

**Burt Township, Michigan**

**BASIC FINANCIAL STATEMENTS**

**March 31, 2023**

**BURT TOWNSHIP, MICHIGAN**

**ELECTED OFFICIALS**

TOWNSHIP SUPERVISOR

SHERI SHAFER

TOWNSHIP TREASURER

TARA DONGVILLO

TOWNSHIP CLERK

LORI MCSHANE

TOWNSHIP TRUSTEE

DEB LUNDQUIST

TOWNSHIP TRUSTEE

LOU LUNDQUIST

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**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

KENNETH A. TALSMA, CPA, PRINCIPAL

AMBER N. MACK, CPA, PRINCIPAL

TORI N. KRUISE, CPA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MICPA**

**OFFICES IN MICHIGAN**

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Burt Township  
P.O. Box 430  
Grand Marais, Michigan 49839

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Burt, Michigan, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Township of Burt, Michigan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Burt, Michigan, as of March 31, 2023, and the respective changes in financial position and, where applicable, cashflows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township of Burt, Michigan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Burt, Michigan's ability to continue as a going concern for a reasonable time period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules on pages 4 through 6 and pages 32 through 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023, on our consideration of the Township of Burt, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our 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 Burt Township, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Burt, Michigan's internal control over financial reporting and compliance.



**Anderson, Tackman & Company, PLC  
Certified Public Accountants  
Kincheloe, Michigan**

September 29, 2023

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

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**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

**The Township as a Whole**

The Township's combined net position decreased \$64,982 from a year ago from \$9,248,325 to \$9,183,343. In a condensed format, the table below shows a comparison of the net position as of March 31, 2023.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current Assets	\$ 1,011,456	\$ 941,424	\$ 874,935	\$ 958,912	\$ 1,886,391	\$ 1,900,336
Capital Assets	4,542,728	4,757,186	5,331,541	5,352,950	9,874,269	10,110,136
Total Assets	<u>\$ 5,554,184</u>	<u>\$ 5,698,610</u>	<u>\$ 6,206,476</u>	<u>\$ 6,311,862</u>	<u>\$ 11,760,660</u>	<u>\$ 12,010,472</u>
Current Liabilities	\$ 43,831	\$ 35,418	\$ 80,921	\$ 111,459	\$ 124,752	\$ 146,877
Noncurrent Liabilities	538,565	556,270	1,914,000	2,059,000	2,452,565	2,615,270
Total Liabilities	<u>582,396</u>	<u>591,688</u>	<u>1,994,921</u>	<u>2,170,459</u>	<u>2,577,317</u>	<u>2,762,147</u>
Net Position						
Net Investment in						
Capital Assets	3,995,728	4,191,186	3,372,541	3,199,950	7,368,269	7,391,136
Restricted	594,731	602,953	309,916	281,368	904,647	884,321
Unrestricted	<u>381,329</u>	<u>312,783</u>	<u>529,098</u>	<u>660,085</u>	<u>910,427</u>	<u>972,868</u>
Total Net Position	<u>\$ 4,971,788</u>	<u>\$ 5,106,922</u>	<u>\$ 4,211,555</u>	<u>\$ 4,141,403</u>	<u>\$ 9,183,343</u>	<u>\$ 9,248,325</u>

The current level of unrestricted net position for our governmental activities stands at \$381,329 or about 41% of expenses. This is within the targeted range set by the Township Board of Trustees during its last budget process.



The following table shows the activities of the Township.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for Services	\$ 91,763	\$ 38,737	\$ 1,173,230	\$ 1,233,554	\$ 1,264,993	\$ 1,272,291
Operating Grants and Contributions	79,568	92,285	-	-	79,568	92,285
Capital Grants and Contributions	-	-	-	-	-	-
Taxes	558,449	544,977	-	-	558,449	544,977
State Revenue Sharing	45,183	50,358	-	-	45,183	50,358
Investment Earnings	5,516	4,491	5,396	3,387	10,912	7,878
Other Revenues	10,650	-	1,198	4,574	11,848	4,574
Total Revenues	791,129	730,848	1,179,824	1,241,515	1,970,953	1,972,363
Program Expenses						
General Government	313,688	246,381	-	-	313,688	246,381
Public Safety	117,424	110,555	-	-	117,424	110,555
Public Works	241,706	232,081	-	-	241,706	232,081
Parks and Recreation	176,694	172,194	-	-	176,694	172,194
Health & Welfare	26,060	16,701	-	-	26,060	16,701
Community Development	39,679	25,949	-	-	39,679	25,949
Woodland Park	-	-	494,363	429,893	494,363	429,893
Marina	-	-	115,869	83,553	115,869	83,553
Water	-	-	340,975	344,715	340,975	344,715
Fuel	-	-	158,465	114,454	158,465	114,454
Interest Expense & Other	11,012	19,824	-	-	11,012	19,824
Total Expenses	926,263	823,685	1,109,672	972,615	2,035,935	1,796,300
Changes in Net Position	(135,134)	(92,837)	70,152	268,900	(64,982)	176,063
Net Position - Beginning	5,106,922	5,199,759	4,141,403	3,872,503	9,248,325	9,072,262
Net Position - Ending	\$ 4,971,788	\$ 5,106,922	\$ 4,211,555	\$ 4,141,403	\$ 9,183,343	\$ 9,248,325

### **Governmental Activities**

The Township's total governmental revenues increased by \$60,281 during the year.

Expenses increased by \$102,578 during the year. This was primarily the result of an increase in public safety and general government expenditures in the current year.

**Business-Type Activities**

Business-type activities increased the Townships net position by approximately \$70,152 and 268,900 in fiscal year 2023 and 2022, respectively.

**The Township's Funds**

Our analysis of the Township's major funds begins on page 9, following the government wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2023 include the General, Fire Protection, Township Improvements, Road Improvements, Ambulance Fund, Woodland Park Fund, Marina Fund, Water Utility Fund, and Fuel Fund.

The General Fund pays for most of the Township's governmental services. The most significant is general government, which incurred expenses of \$260,818 in 2023. These services are largely supported by Property Taxes and Revenue Sharing, which are recorded in the General Fund.

**General Fund Budgetary Highlights**

Over the course of the year, the Township Board did amend the budget to take into account events during the year. Total revenues were over budgeted by \$45,568 and total expenditures were over budgeted by \$45,168. This caused the General Fund's fund balance to increase from \$233,957 a year ago to \$291,725 at March 31, 2023.

**Capital Asset and Debt Administration**

At the end of 2023, the Township had \$9,874,269 invested in a broad range of capital assets, including land, water system, buildings, and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Alger County Road Commission (along with the responsibility to maintain them). The Township decreased its outstanding debt by \$213,000 to an ending balance of \$2,506,000.

**Economic Factors and Next Year's Budgets and Rates**

Looking to the next several years regarding property tax revenue, Burt Township should see a slight increase. Even though new state legislation has exempted many small businesses from personal property tax, there have been some significant increases in our Industrial personal tax class, specifically in new capital expenditures by our utility companies. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Township Clerk's office at P.O. Box 430, Grand Marais, MI 49839.

## **Basic Financial Statements**

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**Burt Township, Michigan****Statement of Net Position****March 31, 2023**

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS:</b>			
Cash and Equivalents - Unrestricted	\$ 925,468	\$ 569,755	\$ 1,495,223
Cash and Equivalents - Restricted	-	309,916	309,916
Accounts Receivable	6,970	31,451	38,421
Due from Others	1,284	-	1,284
Inventory	-	14,284	14,284
Taxes Receivable	27,263	-	27,263
Internal Balances	50,471	(50,471)	-
Capital Assets (not depreciated)	155,105	121,235	276,340
Capital Assets (net of accumulated depreciation)	4,387,623	5,210,306	9,597,929
 TOTAL ASSETS	 5,554,184	 6,206,476	 11,760,660
<b>LIABILITIES:</b>			
Accrued Liabilities	5,291	554	5,845
Accounts Payable	10,290	22,600	32,890
Accrued Interest Payable	8,250	12,767	21,017
Compensated Absences - due in more than one year	11,565	-	11,565
Bonds Payable - due within one year	20,000	45,000	65,000
Bonds Payable - due in more than one year	527,000	1,914,000	2,441,000
 TOTAL LIABILITIES	 582,396	 1,994,921	 2,577,317
<b>NET POSITION:</b>			
Net Investment in Capital Assets	3,995,728	3,372,541	7,368,269
Restricted	594,731	309,916	904,647
Unrestricted	381,329	529,098	910,427
 TOTAL NET POSITION	 \$ 4,971,788	 \$ 4,211,555	 \$ 9,183,343

# Burt Township, Michigan

## Statement of Activities For the Year Ended March 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General Government	313,688	39,114	71,855	-	(202,719)	-	(202,719)
Public Works	241,706	11,377	-	-	(230,329)	-	(230,329)
Public Safety	117,424	41,272	-	-	(76,152)	-	(76,152)
Health & Welfare	26,060	-	7,713	-	(18,347)	-	(18,347)
Community Development	39,679	-	-	-	(39,679)	-	(39,679)
Recreation & Culture	176,694	-	-	-	(176,694)	-	(176,694)
Interest Expense	1,562	-	-	-	(1,562)	-	(1,562)
Other Expenses	9,450	-	-	-	(9,450)	-	(9,450)
Total Governmental Activities	926,263	91,763	79,568	-	(754,932)	-	(754,932)
<b>Business-type Activities:</b>							
Woodland Park	494,363	666,097	-	-	-	171,734	171,734
Marina	115,869	84,087	-	-	-	(31,782)	(31,782)
Water	340,975	253,950	-	-	-	(87,025)	(87,025)
Fuel	158,465	169,096	-	-	-	10,631	10,631
Total Business-type Activities	1,109,672	1,173,230	-	-	-	63,558	63,558
Total Primary Government	<u>\$ 2,035,935</u>	<u>\$ 1,264,993</u>	<u>\$ 79,568</u>	<u>\$ -</u>	<u>(754,932)</u>	<u>63,558</u>	<u>(691,374)</u>
<b>General Revenues:</b>							
Taxes					558,449	-	558,449
State Revenue Sharing					45,183	-	45,183
Other					-	11,848	11,848
Investment Earnings					5,516	5,396	10,912
Transfers					10,650	(10,650)	-
<b>Total General Revenues</b>					<u>619,798</u>	<u>6,594</u>	<u>626,392</u>
Changes in Net Position					(135,134)	70,152	(64,982)
Net Position - Beginning, as Restated, see Note 11					<u>5,106,922</u>	<u>4,141,403</u>	<u>9,248,325</u>
<b>Net Position - Ending</b>					<u>\$ 4,971,788</u>	<u>\$ 4,211,555</u>	<u>\$ 9,183,343</u>

See accompanying notes to financial statements.

# Burt Township, Michigan

## Balance Sheet Governmental Funds March 31, 2023

	General	Fire Protection	Township Improvement	Road Improvement	Ambulance	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and Equivalents	\$ 233,521	\$ 166,333	\$ 123,311	\$ 185,372	\$ 108,094	\$ 108,837	\$ 925,468
Accounts Receivable	6,186	-	-	-	-	784	6,970
Taxes Receivable	6,697	4,730	9,419	4,805	1,612	-	27,263
Due From Other Funds	51,755	-	-	-	-	-	51,755
<b>TOTAL ASSETS</b>	<b>\$ 298,159</b>	<b>\$ 171,063</b>	<b>\$ 132,730</b>	<b>\$ 190,177</b>	<b>\$ 109,706</b>	<b>\$ 109,621</b>	<b>\$ 1,011,456</b>
<b>LIABILITIES:</b>							
Accounts Payable	\$ 3,113	\$ 1,963	\$ 4,351	\$ -	\$ 661	\$ 202	\$ 10,290
Accrued Liabilities	3,321	-	1,970	-	-	-	5,291
<b>TOTAL LIABILITIES</b>	<b>6,434</b>	<b>1,963</b>	<b>6,321</b>	<b>-</b>	<b>661</b>	<b>202</b>	<b>15,581</b>
<b>FUND BALANCES:</b>							
Restricted	-	169,100	126,409	190,177	109,045	81,964	676,695
Committed	-	-	-	-	-	27,455	27,455
Unassigned	291,725	-	-	-	-	-	291,725
<b>TOTAL FUND BALANCES</b>	<b>291,725</b>	<b>169,100</b>	<b>126,409</b>	<b>190,177</b>	<b>109,045</b>	<b>109,419</b>	<b>995,875</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 298,159</b>	<b>\$ 171,063</b>	<b>\$ 132,730</b>	<b>\$ 190,177</b>	<b>\$ 109,706</b>	<b>\$ 109,621</b>	
<b>Reconciliation to amounts reported for governmental activities in the statement of net position:</b>							
Capital assets used by governmental activities							4,542,728
Bonds payable for governmental activities							(547,000)
Compensated absences							(11,565)
Accrued interest payable							(8,250)
<b>Net position of governmental activities</b>							<b>\$ 4,971,788</b>

# Burt Township, Michigan

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended March 31, 2023

	General	Fire Protection	Township Improvement	Road Improvement	Ambulance	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Taxes	\$ 147,875	\$ 91,433	\$ 182,212	\$ 91,507	\$ 30,249	\$ 15,173	\$ 558,449
State Sources	117,038	-	-	-	-	-	117,038
Charges for Services	57,870	-	2,900	-	-	-	60,770
Contributions	-	-	-	-	-	7,713	7,713
Interest and Rentals	608	2,084	760	665	496	1,568	6,181
Other Revenue	28,477	306	1,062	-	483	-	30,328
<b>TOTAL REVENUES</b>	<b>351,868</b>	<b>93,823</b>	<b>186,934</b>	<b>92,172</b>	<b>31,228</b>	<b>24,454</b>	<b>780,479</b>
<b>EXPENDITURES:</b>							
General Government	260,818	-	7,239	-	-	-	268,057
Public Works	-	-	166,776	40,089	-	-	206,865
Public Safety	18,653	95,735	-	-	-	-	114,388
Health & Welfare	-	-	-	-	21,085	4,975	26,060
Community Development	39,679	-	-	-	-	-	39,679
Recreation and Culture	-	-	-	-	-	4,500	4,500
Debt Service	-	-	9,445	-	11,712	-	21,157
Capital Outlay	-	38,949	-	-	-	-	38,949
Other Expenditures	9,450	-	-	-	-	-	9,450
<b>TOTAL EXPENDITURES</b>	<b>328,600</b>	<b>134,684</b>	<b>183,460</b>	<b>40,089</b>	<b>32,797</b>	<b>9,475</b>	<b>729,105</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>23,268</b>	<b>(40,861)</b>	<b>3,474</b>	<b>52,083</b>	<b>(1,569)</b>	<b>14,979</b>	<b>51,374</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfer In	34,500	-	-	-	-	-	34,500
Transfer Out	-	(15,350)	(5,000)	-	(1,000)	(2,500)	(23,850)
<b>NET CHANGE IN FUND BALANCES</b>	<b>57,768</b>	<b>(56,211)</b>	<b>(1,526)</b>	<b>52,083</b>	<b>(2,569)</b>	<b>12,479</b>	<b>62,024</b>
<b>FUND BALANCE, APRIL 1</b>	<b>233,957</b>	<b>225,311</b>	<b>127,935</b>	<b>138,094</b>	<b>111,614</b>	<b>96,940</b>	<b>933,851</b>
<b>FUND BALANCES, MARCH 31</b>	<b>\$ 291,725</b>	<b>\$ 169,100</b>	<b>\$ 126,409</b>	<b>\$ 190,177</b>	<b>\$ 109,045</b>	<b>\$ 109,419</b>	<b>\$ 995,875</b>

See accompanying notes to financial statements.

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**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended March 31, 2023**

Net changes in fund balance - total governmental funds \$ 62,024

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their useful lives and reported as depreciation expense.

Capital outlay	38,949
Depreciation expense	(253,407)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Principal repayments	19,000
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Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:

Compensated Absences	(2,295)
Accrued interest	595

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Net changes in position - governmental activities:	<u>\$ (135,134)</u>
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# Burt Township, Michigan

## Statement of Net Position Proprietary Funds March 31, 2023

	Woodland Park	Marina	Water Utility	Fuel	Total
<b>ASSETS:</b>					
Cash and Equivalents - Unrestricted	\$ 267,831	\$ 54,323	\$ 213,453	\$ 34,148	\$ 569,755
Cash and Equivalents-Restricted	-	-	309,916	-	309,916
Accounts Receivable - Net	-	3,910	5,426	22,115	31,451
Inventory	-	-	-	14,284	14,284
Capital Assets Not Depreciated	59,221	52,014	10,000	-	121,235
Capital Assets (Net of Accumulated Depreciation)	776,701	359,313	3,916,218	158,074	5,210,306
<b>TOTAL ASSETS</b>	<b>1,103,753</b>	<b>469,560</b>	<b>4,455,013</b>	<b>228,621</b>	<b>6,256,947</b>
<b>LIABILITIES:</b>					
Accounts Payable	16,555	253	5,662	130	22,600
Accrued Liabilities	304	250	-	-	554
Due to Other Funds	-	-	-	50,471	50,471
Accrued Interest	-	-	12,767	-	12,767
Bonds Payable - Due within one year	-	-	45,000	-	45,000
Bonds Payable - Due in more than one year	-	-	1,914,000	-	1,914,000
<b>TOTAL LIABILITIES</b>	<b>16,859</b>	<b>503</b>	<b>1,977,429</b>	<b>50,601</b>	<b>2,045,392</b>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	835,922	411,327	1,967,218	158,074	3,372,541
Unrestricted	250,972	57,730	510,366	19,946	839,014
<b>TOTAL NET POSITION</b>	<b>\$ 1,086,894</b>	<b>\$ 469,057</b>	<b>\$ 2,477,584</b>	<b>\$ 178,020</b>	<b>\$ 4,211,555</b>

# Burt Township, Michigan

## Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Year Ended March 31, 2023

	Woodland Park	Marina	Water Utility	Fuel	Total
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 666,097	\$ 84,087	\$ 253,950	\$ 169,096	\$ 1,173,230
Total Operating Revenues	666,097	84,087	253,950	169,096	1,173,230
<b>OPERATING EXPENSES:</b>					
Personnel Services	175,960	18,758	92,471	-	287,189
Contracted Services	45,824	2,265	938	923	49,950
Supplies	2,522	425	928	-	3,875
Operating Expenses	51,224	12,137	4,830	-	68,191
User Fees	16,062	1,277	-	-	17,339
Utilities	83,715	3,034	17,004	1,685	105,438
Insurance	6,322	-	2,730	-	9,052
Repair and Maintenance	40,426	2,335	21,371	1,644	65,776
Fuel Purchases for Resale	2,708	54,092	2,856	145,690	205,346
Depreciation	63,974	21,546	140,733	8,523	234,776
Miscellaneous	263	-	4,727	-	4,990
Total Operating Expenses	489,000	115,869	288,588	158,465	1,051,922
<b>OPERATING INCOME (LOSS)</b>	177,097	(31,782)	(34,638)	10,631	121,308
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest and Rents	1,694	181	3,383	138	5,396
Local Contributions	2,565	425	-	-	2,990
Miscellaneous Revenue	3,364	19	5,475	-	8,858
Interest Expense	(5,363)	-	(52,387)	-	(57,750)
Total Non-Operating Revenues (Expenses)	2,260	625	(43,529)	138	(40,506)
Income (Loss) Before Transfers & Capital Contributions	179,357	(31,157)	(78,167)	10,769	80,802
Transfer In	-	50,000	10,350	-	60,350
Transfers Out	(60,000)	-	(10,000)	(1,000)	(71,000)
<b>CHANGE IN NET POSITION</b>	119,357	18,843	(77,817)	9,769	70,152
<b>NET POSITION - BEGINNING OF YEAR, as Restated, See Note 11</b>	967,537	450,214	2,555,401	168,251	4,141,403
<b>NET POSITION - END OF YEAR</b>	\$ 1,086,894	\$ 469,057	\$ 2,477,584	\$ 178,020	\$ 4,211,555

See accompanying notes to financial statements.

# Burt Township, Michigan

## Statement of Cash Flows Proprietary Fund Types For the Year Ended March 31, 2023

	Woodland Park	Marina	Water Utility	Fuel	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 666,097	\$ 80,177	\$ 265,508	\$ 159,479	\$ 1,171,261
Payments to Suppliers	(235,156)	(75,738)	(50,627)	(149,973)	(511,494)
Payments to Employees	(175,960)	(18,758)	(92,471)	-	(287,189)
Net Cash Provided (Used) by Operating Activities	254,981	(14,319)	122,410	9,506	372,578
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Miscellaneous Revenue	3,364	19	5,475	-	8,858
Local Contributions	2,565	425	-	-	2,990
Transfers In/(Out)	(60,000)	50,000	350	(1,000)	(10,650)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(54,071)	50,444	5,825	(1,000)	1,198
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchase of Capital Assets	(181,850)	-	(31,518)	-	(213,368)
Interest Payments	(5,363)	-	(52,387)	-	(57,750)
Principal Payments	(150,000)	-	(44,000)	-	(194,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	(337,213)	-	(127,905)	-	(465,118)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest Income	1,694	181	3,383	138	5,396
Net Cash Provided (Used) by Investing Activities	1,694	181	3,383	138	5,396
Net Increase (Decrease) in Cash and Equivalents	(134,609)	36,306	3,713	8,644	(85,946)
Balances - Beginning of the Year	402,440	18,017	519,656	25,504	965,617
Balances - End of the Year	<u>\$ 267,831</u>	<u>\$ 54,323</u>	<u>\$ 523,369</u>	<u>\$ 34,148</u>	<u>\$ 879,671</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 177,097	\$ (31,782)	\$ (34,638)	\$ 10,631	\$ 121,308
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	63,974	21,546	140,733	8,523	234,776
Change in Assets and Liabilities:					
(Increase) Decrease in Assets:					
Accounts Receivable	-	(3,910)	11,558	(9,617)	(1,969)
Increase (Decrease) in Liabilities:					
Accounts Payable	14,377	(173)	5,343	(31)	19,516
Accrued Interest	(467)	-	(586)	-	(1,053)
Net Cash Provided (Used) by Operating Activities	<u>\$ 254,981</u>	<u>\$ (14,319)</u>	<u>\$ 122,410</u>	<u>\$ 9,506</u>	<u>\$ 372,578</u>

**Statement of Fiduciary Net Position  
Fiduciary Fund  
March 31, 2023**

	Custodial Funds
<b>ASSETS:</b>	
Cash and Equivalents	\$ 2,411
<b>TOTAL ASSETS</b>	<b>\$ 2,411</b>
<b>LIABILITIES:</b>	
Due to Other Governments	\$ 1,127
Due to Other Funds	1,284
<b>TOTAL LIABILITIES</b>	<b>\$ 2,411</b>
<b>NET POSITION:</b>	
Unrestricted	\$ -
<b>TOTAL NET POSITION</b>	<b>\$ -</b>

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**March 31, 2023**

	Custodial Funds
<b>ADDITIONS:</b>	
Taxes Collected for Other Governments	\$ 2,404,859
<b>TOTAL ADDITIONS</b>	2,404,859
<b>DEDUCTIONS:</b>	
Payments of Taxes to Other Governments	2,404,859
<b>TOTAL DEDUCTIONS</b>	2,404,859
<b>Change in Net Position</b>	-
<b>NET POSITION - BEGINNING OF YEAR</b>	-
<b>NET POSITION - END OF YEAR</b>	\$ -

## **Notes to Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Burt Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies used by the Township:

**A – Reporting Entity:**

Burt Township ("The Township") is a regular law Michigan township located in the eastern portion of Michigan's Upper Peninsula.

The Township operates under an elected Board of Trustees and provides services to its residents in many areas including fire protection, public works, community enrichment and development and health services.

The Township, for financial purposes, includes all of the funds relevant to the operations of Burt Township. The financial statements herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from Burt Township.

**B – Government-Wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The primary government does not have any legally separate component units for which the primary government is financially accountable.

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

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 proprietary funds are reported as separate columns in the fund financial statements. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as needed.

**C – 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 fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Taxes Receivable – Current or Property Taxes**

The Townships property taxes are attached as an enforceable lien on property as of December 31, Summer taxes are levied July 10 and are due without penalty on or before September 15, and winter taxes are levied on December 10 and 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 collecting their taxes, the Township also collects taxes for the State of Michigan, Alger County, and the local and intermediate school district.

The 2022 taxable valuation of Burt Township totaled \$57,905,570 which ad valorem taxes levied consisted of 1.9612 mills for the Township Operating, 2.9398 mills for Improvement Fund Operating, .2449 mills for harbor improvements, 1.4751 mills for fire protection and 1.4751 mills for road improvements and .4900 mills for ambulance services. These amounts are recognized in the respective General and Special Revenue Funds financial statements as tax revenue.

The Township reports the following major governmental funds:

**General Fund**

This is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Fire Protection Fund**

This Fund accounts for millage revenue to support emergency fire services in the Township.

**Township Improvement Fund**

This fund accounts for activities of public works and properties of the Township.

**Road Improvement Fund**

This Fund accounts for activities that create and maintain roads in Burt Township.

**Ambulance Fund**

This fund accounts for the activities of the ambulance service.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Township reports the following major proprietary funds:

**Woodland Park Fund**

This fund is used to account for the activities of the Townships parks, library, and community center

**Marina Fund**

This Fund accounts for activities of the Marina operations and ongoing maintenance.

**Water Utility Fund**

This Fund accounts for water supply system in the Township.

**Fuel Fund**

This fund accounts for the activities of the fuel system of the Township.

Additionally, the Township reports the following fund types:

**Special Revenue Funds**

These funds are used to account for specific revenues derived primarily from sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

**Enterprise Fund**

This fund is used to account for operations (a) that are financed and operated in a manner similar to business enterprises where the intent of the governing body is that the cost (expense including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

All other revenue items are considered to be available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**D - Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance:**

Cash and Equivalents – Cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Deposits are recorded at cost.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

Inventories - Inventories are valued at cost on the first in, first out basis for proprietary fund types. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

Leases (Lessee) – The lease liability is measured at the present value of the payments expected to be made during the lease term and subsequent extensions, if they are reasonably certain to be exercised. The lease liability is subsequently reduced by the principal portion of the lease payments.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any prepayments made at or before the commencement of the lease, less any lease incentives received from the lessor. Lease assets are amortized using the straight-line method over the shorter of the useful life of the underlying asset or the lease term, unless the lease contains an option to purchase the underlying asset at the end of the term. The useful life will be used to amortize the lease if a purchase option is present and it is reasonably certain the entity will exercise that option.

Key estimates and judgements related to leases include the discount rate used to discount the expected lease payments to present value, the lease term, and lease payments. The Township uses the interest rate charged by the lessor as the discount rate, when available. When this rate is not provided, the Township generally uses the estimated incremental borrowing rate. The lease term is the non-cancellable period if the lease, which is the initial term of the lease and any options to extend if they are reasonably certain to be exercised. Payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that are reasonably certain to be exercised.

The Township monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if changes occur that are anticipated to significantly affect the amount of the lease asset and liability. The Township does not currently have any items that require reporting in this category.

Leases (Lessor) – The Township recognizes leases receivable and deferred inflows related to lease items in the financial statements. Variable payments based on the future performance of the lessee are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are measured as the initial amount of the lease receivable and is subsequently adjusted for lease payments received at or before the commencement of the lease. Deferred inflows of resources related to lease items are recognized as revenue over the lease term in a systematic and rational method.

Key estimates and judgements related to lease receivables and deferred inflows include the discount rate used to discount the expected lease payments to present value and the lease term. The Township uses its estimated incremental borrowing rate as the lease discount rate. The lease term is the non-cancellable period of the lease, which is the initial term of the lease and any options to extend if they are reasonably certain to be exercised. Payments included in the measurement of the lease receivable are composed of fixed payments expected to be received from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable if changes occur that are anticipated to significantly affect the amount of the lease receivable. The Township does not have items that qualify for reporting in this category.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, water systems, sewer systems, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The amount recorded for infrastructure includes only assets added since 2003.

Capital Assets are depreciated using the straight-line method over the following 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-Term Obligation - 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.

Deferred Outflows of Resources

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has no items that qualify for reporting in this category.

Grants and Other Intergovernmental Revenues – Federal grants and assistance awards for all governmental type funds are recorded as intergovernmental revenue in accordance with the terms of the respective grant agreements.

Interfund Transfers – During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by Township management.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Township currently has \$0 nonspendable funds.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Township currently has restricted \$169,100, \$126,409, \$190,177, \$109,045 and \$81,964 for the Fire, Improvements, Roads, Ambulance, and Harbor funds, respectively.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Township. These amounts cannot be used for any other purpose unless the Township removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Township currently has committed \$27,455.
- Assigned: This classification includes amounts that are constrained by the Township's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Township through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Township would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information – Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

Budgets and Budgetary Control – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Each March, after receiving input from the individual departments, the Board of Trustees prepares a proposed operating budget for the fiscal period commencing April 1 and lapses on March 31. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to April 1, the budget is legally enacted through a resolution passed by the Township Board.
- d. Budgetary control is exercised at the departmental level of the General Fund. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Trustees. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.
- e. The budget and approved appropriations lapse at the end of the fiscal year.
- f. The Township does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.

Budgeted amounts are as originally adopted or amended by the Board of Trustees during the year. Individual amendments were not material in relation to the original appropriations which were amended. The modified accrual basis of accounting is used for budgetary purposes.

The General Fund budget was adopted on the basis of activities or programs financed by the General Fund.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

Michigan Public Act 621 of 1978 (the Budgeting Act) requires that budgets be adopted for Governmental Funds. U.S. generally accepted accounting principles require that the financial statements present budgetary comparisons for the Governmental Fund Types for which budgets were legally adopted.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the functional level.

Budget Violations – Public Act 621 of 1978, as amended, requires budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

Bond Covenants – The schedule showing bond covenants can be found on page 39 of this report. The Township is in compliance with the financial bond covenant required under the ordinance.

**NOTE 3 - CASH AND EQUIVALENTS**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>
Cash and Equivalents				
- Unrestricted	\$ 925,468	\$ 569,755	\$ 1,495,223	\$ 2,411
- Restricted	<u>-</u>	<u>309,916</u>	<u>309,916</u>	<u>-</u>
	<u>\$ 925,468</u>	<u>\$ 879,671</u>	<u>\$ 1,805,139</u>	<u>\$ 2,411</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>
Bank Deposits (checking and savings accounts, CD's)	<u>\$ 1,805,139</u>	<u>\$ 2,411</u>

**Investment and Deposit Risk**

*Interest rate risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* The Township has no investments for which ratings are required.

*Custodial credit risk.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require, and the Township does not have a policy for deposit custodial credit risk. As of year end, \$1,570,822 of the Township's bank balance of \$1,820,822 was exposed to credit risk because it was uninsured and uncollateralized.

**NOTE 3 - CASH AND EQUIVALENTS (Continued)**

*Restricted Cash Balance:* The Sewer fund has restricted fund balance in relation to a bond covenant in the Series 2012 Water System Bond. The Township is required to maintain a repair, replacement, and improvement fund. The required year end balance for this account is \$253,200, the township's ending balance is \$309,916.

Statutory Authority:

Public Act 152, entitled "An act relative to the investment of funds of public corporations of the state; and to validate certain investments," by amending section 1 (MCL 129.91), as amended by 2009 PA 21.

Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers' acceptances of United States banks.
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
  - (i) The purchase of securities on a when-issued or delayed delivery basis.
  - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
  - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the primary government for the current year was as follows:

	<u>Beginning Balances</u>	<u>Increases/ Adjustments</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 155,105	\$ -	\$ -	\$ 155,105
<i>Capital assets being depreciated:</i>				
Land Improvements	5,130,244	-	-	5,130,244
Buildings	2,167,447	-	-	2,167,447
Equipment	469,336	38,949	-	508,285
Vehicles	288,609	-	-	288,609
Subtotal	8,055,636	38,949	-	8,094,585
<i>Less accumulated depreciation for:</i>				
Land Improvements	(1,643,567)	(171,765)	-	(1,815,332)
Buildings	(1,274,052)	(30,600)	-	(1,304,652)
Equipment	(423,306)	(14,412)	-	(437,718)
Vehicles	(112,630)	(36,630)	-	(149,260)
Subtotal	(3,453,555)	(253,407)	-	(3,706,962)
Net Capital Assets Being Depreciated	4,602,081	(214,458)	-	4,387,623
Capital Assets – Net of Depreciation	\$ 4,757,186	\$ (214,458)	\$ -	\$ 4,542,728

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

Governmental Activities:	
General Government	\$ 6,682
Public Safety	41,985
Public Works	32,546
Recreation and Culture	172,194
Total Governmental Activities	\$ 253,407



**NOTE 4 - CAPITAL ASSETS (Continued)**

	<u>Beginning Balances</u>	<u>Increases/ Adjustments</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 72,014	\$ -	\$ -	\$ 72,014
Fuel System Improvements	<u>4,000</u>	<u>49,221</u>	<u>(4,000)</u>	<u>49,221</u>
Subtotal	<u>76,014</u>	<u>49,221</u>	<u>(4,000)</u>	<u>121,235</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	916,592	128,100	-	1,044,692
Buildings	814,723	1,054	-	815,777
Water system	6,018,699	-	-	6,018,699
Fuel System	249,670	-	-	249,670
Machinery & Equipment	337,419	38,993	-	376,412
Vehicles	<u>65,270</u>	<u>-</u>	<u>-</u>	<u>65,270</u>
Subtotal	<u>8,402,373</u>	<u>168,147</u>	<u>-</u>	<u>8,570,520</u>
<i>Less accumulated depreciation for:</i>				
Land Improvements	(383,561)	(45,752)	-	(429,313)
Buildings	(336,995)	(23,947)	-	(360,942)
Water System	(2,015,299)	(129,430)	-	(2,144,729)
Fuel System	(103,414)	(7,483)	-	(110,897)
Machinery & Equipment	(233,427)	(21,262)	-	(254,689)
Vehicles	<u>(52,742)</u>	<u>(6,902)</u>	<u>-</u>	<u>(59,644)</u>
Subtotal	<u>(3,125,438)</u>	<u>(234,776)</u>	<u>-</u>	<u>(3,360,214)</u>
Net Capital Assets Being Depreciated	<u>5,276,935</u>	<u>(66,629)</u>	<u>-</u>	<u>5,210,306</u>
Capital Assets – Net	<u>\$ 5,352,949</u>	<u>\$ (17,408)</u>	<u>\$ (4,000)</u>	<u>\$ 5,331,541</u>

**Business-type Activities**

Park	\$ 63,974
Marina	21,546
Water	140,733
Fuel	<u>8,523</u>
<b>Total Depreciation Expense - Business-type Activities</b>	<u><u>\$ 234,776</u></u>

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The Township reports interfund balances between some of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds and proprietary funds. Interfund transactions resulting in interfund Receivables and Payable are as follows:

		<b>DUE FROM OTHER FUNDS</b>	
<b>DUE TO OTHER FUNDS</b>		<u>General</u>	
	Fuel	\$	50,471
	Tax Collection		<u>1,284</u>
	Total	\$	<u>51,755</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

		<b>TRANSFERS IN</b>			
<b>TRANSFERS OUT</b>		<u>General</u>	<u>Water</u>	<u>Marina</u>	<u>Total</u>
	Fire Protection	\$ 5,000	\$ 10,350	\$ -	\$ 15,350
	Township Improvements	5,000	-	-	5,000
	Ambulance	1,000	-	-	1,000
	Nonmajor Governmental	2,500	-	-	2,500
	Woodland Park	10,000	-	50,000	60,000
	Water Utility	10,000	-	-	10,000
	Fuel	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	Total	<u>\$ 34,500</u>	<u>\$ 10,350</u>	<u>\$ 50,000</u>	<u>\$ 94,850</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 6 - LONG-TERM DEBT**

Long-Term Debt - The bonds payable reflected in the basic financial statements consist of general obligation bonds incurred by Burt Township. The Township has pledged the general full faith and credit of the Township for the payment of principal and interest on the bonds.

Changes in long-term debt during the year ending March 31, 2023, are summarized as follows:

	Balance 04/01/22	Additions	Deductions	Balance 03/31/23	Due Within One Year
<b>Governmental Activities:</b>					
\$712,000 General Obligation Bonds, due in annual installments, increasing from \$14,000 to \$38,000 through May 1, 2043, with interest of 3.375% semi-annually.	\$ 566,000	\$ -	\$ 19,000	\$ 547,000	\$ 20,000
Compensated Absences	9,270	2,295	-	11,565	-
Total Governmental Activities	575,270	2,295	19,000	558,565	20,000
<b>Business-type Activities:</b>					
Woodland Park Installment agreement \$338,000 with interest at 3.75%.	150,000	-	150,000	-	-
\$2,350,000 USDA Water Supply System Bonds dated June 26, 2012, due in annual installments, increasing from \$35,000 to \$89,000 through December 1, 2039, with interest of 2.0% semi-annually.	2,003,000	-	44,000	1,959,000	45,000
Total Business-type Activities	2,153,000	-	194,000	1,959,000	45,000
<b>TOTAL LONG-TERM OBLIGATIONS</b>	<b>\$ 2,728,270</b>	<b>\$ 2,295</b>	<b>\$ 213,000</b>	<b>\$ 2,517,565</b>	<b>\$ 65,000</b>

Annual debt service requirements to maturity for the above obligations are as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	Principal	Interest	Principal	Interest
Fiscal Year:				
2024	\$ 20,000	\$ 20,138	\$ 45,000	\$ 38,730
2025	20,000	19,388	46,000	37,820
2026	21,000	18,619	47,000	36,890
2027	22,000	17,813	48,000	35,940
2028	22,000	16,988	49,000	34,970
2029-2033	124,000	71,550	266,000	159,340
2034-2038	145,000	46,406	301,000	131,050
2039-2043	173,000	16,781	340,000	99,020
2044-2048	-	-	385,000	62,850
2049-2053	-	-	432,000	21,900
<b>TOTALS</b>	<b>\$ 547,000</b>	<b>\$ 227,683</b>	<b>\$ 1,959,000</b>	<b>\$ 658,510</b>

Interest expense in the Enterprise funds is included totally as a direct expense of sewer operations, and as a direct expense for the Governmental funds as a direct expense of general government.

**NOTE 7 - DEFINED CONTRIBUTION (MONEY PURCHASE) PENSION PLAN**

The Township contributes to a defined contribution pension plans for its full-time employees, one through Municipal Retirement Systems Inc. The plans are administered by the respective pension companies, acting as an Investment Fiduciary. All salaried employees are eligible to participate in the plan. There is no minimum age or service requirement. The employer's contribution is 5% of the annual salary to each individual employee's account. Employees are not required to contribute to the plan.

Employees become vested upon entering the plan.

The Township's current year contribution to the plan amounted to \$12,881. Total wages for all employees in the plan amounted to \$257,621 for the year ended March 31, 2023. Total wages for all employees amounted to \$517,288 for the year ended March 31, 2023.

**NOTE 8 - RISK MANAGEMENT**

The government 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 government was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The Township joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The government pays an annual premium to the pool for its general insurance coverage.

The government continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The government is unable to provide an estimate of the amounts of additional assessments.

**NOTE 9 - CONTINGENT LIABILITIES**

The Township has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the Township. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Township at March 31, 2023.

**NOTE 10 - CHANGES IN ACCOUNTING PRINCIPLES**

For 2023, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Analysis of various provisions of this accounting principle resulted in no significant changes in the way the Township recognizes current leases, and therefore no changes to the beginning net assets or presentation and disclosure were required.

**NOTE 11 - RESTATEMENTS**

	<u>Governmental Net Position</u>	<u>Business-type Net Position</u>
Beginning net position as previously stated at April 1, 2022	\$ 5,100,310	\$ 4,136,168
Restatement to adjust accumulated depreciation	<u>6,612</u>	<u>5,235</u>
Beginning net position, as restated at April 1, 2022	<u>\$ 5,106,922</u>	<u>\$ 4,141,403</u>

	<u>Statement of Revenues, Expenditures, and Changes in Net Position</u>
	<u>Enterprise Funds – Net Position</u>
	<u>Woodland Park</u>
Beginning net position as previously stated at April 1, 2022	\$ 962,302
Restatement to adjust accumulated depreciation	<u>5,235</u>
Beginning net position, as restated April 1, 2022	<u>\$ 967,537</u>

**NOTE 12 - EXCESS EXPENDITURES OVER APPROPRIATIONS**

Public Act 2 of 1968, the Uniform Budgeting and Accounting Act provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's actual expenditures were in excess of amounts appropriated as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
General Government	\$ 245,950	\$ 260,818	\$ (14,868)
Fire Protection Fund:			
Capital Outlay	\$ -	\$ 38,949	\$ (38,949)

## **Required Supplementary Information**

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**Burt Township, Michigan**

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended March 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 214,100	\$ 139,500	\$ 147,875	\$ 8,375
State Sources	41,500	111,500	117,038	5,538
Licenses and Fees	100	100	-	(100)
Charges for Services	45,100	54,700	57,870	3,170
Interest and Rentals	500	500	608	108
Other Revenue	-	-	28,477	28,477
<b>TOTAL REVENUES</b>	<b>301,300</b>	<b>306,300</b>	<b>351,868</b>	<b>45,568</b>
<b>EXPENDITURES:</b>				
General Government:				
Township Board	10,900	10,800	10,765	35
Supervisor	30,900	30,600	31,881	(1,281)
Treasurer	30,600	29,500	29,805	(305)
Clerk	38,100	35,800	39,480	(3,680)
Assessor	35,000	35,000	36,660	(1,660)
Board of Review	1,875	1,800	676	1,124
Building and Grounds	12,500	8,500	10,307	(1,807)
Contracted Services	4,000	2,000	1,704	296
Elections	4,400	5,300	5,880	(580)
Administration	80,750	86,650	93,660	(7,010)
<b>Total General Government</b>	<b>249,025</b>	<b>245,950</b>	<b>260,818</b>	<b>(14,868)</b>
Public Safety:				
Road Patrol	40,000	20,000	18,653	1,347
Community Development:				
Planning and Zoning	28,275	31,750	21,367	10,383
Historical Society	500	500	500	-
Community Betterment	10,000	20,000	17,812	2,188
<b>Total Community Development</b>	<b>38,775</b>	<b>52,250</b>	<b>39,679</b>	<b>12,571</b>
Other Expenditures:				
Insurance	8,000	10,000	9,450	550
<b>TOTAL EXPENDITURES</b>	<b>335,800</b>	<b>328,200</b>	<b>328,600</b>	<b>(400)</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES BEFORE OTHER</b>				
<b>FINANCING SOURCES (USES)</b>	<b>(34,500)</b>	<b>(21,900)</b>	<b>23,268</b>	<b>45,168</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer In	34,500	-	34,500	34,500
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ -</b>	<b>\$ (21,900)</b>	<b>\$ 57,768</b>	<b>\$ 79,668</b>
<b>FUND BALANCE, APRIL 1</b>			<b>233,957</b>	
<b>FUND BALANCE, MARCH 31</b>			<b>\$ 291,725</b>	

**Burt Township, Michigan****Required Supplementary Information  
Budgetary Comparison Schedule  
Fire Protection Fund  
For the Year Ended March 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 94,000	\$ 94,000	\$ 91,433	\$ (2,567)
State Sources	5,000	-	-	-
Interest	2,000	2,000	2,084	84
Other Revenue	-	-	306	306
TOTAL REVENUES	101,000	96,000	93,823	(2,177)
EXPENDITURES:				
Public Works	70,650	93,450	95,735	(2,285)
Capital Outlay	20,000	-	38,949	(38,949)
TOTAL EXPENDITURES	90,650	93,450	134,684	(41,234)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	10,350	2,550	(40,861)	(43,411)
OTHER FINANCING SOURCES (USES):				
Transfers Out	(10,350)	(15,350)	(15,350)	-
NET CHANGE IN FUND BALANCES	\$ -	\$ (12,800)	(56,211)	\$ (43,411)
FUND BALANCE, APRIL 1			225,311	
FUND BALANCE, MARCH 31			\$ 169,100	



**Burt Township, Michigan****Required Supplementary Information  
Budgetary Comparison Schedule  
Township Improvement Fund  
For the Year Ended March 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 192,000	\$ 190,000	\$ 182,212	\$ (7,788)
Charges for Service	1,000	1,000	2,900	1,900
Interest and Rentals	600	600	760	160
Other Revenue	400	-	1,062	1,062
TOTAL REVENUES	194,000	191,600	186,934	(4,666)
EXPENDITURES:				
General Government	13,100	8,025	7,239	786
Public Works	170,825	174,500	166,776	7,724
Debt Service	9,500	9,500	9,445	55
TOTAL EXPENDITURES	193,425	192,025	183,460	8,565
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	575	(425)	3,474	3,899
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	(5,000)	(5,000)	-
NET CHANGE IN FUND BALANCES	\$ 575	\$ (5,425)	(1,526)	\$ 3,899
FUND BALANCE, APRIL 1			127,935	
FUND BALANCE, MARCH 31			\$ 126,409	

**Burt Township, Michigan****Required Supplementary Information  
Budgetary Comparison Schedule  
Road Improvement Fund  
For the Year Ended March 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 87,000	\$ 87,000	\$ 91,507	\$ 4,507
Interest and Rentals	100	100	665	565
TOTAL REVENUES	87,100	87,100	92,172	5,072
EXPENDITURES:				
Public Works				
Road Improvements	49,000	55,000	40,089	14,911
TOTAL EXPENDITURES	49,000	55,000	40,089	14,911
NET CHANGE IN FUND BALANCES	\$ 38,100	\$ 32,100	52,083	\$ (9,839)
FUND BALANCE, APRIL 1			138,094	
FUND BALANCE, MARCH 31			\$ 190,177	

**Burt Township, Michigan****Required Supplementary Information  
Budgetary Comparison Schedule  
Ambulance Fund  
For the Year Ended March 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 30,000	\$ 30,000	\$ 30,249	\$ 249
Interest and Rentals	500	500	496	(4)
Other Revenue	-	-	483	483
TOTAL REVENUES	30,500	30,500	31,228	728
EXPENDITURES:				
Health and Welfare				
Ambulance	16,350	21,050	21,085	(35)
Debt Service	12,000	12,000	11,712	288
TOTAL EXPENDITURES	28,350	33,050	32,797	253
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	2,150	(2,550)	(1,569)	475
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	(1,000)	(1,000)	-
NET CHANGE IN FUND BALANCES	\$ 2,150	\$ (1,550)	(2,569)	\$ 981
FUND BALANCE, APRIL 1			111,614	
FUND BALANCE, MARCH 31			\$ 109,045	

## **Supplementary Information**

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**Burt Township, Michigan****Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
March 31, 2023**

	Harbor Fund	Medical Facility Fund	Beach Access Fund	Total
<b>ASSETS:</b>				
Cash and Equivalents	\$ 81,180	\$ 20,504	\$ 7,153	\$ 108,837
Taxes Receivable	784	-	-	784
<b>TOTAL ASSETS</b>	<u>\$ 81,964</u>	<u>\$ 20,504</u>	<u>\$ 7,153</u>	<u>\$ 109,621</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ -	\$ 202	\$ -	\$ 202
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>202</u>	<u>-</u>	<u>202</u>
<b>FUND BALANCE:</b>				
Restricted	81,964	-	-	81,964
Committed	-	20,302	7,153	27,455
<b>TOTAL FUND BALANCES</b>	<u>81,964</u>	<u>20,302</u>	<u>7,153</u>	<u>109,419</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 81,964</u>	<u>\$ 20,504</u>	<u>\$ 7,153</u>	<u>\$ 109,621</u>

**Burt Township, Michigan****Supplementary Information**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Nonmajor Governmental Funds**  
**For the Year Ended March 31, 2023**

	Harbor Fund	Medical Facility Fund	Beach Access Fund	Total
<b>REVENUES:</b>				
Taxes	\$ 15,173	\$ -	\$ -	\$ 15,173
Local Sources	-	7,713	-	7,713
Interest and Rentals	373	1,160	35	1,568
<b>TOTAL REVENUES</b>	<b>15,546</b>	<b>8,873</b>	<b>35</b>	<b>24,454</b>
<b>EXPENDITURES:</b>				
Health and Welfare	-	4,975	-	4,975
Recreation and Culture	4,500	-	-	4,500
<b>TOTAL EXPENDITURES</b>	<b>4,500</b>	<b>4,975</b>	<b>-</b>	<b>9,475</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES BEFORE OTHER</b>				
<b>FINANCING SOURCES (USES)</b>	<b>11,046</b>	<b>3,898</b>	<b>35</b>	<b>14,979</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(2,500)	-	-	(2,500)
<b>NET CHANGE IN FUND BALANCES</b>	<b>8,546</b>	<b>3,898</b>	<b>35</b>	<b>12,479</b>
<b>FUND BALANCE, APRIL 1</b>	<b>73,418</b>	<b>16,404</b>	<b>7,118</b>	<b>96,940</b>
<b>FUND BALANCE, MARCH 31</b>	<b>\$ 81,964</b>	<b>\$ 20,302</b>	<b>\$ 7,153</b>	<b>\$ 109,419</b>

**Supplementary Information  
Schedule of Bond Covenant Cash Reserves  
For the Year Ended March 31, 2023**

The Bond ordinances require funding of the following accounts:

	<u>Beginning Balance</u>	<u>Transfers In</u>	<u>Interest Earned</u>	<u>Expenditures</u>	<u>Ending Balance</u>	<u>Cumulative Required Balance</u>	<u>Annual Transfer In Requirement</u>
<b>WATER FUND:</b>							
Bond Interest and Redemption	\$ 43,868	\$ 80,484	\$ 609	\$ 83,620	\$ 41,341	\$ 20,825	\$ 80,484
Bond Reserve	90,334	3,666	-	-	94,000	94,000	-
Repair, Replacement and Improvement	<u>147,166</u>	<u>26,233</u>	<u>1,176</u>	<u>-</u>	<u>174,575</u>	<u>138,375</u>	<u>22,566</u>
Totals	<u>\$ 281,368</u>	<u>\$ 110,383</u>	<u>\$ 1,785</u>	<u>\$ 83,620</u>	<u>\$ 309,916</u>	<u>\$ 253,200</u>	<u>\$ 103,050</u>

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 per quarter less the bond reserve deposit if any.

**FUNDING REQUIREMENTS DESCRIBED ABOVE ARE IN COMPLIANCE**

## **Report on Compliance**

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**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

KENNETH A. TALSMA, CPA, PRINCIPAL  
AMBER N. MACK, CPA, PRINCIPAL

TORI N. KRUISE, CPA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MICPA**

**OFFICES IN MICHIGAN**

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

Board of Trustees  
Burt Township  
Alger County, Michigan

We have audited, in accordance with the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Burt, Michigan, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Township of Burt, Michigan's basic financial statements and have issued our report thereon dated September 29, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township of Burt, Michigan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Burt, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Burt, Michigan'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of Burt, Michigan's financial statements are free from material misstatement, we 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2023-001.

## **Township of Burt, Michigan's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township of Burt's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Township of Burt, Michigan's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

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



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**  
**Kincheloe, Michigan**

September 29, 2023

**Compliance and Other Matters**

***Noncompliance with State Statutes***

**Excess Expenditures Over Appropriations**

***Finding 2023-001***

*Condition:* Our examination of procedures used by the Township to adopt and maintain operating budgets for the Township's budgetary funds revealed the following instance of noncompliance with the provisions of Public Act 2 of 1968, the Uniform Budgeting and Accounting Act.

The Township's 2022/2023 General Appropriations Act (budget) provided for expenditures of the General and Fire Protection Fund to be controlled to the activity level. During the fiscal year ended March 31, 2023, expenditures were incurred in excess of amounts appropriated in the amended budgets for the General Fund and Fire Protection Fund on pages 32 and 33 of the financial statements.

*Criteria:* The expenditures of funds in excess of appropriations are contrary to the provisions of Public Act 2 of 1968, as amended.

During the year ended March 31, 2023, the Township incurred expenditures in certain budgetary funds, which were in excess of the amount appropriated as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
General Government	\$ 245,950	\$ 260,818	\$ (14,868)
Fire Protection Fund:			
Capital Outlay	\$ -	\$ 38,949	\$ (38,949)

*Effect:* The Township has not complied with various State Statutes.

*Cause:* Failure to amend the budget for the General and Fire Protection Funds during the year.

*Recommendation:* We recommend that the Township and personnel responsible for administering the activities of the various funds of the Township, develop budgetary control procedures for the General and Fire Protection Funds, which will assure that expenditures do not exceed amounts authorized in the General Appropriations Act, or amendments thereof.

*Management's Response – Corrective Action Plan:* Management has agreed to correct the problem by monitoring the budgets more closely and performing budget amendments on a timely basis.

- *Contact Person(s) Responsible for Correction:*  
Sheri Shafer, Supervisor



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**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

Board of Trustees  
Burt Township  
Alger County, Michigan

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Burt, Michigan for the year ended March 31, 2023, and have issued our report thereon dated September 29, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Burt, Michigan are described in Note 1 to the financial statements. Burt Township changed accounting policies related to leases by adopting Statement of Governmental Standards (GASB Statement) No. 87, "Leases", in 2023, though we noted no change to financial statement amounts or disclosures in the current year in relation to the adoption of this standard. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions that have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be \$0.

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated September 29, 2023.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Burt Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us as to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### ***Comments and Recommendations***

The following is a summary of our observations with suggestions for improvements we believe should be brought to your attention.

### **Long Outstanding Checks**

The Township currently has long outstanding checks. It is recommended that the Township adopt a policy regarding procedures for outstanding checks outlining the attempted contacts then following the State laws on personal property and remit those outstanding longer than one year to State Treasury.

Status: Uncorrected

### **Stale Due to/from Accounts**

It was noted in our review of the year end internal balances that the Township has some stale accounts. We recommend that the Township review these balances and determine if these funds should be paid or if an internal loan should be created.

Status: Uncorrected

### **Upcoming Pronouncements:**

#### ***GASB Statement No. 96 – Subscription based Information Technology Arrangements***

In May 2020, GASB issued Statement No. 96, *Subscription based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

This Statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible assets, as specified in the contract for a period of time in exchange or exchange-like transaction; (2) established that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for the year ending December 31, 2023.

#### ***GASB Statement No. 100, Accounting Changes and Error Corrections***

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62.

This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

This Statement improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending December 31, 2024.

### ***GASB Statement No. 101, Compensated Absences***

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement updates the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. This statement is effective for the year ending December 31, 2024.

### **Other Matters**

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining fund financial statements and schedule of bond covenant cash reserves, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### **Restriction on Use**

This letter is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, pass through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

### **Conclusion**

We would like to express our appreciation, as well as that of our staff for the excellent cooperation we received while performing the audit. If we can be of any further assistance, please contact us.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**  
**Kincheloe, Michigan**

September 29, 2023