

CHARTER TOWNSHIP OF PORTAGE
REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)
YEAR ENDED DECEMBER 31, 2021

CHARTER TOWNSHIP OF PORTAGE

December 31, 2021

ELECTED OFFICIALS

Supervisor.....	Bruce Petersen
Clerk.....	Amy Skewes
Treasurer.....	Elizabeth Smith
Trustee.....	Peggy Anderson
Trustee.....	John Ollila
Trustee.....	William Bingham
Trustee.....	William Fink

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INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Charter Township of Portage
Houghton, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Portage as of and for the year then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Portage as of December 31, 2021, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

June 16, 2021

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**CHARTER TOWNSHIP OF PORTAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021**

This section of the Charter Township of Portage's annual financial report presents management's discussion and analysis of the Township's financial activities during the fiscal year ended December 31, 2021. The analysis focuses on the Township's financial performance as a whole. It is intended to be read as part of the Township's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the Township's assets and liabilities, with the difference between the two 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

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, public safety, public works, and recreation. The business-type activities of the Township include water and sewer operations.

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 evaluating a Township's near-term financing requirements.

**CHARTER TOWNSHIP OF PORTAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021**

Overview of the Financial Statements (Continued)

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 Township'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.

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 which is considered a major fund. Data is combined into a single aggregated presentation for the other governmental funds (non-major governmental funds). Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison schedules have been provided for the general and special revenue funds to demonstrate legal compliance.

Proprietary Funds: The Township maintains one type of proprietary fund. 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 operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer and water funds, both of which are considered to be major funds of the Township.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Township is the trustee, or fiduciary, for assets that belong to others for the benefit of individuals and other agencies outside the government such as members of the public, and other governments. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. The Township maintains one type of fiduciary fund. Custodial funds are used to account for and report fiduciary activities that are not required to be reported as another fiduciary fund type.

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

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this discussion and analysis, required pension schedules and the general fund budget and actual presentation. Supplemental information follows the required pension schedules and includes combining and individual fund statements and schedules.

Government-Wide Financial Analysis

Net position serves as an indicator of the Township's financial position and overall performance. As shown on page 14, total assets exceeded liabilities by \$5,962,970 for the Township's primary government.

Net investment in capital assets (land, building, and equipment) make up the largest portion of the Township's total net position. These capital assets are used to provide services to the general public and are not available for future spending. Even though net investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

**CHARTER TOWNSHIP OF PORTAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021**

Overview of the Financial Statements - (Continued)

Net Position

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Assets				
Current and other assets	\$ 2,916,022	\$ 2,339,449	\$ 152,789	\$ 168,313
Capital assets - net	1,163,189	1,204,397	3,298,243	3,327,817
Total assets	<u>4,079,211</u>	<u>3,543,846</u>	<u>3,451,032</u>	<u>3,496,130</u>
Liabilities				
Current liabilities	104,108	8,194	22,572	24,250
Non-current liabilities	5,993	6,769	1,192,000	1,219,000
Total liabilities	<u>110,101</u>	<u>14,963</u>	<u>1,214,572</u>	<u>1,243,250</u>
Deferred inflow of resources	<u>242,600</u>	<u>78,151</u>	-	-
Net position				
Net investment in capital assets	1,163,189	1,204,397	2,106,243	2,108,817
Restricted	1,608,782	1,349,341	-	-
Unrestricted	954,539	896,994	130,217	80,558
Total net position	<u>\$ 3,726,510</u>	<u>\$ 3,450,732</u>	<u>\$ 2,236,460</u>	<u>\$ 2,189,375</u>

Governmental Activities

As shown on the following table, governmental activities increased the Township's net position by \$275,778. In prior year, the net position of governmental activities increased by \$129,862. The current to prior year change in governmental activities is due to an increase in overall revenues of \$132,858 and a decrease in overall expenditures of \$13,058. The increases in overall revenue were mainly due to increases in taxes, state shared revenue, realized gains and other income. The decrease in expenditures was mainly due to decreases in general government, public safety, and recreation and culture.

Business-type Activities

As shown below on the following table, business-type activities increased the Township's net position by \$47,085. In prior year, the net position of business-type activities decreased by \$69,355. The current to prior year change in business-type activities is due to an increase in overall revenues of \$97,234 and a decrease in overall expenses of \$19,206. The increase in revenue is due to an increase in charges for services and refunds. The decrease in expenses is mainly due to a decrease in repairs and maintenance, depreciation, and purchased services.

**CHARTER TOWNSHIP OF PORTAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021**

Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Program Revenue:				
Charges for services	\$ 99,721	\$ 118,174	\$ 579,498	\$ 534,604
Grants and contributions	63,597	-	-	-
General Revenue:				
Taxes	290,367	279,642	-	-
State shared revenue	334,087	297,765	-	-
Realized gain (loss)	99,103	32,250	-	-
Unrealized gain (loss)	(845)	(11,453)	-	-
Operating transfers in/out	(43,206)	-	43,206	-
Other income	55,731	49,319	17,459	8,325
Total revenues	<u>898,555</u>	<u>765,697</u>	<u>640,163</u>	<u>542,929</u>
Functions/program expenses				
General government	366,441	384,967	-	-
Public Safety	83,632	122,986	-	-
Public Works	148,754	98,408	593,078	612,284
Recreation and culture	23,950	29,474	-	-
Total expenses	<u>622,777</u>	<u>635,835</u>	<u>593,078</u>	<u>612,284</u>
Change in net position	275,778	129,862	47,085	(69,355)
Net position - Beginning	<u>3,450,732</u>	<u>3,320,870</u>	<u>2,189,375</u>	<u>2,258,730</u>
Net position - Ending	<u>\$ 3,726,510</u>	<u>\$ 3,450,732</u>	<u>\$ 2,236,460</u>	<u>\$ 2,189,375</u>

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following two charts highlight the Township's governmental activities by revenues and expenses.

	2021	% of total	2020	% of total
Revenues				
Charges for services	\$ 99,721	11.1	\$ 118,174	15.5
Operating grants	63,597	7.1	-	-
Taxes	290,367	32.3	279,642	36.5
State shared revenue	334,087	37.2	297,765	38.9
Realized gain (loss)	99,103	11.0	32,250	4.2
Operating transfers in/out	(43,206)	(4.8)	-	-
Unrealized gain (loss)	(845)	(0.1)	(11,453)	(1.5)
Other income	55,731	6.2	49,319	6.4
Total revenues	<u>\$ 898,555</u>	<u>100.0</u>	<u>\$ 765,697</u>	<u>100.0</u>
Expenditures				
General government	\$ 366,441	58.9	\$ 384,967	60.6
Public Safety	83,632	13.4	122,986	19.3
Public Works	148,754	23.9	98,408	15.5
Recreation and culture	23,950	3.8	29,474	4.6
Total expenditures	<u>\$ 622,777</u>	<u>100.0</u>	<u>\$ 635,835</u>	<u>100.0</u>

**CHARTER TOWNSHIP OF PORTAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021**

As of the end of the current fiscal year, the Township’s governmental activities reported combined unrestricted fund balances of \$952,424, which is available for spending to meet current and future obligations of the Township.

The fund balance of the Township’s General Fund increased by \$163,572 during the fiscal year.

GOVERNMENTAL FUNDS	2021	2020	Change
GENERAL FUND			
Revenues/Transfers	\$ 663,435	\$ 570,934	\$ 92,501
Expenditures/Transfers	\$ 499,863	\$ 467,682	\$ 32,181
Fund Balance	\$ 1,078,905	\$ 915,333	\$ 163,572
FIRE FUND			
Revenues/Transfers	\$ 120,431	\$ 113,854	\$ 6,577
Expenditures/Transfers	\$ 58,565	\$ 145,711	\$ (87,146)
Fund Balance	\$ 199,633	\$ 137,767	\$ 61,866
ROAD FUND			
Revenues/Transfers	\$ -	\$ -	\$ -
Expenditures/Transfers	\$ -	\$ -	\$ -
Fund Balance	\$ -	\$ -	\$ -
CEMETERY PERPETUAL CARE FUND			
Revenues/Transfers	\$ 134,541	\$ 72,595	\$ 61,946
Expenditures/Transfers	\$ 31,320	\$ 50,453	\$ (19,133)
Fund Balance	\$ 1,300,929	\$ 1,197,708	\$ 103,221
CEMETERY OPERATIONS FUND			
Revenues/Transfers	\$ 65,916	\$ 74,932	\$ (9,016)
Expenditures/Transfers	\$ 78,535	\$ 73,688	\$ 4,847
Fund Balance	\$ (10,530)	\$ 2,089	\$ (12,619)
LIQUOR FUND			
Revenues/Transfers	\$ 2,234	\$ 2,137	\$ 97
Expenditures/Transfers	\$ 2,064	\$ 2,018	\$ 46
Fund Balance	\$ 377	\$ 207	\$ 170

General Fund - The increase in revenue is mainly due to an increase in state shared revenue and the American Rescue Plan Act (ARPA) grant revenue. The increase in expenditures is mainly due to an increase in general government and transfers to other funds.

Fire Fund - There was no significant change in revenue. The decrease in expenditures is mainly due to a decrease in supplies, utilities, and capital outlay.

Road Fund - The Road Fund was established in the current year. There were no revenues or expenditures.

Cemetery Perpetual Care Fund - The changes in revenues and expenses are related to changes in investment activity with Edward Jones.

Cemetery Operations Fund - The decrease in revenue is mainly due to a decrease in charges for services and transfers from other funds. There was no significant change in expenditures from prior year.

Liquor Fund - There were no significant changes in revenues or expenditures.

**CHARTER TOWNSHIP OF PORTAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021**

The following two charts highlight the Township's business-type activities by revenues and expenses and net position.

ENTERPRISE FUNDS	2021	2020	Change
PORTAGE SEWER			
Revenues/Transfers	\$ 292,942	\$ 237,904	\$ 55,038
Expenditures/Transfers	\$ 228,489	\$ 258,470	\$ (29,981)
Net Position	\$ 716,202	\$ 651,749	\$ 64,453
DAKOTA SEWER			
Revenues/Transfers	\$ 37,351	\$ 37,100	\$ 251
Expenditures/Transfers	\$ 59,767	\$ 62,676	\$ (2,909)
Net Position	\$ 531,882	\$ 554,298	\$ (22,416)
PORTAGE WATER			
Revenues/Transfers	\$ 236,553	\$ 198,328	\$ 38,225
Expenditures/Transfers	\$ 215,765	\$ 205,091	\$ 10,674
Net Position	\$ 490,287	\$ 469,499	\$ 20,788
DAKOTA HEIGHTS WATER			
Revenues/Transfers	\$ 26,270	\$ 26,159	\$ 111
Expenditures/Transfers	\$ 35,636	\$ 35,269	\$ 367
Net Position	\$ 265,757	\$ 275,123	\$ (9,366)
WOODLAND ROAD WATER			
Revenues/Transfers	\$ 47,047	\$ 43,438	\$ 3,609
Expenditures/Transfers	\$ 53,421	\$ 50,778	\$ 2,643
Net Position	\$ 232,332	\$ 238,706	\$ (6,374)

Portage Sewer Fund - The increase in revenues is due to an increase in charges for services and transfers in. Expenses decreased due to a decrease in purchased services and depreciation.

Dakota Sewer Fund - There was no significant change in revenues or expenses.

Portage Water Fund - The increase in revenues is due to an increase in charges for services, transfers in, and other income. Expenses increased due to an increase in salaries, supplies, and purchased services.

Dakota Water Heights Fund - There was no significant change in revenues or expenses.

Woodland Road Water Fund - There was no significant change in revenues or expenses.

**CHARTER TOWNSHIP OF PORTAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021**

Financial Analysis

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the main operating fund of the Township. At the end of the current fiscal year fund balance of the General Fund was \$1,078,905. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 218% of the total General Fund expenditures.

Proprietary Funds - The Township's proprietary funds provides the same type of information found in the government-wide financial statements, but in more detail. Net position at the end of the year amounted to \$2,236,460.

Budgetary Highlights

During the year ended December 31, 2021, there were two budget amendments.

Capital Assets and Debt Administration

The Township's investment in capital assets net of accumulated depreciation for the governmental and business-type activities as of December 31, 2021, amounts to \$4,461,432. The investment in capital assets includes land, buildings, system improvements, machinery, and equipment.

Additional information on the Township's capital assets can be found on page 34 of this report.

Long-term Debt

At the end of the current fiscal year, the Township had total debt in bonds and loans in the amount of \$1,192,000. This total amount is backed by the full faith and credit of the Township. The Township's overall debt decreased by \$27,000 during the fiscal year.

Additional information on the Township's long-term debt can be found starting on page 38 of this report.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances. If you have questions about this report or need additional information, contact the Township Supervisor at the Portage Township, 47420 Green Acres Road, Houghton, Michigan 49931 or call (906) 482-4310 and e-mail address supervisor@charterportagetwp.org.

CHARTER TOWNSHIP OF PORTAGE
STATEMENT OF NET POSITION
December 31, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and cash equivalents	\$ 849,804	\$ 256,394	\$ 1,106,198
Accounts receivable	-	11,960	11,960
Inventory	-	87,552	87,552
Internal balances	398,253	(398,253)	-
Due from fiduciary fund	263,797	1,273	265,070
Due from other governmental units	-	-	-
Prepays	9,707	19,263	28,970
Restricted cash	166,172	174,600	340,772
Restricted investment	1,228,289	-	1,228,289
Capital assets - net	<u>1,163,189</u>	<u>3,298,243</u>	<u>4,461,432</u>
Total assets	<u>4,079,211</u>	<u>3,451,032</u>	<u>7,530,243</u>
Liabilities			
Accounts payable	2,343	21,202	23,545
Accrued expenses	1,922	1,370	3,292
Unearned revenue	99,843	-	99,843
Bonds, due within one year	-	28,000	28,000
Bonds, due in more than one year	-	1,164,000	1,164,000
Accrued vacation and sick payable	5,993	-	5,993
Total liabilities	<u>110,101</u>	<u>1,214,572</u>	<u>1,324,673</u>
Deferred inflow of resources			
Property taxes levied for the following year	<u>242,600</u>	<u>-</u>	<u>242,600</u>
Net position			
Net investment in capital assets	1,163,189	2,106,243	3,269,432
Restricted			
Fire Protection Fund	199,633	-	199,633
Liquor Law Fund	377	-	377
Cemetery Perpetual Care	1,300,929	-	1,300,929
General Fund	107,843	-	107,843
Unrestricted	<u>954,539</u>	<u>130,217</u>	<u>1,084,756</u>
Total net position	<u>\$ 3,726,510</u>	<u>\$ 2,236,460</u>	<u>\$ 5,962,970</u>

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

CHARTER TOWNSHIP OF PORTAGE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Grants and Contributions</u>		<u>Primary Government</u>		
			<u>Operating</u>	<u>Capital</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Government Activities							
General government	\$ 366,441	\$ 99,721	\$ 63,597	\$ -	\$ (203,123)	\$ -	\$ (203,123)
Public safety	83,632	-	-	-	(83,632)	-	(83,632)
Public works	148,754	-	-	-	(148,754)	-	(148,754)
Recreation	23,950	-	-	-	(23,950)	-	(23,950)
Total governmental activities	<u>622,777</u>	<u>99,721</u>	<u>63,597</u>	<u>-</u>	<u>(459,459)</u>	<u>-</u>	<u>(459,459)</u>
Business-type activities:							
Water	304,822	275,825	-	-	-	(28,997)	(28,997)
Sewer	288,256	303,673	-	-	-	15,417	15,417
Total business-type activities	<u>593,078</u>	<u>579,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,580)</u>	<u>(13,580)</u>
Total primary government	<u>\$ 1,215,855</u>	<u>\$ 679,219</u>	<u>\$ 63,597</u>	<u>\$ -</u>	<u>(459,459)</u>	<u>(13,580)</u>	<u>(473,039)</u>
General revenues:							
					290,367	-	290,367
					334,087	-	334,087
					9,885	890	10,775
					99,103	-	99,103
					(845)	-	(845)
					(43,206)	43,206	-
					45,846	16,569	62,415
					<u>735,237</u>	<u>60,665</u>	<u>795,902</u>
					275,778	47,085	322,863
					<u>3,450,732</u>	<u>2,189,375</u>	<u>5,640,107</u>
					<u>\$ 3,726,510</u>	<u>\$ 2,236,460</u>	<u>\$ 5,962,970</u>

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

CHARTER TOWNSHIP OF PORTAGE
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2021

	Major Governmental Funds						Total Governmental Funds
	General Fund	Fire Protection Fund	Road Fund	Cemetery Operating Fund	Permanent Cemetery Perpetual Care	Non-Major Fund	
Assets							
Cash and cash equivalents	\$ 632,653	\$ 208,541	\$ 6,279	\$ 1,954	\$ -	\$ 377	\$ 849,804
Due from other funds	403,553	-	-	-	14,311	-	417,864
Due from fiduciary fund	103,713	68,604	91,480	-	-	-	263,797
Prepays	6,108	1,599	-	2,000	-	-	9,707
Restricted cash	107,843	-	-	-	58,329	-	166,172
Restricted investment	-	-	-	-	1,228,289	-	1,228,289
Total assets	\$ 1,253,870	\$ 278,744	\$ 97,759	\$ 3,954	\$ 1,300,929	\$ 377	\$ 2,935,633
Liabilities							
Accounts payable	\$ 1,845	\$ 498	\$ -	\$ -	\$ -	\$ -	\$ 2,343
Accrued expenses	1,749	-	-	173	-	-	1,922
Unearned revenue	99,843	-	-	-	-	-	99,843
Due to other funds	-	5,300	-	14,311	-	-	19,611
Total liabilities	103,437	5,798	-	14,484	-	-	123,719
Deferred Inflows of Resources							
Property taxes levied for the following year	71,528	73,313	97,759	-	-	-	242,600
Fund balances							
Nonspendable:							
Prepays	6,108	1,599	-	2,000	-	-	9,707
Restricted	107,843	198,034	-	-	1,300,929	377	1,607,183
Unrestricted	964,954	-	-	(12,530)	-	-	952,424
Total fund balances	1,078,905	199,633	-	(10,530)	1,300,929	377	2,569,314
Total liabilities and fund balances	\$ 1,253,870	\$ 278,744	\$ 97,759	\$ 3,954	\$ 1,300,929	\$ 377	\$ 2,935,633

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

CHARTER TOWNSHIP OF PORTAGE
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2021

Fund Balance Reported in Governmental Funds	\$ 2,569,314
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.	1,163,189
Long-term liabilities of accrued vacation payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,993)</u>
Net position of governmental activities	<u><u>\$ 3,726,510</u></u>

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

CHARTER TOWNSHIP OF PORTAGE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended December 31, 2021

	Major Funds					Non-Major Fund	Total Governmental Fund
	General Fund	Fire Protection Fund	Road Fund	Cemetery Operating Fund	Permanent Cemetery Perpetual Care		
Revenues							
Taxes	\$ 150,306	\$ 111,139	\$ -	\$ -	\$ -	\$ -	\$ 261,445
Commercial Forest	28,922	-	-	-	-	-	28,922
State Revenue	331,853	-	-	-	-	2,234	334,087
Federal grant	63,597	-	-	-	-	-	63,597
Charges for services	75,081	-	-	24,640	-	-	99,721
Interest income	430	17	-	-	9,438	-	9,885
Other income	13,246	-	-	6,600	26,000	-	45,846
Total revenues	<u>663,435</u>	<u>111,156</u>	<u>-</u>	<u>31,240</u>	<u>35,438</u>	<u>2,234</u>	<u>843,503</u>
Expenditures							
General government	345,039	-	-	-	-	-	345,039
Public Safety	6,677	58,565	-	-	-	2,064	67,306
Public Works	68,514	-	-	78,535	-	-	147,049
Recreation and culture	22,951	-	-	-	-	-	22,951
Total expenditures	<u>443,181</u>	<u>58,565</u>	<u>-</u>	<u>78,535</u>	<u>-</u>	<u>2,064</u>	<u>582,345</u>
Excess (deficiency) of revenues over expenditures	<u>220,254</u>	<u>52,591</u>	<u>-</u>	<u>(47,295)</u>	<u>35,438</u>	<u>170</u>	<u>261,158</u>
Other financing sources (uses)							
Realized gain (loss)	-	-	-	-	99,103	-	99,103
Unrealized gain (loss)	-	-	-	-	(845)	-	(845)
Operating transfers in/out	<u>(56,682)</u>	<u>9,275</u>	<u>-</u>	<u>34,676</u>	<u>(30,475)</u>	<u>-</u>	<u>(43,206)</u>
Total other financing sources (uses)	<u>(56,682)</u>	<u>9,275</u>	<u>-</u>	<u>34,676</u>	<u>67,783</u>	<u>-</u>	<u>55,052</u>
Net change in fund balances	163,572	61,866	-	(12,619)	103,221	170	316,210
Fund balances - Beginning of year	<u>915,333</u>	<u>137,767</u>	<u>-</u>	<u>2,089</u>	<u>1,197,708</u>	<u>207</u>	<u>2,253,104</u>
Fund balances - End of year	<u>\$ 1,078,905</u>	<u>\$ 199,633</u>	<u>\$ -</u>	<u>\$ (10,530)</u>	<u>\$ 1,300,929</u>	<u>\$ 377</u>	<u>\$ 2,569,314</u>

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

CHARTER TOWNSHIP OF PORTAGE
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 316,210
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds do not record depreciation and report capital outlays as expenditures; in the statement of activities, these costs are capitalized and allocated over their estimated useful lives as depreciation.	(41,208)
Accrued vacation pay recorded in the statement of activities is not recorded as expenditures in the governmental funds until they are incurred.	<u>776</u>
Change in net position of governmental activities	<u><u>\$ 275,778</u></u>

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

CHARTER TOWNSHIP OF PORTAGE
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2021

	Business-Type Activities Enterprise Funds		
	Sewer System	Water System	Total
Assets			
Cash and cash equivalents	\$ 14,175	\$ 242,219	\$ 256,394
Accounts receivable	8,222	3,738	11,960
Inventory	18,606	68,946	87,552
Due from fiduciary fund	1,054	219	1,273
Prepays	6,632	12,631	19,263
Restricted cash	71,710	102,890	174,600
Capital assets - net	<u>1,993,658</u>	<u>1,304,585</u>	<u>3,298,243</u>
Total assets	<u>2,114,057</u>	<u>1,735,228</u>	<u>3,849,285</u>
Liabilities			
Accounts payable	13,727	7,475	21,202
Due to other funds	358,758	39,495	398,253
Accrued expenses	488	882	1,370
Bonds, due within one year	11,000	17,000	28,000
Bonds, due in more than one year	<u>482,000</u>	<u>682,000</u>	<u>1,164,000</u>
Total liabilities	<u>865,973</u>	<u>746,852</u>	<u>1,612,825</u>
Net Position			
Restricted	71,710	102,890	174,600
Unrestricted	<u>1,176,374</u>	<u>885,486</u>	<u>2,061,860</u>
Total net position	<u>\$ 1,248,084</u>	<u>\$ 988,376</u>	<u>\$ 2,236,460</u>

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

CHARTER TOWNSHIP OF PORTAGE
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
Year Ended December 31, 2021

	Business-Type Activities		
	Enterprise Funds		
	Sewer System	Water System	Total
Operating revenues			
Charges for services	\$ 298,129	\$ 272,177	\$ 570,306
Parts, meters, hook-up fees	5,544	3,648	9,192
Other income	2,556	14,013	16,569
Total operating revenues	<u>306,229</u>	<u>289,838</u>	<u>596,067</u>
Operating expenses			
Salaries	27,016	45,210	72,226
Payroll taxes	2,068	3,457	5,525
Employee benefits	14,636	18,657	33,293
Supplies	3,340	19,261	22,601
Utilities	10,666	2,736	13,402
Insurance	1,527	2,471	3,998
Repairs and maintenance	-	304	304
Professional services	7,434	7,744	15,178
Printing and publishing	631	981	1,612
Dues and membership	-	505	505
Depreciation	62,651	73,591	136,242
Purchase services	146,046	97,805	243,851
Miscellaneous	-	2,104	2,104
Total operating expenses	<u>276,015</u>	<u>274,826</u>	<u>550,841</u>
Operating income (loss)	30,214	15,012	45,226
Non-operating revenues (expenses)			
Operating transfers in/out	24,045	19,161	43,206
Interest income	19	871	890
Interest expense	<u>(12,241)</u>	<u>(29,996)</u>	<u>(42,237)</u>
Total non-operating revenues (expenses)	<u>11,823</u>	<u>(9,964)</u>	<u>1,859</u>
Net income (loss)	42,037	5,048	47,085
Net position, beginning of the year	<u>1,206,047</u>	<u>983,328</u>	<u>2,189,375</u>
Net position, end of year	<u>\$ 1,248,084</u>	<u>\$ 988,376</u>	<u>\$ 2,236,460</u>

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

CHARTER TOWNSHIP OF PORTAGE
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from customers	\$ 310,170	\$ 293,229	\$ 603,399
Payments to suppliers	(236,960)	(148,564)	(385,524)
Payments to employees	(43,692)	(67,227)	(110,919)
Net cash provided by operating activities	<u>29,518</u>	<u>77,438</u>	<u>106,956</u>
Cash flows from noncapital financing activities			
Operating subsidies and transfers to other funds	<u>120,542</u>	<u>18,942</u>	<u>139,484</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	(87,508)	(19,160)	(106,668)
Principal paid on capital debt	(11,000)	(16,000)	(27,000)
Interest paid on capital debt	(12,241)	(29,996)	(42,237)
Net cash (used) by capital and related financing activities	<u>(110,749)</u>	<u>(65,156)</u>	<u>(175,905)</u>
Cash flows from investing activities			
Interest	<u>19</u>	<u>871</u>	<u>890</u>
Net cash flows from investing activities	<u>19</u>	<u>871</u>	<u>890</u>
Net (decrease) in cash	39,330	32,095	71,425
Balances - beginning of the year	<u>46,555</u>	<u>313,014</u>	<u>359,569</u>
Balances - end of the year	<u>\$ 85,885</u>	<u>\$ 345,109</u>	<u>\$ 430,994</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 30,214	\$ 15,012	\$ 45,226
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	62,651	73,591	136,242
Change in assets and liabilities			
Receivables, net	3,941	3,391	7,332
Inventory	21	1,059	1,080
Prepaid expenses	(6,238)	(11,503)	(17,741)
Accounts and other payables	(61,099)	(4,209)	(65,308)
Accrued expenses	28	97	125
Net cash provided by operating activities	<u>\$ 29,518</u>	<u>\$ 77,438</u>	<u>\$ 106,956</u>

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

CHARTER TOWNSHIP OF PORTAGE
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2021

	Custodial Fund
Assets	
Cash and equivalents	\$ 926,211
Liabilities	
Due to other funds	923,940
Due to other governmental units	2,271
Due to other governmental units	-
Total liabilities	926,211
Net position-restricted for	
Individuals, organizations, and other governments	-
Total Net Position	\$ -

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

CHARTER TOWNSHIP OF PORTAGE
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended December 31, 2021

	<u>Custodial Fund</u>
Additions	
Property taxes collected for other governments	\$ <u>4,405,246</u>
Deductions	
Property taxes distributed to other governments	<u>4,405,246</u>
Net increase (decrease) in fiduciary net position	-
Net position - beginning	<u>-</u>
Net position - ending	<u><u>\$ -</u></u>

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

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

The Charter Township of Portage is a Charter Township located in Houghton County, Michigan and encompasses an area of 113.35 square miles. The Township operates under an elected Board of Trustees (seven members, including the Township Supervisor, Township Clerk, Township Treasurer, and four trustees) and provides services to a population of approximately 3,150 Township residents.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Portage conform to generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following is a summary of the more significant policies:

REPORTING ENTITY

The Charter Township of Portage is incorporated under the laws of the State of Michigan and operates under an elected council form of government.

There are no other governmental units within the Township that are controlled by, or dependent upon the Township's Board of Trustees. Control by, or dependence on the Township, was determined on the basis of appointment of the governing body or governing authority budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligation of the Township to finance any deficits that may occur, surplus funds, and scope of public service.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Township as a whole. These statements distinguish between activities that are governmental and those that are considered business-type. The Statement of Net Position and Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component unit. These statements exclude fiduciary activities such as trust and agency funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each different identifiable activity of the business-type activities of the Township and for each governmental program. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Township.

Internal activity is limited to inter-fund transfers which are eliminated to avoid "doubling up" revenues and expenses. Net position are reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue and capital projects and the restrictions on their net asset use.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements - Fund financial statements report detailed information about the Township. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The major governmental funds are each presented in a single column on the financial statements.

The following fund types are used by the Township:

Governmental Funds – The focus of the governmental funds’ measurement (in the fund statements) is upon determination of the financial position (sources, uses, and balances of financial resources) rather than upon net income.

The following is a description of the major governmental funds of the Township:

General Fund - The General Fund is the government’s primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Protection Fund - The Fire Protection Fund accounts for fire protection operations.

Road Fund - The Road Fund is used to account for property taxes restricted for road repair and maintenance.

Cemetery Fund - The Cemetery Fund accounts for all operations of cemetery activities.

Permanent Fund Type - The Cemetery Perpetual Care Fund is the Township’s only permanent fund. The principal portion of the fund must stay intact, but the interest earnings are used to provide care for the cemetery.

The following is a description of the non major governmental funds of the Township:

Liquor Law Fund - This fund accounts for all activity in connection with liquor law enforcement as required by the State of Michigan and is funded by the same.

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

Sewer and Water funds are major enterprise funds of the Township.

Fiduciary Funds - The Fiduciary Fund is used to account for the assets held by the township in a trustee capacity or as an agent for individual, private organizations, other governments and/or other funds. This type of fund includes the Custodial Fund and is reported within the basic financial statements. The Custodial fund accounts for collection and disbursement of property tax collections and is the only fiduciary fund. Fiduciary funds are excluded from the Government-wide statements because the Township cannot use these assets to finance its operations.

The Township does not report any Fiduciary funds as a major fund.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resource measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.
- The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position and cash flows. All assets and liabilities, whether current or noncurrent, associated with their activities are reported. Proprietary fund equity is classified as net assets.
- Fiduciary funds utilize 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 the timing of related cash flows.

Other Accounting Policies

Cash and cash equivalents - The Township’s cash and cash equivalents as reported in the statement of cash flows and the statement of net position are considered to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

Restricted assets - Certain cash accounts are classified as restricted assets on the balance sheet because their use is limited. In the enterprise funds, the “Bond Requirements” accounts are used for the payment of current debt obligations.

Receivables and Payables - In general, outstanding balances between funds are reported as “due to/from other funds.” All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Township has not recorded an allowance for uncollectible as the Township does not anticipate any material uncollectible accounts.

Inventory - Inventory is valued at cost as determined on the first-in, first-out method for the Sewer and Water Funds. For all other funds the Township utilizes the purchase method of recording inventories of materials and supplies. Under the purchase method, inventories are recorded as expenditures when they are purchased.

Property Taxes - Property taxes are accrued in the year they are levied. The tax levy is recorded as deferred revenue until the subsequent year when it becomes available for use. Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the year ended December 31, 2021, the Township levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
Township Operating	1.2884
Fire Operating	.9779

Capital Assets – Capital assets, which include land, buildings, equipment, site improvements, and vehicles are reported in the applicable governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. All costs relating to construction of facilities are capitalized, including salaries, employee benefits, and bond interest costs. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair & maintenance that do not add to the value or materially extend asset lives are not capitalized. Capital assets are defined by the Township as assets with an initial individual cost of more than \$3,000 and an estimated useful life of more than one year.

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the asset’s estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of assets is as follows:

System lines	40-50 years
Buildings and additions	20-50 years
Vehicles	5-10 years
Furniture and other equipment	5-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

Restricted Assets - Certain cash accounts are classified as restricted assets on the balance sheet because their use is limited. In the Enterprise Fund, the “Bond Requirements” accounts are used for the payment of current debt obligations. Cemetery Perpetual Care Fund cash accounts have been reserved for the principal portion of the non-expendable cash.

Long-term Debt - The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists of bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures as it is in the government-wide statements.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences - The Township’s policies regarding vacation and sick time permit employees to accumulate vacation and sick time. The liability for vacation compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated liability payable from expendable available financial resources, while proprietary funds report the liability as it is incurred.

Deferred Outflows of Resources and Deferred Inflows of Resources - Deferred outflows are reported in a separate section following assets and represents a consumption of net position applying to a future period and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no deferred outflows in the current year.

Deferred inflows are reported in a separate section following liabilities and represents an acquisition of net position applying to a future period and therefore will not be recognized as an inflow of resources (revenue) in the current year. The Township has reported \$242,600 in property taxes levied for the following year, and therefore not available in the current year under the governmental fund basis of accounting, as a deferred inflow.

Fund	Deferred Property Taxes
General	\$ 71,528
Fire Protection	73,313
Road fund	97,759
Totals	<u>\$ 242,600</u>

Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position - Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
3. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements – Governmental fund equity is classified as fund balance. Fund balance is further classified as described on page 31. Proprietary fund equity is classified the same as in the government-wide statements.

Revenues

Government-Wide Statements

In the government-wide statement of activities, revenues are segregated by activity (governmental or business-type), and are classified as either a program revenue or a general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions and capital grants and contributions. General revenues, includes all revenues which do not meet the criteria of program revenues and included revenues such as property taxes, state revenue sharing payments and interest earnings.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Statements

In the governmental fund statements revenues are reported by source, such as federal sources, state sources and taxes. Revenues consist of general purpose revenues and restricted revenues. General purpose revenues are available to fund any activity reported in that fund, while restricted revenues are available for a specific purpose or activity and the restrictions are typically required by law or a grantor agency. When both general purpose and restricted revenues are available for use, it is the Township's policy to use restricted resources first.

Expenses/Expenditures

Government-Wide Statements

In the government-wide statement of activities, expenses are segregated by activity (governmental or business-type), and are classified by function.

Fund Statements

The governmental fund financial statements are classified by character: current, debt service, and capital outlay.

In the proprietary fund financial statements expenses are classified by operating and nonoperating and sub-classified by function such as salaries, supplies and contracted services.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

Other Financing Sources (Uses)

The transfers of cash between the various Township funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities, and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct cost and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment.

Interfund receivables and payables have been eliminated from the statement of net position, except for the residual amounts due between governmental and business-type activities.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance - Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either a.) not in spendable form, or b.) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, laws or regulations of other governments. *Committed fund balance*, if any, is reported from amounts that can be used for specific purposes pursuant to constraints imposed by formal action by the government's highest level of decision making authority, the Board. A formal resolution of the Board is required to establish, modify or rescind a fund balance commitment. The Township reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. *Unassigned fund balance* is the residual classification for the general fund.

When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned balance.

Estimates - The preparation 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Encumbrances - Encumbrances are defined as commitments related to unperformed contracts for goods and services. The Township does not record encumbrances in the normal course of operating its accounting system and none are recorded in the accompanying financial statements.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- Each October, the Township Supervisor prepares a proposed operating budget for the fiscal year commencing the following January 1, and submits this proposed budget to the Township Board of trustees at the annual meeting in January.
- The Township Board of Trustees reviews the proposed budget, which includes proposed expenditures and the means of financing them.
- Pursuant to the statute, the proposed budget as approved by the Board of Trustees, is submitted to the Township at a public hearing, at which time public comment is invited. The final budget is formally adopted at the next board meeting.
- The Board of Trustees reviews the budget quarterly during the fiscal year and makes formal amendments when appropriate.
- Budget appropriation's lapse at the end of the fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.

In accordance with the State of Michigan Budgeting and Accounting Act, the Township must adopt an annual operating budget for the General and Special Revenue. In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. Violations, if any, for the General and Fire Protection Funds are noted in the required supplementary information section.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE C - CASH

At year-end, the Township’s cash deposits (checking, savings and certificates of deposit) were reported in the basic financial statements in the following categories:

	Governmental Activities	Enterprise Funds	Total Government	Fiduciary Funds
Unrestricted cash	\$ 849,804	\$ 256,394	\$ 1,106,198	\$ -
Restricted cash	166,172	174,600	340,772	926,211
Total cash	<u>\$ 1,015,976</u>	<u>\$ 430,994</u>	<u>\$ 1,446,970</u>	<u>\$ 926,211</u>

Custodial Credit Risk - Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Township’s deposits may not be returned to it. State law does not require, and the Township does not have, a policy for deposit custodial credit risk. As of December 31, 2021, \$11 of the Township’s bank balance of \$1,887,663 was exposed to custodial credit risk because it was uninsured and uncollateralized.

All deposits for the Township are in accordance with statutory authority.

NOTE D - INVESTMENTS

The cost, market value, and unrealized appreciation (depreciation) of investment securities are as follows:

Description	December 31, 2021		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Short-term investment	\$ 11,004	\$ 11,004	\$ -
U.S. Government and Agencies	-	-	-
Mutual funds	1,167,331	1,217,285	49,954
Total Investments	<u>\$ 1,178,335</u>	<u>\$ 1,228,289</u>	<u>\$ 49,954</u>

The following table presents information about the Township’s investments measured at fair value on a recurring basis and the valuation techniques used by the Township to determine those fair values. The FASB ASC 820 Fair Value Measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; Level 3 inputs consist of unobservable inputs and have the lowest priority. The Township uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE D - INVESTMENTS (Continued)

December 31, 2021	Fair Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investment	\$ 11,004	\$ 11,004	\$ -	\$ -
U.S. Government and Agencies	-	-	-	-
Mutual funds	1,217,285	1,217,285	-	-
Total Investments	\$ 1,228,289	\$ 1,228,289	\$ -	\$ -

Interest Rate Risk - In accordance with its investment policy, 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 investment pools and limiting the average maturity in accordance with the Township’s cash requirements.

Credit Risk - State law limits investments in commercial paper corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

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.

Custodial Credit Risk - Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business.

NOTE E - INTER-FUND RECEIVABLES AND PAYABLES/TRANSFERS

The amounts of inter-fund receivables and payables at December 31, 2021 are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable	Not expected to be paid back within one year
General Fund	\$ 403,553	Water Funds	\$ 39,495	\$ -
Water Funds	-	Fire Funds	5,300	-
Sewer Funds	-	Sewer Funds	358,758	261,207
		Cemetery operating fund	14,311	-
Perpetual Care Fund	14,311	Non-Major Funds	-	-
Total	\$ 417,864	Total	\$ 417,864	\$ 261,207

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE E - INTER-FUND RECEIVABLES AND PAYABLES/TRANSFERS (Continued)

- The tax collection fund owed the General Fund \$103,713 at December 31, 2021.
- Perpetual Care Fund transferred \$30,475 to the Cemetery Fund.

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
Fire fund	\$ 9,275	General fund	\$ 56,682
Cemetery operating fund	34,676	Cemetery perpetual care fund	30,475
Sewer funds	24,045		
Water funds	19,161		
Total	<u>\$ 87,157</u>	Total	<u>\$ 87,157</u>

NOTE F - CAPITAL ASSETS

Capital Asset activity of the Township's governmental activities was as follows:

	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>
Capital assets, not being depreciated				
Land	\$ 590,862	\$ -	\$ -	\$ 590,862
Capital assets, being depreciated				
Buildings	1,023,446	\$ -	\$ -	1,023,446
Equipment	158,636	-	3,075	155,561
Machinery	91,614	-	15,638	75,976
Office equipment	21,642	-	-	21,642
Street signs	2,598	-	-	2,598
Vehicles	538,777	500	-	539,277
Subtotal	<u>1,836,713</u>	<u>\$ 500</u>	<u>\$ 18,713</u>	<u>1,818,500</u>
Accumulated depreciation				
Building	462,501	\$ 31,164	\$ -	493,665
Equipment	119,877	5,013	3,075	121,815
Machinery	91,615	-	15,638	75,977
Office equipment	20,748	828	-	21,576
Street signs	2,598	-	-	2,598
Vehicles	525,839	4,703	-	530,542
Subtotal	<u>1,223,178</u>	<u>\$ 41,708</u>	<u>\$ 18,713</u>	<u>1,246,173</u>
Net capital assets being depreciated	<u>613,535</u>			<u>572,327</u>
Net capital assets	<u>\$ 1,204,397</u>			<u>\$ 1,163,189</u>

Depreciation expense was charged to governmental activities of the Township as follows:

General government	\$ 22,797
Public safety	16,326
Public works	2,585
Total governmental activities	<u>\$ 41,708</u>

**CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021**

NOTE F - CAPITAL ASSETS (Continued)

The property, plant, and equipment in Township business-type funds at December 31, 2021 are summarized as follows:

SEWER FUNDS

<u>Portage Sewer</u>	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Capital assets, being depreciated				
Utility system	\$ 2,855,350	\$ 68,346	\$ -	\$ 2,923,696
Equipment/Vehicles/Machinery	55,721	19,162	1,500	73,383
Subtotal	<u>2,911,071</u>	<u>\$ 87,508</u>	<u>\$ 1,500</u>	<u>2,997,079</u>
Less accumulated depreciation	<u>1,670,521</u>	<u>\$ 37,998</u>	<u>\$ 1,500</u>	<u>1,707,019</u>
Net capital assets	<u>\$ 1,240,550</u>			<u>\$ 1,290,060</u>
<u>Dakota Heights Sewer</u>	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Capital assets, being depreciated				
Utility system	\$ 930,019	\$ -	\$ -	\$ 930,019
Equipment/Vehicles/Machinery	16,380	-	-	16,380
Subtotal	<u>946,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>946,399</u>
Less accumulated depreciation	<u>218,148</u>	<u>\$ 24,653</u>	<u>\$ -</u>	<u>242,801</u>
Net capital assets	<u>\$ 728,251</u>			<u>\$ 703,598</u>

WATER FUNDS

<u>Portage Water</u>	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Capital assets, being depreciated				
Utility system	\$ 2,224,491	\$ -	\$ -	\$ 2,224,491
Equipment/Vehicles/Machinery	132,005	19,160	1,500	149,665
Subtotal	<u>2,356,496</u>	<u>\$ 19,160</u>	<u>\$ 1,500</u>	<u>2,374,156</u>
Less accumulated depreciation	<u>1,425,366</u>	<u>\$ 51,618</u>	<u>\$ 1,500</u>	<u>1,475,484</u>
Net capital assets	<u>\$ 931,130</u>			<u>\$ 898,672</u>

**CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021**

NOTE F - CAPITAL ASSETS (Continued)

Dakota Heights Water	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Capital assets, being depreciated				
Utility system	\$ 668,918	\$ -	\$ -	\$ 668,918
Equipment/Vehicles/Machinery	27,374	-	-	27,374
Subtotal	696,292	\$ -	\$ -	696,292
Less accumulated depreciation	350,829	\$ 17,857	\$ -	368,686
Net capital assets	\$ 345,463			\$ 327,606
Woodland Road Water	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Capital assets, being depreciated				
Utility system	\$ 133,312	\$ -	\$ -	\$ 133,312
Equipment/Vehicles/Machinery	34,153	-	-	34,153
Subtotal	167,465	\$ -	\$ -	167,465
Less accumulated depreciation	85,042	\$ 4,116	\$ -	89,158
Net capital assets	\$ 82,423			\$ 78,307

NOTE G - ACCUMULATED UNPAID VACATION

Township full time employees accumulate vacation days and will be compensated upon leaving the township's employment. The maximum vacation accrual is thirty (30) days. Vacation days are earned on an annual basis at the following rate, per every 160 hours worked:

Years of Employment	Vacation Days
One year	1/2
Two through seven	1
Eight through ten	1 1/4
Eleven or more	1 1/2

Accumulated unpaid vacation at December 31, 2021 was \$5,993.

NOTE H - BOND PAYMENT AND RESERVE REQUIREMENTS - PROPRIETARY FUNDS

PORTAGE SEWER DISPOSAL SYSTEM REVENUE BONDS, SERIES 2010

Bond and Interest Redemption Account - The Township is required to set aside each quarter on or after July 1, an amount not less than 1/2 of the amount of interest due on the next two interest payments and next principal payment date.

Bond Reserve Account - The Township is required to deposit \$362.50 per quarter into a bond reserve account until an amount of \$14,500 is accumulated, to be used for payment on the bonds in the event of default.

Repair, Replacement, and Improvement Account - The Township is required to deposit into a repair, replacement, and improvement account (RRI) at least \$1,362.50 per quarter, less the amount, if any, deposited in the Bond Reserve Account.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE H - BOND PAYMENT AND RESERVE REQUIREMENTS - PROPRIETARY FUNDS (Continued)

DAKOTA HEIGHTS SEWAGE DISPOSAL SYSTEM REVENUE BOND, SERIES 2011

Bond and Interest Redemption Account - The Township is required to set aside each quarter on or after July 1, 2011 an amount not less than $\frac{1}{2}$ of the amount of interest due on the next interest payment and $\frac{1}{4}$ of the amount of principal due on the next principal payment date.

Bond Reserve Account - The Township is required to deposit \$275 per quarter, commencing October 1, 2011, into a bond reserve account to be used for payment on the bonds in the event of default.

Repair, Replacement, and Improvement Account - The Township is required to deposit into a repair, replacement, and improvement account (RRI) at least \$775 per quarter, less the amount, if any, deposited in the Bond Interest Redemption and Reserve Accounts.

PORTAGE WATER - 2008 WATER SUPPLY AND DISTRIBUTION SYSTEM JUNIOR LIEN REVENUE BOND

Bond and Interest Redemption Account -The Township is required to set aside each quarter on or after April 1, an amount not less than $\frac{1}{2}$ of the amount of interest due on the next interest payment and $\frac{1}{4}$ the amount of principal due on the next principal payment date.

Bond Reserve Account - The Township is required to establish a bond reserve account to be used for payment on the bonds in the event of default.

Repair, Replacement, and Improvement Account -The Township is required to deposit into a repair, replacement, and improvement account (RRI) at least \$1,725 per quarter, less the amount, if any, deposited in the Bond Reserve Account.

DAKOTA HEIGHTS WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2000

Bond and Interest Redemption Account - The Township is required to set aside each quarter on or after April 1, an amount not less than $\frac{1}{2}$ of the amount of interest due on the next interest payment and $\frac{1}{4}$ of the amount of principal due on the next principal payment date.

Bond Reserve Account - The Township is required to deposit \$275 per quarter into a bond reserve account to be used for payment on the bonds in the event of default.

Repair, Replacement, and Improvement Account - The Township is required to deposit into a repair, replacement, and improvement account (RRI) at least \$2,100 per quarter, less the amount, if any, deposited in the Bond Reserve Account.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE H - BOND PAYMENT AND RESERVE REQUIREMENTS - PROPRIETARY FUNDS (Continued)

At December 31, 2021, the Township had established these accounts and had restricted cash, as required, as follows:

	<u>Required</u>	<u>Amount Funded</u>
<u>Portage Sewer Fund</u>		
Bond Reserve	\$ 14,500	\$ 14,500
Repair and Replacement	12,725	12,725
Bond and Interest	6,864	6,864
	<u>\$ 34,089</u>	<u>\$ 34,089</u>
<u>Dakota Heights Sewer Fund</u>		
Bond Reserve	\$ 10,725	\$ 10,725
Repair and Replacement	21,050	21,050
Bond and Interest	5,346	5,346
	<u>\$ 37,121</u>	<u>\$ 37,121</u>
<u>Portage Water Fund</u>		
Bond Reserve	\$ 36,500	\$ 36,500
Repair and Replacement	13,800	13,800
Bond and Interest	18,236	18,236
	<u>\$ 68,536</u>	<u>\$ 68,536</u>
<u>Dakota Heights Water Fund</u>		
Bond Reserve	\$ 11,000	\$ 11,000
Repair and Replacement	20,641	20,641
Bond and Interest	2,713	2,713
	<u>\$ 34,354</u>	<u>\$ 34,354</u>

NOTE I - LONG TERM DEBT

PORTAGE WATER FUND

2007 Water Supply and Distribution System Junior Lien Revenue Bond was issued on August 16, 2007 in the amount of \$700,000 for the purpose of acquiring and constructing additions and improvements to the Township Water distribution system.

The bonds are self-liquidating and are not general obligations of the Township, but are payable both as to principal and interest solely from the revenues of the Water Supply and Distribution System. The bonds bear an interest rate not to exceed 4.125% per annum. The payment schedule for the bonds is as follows:

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE I - LONG TERM DEBT (Continued)

PORTAGE WATER FUND (Continued)

Year	January 1	July 1		Total
	Interest	Interest	Principal	
2022	\$ 11,736	\$ 11,736	\$ 13,000	\$ 36,472
2023	11,468	11,468	13,000	35,936
2024	11,199	11,199	14,000	36,398
2025	10,911	10,911	14,000	35,822
2026	10,622	10,622	15,000	36,244
2027	10,313	10,313	15,000	35,626
2028-2032	46,571	46,571	87,000	180,142
2033-2037	36,836	36,836	106,000	179,672
2038-2042	24,956	24,956	130,000	179,912
2043-2047	10,395	10,395	162,000	182,790
Totals	<u>\$ 185,007</u>	<u>\$ 185,007</u>	<u>\$ 569,000</u>	<u>\$ 939,014</u>

DAKOTA HEIGHTS WATER FUND - Water Supply System Revenue Bonds, Series 2000 were issued on September 12, 2000 in the amount of \$196,000 for the purpose of acquiring and constructing additions and improvements to the Township water distribution system. The bonds are self-liquidating and are not general obligations of the Township, but are payable both as to principal and interest solely from the revenues of the water supply and distribution system. The bonds bear an interest rate not to exceed 4.50% per annum. The payment schedule for the bonds is as follows:

Year	February 1	August 1		Total
	Interest	Interest	Principal	
2022	\$ 2,925	\$ 2,925	\$ 4,000	\$ 9,850
2023	2,835	2,835	5,000	10,670
2024	2,723	2,723	5,000	10,446
2025	2,610	2,610	5,000	10,220
2026	2,498	2,498	5,000	9,996
2027	2,385	2,385	6,000	10,770
2028-2032	9,878	9,878	32,000	51,756
2033-2037	5,940	5,940	40,000	51,880
2038-2040	1,283	1,283	28,000	30,566
Totals	<u>\$ 33,077</u>	<u>\$ 33,077</u>	<u>\$ 130,000</u>	<u>\$ 196,154</u>

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE I - LONG TERM DEBT (Continued)

PORTAGE SEWER FUND - Sewage Disposal System (Dodgeville/Hurontown) Revenue Bonds were issued on June 14, 2010 in the amount of \$341,000 for the purpose of acquiring, constructing, and installing major improvements to the Township sewer disposal system. The bonds are self-liquidating and are not general obligations of the Township, but are payable both as to principal and interest solely from the revenues of the sewer disposal system. The bonds bear an interest rate not to exceed 2.75 percent per annum. The payment schedule for the bonds is as follows:

Year	January 1	July 1		Total
	Interest	Interest	Principal	
2022	\$ 3,864	\$ 3,864	\$ 6,000	\$ 13,728
2023	3,781	3,781	7,000	14,562
2024	3,685	3,685	7,000	14,370
2025	3,589	3,589	7,000	14,178
2026	3,493	3,493	7,000	13,986
2027	3,396	3,396	7,000	13,792
2028-2032	15,400	15,400	40,000	70,800
2033-2037	12,513	12,513	46,000	71,026
2038-2042	9,200	9,200	52,000	70,400
2043-2047	5,417	5,417	60,000	70,834
2048-2050	1,197	1,197	42,000	44,394
Totals	<u>\$ 65,535</u>	<u>\$ 65,535</u>	<u>\$ 281,000</u>	<u>\$ 412,070</u>

DAKOTA HEIGHTS SEWER FUND – The Dakota Heights Sewage Disposal System Revenue Bonds were issued on July 19, 2010 in the amount of \$249,000 for the purpose of acquiring, constructing, and installing major improvements to the Township sewage disposal system. The bonds are self-liquidating and are not general obligations of the Township, but are payable both as to principal and interest solely from the revenues of the sewer disposal system. The bonds bear an interest rate of 2.75 percent per annum. The payment schedule for the bonds is as follows:

Year	January 1	July 1		Total
	Interest	Interest	Principal	
2022	\$ 2,915	\$ 2,915	\$ 5,000	\$ 10,830
2023	2,846	2,846	5,000	10,692
2024	2,778	2,778	5,000	10,556
2025	2,709	2,709	5,000	10,418
2026	2,640	2,640	5,000	10,280
2027	2,571	2,571	5,000	10,142
2028-2032	11,743	11,743	29,000	52,486
2033-2037	9,653	9,653	33,000	52,306
2038-2042	7,248	7,248	38,000	52,496
2043-2047	4,498	4,498	43,000	51,996
2048-2050	1,362	1,362	39,000	41,724
Totals	<u>\$ 50,963</u>	<u>\$ 50,963</u>	<u>\$ 212,000</u>	<u>\$ 313,926</u>

**CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021**

NOTE I - LONG TERM DEBT (Continued)

Long-term liabilities activity, as reported in and liquidated through the each of the following funds for the fiscal year ended December 31, 2021, was as follows:

	Balance 1/1/2021	Increase	Decrease	Balance 12/31/2021	Current Portion
<i>Enterprise</i>					
Portage Water Supply Bond 2007	\$ 581,000	\$ -	\$ 12,000	\$ 569,000	\$ 13,000
Portage Sewer 2010 Bond	287,000	-	6,000	281,000	6,000
Dakota Heights Sewer 2011 Bond	217,000	-	5,000	212,000	5,000
Dakota Heights Water 2000 Bond	134,000	-	4,000	130,000	4,000
Sub-total	1,219,000	-	27,000	1,192,000	28,000
Accrued compensated absences	6,769	-	776	5,993	-
Totals	<u>\$ 1,225,769</u>	<u>\$ -</u>	<u>\$ 27,776</u>	<u>\$ 1,197,993</u>	<u>\$ 28,000</u>

SUMMARY SCHEDULE OF LONG-TERM DEBT

Year	Interest	Principal	Total
2022	42,880	28,000	70,880
2023	41,860	30,000	71,860
2024	40,770	31,000	71,770
2025	39,638	31,000	70,638
2026	38,506	32,000	70,506
2027	37,330	33,000	70,330
2028-2032	167,184	188,000	355,184
2033-2037	129,884	225,000	354,884
2038-2042	85,374	248,000	333,374
2043-2047	40,620	265,000	305,620
2048-2050	5,118	81,000	86,118
Totals	<u>\$ 669,164</u>	<u>\$ 1,192,000</u>	<u>\$ 1,861,164</u>

NOTE J - DEFINED CONTRIBUTION PLAN

The Township has a Defined Contribution Pension Plan for Michigan Township Employees and provides pension benefits for all of its eligible employees through this plan managed by Burnham & Flower Insurance Group. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time and seasonal employees are eligible to participate from their date of employment. The Township policy requires that the Township contribute an amount equal to 5% of the employee's compensation. No contribution is required by any employee, although an employee may contribute. Township contributions for each employee and allocated to the employee's account are fully vested. Any amount contributed voluntarily by the employee under the plan, plus any earnings, are fully vested at the time of the contribution or crediting of investment earnings. The Township's contributions were calculated using the eligible wage amount of \$296,740. The Township's required 5% contribution amounted to \$14,837. As of December 31, 2021, the Township had paid \$14,611. The underpayment of \$226 was paid in 2022 following an annual review of contributions.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE K - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Township maintains five Enterprise Funds which provide water and sewer services. Segment information for the year ended December 31, 2021 is as follows:

	Portage Sewer	Dakota Heights Sewer	Portage Water	Dakota Heights Water	Woodland Road Water
Operating revenues	\$ 268,897	\$ 37,332	\$ 217,351	\$ 26,239	\$ 46,248
Depreciation	\$ 37,998	\$ 24,653	\$ 51,618	\$ 17,857	\$ 4,116
Operating income (loss)	\$ 47,224	\$ (17,010)	\$ 25,552	\$ (3,367)	\$ (7,173)
Non-operating revenues (expenses)	\$ 17,229	\$ (5,406)	\$ (4,764)	\$ (5,999)	\$ 799
Net income (loss)	\$ 64,453	\$ (22,416)	\$ 20,788	\$ (9,366)	\$ (6,374)
Property, plant & equipment additions	\$ 87,508	\$ -	\$ 19,160	\$ -	\$ -
Net working capital (deficit)	\$ (333,447)	\$ (1,837)	\$ 79,079	\$ 29,797	\$ 154,025
Total Assets	\$ 1,367,830	\$ 746,227	\$ 1,103,083	\$ 396,409	\$ 235,736
Total Equity	\$ 716,202	\$ 531,882	\$ 490,287	\$ 265,757	\$ 232,332

NOTE L - UPCOMING ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, was issued by the GASB in June 2017 and will be effective for the Township's 2022 year end. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

NOTE M - CONTINGENT LIABILITY

The Township has received financial assistance from federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the Township. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements or on the overall financial position of the Township at December 31, 2021.

NOTE N - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township continues to carry commercial insurance for property, liability, wrongful acts, crime inland marine, and other risks of loss including worker's compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS - December 31, 2021

NOTE O - SUBSEQUENT EVENTS

On December 31, 2021 the Township signed a water and waste system grant agreement with the United States Department of Agriculture (USDA). The agreement is for the acquisition, construction, enlargement, or capital improvements to the sewer system and includes a grant in the amount of \$3,521,000, revenue bond series 2021A for \$960,000, and revenue bond series 2021B for \$217,000. The project will continue through the year ending 2022.

In April 2022 the Township board approved the purchase of a 2024 freightliner pumper truck in the amount of \$218,600. A down payment of \$50,000 will be paid in 2022 with the remainder of the truck cost to be paid upon delivery in 2023.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF PORTAGE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues				
Local sources	\$ 238,950	\$ 258,750	\$ 267,985	\$ 9,235
State and federal sources	175,550	491,800	395,450	(96,350)
Total revenues	<u>414,500</u>	<u>750,550</u>	<u>663,435</u>	<u>(87,115)</u>
Expenditures				
Assessor	45,950	58,800	57,012	1,788
Supervisor	30,500	28,150	28,013	137
Clerk	39,150	34,100	32,226	1,874
Treasurer	39,950	37,200	36,142	1,058
Zoning and planning	9,750	9,150	7,122	2,028
General services	17,200	32,800	31,785	1,015
Township board	9,550	9,900	9,800	100
Town hall	30,700	26,500	25,165	1,335
Other activities	141,500	140,500	118,769	21,731
Recreation	38,250	25,900	23,950	1,950
Motor vehicle pool	12,800	19,300	18,093	1,207
Constable	3,400	3,400	3,107	293
Elections	1,730	5,600	5,128	472
Maintenance building	34,300	35,500	36,066	(566)
Medical Marihuana	-	4,000	3,570	430
Roads and repairs	6,700	8,000	7,233	767
Total expenditures	<u>461,430</u>	<u>478,800</u>	<u>443,181</u>	<u>35,619</u>
Excess (deficiency) of revenues over expenditures	(46,930)	271,750	220,254	(51,496)
Other financing sources (uses)				
Operating transfers in/(out)	<u>5,000</u>	<u>(169,440)</u>	<u>(56,682)</u>	<u>(226,122)</u>
Net change in fund balance	<u>\$ (41,930)</u>	<u>\$ 102,310</u>	163,572	<u>\$ 61,262</u>
Fund balances - Beginning of year			<u>915,333</u>	
Fund balances - End of year			<u>\$ 1,078,905</u>	

CHARTER TOWNSHIP OF PORTAGE
FIRE PROTECTION FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues				
Local sources	\$ 111,850	\$ 101,595	\$ 111,156	\$ 9,561
Expenditures				
Hurontown Fire Department	65,470	38,670	36,466	2,204
Otter Lake Fire Department	23,330	24,230	22,099	2,131
Total expenditures	<u>88,800</u>	<u>62,900</u>	<u>58,565</u>	<u>4,335</u>
Excess (deficiency) of revenues over expenditure	<u>23,050</u>	<u>38,695</u>	<u>52,591</u>	<u>4,335</u>
Operating financing sources (uses)				
Operating transfers in/out	<u>5,000</u>	<u>9,275</u>	<u>9,275</u>	<u>-</u>
Total other financing sources (uses) expenditures	<u>\$ 28,050</u>	<u>\$ 47,970</u>	61,866	<u>\$ 13,896</u>
Fund balances - Beginning of year			<u>137,767</u>	
Fund balances - End of year			<u>\$ 199,633</u>	

CHARTER TOWNSHIP OF PORTAGE
ROAD FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in/out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - Beginning of year			<u>-</u>	
Fund balances - End of year			<u>\$ -</u>	

CHARTER TOWNSHIP OF PORTAGE
CEMETERY OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final to <u>Actual</u>
Revenues				
Charges for services	\$ 21,000	\$ 23,750	\$ 24,640	\$ 890
Other income	2,000	6,600	6,600	-
Total revenues	<u>23,000</u>	<u>30,350</u>	<u>31,240</u>	<u>890</u>
Expenditures				
Public Works	<u>60,825</u>	<u>77,550</u>	<u>78,535</u>	<u>(985)</u>
Total expenditures	<u>60,825</u>	<u>77,550</u>	<u>78,535</u>	<u>(985)</u>
Excess (deficiency) of revenues over expenditures	(37,825)	(47,200)	(47,295)	(95)
Other financing sources (uses)				
Operating transfers in/out	<u>-</u>	<u>31,000</u>	<u>34,676</u>	<u>65,676</u>
Net change in fund balance	<u>\$ (37,825)</u>	<u>\$ (16,200)</u>	(12,619)	<u>\$ 3,581</u>
Fund balances - Beginning of year			<u>2,089</u>	
Fund balances - End of year			<u>\$ (10,530)</u>	

SUPPLEMENTAL FINANCIAL INFORMATION

CHARTER TOWNSHIP OF PORTAGE
GENERAL FUND
DETAILED STATEMENT OF EXPENDITURES
Year Ended December 31, 2021

Expenditures	
Assessor	
Salaries	\$ 40,000
Fringe benefits	10,969
Supplies	2,950
Contract services	196
Professional services	2,778
Travel	69
Miscellaneous	50
Total Assessor	<u>57,012</u>
Supervisor	
Salaries	27,000
Supplies	83
Communications	903
Travel	27
Total supervisor	<u>28,013</u>
Clerk	
Salaries	28,969
Supplies	3,257
Total clerk	<u>32,226</u>
Treasurer	
Salaries	33,574
Supplies	55
Tax supplies	2,513
Total treasurer	<u>36,142</u>
Zoning and Planning	
Salaries	6,260
Supplies	84
Professional services	90
Printing and publishing	131
Education and workshops	104
Travel expenses	453
Total zoning and planning	<u>7,122</u>
General Services	
Professional services	24,635
Tower Rent and expenses	2,918
Miscellaneous	4,232
Total zoning and planning	<u>31,785</u>

CHARTER TOWNSHIP OF PORTAGE
GENERAL FUND
DETAILED STATEMENT OF EXPENDITURES (CONTINUED)
Year Ended December 31, 2021

Township Board	
Salaries	9,150
Supplies	350
Contributions	300
Total township board	<u>9,800</u>
Town Hall	
Salaries	9,191
Supplies	3,561
Contract services	6,684
Utilities	5,531
Repairs and maintenance	198
Total town hall	<u>25,165</u>
Other Activities	
Salaries	19,369
Payroll taxes	24,744
Employee benefits	36,962
Insurance	15,154
Board of review	1,759
Street lights	20,781
Total other activities	<u>118,769</u>
Recreation	
Salaries	16,738
Supplies	1,202
Utilities	5,011
Capital outlay	999
Total recreation	<u>23,950</u>
Motor vehicle pool	
Salaries	5,246
Supplies	788
Repairs and maintenance	3,696
Fuel	8,363
Total recreation	<u>18,093</u>
Constable	
Salaries	3,036
Insurance	71
Total constable	<u>3,107</u>

CHARTER TOWNSHIP OF PORTAGE
GENERAL FUND
DETAILED STATEMENT OF EXPENDITURES (CONTINUED)
Year Ended December 31, 2021

Elections	
Salaries	2,400
Supplies	1,247
Printing and publishing	98
Travel	153
Contract services	1,230
Total elections	<u>5,128</u>
Roads and Streets	
Oil	2,088
Signs	5,145
Total elections	<u>7,233</u>
Maintenance building	
Salaries	20,200
Supplies	8,214
Utilities	4,620
Repairs and maintenance	1,434
Capital outlay	500
Miscellaneous	1,098
Total maintenance building	<u>36,066</u>
Medical Marihuana	
Contract services	3,570
Total medical marihuana	<u>3,570</u>
Total expenditures	<u>\$ 443,181</u>

CHARTER TOWNSHIP OF PORTAGE
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2021

	<u>Fire Protection Fund</u>	<u>Road Fund</u>	<u>Cemetery Operating Fund</u>	<u>Liquor Law Fund</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 208,541	\$ 6,279	\$ 1,954	\$ 377	\$ 217,151
Prepays	1,599	-	2,000	-	3,599
Due from fiduciary fund	68,604	91,480	-	-	160,084
Total assets	<u><u>\$ 278,744</u></u>	<u><u>\$ 97,759</u></u>	<u><u>\$ 3,954</u></u>	<u><u>\$ 377</u></u>	<u><u>\$ 380,834</u></u>
Liabilities					
Accounts payable	\$ 498	\$ -	\$ -	\$ -	\$ 498
Accrued expenses	-	-	173	-	173
Due to other funds	5,300	-	14,311	-	19,611
Deferred Revenue	73,313	97,759	-	-	171,072
Total liabilities	<u><u>79,111</u></u>	<u><u>97,759</u></u>	<u><u>14,484</u></u>	<u><u>-</u></u>	<u><u>191,354</u></u>
Fund balance					
Restricted	199,633	-	(10,530)	377	189,480
Total fund balance	<u><u>199,633</u></u>	<u><u>-</u></u>	<u><u>(10,530)</u></u>	<u><u>377</u></u>	<u><u>189,480</u></u>
Total liabilities and fund balances	<u><u>\$ 278,744</u></u>	<u><u>\$ 97,759</u></u>	<u><u>\$ 3,954</u></u>	<u><u>\$ 377</u></u>	<u><u>\$ 380,834</u></u>

CHARTER TOWNSHIP OF PORTAGE
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended December 31, 2021

	Fire Protection Fund	Road Fund	Cemetery Operating Fund	Liquor Law Fund	Total
Revenues					
Taxes	\$ 111,139	\$ -	\$ -	\$ -	\$ 111,139
State shared revenue	-	-	-	2,234	2,234
Charges for services	-	-	24,640	-	24,640
Interest income	17	-	-	-	17
Other income	-	-	6,600	-	6,600
Total revenues	<u>111,156</u>	<u>-</u>	<u>31,240</u>	<u>2,234</u>	<u>144,630</u>
Expenditures					
Salaries	15,695	-	59,707	1,944	77,346
Payroll taxes	492	-	4,244	49	4,785
Employee benefits	-	-	4,749	-	4,749
Contract labor	4,278	-	-	-	4,278
Supplies	9,340	-	1,568	-	10,908
Utilities	11,760	-	3,926	-	15,686
Insurance	5,376	-	2,419	71	7,866
Professional services	-	-	481	-	481
Education	-	-	-	-	-
Printing and publishing	-	-	196	-	196
Repairs and maintenance	10,658	-	-	-	10,658
Fuel	906	-	1,245	-	2,151
Miscellaneous	60	-	-	-	60
Total expenditures	<u>58,565</u>	<u>-</u>	<u>78,535</u>	<u>2,064</u>	<u>139,164</u>
Excess (deficiency) of revenues over expenditures	<u>52,591</u>	<u>-</u>	<u>(47,295)</u>	<u>170</u>	<u>5,466</u>
Other financing sources (uses)					
Operating transfers in/out	9,275	-	34,676	-	43,951
Total other financing sources (uses)	<u>9,275</u>	<u>-</u>	<u>34,676</u>	<u>-</u>	<u>43,951</u>
Net change in fund balance	61,866	-	(12,619)	170	49,417
Fund balance - Beginning of year	<u>137,767</u>	<u>-</u>	<u>2,089</u>	<u>207</u>	<u>140,063</u>
Fund balance - End of year	<u>\$ 199,633</u>	<u>\$ -</u>	<u>\$ (10,530)</u>	<u>\$ 377</u>	<u>\$ 189,480</u>

CHARTER TOWNSHIP OF PORTAGE
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2021

	Portage Sewer	Dakota Heights Sewer	Portage Water	Dakota Heights Water	Woodland Road Water	Total
Assets						
Cash and cash equivalents	\$ 12,239	\$ 1,936	\$ 51,792	\$ 33,807	\$ 156,620	\$ 256,394
Investments	-	-	-	-	-	-
Accounts receivable	7,400	822	2,537	542	659	11,960
Inventory	18,606	-	68,946	-	-	87,552
Due from fiduciary fund	1,054	-	219	-	-	1,273
Prepays	3,882	2,750	12,381	100	150	19,263
Restricted cash	34,589	37,121	68,536	34,354	-	174,600
Capital assets - net	1,290,060	703,598	898,672	327,606	78,307	3,298,243
Total assets	<u>\$ 1,367,830</u>	<u>\$ 746,227</u>	<u>\$ 1,103,083</u>	<u>\$ 396,409</u>	<u>\$ 235,736</u>	<u>\$ 3,849,285</u>
Liabilities						
Accounts payable	\$ 11,433	\$ 2,294	\$ 3,593	\$ 567	\$ 3,315	\$ 21,202
Checks written in excess of cash balance	-	-	-	-	-	-
Due to other funds	358,758	-	39,495	-	-	398,253
Current maturities	6,000	5,000	13,000	4,000	-	28,000
Accrued expenses	437	51	708	85	89	1,370
Bonds payable	275,000	207,000	556,000	126,000	-	1,164,000
Total liabilities	<u>651,628</u>	<u>214,345</u>	<u>612,796</u>	<u>130,652</u>	<u>3,404</u>	<u>1,612,825</u>
Retained earnings						
Restricted	34,589	37,121	68,536	34,354	-	174,600
Unrestricted	681,613	494,761	421,751	231,403	232,332	2,061,860
Total retained earnings	<u>716,202</u>	<u>531,882</u>	<u>490,287</u>	<u>265,757</u>	<u>232,332</u>	<u>2,236,460</u>
Total liabilities and retained earnings	<u>\$ 1,367,830</u>	<u>\$ 746,227</u>	<u>\$ 1,103,083</u>	<u>\$ 396,409</u>	<u>\$ 235,736</u>	<u>\$ 3,849,285</u>

CHARTER TOWNSHIP OF PORTAGE
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED EARNINGS
Year Ended December 31, 2021

	Portage Sewer	Dakota Heights Sewer	Portage Water	Dakota Heights Water	Woodland Road Water	Total
Revenues						
Charges for services	\$ 261,551	\$ 36,578	\$ 203,796	\$ 24,723	\$ 43,658	\$ 570,306
Parts, meters, hook-up fees	5,096	448	2,891	258	499	9,192
Federal revenue	-	-	-	-	-	-
Other income	2,250	306	10,664	1,258	2,091	16,569
Total revenues	<u>268,897</u>	<u>37,332</u>	<u>217,351</u>	<u>26,239</u>	<u>46,248</u>	<u>596,067</u>
Expenses						
Salaries	23,459	3,557	35,905	3,832	5,473	72,226
Payroll taxes	1,794	274	2,746	293	418	5,525
Employee benefits	11,538	3,098	14,787	1,812	2,058	33,293
Supplies	3,186	154	17,047	744	1,470	22,601
Utilities	9,812	854	2,061	256	419	13,402
Insurance	1,344	183	1,953	281	237	3,998
Repairs and maintenance	-	-	304	-	-	304
Professional services	6,846	588	5,915	747	1,082	15,178
Printing and publishing	631	-	981	-	-	1,612
Dues and membership	-	-	505	-	-	505
Depreciation	37,998	24,653	51,618	17,857	4,116	136,242
Purchase services	125,065	20,981	56,279	3,638	37,888	243,851
Miscellaneous	-	-	1,698	146	260	2,104
Total expenditures	<u>221,673</u>	<u>54,342</u>	<u>191,799</u>	<u>29,606</u>	<u>53,421</u>	<u>550,841</u>
Operating income (loss)	<u>47,224</u>	<u>(17,010)</u>	<u>25,552</u>	<u>(3,367)</u>	<u>(7,173)</u>	<u>45,226</u>
Non-operating revenues (expenses)						
Operating transfers in/out	24,045	-	19,161	-	-	43,206
Interest income	-	19	41	31	799	890
Interest expense	<u>(6,816)</u>	<u>(5,425)</u>	<u>(23,966)</u>	<u>(6,030)</u>	<u>-</u>	<u>(42,237)</u>
Total non-operating revenues (expenses)	<u>17,229</u>	<u>(5,406)</u>	<u>(4,764)</u>	<u>(5,999)</u>	<u>799</u>	<u>1,859</u>
Net income (loss)	64,453	(22,416)	20,788	(9,366)	(6,374)	47,085
Retained earnings, beginning of year	651,749	554,298	469,499	275,123	238,706	2,189,375
Retained earnings, end of year	<u>\$ 716,202</u>	<u>\$ 531,882</u>	<u>\$ 490,287</u>	<u>\$ 265,757</u>	<u>\$ 232,332</u>	<u>\$ 2,236,460</u>

CHARTER TOWNSHIP OF PORTAGE
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

	Portage Sewer	Dakota Heights Sewer	Portage Water	Dakota Heights Water	Woodland Road Water	Total
Reconciliation of operating income to net cash provided by operating activities						
Operating Income (Loss)	\$ 47,224	\$ (17,010)	\$ 25,552	\$ (3,367)	\$ (7,173)	\$ 45,226
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	37,998	24,653	51,618	17,857	4,116	136,242
(Increase) Decrease in accounts receivable	3,826	115	4,037	(145)	(501)	7,332
(Increase) Decrease in inventory	21	-	1,059	-	-	1,080
(Increase) Decrease in prepaid expenses	(3,559)	(2,679)	(11,486)	(29)	12	(17,741)
Increase (Decrease) in accounts payable	(61,157)	58	(4,679)	(72)	542	(65,308)
Increase (Decrease) in due to other funds	120,542	-	18,942	-	-	139,484
Increase (Decrease) in accrued expenses	38	(10)	80	7	10	125
Net cash provided by operating activities	<u>144,933</u>	<u>5,127</u>	<u>85,123</u>	<u>14,251</u>	<u>(2,994)</u>	<u>246,440</u>
Cash flows from capital and related financing activities						
Purchase of capital assets	(87,508)	-	(19,160)	-	-	(106,668)
Reductions of long-term debt	(6,000)	(5,000)	(12,000)	(4,000)	-	(27,000)
Interest paid on long-term debt	(6,816)	(5,425)	(23,966)	(6,030)	-	(42,237)
Net cash (used) by capital and related financing activities	<u>(100,324)</u>	<u>(10,425)</u>	<u>(55,126)</u>	<u>(10,030)</u>	<u>-</u>	<u>(175,905)</u>
Cash flows from investing activities						
Interest	-	19	41	31	799	890
Net cash flows from investing activities	<u>-</u>	<u>19</u>	<u>41</u>	<u>31</u>	<u>799</u>	<u>890</u>
Net increase (decrease) in cash and restricted cash	44,609	(5,279)	30,038	4,252	(2,195)	71,425
Cash and restricted cash - beginning of the year	2,219	44,336	90,290	63,909	158,815	359,569
Cash and restricted cash - end of the year	<u>\$ 46,828</u>	<u>\$ 39,057</u>	<u>\$ 120,328</u>	<u>\$ 68,161</u>	<u>\$ 156,620</u>	<u>\$ 430,994</u>

COMMUNICATIONS SECTION

DRAFT

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Members of the Township Board
Charter Township of Portage
Houghton, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Portage for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 5, 2021.. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Charter Township of Portage are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2021. We noted no transactions entered into by the Charter Township of Portage during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the useful lives of fixed assets, used to calculate depreciation, is based on the estimated useful lives of certain classes of assets. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 16, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

Restriction on Use

This information is intended solely for the use of the Charter Township of Portage board and management and is not intended to be and should not be used for anyone other than these specified parties.

June 16, 2021

DRAFT

CHARTER TOWNSHIP OF PORTAGE
COMMENTS AND RECOMMENDATIONS

During our audit we became aware of opportunities for strengthening internal controls and operating efficiencies. The following items summarize our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

2021-001 BUDGETING ISSUES

Condition: The Township's General Appropriations Act (budget) provided for expenditures of the General Fund and the Special Revenue Funds to be controlled at the activity level by the Township.

During the fiscal year, expenditures were incurred in excess of amounts appropriated in the amended budgets for the fire fund as reported in the required supplemental information on page 46.

Criteria: The expenditures of funds in excess of appropriations are contrary to the provisions of Section 17 of 1968 PA 2.

Cause: The General Fund had unexpected expenditures after the budget was approved.

Effect: The Township is in violation of the Act.

Directive: We direct that the Township develop budgetary control procedures for the General Fund and the Special Revenue Funds which will ensure that expenditures do not exceed amounts authorized in the budget or amendments thereof.

2021-002 ENTERPRISE FUNDS

Enterprise Funds are used to report an activity for which a fee is charged to external users for goods or services. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.

The Township's fees and charges are not recovering the costs for all Enterprise Funds. We recommend that the Township review revenues and expenses of these funds and adjust their pricing policies/rates to recover the costs accordingly so operations of these funds are recovering, at a minimum, their costs of operations.

2021-003 - DEFICIT NET POSITION

At December 31, 2021, the Charter Township of Portage had an unassigned deficit in their Cemetery Operating Fund as shown on page 18. Public Act 275 of 1980 requires that all deficits in any fund balance of local units be disclosed and enumerated upon in the footnotes of the financial statements. In accordance with the Act, a corrective action plan for the deficit is required to be filed with the State Treasurer within 90 days of the end of the fiscal year. As of this time, the Township has not filed such a plan. We recommend the Township either increase operating revenues or decrease operating expenditures in the future to eliminate the deficit.