

MORTON TOWNSHIP, MECOSTA COUNTY

MECOSTA, MICHIGAN

JUNE 30, 2021



Baird, Cotter & Bishop, P.C.
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MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

JUNE 30, 2021

TABLE OF CONTENTS

	<u>PAGES</u>
Independent Auditor's Report	i-ii
Management's Discussion and Analysis	iii-x
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1-2
Statement of Activities	3
Fund Financial Statements	
Governmental Funds	
Balance Sheet	4
Reconciliation of the Balance Sheet to the Statement of Net Position	5
Statement of Revenues, Expenditures, and Changes in Fund Balance	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	7
Fiduciary Fund	
Statement of Fiduciary Net Position	8
Statement of Changes in Fiduciary Net Position	9
Notes to Financial Statements	10-26
Required Supplementary Information	
Budgetary Comparison Schedule - Major Governmental Funds	27
Schedule of Total Net Other Postemployment Benefit Liability	28
Schedule of Changes in Employer's Net Other Postemployment Benefit Liability	29
Notes to the Required Supplementary Information	30



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September 29, 2021

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Morton Township
Mecosta County
Mecosta, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents on pages iii through x and 27-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021, on our consideration of Morton Township, Mecosta, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Morton Township, Mecosta, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morton Township, Mecosta, Michigan's internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MORTON TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021

As management of Morton Township ("the Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

- ❖ The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$5,586,681 (*net position*). Of this amount, \$1,626,203 represents unrestricted net position, which may be used to meet the Township's ongoing obligations to citizens and creditors.
- ❖ The Township's net position increased by \$366,153 during the fiscal year.
- ❖ As of June 30, 2021, the governmental funds of the Township reported combined ending fund balances of \$3,265,222, of which \$1,521,808 was unassigned.
- ❖ The Township's total outstanding long-term bonds payable decreased by \$76,000 during the current fiscal year.

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 consist of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements themselves.

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

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

The *Statement of Activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

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, community and economic development, recreation and culture, and interest on long-term debt.

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

MORTON TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021

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 two categories: governmental funds and fiduciary funds.

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

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

The Township maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire and Rescue Fund, Fire and Rescue Equipment Fund, Library Fund, Building Department Fund, and Library Debt Service Fund, are considered to be major funds.

The Township adopts an annual budget for all required funds. A budgetary comparison has been provided for all required funds to demonstrate compliance with this budget.

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The Township maintains one type of fiduciary fund. The Custodial Fund reports resources that the Township holds in a custodial capacity for other governments.

The fiduciary fund financial statements can be found on pages 8-9 of this report.

Notes to Financial Statements The notes provide additional information that is necessary to acquire a full understanding of the data provided in the governmental-wide and fund financial statements. The notes can be found on pages 10-26 of this report.

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

MORTON TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021

Government-Wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of Morton Township, assets exceeded liabilities by \$5,586,681 at the close of the most recent fiscal year.

Morton Township
Net Position as of June 30,

	2021	2020
Assets		
Current Assets	\$ 3,473,184	\$ 3,170,603
Non Current Assets		
Capital Assets	8,698,608	8,536,253
Less: Accumulated Depreciation	(3,826,254)	(3,596,217)
Total Non Current Assets	4,872,354	4,940,036
Total Assets	8,345,538	8,110,639
Liabilities		
Current Liabilities	303,650	384,416
Non Current Liabilities	2,455,207	2,505,695
Total Liabilities	2,758,857	2,890,111
Net Position		
Net Investment in Capital Assets	2,698,854	2,690,536
Restricted for Specific Purposes	1,261,624	1,034,749
Unrestricted	1,626,203	1,495,243
Total Net Position	\$ 5,586,681	\$ 5,220,528

A significant portion of the Township's net position, \$2,698,854, reflects its net investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Township's net investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position, \$1,261,624, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,626,203 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

MORTON TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

Morton Township's overall net position increased by \$366,153 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for the governmental activities.

Morton Township
Change in Net Position
for the Fiscal Year Ended June 30,

	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues		
Charges for Services	\$ 133,488	\$ 109,830
Operating Grants and Contributions	134,933	140,349
General Revenues		
Taxes	1,216,135	1,168,718
Licenses and Permits	52,106	52,339
State Grants	407,769	366,685
Interest Earnings	135,140	33,571
Other	2,879	2,756
Gain from Sale of Capital Assets	8,490	44,568
Total Revenues	<u>2,090,940</u>	<u>1,918,816</u>
Expenses		
General Government	526,560	471,759
Public Safety	479,461	447,615
Public Works	271,849	493,703
Community and Economic Development	16,485	26,071
Recreation and Culture	341,561	392,765
Interest on Long-Term Debt	88,871	91,834
Total Expenses	<u>1,724,787</u>	<u>1,923,747</u>
Changes in Net Position	366,153	(4,931)
<u>NET POSITION</u> - Beginning of Year	<u>5,220,528</u>	<u>5,225,459</u>
<u>NET POSITION</u> - End of Year	<u>\$ 5,586,681</u>	<u>\$ 5,220,528</u>

Governmental Activities During the current fiscal year, net position for the governmental activities increased \$366,153 from the prior fiscal year for an ending balance of \$5,586,681. The most significant part of the revenue for all governmental activities of the Township comes from property taxes. The Township levied 1.2420 mills for operating purposes, 0.6500 mills for fire and rescue protection, 0.4968 mills for fire and rescue equipment,

MORTON TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021

0.7948 mills for the operation of the Morton Township Library, and 0.5469 mills for the Morton Township Library debt retirement.

Another significant portion of revenue for the Township comes from state-shared revenue, which is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax.

The Township's governmental activities expenses are dominated by General Government, Public Safety, and Recreation and Culture. The Township spent \$526,560 on General Government during the fiscal year. Public Safety represented the next largest expense at \$479,461, followed by Recreation and Culture expenses of \$341,561.

Financial Analysis of the Governmental Funds

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

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

At June 30, 2021, the Township's governmental funds reported combined fund balances of \$3,265,222, a increase of \$378,042 in comparison with the prior year. \$1,521,808 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$34,479), 2) legally required to be maintained intact, 3) restricted for particular purposes (\$1,290,604), 4) committed for particular purposes (\$14,845), or 5) assigned for particular purposes (\$403,486).

General Fund – The fund balance of the Township's General Fund increased its fund balance in this fiscal year by \$121,518, bringing the balance to \$1,829,313. Of the fund balance, \$17,673 is nonspendable for prepaid expenditures, \$14,845 is committed for retiree health care benefits, \$77,125 is assigned for a subsequent year budget shortfall, \$197,862 is assigned for capital improvements, and \$1,521,808 is unassigned. Revenues were greater than anticipated and expenditures, mainly for road improvements and township board, were less than anticipated, causing an increase in fund balance.

Fire and Rescue Fund – The fund balance of the Township's Fire and Rescue Fund decreased its fund balance in this fiscal year by \$9,159, bringing the balance to \$133,447. Of the fund balance, \$13,768 is nonspendable for prepaid expenditures and the remaining \$119,679 is restricted for fire and rescue protection. Revenues from property taxes, contributions from Austin Township, and charges for services were exceeded by expenditures of the fund for the fiscal year, causing the decrease.

MORTON TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021

Fire and Rescue Equipment Fund – The fund balance of the Township’s Fire and Rescue Equipment Fund increased its fund balance in this fiscal year by \$64,024, bringing the balance to \$333,529. All of this fund balance is restricted for fire and rescue equipment purchases. Expenditures were exceeded by property taxes collected by the fund for the fiscal year, causing the increase.

Library Fund – The Library Fund increased its fund balance in this fiscal year by \$177,630, bringing the balance to \$784,670. Of the fund balance, \$3,038 is nonspendable for prepaid expenditures, \$286,015 is restricted for library operations, and the remaining \$495,617 is restricted for library improvements. Revenues and transfers in were greater than anticipated causing an increase in fund balance.

Building Department Fund – The Building Department Fund increased its fund balance in this fiscal year by \$25,202, bringing the balance to \$128,499. All of this fund balance is assigned for building inspection activities. Building permit revenues exceeded building inspection expenditures for the current year causing the fund balance to increase.

Library Debt Service Fund – The fund balance of the Township’s Library Debt Service Fund decreased its fund balance in this fiscal year by \$1,173, bringing the balance to \$55,764. All of this fund balance is restricted for debt service. The decrease can be attributed to property taxes, state grants, and interest not being enough to exceed the principal and interest payments.

General Fund Budgetary Highlights

During the year, there were several amendments in appropriations between the original budget and final amended budget. Appropriations increased \$29,400 in total between the original and final amended budgets and township board and elections accounted for \$26,750 of the increase. Revenues also increased \$29,400 in total between the original and final amended budgets. Taxes accounted for \$10,650 of the increase and State Grants accounted for \$10,150. Below is a schedule showing the changes from the original estimated revenues, budgeted appropriations, and actual revenues and expenditures. More detail can be found on page 27 of this report.

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Revenues	\$ 835,250	\$ 864,650	\$ 989,223
Total Expenditures	\$ 979,400	\$ 1,008,800	\$ 872,345

A review of actual revenues compared with estimated revenues yields the most significant variances for state grants. State-shared revenues were greater than anticipated. This caused actual revenues to be higher than budgeted amounts.

A review of actual expenditures compared to final budgeted expenditures yields the most significant variances for township board, roads, streets, and bridges, rubbish collection/disposal, and capital outlay. The Township anticipated more legal, contracted services, and road work expenditures in the fiscal year. Also, for capital outlay the Township typically builds excess expenditures into its budget to cover unexpected purchases.

MORTON TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021

Capital Assets and Debt Administration

Capital Assets The Township's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$4,872,354 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, furniture and fixtures, fire trucks and fire equipment, and equipment. Details of these capital assets are shown below:

Morton Township
Capital Assets as of the Year Ended June 30,

	2021	2020
Land	\$ 262,610	\$ 262,610
Land Improvements	50,908	45,540
Buildings and Improvements	5,081,917	4,984,423
Furniture and Fixtures	17,668	17,668
Fire Trucks and Fire Equipment	3,000,967	2,950,540
Equipment	284,538	275,472
	8,698,608	8,536,253
Less Accumulated Depreciation	(3,826,254)	(3,596,217)
Net Capital Assets	\$ 4,872,354	\$ 4,940,036

The major capital asset events during fiscal year 2021 included the following:

- ❖ Recycling building at a cost of \$73,725.
- ❖ HVAC system at a cost of \$11,600.
- ❖ Fire equipment at a cost of \$16,144.
- ❖ Defibrillator at a cost for \$20,581.
- ❖ Books and DVDs at a cost of \$13,755.

Additional information regarding the Township's capital assets can be found in the Notes to the Financial Statements section of this report. Additionally, the Township has committed to an irrigation system at the library in the amount of \$5,200.

Long-Term Debt As of June 30, 2021, the Township had total debt outstanding of \$2,528,207. Of the debt outstanding \$2,173,500 is for 2013 Unlimited Tax General Obligation Bonds and \$354,707 is related to other postemployment benefits. More information on the Township's long-term debt is available in the Notes to Financial Statements section of this report.

MORTON TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021

Economic Condition and Outlook

The following Economic factors currently affect the Township and were considered in developing the 2021/2022 budget:

- The COVID-19 pandemic continues to impact the State of Michigan and the Township. While funding so far as remained at historical levels, a downturn in economic conditions could cause funding cuts to governments. Any cut to funding would cause the Township to re-evaluate its financial situation and act accordingly.
- The Township continues to look for ways to improve the services it provides to its residents in a manner that is financially responsible.
- The American Rescue Plan Act of 2021 allocated \$644 million to Michigan non-entitlement units (NEUs), which are townships, villages and nonmetropolitan cities. The funding is based off the 2019 population and will be a significant amount of funding for each NEU, which will be passed through the Michigan Department of Treasury. The Township is still evaluating how to use the funds, pending further guidance from the State of Michigan.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Morton Township at 290 W Main Street, Mecosta, MI 49332.

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$ 2,827,931
Restricted Investments	495,617
Accounts Receivable	23,638
Special Assessments Receivable	6,292
Due from Other Governments	85,227
Prepaid Expenses	34,479
	3,473,184
Total Current Assets	
<u>CAPITAL ASSETS</u>	
Land	
Land Improvements	262,610
Buildings and Improvements	50,908
Furniture and Fixtures	5,081,917
Fire Trucks and Fire Equipment	17,668
Equipment	3,000,967
	284,538
Less: Accumulated Depreciation	8,698,608
Net Capital Assets	3,826,254
	4,872,354
TOTAL ASSETS	8,345,538
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accrued Wages	4,333
Accounts Payable	170,221
Accrued Interest	28,980
Due to Other Governments	1,608
Unearned Revenue	25,508
Current Portion of Long-Term Debt	73,000
	303,650
Total Current Liabilities	303,650

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

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>LONG-TERM LIABILITIES</u>	
Bonds Payable - Net of Current Portion	2,100,500
Other Postemployment Benefits	<u>354,707</u>
Total Noncurrent Liabilities	<u>2,455,207</u>
TOTAL LIABILITIES	<u>2,758,857</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	2,698,854
Restricted for Library Operations	286,015
Restricted for Library Improvements	495,617
Restricted for Debt Service	26,784
Restricted for Fire Protection	119,679
Restricted for Fire Equipment	333,529
Unrestricted	<u>1,626,203</u>
TOTAL NET POSITION	<u>\$ 5,586,681</u>

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

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS GOVERNMENTAL ACTIVITIES	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
General Government	\$ 526,560	\$ 0	\$ 5,339	\$ 0	\$ (521,221)
Public Safety	479,461	130,347	20,000	0	(329,114)
Public Works	271,849	0	50,527	0	(221,322)
Community and Economic Development	16,485	2,050	0	0	(14,435)
Recreation and Culture	341,561	1,091	59,067	0	(281,403)
Interest on Long-Term Debt	88,871	0	0	0	(88,871)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,724,787	\$ 133,488	\$ 134,933	\$ 0	(1,456,366)

GENERAL REVENUES

Taxes	1,216,135
Licenses and Permits	52,106
State Grants	407,769
Interest Earnings	135,140
Other	2,879
Gain from Sale of Capital Assets	8,490
Total General Revenues	1,822,519
Change in Net Position	366,153
NET POSITION - Beginning of Year	5,220,528
NET POSITION - End of Year	\$ 5,586,681

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

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN
GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2021

	FIRE AND RESCUE FUND	FIRE AND RESCUE EQUIPMENT FUND	LIBRARY FUND	LIBRARY FUND	BUILDING DEPARTMENT FUND	LIBRARY DEBT SERVICE FUND	TOTALS
GENERAL FUND	\$ 1,905,262	\$ 111,004	\$ 333,529	\$ 277,140	\$ 145,232	\$ 55,764	\$ 2,827,931
Cash and Cash Equivalents	0	0	0	495,617	0	0	495,617
Restricted Investments	14,632	9,006	0	0	0	0	23,638
Accounts Receivable	6,292	0	0	0	0	0	6,292
Special Assessments Receivable	70,569	0	0	14,658	0	0	85,227
Due from Other Governments	17,673	13,768	0	3,038	0	0	34,479
Prepaid Expenditures							
TOTAL ASSETS	\$ 2,014,428	\$ 133,778	\$ 333,529	\$ 790,453	\$ 145,232	\$ 55,764	\$ 3,473,184

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

LIABILITIES	\$ 0	\$ 0	\$ 0	\$ 4,333	\$ 0	\$ 0	\$ 4,333
Accrued Wages and Related Liabilities	168,665	331	0	0	1,225	0	170,221
Accounts Payable	158	0	0	1,450	0	0	1,608
Due to Other Governments	10,000	0	0	0	15,508	0	25,508
Unearned Revenue							
TOTAL LIABILITIES	178,823	331	0	5,783	16,733	0	201,670

DEFERRED INFLOWS OF RESOURCES

Uncollected Special Assessments	6,292	0	0	0	0	0	6,292
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FUND BALANCE

Nonspendable, Prepaid Expenditures	17,673	13,768	0	3,038	0	0	34,479
Restricted for:							
Library Operations	0	0	0	286,015	0	0	286,015
Library Improvements	0	0	0	495,617	0	0	495,617
Debt Service	0	0	0	0	0	55,764	55,764
Fire Protection	0	119,679	0	0	0	0	119,679
Fire Equipment	0	0	333,529	0	0	0	333,529
Committed for:							
Retiree Health Care Benefits	14,845	0	0	0	0	0	14,845
Assigned for:							
Capital Improvements	197,862	0	0	0	0	0	197,862
Building Inspection Activities	0	0	0	0	128,499	0	128,499
Subsequent Year Budget Shortfall	77,125	0	0	0	0	0	77,125
Unassigned	1,521,808	0	0	0	0	0	1,521,808
Total Fund Balance	1,829,313	133,447	333,529	784,670	128,499	55,764	3,265,222

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

	\$ 2,014,428	\$ 133,778	\$ 333,529	\$ 790,453	\$ 145,232	\$ 55,764	\$ 3,473,184
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The accompanying notes are an integral part of the financial statements.

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balances for Governmental Funds		\$ 3,265,222
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(2,173,500)
Other Postemployment Benefits		(354,707)
Accrued Interest		(28,980)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Special Assessment Receivable		6,292
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$ 262,610	
Land Improvements	50,908	
Buildings and Improvements	5,081,917	
Furniture and Fixtures	17,668	
Fire Trucks and Fire Equipment	3,000,967	
Equipment	284,538	
Accumulated Depreciation	(3,826,254)	4,872,354
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 5,586,681</u>

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

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021

	GENERAL FUND	FIRE AND RESCUE FUND	FIRE AND RESCUE EQUIPMENT FUND	LIBRARY FUND	BUILDING DEPARTMENT FUND	LIBRARY DEBT SERVICE FUND	TOTALS
<u>REVENUES</u>							
Taxes	\$ 487,596	\$ 190,310	\$ 145,443	\$ 232,674	\$ 0	\$ 160,112	\$ 1,216,135
Licenses and Permits	54,156	0	0	0	91,957	0	146,113
Federal Grants	0	0	0	1,500	0	0	1,500
State Grants	408,309	1,709	1,424	13,474	0	4,484	429,400
Contributions from Local Units	0	20,000	0	1,700	0	0	21,700
Charges for Services	0	38,390	0	1,091	0	0	39,481
Fines and Forfeits	0	0	0	24,785	0	0	24,785
Interest and Rents	8,730	213	621	125,187	274	115	135,140
Other Revenues	30,432	390	0	31,082	0	0	61,904
Total Revenues	989,223	251,012	147,488	431,493	92,231	164,711	2,076,158
<u>EXPENDITURES</u>							
General Government	485,681	0	0	0	0	0	485,681
Public Safety	0	260,171	0	0	67,029	0	327,200
Public Works	270,463	0	0	0	0	0	270,463
Community and Economic Development	16,485	0	0	0	0	0	16,485
Recreation and Culture	9,504	0	0	257,863	0	0	267,367
Capital Outlay	90,212	0	83,464	0	0	0	173,676
Debt Service	0	0	0	0	0	165,884	165,884
Total Expenditures	872,345	260,171	83,464	257,863	67,029	165,884	1,706,756
Excess (Deficiency) of Revenues Over Expenditures	116,878	(9,159)	64,024	173,630	25,202	(1,173)	369,402
<u>OTHER FINANCING SOURCES (USES)</u>							
Proceeds from Sale of Capital Assets	8,640	0	0	0	0	0	8,640
Transfer In (Out)	(4,000)	0	0	4,000	0	0	0
Total Other Financing Sources (Uses)	4,640	0	0	4,000	0	0	8,640
Net Change in Fund Balance	121,518	(9,159)	64,024	177,630	25,202	(1,173)	378,042
<u>FUND BALANCE - Beginning of Year</u>	1,707,795	142,606	269,505	607,040	103,297	56,937	2,887,180
<u>FUND BALANCE - End of Year</u>	\$ 1,829,313	\$ 133,447	\$ 333,529	\$ 784,670	\$ 128,499	\$ 55,764	\$ 3,265,222

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

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net Change in Fund Balance - Total Governmental Funds \$ 378,042

Amounts reported for governmental activities are different because:

Repayments of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal payments on long-term debt 76,000

Governmental funds report capital outlays as expenditures in the Statement of Activities. These costs are allocated over their estimated useful lives as depreciation. Additionally, only the gain or loss on the sale of capital assets is reported in the Statement of Activities, whereas the entire proceeds are reported in the governmental funds.

Capital Outlay 171,013
Depreciation Expense (238,545)
Net Cost of Capital Assets Sold (150)

Other postemployment benefits are reported on the accrual method in the Statement of Activities when incurred, but is not reported in the governmental funds until paid. (27,512)

Under the modified accrual basis of accounting, revenue is recognized when measurable and available. The entity-wide statements recognize revenue when earned. Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.

Special Assessment Revenue Deferred Using Modified Accrual Method 6,292

Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year 29,993
Accrued Interest Payable - End of Year (28,980)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 366,153

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

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	<u>CUSTODIAL FUND</u> <u>TAX</u> <u>COLLECTION</u> <u>FUND</u>
<u>ASSETS</u>	
Cash	\$ 90
 <u>LIABILITIES</u>	
Due to Other Governments	<u> 90</u>
 <u>NET POSITION</u>	 <u><u> 0</u></u>

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

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021

	<u>CUSTODIAL FUND</u> <u>TAX COLLECTION</u> <u>FUND</u>
<u>ADDITIONS</u>	
Property Taxes Collected for Other Governments	\$ 10,252,012
Miscellaneous	492
	10,252,504
<u>DEDUCTIONS</u>	
Property Taxes Distributed to Other Governments	10,252,012
Miscellaneous	492
	10,252,504
Net Increase (Decrease) in Fiduciary Net Position	0
<u>NET POSITION</u> - Beginning of Year	0
<u>NET POSITION</u> - End of Year	\$ 0

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

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

Morton Township is a general law township located in Mecosta County which operates under the direction of an elected township board. As required by generally accepted accounting principles, these financial statements present all activities of the Township, including its component units, which are entities for which the government is considered to be financially accountable. The Township has determined that there are no component units which should be included in its reporting entity.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

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

Morton Township reports the following major governmental funds:

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

The *Fire and Rescue Fund* accounts for revenue sources that are legally restricted to expenditures for fire and rescue protection.

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

The *Fire and Rescue Equipment Fund* accounts for revenue sources that are legally restricted to expenditures for the purchase of fire and rescue equipment.

The *Library Fund* is used to account for revenues and expenditures of the Morton Township Library.

The *Building Department Fund* is used to account for building permit collection revenues that are assigned for expenditures for building inspection activities to ensure public safety.

The *Library Debt Service Fund* accounts for revenue sources from the voter approved tax levy and the repayment interest and principal on the 2013 Unlimited Tax General Obligation Bonds.

Additionally, Morton Township reports the following fiduciary fund:

The *Custodial Fund* accounts for property taxes collected by the Township on behalf of other governmental units as well as the Township's General Fund, Fire and Rescue Fund, Fire and Rescue Equipment Fund, Library Fund, and Library Debt Service Fund.

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

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

E. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

The Custodial Fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Budgetary Information

1. Budgetary Basis of Accounting

- Prior to July 1, the Township Treasurer submits to the Township Board a proposed operating budget for all governmental funds for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- The Township Board holds a public hearing and adopts a resolution approving the budgets.
- All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year-end. Budgeted amounts are as originally adopted, or as amended by the Township Board from time to time throughout the year.

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

1. Cash and Cash Equivalents

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

2. Investments

The Township's investment policy is in compliance with state law and authorizes the Township to invest in passbook savings accounts, certificates of deposit, and money market funds. Some investments authorized by state law are shown as cash on the financial statements.

Morton Township is limited to investments authorized by PA 20 of 1943, as amended, and according to the Township's investment policy may invest in the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution. Authorized depositories shall be designated by the Morton Township Board at the Board's first meeting of each fiscal year (April meeting).
- c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d) United States government of federal agency obligation repurchase agreements.
- e) Bankers' acceptances of United States banks.
- f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than 1 standard rating service.
- g) Money market mutual funds composed of investment vehicles which are permitted under state law for direct investments.

3. Inventories and Prepaid Items

Inventories are not significant and are expensed as acquired.

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

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>ASSETS</u>	<u>YEARS</u>
Buildings and Improvements	20-40
Land Improvements	10
Equipment, Software, Books	5-20
Vehicles	5-20
Furniture and Fixtures	5

5. Unearned Revenue

Unearned revenue arises when resources are received by the Township before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to resources, revenue is recognized. The Township has unearned revenue related to grant proceeds received in the current year that remained unspent at year end and building permit fees collected in the current year for permits that inspection and approval has not been completed for prior to year-end.

6. Long-Term Obligations

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

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

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

7. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township does not have any deferred inflows of resources.

8. *Net Position Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. *Fund Balance Flow Assumption*

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

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

balance. Once adopted, the limitation imposed by the resolution or motion remains in place until a similar action is taken (the adoption of another resolution or motion) to remove or revise the limitation.

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

11. Use of Estimates

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

12. Restricted Investments

The Library Fund setup an endowment for future library operations and capital improvements which are set aside as restricted investments on the balance sheet because their use is limited.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

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

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

The 2020 taxable valuation of the Morton Township totaled \$293,821,132, on which ad valorem taxes levied consisted of 1.2420 mills for the Morton Township operating purposes, 0.6500 mills for Morton Township fire and rescue protection, .4968 mills for Morton Township fire and rescue equipment, .7948 mills for operation of the Morton Township Library, and 0.5469 mills for the Morton Township Library debt retirement. These levies raised approximately \$487,600 for operating purposes, \$190,000 for fire and rescue protection, \$145,400 for fire and rescue equipment, \$232,600 for the Morton Township Library operation, and \$160,000 for the Morton Township Library debt retirement. These amounts are recognized in the respective fund financial statements as tax revenue.

II. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits with Financial Institutions

The Township's deposits are on deposit with Isabella Bank, Mercantile Bank, United Bank of MI, and Flagstar Bank.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2021, \$1,628,429 of the Township's bank balance of \$2,986,150 was exposed to custodial credit risk because it was uninsured and uncollateralized. The risk is spread amongst the Township's funds. Although the Township's investment policy does not directly address custodial credit risk, it typically limits its exposure by controlling who holds the Township's deposits.

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

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

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. The Township has one international mutual fund and seven domestic mutual funds that represent more than 5% of total investments. The international fund and its value that exceeds more than 5% includes: Invesco OFI Global Opportunity Fund (\$122,595). The domestic mutual funds and their values that exceed more than 5% include: Invesco American Value Fund (\$39,159), Invesco Oppenheimer Main Street Fund (\$63,007), Invesco OFI Capital Appreciation Fund (\$68,573), Invesco OFI Main Street All Cap Fund (\$47,362), Invesco Dividend Income Fund (\$52,321), Invesco Multi-Asset Income Fund (\$51,729), and Invesco Select Risk Conservative Investor Fund. (\$24,825).

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the Township’s investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the investments.

	Fair Value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
Bond Funds	\$ 26,046	0.0027	A-	5.26%
Domestic Money Market Mutual Funds	346,976	0.0027	AAA	70.00%
Global Money Market Mutual Funds	122,595	0.0027	AAA	24.74%
	<u>\$ 495,617</u>			<u>100.00%</u>
Portfolio Weighted Average Maturity		<u>0.0027</u>		

1 Day Maturity Equals 0.0027, One Year Equals 1.000

The Township invests in a brokerage account with Invesco Investment Services with endowment funds within the Township’s Library Fund. As of June 30, 2021, the brokerage account’s value is \$495,617 and includes taxable fixed-income bond funds, domestic equity funds, and international equity funds. The investments within the brokerage account are subject to fair value disclosures.

During the year ended June 30, 2021, the Township had unrealized gain in investments of \$105,823 and received \$18,817 in dividends, capital gains, and interest from the investments. The calculation of unrealized gains/losses is independent of the calculation of the net increase/decrease in the fair value of investments.

Fair Market Value Disclosure - The Township is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices from similar activities, interest rates, prepayment speeds, credit risk,

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

and others. Debt securities are valued in accordance with evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S. government agency securities, corporate securities, and commercial paper.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are two types of valuation techniques most commonly used and vary depending on the level of investment. These two techniques are the market approach and income approach. The market approach uses prices and other relevant information generated by the market transactions involving identical or similar assets and liabilities. The income approach discounts future amounts to a single current amount and the discount rate used in the process should reflect current market expectations about risks associated with those future cash flows.

The Township's investments subject to the fair value measurement are categorized by the following:

Level 1 – Bond Funds, Domestic Mutual Funds, and International Funds

The above amounts are reported in the financial statements as follows:

	Total
Deposits - including Fiduciary Funds of \$90	\$ 2,828,021
Investments	495,617
	\$ 3,323,638

The above amounts are reported in the financial statements as follows:

	Total
Cash and Cash Equivalents- Governmental Funds	\$ 2,827,931
Cash-Fiduciary Fund	90
Restricted Investments-Governmental Funds	495,617
	\$ 3,323,638

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

B. Receivables

Receivables as of June 30, 2021, for the government's individual major funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Fire and Rescue Fund	Library Fund	Total
Receivables				
Accounts Receivable	\$ 14,632	\$ 9,006	\$ 0	\$ 23,638
Special Assessments	6,292	0	0	6,292
Due from Other Governments	70,569	0	14,658	85,227
Total	<u>\$ 91,493</u>	<u>\$ 9,006</u>	<u>\$ 14,658</u>	<u>\$ 115,157</u>

Amounts due from other governments include of state-shared revenues for the General Fund and state aid and penal fines for the Library Fund.

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

C. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 262,610	\$ 0	\$ 0	\$ 262,610
Capital assets, being depreciated				
Land Improvements	45,540	5,368	0	50,908
Buildings and Improvements	4,984,423	97,494	0	5,081,917
Furniture and Fixtures	17,668	0	0	17,668
Fire Trucks and Fire Equipment	2,950,540	50,427	0	3,000,967
Equipment	275,472	17,724	8,658	284,538
Total capital assets, being depreciated	<u>8,273,643</u>	<u>171,013</u>	<u>8,658</u>	<u>8,435,998</u>
Less accumulated depreciation for:				
Land Improvements	10,352	3,036	0	13,388
Buildings and Improvements	1,546,915	123,444	0	1,670,359
Furniture and Fixtures	17,669	0	0	17,669
Fire Trucks and Fire Equipment	1,862,540	95,403	0	1,957,943
Equipment	158,741	16,662	8,508	166,895
Total accumulated depreciation	<u>3,596,217</u>	<u>238,545</u>	<u>8,508</u>	<u>3,826,254</u>
Total capital assets, being depreciated, net	<u>4,677,426</u>	<u>(67,532)</u>	<u>150</u>	<u>4,609,744</u>
Governmental activities capital assets, net	<u>\$ 4,940,036</u>	<u>\$ (67,532)</u>	<u>\$ 150</u>	<u>\$ 4,872,354</u>

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Governmental activities:	
General Government	\$ 11,238
Public Safety	131,392
Public Works	1,386
Recreation and Culture	<u>94,529</u>
Total governmental activities	<u>\$ 238,545</u>

D. Interfund Receivables, Payables and Transfers

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

There were no individual fund interfund receivable and payable balances at June 30, 2021.

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2021, are expected to be repaid within one year.

Interfund transfers during the fiscal year June 30, 2021 were:

<u>Fund Transferred To</u>	<u>Funds Transferred From</u>	<u>Amount</u>
Library Fund	General Fund	<u>\$ 4,000</u>

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

E. Long-Term Obligations

The Township financed the construction of the Morton Township Library building through a loan from the United State Department of Agriculture Rural Development using unlimited tax general obligation bonds. The bonds are payable through an annual property tax levy, which allows for the Township to meet its principal and interest payments as they become due. The following is a summary of debt transactions of Morton Township for the year ended June 30, 2021:

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

	General		Total
	Obligation Bonds	OPEB Liability	
Obligation Payable at July 1, 2020	\$ 2,249,500	\$ 327,195	\$ 2,576,695
New Obligation Incurred	0	27,512	27,512
Obligation Retired	(76,000)	0	(76,000)
Obligation Payable at June 30, 2021	<u>\$ 2,173,500</u>	<u>\$ 354,707</u>	<u>\$ 2,528,207</u>
Due Within One Year	<u>\$ 73,000</u>	<u>\$ 0</u>	<u>\$ 73,000</u>

General Obligation Bonds

\$2,800,000 2013 Unlimited Tax General Obligation Bonds due in annual installments of \$73,000 to \$157,000 through March 1, 2041; including interest at 4.00% due on March 1 and September 1 of each year. \$ 2,173,500

Other Debt Obligations

Net OPEB Liability 354,707

Total Long-Term Obligations \$ 2,528,207

The annual requirements to amortize the debt outstanding as of June 30, 2021, including interest payments of \$1,043,000 are as follows:

Year Ending June 30,	General Obligation Bonds		Total
	Principal	Interest	
2022	\$ 73,000	\$ 88,240	\$ 161,240
2023	76,000	85,320	161,320
2024	80,000	82,280	162,280
2025	83,000	79,080	162,080
2026	86,000	75,760	161,760
2027-2031	486,000	324,240	810,240
2032-2036	596,000	218,640	814,640
2037-2041	698,500	89,440	787,940
	<u>\$ 2,178,500</u>	<u>\$ 1,043,000</u>	<u>\$ 3,221,500</u>

F. Other Postemployment Benefit (OPEB) Obligations

Plan Description

The Morton Township Retiree Health Plan provides health care benefits for retired employees through a single employer defined healthcare benefit plan established through Morton Township Ordinance No. 23 of 1993 and as most recently amended by Ordinance No. 53 of 2017. The Township's board administers the plan and has the right to establish and amend the plan. The plan provides supplemental healthcare insurance for eligible Township elected officials and full-time

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

employees (32 hours per week or more) after retirement. Eligible elected official retirees must serve twenty years or more as an elected official and full-time employee retirees must work twenty or more consecutive years and at least be 62 years of age. For those eligible retirees, the plan shall contribute eighty percent of the portion of the premium and retirees are responsible for the remaining twenty percent.

The plan is not administered through a trust and therefore no assets are accumulated in a trust that meets criteria in GASB Statement No. 75, paragraph 4. There are no contractual required contributions made to the plan on an annual basis, but the Township has set aside funds and will contribute periodically to the set aside account. As of June 30, 2021, the plan has seven members that are eligible for future healthcare benefits. None of those seven employees are currently eligible to receive benefits and no benefits were paid in the 2020-2021 fiscal year.

Methods and Assumptions

The Township has elected to use the alternative measurement method permitted by GASB Statement No. 75 in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through an OPEB plan in which fewer than 100 employees (active and inactive) are provided healthcare benefits through the plan. The Township calculates a projection of future benefit payments using assumptions about the probability of healthcare payments in the future and uses this information to determine the net OPEB liability. Assumption and calculations are made using current and future years of service, date of births and mortality rates, hire dates, interest rates, healthcare cost trends. There have been no changes in assumptions or benefit terms that affected the measurement of the total OPEB liability since the prior measurement date. The actuarially determined contribution for the fiscal year was \$27,512.

Demographic Information – The plan has seven active employees covered under the terms of the OPEB plan. Of the covered employees, two are males and five are females and the age range for the employees is 51-74. The number of years employed at the Township ranges from 1-18 years and none of the employees are currently retired.

Payments and Expected Payments to be made - As of June 30, 2021, no employees are receiving postemployment benefits. The expected point of time for payments to be made is estimated for the 2022-2023 fiscal year for one employee and payments are expected to last through 2051 based on current year assumptions for all employees.

Marital and Dependency Status – No spouses or dependents are covered under the OPEB plan so assumptions are based on single plan monthly supplemental premium rates.

Mortality – Life expectancies are based on current published mortality tables.

Turnover – The Township traditionally does not have a high turnover rate for employees in the plan. Five out of the seven employees in the plan have been employed by the Township for nine years or more. The location of the Township has a big impact on this as there are not many opportunities that are similar that could lead to higher turnover rates.

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Healthcare Cost Trend Rate – The expected rate of increase in health care insurance premiums was based on projections made by the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 6.1 percent was used initially and increased to 6.2 percent after one year.

Use of Health Insurance Premiums – The 2020 health insurance premiums for retirees were used as the basis for the calculation of the present value of total benefits paid.

Inflation Rate – The expected long-term inflation rate of 1.8 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

Payroll Growth Rate – The expected long-term growth rate was assumed to equal the rate of inflation.

Discount Rate – The discount rate used was 2 percent and is a blended rate reflecting the expected long-term investment returns on plan assets and the Township’s investments.

Changes in Net OPEB Liability and OPEB Expense

The amount of OPEB expense recognized by the Township for the fiscal year ended June 30, 2021 was \$27,512.

Changes in Net OPEB Liability	Increase (Decrease) Total Net OPEB
Balance at July 1, 2020	\$ 327,195
Service cost	0
Interest on the total OPEB liability	0
Changes of benefit terms	0
Difference between expected and actual experience in the measurement of the total OPEB liability	0
Changes in assumptions or other inputs	0
Benefit payments	0
Other changes	27,512
Net changes	27,512
Balance at June 30, 2021	\$ 354,707

IV. OTHER INFORMATION

A. Risk Management

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

The Township continues to carry commercial insurance for other risks of loss, including general liability, property and casualty, and employee health and accident insurance. The government has

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

The Township participates in a distinct pool of governmental entities within the State of Michigan for workers' disability compensation. The pool is considered a public entity risk pool. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

B. Morton Township and Morton Township Library Retirement Plans

Morton Township contributes to a retirement plan called Morton Township 457 Plan which is a defined contribution plan administered by John Hancock Retirement Plan Services. The Township adopted the pension plan effective July 1, 1984 and amended October 1, 2015 and January 1, 2020.

A defined contribution pension plan provides pension benefits in return for service rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. The plan covers all Township Board members as well as full-time employees. Employees become eligible on the first day of the first month of the plan year or first day of the seventh month of the plan year, coincident with or next following the age of 18 and they complete one year of eligibility service provided that they are an eligible employee on that date. All benefits attributable to employer contributions are 100% vested immediately. Normal retirement age under the plan is age 65 or, if later, when employment is terminated. Early retirement is permitted is determined by the later of the date age 55 is reached and 10 years of vesting service. Plan provisions and contribution requirements are established and may be amended by the Board.

Employer contributions for each participant are calculated based on 10% of compensation. In addition, participants may make pre-tax voluntary contributions in amounts ranging from 1% to 100% of compensation provided they do not exceed amounts established by federal law. For purposes of the determination of contributions, compensation means wages that are shown as taxable wages on IRS Form W-2.

For the fiscal year ended June 30, 2021, the Township contributed \$17,660 on behalf of its employees and employees had elected deferrals of \$17,682. The employees elected deferrals are made in the month they are deferred but the Township does not contribute its 10% until after the end of the plan and fiscal year so the amount of \$17,660 is payable to the plan as of June 30, 2021.

The Morton Township Library has a separate retirement plan for its employees referred to as the Morton Township Library 403(b) Plan. The Library adopted the plan effective January 1, 1995. The plan covers all full-time permanent employees who have worked for the Library full time for one year. All benefits attributable to employer contributions are 100% vested immediately. Normal retirement age under the plan is age 65 or, if later, when employment is terminated. Early retirement is permitted is determined by the later of the date age 55 is reached and 10 years of vesting service.

MORTON TOWNSHIP, MECOSTA COUNTY
MECOSTA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Plan provisions and contribution requirements are established and may be amended by the Library Board.

The Library will contribute 50% of the first 10% of full-time permanent employee's contributions. In addition, participants may make pre-tax voluntary contributions in amounts ranging from 1% to 100% of compensation provided they do not exceed amounts established by federal law. For purposes of the determination of contributions, compensation means wages that are shown as taxable wages on IRS Form W-2.

For the fiscal year ended June 30, 2021, the Library contributed \$2,810 on behalf of its employees and employees had elected deferrals of \$5,662. All employer and employee contributions are paid to the investment company on the last pay period of each month.

C. Contingencies

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

D. Commitments

As of the year ended June 30, 2021, the Township had commitments related to the following:

- Irrigation system at the library in the amount \$5,200

E. Subsequent Events

Subsequent to the fiscal year end, the Township approved the following:

- Gravel for the recycling center for \$44,800
- Purchase of fire equipment totaling \$10,200
- Purchase of firewall and VPN in the amount of \$2,000
- Purchase of cardboard baler for the recycling center in the amount of \$8,500
- Purchase of replacement fire trucks not to exceed \$90,000

No adjustments were made to the financial statements as a result of the above subsequent events.

MORTON TOWNSHIP - MECOSTA COUNTY
 MECOSTA, MICHIGAN
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	GENERAL FUND			FIRE AND RESCUE FUND			FIRE AND RESCUE EQUIPMENT FUND			LIBRARY FUND			BUILDING DEPARTMENT FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES															
Taxes															
Licenses and Permits	476,800	487,450	487,596	190,000	190,000	190,310	145,500	145,500	145,443	233,000	233,840	232,674	0	0	0
Federal Grants	51,700	51,700	54,156	0	0	0	0	0	0	0	0	0	0	0	0
State Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions from Local Units	271,000	281,150	408,309	2,000	2,000	1,709	1,500	1,500	1,424	5,500	10,500	1,500	51,500	65,000	91,957
Charges for Services	0	0	0	35,000	35,000	20,000	0	0	0	0	0	0	0	0	0
Fines and Forfeits	0	0	0	19,000	19,000	38,390	0	0	0	0	0	0	0	0	0
Interest and Rents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Revenues	11,050	11,050	8,730	300	300	213	1,000	1,000	621	21,000	30,000	1,091	0	0	0
Total Revenues	24,700	33,300	30,432	200	200	390	0	0	0	700	600	125,187	500	500	274
	835,230	864,650	989,223	246,500	246,500	251,012	148,000	148,000	147,488	291,000	304,330	431,493	0	0	0
EXPENDITURES															
General Government															
Township Board	216,150	237,150	218,452	0	0	0	0	0	0	0	0	0	0	0	0
Supervisor	34,200	34,200	29,140	0	0	0	0	0	0	0	0	0	0	0	0
Elections	13,700	19,450	18,898	0	0	0	0	0	0	0	0	0	0	0	0
Assessor	80,950	80,950	79,085	0	0	0	0	0	0	0	0	0	0	0	0
Clerk	47,700	47,850	47,356	0	0	0	0	0	0	0	0	0	0	0	0
Board of Review	2,400	2,400	899	0	0	0	0	0	0	0	0	0	0	0	0
Treasurer	49,750	49,750	47,340	0	0	0	0	0	0	0	0	0	0	0	0
Data Processing	25,500	27,500	22,619	0	0	0	0	0	0	0	0	0	0	0	0
Building and Grounds	24,400	24,900	21,892	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fire Department	0	0	0	272,000	272,000	260,171	0	0	0	0	0	0	0	0	0
Building Inspection Department	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Works	235,300	235,300	222,926	0	0	0	0	0	0	0	0	0	85,660	91,160	67,029
Roads, Streets, Bridges	60,500	60,500	45,327	0	0	0	0	0	0	0	0	0	0	0	0
Rubbish Collection/Disposal	3,250	3,250	2,210	0	0	0	0	0	0	0	0	0	0	0	0
Cemetery	25,000	25,000	13,774	0	0	0	0	0	0	0	0	0	0	0	0
Community and Economic Development	2,000	2,000	1,512	0	0	0	0	0	0	0	0	0	0	0	0
Planning	2,600	2,600	1,199	0	0	0	0	0	0	0	0	0	0	0	0
Zoning	10,000	10,000	9,504	0	0	0	0	0	0	0	0	0	0	0	0
Business Park	146,000	146,000	90,212	0	0	0	159,000	159,000	83,464	295,000	266,400	257,863	0	0	0
Recreation and Culture	979,400	1,008,800	872,345	272,000	272,000	260,171	159,000	159,000	83,464	295,000	266,400	257,863	0	0	0
Parks and Recreation Department	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Library	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	1,760,685	1,760,685	1,707,795	272,000	272,000	260,171	159,000	159,000	83,464	295,000	266,400	257,863	85,660	91,160	67,029
Excess (Deficiency) of Revenues Over Expenditures	(144,150)	(144,150)	116,578	(25,500)	(25,500)	(9,159)	(11,000)	(11,000)	64,024	(4,000)	37,930	173,630	(33,660)	(25,660)	25,202
OTHER FINANCING SOURCES (USES)															
Proceeds from Sale of Capital Assets	0	0	8,640	0	0	0	0	0	0	0	0	0	0	0	0
Transfer In (Out)	(4,000)	(4,000)	(4,000)	38,700	38,700	0	0	0	0	4,000	4,000	4,000	0	0	0
Total Other Financing Sources (Uses)	(4,000)	(4,000)	4,640	38,700	38,700	0	0	0	0	4,000	4,000	4,000	0	0	0
Net Change in Fund Balance	(148,150)	(148,150)	121,518	13,200	13,200	(9,159)	(11,000)	(11,000)	64,024	0	41,930	177,630	(33,660)	(25,660)	25,202
FUND BALANCE - Beginning of Year	1,760,685	1,760,685	1,707,795	128,000	128,000	142,606	266,800	266,800	269,505	205,373	205,373	607,040	105,500	105,500	103,297
FUND BALANCE - End of Year	\$ 1,612,535	\$ 1,612,535	\$ 1,829,313	\$ 141,200	\$ 141,200	\$ 133,447	\$ 255,800	\$ 255,800	\$ 333,529	\$ 205,373	\$ 247,303	\$ 784,670	\$ 71,840	\$ 79,840	\$ 128,499

MORION TOWNSHIP
MECOSTA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
LAST 10 FISCAL YEARS
JUNE 30.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total net OPEB liability		\$ 354,707	\$ 287,163	\$ 327,195	\$ 194,784						
Township's covered payroll		194,784	181,324	197,041							
Total Net OPEB liability as a percentage of its covered payroll		182.10%	158.37%	166.05%							
											254,392

MORTON TOWNSHIP
MECOSTA, MICHIGAN

SCHEDULE OF CHANGES IN EMPLOYER'S NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR PLAN YEAR ENDED JUNE 30.
(ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 0	\$ 0	\$ 0	\$ 0
Interest on the total OPEB Liability	0	0	0	0
Changes of Benefit Terms	0	0	0	0
Difference Between Expected and Actual Experience in the Measurement of the Total OPEB Liability	0	0	0	0
Changes of Assumptions or Other Inputs	0	0	0	0
Benefit Payments	0	0	0	0
Other Changes	0	0	0	0
	<u>27,512</u>	<u>40,032</u>	<u>32,771</u>	<u>38,251</u>
Net Change in Total OPEB Liability	27,512	40,032	32,771	38,251
Total OPEB Liability - Beginning	<u>327,195</u>	<u>287,163</u>	<u>254,392</u>	<u>216,141</u>
Total OPEB Liability - Ending	<u>\$ 354,707</u>	<u>\$ 327,195</u>	<u>\$ 287,163</u>	<u>\$ 254,392</u>

MORTON TOWNSHIP
MECOSTA, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2021

A. Changes of Benefit Terms:

There were no changes of benefit terms for the plan year ended June 30, 2021.

B. Changes of Assumptions:

There were no changes of benefit assumptions for the plan year ended June 30, 2021.

C. No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75, paragraph 4 to pay the benefits presented in the previous two pages.