



**TOWNSHIP OF HOWELL
LIVINGSTON COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

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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, 2023, 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, 2023, 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.

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, Michigan
December 22, 2023

Management's Discussion and Analysis

Township of Howell
Management's Discussion and Analysis
June 30, 2023

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, 2023. 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 \$42,942,926 (net position for all activities). Of this amount, \$18,215,469 (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 \$1,260,820 in 2023.
- At the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$7,763,221, which is an increase of \$334,194. Approximately 86.6%, or \$6,720,221, of fund balance is unassigned. These funds are available for spending at the Township's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,720,486 or 521.4% of the general fund's annualized expenditures.

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, community and economic development, 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 three major governmental funds, the general fund, road fund, and ARPA 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 three major funds.

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 \$42,942,926 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	
	2023	2022	2023	2022	2023	2022
ASSETS						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 4,056,304	\$ 2,576,565	\$ 953,166	\$ 208,905	\$ 5,009,470	\$ 2,785,470
Accounts Receivable	19,538	19,538	462,012	348,275	481,550	367,813
Special Assessments Receivable - Short-term	-	-	300,857	307,059	300,857	307,059
Due from State	137,769	138,170	-	-	137,769	138,170
Prepaid Items	25,715	15,809	19,775	1,500	45,490	17,309
Leases Receivable	-	-	23,554	-	23,554	-
Internal Balances	-	-	-	-	-	-
Total Current Assets	4,239,326	2,750,082	1,759,364	865,739	5,998,690	3,615,821
<i>Noncurrent Assets</i>						
Investment in Joint Ventures	2,361,885	2,160,967	10,906,147	10,906,016	13,268,032	13,066,983
Special Assessments Receivable - Long-term, net	-	-	431,223	760,862	431,223	760,862
Capital Assets not being Depreciated	265,392	267,411	332,418	336,320	597,810	603,731
Capital Assets being Depreciated, net	333,389	318,690	23,100,648	23,802,799	23,434,037	24,121,489
Long-term Leases Receivable	-	-	24,065	-	24,065	-
Total Assets	7,199,992	5,497,150	36,553,865	36,671,736	43,753,857	42,168,886
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	109,978	70,000	264,398	40,720	374,376	110,720
Accrued Payroll and Related Liabilities	35,778	37,665	-	-	35,778	37,665
Escrow Payable	35,271	51,522	-	-	35,271	51,522
Accrued Interest Payable	-	-	-	-	-	-
Unearned Revenue	306,306	186,495	-	-	306,306	186,495
Deposits Payable	-	80,452	-	-	-	80,452
Current Portion of Long-term Debt	-	-	-	-	-	-
Internal Balances	(4,011,228)	(5,105,079)	4,011,228	5,105,079	-	-
Total Current Liabilities	(3,523,895)	(4,678,945)	4,275,626	5,145,799	751,731	466,854
<i>Noncurrent Liabilities</i>						
Compensated Absences	16,797	19,926	-	-	16,797	19,926
Long-term Debt	-	-	-	-	-	-
Total Liabilities	(3,507,098)	(4,659,019)	4,275,626	5,145,799	768,528	486,780
DEFERRED INFLOWS OF RESOURCES						
Deferred Lease Revenue	-	-	42,403	-	42,403	-
Total Deferred Inflows of Resources	-	-	42,403	-	42,403	-
NET POSITION						
Net Investment in Capital Assets	598,781	586,101	23,433,066	24,139,119	24,031,847	24,725,220
Restricted	695,610	716,901	-	-	695,610	716,901
Unrestricted	9,412,699	8,853,167	8,802,770	7,386,818	18,215,469	16,239,985
Total Net Position	\$ 10,707,090	\$ 10,156,169	\$ 32,235,836	\$ 31,525,937	\$ 42,942,926	\$ 41,682,106

Of the Township's net position, \$24,031,847 (56.0%) 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, \$695,610 (1.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18,215,469 (42.4%) 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 \$1,479,739 due mostly to the increase in net position of \$550,921, and an increase in unearned revenues of \$119,811 for ARPA funds received, but not expended during the year. The investments in joint ventures increased during the year as a result of the net position of the ventures themselves increasing. Accounts payable increased 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.

Business-type activities. Cash and cash equivalents increased by \$744,261 largely as a result of the increase in net position of \$709,899. Accounts receivable also increased during the year due to a decrease in collection rates compared to the previous year. Internal balances represent amounts owed by the sewer/water to the general fund. This amount decreased during the year by \$1,093,851.

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	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$ 113,048	\$ 139,939	\$ 2,672,905	\$ 5,970,923	\$ 2,785,953	\$ 6,110,862
Operating Grants and Contributions	266,878	284,951	-	-	266,878	284,951
Total Program Revenues	<u>379,926</u>	<u>424,890</u>	<u>2,672,905</u>	<u>5,970,923</u>	<u>3,052,831</u>	<u>6,395,813</u>
General Revenues						
Taxes	946,990	891,371	-	-	946,990	891,371
Unrestricted State Aid	963,944	909,229	-	-	963,944	909,229
Interest Income	21,539	7,591	64,084	125,028	85,623	132,619
Change in Joint Venture	200,918	186,483	-	-	200,918	186,483
Sale of Fixed Assets	-	-	205,141	-	205,141	-
Total General Revenues	<u>2,133,391</u>	<u>1,994,674</u>	<u>269,225</u>	<u>125,028</u>	<u>2,402,616</u>	<u>2,119,702</u>
Total Revenues	<u>2,513,317</u>	<u>2,419,564</u>	<u>2,942,130</u>	<u>6,095,951</u>	<u>5,455,447</u>	<u>8,515,515</u>
Expenses						
General Government	961,841	856,533	-	-	961,841	856,533
Public Works	756,892	799,945	2,232,231	2,141,175	2,989,123	2,941,120
Recreation and Culture	118,507	112,626	-	-	118,507	112,626
Community and Economic Development	125,156	96,470	-	-	125,156	96,470
Total Expenses	<u>1,962,396</u>	<u>1,865,574</u>	<u>2,232,231</u>	<u>2,141,175</u>	<u>4,194,627</u>	<u>4,006,749</u>
Change in Net Position	<u>550,921</u>	<u>553,990</u>	<u>709,899</u>	<u>3,954,776</u>	<u>1,260,820</u>	<u>4,508,766</u>
<i>Net Position at Beginning of Period</i>	<u>10,156,169</u>	<u>9,602,179</u>	<u>31,525,937</u>	<u>27,571,161</u>	<u>41,682,106</u>	<u>37,173,340</u>
Net Position at End of Period	<u>\$ 10,707,090</u>	<u>\$ 10,156,169</u>	<u>\$ 32,235,836</u>	<u>\$ 31,525,937</u>	<u>\$ 42,942,926</u>	<u>\$ 41,682,106</u>

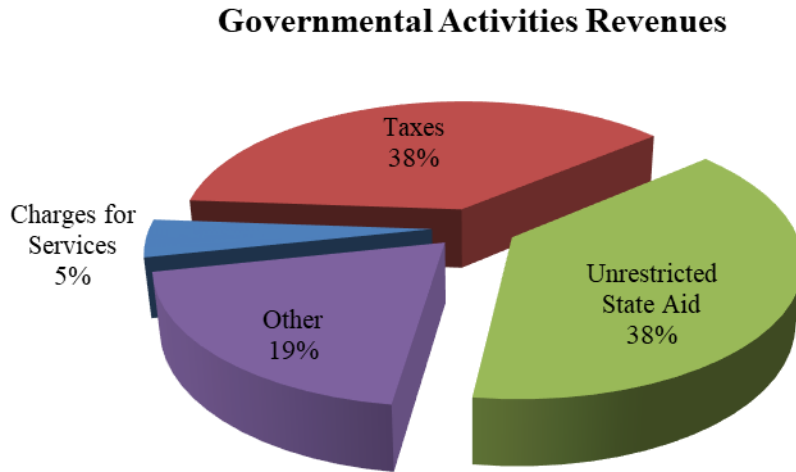
Governmental activities. Governmental activities increased the Township's net position by \$334,194 during fiscal year 2023. The total increase was the result of total revenues of \$2,312,399

less total expenses of \$1,978,205. Taxes increased \$55,619 due to an increase in taxable value of 8.3% Unrestricted state aid increased by \$54,715 compared to the previous year due to an overall increase of, State aid. General government expenditures increased \$105,308 during the year largely due to an increase in legal expenses during the year.

Business-type activities. Business-type activities increased the Township’s net position by \$709,899. Charges for services decreased by \$3,298,018, 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.

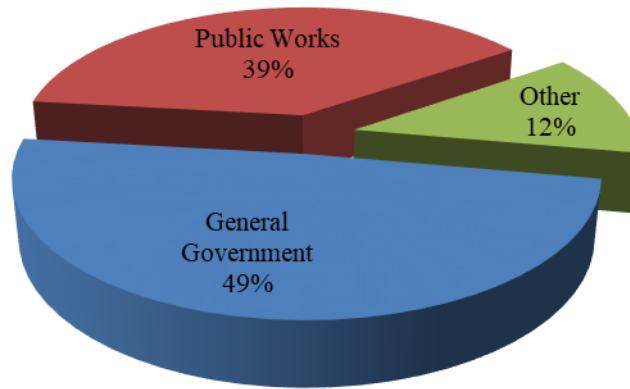
Governmental Activities

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 \$7,763,221. Of this amount, \$6,720,486 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 \$355,485, bringing the balance to \$7,067,611

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 \$24,312, bringing the balance to \$691,831.

ARPA Fund. The ARPA fund had an increase in net position of \$3,021 during the year bringing the balance to \$3,779.

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 \$8,802,770 with a total increase of \$709,899. 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 did not revise its original budget to account for the changing environment of expenditures.. A schedule showing the Township's general fund, road fund, and ARPA 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 expenditures in excess of the amount appropriated during the year ended June 30, 2023.

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, 2023, amounted to \$24,031,847 (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 \$1,636,250 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 2023. 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 2024, 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, 2023

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 4,056,304	\$ 953,166	\$ 5,009,470
Due from State	137,769	--	137,769
Special Assessments Receivable - Current Portion	--	300,857	300,857
Accounts Receivable	19,538	462,012	481,550
Prepaid Items	25,715	19,775	45,490
Leases Receivable	--	23,554	23,554
Total Current Assets	4,239,326	1,759,364	5,998,690
<i>Noncurrent Assets</i>			
Capital Assets not being Depreciated	265,392	332,418	597,810
Capital Assets being Depreciated, net	333,389	23,100,648	23,434,037
Equity in MHOG	--	10,906,147	10,906,147
Equity in Howell Area Fire Authority	2,361,885	--	2,361,885
Special Assessment Receivable - Long-term, net	--	431,223	431,223
Long-term Leases Receivable	--	24,065	24,065
Total Assets	7,199,992	36,553,865	43,753,857
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	109,978	264,398	374,376
Accrued Payroll and Related Liabilities	35,778	--	35,778
Escrow Payable	35,271	--	35,271
Unearned Revenue	306,306	--	306,306
Internal Balances	(4,011,228)	4,011,228	--
Total Current Liabilities	(3,523,895)	4,275,626	751,731
<i>Noncurrent Liabilities</i>			
Compensated Absences	16,797	--	16,797
Total Liabilities	(3,507,098)	4,275,626	768,528
DEFERRED INFLOWS OF RESOURCES			
Deferred Lease Revenue	--	42,403	42,403
Total Deferred Inflows of Resources	--	42,403	42,403
NET POSITION			
Investment in Capital Assets	598,781	23,433,066	24,031,847
<i>Restricted for:</i>			
Roads	691,831	--	691,831
ARPA	3,779	--	3,779
<i>Unrestricted</i>	9,412,699	8,802,770	18,215,469
Total Net Position	\$ 10,707,090	\$ 32,235,836	\$ 42,942,926

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, 2023**

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	\$ 961,841	\$ 99,798	\$ --	\$ --	\$ (862,043)	\$ --	\$ (862,043)
Public Works	756,892	1,625	266,878	--	(488,389)	--	(488,389)
Recreation and Culture	118,507	--	--	--	(118,507)	--	(118,507)
Community and Economic Development	125,156	11,625	--	--	(113,531)	--	(113,531)
Total Governmental Activities	1,962,396	113,048	266,878	--	(1,582,470)	--	(1,582,470)
Business-type Activities:							
Sewer / Water	2,232,231	2,672,905	--	--	--	440,674	440,674
Total Business-type Activities	2,232,231	2,672,905	--	--	--	440,674	440,674
Total Primary Government	\$ 4,194,627	\$ 2,785,953	\$ 266,878	\$ --	(1,582,470)	440,674	(1,141,796)
General Purpose Revenues:							
Taxes					946,990	--	946,990
Intergovernmental - State					963,944	--	963,944
Change in Joint Venture					200,918	--	200,918
Interest Income					21,539	64,084	85,623
Gain on Sale of Capital Assets					--	205,141	205,141
Total General Revenues					2,133,391	269,225	2,402,616
Change in Net Position					550,921	709,899	1,260,820
<i>Net Position at Beginning of Period</i>					10,156,169	31,525,937	41,682,106
Net Position at End of Period					\$ 10,707,090	\$ 32,235,836	\$ 42,942,926

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

**Township of Howell
Balance Sheet
Governmental Funds
June 30, 2023**

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Road Fund</u>	<u>ARPA</u>	
ASSETS				
Cash and Cash Equivalents	\$ 3,012,478	\$ 691,831	\$ 351,995	\$ 4,056,304
Due from State	137,769	--	--	137,769
Accounts Receivable	19,538	--	--	19,538
Prepaid Items	25,715	--	--	25,715
Due from Other Funds	4,011,228	--	--	4,011,228
<i>Total Assets</i>	<u>\$ 7,206,728</u>	<u>\$ 691,831</u>	<u>\$ 351,995</u>	<u>\$ 8,250,554</u>
LIABILITIES				
Accounts Payable	\$ 68,068	\$ --	\$ 41,910	\$ 109,978
Accrued Payroll and Related Liabilities	35,778	--	--	35,778
Escrow Payable	35,271	--	--	35,271
Unearned Revenue	--	--	306,306	306,306
<i>Total Liabilities</i>	<u>139,117</u>	<u>--</u>	<u>348,216</u>	<u>487,333</u>
FUND BALANCE				
Nonspendable	25,715	--	--	25,715
Restricted	--	691,831	3,779	695,610
Assigned	321,410	--	--	321,410
Unassigned	6,720,486	--	--	6,720,486
<i>Total Fund Balance</i>	<u>7,067,611</u>	<u>691,831</u>	<u>3,779</u>	<u>7,763,221</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 7,206,728</u>	<u>\$ 691,831</u>	<u>\$ 351,995</u>	<u>\$ 8,250,554</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
June 30, 2023

Total Fund Balance - Governmental Funds	\$ 7,763,221
General government capital assets of \$1,458,380, net of accumulated depreciation of \$859,599, are not financial resources and, accordingly, are not reported in the funds.	598,781
Joint venture assets reported in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,361,885
Compensated absences are not due in and payable in the current period and, therefore, are not reported in the funds.	(16,797)
Total Net Position - Governmental Activities	\$ <u>10,707,090</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, 2023

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Road Fund</u>	<u>ARPA</u>	
Revenues				
Taxes	\$ 546,399	\$ 400,591	\$ --	\$ 946,990
Intergovernmental - State	963,944	--	--	963,944
Intergovernmental - Federal	--	--	260,080	260,080
Licenses and Permits	93,588	--	--	93,588
Charges for Services	25,467	--	--	25,467
Interest Income	14,334	4,184	3,021	21,539
Other Revenues	791	--	--	791
Total Revenues	<u>1,644,523</u>	<u>404,775</u>	<u>263,101</u>	<u>2,312,399</u>
Expenditures				
General Government	977,650	--	--	977,650
Public Works	67,725	429,087	260,080	756,892
Community and Economic Development	125,156	--	--	125,156
Recreation and Culture	118,507	--	--	118,507
Total Expenditures	<u>1,289,038</u>	<u>429,087</u>	<u>260,080</u>	<u>1,978,205</u>
Excess of Revenues Over (Under) Expenditures	<u>355,485</u>	<u>(24,312)</u>	<u>3,021</u>	<u>334,194</u>
Net Change in Fund Balance	<u>355,485</u>	<u>(24,312)</u>	<u>3,021</u>	<u>334,194</u>
<i>Fund Balance at Beginning of Period</i>	6,712,126	716,143	758	7,429,027
Fund Balance at End of Period	<u>\$ 7,067,611</u>	<u>\$ 691,831</u>	<u>\$ 3,779</u>	<u>\$ 7,763,221</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, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	334,194
<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 \$36,801 is exceeded by capital outlay expenditures of \$49,481.</p>		
		12,680
<p>Joint venture income (loss) is reported in governmental activities and is not reported in the funds.</p>		
		200,918
<p>Decrease in compensated absences.</p>		
		3,129
Changes in Net Position - Governmental Activities	\$	<u>550,921</u>

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

**Township of Howell
Statement of Net Position
Proprietary Fund
June 30, 2023**

	Business-type Activities - Enterprise Fund
	Sewer / Water
ASSETS	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 953,166
Special Assessments Receivable - Current Portion	300,857
Accounts Receivable	462,012
Prepaid Items	19,775
Leases Receivable	23,554
Total Current Assets	1,759,364
<i>Noncurrent Assets</i>	
Capital Assets not being Depreciated	332,418
Capital Assets being Depreciated, net	23,100,648
Equity in MHOG	10,906,147
Special Assessment Receivable - Long-term, net	431,223
Long-term Leases Receivable	24,065
Total Assets	36,553,865
LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	264,398
Due to Other Funds	4,011,228
Total Current Liabilities	4,275,626
Total Liabilities	4,275,626
DEFERRED INFLOWS OF RESOURCES	
Leases	42,403
Total Deferred Inflows of Resources	42,403
NET POSITION	
Investment in Capital Assets	23,433,066
<i>Unrestricted</i>	8,802,770
Total Net Position	\$ 32,235,836

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 Fund
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Fund
	Sewer / Water
Operating Revenues	
Charges for Services	\$ 2,213,591
Connection Fees	366,789
<i>Total Operating Revenues</i>	2,580,380
Operating Expenses	
Public Works	1,489,058
Depreciation	743,304
<i>Total Operating Expenses</i>	2,232,362
<i>Operating Income (Loss)</i>	348,018
Non-Operating Revenues (Expenses)	
Gain on Sale of Capital Assets	205,141
Interest Income	156,609
Change in Equity of MHOG	131
<i>Net Non-Operating Revenues (Expenses)</i>	361,881
<i>Change In Net Position</i>	709,899
<i>Net Position at Beginning of Period</i>	31,525,937
<i>Net Position at End of Period</i>	\$ 32,235,836

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, 2023

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Sewer / Water</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 2,461,427
Cash Payments to Suppliers for Goods and Services	(1,283,655)
<i>Net Cash Provided by Operating Activities</i>	<u>1,177,772</u>
 Cash Flows from Non-capital Financing Activities	
Increase (Decrease) in Internal Balances	(1,093,851)
<i>Net Cash Provided by Non-capital Financing Activities</i>	<u>(1,093,851)</u>
 Cash Flows from Capital and Related Financing Activities	
Special Assessments	335,841
Adjustment on Special Assessment	-
Capital Asset Additions	(37,251)
Sale of Capital Assets	205,141
Interest Paid	-
Principal Payments on Bonds	-
<i>Net Cash Used by Capital and Related Financing Activities</i>	<u>503,731</u>
 Cash Flows from Investing Activities	
Interest on Investments	156,609
<i>Net Cash Provided by Investing Activities</i>	<u>156,609</u>
Net Decrease in Cash and Equivalents	744,261
<i>Cash and Equivalents - Beginning of Year</i>	<u>208,905</u>
Cash and Equivalents - End of Year	<u>\$ 953,166</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, 2023**

	Business-type Activities - Enterprise Fund
	Sewer / Water
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 348,018
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	743,304
Changes in Assets and Liabilities	
Accounts Receivable, Net	(113,737)
Prepaid Items	(18,275)
Accounts Payable	223,678
Leases	(5,216)
Net Cash Provided by Operating Activities	\$ 1,177,772

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, 2023

	Custodial
ASSETS	
Cash and Cash Equivalents	\$ 115,987
<i>Total Assets</i>	115,987
LIABILITIES	
Accounts Payable	8,986
Advances Payable	88,500
Due to Other Governments	18,501
<i>Total Liabilities</i>	115,987
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, 2023

	Custodial
Additions	
Property Taxes Collected for Other Governments	\$ 12,397,722
<i>Total Additions</i>	12,397,722
Deductions	
Property Taxes Disbursed to Other Governments	12,397,722
<i>Total Deductions</i>	12,397,722
<i>Change in Net Position</i>	--
<i>Net Position at Beginning of Period</i>	--
<i>Net Position at End of Period</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 **ARPA Fund** accounts for the revenues and expenditures related to the American Rescue Plan Act.

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

Township of Howell

Notes to the Financial Statements

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.

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."

Leases Receivable

The Township acts as a lessor for leases involving the right to use Township assets. As per GASB 87, the Township recognizes a lease receivable and a deferred inflow of resources in its government-wide and governmental fund financial statements.

Initially, the lease receivable is measured at the present value of expected lease payments over the lease term. The lease receivable is subsequently reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Over the lease term, the deferred inflow of resources is recognized as revenue.

Significant estimates and judgments involved include determining the discount rate used to present value lease receipts, determining the lease term, and estimating lease receipts. The Township utilizes its estimated incremental borrowing rate as the discount rate for leases. The lease term comprises the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable consist of fixed payments from the lessee.

The Township continually monitors changes that may necessitate a remeasurement of the lease receivable. If significant changes occur, the lease receivable will be remeasured accordingly.

Township of Howell

Notes to the Financial Statements

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

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,

Township of Howell

Notes to the Financial Statements

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).

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

Township of Howell

Notes to the Financial Statements

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 2022 Township levies of .8469 mills and .9019 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, for tax year 2022 that amount to \$444,848,459. The 2022 levy became a lien on properties on December 1, 2022, and was substantially collected in early 2022. Taxes became delinquent on March 1, 2023.

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 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.

Township of Howell

Notes to the Financial Statements

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 appropriation at year end.

Note 3 - Deposits and Investments

Cash Equivalents - As of June 30, 2023, 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>\$ 4,056,304</u>	<u>\$ 953,166</u>	<u>\$ 5,009,470</u>	<u>\$ 115,987</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:

Insured	\$ 500,000
Uninsured	<u>4,625,716</u>
Total bank balance	<u>\$ 5,125,716</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.

Township of Howell

Notes to the Financial Statements

Note 4 - Capital Assets

Governmental capital assets activity for the year ended June 30, 2023 was as follows:

Governmental Activities	Beginning Balance	Additions	Transfers	Ending Balance
Capital assets not being depreciated				
Land	\$ 265,392	\$ -	\$ -	\$ 265,392
Construction in Process	2,019	-	(2,019)	-
<i>Subtotal</i>	<u>267,411</u>	<u>-</u>	<u>(2,019)</u>	<u>265,392</u>
Capital assets being depreciated				
Buildings and Improvement	871,937	-	-	871,937
Furniture and Equipment	269,551	49,481	2,019	321,051
<i>Subtotal</i>	<u>1,141,488</u>	<u>49,481</u>	<u>2,019</u>	<u>1,192,988</u>
Less accumulated depreciation				
Buildings and Improvement	594,761	29,662	-	624,423
Furniture and Equipment	228,037	7,139	-	235,176
<i>Subtotal</i>	<u>822,798</u>	<u>36,801</u>	<u>-</u>	<u>859,599</u>
Capital assets being depreciated, net	<u>318,690</u>	<u>12,680</u>	<u>2,019</u>	<u>333,389</u>
Net Capital Assets, Governmental	<u>\$ 584,082</u>	<u>\$ 12,680</u>	<u>\$ 2,019</u>	<u>\$ 598,781</u>

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

Business-type capital assets activity for the year ended June 30, 2023, was as follows:

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Land	\$ 336,320	\$ -	\$ 3,902	\$ 332,418
Capital assets being depreciated				
Sewer System	13,858,945	35,725	-	13,894,670
Water System	3,424,310	-	-	3,424,310
Water/Sewer System	18,370,786	5,429	-	18,376,215
<i>Subtotal</i>	<u>35,654,041</u>	<u>41,154</u>	<u>-</u>	<u>35,695,195</u>
Less accumulated depreciation				
Sewer System	6,267,423	668,017	-	6,935,440
Water System	1,097,184	71,628	-	1,168,812
Water/Sewer System	4,486,635	3,660	-	4,490,295
<i>Subtotal</i>	<u>11,851,242</u>	<u>743,305</u>	<u>-</u>	<u>12,594,547</u>
Capital assets being depreciated, net	<u>23,802,799</u>	<u>(702,151)</u>	<u>-</u>	<u>23,100,648</u>
Net Capital Assets, Business-type	<u>\$ 24,139,119</u>	<u>\$ (702,151)</u>	<u>\$ 3,902</u>	<u>\$ 23,433,066</u>

Depreciation expense was charged to the sewer system (\$671,677) and water system (\$71,628) 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, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 19,926	\$ -	\$ (3,129)	\$ 16,797	\$ -

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, 2023 interfund receivables and payables were as follows:

	Receivables	Payables
General Fund	\$ 4,011,228	\$ -
Sewer/Water Fund	-	4,011,228
Totals	\$ 4,011,228	\$ 4,011,228

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, 2023 was \$10,906,147 (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 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, 2022 the latest audited financial statements, was as follows:

Township of Howell

Notes to the Financial Statements

MHOG

Total Assets	\$ 47,192,476
Total Liabilities and deferred inflows	3,567,890
Total Net Position	43,624,586
Total Revenue	4,129,890
Total Expenses	4,129,368

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, 2023 was \$2,361,884 (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, 2023 the latest audited financial statements available, was as follows:

Howell Area Fire Authority

Total Assets and Deferred Outflows	\$ 9,981,796
Total Liabilities and Deferred Inflows	534,260
Total Net Position	9,447,536
Total Revenue	3,392,654
Total Expenses	2,587,230

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.

Township of Howell

Notes to the Financial Statements

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 \$66,485 during the year. No amounts were contributed by the participants.

Note 9 – Leases Receivable

The Township is reporting total lease receivables of \$47,619 as of June 30, 2023. For fiscal year 2023 the Township reported lease revenue of \$28,269 and interest revenue of \$1,272 related to lease payments received.

Farm Land Leases – On January 1, 2020 the Township entered into a 5-year lease agreement with Local Farmers for two parcels. These lease agreements included the right to extend this lease for year to year after the initial term. Based on this agreement, the Township is receiving annual payments through 2024.

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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Property Taxes	\$ 533,500	\$ 533,500	\$ 546,399	\$ 12,899
Intergovernmental - State	830,000	830,000	963,944	133,944
Licenses and Permits	96,050	96,050	93,588	(2,462)
Charges for Services	34,700	34,700	25,467	(9,233)
Interest Income	1,100	1,100	14,334	13,234
Other Revenues	500	500	791	291
Total Revenues	<u>1,495,850</u>	<u>1,495,850</u>	<u>1,644,523</u>	<u>148,673</u>
Other Financing Sources				
Transfers In	175,000	175,000	--	(175,000)
Total Revenues and Other Financing Sources	<u>1,670,850</u>	<u>1,670,850</u>	<u>1,644,523</u>	<u>(26,327)</u>
Expenditures				
General Government				
Township Board	33,800	33,800	27,018	6,782
Supervisor	48,175	48,175	47,326	849
Clerk	111,300	111,300	106,832	4,468
Elections	73,925	73,925	55,093	18,832
Treasurer	79,025	79,025	73,033	5,992
Township Hall	361,025	361,025	323,092	37,933
Township General Expenditures	268,200	268,200	243,405	24,795
Board of Review	5,500	5,500	2,370	3,130
Assessor	115,225	115,225	99,481	15,744
Total General Government	<u>1,096,175</u>	<u>1,096,175</u>	<u>977,650</u>	<u>118,525</u>
Public Works				
Cemetery	20,000	20,000	16,236	3,764
Drains	55,000	55,000	51,489	3,511
Total Public Works	<u>75,000</u>	<u>75,000</u>	<u>67,725</u>	<u>7,275</u>
Community and Economic Development				
Planning Commission	37,000	37,000	18,940	18,060
Zoning Administration	90,450	90,450	88,693	1,757
Board of Appeals	5,100	5,100	3,901	1,199
Engineering	25,000	25,000	13,622	11,378
Total Community and Economic Development	<u>157,550</u>	<u>157,550</u>	<u>125,156</u>	<u>32,394</u>
Recreation and Culture	<u>125,000</u>	<u>125,000</u>	<u>118,507</u>	<u>6,493</u>
Total Expenditures	<u>1,453,725</u>	<u>1,453,725</u>	<u>1,289,038</u>	<u>164,687</u>
Other Financing Uses				
Transfers Out	175,000	175,000	--	175,000
Total Expenditures and Other Financing Uses	<u>1,628,725</u>	<u>1,628,725</u>	<u>1,289,038</u>	<u>339,687</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>42,125</u>	<u>42,125</u>	<u>355,485</u>	<u>313,360</u>
Net Change in Fund Balance	<u>42,125</u>	<u>42,125</u>	<u>355,485</u>	<u>313,360</u>
<i>Fund Balance at Beginning of Period</i>	6,712,126	6,712,126	6,712,126	--
Fund Balance at End of Period	<u>\$ 6,754,251</u>	<u>\$ 6,754,251</u>	<u>\$ 7,067,611</u>	<u>\$ 313,360</u>

Township of Howell
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Property Taxes	\$ 395,000	\$ 395,000	\$ 400,591	\$ 5,591
Interest Income	100	100	4,184	4,084
Total Revenues	<u>395,100</u>	<u>395,100</u>	<u>404,775</u>	<u>9,675</u>
Expenditures				
Public Works	728,000	728,000	429,087	298,913
Total Expenditures	<u>728,000</u>	<u>728,000</u>	<u>429,087</u>	<u>298,913</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(332,900)</u>	<u>(332,900)</u>	<u>(24,312)</u>	<u>308,588</u>
Net Change in Fund Balance	<u>(332,900)</u>	<u>(332,900)</u>	<u>(24,312)</u>	<u>308,588</u>
<i>Fund Balance at Beginning of Period</i>	716,143	716,143	716,143	--
Fund Balance at End of Period	<u>\$ 383,243</u>	<u>\$ 383,243</u>	<u>\$ 691,831</u>	<u>\$ 308,588</u>

Township of Howell
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
ARPA
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Intergovernmental - Federal	\$ 378,377	\$ 378,377	\$ 260,080	\$ (118,297)
Interest Income	--	--	3,021	3,021
Total Revenues	<u>378,377</u>	<u>378,377</u>	<u>263,101</u>	<u>(115,276)</u>
Expenditures				
Public Works	419,546	419,546	260,080	159,466
Total Expenditures	<u>419,546</u>	<u>419,546</u>	<u>260,080</u>	<u>159,466</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(41,169)</u>	<u>(41,169)</u>	<u>3,021</u>	<u>44,190</u>
Net Change in Fund Balance	<u>(41,169)</u>	<u>(41,169)</u>	<u>3,021</u>	<u>44,190</u>
<i>Fund Balance at Beginning of Period</i>	758	758	758	--
Fund Balance at End of Period	<u>\$ (40,411)</u>	<u>\$ (40,411)</u>	<u>\$ 3,779</u>	<u>\$ 44,190</u>

December 22, 2023

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, 2023. 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 November 8, 2023. 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, 2023. 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 22, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to 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