



**TOWNSHIP OF HOWELL
LIVINGSTON COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

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

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 Howell (the "Township"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the 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, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

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

Gabridge & Company, PLC
Grand Rapids, Michigan
December 13, 2022

Management's Discussion and Analysis

Township of Howell
Management's Discussion and Analysis
June 30, 2022

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, 2022. 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 \$41,682,106 (net position for all activities). Of this amount, \$16,239,985 (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 \$4,508,766 in 2022.
- At the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$7,429,027, which is an increase of \$356,694. Approximately 86.6%, or \$6,433,626, of fund balance is unassigned. These funds are available for spending at the Township's discretion.
- The Township's long-term debt decreased by \$7,768,105 during the current fiscal year. The Township's general fund assisted the sewer/water fund in paying these debts off. As of June 30, 2022 the Township is debt free.

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 also has a nonmajor special revenue fund that is being used to track activities related to funds received from the American Rescue Plan Act (ARPA) funds received by the Township.

The Township adopts an annual appropriated budget for its general and special revenue funds. 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 two custodial funds; a general trust and agency fund and a tax collection fund

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 \$41,682,106 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	
	2022	2021	2022	2021	2022	2021
ASSETS						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 2,576,565	\$ 3,417,834	\$ 208,905	\$ 1,817,105	\$ 2,785,470	\$ 5,234,939
Accounts Receivable	19,538	19,371	348,275	409,332	367,813	428,703
Special Assessments Receivable - Short-term	-	-	307,059	310,778	307,059	310,778
Due from State	138,170	104,800	-	-	138,170	104,800
Prepaid Items	15,809	76,821	1,500	-	17,309	76,821
Total Current Assets	2,750,082	3,618,826	865,739	2,537,215	3,615,821	6,156,041
<i>Noncurrent Assets</i>						
Investment in Joint Ventures	2,160,967	1,974,484	10,906,016	10,719,278	13,066,983	12,693,762
Special Assessments Receivable - Long-term, net	-	-	760,862	1,092,127	760,862	1,092,127
Capital Assets not being Depreciated	267,411	265,392	336,320	375,787	603,731	641,179
Capital Assets being Depreciated, net	318,690	321,270	23,802,799	24,482,077	24,121,489	24,803,347
Total Assets	5,497,150	6,179,972	36,671,736	39,206,484	42,168,886	45,386,456
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	70,000	136,454	40,720	19,788	110,720	156,242
Accrued Payroll and Related Liabilities	37,665	33,415	-	-	37,665	33,415
Escrow Payable	51,522	101,251	-	-	51,522	101,251
Accrued Interest Payable	-	-	-	42,351	-	42,351
Unearned Revenue	186,495	-	-	-	186,495	-
Deposits Payable	80,452	80,452	-	-	80,452	80,452
Current Portion of Long-term Debt	-	-	-	1,795,000	-	1,795,000
Internal Balances	(5,105,079)	(3,805,079)	5,105,079	3,805,079	-	-
Total Current Liabilities	(4,678,945)	(3,453,507)	5,145,799	5,662,218	466,854	2,208,711
<i>Noncurrent Liabilities</i>						
Compensated Absences	19,926	31,300	-	-	19,926	31,300
Long-term Debt	-	-	-	5,973,105	-	5,973,105
Total Liabilities	(4,659,019)	(3,422,207)	5,145,799	11,635,323	486,780	8,213,116
NET POSITION						
Net Investment in Capital Assets	586,101	586,662	24,139,119	17,089,759	24,725,220	17,676,421
Restricted	716,901	943,174	-	-	716,901	943,174
Unrestricted	8,853,167	8,072,343	7,386,818	10,481,402	16,239,985	18,553,745
Total Net Position	\$ 10,156,169	\$ 9,602,179	\$ 31,525,937	\$ 27,571,161	\$ 41,682,106	\$ 37,173,340

Of the Township's net position, \$24,725,220 (59.3%) 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, \$716,901 (1.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,239,985, or 39.0%, is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Governmental activities. Cash and cash equivalents decreased by \$841,269 largely as a result of the general fund assisting the sewer/water fund with retiring all of the Township's outstanding bonds early. Prepaid items balances decreased by \$61,012 as a result of the Township prepaying costs for road repairs in the previous year and recognizing those expenses in the current year. The investments in joint ventures increased during the year as a result of the net position of the ventures themselves increasing. Accounts payable decreased during the year due to a difference year over year in the timing of payment of invoices at year end. Escrow payable decreased because the Township paid out portions of the escrow prior to year end as projects were completed. The Township has unearned revenues this year which represent the balance of ARPA funds the Township has received but not yet earned.

Business-type activities. Cash and cash equivalents decreased by \$1,608,200 largely as a result of the early retirement of all of the Township's outstanding bonds. This action resulted in the Township being debt free at year end. Accounts receivable also decreased during the year due to a favorable increase in collection rates compared to the previous year. Investment in Joint ventures increased during the year due to the joint venture's net position increase during the year. Internal balances represent amounts owed by the sewer/water to the general fund. This amount increased during the year by \$1,300,000 due to the above mentioned retirement of bonds outstanding.

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	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 139,939	\$ 141,833	\$ 5,970,923	\$ 4,050,967	\$ 6,110,862	\$ 4,192,800
Operating Grants and Contributions	284,951	84,059	-	-	284,951	84,059
Total Program Revenues	424,890	225,892	5,970,923	4,050,967	6,395,813	4,276,859
General Revenues						
Taxes	891,371	854,207	-	-	891,371	854,207
Unrestricted State Aid	909,229	617,948	-	-	909,229	617,948
Interest Income	7,591	7,160	125,028	153,191	132,619	160,351
Change in Joint Venture	186,483	270,846	-	-	186,483	270,846
Total General Revenues	1,994,674	1,750,161	125,028	153,191	2,119,702	1,903,352
Total Revenues	2,419,564	1,976,053	6,095,951	4,204,158	8,515,515	6,180,211
Expenses						
General Government	856,533	857,695	-	-	856,533	857,695
Public Works	799,945	680,155	2,141,175	2,236,098	2,941,120	2,916,253
Recreation and Culture	112,626	108,751	-	-	112,626	108,751
Community and Economic Development	96,470	-	-	-	96,470	-
Total Expenses	1,865,574	1,646,601	2,141,175	2,236,098	4,006,749	3,882,699
Change in Net Position	553,990	329,452	3,954,776	1,968,060	4,508,766	2,297,512
<i>Net Position at Beginning of Period</i>	9,602,179	9,272,727	27,571,161	25,603,101	37,173,340	34,875,828
Net Position at End of Period	\$ 10,156,169	\$ 9,602,179	\$ 31,525,937	\$ 27,571,161	\$ 41,682,106	\$ 37,173,340

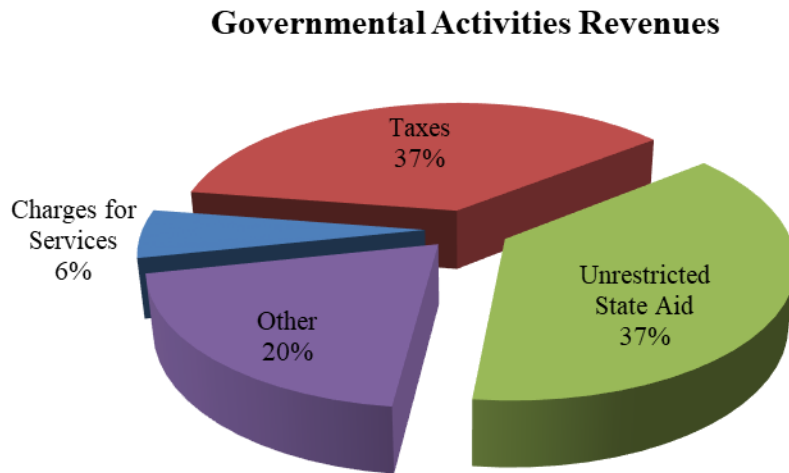
Governmental activities. Governmental activities increased the Township's net position by \$553,990 during fiscal year 2022. The total increase was the result of total revenues of \$2,419,564 less total expenses of \$1,865,574. Unrestricted state aid increased by \$291,281 compared to the previous year due to a one time census adjustment to and and overall increase of, State aid.

Operating grants and contributions increased by \$200,892 mostly because the Township earned \$193,405 of revenue related to the above mentioned ARPA funds. Public Works increase by \$24,867 due to increase road projects in the current year. Community and Economic Development is being reported as a new function this year; \$96,470 is being presented for this function as a result of the implementation of the Michigan Department of Treasury’s Uniform Chart of Accounts, where in the previous year similar costs would have been reported in general government or public works functions.

Business-type activities. Business-type activities increased the Township’s net position by \$3,954,776. Charges for services increased by \$2,386,047, mostly as a result of a write-up of a special assessment from prior years that was deemed fully uncollectible which was collected during fiscal year 2022 when the Township was able to sell the foreclosed property the assessment was assigned to.

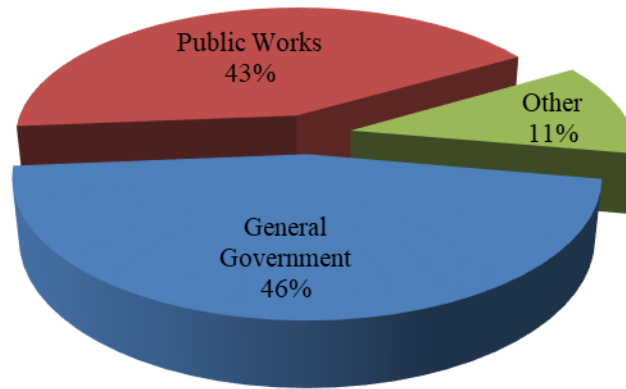
Governmental Activities

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:

Governmental Activities Expenses



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 \$7,429,027. Of this amount, \$6,433,626 or 86.6%, 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 \$563,753, bringing the balance to \$6,712,126.

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 \$207,817, bringing the balance to \$716,143.

ARPA Fund (Nonmajor). The ARPA fund had an increase in net position of \$758 during the year bringing the balance to \$758.

Changes in the governmental 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 \$7,386,818 with a total increase of \$3,954,776. 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, totaling \$73,900 across all functions. The largest change being an increase of \$35,000 for Township General Expenditures. 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 the following expenditures in excess of the amount appropriated during the year ended June 30, 2022:

<u>Fund / Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Township General Expenditures	\$ 199,200	\$ 203,506	\$ (4,306)
Road Fund			
Public Works	542,000	586,190	(44,190)

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, 2022, amounted to \$24,725,220 (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 no outstanding long-term debt.

More information on the Township's retirements of its 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 \$1,495,750 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 2022. 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 2023, the Township plans again to use current revenues to provide essential services and to maintain the Township's financial reserves at similar levels.

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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 2,576,565	\$ 208,905	\$ 2,785,470
Due from State	138,170	--	138,170
Special Assessments Receivable - Current Portion	--	307,059	307,059
Accounts Receivable	19,538	348,275	367,813
Prepaid Items	15,809	1,500	17,309
Total Current Assets	2,750,082	865,739	3,615,821
<i>Noncurrent Assets</i>			
Capital Assets not being Depreciated	267,411	336,320	603,731
Capital Assets being Depreciated, net	318,690	23,802,799	24,121,489
Equity in MHOG	--	10,906,016	10,906,016
Equity in Howell Area Fire Authority	2,160,967	--	2,160,967
Special Assessment Receivable - Long-term, net	--	760,862	760,862
Total Assets	5,497,150	36,671,736	42,168,886
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	70,000	40,720	110,720
Accrued Payroll and Related Liabilities	37,665	--	37,665
Escrow Payable	51,522	--	51,522
Unearned Revenue	186,495	--	186,495
Deposits Payable	80,452	--	80,452
<i>Internal Balances*</i>	(5,105,079)	5,105,079	--
Total Current Liabilities	(4,678,945)	5,145,799	466,854
<i>Noncurrent Liabilities</i>			
Compensated Absences	19,926	--	19,926
Total Liabilities	(4,659,019)	5,145,799	486,780
NET POSITION			
Investment in Capital Assets	586,101	24,139,119	24,725,220
<i>Restricted for:</i>			
Roads	716,143	--	716,143
ARPA	758	--	758
<i>Unrestricted</i>	8,853,167	7,386,818	16,239,985
Total Net Position	\$ 10,156,169	\$ 31,525,937	\$ 41,682,106

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, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 856,533	\$ 136,264	\$ 91,546	\$ --	\$ (628,723)	\$ --	\$ (628,723)
Public Works	799,945	3,675	193,405	--	(602,865)	--	(602,865)
Recreation and Culture	112,626	--	--	--	(112,626)	--	(112,626)
Community and Economic Development	96,470	--	--	--	(96,470)	--	(96,470)
Total Governmental Activities	1,865,574	139,939	284,951	--	(1,440,684)	--	(1,440,684)
Business-type Activities:							
Sewer / Water	2,141,175	5,970,923	--	--	--	3,829,748	3,829,748
Total Business-type Activities	2,141,175	5,970,923	--	--	--	3,829,748	3,829,748
Total Primary Government	\$ 4,006,749	\$ 6,110,862	\$ 284,951	\$ --	(1,440,684)	3,829,748	2,389,064

General Purpose Revenues and Transfers:

Revenues

Taxes	891,371	--	891,371
Change in Joint Venture	186,483	--	186,483
Interest Income	7,591	125,028	132,619
Unrestricted State Aid	909,229	--	909,229
Total General Revenues and Transfers	1,994,674	125,028	2,119,702
Change in Net Position	553,990	3,954,776	4,508,766
<i>Net Position at Beginning of Period</i>	9,602,179	27,571,161	37,173,340
Net Position at End of Period	\$ 10,156,169	\$ 31,525,937	\$ 41,682,106

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

**Township of Howell
Balance Sheet
Governmental Funds
June 30, 2022**

	<u>Special Revenue</u>			Total Governmental Funds
	<u>General</u>	<u>Road Fund</u>	<u>ARPA (Nonmajor)</u>	
ASSETS				
Cash and Cash Equivalents	\$ 1,659,740	\$ 729,572	\$ 187,253	\$ 2,576,565
Due from State	138,170	--	--	138,170
Accounts Receivable	19,538	--	--	19,538
Prepaid Items	15,809	--	--	15,809
Due from Other Funds	5,105,079	--	--	5,105,079
Total Assets	<u>\$ 6,938,336</u>	<u>\$ 729,572</u>	<u>\$ 187,253</u>	<u>\$ 7,855,161</u>
LIABILITIES				
Accounts Payable	\$ 56,571	\$ 13,429	\$ --	\$ 70,000
Accrued Payroll and Related Liabilities	37,665	--	--	37,665
Escrow Payable	51,522	--	--	51,522
Unearned Revenue	--	--	186,495	186,495
Deposits Payable	80,452	--	--	80,452
Total Liabilities	<u>226,210</u>	<u>13,429</u>	<u>186,495</u>	<u>426,134</u>
FUND BALANCE				
Nonspendable	15,809	--	--	15,809
Restricted	--	716,143	758	716,901
Assigned	262,691	--	--	262,691
Unassigned	6,433,626	--	--	6,433,626
Total Fund Balance	<u>6,712,126</u>	<u>716,143</u>	<u>758</u>	<u>7,429,027</u>
Total Liabilities and Fund Balance	<u>\$ 6,938,336</u>	<u>\$ 729,572</u>	<u>\$ 187,253</u>	<u>\$ 7,855,161</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, 2022

Total Fund Balance - Governmental Funds	\$ 7,429,027
General government capital assets of \$1,408,899, net of accumulated depreciation of \$822,798, are not financial resources and, accordingly, are not reported in the funds.	586,101
Joint venture assets reported in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,160,967
Compensated absences are not due in and payable in the current period and, therefore, are not reported in the funds.	(19,926)
Total Net Position-Governmental Activities	\$ <u>10,156,169</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, 2022

	<u>Special Revenue</u>			Total Governmental Funds
	<u>General</u>	<u>Road Fund</u>	<u>ARPA (Nonmajor)</u>	
Revenues				
Taxes	\$ 514,265	\$ 377,106	\$ --	\$ 891,371
Intergovernmental - State	1,000,775	--	--	1,000,775
Intergovernmental - Federal	--	--	193,405	193,405
Licenses and Permits	102,356	--	--	102,356
Charges for Services	36,739	--	--	36,739
Interest Income	5,566	1,267	758	7,591
Other Revenues	844	--	--	844
Total Revenues	<u>1,660,545</u>	<u>378,373</u>	<u>194,163</u>	<u>2,233,081</u>
Expenditures				
General Government	867,346	--	--	867,346
Public Works	20,350	586,190	193,405	799,945
Community and Economic Development	96,470	--	--	96,470
Recreation and Culture	112,626	--	--	112,626
Total Expenditures	<u>1,096,792</u>	<u>586,190</u>	<u>193,405</u>	<u>1,876,387</u>
Excess of Revenues Over (Under) Expenditures	<u>563,753</u>	<u>(207,817)</u>	<u>758</u>	<u>356,694</u>
Net Change in Fund Balance	<u>563,753</u>	<u>(207,817)</u>	<u>758</u>	<u>356,694</u>
<i>Fund Balance at Beginning of Period</i>	6,148,373	923,960	--	7,072,333
Fund Balance at End of Period	<u>\$ 6,712,126</u>	<u>\$ 716,143</u>	<u>\$ 758</u>	<u>\$ 7,429,027</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, 2022

Total Net Change in Fund Balances - Governmental Funds	\$ 356,694
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 \$33,755 is in excess of capital outlay expenditures of \$33,194.	(561)
Joint venture income (loss) is reported in governmental activities and is not reported in the funds.	186,483
Decrease in compensated absences.	11,374
Changes in Net Position-Governmental Activities	\$ <u>553,990</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, 2022**

	Business-type Activities - Enterprise Funds
	Sewer / Water
ASSETS	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 208,905
Special Assessments Receivable - Current Portion	307,059
Accounts Receivable	348,275
Prepaid Items	1,500
Total Current Assets	865,739
<i>Noncurrent Assets</i>	
Capital Assets not being Depreciated	336,320
Capital Assets being Depreciated, net	23,802,799
Equity in MHOG	10,906,016
Special Assessment Receivable - Long-term, net	760,862
Total Assets	36,671,736
LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	40,720
Due to Other Funds	5,105,079
Total Liabilities	5,145,799
NET POSITION	
Investment in Capital Assets	24,139,119
<i>Unrestricted</i>	7,386,818
Total Net Position	\$ 31,525,937

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, 2022

	Business-type Activities - Enterprise Funds
	Sewer / Water
Operating Revenues	
Charges for Services	\$ 1,852,173
Connection Fees	1,146,000
<i>Total Operating Revenues</i>	2,998,173
Operating Expenses	
Public Works	1,300,649
Depreciation	740,855
<i>Total Operating Expenses</i>	2,041,504
<i>Operating Income (Loss)</i>	956,669
Non-Operating Revenues (Expenses)	
Gain on Sale of Capital Assets	586,703
Interest Income	125,028
Write-up of Special Assessments	2,386,047
Interest Expense	(286,409)
Change in Equity of MHOG	186,738
<i>Net Non-Operating Revenues (Expenses)</i>	2,998,107
<i>Change In Net Position</i>	3,954,776
<i>Net Position at Beginning of Period</i>	27,571,161
<i>Net Position at End of Period</i>	\$ 31,525,937

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, 2022

	Business-type Activities - Enterprise Fund
	Sewer / Water
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 3,059,230
Cash Payments to Suppliers for Goods and Services	(1,281,217)
<i>Net Cash Provided by Operating Activities</i>	1,778,013
Cash Flows from Non-capital Financing Activities	
Increase (Decrease) in Internal Balances	1,300,000
<i>Net Cash Provided by Non-capital Financing Activities</i>	1,300,000
Cash Flows from Capital and Related Financing Activities	
Special Assessments	334,984
Adjustment on Special Assessment	2,386,047
Capital Asset Additions	(61,577)
Sale of Capital Assets	675,000
Interest Paid	(310,695)
Principal Payments on Bonds	(7,835,000)
<i>Net Cash Used by Capital and Related Financing Activities</i>	(4,811,241)
Cash Flows from Investing Activities	
Interest on Investments	125,028
<i>Net Cash Provided by Investing Activities</i>	125,028
Net Decrease in Cash and Equivalents	(1,608,200)
<i>Cash and Equivalents - Beginning of Year</i>	1,817,105
Cash and Equivalents - End of Year	\$ 208,905

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, 2022**

		<u>Business-type Activities - Enterprise Fund</u>
		<u>Sewer / Water</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$	956,669
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation Expense		740,855
Changes in Assets and Liabilities		
Accounts Receivable, Net		61,057
Prepaid Items		(1,500)
Accounts Payable		20,932
Net Cash Provided by Operating Activities	\$	<u>1,778,013</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, 2022

	Custodial
ASSETS	
Cash and Cash Equivalents	\$ 109,692
<i>Total Assets</i>	109,692
LIABILITIES	
Accounts Payable	11,302
Advances Payable	83,500
Due to Other Governments	14,890
<i>Total Liabilities</i>	109,692
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, 2022

	Custodial
Additions	
Property Taxes Collected for Other Governments	\$ 11,962,312
<i>Total Additions</i>	<i>11,962,312</i>
Deductions	
Property Taxes Disbursed to Other Governments	11,962,312
<i>Total Deductions</i>	<i>11,962,312</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 *custodial funds* account for assets held for other governments in an custodial capacity, including tax collection, 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."

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

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

Township of Howell

Notes to the Financial Statements

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.

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.

Township of Howell

Notes to the Financial Statements

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).

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 2021 Township levies of .8544 mills and .9099 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 \$410,658. The 2021 levy became a lien on properties on December 1, 2021, and was substantially collected in early 2021. Taxes became delinquent on March 1, 2022.

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

Township of Howell

Notes to the Financial Statements

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 13, 2022, the date the financial statements were available to be issued. Management is not aware of events that would have a significant impact on these financial statements.

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 the following expenditures in excess of appropriation at year end:

<u>Fund / Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Township General Expenditures	\$ 199,200	\$ 203,506	\$ (4,306)
Road Fund			
Public Works	542,000	586,190	(44,190)

Note 3 - Deposits and Investments

Cash Equivalents - As of June 30, 2022, the Township's cash and cash equivalents were reported as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>
Cash and Cash Equivalents	\$ 2,576,565	\$ 208,905	\$ 2,785,470	\$ 109,692

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:

Township of Howell

Notes to the Financial Statements

Insured	\$ 500,000
Uninsured	<u>2,418,882</u>
<i>Total bank balance</i>	<u>\$ 2,918,882</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.

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, 2022 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
Construction in Process	<u>-</u>	<u>2,019</u>	<u>-</u>	<u>2,019</u>
<i>Subtotal</i>	<u>265,392</u>	<u>2,019</u>	<u>-</u>	<u>267,411</u>
Capital assets being depreciated				
Buildings and Improvement	871,937	-	-	871,937
Furniture and Equipment	<u>238,376</u>	<u>31,175</u>	<u>-</u>	<u>269,551</u>
<i>Subtotal</i>	<u>1,110,313</u>	<u>31,175</u>	<u>-</u>	<u>1,141,488</u>
Less accumulated depreciation				
Buildings and Improvement	564,810	29,951	-	594,761
Furniture and Equipment	<u>224,233</u>	<u>3,804</u>	<u>-</u>	<u>228,037</u>
<i>Subtotal</i>	<u>789,043</u>	<u>33,755</u>	<u>-</u>	<u>822,798</u>
Capital assets being depreciated, net	<u>321,270</u>	<u>(2,580)</u>	<u>-</u>	<u>318,690</u>
<i>Net Capital Assets, Governmental</i>	<u>\$ 586,662</u>	<u>\$ (2,580)</u>	<u>\$ -</u>	<u>\$ 586,101</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, 2022, was as follows:

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Land	\$ 375,787	\$ -	\$ 39,467	\$ 336,320
Capital assets being depreciated				
Sewer System	13,820,118	38,827	-	13,858,945
Water System	3,401,560	22,750	-	3,424,310
Water/Sewer System	18,370,786	-	-	18,370,786
<i>Subtotal</i>	<u>35,592,464</u>	<u>61,577</u>	<u>-</u>	<u>35,654,041</u>
Less accumulated depreciation				
Sewer System	5,600,225	667,198	-	6,267,423
Water System	1,026,655	70,529	-	1,097,184
Water/Sewer System	4,483,507	3,128	-	4,486,635
<i>Subtotal</i>	<u>11,110,387</u>	<u>740,855</u>	<u>-</u>	<u>11,851,242</u>
Capital assets being depreciated, net	<u>24,482,077</u>	<u>(679,278)</u>	<u>-</u>	<u>23,802,799</u>
Net Capital Assets, Business-type	<u>\$ 24,857,864</u>	<u>\$ (679,278)</u>	<u>\$ 39,467</u>	<u>\$ 24,139,119</u>

Depreciation expense was charged to the sewer system (\$670,326) and water system (\$70,529) for business-type activities.

Township of Howell

Notes to the Financial Statements

Note 5 - Long-term Debt

Long-term debt obligation activity for June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 31,300	\$ -	\$ 11,374	\$ 19,926	\$ -
Business-type Activities:					
2006 Water/Sewer #6	\$ 420,000	\$ -	\$ (420,000)	\$ -	\$ -
2012A Refunding Bonds	2,050,000	-	(2,050,000)	-	-
2012B Refunding Bonds	490,000	-	(490,000)	-	-
2012C Refunding Bonds	3,605,000	-	(3,605,000)	-	-
2013 Refunding Bonds	1,270,000	-	(1,270,000)	-	-
Bond Discount	(66,895)	-	66,895	-	-
Total Business-type Activities Long-term Debt	<u>7,768,105</u>	<u>-</u>	<u>(7,768,105)</u>	<u>-</u>	<u>-</u>
Total Primary Government Long-term Obligations	<u>\$ 7,799,405</u>	<u>\$ -</u>	<u>\$ (7,756,731)</u>	<u>\$ 19,926</u>	<u>\$ -</u>

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

The Township has repaid all of its long-term debt debts as of June 30, 2022.

Note 6 - Interfund Receivables, Payables, Advances and Transfers

At June 30, 2022 interfund receivables and payables were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 5,105,079	\$ -
Sewer/Water Fund	-	5,105,079
Totals	<u>\$ 5,105,079</u>	<u>\$ 5,105,079</u>

The above balances resulted from the Township's general fund assisting the sewer/water fund in paying off all of the Township's long-term debt. The above amount is the amount the sewer/water fund will repay to the general 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, 2022 was \$10,906,016 (25%) which is recorded in the sewer/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

Township of Howell

Notes to the Financial Statements

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, 2021 the latest audited financial statements, was as follows:

MHOG

Total Assets	\$ 46,507,163
Total Liabilities	2,883,099
Total Net Position	43,624,064
Total Revenue	4,727,988
Total Expenses	3,981,034

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, 2022 was \$2,160,966.5 (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, 2022 the latest audited financial statements available, was as follows:

Howell Area Fire Authority

Total Assets and Deferred Outflows	\$ 9,038,593
Total Liabilities and Deferred Inflows	394,727
Total Net Position	8,643,866
Total Revenue	3,140,538
Total Expenses	2,394,606

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.

Township of Howell

Notes to the Financial Statements

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 \$64,679 during the year. No amounts were contributed by the participants.

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, 2022

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative) Final to Actual
Revenues				
Property Taxes	\$ 510,500	\$ 510,500	\$ 514,265	\$ 3,765
Intergovernmental - State	655,000	655,000	1,000,775	345,775
Licenses and Permits	96,050	96,050	102,356	6,306
Charges for Services	34,700	34,700	36,739	2,039
Interest Income	5,100	5,100	5,566	466
Other Revenues	500	500	844	344
Total Revenues	<u>1,301,850</u>	<u>1,301,850</u>	<u>1,660,545</u>	<u>358,695</u>
Expenditures				
General Government				
Township Board	33,200	33,200	24,837	8,363
Supervisor	46,300	47,100	44,080	3,020
Clerk	102,200	106,200	101,113	5,087
Elections	66,800	68,300	33,781	34,519
Treasurer	71,900	73,400	60,008	13,392
Township Hall	330,000	337,800	306,937	30,863
Township General Expenditures	164,200	199,200	203,506	(4,306)
Board of Review	3,500	3,500	3,207	293
Assessor	106,700	111,700	89,877	21,823
Total General Government	<u>924,800</u>	<u>980,400</u>	<u>867,346</u>	<u>113,054</u>
Public Works - Cemetery	6,200	21,200	20,350	850
Community and Economic Development				
Planning Commission	37,000	37,000	21,673	15,327
Zoning Administration	65,800	69,100	58,717	10,383
Board of Appeals	5,100	5,100	2,368	2,732
Engineering	15,000	15,000	13,712	1,288
Total Community and Economic Development	<u>122,900</u>	<u>126,200</u>	<u>96,470</u>	<u>29,730</u>
Recreation and Culture	120,000	120,000	112,626	7,374
Total Expenditures	<u>1,173,900</u>	<u>1,247,800</u>	<u>1,096,792</u>	<u>151,008</u>
Excess (Deficiency) of Revenues				
Over Expenditures	127,950	54,050	563,753	509,703
Net Change in Fund Balance	<u>127,950</u>	<u>54,050</u>	<u>563,753</u>	<u>509,703</u>
Fund Balance at Beginning of Period	6,148,373	6,148,373	6,148,373	--
Fund Balance at End of Period	<u>\$ 6,276,323</u>	<u>\$ 6,202,423</u>	<u>\$ 6,712,126</u>	<u>\$ 509,703</u>

Township of Howell
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Road Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 380,000	\$ 380,000	\$ 377,106	\$ (2,894)
Interest Income	--	--	1,267	1,267
<i>Total Revenues</i>	<u>380,000</u>	<u>380,000</u>	<u>378,373</u>	<u>(1,627)</u>
Expenditures				
Public Works	413,500	542,000	586,190	(44,190)
<i>Total Expenditures</i>	<u>413,500</u>	<u>542,000</u>	<u>586,190</u>	<u>(44,190)</u>
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	<u>(33,500)</u>	<u>(162,000)</u>	<u>(207,817)</u>	<u>(45,817)</u>
<i>Net Change in Fund Balance</i>	(33,500)	(162,000)	(207,817)	(45,817)
<i>Fund Balance at Beginning of Period</i>	923,960	923,960	923,960	--
<i>Fund Balance at End of Period</i>	\$ 890,460	\$ 761,960	\$ 716,143	\$ (45,817)

December 13, 2022

To the Township Board of Trustees
Township of Howell, Michigan

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 Howell, Michigan (the "Township") for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted 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 October 29, 2022. 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. There were no new accounting policies adopted and, the application of existing policies was not changed during the fiscal year ended June 30, 2022. We noted no transactions entered into by the Township 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 vacation banks.

We evaluated key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

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 each opinion unit's 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 December 13, 2022.

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 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 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 Township'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 the management's discussion and analysis and the budgetary comparison information, which are 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 the Township Board of Trustees and management of the Township and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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