| TOTAL LIABILITIES  |    | 2,068,776               | 2,108,162                  |
| NET POSITION   |    |                         |                            |
| Investment in capital assets                                   | \$ | 2,135,392               | \$ 2,231,493               |
| Restricted   |    |                         |                            |
| Capital outlay   |    | 127,450                 | 110,180                    |
| Debt service   |    | 125,679                 | 115,344                    |
| Unrestricted   |    | <u>244,986</u>          | <u>242,782</u>             |
| TOTAL NET POSITION   | \$ | <u><u>2,633,507</u></u> | \$ <u><u>2,699,799</u></u> |

TOWNSHIP OF BURT  
WATER UTILITY FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Years ended March 31, 2021 and 2020

|   | <u>2021</u>                | <u>2020</u>                |
|---|----------------------------|----------------------------|
| OPERATING REVENUES                                |                            |                            |
| User charges                                      | \$ 231,892                 | \$ 229,389                 |
| Hydrant rentals                                   | 10,350                     | 10,350                     |
| Other   | <u>5,200</u>               | <u>(4,458)</u>             |
| TOTAL OPERATING REVENUES                          | \$ 247,442                 | \$ 235,281                 |
| OPERATING EXPENSES                                |                            |                            |
| Transmission, distribution and maintenance        | \$ 124,925                 | \$ 131,851                 |
| Depreciation                                      | <u>84,368</u>              | <u>85,296</u>              |
| TOTAL OPERATING EXPENSES                          | \$ <u>209,293</u>          | \$ <u>217,147</u>          |
| OPERATING INCOME                                  | \$ 38,149                  | \$ 18,134                  |
| NON-OPERATING INCOME (EXPENSE)                    |                            |                            |
| Interest income                                   | \$ 3,081                   | \$ 5,173                   |
| State grant                                       | 0                          | 0                          |
| Interest expense                                  | (41,037)                   | (41,853)                   |
| Amortization of federal grant                     | (61,485)                   | (61,485)                   |
| NON-OPERATING TRANSFERS                           |                            |                            |
| Transfers to other funds - administrative support | <u>(5,000)</u>             | <u>(5,000)</u>             |
| TOTAL NON-OPERATING INCOME (EXPENSE)              | \$ <u>(104,441)</u>        | \$ <u>(103,165)</u>        |
| NET INCOME  | \$ (66,292)                | \$ (85,031)                |
| Net position - Beginning of period                | <u>2,699,799</u>           | <u>2,784,830</u>           |
| NET POSITION - END OF PERIOD                      | \$ <u><u>2,633,507</u></u> | \$ <u><u>2,699,799</u></u> |



TOWNSHIP OF BURT  
STATEMENT OF CASH FLOWS  
WATER UTILITY FUND  
Years ended March 31, 2021 and 2020

|  | <u>2021</u>              | <u>2020</u>              |
|--|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |                          |                          |
| Receipts from customers  | \$ 247,398               | \$ 246,483               |
| Payments to suppliers  | (38,676)                 | (44,732)                 |
| Payments to or on behalf of employees  | <u>(84,361)</u>          | <u>(86,422)</u>          |
| TOTAL CASH FLOWS FROM<br>OPERATING ACTIVITIES  | \$ 124,361               | \$ 115,329               |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES   |                          |                          |
| Transfer from (to) other funds   | \$ (5,000)               | \$ (5,000)               |
| Loans made (to) repaid from other funds, net   | <u>15,000</u>            | <u>(15,000)</u>          |
| TOTAL CASH FLOWS FROM<br>NON-CAPITAL FINANCING ACTIVITIES  | \$ 10,000                | \$ (20,000)              |
| CASH FLOWS FROM CAPITAL AND RELATED<br>FINANCING ACTIVITIES                                      |                          |                          |
| Purchase and construction of capital assets  | \$ (8,752)               | \$ (9,016)               |
| Payments on long term debt and related interest  | (82,311)                 | (82,120)                 |
| State grant proceeds   | 0                        | 0                        |
| (Funding of) Use of restricted asset accounts  | <u>(27,605)</u>          | <u>(28,924)</u>          |
| TOTAL CASH FLOWS FROM CAPITAL<br>AND RELATED FINANCING ACTIVITIES                                | \$ (118,668)             | \$ (120,060)             |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                          |                          |
| Interest earned  | \$ <u>3,081</u>          | \$ <u>5,173</u>          |
| NET INCREASE (DECREASE) IN CASH  | \$ 18,774                | \$ (19,558)              |
| Cash and equivalents - beginning   | <u>233,680</u>           | <u>253,238</u>           |
| CASH AND EQUIVALENTS - ENDING  | <u><u>\$ 252,454</u></u> | <u><u>\$ 233,680</u></u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO<br>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES |                          |                          |
| Operating income (loss)  | \$ 38,149                | \$ 18,134                |
| Adjustments to Reconcile Operating Income to Net Cash<br>Provided (Used) by Operating Activities |                          |                          |
| Depreciation   | 84,368                   | 85,296                   |
| Change in Assets and Liabilities   |                          |                          |
| Receivables - net  | (44)                     | 11,202                   |
| Accounts payable   | 2,803                    | (1,473)                  |
| Accrued salaries and wages   | <u>(915)</u>             | <u>2,170</u>             |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | <u><u>\$ 124,361</u></u> | <u><u>\$ 115,329</u></u> |

TOWNSHIP OF BURT  
WATER UTILITY FUND  
SCHEDULE OF OPERATING EXPENSES  
Years ended March 31, 2021 and 2020

|  | <u>2021</u>              | <u>2020</u>              |
|--|--------------------------|--------------------------|
| Transmission, Distribution & Maintenance:      |                          |                          |
| Salaries and wages                             | \$ 57,502                | \$ 62,695                |
| Payroll taxes                                  | 4,392                    | 4,768                    |
| Employee benefits                              | 21,552                   | 21,129                   |
| Supplies                                       | 5,774                    | 7,614                    |
| Purchases services                             | 9,923                    | 2,822                    |
| Repairs and maintenance                        | 7,166                    | 12,614                   |
| Utilities                                      | 14,252                   | 13,065                   |
| Other  | <u>4,364</u>             | <u>7,144</u>             |
| Total Transmission, Distribution & Maintenance | \$ 124,925               | \$ 131,851               |
| Depreciation                                   | \$ <u>84,368</u>         | \$ <u>85,296</u>         |
| TOTAL OPERATING EXPENSE                        | \$ <u><u>209,293</u></u> | \$ <u><u>217,147</u></u> |

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
HARBOR FUND  
Year ended March 31, 2021

|                                      | ORIGINAL<br>BUDGET      | AMENDED<br>BUDGET       | ACTUAL                  | VARIANCE WITH<br>AMENDED BUDGET |
|--------------------------------------|-------------------------|-------------------------|-------------------------|---------------------------------|
| Beginning Fund Balance               | \$ 41,936               | \$ 41,936               | \$ 41,936               | \$ 0                            |
| Resources (Inflows)                  |                         |                         |                         |                                 |
| Property taxes                       | 13,700                  | 13,700                  | 14,567                  | 867                             |
| State grants                         | 0                       | 0                       | 27                      | 27                              |
| Charges for services                 | 3,000                   | 3,800                   | 3,812                   | 12                              |
| Local grants/contributions           | 0                       | 0                       | 0                       | 0                               |
| Interest                             | 0                       | 0                       | 168                     | 168                             |
| Transfer from other funds            | <u>0</u>                | <u>0</u>                | <u>0</u>                | <u>0</u>                        |
| AMOUNTS AVAILABLE FOR APPROPRIATION  | \$ 58,636               | \$ 59,436               | \$ 60,510               | \$ 1,074                        |
| Charges to Appropriations (Outflows) |                         |                         |                         |                                 |
| General government                   | \$ 0                    | \$ 0                    | \$ 0                    | \$ 0                            |
| Recreation                           | 0                       | 0                       | 0                       | 0                               |
| Capital outlay                       | 0                       | 0                       | 0                       | 0                               |
| Transfer to other funds              | <u>2,000</u>            | <u>2,000</u>            | <u>2,000</u>            | <u>0</u>                        |
| TOTAL CHARGES TO APPROPRIATIONS      | \$ <u>2,000</u>         | \$ <u>2,000</u>         | \$ <u>2,000</u>         | \$ <u>0</u>                     |
| BUDGETARY FUND BALANCE--ENDING       | \$ <u><u>56,636</u></u> | \$ <u><u>57,436</u></u> | \$ <u><u>58,510</u></u> | \$ <u><u>1,074</u></u>          |

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
MEDICAL FACILITY FUND  
Year ended March 31, 2021

|                                      | ORIGINAL<br>BUDGET      | AMENDED<br>BUDGET       | ACTUAL                  | VARIANCE WITH<br>AMENDED BUDGET |
|--------------------------------------|-------------------------|-------------------------|-------------------------|---------------------------------|
| Beginning Fund Balance               | \$ 16,087               | \$ 16,087               | \$ 16,087               | \$ 0                            |
| Resources (Inflows)                  |                         |                         |                         |                                 |
| State grants                         | 7,700                   | 7,700                   | 7,713                   | 13                              |
| Rent                                 | 2,500                   | 2,500                   | 1,185                   | (1,315)                         |
| Interest                             | 0                       | 0                       | 63                      | 63                              |
| Other                                | 0                       | 0                       | 75                      | 75                              |
| Transfers from other funds           | <u>0</u>                | <u>0</u>                | <u>0</u>                | <u>0</u>                        |
| AMOUNTS AVAILABLE FOR APPROPRIATION  | \$ 26,287               | \$ 26,287               | \$ 25,123               | \$ (1,164)                      |
| Charges to Appropriations (Outflows) |                         |                         |                         |                                 |
| General government                   | \$ 4,900                | \$ 4,000                | \$ 4,188                | \$ (188)                        |
| Transfers to other funds             | <u>0</u>                | <u>0</u>                | <u>0</u>                | <u>0</u>                        |
| TOTAL CHARGES TO APPROPRIATIONS      | \$ <u>4,900</u>         | \$ <u>4,000</u>         | \$ <u>4,188</u>         | \$ <u>(188)</u>                 |
| BUDGETARY FUND BALANCE--ENDING       | \$ <u><u>21,387</u></u> | \$ <u><u>22,287</u></u> | \$ <u><u>20,935</u></u> | \$ <u><u>(1,352)</u></u>        |

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
BEACH ACCESS FUND  
Year ended March 31, 2021

|                                      | ORIGINAL<br>BUDGET     | AMENDED<br>BUDGET      | ACTUAL                 | VARIANCE WITH<br>AMENDED BUDGET |
|--------------------------------------|------------------------|------------------------|------------------------|---------------------------------|
| Beginning Fund Balance               | \$ 7,079               | \$ 7,079               | \$ 7,079               | \$ 0                            |
| Resources (Inflows)                  |                        |                        |                        |                                 |
| Interest earned                      | 0                      | 0                      | 28                     | 28                              |
| Transfers from other funds           | <u>0</u>               | <u>0</u>               | <u>0</u>               | <u>0</u>                        |
| AMOUNTS AVAILABLE FOR APPROPRIATION  | \$ 7,079               | \$ 7,079               | \$ 7,107               | \$ 28                           |
| Charges to Appropriations (Outflows) |                        |                        |                        |                                 |
| General government                   | \$ 0                   | \$ 0                   | \$ 0                   | \$ 0                            |
| Parks and recreation                 | 0                      | 0                      | 0                      | 0                               |
| Capital outlay                       | 0                      | 0                      | 0                      | 0                               |
| Transfers to other funds             | <u>0</u>               | <u>0</u>               | <u>0</u>               | <u>0</u>                        |
| TOTAL CHARGES TO APPROPRIATIONS      | \$ <u>0</u>            | \$ <u>0</u>            | \$ <u>0</u>            | \$ <u>0</u>                     |
| BUDGETARY FUND BALANCE--ENDING       | \$ <u><u>7,079</u></u> | \$ <u><u>7,079</u></u> | \$ <u><u>7,107</u></u> | \$ <u><u>28</u></u>             |

TOWNSHIP OF BURT  
BOND ORDINANCE COMPLIANCE  
March 31, 2021

|                                     | BEGINNING<br>BALANCE | TRANSFERS<br>IN   | INTEREST<br>EARNED | EXPENDITURES     | ENDING<br>BALANCE | CUMULATIVE<br>REQUIRED<br>BALANCE | ANNUAL<br>TRANSFER IN<br>REQUIREMENT |
|-------------------------------------|----------------------|-------------------|--------------------|------------------|-------------------|-----------------------------------|--------------------------------------|
| BOND INTEREST AND REDEMPTION        | 44,057.36            | 82,855.00         | 143.17             | 82,310.00        | 44,745.53         | 41,725.00                         | 82,855.00                            |
| BOND RESERVE                        | 71,287.12            | 9,400.00          | 246.14             | 0.00             | 80,933.26         | 79,900.00                         | 9,400.00                             |
| REPAIR, REPLACEMENT AND IMPROVEMENT | 110,179.54           | 16,833.00         | 437.78             | 0.00             | 127,450.32        | 121,542.50                        | 16,833.00                            |
|                                     | <u>225,524.02</u>    | <u>109,088.00</u> | <u>827.09</u>      | <u>82,310.00</u> | <u>253,129.11</u> | <u>243,167.50</u>                 | <u>109,088.00</u>                    |

WATER FUND:

THE BOND ORDINANCES REQUIRE FUNDING OF THE FOLLOWING ACCOUNTS:

BOND INTEREST AND REDEMPTION IS TO BE FUNDED AT 1/2 OF THE NEXT INTEREST PAYMENT DUE AND 1/4 OF THE NEXT PRINCIPAL PAYMENT  
BOND RESERVE IS TO BE FUNDED AT \$2,350 PER QUARTER UP TO A MAXIMUM OF \$94,000  
REPAIR, REPLACEMENT AND IMPROVEMENT IS TO BE FUNDED AT \$6,558.25 PER QUARTER LESS THE BOND RESERVE DEPOSIT, IF ANY

**FUNDING REQUIREMENTS DESCRIBED ABOVE ARE IN COMPLIANCE**

CONTROL  
AND  
COMPLIANCE  
SECTION

# SCOTT R. KENNEY

*Certified Public Accountant*

1374 Commercial Ave., Suite #1  
Crystal Falls, Michigan 49920  
(906) 875-4393 Fax: (906) 875-3879

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

The Honorable Supervisor and Board  
Township of Burt, Alger Count  
P.O. Box 430  
Grand Marais, MI 49839

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Burt Township, Alger County, Michigan (Township), as of March 31, 2021, and the related notes to the financial statements which collectively comprise the Township's basic financial statements and have issued my report thereon dated June 25, 2021.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing my audit of the financial statements, I considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, I do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness but important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified.



## COMPLIANCE AND OTHER MATTERS

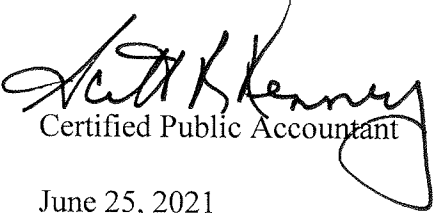
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The Township has been informed by the State of Michigan that a recent borrowing is not in compliance with State requirements. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## TOWNSHIP'S RESPONSE TO FINDINGS

The Township's response to the findings identified in my audit is described in the accompanying letter of comments and recommendations. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

## PURPOSE OF THE REPORT

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Certified Public Accountant

June 25, 2021