



**TOWNSHIP OF HOWELL
LIVINGSTON COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Township Board of Trustees
Township of Howell
Howell, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Howell, Michigan (the "Township"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As stated in Note 9 to the basic financial statements, the Township adopted **GASB Statement No. 84 Fiduciary Activities** in the fiscal year June 30, 2021, which represents a change in its policy for reporting fiduciary activities. Beginning net position of the fiduciary fund was not restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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



Gabridge & Company, PLC
Grand Rapids, MI
December 30, 2021

Management's Discussion and Analysis

Township of Howell
Management's Discussion and Analysis
June 30, 2021

As the Township Board of Trustees of Howell Township, Livingston County, Michigan, (the "Township" or "government") we offer readers of the Township's financial statements this narrative overview and analysis as an explanation of the financial activities of the Township for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$37,173,340 (net position for all activities). Of this amount, \$18,553,745 (unrestricted net position for all activities) may be used to meet the government's ongoing obligations to citizens and creditors. The township's total net position increased by \$2,297,512 in 2021.
- At the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$7,072,333, which is an increase of \$101,500. Approximately 83.6%, or \$5,914,134, of fund balance is unassigned. These funds are available for spending at the Township's discretion.
- The Township's total outstanding long-term debt decreased by \$1,783,447 during the current fiscal year. The remaining long-term debt at year end was \$7,768,105 (excluding the liability for compensated absences); 100% of this debt is in the sewer/water fund.

Overview of the Financial Statements

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

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

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

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave and long-term debt).

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

Focus on Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. There are three basic types of funds: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Township has two major governmental funds, the general fund and the road fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these two major funds.

The Township adopts an annual appropriated budget for its general and special revenue fund. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

Proprietary Funds. Enterprise funds, the only proprietary fund type used by the Township, are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses the enterprise funds to account for its sewer and water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements provide information for the sewer, water and water/sewer systems, which are considered to be major funds of the Township. Proprietary funds are where the user fees collected on behalf of the Township are held for specific purposes. For example, sewer and water use bills, special assessments, and special fees are used to pay for the system operations, debt payments, and the developments for which they are collected.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary funds are all the monies collected by the Township meant for another agency (e.g., school taxes, county taxes, library taxes and escrow accounts). The Township has a general trust and agency, tax collection, and health flex agency funds.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents required supplementary information (RSI) that explains the information presented in the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets for all activities exceeded liabilities by \$37,173,340 at the close of the most recent fiscal year. The table below illustrates the results of the governmental activities and business-type activities that combine to capture the township's total net position.

Township of Howell's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
ASSETS						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 3,417,834	\$ 3,256,860	\$ 1,817,105	\$ 873,936	\$ 5,234,939	\$ 4,130,796
Accounts Receivable	19,371	19,033	409,332	296,565	428,703	315,598
Special Assessments Receivable - Short-term	-	-	310,778	357,488	310,778	357,488
Due from State	104,800	84,167	-	-	104,800	84,167
Prepaid Items	76,821	20,355	-	1,500	76,821	21,855
Due from Agency Funds	-	961	-	-	-	961
Total Current Assets	3,618,826	3,381,376	2,537,215	1,529,489	6,156,041	4,910,865
<i>Noncurrent Assets</i>						
Investment in Joint Ventures	1,974,484	1,703,638	10,719,278	10,773,338	12,693,762	12,476,976
Special Assessments Receivable - Long-term	-	-	1,092,127	1,445,665	1,092,127	1,445,665
Nondepreciable Capital Assets	265,392	265,392	375,787	415,442	641,179	680,834
Depreciable Capital Assets	321,270	352,223	24,482,077	24,848,951	24,803,347	25,201,174
Total Assets	6,179,972	5,702,629	39,206,484	39,012,885	45,386,456	44,715,514
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	136,454	77,747	19,788	3,053	156,242	80,800
Accrued Payroll and Related Liabilities	33,415	23,782	-	-	33,415	23,782
Escrow Payable	101,251	33,441	-	-	101,251	33,441
Accrued Interest Payable	-	-	42,351	50,100	42,351	50,100
Deposits Payable	80,452	80,652	-	-	80,452	80,652
Current Portion of Long-term Debt	-	-	1,795,000	1,795,000	1,795,000	1,795,000
Internal Balances	(3,805,079)	(3,805,079)	3,805,079	3,805,079	-	-
Total Current Liabilities	(3,453,507)	(3,589,457)	5,662,218	5,653,232	2,208,711	2,063,775
<i>Noncurrent Liabilities</i>						
Compensated Absences	31,300	19,359	-	-	31,300	19,359
Long-term Debt	-	-	5,973,105	7,756,552	5,973,105	7,756,552
Total Liabilities	(3,422,207)	(3,570,098)	11,635,323	13,409,784	8,213,116	9,839,686
NET POSITION						
Net Investment in Capital Assets	586,662	617,615	17,089,759	15,712,841	17,676,421	16,330,456
Restricted	943,174	1,186,702	-	-	943,174	1,186,702
Unrestricted	8,072,343	7,468,410	10,481,402	9,890,260	18,553,745	17,358,670
Total Net Position	\$ 9,602,179	\$ 9,272,727	\$ 27,571,161	\$ 25,603,101	\$ 37,173,340	\$ 34,875,828

Of the Township's net position, \$17,676,421 (47.5%) reflects its investment in capital assets (e.g. land, buildings, equipment, and vehicles); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position, \$943,174 (2.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18,553,745, or 51.2%, is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Governmental activities. Cash and cash equivalents increased by \$160,974 as a result of the general fund surplus (increase in fund balance) of \$364,24 and Road fund decrease of \$262,742. Accounts payable decreased \$58,707 as the Township had expenditures payable for road projects and Township hall projects at fiscal year-end.

Business-type activities. Cash and cash equivalents increased by \$943,169 mostly in part due to the sale of capital assets. Accounts receivable also increased due to prior year having a lower usage amounts. Special assessments receivable decreased by \$400,248 as part of routine collections. The Township's total outstanding long-term debt decreased by \$1,783,447 during the current fiscal year.

The following table illustrates and summarizes the results of the changes in the net position for the Township. The Condensed information was derived from the government-wide statement of activities.

Township of Howell's Changes in Net Position

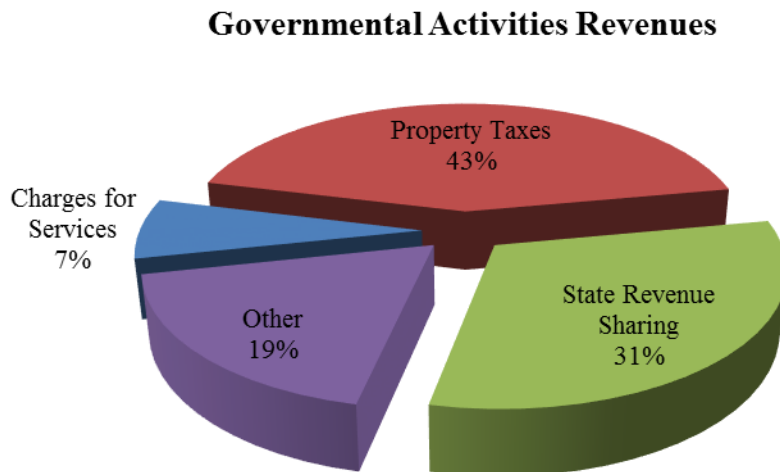
	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Revenue						
Program Revenues						
Charges for Services	\$ 141,833	\$ 142,425	\$ 2,888,879	\$ 2,441,498	\$ 3,030,712	\$ 2,583,923
Operating Grants and Contributions	84,059	75,859	-	-	84,059	75,859
Capital Grants and Contributions	-	-	-	-	-	-
Total Program Revenues	<u>225,892</u>	<u>218,284</u>	<u>2,888,879</u>	<u>2,441,498</u>	<u>3,114,771</u>	<u>2,659,782</u>
General Revenues						
Property Taxes	854,207	807,396	-	-	854,207	807,396
State Revenue Sharing	617,948	584,057	-	-	617,948	584,057
Interest Income	7,160	17,166	153,191	173,200	160,351	190,366
Other	270,846	69,106	-	-	270,846	69,106
Sale of Fixed Assets	-	-	1,162,088	-	1,162,088	-
Total General Revenues	<u>1,750,161</u>	<u>1,477,725</u>	<u>1,315,279</u>	<u>173,200</u>	<u>3,065,440</u>	<u>1,650,925</u>
Total Revenues	<u>1,976,053</u>	<u>1,696,009</u>	<u>4,204,158</u>	<u>2,614,698</u>	<u>6,180,211</u>	<u>4,310,707</u>
Expenses						
General Government	857,695	820,802	-	-	857,695	820,802
Public Works	680,155	365,299	2,236,098	2,010,461	2,916,253	2,375,760
Recreation and Culture	108,751	104,557	-	-	108,751	104,557
Total Expenses	<u>1,646,601</u>	<u>1,290,658</u>	<u>2,236,098</u>	<u>2,010,461</u>	<u>3,882,699</u>	<u>3,301,119</u>
Change in Net Position	<u>329,452</u>	<u>405,351</u>	<u>1,968,060</u>	<u>604,237</u>	<u>2,297,512</u>	<u>1,009,588</u>
<i>Net Position at Beginning of Period</i>	<u>9,272,727</u>	<u>8,867,376</u>	<u>25,603,101</u>	<u>24,998,864</u>	<u>34,875,828</u>	<u>33,866,240</u>
Net Position at End of Period	<u>\$ 9,602,179</u>	<u>\$ 9,272,727</u>	<u>\$ 27,571,161</u>	<u>\$ 25,603,101</u>	<u>\$ 37,173,340</u>	<u>\$ 34,875,828</u>

Governmental activities. Governmental activities increased the Township's net position by \$329,452 during fiscal year 2021. The total increase was the result of total revenues of \$1,976,053 less total expenses of \$1,646,601. Public Works increase by \$314,856 due to increase road projects in the current year, the net investment in fire department increase by \$270,846 leading to a similar change as last year.

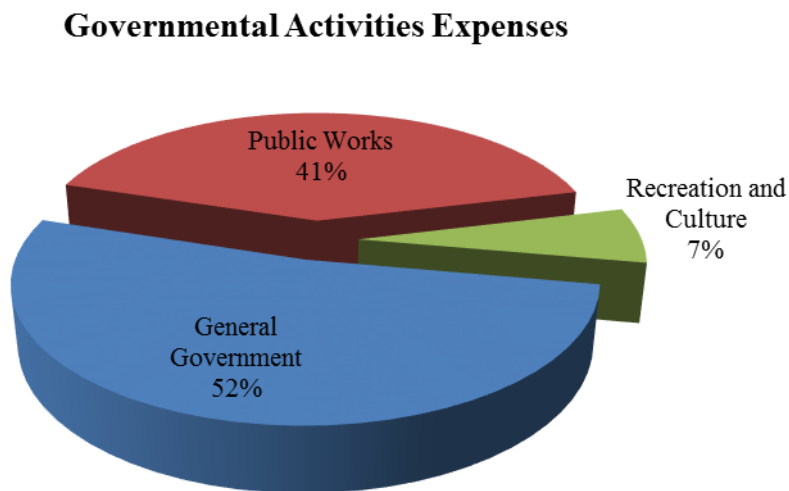
Business-type activities. Business-type activities increased the Township's net position by \$1,968,060. Charges for services increased by \$447,381, a result of increased connection fees collected for water/sewer projects, along with higher usage rates in the current year. There was also a capital asset sale that generated \$1,162,088 of revenue, expenditures also increased by \$225,637 due increase utility costs and contracted services.

Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the Township for the most recent fiscal year-end:



The following chart summarizes the expenses for the governmental activities of the Township for the most recent fiscal year-end:



Financial Analysis of the Government's Funds

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

Governmental Activities. At the completion of the Township's fiscal year, its governmental funds reported fund balances of \$7,072,333. Of this amount, \$5,914,134 or 83.6%, is unassigned.

General Fund. The general fund is the main operating fund of the Township. The balance of the general fund increased in the fiscal year by \$364,242, bringing the balance to \$6,148,373.

Road Fund. The road fund is used to construct, pave, and repave roads within the Township. The balance of the road fund decreased during the year by \$262,742, bringing the balance to \$923,960.

Changes in both funds are described in an earlier section of this report.

Business-type Activities

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

Unrestricted net position of the sewer/water fund at the end of the year amounted to \$10,481,402, with a total increase of \$1,968,060. The reason for the increase in net position is explained in an earlier section of this report.

General Fund Budgetary Highlights

During the year, the township revised its original budget to account for the changing environment of expenditures. The changes between the original and final adopted budgets were significant during the year. The largest change being an increase of \$17,000 for drain assessment. A schedule showing the Township's general fund and road fund original budget, final budget and the actual results are included as required supplementary information in the financial section of the audit report.

The Township had no expenditure in excess of the amount appropriated during the year ended June 30, 2021.

Capital Asset and Debt Administration

Capital Assets. The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounted to \$25,444,526 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, water and sewer systems, and furniture and equipment.

More information on the Township's capital assets is available in the Notes to the Financial Statements.

Long-term Debt. At the end of the current fiscal year, the Township had outstanding long-term debt of \$7,768,105. All payments have been made in a timely fashion on the Township's debt. The current debt limitation ratio of general obligation debt over the Township's assessed value is within legal requirements.

More information on the Township's long-term debt is available in the Notes to the Financial Statements section of this document.

Economic Factors and Next Year's Budgets and Rates

Management estimates roughly \$1,301,750 of revenues to be available for appropriation in the general fund in the upcoming fiscal year. Expenditures are expected to change by small amounts compared to 2021. The Township continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2022, the Township plans again to use current revenues to provide essential services and to maintain the Township's financial reserves at similar levels.

The ongoing costs of providing essential services for the citizens of the Township will again need to be monitored in order to maintain the financial condition of the Township. Additionally, management and the Township Board of Trustees are currently working to determine the significance that the COVID-19 Pandemic will have on the City's upcoming revenues.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information are welcomed, and should be directed to:

Township of Howell
Township Clerk
3525 Bryon Road
Howell, MI 48855

Basic Financial Statements

Township of Howell
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 3,417,834	\$ 1,817,105	\$ 5,234,939
Due from State	104,800	--	104,800
Special Assessments Receivable - Current Portion	--	310,778	310,778
Accounts Receivable	19,371	409,332	428,703
Prepaid Items	76,821	--	76,821
Total Current Assets	3,618,826	2,537,215	6,156,041
<i>Noncurrent Assets</i>			
Land	265,392	375,787	641,179
Depreciable Capital Assets	321,270	24,482,077	24,803,347
Equity in MHOG	--	10,719,278	10,719,278
Equity in Howell Area Fire Authority	1,974,484	--	1,974,484
Special Assessment Receivable - Long-term	--	1,092,127	1,092,127
Total Assets	6,179,972	39,206,484	45,386,456
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	136,454	19,788	156,242
Accrued Payroll and Related Liabilities	33,415	--	33,415
Escrow Payable	101,251	--	101,251
Deposits Payable	80,452	--	80,452
Current Portion of Long-term Debt	--	1,795,000	1,795,000
Accrued Interest	--	42,351	42,351
Internal Balances	(3,805,079)	3,805,079	--
Total Current Liabilities	(3,453,507)	5,662,218	2,208,711
<i>Noncurrent Liabilities</i>			
Long-term Debt	--	5,973,105	5,973,105
Compensated Absences	31,300	--	31,300
Total Liabilities	(3,422,207)	11,635,323	8,213,116
NET POSITION			
Net Investment in Capital Assets	586,662	17,089,759	17,676,421
<i>Restricted for:</i>			
Prepaid Expenses	19,214	--	19,214
Roads	923,960	--	923,960
<i>Unrestricted</i>	8,072,343	10,481,402	18,553,745
Total Net Position	\$ 9,602,179	\$ 27,571,161	\$ 37,173,340

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Howell
Statement of Activities
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 857,695	\$ 141,208	\$ 84,059	\$ --	\$ (632,428)	\$ --	\$ (632,428)
Public Works	680,155	625	--	--	(679,530)	--	(679,530)
Recreation and Culture	108,751	--	--	--	(108,751)	--	(108,751)
<i>Total Governmental Activities</i>	<u>1,646,601</u>	<u>141,833</u>	<u>84,059</u>	<u>--</u>	<u>(1,420,709)</u>	<u>--</u>	<u>(1,420,709)</u>
Business-type Activities:							
Sewer / Water	2,236,098	2,888,879	--	--	--	652,781	652,781
<i>Total Business-type Activities</i>	<u>2,236,098</u>	<u>2,888,879</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>652,781</u>	<u>652,781</u>
<i>Total Primary Government</i>	<u>\$ 3,882,699</u>	<u>\$ 3,030,712</u>	<u>\$ 84,059</u>	<u>\$ --</u>	<u>\$ (1,420,709)</u>	<u>\$ 652,781</u>	<u>\$ (767,928)</u>
General Purpose Revenues and Transfers:							
Revenues							
					854,207	--	854,207
Taxes					617,948	--	617,948
State Revenue Sharing					270,846	--	270,846
Change in Joint Venture					7,160	153,191	160,351
Interest Income					--	1,162,088	1,162,088
Gain on Sale of Capital Assets					<u>1,750,161</u>	<u>1,315,279</u>	<u>3,065,440</u>
<i>Total General Revenues and Transfers</i>					329,452	1,968,060	2,297,512
<i>Change in Net Position</i>					<u>9,272,727</u>	<u>25,603,101</u>	<u>34,875,828</u>
<i>Net Position at Beginning of Period</i>					<u>\$ 9,602,179</u>	<u>\$ 27,571,161</u>	<u>\$ 37,173,340</u>
<i>Net Position at End of Period</i>							

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Howell
Balance Sheet
Governmental Funds
June 30, 2021**

	<u>Special Revenue</u>		Total Governmental Funds
	<u>General</u>	<u>Road Fund</u>	
ASSETS			
Cash and Cash Equivalents	\$ 2,469,378	\$ 948,456	\$ 3,417,834
Due from State	104,800	--	104,800
Accounts Receivable	19,371	--	19,371
Prepaid Items	19,214	57,607	76,821
Due from Other Funds	3,865,236	915	3,866,151
<i>Total Assets</i>	<u>\$ 6,477,999</u>	<u>\$ 1,006,978</u>	<u>\$ 7,484,977</u>
LIABILITIES			
Accounts Payable	\$ 53,436	\$ 83,018	\$ 136,454
Accrued Payroll and Related Liabilities	33,415	--	33,415
Escrow Payable	101,251	--	101,251
Deposits Payable	80,452	--	80,452
Due to Other Funds	61,072	--	61,072
<i>Total Liabilities</i>	<u>329,626</u>	<u>83,018</u>	<u>412,644</u>
FUND BALANCE			
Nonspendable	19,214	--	19,214
Restricted	--	923,960	923,960
Assigned	215,025	--	215,025
Unassigned	5,914,134	--	5,914,134
<i>Total Fund Balance</i>	<u>6,148,373</u>	<u>923,960</u>	<u>7,072,333</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 6,477,999</u>	<u>\$ 1,006,978</u>	<u>\$ 7,484,977</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Howell
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds	\$ 7,072,333
General government capital assets of \$1,375,705 net of accumulated depreciation of \$789,043 are not financial resources, and accordingly are not reported in the funds.	586,662
Joint venture assets reported in governmental activities are not financial resources and therefore are not reported in the funds.	1,974,484
Compensated absences are not due in and payable in the current period, and therefore, are not reported in the funds.	(31,300)
Total Net Position - Governmental Activities	\$ <u>9,602,179</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Howell
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	<u>Special Revenue</u>		Total Governmental Funds
	<u>General</u>	<u>Road Fund</u>	
Revenues			
Taxes	\$ 493,134	\$ 361,073	\$ 854,207
State Revenue Sharing	702,007	--	702,007
Licenses and Permits	96,739	--	96,739
Charges for Services	32,608	--	32,608
Other	12,486	--	12,486
Interest Income	5,873	1,287	7,160
<i>Total Revenues</i>	<u>1,342,847</u>	<u>362,360</u>	<u>1,705,207</u>
Expenditures			
General Government	814,801	--	814,801
Public Works	55,053	625,102	680,155
Recreation and Culture	108,751	--	108,751
<i>Total Expenditures</i>	<u>978,605</u>	<u>625,102</u>	<u>1,603,707</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>364,242</u>	<u>(262,742)</u>	<u>101,500</u>
<i>Net Change in Fund Balance</i>	<u>364,242</u>	<u>(262,742)</u>	<u>101,500</u>
<i>Fund Balance at Beginning of Period</i>	5,784,131	1,186,702	6,970,833
<i>Fund Balance at End of Period</i>	<u>\$ 6,148,373</u>	<u>\$ 923,960</u>	<u>\$ 7,072,333</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Howell
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$	101,500
<p>Governmental funds report capital outlay as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$36,180 in excess of capital outlay expenditures of \$5,227.</p>		
		(30,953)
Decrease in compensated absences.		(11,941)
Joint venture income (loss) is reported in governmental activities and is not reported in the funds.		270,846
Changes in Net Position - Governmental Activities	\$	<u>329,452</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Howell
Statement of Net Position
Proprietary Funds
June 30, 2021

		<u>Business-type Activities - Enterprise Fund</u>
		<u>Sewer / Water</u>
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$	1,817,105
Special Assessments Receivable - Current Portion		310,778
Accounts Receivable		409,332
Total Current Assets		<u>2,537,215</u>
<i>Noncurrent Assets</i>		
Land		375,787
Depreciable Capital Assets		24,482,077
Equity in MHOG		10,719,278
Special Assessment Receivable - Long-term		1,092,127
Total Assets		<u>39,206,484</u>
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable		19,788
Current Portion of Long-term Debt		1,795,000
Accrued Interest		42,351
Due to Other Funds		3,805,079
Total Current Liabilities		<u>5,662,218</u>
<i>Noncurrent Liabilities</i>		
Long-term Debt		5,973,105
Total Liabilities		<u>11,635,323</u>
NET POSITION		
Net Investment in Capital Assets		17,089,759
<i>Unrestricted</i>		10,481,402
Total Net Position	\$	<u>27,571,161</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Howell
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Sewer / Water</u>
Operating Revenues	
Charges for Services	\$ 2,018,279
Connection Fees	870,600
<i>Total Operating Revenues</i>	<u>2,888,879</u>
Operating Expenses	
Public Works	1,212,504
Depreciation	722,168
<i>Total Operating Expenses</i>	<u>1,934,672</u>
<i>Operating Income (Loss)</i>	<u>954,207</u>
Non-Operating Revenues (Expenses)	
Gain on Sale of Capital Assets	1,162,088
Interest Income	153,191
Interest Expense	(325,056)
Write Up (Down) of Special Assessments	77,690
Change in Equity of MHOG	(54,060)
<i>Net Non-Operating Revenues (Expenses)</i>	<u>1,013,853</u>
<i>Change In Net Position</i>	<u>1,968,060</u>
<i>Net Position at Beginning of Period</i>	25,603,101
<i>Net Position at End of Period</i>	<u>\$ 27,571,161</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Howell
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Sewer / Water</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 2,776,112
Cash Payments to Suppliers for Goods and Services	(1,194,269)
<i>Net Cash Provided by Operating Activities</i>	<u>1,581,843</u>
 Cash Flows from Capital and Related Financing Activities	
Special Assessments	477,938
Change in Capital Assets	846,449
Interest Paid	(332,805)
Principal Payments on Bonds	(1,783,447)
<i>Net Cash Used by Capital and Related Financing Activities</i>	<u>(791,865)</u>
 Cash Flows from Investing Activities	
Interest on Investments	153,191
<i>Net Cash Provided by Investing Activities</i>	<u>153,191</u>
 Net Decrease in Cash and Equivalents	943,169
<i>Cash and Equivalents - Beginning of Year</i>	873,936
Cash and Equivalents - End of Year	<u>\$ 1,817,105</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Howell
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Sewer / Water</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 954,207
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	722,168
Changes in Assets and Liabilities	
Accounts Receivable, Net	(112,767)
Prepaid Items	1,500
Accounts Payable	16,735
Net Cash Provided by Operating Activities	<u>\$ 1,581,843</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Howell
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial
ASSETS	
Cash and Cash Equivalents	\$ 26,647
<i>Total Assets</i>	26,647
LIABILITIES	
Accounts Payable	11,737
Due to Other Governments	14,910
<i>Total Liabilities</i>	26,647
NET POSITION	
Held in Trust	\$ --

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Howell
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Trust & Agency Fund
Additions	
Property Taxes Collected for Other Governments	\$ 11,642,245
<i>Total Additions</i>	<i>11,642,245</i>
Deductions	
Property Taxes Disbursed to Other Governments	11,642,245
<i>Total Deductions</i>	<i>11,642,245</i>
<i>Change in Net Position</i>	<i>--</i>
<i>Net Position at Beginning of Period</i>	<i>--</i>
<i>Net Position at End of Period</i>	<i>\$ --</i>

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

Township of Howell

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Township of Howell (the “government” or “Township”) is governed by an elected seven-member board. In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, "*The Financial Reporting Entity*," these financial statements present the Township. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. There are no other units that should be included in the financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (e.g., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Township of Howell

Notes to the Financial Statements

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

Property taxes, franchise taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

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

The **Road Fund** accounts for the collection of property taxes and expenditures related to the extra voted road mileage.

The government reports the following major proprietary fund:

The **Sewer/Water Fund** accounts for the activities of the government's joint sewage disposal and water distribution and treatment systems.

Additionally, the government reports the following fund types:

The *agency funds* account for assets held for other governments in an agency capacity, including tax collection, health flex, and other trust and agency purposes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Township of Howell

Notes to the Financial Statements

Assets, Liabilities, and Fund Equity

Deposits and Investments - The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations; and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), if any, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	25 - 50
System Infrastructure	30 - 50
Vehicles	3 - 30
Furniture and Equipment	5 - 15

Compensated Absences - It is the Township's policy to permit employees to accumulate earned but unused vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay any amounts when employees separate from service with the Township. All vacation pay is accrued when included in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Township of Howell

Notes to the Financial Statements

Long-term Obligations - In the government-wide financial statements and 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, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Township of Howell

Notes to the Financial Statements

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Township Board, or its designee, is authorized to assign fund balance. The Township Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the Township's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Township Board.

Property Taxes - Real and personal property taxes are recorded as revenue in the year for which they are levied, provided they are collectible during that year or within 60 days following that year's end. Property tax revenues shown in the general fund and road special revenue fund reflect the 2020 Township levies of .8601 mills and .9160 mills, respectively, on the taxable valuation of property located in the Township as of the preceding December 31.

Taxable values are established annually by the County and are equalized by the State at an estimated 50% of current market value or \$392,295,800. The 2020 levy became a lien on properties on December 1, 2020, and was substantially collected in early 2021. Taxes became delinquent on March 1, 2021.

Use of Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Subsequent Events - Subsequent events have been evaluated through December 22, 2021, the date the financial statements were available to be issued. The Township will be affected by the recent and ongoing outbreak of the Coronavirus (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. COVID-19 has caused significant government and business disruptions through mandated and voluntary closings and stay at home orders.

Township of Howell

Notes to the Financial Statements

Management is in the process of determining the significance that the outbreak will have on the Township's upcoming budget. The impact on future revenues and expenditures are highly uncertain as of the date of this report.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted at the activity level for the general and road special revenue fund each fiscal year on a basis consistent with generally accepted accounting principles. The government's final budget must be prepared and adopted prior to July 1st of each year.

Reported budgeted amounts are as originally adopted or as amended by the Township Board. The legal level of budgetary control is the activity level. The township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. The Township had no expenditures in excess of the amount appropriated during the year ended June 30, 2021.

Note 3 - Deposits and Investments

Cash Equivalents - As of June 30, 2021, the Township's cash and cash equivalents were reported as follows:

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Funds
Cash and Cash Equivalents	<u>\$ 3,417,834</u>	<u>\$ 1,817,105</u>	<u>\$ 5,234,939</u>	<u>\$ 266,647</u>

Custodial Credit Risk - Deposits Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require, and during the year the Township did not have, a policy for deposit custodial credit risk. The insured and collateralized is as follows:

	Bank Balance	Carrying Amount
Amount Insured by the FDIC	<u>\$ 5,262,400</u>	<u>\$ 5,262,400</u>

Credit Risk - State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment credit risk. The Township had no investments that required credit risk ratings at year end.

Township of Howell

Notes to the Financial Statements

Interest Rate Risk - State law limits the allowable investments and the maturities of some of the allowable investments as identified above. 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.

Concentration of Credit Risk - State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Township's investment policy does not have specific limits in excess of state law on concentration of credit risk.

Note 4 - Capital Assets

Governmental capital assets activity for the year ended June 30, 2021 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 265,392	\$ -	\$ -	\$ 265,392
Capital assets being depreciated				
Buildings and Improvement	871,937	-	-	871,937
Furniture and Equipment	237,355	5,227	(4,206)	238,376
<i>Subtotal</i>	<u>1,109,292</u>	<u>5,227</u>	<u>(4,206)</u>	<u>1,110,313</u>
Less accumulated depreciation				
Buildings and Improvement	533,029	31,781		564,810
Furniture and Equipment	224,040	4,399	(4,206)	224,233
<i>Subtotal</i>	<u>757,069</u>	<u>36,180</u>	<u>(4,206)</u>	<u>789,043</u>
Capital assets being depreciated, net	<u>352,223</u>	<u>(30,953)</u>	<u>-</u>	<u>321,270</u>
<i>Net Capital Assets, Governmental</i>	<u>\$ 617,615</u>	<u>\$ (30,953)</u>	<u>\$ -</u>	<u>\$ 586,662</u>

Depreciation expense was charged to the general government for governmental activities.

Township of Howell

Notes to the Financial Statements

Business-type capital assets activity for the year ended June 30, 2021, was as follows:

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Land	\$ 391,520	\$ -	\$ (15,733)	\$ 375,787
Construction in Process	23,922	267,648	(291,570)	-
<i>Subtotal</i>	<u>415,442</u>	<u>267,648</u>	<u>(307,303)</u>	<u>375,787</u>
Capital assets being depreciated				
Sewer System	13,528,548	291,570	-	13,820,118
Water System	3,337,835	63,725	-	3,401,560
Water/Sewer System	18,370,786	-	-	18,370,786
<i>Subtotal</i>	<u>35,237,169</u>	<u>355,295</u>	<u>-</u>	<u>35,592,464</u>
Less accumulated depreciation				
Sewer System	4,949,547	650,678	-	5,600,225
Water System	958,294	68,361	-	1,026,655
Water/Sewer System	4,480,378	3,129	-	4,483,507
<i>Subtotal</i>	<u>10,388,219</u>	<u>722,168</u>	<u>-</u>	<u>11,110,387</u>
Capital assets being depreciated, net	<u>24,848,950</u>	<u>(366,873)</u>	<u>-</u>	<u>24,482,077</u>
Net Capital Assets, Business-type	<u>\$ 25,264,392</u>	<u>\$ (99,225)</u>	<u>\$ (307,303)</u>	<u>\$ 24,857,864</u>

Depreciation expense was charged to the sewer system (\$653,807) and water system (\$68,361) for business-type activities.

Note 5 - Long-term Debt

Long-term debt outstanding is as follows:

Business-type Activities:	Amount of Issue	Secured	Principal Maturity Ranges	Interest Rate	Maturity
<i>General Obligation Bonds</i>					
2006 Water/Sewer #6	\$ 5,700,000	Secured	\$200,000 - \$420,000	4.00 - 4.63%	2026
2012A Refunding Bonds	7,065,000	Secured	\$505,000 - \$665,000	3.00 - 4.00%	2025
2012B Refunding Bonds	1,475,000	Secured	\$95,000 - \$130,000	2.00 - 3.67%	2026
2012C Refunding Bonds	7,600,000	Secured	\$155,000 - \$590,000	3.00 - 3.73%	2027
2013 Refunding Bonds	2,710,000	Secured	\$25,000 - \$270,000	2.00 - 3.25%	2026

Township of Howell

Notes to the Financial Statements

Long-term debt obligation activity for June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 19,359	\$ 11,941	\$ -	\$ 31,300	\$ -
Business-type Activities:					
2006 Water/Sewer #6	\$ 755,000	\$ -	\$ (335,000)	\$ 420,000	\$ 350,000
2012A Refunding Bonds	2,575,000	-	(525,000)	2,050,000	520,000
2012B Refunding Bonds	590,000	-	(100,000)	490,000	100,000
2012C Refunding Bonds	4,225,000	-	(620,000)	3,605,000	615,000
2013 Refunding Bonds	1,485,000	-	(215,000)	1,270,000	210,000
Bond Discount	(78,448)	-	11,553	(66,895)	-
Total Business-type Activities Long-term Debt	<u>9,551,552</u>	<u>-</u>	<u>(1,783,447)</u>	<u>7,768,105</u>	<u>1,795,000</u>
Total Primary Government Long-term Obligations	<u>\$ 9,570,911</u>	<u>\$ 11,941</u>	<u>\$ (1,783,447)</u>	<u>\$ 7,799,405</u>	<u>\$ 1,795,000</u>

For the governmental activities, compensated absences are liquidated by the general fund.

2012 Refunding Bonds – The Township refunded the 2005 Sewer, 2006 Sewer and 2007 Water Special Assessment Bonds with the 2012 Refunding Bonds A, B, and C. These bonds were sold with a premium of \$56,504 which will be amortized straight-line over the life of the bond. The net present value of the reduced bond obligation to the Township is \$586,848 over the life of the 2012 Refunding Bonds. The total cash flow savings that Township will receive over the life of the bond is \$583,855.

2013 Refunding Bonds – The Township refunded the 2004 MHOG Bonds with the 2013 Refunding Bonds. These bonds were sold with a premium of \$114,361 which will be amortized straight-line over the life of the bond. The net present value of the reduced bond obligation to the Township is \$96,846 over the life of the 2013 Refunding Bonds. The total cash flow savings that Township will receive over the life of the bond is \$95,647.

Annual debt service requirements to maturity for the all long-term debt are as follows:

Fiscal Year Ended June 30,	Business-type Activities		
	Principal	Interest	Total
2022	\$ 1,795,000	\$ 258,825	\$ 2,053,825
2023	1,555,000	207,449	1,762,449
2024	1,470,000	158,994	1,628,994
2025	1,470,000	110,944	1,580,944
2026	955,000	62,219	1,017,219
2027-2031	590,000	29,425	619,425
Totals	<u>\$ 7,835,000</u>	<u>\$ 827,855</u>	<u>\$ 8,662,855</u>

Township of Howell

Notes to the Financial Statements

All bonds are direct placement bonds. The debt documents contain various provisions that in the event of default, the Township shall be required to use money from its general fund or levy an ad valorem tax sufficient to pay the obligation, subject to applicable constitutional, statutory, and other limitations.

Note 6 - Interfund Receivables, Payables, Advances and Transfers

At June 30, 2021 interfund receivables and payables were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 3,865,236	\$ 61,072
Road Fund	915	-
Sewer/Water Fund	-	3,805,079
Total	<u>\$ 3,866,151</u>	<u>\$ 3,866,151</u>

The above balances generally resulted from a time lag between the payment of special assessments from taxpayers and the related debt those special assessments fund.

Note 7 - Joint Ventures

Marion, Howell, Oceola, and Genoa Sewer and Water Authority

The Township is a member of the Marion, Howell, Oceola and Genoa Sewer and Water Authority (the "Authority" or "MHOG"). The Authority was incorporated by the townships of Marion, Howell, Oceola and Genoa. The Authority is responsible for the operations of the joint water systems. The Township of Howell's equity in this joint venture as of June 30, 2021 was \$10,719,278 (25%) which is recorded in the water fund and on the government-wide statement of net position. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments of the joint venture in the foreseeable future. Complete financial statements for the Marion, Howell, Oceola and Genoa Sewer and Water Authority can be obtained from the administrative offices at the Township of Oceola, Livingston County, Michigan.

Authority balances as of and for the fiscal year ended September 30, 2020 the latest audited financial statements, was as follows:

MHOG	
Total Assets	\$ 45,936,401
Total Liabilities	3,059,291
Total Net Position	42,877,110
Total Revenue	3,535,678
Total Expenses	3,751,920

Township of Howell

Notes to the Financial Statements

Howell Area Fire Authority

The Township is a member of the Howell Area Fire Authority, which was jointly incorporated by the City of Howell, Cohoctah Township, Marion Township, Oceola Township and Howell Township (the “Municipalities”) for the purpose of providing fire protection and other emergency health and safety services to the Municipalities. The Township appoints a member to the joint ventures governing board, which approves the annual budget. The funding for the Authority is provided by a dedicated voter-approved millage. The Township’s equity interest in the joint venture at June 30, 2021 was \$1,974,484 (21.16%) which is recorded within the governmental activities column in the statement of net position. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the foreseeable future. Complete financial statements of the Authority can be obtained from the administrative offices at the Township of Howell, Michigan.

Authority balances as of and for the fiscal year ended June 30, 2021 the latest audited financial statements available, was as follows:

Howell Area Fire Authority	
Total Assets and Deferred Outflows	\$ 8,399,366
Total Liabilities and Deferred Inflows	429,122
Total Net Position	7,897,934
Total Revenue	3,171,025
Total Expenses	2,087,644

Note 8 - Defined Contribution Pension Plan

The Township of Howell pension plan provides pension benefits for all Township officials and all other employees who work at least 36 hours per week on a regular basis and who choose to belong to the plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual’s account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant’s accounts and the returns on the investments of those contributions.

As established by the Township Board, the Township contributes 15 percent of employees’ gross earnings. Additionally, participants may contribute up to 10 percent of gross earnings on a pre-tax basis. In accordance with these requirements, the Township contributed \$61,049 during the year. No amounts were contributed by the participants.

Township of Howell

Notes to the Financial Statements

Note 9 - New Account Pronouncement Adopted

Additionally, the Township adopted the provisions of **GASB Statement No. 84, *Fiduciary Activities***, in the current year. As a result of this change, the activity of the payroll fund was moved into the general fund and the tax collection agency fund and trust and agency fund were converted into custodial funds. In addition, the custodial funds now show activity that occurred throughout the year.

Required Supplementary Information

Township of Howell
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Consolidated General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Property Taxes	\$ 482,500	\$ 482,500	\$ 493,134	\$ 10,634
State Revenue Sharing	350,000	650,000	702,007	52,007
Licenses and Permits	96,050	91,050	96,739	5,689
Charges for Services	37,700	37,700	32,608	(5,092)
Other	2,500	2,500	12,486	9,986
Interest Income	15,500	15,500	5,873	(9,627)
Total Revenues	984,250	1,279,250	1,342,847	63,597
Expenditures				
General Government				
Township Board	33,200	33,200	23,969	9,231
Supervisor	46,300	46,300	42,021	4,279
Clerk	101,700	101,700	95,069	6,631
Elections	64,800	64,800	49,556	15,244
Treasurer	84,400	73,400	56,898	16,502
Professional Services	61,800	111,800	110,111	1,689
Township Hall	160,600	166,600	138,144	28,456
Cemetery	6,200	6,200	4,424	1,776
Planning Commission	37,000	37,000	19,736	17,264
Board of Appeals	5,100	5,100	2,268	2,832
Board of Review	3,500	3,500	2,310	1,190
Zoning	75,500	64,500	58,311	6,189
Payroll Taxes	38,500	37,000	31,039	5,961
Assessor	106,700	106,700	83,019	23,681
Insurance	11,000	12,000	11,681	319
Employees' Life Insurance	31,600	31,600	24,778	6,822
Retirement	62,500	62,500	61,324	1,176
Other/Contingency	2,000	2,000	143	1,857
Total General Government	932,400	965,900	814,801	151,099
Public Works				
Street Lighting	6,000	6,000	5,983	17
Drains	33,000	50,000	48,620	1,380
Engineering	3,000	3,000	450	2,550
Total Public Works	42,000	59,000	55,053	3,947
Recreation and Culture	120,000	120,000	108,751	11,249
Total Expenditures	1,094,400	1,144,900	978,605	166,295
Excess (Deficiency) of Revenues and Over Expenditures	(110,150)	134,350	364,242	229,892
Net Change in Fund Balance	(110,150)	134,350	364,242	229,892
Fund Balance at Beginning of Period	5,784,131	5,784,131	5,784,131	--
Fund Balance at End of Period	\$ 5,673,981	\$ 5,918,481	\$ 6,148,373	\$ 229,892

Township of Howell
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Road Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Property Taxes	\$ 360,000	\$ 360,000	\$ 361,073	\$ 1,073
Interest Income	--	--	1,287	1,287
Total Revenues	<u>360,000</u>	<u>360,000</u>	<u>362,360</u>	<u>2,360</u>
Expenditures				
Maintenance	562,500	562,500	551,199	11,301
Chloride	80,000	80,000	73,812	6,188
Chargebacks	1,000	1,000	91	909
Total Expenditures	<u>643,500</u>	<u>643,500</u>	<u>625,102</u>	<u>18,398</u>
Excess (Deficiency) of Revenues and Over Expenditures	<u>(283,500)</u>	<u>(283,500)</u>	<u>(262,742)</u>	<u>20,758</u>
Net Change in Fund Balance	<u>(283,500)</u>	<u>(283,500)</u>	<u>(262,742)</u>	<u>20,758</u>
<i>Fund Balance at Beginning of Period</i>	1,186,702	1,186,702	1,186,702	--
Fund Balance at End of Period	<u>\$ 903,202</u>	<u>\$ 903,202</u>	<u>\$ 923,960</u>	<u>\$ 20,758</u>

December 30, 2021

To the Township Board of Trustees
Township of Howell

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Township of Howell, Michigan for the year ended June 30, 2021. 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. We have communicated such information in our letter to you dated December 20, 2021. 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. The significant accounting policies used by the Township are described in Note 1 to the financial statements. As stated in Note 9 to the financial statements the township adopted GASB Statement No. 84. 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 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 Township's financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

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 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 each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 December 30, 2021.

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 the governmental unit'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 to determine that 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.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the budgetary comparison schedules, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries 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.

Restriction on Use

This information is intended solely for the use of management, the Township Board of Trustees, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC
Grand Rapids, MI