

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY

MANISTEE, MICHIGAN

MARCH 31, 2022



Baird, Cotter & Bishop, P.C.
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CERTIFIED PUBLIC ACCOUNTANTS
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MARCH 31, 2022

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June 17, 2022

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Charter Township of Filer
Manistee County
Manistee, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Charter Township of Filer, Manistee County, Manistee, Michigan as of and for the year ended March 31, 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, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Charter Township of Filer, as of March 31, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Charter Township of Filer 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 Charter Township of Filer'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Charter Township of Filer'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Charter Township of Filer'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 on pages iv through xii and 37-38 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022, on our consideration of Charter Township of Filer, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Charter Township of Filer, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter Township of Filer, Michigan's internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2022

Management’s Discussion and Analysis

As management of Charter Township of Filer (“the Township”), we offer readers of the Township’s financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

- ❖ The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$9,953,301 (*net position*). Of this amount, \$3,749,082 represents unrestricted net position, which may be used to meet the Township’s ongoing obligations to citizens and creditors.
- ❖ At the close of the current fiscal year, the Township’s governmental funds reported combined fund balances of \$3,685,801, an increase of \$161,588 in comparison with the prior year. Of this amount, \$2,508,730 is available for spending at the Township’s discretion (*unassigned fund balance*).
- ❖ At the end of the current fiscal year, unrestricted fund balance (the total of *committed, assigned, and unassigned* components of fund balance) for the general fund was \$2,508,730.
- ❖ The Township’s total outstanding long-term debt decreased by \$259,000 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the Township’s basic financial statements. The Township’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also includes supplementary information intended to furnish additional detail to support 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 financial information on all of the Township’s assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 Township’s net position changed during the most recent fiscal year. All changes in net position 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 for some items that will only result in cash flows in future periods.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2022

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 significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, planning and zoning, public safety, public works, culture and recreation, and interest on long-term debt. The business-type activities of the Township include water and sewer utility services.

The government-wide financial statements include not only the Township itself (known as the *primary government*), but also a legally separate Downtown Development Authority and the Economic Development Authority for which the Township is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1-3 of this report.

Fund Financial Statements 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. All of the funds of the Township can be divided into three categories: 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 assessing 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 maintains five individual governmental funds. 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 the General Fund, Fire Operating Fund, Liquor Law Enforcement Fund, Garbage and Refuse Collection Fund, and Fire Hall Debt Fund, which are considered to be major funds.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2022

The Township adopts an annual appropriated budget for the General Fund, Fire Operating Fund, Liquor Law Enforcement Fund and the Garbage and Refuse Collection Fund. A budgetary comparison has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4-7 of this report.

Proprietary Funds The Township maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its water and sewer activities.

Proprietary funds provide the same type of information as the governmental-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 8-12 of this report.

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 Township maintains one type of fiduciary fund. The custodial fund reports resources that the Township holds in a custodial capacity for other governments. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 13-14 of this report.

Component Units The Township's financial report includes reporting on separate legal entities for which the Township has some level of financial responsibility. These funds are shown in a separate column. The Township's component units include the Downtown Development Authority and the Economic Development Corporation.

The component unit statements can be found on pages 39-40 of this report.

Notes to Financial Statements The notes provide additional information that is necessary to acquire a full understanding of the data provided in the governmental-wide and fund financial statements. The notes can be found on pages 19-36 of this report.

Other Information In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information* (RSI) that explains and supports the information presented in the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2022

Government-Wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of Charter Township of Filer, assets exceeded liabilities by \$9,953,301 at the close of the most recent fiscal year.

Charter Township of Filer

Net Position

March 31,

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total Primary</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>						
Current Assets	\$ 3,872,685	\$ 3,580,348	\$ 1,253,596	\$ 812,192	\$ 5,126,281	\$ 4,392,540
Restricted Assets	0	0	1,861,610	2,009,235	1,861,610	2,009,235
Capital Assets	1,476,585	1,523,323	5,244,902	5,403,018	6,721,487	6,926,341
Total Assets	5,349,270	5,103,671	8,360,108	8,224,445	13,709,378	13,328,116
<u>Liabilities</u>						
Current Liabilities	186,884	56,135	229,193	233,141	416,077	289,276
Long-Term Liabilities	0	95,000	3,340,000	3,505,000	3,340,000	3,600,000
Total Liabilities	186,884	151,135	3,569,193	3,738,141	3,756,077	3,889,276
<u>Net Position</u>						
Net Investment in						
Capital Assets	1,476,585	1,428,323	1,739,902	1,734,018	3,216,487	3,162,341
Restricted for Specific Purpose	1,126,122	1,103,882	1,861,610	2,009,235	2,987,732	3,113,117
Unrestricted	2,559,679	2,420,331	1,189,403	743,051	3,749,082	3,163,382
Total Net Position	\$ 5,162,386	\$ 4,952,536	\$ 4,790,915	\$ 4,486,304	\$ 9,953,301	\$ 9,438,840

The largest portion of the Township's net position, \$3,749,082 represents unrestricted resources that may be used to meet the government's ongoing obligations to its citizens and creditors. An additional portion of the Township's net position, \$3,216,487 represents its investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, water and sewer systems, and others), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of \$2,987,732 represents resources that are subject to external restrictions.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2022

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Township's overall net position increased by \$514,461 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for the governmental activities and business-type activities.

*Charter Township of Filer
Change in Net Position
Year Ended March 31,*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$ 80,646	\$ 68,024	\$ 773,359	\$ 783,094	\$ 854,005	\$ 851,118
Operating Grants and Contributions	11,130	13,259	0	0	11,130	13,259
Capital Grants and Contributions	0	0	90,000	90,000	90,000	90,000
General Revenues						
Taxes	516,777	521,109	0	0	516,777	521,109
State Sources	382,613	321,584	0	0	382,613	321,584
Investment Earnings	2,347	3,823	41,897	54,384	44,244	58,207
Other	12,903	28,313	3,391	118	16,294	28,431
Total Revenues	1,006,416	956,112	908,647	927,596	1,915,063	1,883,708
<u>Expenses</u>						
General Government	365,481	356,044	0	0	365,481	356,044
Public Safety	124,415	96,860	0	0	124,415	96,860
Public Works	199,350	237,136	0	0	199,350	237,136
Community and Economic Development	56,071	51,028	0	0	56,071	51,028
Culture and Recreation	46,214	21,752	0	0	46,214	21,752
Interest on Long-Term Debt	5,035	9,540	0	0	5,035	9,540
Water & Sewer	0	0	604,036	656,504	604,036	656,504
Total Expenses	796,566	772,360	604,036	656,504	1,400,602	1,428,864
Change in Net Position	209,850	183,752	304,611	271,092	514,461	454,844
Beginning Net Position	4,952,536	4,768,784	4,486,304	4,215,212	9,438,840	8,983,996
Ending Net Position	\$ 5,162,386	\$ 4,952,536	\$ 4,790,915	\$ 4,486,304	\$ 9,953,301	\$ 9,438,840

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2022

Governmental Activities The governmental activities accounted for an increase of \$209,850 in the Township's net position. The most significant portion of the revenue for all governmental activities of the Township comes from property taxes. The Township's millages in 2021 were 1.3955 mills for the operating purposes, 0.5000 mills for fire protection, 1.0000 mills for refuse collection and 0.5000 mills for the fire hall bond payoff.

The Township's governmental activities expenses are dominated by General Government, Public Works and Public Safety expenses. The Township spent \$365,481 in fiscal year 2021-2022 on General Government, \$199,350 on Public Works and \$124,415 on Public Safety expenses.

Business-Type Activities The Township's business-type activities accounted for an increase of \$304,611 in the Township's net position, leaving the Township's net position from business-type activities for the fiscal year ended March 31, 2022, at \$4,790,915.

The Water Fund accounts for \$335,449 of the increase in net position while the Sewer Fund had a decrease in net position of \$30,838. Total operating expenses for the Water Fund were \$361,975 while the Sewer Fund had \$143,993 in operating expenses for the fiscal year ended March 31, 2022.

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 Funds The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Township itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Township Board.

At March 31, 2022, the Township's governmental funds reported combined fund balances of \$3,685,801, an increase of \$161,588 in comparison with the prior year. Of this amount, \$2,508,730 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$50,949), 2) legally required to be maintained intact, 3) restricted for particular purposes (\$1,126,122), 4) committed for particular purposes, or 5) assigned for particular purposes.

General Fund – The General Fund is the main operating fund of the Township. The General Fund increased its fund balance in this fiscal year by \$136,254, bringing the balance to \$2,556,088. Of this amount, \$47,358 is in nonspendable form through prepaid expenditures, the remaining balance of \$2,508,730 is unassigned. The reason for the increase in fund balance is mostly due to an increase of revenues from state sources along with a decrease of expenditures from public works and culture and recreation.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2022

Fire Operating Fund – The Fire Operating Fund decreased its fund balance in this fiscal year by \$8,883, bringing the balance to \$263,855. The fund balance is restricted for fire safety expenditures, except for \$3,591 of nonspendable fund balance from prepaid expenditures. The public safety expenditures this year were more than the amount of taxes brought in as well as fire run revenues.

Liquor Law Enforcement Fund – The Liquor Law Enforcement Fund increased its fund balance minimally in this fiscal year by \$344, bringing the balance to \$45,829, all of which is restricted for liquor enforcement. The primary reason for the increase in fund balance is due to receiving more state source revenue than there was public safety expenditures.

Garbage and Refuse Collection Fund – The Garbage and Refuse Collection Fund increased its fund balance in this fiscal year by \$42,459, bringing the balance to \$815,392. The entire fund balance is restricted for garbage collection. The public works expenditures this year were less than the amount of taxes brought in as well as state sourced revenue.

Fire Hall Debt Service Fund – The Fire Hall Debt Service Fund decreased its fund balance in this fiscal year by \$8,586, bringing the balance to \$4,637. The entire fund balance is restricted for debt service. The primary reason for the decrease in fund balance is due to taxes received being less than the debt service payments.

Proprietary Funds The Township's proprietary funds provide virtually the same information as the government-wide statements; however more detail may be found in the fund financial statements.

Water Fund – The Water Fund ended this fiscal year with \$875,644 in unrestricted net position. The net position of this fund increased by \$335,449 in 2022. The primary reason for the increase in net position is due to expenses being less than charges for services received during the fiscal year, with no major projects going on.

Sewer Fund – The Sewer Fund ended the year with \$313,759 in unrestricted net position. The net position of this fund decreased by \$30,838 in 2022. The primary reason for the decrease in net position is due to the depreciation expense of \$87,281.

General Fund Budgetary Highlights

During the year, there were several budget amendments in appropriations between the original budget and final amended budget. The largest budget amendments in expenditures were to increase the budget for Township Board, Building and Grounds, and Planning and Zoning, all covered by fund balance. There were no revenue line item budget amendments.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2022

The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Revenues	\$ 623,725	\$ 623,725	\$ 646,850
Total Expenditures	\$ 623,725	\$ 668,725	\$ 500,588

The final budget compared to actual results for revenues varied primarily due to taxes, state sources, and other revenues. The final budget compared to the actual results for expenditures varied primarily due to in road expenditures being less than final amended appropriations.

Capital Asset and Debt Administration

Capital Assets The Township's investment in capital assets for the governmental and business-type activities as of March 31, 2022, amounted to \$6,721,487 (net of accumulated depreciation). Capital assets of the Township include land purchased in excess of \$5,000, buildings and improvements purchased that cost in excess of \$1,000, and personal property purchased in excess of \$2,000 and have an expected useful life of over one year. The Township has invested in a broad range of capital assets, as detailed below:

*Charter Township of Filer
Capital Assets as of March 31,*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 409,800	\$ 409,800	\$ 25,407	\$ 25,407	\$ 435,207	\$ 435,207
Land Improvements	148,331	148,331	0	0	148,331	148,331
Buildings and Improvements	1,459,055	1,459,055	0	0	1,459,055	1,459,055
Machinery and Equipment	242,941	242,941	298,976	298,976	541,917	541,917
Software	0	0	11,010	11,010	11,010	11,010
Furniture and Fixtures	3,000	3,000	0	0	3,000	3,000
Vehicles	636,009	636,009	22,367	22,367	658,376	658,376
Water Systems	0	0	1,954,178	1,954,178	1,954,178	1,954,178
Construction in Progress	0	0	4,356,375	4,356,375	4,356,375	4,356,375
Subtotal	2,899,136	2,899,136	6,668,313	6,668,313	9,567,449	9,567,449
Accumulated Depreciation	(1,422,551)	(1,375,813)	(1,423,411)	(1,265,295)	(2,845,962)	(2,641,108)
Net Capital Assets	\$ 1,476,585	\$ 1,523,323	\$ 5,244,902	\$ 5,403,018	\$ 6,721,487	\$ 6,926,341

There were no additions to capital assets for March 31, 2022.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2022

The Township has committed to spend \$96,346 for well system upgrades and \$105,197 for the purchase of fire department equipment. The Downtown Development Authority (DDA) has also committed to spend \$17,075 for a site feasibility analysis.

Additional information regarding the Township’s capital assets can be found in the Notes to Financial Statements section.

Long-Term Debt As of March 31, 2022, the Township had total debt outstanding of \$3,505,000. More information on the Township’s long-term debt is available in the Notes to Financial Statements section of this document.

Economic Outlook and Condition

The following economic factors currently affect the Township and were considered in developing the 2022-2023 budget:

- The Township received approximately \$120,000 for its first tranche of ARPA funding and expects to receive an additional \$120,000 in 2022-2023. The Township Board is evaluating how to best utilize these funds to provide the optimal benefits to the Township residents. These funds need to be allocated by December 2024.
- The Township continues to evaluate its water and sewer operations annually to determine if rate increases are needed to meet the financial obligations of the Water Fund and Sewer Fund.
- The Township continues to look for ways to improve the services it provides to its residents in a manner that is financially responsible.
- Property tax revenues are expected to change minimally reflecting fairly stable property values.

Contacting the Township’s Finance Department

This financial report is designed to provide the wide variety of users of this document with a general overview of the Township’s finances and demonstrate the Township’s accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the Charter Township of Filer, 2505 Filer City Road, Manistee, Michigan 49660 or call us at (231) 723-3138.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

STATEMENT OF NET POSITION
MARCH 31, 2022

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 3,655,910	\$ 1,109,125	\$ 4,765,035	\$ 855,214
Receivables				
Accounts	11,327	138,263	149,590	0
Taxes	21,389	0	21,389	692
Interest	0	5,076	5,076	0
Due from Other Governments	133,110	1,132	134,242	21,134
Prepaid Expenses	50,949	0	50,949	6,250
 Total Current Assets	 3,872,685	 1,253,596	 5,126,281	 883,290
<u>RESTRICTED ASSETS</u>				
Special Assessment Receivables	0	1,301,928	1,301,928	0
Cash and Cash Equivalents - Bond Reserve	0	137,292	137,292	0
Cash and Cash Equivalents - Bond Interest and Redemption	0	414,890	414,890	0
Cash and Cash Equivalents - Repairs, Replacement, and Improvement	0	7,500	7,500	0
 Total Restricted Assets	 0	 1,861,610	 1,861,610	 0
<u>CAPITAL ASSETS</u>				
Land	409,800	25,407	435,207	232,710
Land Improvements	148,331	0	148,331	24,091
Buildings and Improvements	1,459,055	0	1,459,055	0
Machinery and Equipment	242,941	298,976	541,917	0
Software	0	11,010	11,010	0
Furniture and Fixtures	3,000	0	3,000	0
Vehicles	636,009	22,367	658,376	0
Water System	0	1,954,178	1,954,178	0
Sewer System	0	4,356,375	4,356,375	0
 Total Capital Assets	 2,899,136	 6,668,313	 9,567,449	 256,801
Less Accumulated Depreciation	(1,422,551)	(1,423,411)	(2,845,962)	0
 Net Capital Assets	 1,476,585	 5,244,902	 6,721,487	 256,801
 TOTAL ASSETS	 5,349,270	 8,360,108	 13,709,378	 1,140,091

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

STATEMENT OF NET POSITION
MARCH 31, 2022

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	34,529	13,950	48,479	0
Salaries Payable	15,741	4,375	20,116	0
Interest Payable	0	45,650	45,650	0
Due to Other Governments	16,339	0	16,339	0
Unearned Revenue	120,275	218	120,493	0
Current Portion of Long-Term Debt	0	165,000	165,000	0
Total Current Liabilities	186,884	229,193	416,077	0
<u>LONG-TERM LIABILITIES</u>				
Bonds Payable - Net of Current Portion	0	3,340,000	3,340,000	0
TOTAL LIABILITIES	186,884	3,569,193	3,756,077	0
<u>NET POSITION</u>				
Net Investment in Capital Assets	1,476,585	1,739,902	3,216,487	0
Restricted for Debt Service	4,637	1,861,610	1,866,247	0
Restricted for Fire Protection	260,264	0	260,264	0
Restricted for Liquor Law Enforcement	45,829	0	45,829	0
Restricted for Garbage and Refuse Collection	815,392	0	815,392	0
Unrestricted	2,559,679	1,189,403	3,749,082	1,140,091
TOTAL NET POSITION	\$ 5,162,386	\$ 4,790,915	\$ 9,953,301	\$ 1,140,091

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	PRIMARY GOVERNMENT			COMPONENT UNITS
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
<u>PRIMARY GOVERNMENT</u>								
<u>GOVERNMENTAL ACTIVITIES</u>								
General Government	\$ 365,481	\$ 69,057	\$ 0	\$ 0	\$ (296,424)	\$ 0	\$ (296,424)	\$ 0
Public Safety	124,415	11,589	6,637	0	(106,189)	0	(106,189)	0
Public Works	199,350	0	4,493	0	(194,857)	0	(194,857)	0
Community and Economic Development	56,071	0	0	0	(56,071)	0	(56,071)	0
Culture and Recreation	46,214	0	0	0	(46,214)	0	(46,214)	0
Interest on Long-Term Debt	5,035	0	0	0	(5,035)	0	(5,035)	0
Total Governmental Activities	796,566	80,646	11,130	0	(704,790)	0	(704,790)	0
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and Sewer System	604,036	773,359	0	90,000	0	259,323	259,323	0
TOTAL PRIMARY GOVERNMENT	\$ 1,400,602	\$ 854,005	\$ 11,130	\$ 90,000	(704,790)	259,323	(445,467)	0
<u>COMPONENT UNITS</u>								
Economic Development	\$ 153,304	\$ 0	\$ 0	\$ 0	0	0	0	(153,304)
<u>GENERAL REVENUES</u>								
Taxes					516,777	0	516,777	138,760
State Sources					382,613	0	382,613	14,584
Investment Earnings					2,347	41,897	44,244	2,188
Other					12,903	3,391	16,294	2,500
Total General Revenues					914,640	45,288	959,928	158,032
Change in Net Position					209,850	304,611	514,461	4,728
<u>NET POSITION</u> - Beginning of Year					4,952,536	4,486,304	9,438,840	1,135,363
<u>NET POSITION</u> - End of Year					\$ 5,162,386	\$ 4,790,915	\$ 9,953,301	\$ 1,140,091

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET
MARCH 31, 2022

	GENERAL	FIRE OPERATING	LIQUOR LAW ENFORCEMENT	GARBAGE AND REFUSE COLLECTION	FIRE HALL DEBT SERVICE	TOTALS
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 2,556,712	\$ 261,874	\$ 46,099	\$ 789,314	\$ 1,911	\$3,655,910
Receivables						
Accounts	11,327	0	0	0	0	11,327
Taxes	9,867	2,932	0	5,864	2,726	21,389
Due from Other Governments	101,967	0	0	31,143	0	133,110
Prepaid Expenditures	47,358	3,591	0	0	0	50,949
TOTAL ASSETS	<u>\$ 2,727,231</u>	<u>\$ 268,397</u>	<u>\$ 46,099</u>	<u>\$ 826,321</u>	<u>\$ 4,637</u>	<u>\$3,872,685</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 21,762	\$ 1,838	\$ 0	\$ 10,929	\$ 0	\$ 34,529
Salaries Payable	12,767	2,704	270	0	0	15,741
Unearned Revenue	120,275	0	0	0	0	120,275
Due to Component Unit - DDA	16,339	0	0	0	0	16,339
Total Liabilities	171,143	4,542	270	10,929	0	186,884
<u>FUND BALANCES</u>						
Nonspendable						
Prepaid Expenditures	47,358	3,591	0	0	0	50,949
Restricted for:						
Debt Service	0	0	0	0	4,637	4,637
Fire Protection	0	260,264	0	0	0	260,264
Liquor Law Enforcement	0	0	45,829	0	0	45,829
Garbage and Refuse Collection	0	0	0	815,392	0	815,392
Unassigned	2,508,730	0	0	0	0	2,508,730
Total Fund Balance	2,556,088	263,855	45,829	815,392	4,637	3,685,801
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,727,231</u>	<u>\$ 268,397</u>	<u>\$ 46,099</u>	<u>\$ 826,321</u>	<u>\$ 4,637</u>	<u>\$3,872,685</u>

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
MARCH 31, 2022

Total Fund Balances for Governmental Funds \$ 3,685,801

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

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land	\$ 409,800	
Land Improvements	148,331	
Buildings and Improvements	1,459,055	
Machinery and Equipment	242,941	
Furniture and Fixtures	3,000	
Vehicles	636,009	
Accumulated Depreciation	<u>(1,422,551)</u>	<u>1,476,585</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,162,386

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2022

	GENERAL	FIRE OPERATING	LIQUOR LAW ENFORCEMENT	GARBAGE AND REFUSE COLLECTION	FIRE HALL DEBT SERVICE	TOTALS
<u>REVENUES</u>						
Taxes	\$ 240,365	\$ 67,904	\$ 0	\$ 135,844	\$ 72,664	\$ 516,777
Licenses and Permits	58,538	0	0	0	0	58,538
State Sources	322,407	8,246	4,137	47,653	8,800	391,243
Charges for Services	4,388	11,589	0	0	0	15,977
Interest and Rents	8,327	149	0	0	2	8,478
Other Revenue	12,825	2,578	0	0	0	15,403
Total Revenues	646,850	90,466	4,137	183,497	81,466	1,006,416
<u>EXPENDITURES</u>						
General Government	350,594	0	0	0	0	350,594
Public Safety	0	99,349	3,793	0	25	103,167
Public Works	58,312	0	0	141,038	0	199,350
Community and Economic Development	56,071	0	0	0	0	56,071
Culture and Recreation	35,611	0	0	0	0	35,611
Debt Service						
Principal	0	0	0	0	95,000	95,000
Interest	0	0	0	0	5,035	5,035
Total Expenditures	500,588	99,349	3,793	141,038	100,060	844,828
Excess (Deficiency) of Revenues Over Expenditures	146,262	(8,883)	344	42,459	(18,594)	161,588
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	0	0	0	0	10,008	10,008
Transfers Out	(10,008)	0	0	0	0	(10,008)
Total Other Financing Sources (Uses)	(10,008)	0	0	0	10,008	0
Net Change in Fund Balance	136,254	(8,883)	344	42,459	(8,586)	161,588
<u>FUND BALANCES</u> - Beginning of Year	2,419,834	272,738	45,485	772,933	13,223	3,524,213
<u>FUND BALANCES</u> - End of Year	\$ 2,556,088	\$ 263,855	\$ 45,829	\$ 815,392	\$ 4,637	\$ 3,685,801

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022

Net Change in Fund Balance - Total Governmental Funds	\$ 161,588
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures. These costs are allocated over their estimated useful lives as depreciation in the Statement of Activities. Additionally, the gain or loss on sale or disposal of capital assets is recorded in the Statement of Activities.	
Depreciation Expense	(46,738)
Repayments of principal on long-term debt are an expenditure in the governmental funds, but not in the Statement of Activities (where they are a reduction of liabilities).	<u>95,000</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 209,850</u></u>

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF NET POSITION
MARCH 31, 2022

	WATER FUND	SEWER FUND	TOTALS
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$ 753,649	\$ 355,476	\$ 1,109,125
Accounts Receivable	132,002	6,261	138,263
Interest Receivable	0	5,076	5,076
Due from Other Governments	681	451	1,132
	<hr/>	<hr/>	<hr/>
Total Current Assets	886,332	367,264	1,253,596
<u>RESTRICTED ASSETS</u>			
Special Assessments Receivable	0	1,301,928	1,301,928
Cash and Cash Equivalents - Bond Reserve	137,292	0	137,292
Cash and Cash Equivalents - Bond Interest and Redemption	367,219	47,671	414,890
Cash and Cash Equivalents - Repairs, Replacement, and Improvement	0	7,500	7,500
	<hr/>	<hr/>	<hr/>
Total Restricted Assets	504,511	1,357,099	1,861,610
<u>NONCURRENT ASSETS</u>			
<u>CAPITAL ASSETS</u>			
Land	0	25,407	25,407
Machinery and Equipment	298,976	0	298,976
Software	8,711	2,299	11,010
Vehicles	22,367	0	22,367
Water System	1,954,178	0	1,954,178
Sewer System	0	4,356,375	4,356,375
	<hr/>	<hr/>	<hr/>
Total Capital Assets	2,284,232	4,384,081	6,668,313
Less Accumulated Depreciation	(1,126,574)	(296,837)	(1,423,411)
Net Capital Assets	<hr/>	<hr/>	<hr/>
	1,157,658	4,087,244	5,244,902
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	2,548,501	5,811,607	8,360,108

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF NET POSITION
MARCH 31, 2022

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTALS</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	6,615	7,335	13,950
Interest Payable	0	45,650	45,650
Salaries Payable	3,855	520	4,375
Unearned Revenue	218	0	218
Current Portion of Long-Term Debt	90,000	75,000	165,000
Total Current Liabilities	100,688	128,505	229,193
<u>LONG-TERM LIABILITIES</u>			
Bonds Payable (Net of Current Portion)	95,000	3,245,000	3,340,000
TOTAL LIABILITIES	195,688	3,373,505	3,569,193
<u>NET POSITION</u>			
Net Investment in Capital Assets	972,658	767,244	1,739,902
Restricted for Debt Service	504,511	1,357,099	1,861,610
Unrestricted	875,644	313,759	1,189,403
TOTAL NET POSITION	<u>\$ 2,352,813</u>	<u>\$ 2,438,102</u>	<u>\$ 4,790,915</u>

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY

MANISTEE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED MARCH 31, 2022

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTALS</u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 699,608	\$ 73,751	\$ 773,359
Miscellaneous	3,391	0	3,391
Total Operating Revenue	<u>702,999</u>	<u>73,751</u>	<u>776,750</u>
<u>OPERATING EXPENSES</u>			
Wages and Fringe Benefits	48,357	5,911	54,268
Office Supplies	821	104	925
Professional Services	193,539	48,163	241,702
Operating Supplies	870	0	870
Vehicle Expense	1,853	0	1,853
Printing and Publishing	640	0	640
Utilities	41,744	1,321	43,065
Repairs and Maintenance	2,175	0	2,175
Depreciation	70,835	87,281	158,116
Administrative	0	340	340
Miscellaneous	1,141	873	2,014
Total Operating Expenses	<u>361,975</u>	<u>143,993</u>	<u>505,968</u>
Operating Income (Loss)	<u>341,024</u>	<u>(70,242)</u>	<u>270,782</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Contribution From Component Unit - DDA	0	90,000	90,000
Interest Income	175	41,722	41,897
Interest Expense	(5,750)	(92,318)	(98,068)
Total Nonoperating Revenues (Expenses)	<u>(5,575)</u>	<u>39,404</u>	<u>33,829</u>
Change in Net Position	335,449	(30,838)	304,611
<u>TOTAL NET POSITION</u> - Beginning of Year	<u>2,017,364</u>	<u>2,468,940</u>	<u>4,486,304</u>
<u>TOTAL NET POSITION</u> - End of Year	<u>\$ 2,352,813</u>	<u>\$ 2,438,102</u>	<u>\$ 4,790,915</u>

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTALS</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 711,299	\$ 73,505	\$ 784,804
Cash Payments to Suppliers for Goods and Services	(240,706)	(52,091)	(292,797)
Cash Payments to Employees for Services Provided	(48,721)	(5,869)	(54,590)
Net Cash Provided by (Used for) Operating Activities	421,872	15,545	437,417
Cash Flows from Capital and Related Financing Activities			
Collections on Special Assessments	0	53,532	53,532
Contributions from Local Units	0	90,000	90,000
Principal Paid on Bonds	(90,000)	(74,000)	(164,000)
Interest Paid on Bonds	(5,750)	(93,336)	(99,086)
Due from Other Funds	0	5,767	5,767
Due to Other Funds	(5,767)	0	(5,767)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(101,517)	(18,037)	(119,554)
Cash Flows from Investing Activities			
Interest Income	175	42,542	42,717
Net Increase (Decrease) in Cash and Cash Equivalents	320,530	40,050	360,580
<u>CASH AND CASH EQUIVALENTS - Beginning of Year (including</u> \$600,104 for the Water Fund and \$53,671 for the Sewer Fund reported as restricted accounts)			
	937,630	370,597	1,308,227
<u>CASH AND CASH EQUIVALENTS - End of Year (including</u> \$504,511 for the Water Fund and \$55,171 for the Sewer Fund reported as restricted accounts)			
	\$ 1,258,160	\$ 410,647	\$ 1,668,807

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTALS</u>
<u>RECONCILIATION OF OPERATING INCOME</u>			
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>			
Operating Income (Loss)	\$ 341,024	\$ (70,242)	\$ 270,782
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation and Amortization	70,835	87,281	158,116
(Increase) Decrease in Current Assets			
Accounts Receivable	9,010	(246)	8,764
Due from Other Governments	1,023	(189)	834
Prepaid Expense	2,851	0	2,851
Increase (Decrease) in Current Liabilities			
Accounts Payable	(1,797)	(1,101)	(2,898)
Accrued Expenses	(364)	42	(322)
Unearned Revenue	(710)	0	(710)
Total Adjustments	80,848	85,787	166,635
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 421,872	\$ 15,545	\$ 437,417

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION
MARCH 31, 2022

	<u>CUSTODIAL FUND TAX COLLECTION FUND</u>
<u>ASSETS</u>	
Cash	\$ 17,863
<u>LIABILITIES</u>	
Due to Other Governments and Individuals	13,068
Due to Component Unit - DDA	4,795
TOTAL LIABILITIES	<u>17,863</u>
<u>NET POSITION</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED MARCH 31, 2022

	<u>CUSTODIAL FUND</u> <u>TAX</u> <u>COLLECTION</u> <u>FUND</u>
<u>ADDITIONS</u>	
Property Taxes Collected for Other Governments	\$ 5,035,230
<u>DEDUCTIONS</u>	
Property Taxes Distributed to Other Governments	<u>5,035,230</u>
Net Increase (Decrease) in Fiduciary Net Position	0
<u>NET POSITION</u> - Beginning of Year	<u>0</u>
<u>NET POSITION</u> - End of Year	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

COMPONENT UNITS

BALANCE SHEET
MARCH 31, 2022

	<u>TOTALS</u>
<u>ASSETS</u>	
Cash	\$ 855,214
Taxes Receivable	692
Due From Primary Government	21,134
Prepaid Expenses	<u>6,250</u>
 TOTAL ASSETS	 <u>\$ 883,290</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	\$ 0
 <u>FUND BALANCES</u>	
Unassigned	<u>883,290</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 883,290</u>

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

COMPONENT UNITS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
MARCH 31, 2022

Total Fund Balances for Component Units \$ 883,290

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

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land	\$ 232,710	
Land Improvements	24,091	
Accumulated Depreciation	0	256,801
		<hr/>

NET POSITION OF COMPONENT UNITS \$ 1,140,091

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

COMPONENT UNITS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2022

	<u>TOTALS</u>
<u>REVENUES</u>	
Taxes	\$ 138,760
State Sources	14,584
Interest and Rents	2,188
Other Revenue	2,500
	<hr/>
Total Revenues	158,032
 <u>EXPENDITURES</u>	
Economic Development	410,105
	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	(252,073)
 <u>FUND BALANCES</u> - Beginning of Year	<hr/> 1,135,363
 <u>FUND BALANCES</u> - End of Year	<hr/> \$ 883,290 <hr/>

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

COMPONENT UNITS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022

Net Change in Fund Balance - Total Component Units	\$ (252,073)
--	--------------

Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. These costs are allocated over their estimated useful lives as depreciation in the Statement of Activities. Additionally, the gain or loss on sale or disposal of capital assets is recorded in the Statement of Activities.

Capital Outlay	<u>256,801</u>
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CHANGE IN NET POSITION OF COMPONENT UNITS	<u><u>\$ 4,728</u></u>
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The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., *The Statement of Net Position* and *The Statement of Activities*) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary governmental is financially accountable.

B. Reporting Entity

Filer Township is a Charter Township located in Manistee County, Michigan. The Township is governed by an elected seven-member board. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the primary government.

DISCRETELY PRESENTED COMPONENT UNITS

Downtown Development Authority (DDA) – The DDA was established pursuant to the provisions of Act No. 197 of the Public Acts of the State of Michigan 1975. The members of the governing board of the Downtown Development Authority are appointed by the Township Board. The Authority's budget must be approved by the Township Board.

Economic Development Corporation – (EDC) – The EDC has a very small balance left in the bank account, and there is no activity in this fund anymore, besides a small amount of interest income each year.

Financial statements of the individual component units are included as supplemental information in the annual financial report of the Charter Township of Filer, Michigan. The component units do not issue separate financial reports.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds while business-type activities incorporate data from the government's enterprise funds. 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.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

As discussed earlier, the Township has two discretely presented component units. While the Downtown Development Authority and Economic Development Corporation are considered to be major component units, they are nevertheless shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between government's water functions and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The Charter Township of Filer 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 *Fire Operating Fund* is used to account for the financial activity of the fire department activities.

The *Liquor Law Enforcement Fund* accounts for revenue sources that are legally restricted to expenditures for liquor law enforcement.

The *Garbage and Refuse Collection Fund* accounts for revenue sources that are legally restricted to expenditures for garbage and refuse collection within the Township.

The *Fire Hall Debt Service Fund* accounts for activities related to paying off the bonds related to the new fire hall.

The Charter Township of Filer reports the following major proprietary funds:

The *Water Fund* records financial activity of the water system which provides water to customers.

The *Sewer Fund* records financial activity of the sewer system which operates the sanitary sewer system provided to residents.

Additionally, the Charter Township of Filer reports the following fiduciary fund:

The *Custodial Fund* accounts for property taxes collected by the Township on behalf of other governmental units, as well as the Township's General Fund, Fire Operating Fund, Garbage and Refuse Collection Fund and Fire Hall Debt Fund.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, transfers between the funds included in business-type activities are eliminated so that only the net amount is included as internal transfers in the business type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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.

The 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. General capital asset acquisitions are reported as expenditures in governmental funds.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

Property taxes, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic measurement focus* and the *accrual basis of accounting*. The custodial fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Budgetary Information

1. Budgetary Basis of Accounting

- Prior to April 1, the Township supervisor submits to the Township Board a proposed operating budget for all governmental funds for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- The Township Board holds a public hearing and adopts a resolution approving the budgets.
- All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the Township Board. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.
- Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the Township Board from time to time throughout the year. The Township amended the budget various times during the current fiscal year.
- Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

2. Excess of Expenditures Over Appropriations

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
General Government		
Township Board	\$ 168,000	\$ 172,200
Supervisor	24,000	24,600
Assessor	34,000	35,082
Clerk	27,200	28,652
Community and Economic Development		
Planning and Zoning	51,700	56,071
Culture and Recreation	33,500	35,611

These overages were covered by available fund balance and greater than anticipated revenues.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, including certificates of deposit.

2. Investments

The Township's investment policy is in compliance with state law and authorizes the Township to invest in the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Repurchase agreements consisting of instruments listed above are documented by a written agreement and are fully collateralized by delivery to an independent third-party custodian.
- c) Commercial paper rated at the time of purchase within the highest classifications established by not less than 2 national rating services and that matures not more than 270 days after the date of purchase provided that no more than 3 percent of the total portfolio may be invested in any one issuer's obligation.
- d) Bankers' acceptances of United States banks.
- e) Obligations of this State or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

- f) Mutual funds registered under the federal investment company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
 - i. The purchase of securities on a when issued or delayed delivery basis.
 - ii. The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - iii. The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- g) Obligations described in subdivisions (a) through (f) if purchased through an interlocal agreement under the Urban Cooperation Act of 1967.
- h) The investment pools organized under the Local Government Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
- i) The investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

3. *Inventories and Prepaid Items*

Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year end.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Restricted Assets*

Certain resources of the Water and Sewer Fund, which are set aside for repayment of revenue bonds, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond redemption," the "bond reserve" and the "repairs, replacement and improvements" accounts are used to report resources set aside to make current debt service payments and to make up potential future deficiencies in the funds available for debt service.

5. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), 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 land with an initial, individual cost of more than \$5,000 (amount not rounded); buildings and improvements with an initial, individual cost of more than \$1,000 (amount not rounded); and personal property with an initial, individual cost of more than \$2,000 (amount not rounded) and an estimated useful life in excess of one year. 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.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant, and equipment of the primary government, as well as the component unit are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Infrastructure	50
Land Improvements	20-50
Machinery and Equipment	5-10
Vehicles	5-10

6. *Unearned Revenue*

Unearned revenue arises when resources are received by the Township before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The Township has unearned revenue in the water fund of \$218 and \$120,275 related to the American Rescue Plan Act (ARPA) funds that were received but not yet spent as of March 31, 2022.

7. *Long-Term Obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Deferred Outflows/Inflows of Resources*

In addition to assets, the *Statement of Net Position* will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government does not have any items that qualify for reporting in this category.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

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

9. *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.

10. *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 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.

11. *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. 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 governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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 council 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.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

12. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenue 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and county taxes are levied and due July 1 and become delinquent after September 14. The remaining millages are levied and due December 1 and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations

The 2021 taxable valuation of Filer Township totaled \$146,051,188, on which ad valorem taxes levied consisted of 1.3955 mills for the operating purposes, 0.5000 mills for fire protection, 1.0000 mills for refuse collection and 0.5000 mills for fire hall debt service payments. These levies raised approximately \$203,000 for operating purposes, \$73,000 for fire protection, \$146,000 for refuse collection and general operating purposes, and \$73,000 for fire hall debt service payments. These amounts are recognized in the respective General Fund, Fire Operating Fund, Garbage and Refuse Collection Fund and the Fire Hall Debt Service Fund statements as tax revenue.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 water and sewer fund are charges to customers for services. Operating expenses for the water and sewer fund include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note I.F.2, on the Excess of expenditures over appropriations, describes a budgetary violation that occurred for the year ended March 31, 2022.

III. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits with Financial Institutions

As of March 31, 2022, the Township had deposits subject to the following risk:

Custodial credit risk – deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the government’s deposits may not be returned to it. As of March 31, 2022, \$4,910,745 of the government’s bank balance of \$6,237,503 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The following summarizes the categorization of these amounts as of March 31, 2022:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash & Cash Equivalents	\$ 4,765,035	\$ 855,214	\$ 17,863	\$ 5,638,112
Restricted Cash & Cash Equivalents - Bond Reserve	137,292	0	0	137,292
Restricted Cash & Cash Equivalents - Bond Interest and Redemption	414,890	0	0	414,890
Restricted Cash & Cash Equivalents - Repairs, Replacement, and Improvement	7,500	0	0	7,500
Total	<u>\$ 5,324,717</u>	<u>\$ 855,214</u>	<u>\$ 17,863</u>	<u>\$ 6,197,794</u>

Interest rate risk. The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township’s cash requirement.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of credit risk. The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

The deposits referred to above have been reported in the cash and cash equivalents captions on the financial statements, based upon criteria disclosed in Note I.

B. Receivables

Receivables as of March 31, 2022, for the government's individual major funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Fire Operating	Garbage and Refuse Collection	Fire Hall and Debt Service	Water	Sewer	Total
Receivables							
Accounts	\$ 11,327	\$ 0	\$ 0	\$ 0	\$ 132,002	\$ 6,261	\$ 149,590
Taxes	9,867	2,932	5,864	2,726	0	0	21,389
Interest	0	0	0	0	0	5,076	5,076
Due from Other							
Governments	101,967	0	31,143	0	681	451	134,242
Special Assessments	0	0	0	0	0	1,301,928	1,301,928
Total Receivables	<u>\$123,161</u>	<u>\$ 2,932</u>	<u>\$ 37,007</u>	<u>\$2,726</u>	<u>\$ 132,683</u>	<u>\$ 1,313,716</u>	<u>\$ 1,612,225</u>

Amounts due from other governments include amounts due from state sources for various projects and programs.

By ordinance, the Township can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated				
Land	\$ 409,800	\$ 0	\$ 0	\$ 409,800
Capital Assets, Being Depreciated				
Land Improvements	148,331	0	0	148,331
Buildings and Improvements	1,459,055	0	0	1,459,055
Machinery and Equipment	242,941	0	0	242,941
Furniture and Fixtures	3,000	0	0	3,000
Vehicles	636,009	0	0	636,009
Total Capital Assets, Being Depreciated	2,489,336	0	0	2,489,336
Less Accumulated Depreciation for:				
Land Improvements	10,553	7,417	0	17,970
Buildings and Improvements	537,477	28,174	0	565,651
Machinery and Equipment	204,752	8,591	0	213,343
Furniture and Fixtures	3,000	0	0	3,000
Vehicles	620,031	2,556	0	622,587
Total Accumulated Depreciation	1,375,813	46,738	0	1,422,551
Total Capital Assets, Being Depreciated, Net	1,113,523	(46,738)	0	1,066,785
Governmental Activities Capital Assets, Net	\$ 1,523,323	\$ (46,738)	\$ 0	\$ 1,476,585

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated				
Land	\$ 25,407	\$ 0	\$ 0	\$ 25,407
Capital Assets, Being Depreciated				
Machinery and Equipment	298,976	0	0	298,976
Software	11,010	0	0	11,010
Vehicles	22,367	0	0	22,367
Water System	1,954,178	0	0	1,954,178
Sewer System	4,356,375	0	0	4,356,375
Total Capital Assets, Being Depreciated	6,642,906	0	0	6,642,906
Less Accumulated Depreciation for:				
Machinery and Equipment	108,086	25,936	0	134,022
Software	183	734	0	917
Vehicles	22,367	0	0	22,367
Water System	925,141	44,318	0	969,459
Sewer System	209,518	87,128	0	296,646
Total Accumulated Depreciation	1,265,295	158,116	0	1,423,411
Total Capital Assets, Being Depreciated, Net	5,377,611	(158,116)	0	5,219,495
Business-Type Activities Capital Assets, Net	\$ 5,403,018	\$ (158,116)	\$ 0	\$ 5,244,902
<u>Component Units</u>				
Capital Assets, Not Being Depreciated				
Land Improvements - Construction in Progress	\$ 0	\$ 24,091	\$ 0	\$ 24,091
Land	0	232,710	0	232,710
Total Capital Assets, Not Being Depreciated	0	256,801	0	256,801
Component Units Capital Assets, Net	\$ 0	\$ 256,801	\$ 0	\$ 256,801

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

Depreciation expense was charged to the following activities:

Governmental Activities		
General Government	\$	14,887
Public Safety		21,248
Recreation and Culture		<u>10,603</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>46,738</u></u>
Business Type Activities		
Water	\$	70,835
Sewer		<u>87,281</u>
	\$	<u><u>158,116</u></u>

D. Interfund Receivables, Payables and Transfers

There were no individual fund interfund receivable and payable balances at March 31, 2022.

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

The composition of interfund transfers for the year ended March 31, 2022, is as follows:

<u>Fund Transferred To</u>	<u>Funds Transferred From</u>	<u>Amount</u>
Fire Hall Debt Service Fund	General Fund	\$ <u><u>10,008</u></u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

E. Long-Term Obligations

1. Primary Government

The following is a summary of long-term obligation transactions of the Charter Township of Filer for the year ended March 31, 2022:

Governmental Activities:

	<u>GENERAL OBLIGATION BOND</u>
Balance at April 1, 2021	\$ 95,000
Increases	0
Decreases	<u>(95,000)</u>
Balance at March 31, 2022	<u>\$ 0</u>
Due Within One Year	<u>\$ 0</u>

Interest expense for the year ended March 31, 2022, for governmental activities was \$5,035.

Business Type Activities:

	<u>BONDS</u>
Balance at April 1, 2021	\$ 3,669,000
Increases	0
Decreases	<u>(164,000)</u>
Balance at March 31, 2022	<u>\$ 3,505,000</u>
Due Within One Year	<u>\$ 165,000</u>

Long-term obligations at March 31, 2022, is comprised of the following individual issues:

Revenue Bonds

\$1,490,000 Water Supply System Revenue Bonds due in annual installments of \$90,000 to \$95,000 plus semi-annual interest payments at 2.5% through 10/1/2023. \$ 185,000

Capital Improvement Bonds

\$3,838,000 Capital Improvement Bonds for the sewer system, due in annual installments of \$75,000 to \$112,000 plus semi-annual interest payments at up to 2.75% through 8/1/2057. 3,320,000

\$3,505,000

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

The annual requirements to amortize these debts outstanding as of March 31, 2022, including interest payments of \$1,830,426, are as follows:

YEAR ENDING MARCH 31,	REVENUE BONDS	CAPITAL IMPROVEMENT BONDS	TOTAL
2023			
PRINCIPAL	\$ 90,000	\$ 75,000	\$ 165,000
INTEREST	2,313	47,231	49,544
TOTAL	92,313	122,231	214,544
2024			
PRINCIPAL	95,000	76,000	171,000
INTEREST	2,376	92,400	94,776
TOTAL	97,376	168,400	265,776
2025			
PRINCIPAL	0	77,000	77,000
INTEREST	0	90,310	90,310
TOTAL	0	167,310	167,310
2026			
PRINCIPAL	0	78,000	78,000
INTEREST	0	88,193	88,193
TOTAL	0	166,193	166,193
2027			
PRINCIPAL	0	79,000	79,000
INTEREST	0	86,048	86,048
TOTAL	0	165,048	165,048
2028-2032			
PRINCIPAL	0	410,000	410,000
INTEREST	0	397,100	397,100
TOTAL	0	807,100	807,100
2033-2037			
PRINCIPAL	0	435,000	435,000
INTEREST	0	339,350	339,350
TOTAL	0	774,350	774,350
2038-2042			
PRINCIPAL	0	461,000	461,000
INTEREST	0	278,162	278,162
TOTAL	0	739,162	739,162
2043-2047			
PRINCIPAL	0	500,000	500,000
INTEREST	0	212,739	212,739
TOTAL	0	712,739	712,739

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

YEAR ENDING MARCH 31,	REVENUE BONDS	CAPITAL IMPROVEMENT BONDS	TOTAL
2048-2052			
PRINCIPAL	0	490,000	490,000
INTEREST	0	131,697	131,697
TOTAL	0	621,697	621,697
2053-2057			
PRINCIPAL	0	527,000	527,000
INTEREST	0	59,427	59,427
TOTAL	0	586,427	586,427
2058-2062			
PRINCIPAL	0	112,000	112,000
INTEREST	0	3,080	3,080
TOTAL	0	115,080	115,080
GRAND TOTAL			
PRINCIPAL	185,000	3,320,000	3,505,000
INTEREST	4,689	1,825,737	1,830,426
TOTAL	\$ 189,689	\$ 5,145,737	\$ 5,335,426

Interest expense for the year ended March 31, 2022, for business-type activities was \$98,068.

IV. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

The Township continues to carry commercial insurance for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The Township has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

B. Retirement Benefits

The Township participates in a defined contribution plan covering all elected officials, the Fire Chief, Class I employees, and all other full-time employees. The Township contributes 7.5% based on annual compensation while plan members may make additional voluntary contributions. Covered wages were \$101,322 while total wages were \$219,905. The Township's contribution for the year ended March 31, 2022 was \$7,599, and there were no employee contributions. Administration fees amounted to \$4,609. The Board has the authority to establish and amend the plan.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

C. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

D. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the Township.

Prior to March 31, 2022, the Township approved upgrades to the well system for \$96,346 and the purchase of fire department equipment for \$105,197. Also, the Downtown Development Authority (DDA) approved a site feasibility analysis with \$17,075 remaining to be paid.

E. Related Party Transaction

During the year, the Downtown Development Authority (DDA), a component unit of the Township, contributed \$90,000 towards the sewer system debt pay-off.

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2022

	<u>GENERAL FUND</u>			<u>FIRE OPERATING FUND</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>						
Taxes	\$ 259,975	\$ 259,975	\$ 240,365	\$ 76,142	\$ 76,142	\$ 67,904
Licenses and Permits	50,000	50,000	58,538	0	0	0
State Sources	297,700	297,700	322,407	6,000	6,000	8,246
Charges for Services	4,350	4,350	4,388	8,868	8,868	11,589
Interest and Rents	6,400	6,400	8,327	300	300	149
Other Revenue	5,300	5,300	12,825	2,100	2,100	2,578
Total Revenues	623,725	623,725	646,850	93,410	93,410	90,466
<u>EXPENDITURES</u>						
General Government						
Township Board	138,000	168,000	172,200	0	0	0
Supervisor	24,000	24,000	24,600	0	0	0
Elections	8,300	8,300	8,099	0	0	0
Assessor	34,000	34,000	35,082	0	0	0
Clerk	26,200	27,200	28,652	0	0	0
Board of Review	2,500	2,500	2,056	0	0	0
Treasurer	27,900	27,900	26,865	0	0	0
Building and Grounds	61,500	72,500	53,040	0	0	0
Public Safety						
Fire	0	0	0	90,141	106,141	99,349
Liquor Law Enforcement	0	0	0	0	0	0
Public Works						
Roads, Streets and Bridges	140,000	140,000	14,639	0	0	0
Drains and Hydrant Rentals	0	0	0	0	0	0
Street Lighting	43,000	43,000	39,219	0	0	0
Refuse	0	0	0	0	0	0
Wastewater	15,000	15,000	4,454	0	0	0
Community and Economic Development						
Planning and Zoning	49,700	51,700	56,071	0	0	0
Culture and Recreation	32,500	33,500	35,611	0	0	0
Capital Outlay	0	0	0	0	0	0
Contingency	21,125	21,125	0	3,269	0	0
Total Expenditures	623,725	668,725	500,588	93,410	106,141	99,349
Excess (Deficiency) of Revenues Over Expenditures	0	(45,000)	146,262	0	(12,731)	(8,883)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfer In	0	0	0	0	0	0
Transfer Out	0	0	(10,008)	0	0	0
Total Other Financing Sources (Uses)	0	0	(10,008)	0	0	0
Net Change in Fund Balance	0	(45,000)	136,254	0	(12,731)	(8,883)
<u>FUND BALANCE - Beginning of Year</u>	0	45,000	2,419,834	0	12,731	272,738
<u>FUND BALANCE - End of Year</u>	\$ 0	\$ 0	\$ 2,556,088	\$ 0	\$ 0	\$ 263,855

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2022

	<u>LIQUOR LAW ENFORCEMENT FUND</u>			<u>GARBAGE AND REFUSE COLLECTION FUND</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>						
Taxes	\$ 0	\$ 0	\$ 0	\$ 148,814	\$ 148,814	\$ 135,844
Licenses and Permits	0	0	0	0	0	0
State Sources	4,335	4,335	4,137	0	0	47,653
Charges for Services	0	0	0	0	0	0
Interest and Rents	0	0	0	0	0	0
Other Revenue	0	0	0	0	0	0
Total Revenues	4,335	4,335	4,137	148,814	148,814	183,497
<u>EXPENDITURES</u>						
General Government						
Township Board	0	0	0	0	0	0
Supervisor	0	0	0	0	0	0
Elections	0	0	0	0	0	0
Assessor	0	0	0	0	0	0
Clerk	0	0	0	0	0	0
Board of Review	0	0	0	0	0	0
Treasurer	0	0	0	0	0	0
Building and Grounds	0	0	0	0	0	0
Public Safety						
Fire	0	0	0	0	0	0
Liquor Law Enforcement	4,183	4,183	3,793	0	0	0
Public Works						
Roads, Streets and Bridges	0	0	0	0	0	0
Drains and Hydrant Rentals	0	0	0	0	0	0
Street Lighting	0	0	0	0	0	0
Refuse	0	0	0	143,604	143,604	141,038
Wastewater	0	0	0	0	0	0
Community and Economic Development						
Planning and Zoning	0	0	0	0	0	0
Culture and Recreation	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Contingency	152	152	0	5,210	5,210	0
Total Expenditures	4,335	4,335	3,793	148,814	148,814	141,038
Excess (Deficiency) of Revenues Over Expenditures	0	0	344	0	0	42,459
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfer In	0	0	0	0	0	0
Transfer Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balance	0	0	344	0	0	42,459
<u>FUND BALANCE</u> - Beginning of Year	0	0	45,485	0	0	772,933
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 45,829	\$ 0	\$ 0	\$ 815,392

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

COMPONENT UNITS

COMBINING BALANCE SHEET
MARCH 31, 2022

	<u>ECONOMIC DEVELOPMENT CORPORATION</u>	<u>DOWNTOWN DEVELOPMENT AUTHORITY</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash	\$ 1,283	\$ 853,931	\$ 855,214
Taxes Receivable	0	692	692
Due From Primary Government	0	21,134	21,134
Prepaid Expenses	0	6,250	6,250
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,283	\$ 882,007	\$ 883,290
<hr/>			
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
	\$ 0	\$ 0	\$ 0
 <u>FUND BALANCES</u>			
Unassigned	1,283	882,007	883,290
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,283	\$ 882,007	\$ 883,290
<hr/>			

CHARTER TOWNSHIP OF FILER, MANISTEE COUNTY
MANISTEE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2022

	ECONOMIC DEVELOPMENT CORPORATION	DOWNTOWN DEVELOPMENT AUTHORITY	TOTALS
<u>REVENUES</u>			
Taxes	\$ 0	\$ 138,760	\$ 138,760
State Sources	0	14,584	14,584
Interest and Rents	0	2,188	2,188
Other Revenue	0	2,500	2,500
Total Revenues	0	158,032	158,032
 <u>EXPENDITURES</u>			
Economic Development	18	410,087	410,105
Excess (Deficiency) of Revenues Over Expenditures	(18)	(252,055)	(252,073)
<u>FUND BALANCES</u> - Beginning of Year	1,301	1,134,062	1,135,363
<u>FUND BALANCES</u> - End of Year	\$ 1,283	\$ 882,007	\$ 883,290

