

Egelston Township  
Muskegon County, Michigan

**REPORT ON FINANCIAL STATEMENTS**  
(with required supplementary information)

June 30, 2022



Egelston Township

**TABLE OF CONTENTS**

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis..... 4

Basic Financial Statements

    Government-wide Financial Statements

        Statement of Net Position..... 12

        Statement of Activities ..... 13

    Fund Financial Statements

        Governmental Funds

            Balance Sheet..... 14

            Reconciliation of the Governmental Funds Balance Sheet  
            to the Statement of Net Position..... 15

            Statement of Revenues, Expenditures and Changes  
            in Fund Balances ..... 16

            Reconciliation of the Governmental Funds Statement of Revenues,  
            Expenditures and Changes in Fund Balances to the Statement of  
            Activities..... 17

        Proprietary Funds

            Statement of Net Position..... 18

            Statement of Revenues, Expenses and Changes in Net Position ..... 19

            Statement of Cash Flows..... 20

        Fiduciary Funds

            Statement of Net Position..... 21

            Statement Changes in Net Position ..... 22

    Notes to Financial Statements ..... 23

Required Supplementary Information

    Budgetary Comparison Schedule—General Fund..... 45

    Budgetary Comparison Schedule—Fire Fund ..... 46

    Budgetary Comparison Schedule—Street Light Fund ..... 47

    Retiree Healthcare System Schedule of Changes in the  
    Net OPEB Liability and Related Ratios ..... 48

    Retiree Healthcare System Schedule of Contributions..... 49

    Retiree Healthcare System Schedule of Investment Returns..... 50

Other Supplemental Information

    Other Governmental Funds

        Combining Balance Sheet ..... 52

        Combining Statement of Revenues, Expenditures and Changes in  
        Fund Balances ..... 53

**INDEPENDENT AUDITOR'S REPORT**

Township Board  
Egelston Township  
Muskegon, Michigan

**Report of the Audit of the Financial Statements**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Egelston Township, Michigan, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Egelston Township, Michigan, 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.

***Change in Accounting Principle***

As discussed in Note L to the financial statements, in the year ended June 30, 2022 the Township adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87—*Leases*. Our opinions are not modified with respect to this matter.

***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.

Township Board  
Egelston Township  
Page 2

**Report of the Audit of the Financial Statements—Continued**

***Responsibilities of Management for the Financial Statements—Continued***

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 Egelston Township, Michigan’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor’s Responsibilities for the Audit of the Financial Statements***

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

Township Board  
Egelston Township  
Page 3

**Report of the Audit of the Financial Statements—Continued**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other post-employment benefit 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 Egelston Township, Michigan's basic financial statements. The accompanying combining nonmajor 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 relate 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 nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards* we have also issued our report dated December 8, 2022, on our consideration of Egelston Township, 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 Egelston Township, 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 Egelston Township, Michigan's internal control over financial reporting and compliance.



Muskegon, Michigan  
December 8, 2022

As management of Egelston Township, we present to the readers of the Township's financial statements this overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2022. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Township's finances. These statements are similar to those of a private sector business.

The Statement of Net Position presents information on all of the Township's assets/deferred outflows of resources and liabilities/deferred inflows of resources, 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 fiscal year. All changes in net position are reported when the 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 the future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business-type activities). The governmental activities of the Township include general government, public safety, public works, community and economic development and culture and recreation activities. The business-type activities of the Township are sewer services.

#### 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, use 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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-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 short-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.

The Township maintains several 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 Fund, and Street Light Fund which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds.** The Township has one enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its sewer operations. Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Township's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

### 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. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budgetary information as it relates to the actual expenditures for the General Fund, Fire Fund, and Street Light Fund.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

### Government-wide Financial Analysis

The first table presented below is a summary of the government-wide statement of net position for the Township. As stated earlier, the net position may be used as an indicator of a government's financial health. As of June 30, 2022, the Township's net position from governmental activities totaled \$5,361,794 (69%) and \$2,456,353 (31%) from business-type activities, creating a government-wide net position total of \$7,818,147.

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for governmental activities actually depicts a balance of \$3,800,329. This represents the amount of discretionary resources that can be used for general governmental operations.

# Egelston Township

## Management's Discussion and Analysis

The business-type activities show a total of \$2,456,353 in net position, of which \$1,352,855 is unrestricted net position.

For governmental activities, current assets and other assets increased as a result of grant revenues received under the American Rescue Plan Act (ARPA) program which were unspent at the end of the fiscal year. Capital assets decreased due to current year depreciation expense exceeding capital asset additions. Current liabilities increased due to unspent grant revenues received under the ARPA program. Deferred inflows of resources increased due to the implementation of GASB Standard No. 87—*Leases* during the year.

For business-type activities, capital assets decreased due to current year depreciation expense exceeding capital asset additions. Noncurrent liabilities decreased due to debt payments made during the year.

Fluctuations in deferred inflows and outflows of resources are due to differences in experience, assumptions, and investment return related to the other post-employment benefits plan which are being amortized over average expected remaining service lives of all employees.

### Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current assets and other assets	\$ 6,666,971	\$ 4,421,320	\$ 1,553,016	\$ 1,426,211	\$ 8,219,987	\$ 5,847,531
Capital assets	2,851,549	3,403,790	2,265,040	2,387,396	5,116,589	5,791,186
Total assets	9,518,520	7,825,110	3,818,056	3,813,607	13,336,576	11,638,717
Deferred outflows of resources	218,108	21,139	29,742	2,883	247,850	24,022
Total assets and deferred outflows of resources	9,736,628	7,846,249	3,847,798	3,816,490	13,584,426	11,662,739
Current liabilities	1,530,526	380,654	177,110	128,652	1,707,636	509,306
Noncurrent liabilities	2,161,025	2,158,097	1,167,802	1,214,739	3,328,827	3,372,836
Total liabilities	3,691,551	2,538,751	1,344,912	1,343,391	5,036,463	3,882,142
Deferred inflows of resources	683,283	352,485	46,533	48,066	729,816	400,551
Total liabilities and deferred inflows of resources	4,374,834	2,891,236	1,391,445	1,391,457	5,766,279	4,282,693
Net position						
Net investment in capital assets	1,019,173	1,471,414	1,096,826	1,161,210	2,115,999	2,632,624
Restricted	542,292	436,952	6,672	3,079	548,964	440,031
Unrestricted	3,800,329	3,046,647	1,352,855	1,260,744	5,153,184	4,307,391
Total net position	<b>\$ 5,361,794</b>	<b>\$ 4,955,013</b>	<b>\$ 2,456,353</b>	<b>\$ 2,425,033</b>	<b>\$ 7,818,147</b>	<b>\$ 7,380,046</b>

# Egelston Township

## Management's Discussion and Analysis

The results of this year's operations for the Township as a whole are reported in the statement of activities, which shows changes in net position.

### Change in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 428,336	\$ 418,437	\$ 1,004,637	\$ 961,519	\$ 1,432,973	\$ 1,379,956
Operating grants and contributions	22,342	118,257	-	-	22,342	118,257
Capital grants and contributions	200	150	-	40,300	200	40,450
General revenues						
Property taxes	1,247,917	1,203,180	-	-	1,247,917	1,203,180
Franchise fees	122,495	119,340	-	-	122,495	119,340
Grants and contributions not restricted	1,471,185	1,164,599	-	-	1,471,185	1,164,599
Unrestricted investment earnings	18,636	25,924	2,969	4,996	21,605	30,920
Miscellaneous	26,298	12,177	-	-	26,298	12,177
Gain on sale of capital assets	2,062	12,000	-	-	2,062	12,000
<b>Total revenues</b>	<b>3,339,471</b>	<b>3,074,064</b>	<b>1,007,606</b>	<b>1,006,815</b>	<b>4,347,077</b>	<b>4,080,879</b>
Expenses:						
General government	787,743	815,465	-	-	787,743	815,465
Public safety	1,417,481	1,317,731	-	-	1,417,481	1,317,731
Public works	415,089	295,481	-	-	415,089	295,481
Health, welfare and sanitation	10,800	3,010	-	-	10,800	3,010
Community and economic development	5,832	6,980	-	-	5,832	6,980
Culture and recreation	233,079	101,271	-	-	233,079	101,271
Interest on long term debt	62,666	66,185	-	-	62,666	66,185
Sewer	-	-	976,286	1,011,527	976,286	1,011,527
<b>Total expenses</b>	<b>2,932,690</b>	<b>2,606,123</b>	<b>976,286</b>	<b>1,011,527</b>	<b>3,908,976</b>	<b>3,617,650</b>
Change in net position	406,781	467,941	31,320	(4,712)	438,101	463,229
Net position - Beginning	4,955,013	4,487,072	2,425,033	2,429,745	7,380,046	6,916,817
<b>Net position - Ending</b>	<b>\$ 5,361,794</b>	<b>\$ 4,955,013</b>	<b>\$ 2,456,353</b>	<b>\$ 2,425,033</b>	<b>\$ 7,818,147</b>	<b>\$ 7,380,046</b>

### **Governmental Activities**

Operating grants and contributions decreased by approximately \$96,000 due to various coronavirus relief grants received in the prior year. Grants and contributions not restricted increased by approximately \$307,000 due to additional State revenue sharing. Gain on sale of capital assets decreased by approximately \$10,000 due to the sale of a fire truck in the prior year. Public works expenses increased by \$119,608 due to a project to covert street lights to LED and additional drain costs. Culture and recreation expenses increased by \$131,808 due to a change in allocation of employee and benefit costs to different departments.

### **Business-type Activities**

Capital grants and contributions decreased by approximately \$40,000 due to no hookups to the sewer system in the current year. Expenses were reasonably comparable to the prior year.

### **Financial Analysis of the Government's Funds**

As stated earlier in this discussion and analysis, 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 in spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balances or the lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2022, the governmental funds reported a combined unassigned fund balance of \$3,017,420, all of which is in the General Fund. The Township also has fund balance that is nonspendable as it has been spent on prepaid items for the following year or is restricted for debt service, fire protection, street lights, the Township festival, or employee health insurance. The Township has also committed \$825,737 for various capital improvements and other anticipated projects and assigned fund balance for the subsequent year's budget appropriations in the amount of \$518,290.

The General Fund is the chief operating fund of the Township. At June 30, 2022, the General Fund fund balance was \$4,391,139, an increase of \$701,079. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures and transfers. Unassigned fund balance represents 195 percent of the General Fund expenditures and transfers (158 percent in the prior year).

**Proprietary Funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the Sewer Fund increased by \$31,320.

### General Fund Budget

During the current fiscal year, the Township made several amendments to its original budget as follows:

- The licenses and permits revenues budget was increased by \$21,652 due to additional marijuana license fees.
- The intergovernmental revenues – State budget was increased by \$389,565 due to additional State revenue sharing and personal property tax replacement monies.
- The intergovernmental revenues – Local budget was increased by \$27,364 due to County funding for senior resources.
- Charges for services revenues budget was increased by \$28,500 due to additional cemetery revenues.
- Township hall expenditures budget was increased by \$20,000 due to planned improvements.

The following comments summarize the major variations from the final budget to actual revenues and expenditures:

- Intergovernmental revenues – Local were under the final budget by \$16,564 as not all senior resource funding was spent.
- Investment earnings revenues were under budget by \$17,614 due to lower interest rates.
- Township hall expenditures were under budget by \$13,553 due to conservative budgeting.
- Inspection department expenditures were under budget by \$16,957 as there was less permitting activity during the year than initially expected.
- Roads expenditures were under the final budget by \$56,622 as less work was completed during the year than initially expected.
- Senior services expenditures were under budget by \$38,342 as less work was done than expected.
- Parks maintenance expenditures were under budget by \$11,041 due to conservative budgeting.
- Capital outlay expenditures were under the final budget by \$31,127 as scheduled park projects were delayed.
- Transfers out were under the final budget by \$356,723 as the General Fund did not need to transfer any funds to the Fire Fund to prevent a fund deficit.

# Egelston Township

## Management's Discussion and Analysis

### Capital Assets Administration

The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2022 totaled \$5,116,589 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, office equipment, equipment, utility systems and vehicles.

Capital asset additions during the current year included maintenance equipment for Governmental Activities and new pumps in the Sewer Fund.

### Capital Assets (Net of Accumulated Depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 233,707	\$ 233,707	\$ 7,934	\$ 7,934	\$ 241,641	\$ 241,641
Construction in progress	-	-	6,159	-	6,159	-
Land improvements	149,030	168,522	-	-	149,030	168,522
Buildings and improvements	2,011,808	2,080,003	5,818	6,283	2,017,626	2,086,286
Utility systems	-	-	1,422,014	1,455,916	1,422,014	1,455,916
Equipment	132,019	80,868	41,881	74,825	173,900	155,693
Office equipment	1,396	2,158	-	-	1,396	2,158
Vehicles	323,589	838,532	-	-	323,589	838,532
Access rights	-	-	781,234	842,438	781,234	842,438
<b>Total</b>	<b>\$ 2,851,549</b>	<b>\$ 3,403,790</b>	<b>\$ 2,265,040</b>	<b>\$ 2,387,396</b>	<b>\$ 5,116,589</b>	<b>\$ 5,791,186</b>

Additional information on the Township's capital assets can be found in Note F of the "Notes to Financial Statements" of this report.

### Long-Term Debt

At June 30, 2022, the Township had total outstanding debt of \$3,094,825 consisting of general obligation bonds and compensated absences.

### Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligations						
bonds	\$ 1,832,376	\$ 1,932,376	\$ 1,168,214	\$ 1,226,186	\$ 3,000,590	\$ 3,158,562
Compensated absences	87,692	37,028	6,543	5,062	94,235	42,090
<b>Total</b>	<b>\$ 1,920,068</b>	<b>\$ 1,969,404</b>	<b>\$ 1,174,757</b>	<b>\$ 1,231,248</b>	<b>\$ 3,094,825</b>	<b>\$ 3,200,652</b>

The Township's total debt decreased by \$105,827 during the fiscal year. The decrease came as a result of scheduled debt service.

Additional information on the Township's long-term debt can be found in Note G of the "Notes to Financial Statements" of this report.

In addition, as of June 30, 2022, the Township had \$413,237 of long-term other post-employment benefits (OPEB) liabilities. Additional information on the Township's OPEB liabilities can be found in Note J of the "Notes to Financial Statements".

### **General Economic Overview**

The Township's General Fund has two major revenue sources, state revenue sharing and property tax revenue. Those two sources comprise approximately 70 percent of the General Fund revenue sources. For fiscal year 2023, the Township budgeted both revenue streams to have small increases.

The Township is expecting operating expenditures to increase by the rate of inflation in the coming year in the General Fund with a couple of exceptions. Road improvements of \$150,000 have been budgeted as the Township continues to work to improve the quality of its roads although this amount may change as final costs are determined. The Township has also budgeted \$100,000 for the Township's retiree healthcare plan. No significant capital purchases are anticipated in the General Fund at this time. As part of its budget, the Township has appropriated \$606,461 to transfer to the Fire Fund to support fire operations and capital purchases.

In the Fire Fund, operations are expected to be fairly similar to last year other than the addition of an additional fire fighter. Capital purchases of \$397,400 have been budgeted for a new fire vehicle.

The Township continues to work to pay down the debt associated with its new fire station and has budgeted an additional payment on the debt service this year.

The Township continues to monitor treatment costs from Muskegon County and adjust rates as necessary. The Township is considering spending a portion of its American Rescue Plan Act (ARPA) grant funds on needed lift station improvements.

### **Requests for Information**

This financial report is designed to provide a general overview of Egelston Township's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Egelston Township, 5428 E. Apple Ave., Muskegon, Michigan, 49442, or telephone (231) 788-2308.

Egelston Township  
**STATEMENT OF NET POSITION**  
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 5,833,414	\$ 1,198,354	\$ 7,031,768
Receivables			
Accounts	31,432	342,223	373,655
Leases	18,113	-	18,113
Due from other governmental units	420,208	-	420,208
Prepaid items	39,874	10,489	50,363
Total current assets	6,343,041	1,551,066	7,894,107
Noncurrent assets			
Special assessments receivable, less amounts due within one year	-	1,950	1,950
Leases receivable, less amounts due within one year	323,930	-	323,930
Capital assets, net			
Nondepreciable	233,707	14,092	247,799
Depreciable	2,617,842	2,250,948	4,868,790
Total noncurrent assets	3,175,479	2,266,990	5,442,469
Total assets	9,518,520	3,818,056	13,336,576
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to other postemployment benefits	218,108	29,742	247,850
Total assets and deferred outflows of resources	9,736,628	3,847,798	13,584,426
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	122,927	28,799	151,726
Due to other governmental units	113,625	91,768	205,393
Unearned revenues - expenditure-driven grants	1,161,212	-	1,161,212
Unearned revenues - fees for subsequent year	10,070	-	10,070
Bonds and other obligations, due within one year	122,692	56,543	179,235
Total current liabilities	1,530,526	177,110	1,707,636
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	1,797,376	1,118,214	2,915,590
Net other postemployment benefits liability	363,649	49,588	413,237
Total noncurrent liabilities	2,161,025	1,167,802	3,328,827
Total liabilities	3,691,551	1,344,912	5,036,463
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to leases	342,043	-	342,043
Related to other postemployment benefits	341,240	46,533	387,773
Total deferred inflows of resources	683,283	46,533	729,816
Total liabilities and deferred inflows of resources	4,374,834	1,391,445	5,766,279
<b>NET POSITION</b>			
Net investment in capital assets	1,019,173	1,096,826	2,115,999
Restricted			
Debt service	121,963	-	121,963
Fire operations	129,165	-	129,165
Street lights	217,621	-	217,621
Festival	44,342	-	44,342
Employee health insurance	29,201	6,672	35,873
Unrestricted	3,800,329	1,352,855	5,153,184
Total net position	<u>\$ 5,361,794</u>	<u>\$ 2,456,353</u>	<u>\$ 7,818,147</u>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2022

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Governmental activities							
General government	\$ 787,743	\$ 83,201	\$ 3,891	\$ 200	\$ (700,451)	\$ -	\$ (700,451)
Public safety	1,417,481	210,519	-	-	(1,206,962)	-	(1,206,962)
Public works	415,089	74,537	7,651	-	(332,901)	-	(332,901)
Health and welfare	10,800	-	10,800	-	-	-	-
Community and economic development	5,832	-	-	-	(5,832)	-	(5,832)
Culture and recreation	233,079	60,079	-	-	(173,000)	-	(173,000)
Interest on long-term obligations	62,666	-	-	-	(62,666)	-	(62,666)
Total governmental activities	2,932,690	428,336	22,342	200	(2,481,812)	-	(2,481,812)
Business-type activities							
Sewer	976,286	1,004,637	-	-	-	28,351	28,351
Total government	<b>\$ 3,908,976</b>	<b>\$ 1,432,973</b>	<b>\$ 22,342</b>	<b>\$ 200</b>	(2,481,812)	28,351	(2,453,461)
General revenues							
Property taxes, levied for							
General purposes					343,196	-	343,196
Specific purposes					904,721	-	904,721
Franchise fees					122,495	-	122,495
Grants and contributions not restricted to specific programs					1,471,185	-	1,471,185
Unrestricted investment earnings					18,636	2,969	21,605
Miscellaneous					26,298	-	26,298
Gain on sale of capital assets					2,062	-	2,062
Total general revenues					2,888,593	2,969	2,891,562
Change in net position					406,781	31,320	438,101
Net position at beginning of year					4,955,013	2,425,033	7,380,046
Net position at end of year					<b>\$ 5,361,794</b>	<b>\$ 2,456,353</b>	<b>\$ 7,818,147</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**BALANCE SHEET**  
 Governmental Funds  
 June 30, 2022

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Street Light Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 5,261,016	\$ 157,739	\$ 228,540	\$ 186,119	\$ 5,833,414
Receivables					
Accounts	31,374	39	10	9	31,432
Leases	342,043	-	-	-	342,043
Due from other governmental units	420,208	-	-	-	420,208
Prepaid items	13,355	25,972	-	547	39,874
Total assets	<b>\$ 6,067,996</b>	<b>\$ 183,750</b>	<b>\$ 228,550</b>	<b>\$ 186,675</b>	<b>\$ 6,666,971</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 31,186	\$ 11,739	\$ 10,929	\$ -	\$ 53,854
Accrued liabilities	28,791	29,982	-	-	58,773
Due to other governmental units	113,625	-	-	-	113,625
Unearned revenues - expenditure-driven grants	1,161,212	-	-	-	1,161,212
Unearned revenues - fees for subsequent year	-	-	-	10,070	10,070
Total liabilities	1,334,814	41,721	10,929	10,070	1,397,534
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to leases	342,043	-	-	-	342,043
<b>FUND BALANCES</b>					
Nonspendable - prepaid items	13,355	25,972	-	547	39,874
Restricted					
Debt service	-	-	-	132,263	132,263
Fire protection	-	103,193	-	-	103,193
Street lights	-	-	217,621	-	217,621
Festival	-	-	-	43,795	43,795
Employee health insurance	16,337	12,864	-	-	29,201
Committed					
Community center improvements	276,286	-	-	-	276,286
Park improvements	18,061	-	-	-	18,061
Cemetery expansion and improvements	8,000	-	-	-	8,000
Townhall and library capital improvements	25,000	-	-	-	25,000
Fire vehicle	70,000	-	-	-	70,000
Other capital improvements	428,390	-	-	-	428,390
Assigned - subsequent year's budget appropriations	518,290	-	-	-	518,290
Unassigned	3,017,420	-	-	-	3,017,420
Total fund balances	4,391,139	142,029	217,621	176,605	4,927,394
Total liabilities and fund balances	<b>\$ 6,067,996</b>	<b>\$ 183,750</b>	<b>\$ 228,550</b>	<b>\$ 186,675</b>	<b>\$ 6,666,971</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION**  
 June 30, 2022

Total fund balance—governmental funds \$ 4,927,394

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

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

Cost of capital assets	\$ 5,424,483	
Accumulated depreciation	<u>(2,572,934)</u>	2,851,549

Long-term liabilities in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest	(10,300)	
Bonds payable	(1,832,376)	
Compensated absences	(87,692)	
Other postemployment benefits and related deferred outflows/inflows of resources	<u>(486,781)</u>	<u>(2,417,149)</u>

Net position of governmental activities		<u><b>\$ 5,361,794</b></u>
---	--	----------------------------

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Governmental Funds  
 For the year ended June 30, 2022

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Street Light Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Property taxes	\$ 343,196	\$ 609,437	\$ 162,473	\$ 132,811	\$ 1,247,917
Licenses and permits	338,508	-	-	-	338,508
Intergovernmental revenues					
State	1,360,970	49,515	33,489	27,183	1,471,157
Local	10,800	-	-	-	10,800
Charges for services	112,132	58,779	-	-	170,911
Fines and forfeitures	799	-	-	-	799
Investment earnings	17,886	4	440	305	18,635
Other	62,816	15,635	228	-	78,679
Total revenues	<u>2,247,107</u>	<u>733,370</u>	<u>196,630</u>	<u>160,299</u>	<u>3,337,406</u>
<b>EXPENDITURES</b>					
Current					
General government	800,520	-	-	-	800,520
Public safety	243,262	977,832	-	-	1,221,094
Public works	199,367	-	200,070	-	399,437
Health and welfare	10,800	-	-	-	10,800
Community and economic development	5,832	-	-	-	5,832
Culture and recreation	215,387	-	-	-	215,387
Debt service					
Principal	-	-	-	100,000	100,000
Interest and fees	-	-	-	63,466	63,466
Capital outlay	70,860	6,186	-	-	77,046
Total expenditures	<u>1,546,028</u>	<u>984,018</u>	<u>200,070</u>	<u>163,466</u>	<u>2,893,582</u>
Excess of revenues over (under) expenditures	701,079	(250,648)	(3,440)	(3,167)	443,824
<b>OTHER FINANCING SOURCES</b>					
Proceeds from sale of capital assets	-	359,776	-	-	359,776
Net change in fund balances	701,079	109,128	(3,440)	(3,167)	803,600
Fund balances at beginning of year	3,690,060	32,901	221,061	179,772	4,123,794
Fund balances at end of year	<u><b>\$ 4,391,139</b></u>	<u><b>\$ 142,029</b></u>	<u><b>\$ 217,621</b></u>	<u><b>\$ 176,605</b></u>	<u><b>\$ 4,927,394</b></u>

The accompanying notes are an integral part of this statement.

Egelston Township  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2022

Net change in fund balances—total governmental funds \$ 803,600

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

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	\$ (184,387)	
Capital outlay	<u>77,046</u>	(107,341)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the remaining undepreciated cost of the capital assets sold.

(444,900)

The issuance of long-term debt provides current financial resources to governmental funds but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Repayment of principal on long-term debt		100,000
Change in accrued interest payable		800

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences	(50,664)	
Change in other postemployment benefits and related deferred outflows/inflows of resources	<u>105,286</u>	<u>54,622</u>

Change in net position of governmental activities		<u><u>\$ 406,781</u></u>
---	--	--------------------------

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF NET POSITION**  
Proprietary Fund  
June 30, 2022

	<u><b>Business-type Activities - Enterprise Fund Sewer</b></u>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 1,198,354
Receivables	
Accounts	341,573
Special assessments	650
Prepaid items	<u>10,489</u>
Total current assets	1,551,066
Noncurrent assets	
Special assessments receivable, less amounts due within one year	1,950
Capital assets	
Land	7,934
Construction in progress	6,158
Buildings	18,613
Utility system	9,456,307
Equipment	348,894
Vehicles	16,667
Access rights	1,674,280
Less accumulated depreciation and amortization	<u>(9,263,813)</u>
Net capital assets	<u>2,265,040</u>
Total noncurrent assets	<u>2,266,990</u>
Total assets	3,818,056
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	<u>29,742</u>
Total assets and deferred outflows of resources	3,847,798
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	11,193
Accrued liabilities	17,606
Due to other governmental units	91,768
Bonds and other obligations, due within one year	<u>56,543</u>
Total current liabilities	177,110
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	1,118,214
Net other postemployment benefits liability	<u>49,588</u>
Total noncurrent liabilities	<u>1,167,802</u>
Total liabilities	1,344,912
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	<u>46,533</u>
Total liabilities and deferred inflows of resources	<u>1,391,445</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,096,826
Restricted for employee health insurance	6,672
Unrestricted	<u>1,352,855</u>
Total net position	<u><b>\$ 2,456,353</b></u>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
 Proprietary Fund  
 For the year ended June 30, 2022

	<b>Business-type Activities - Enterprise Fund Sewer</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,004,637
<b>OPERATING EXPENSES</b>	
Administration	34,770
Operations	734,460
Depreciation and amortization	<u>164,514</u>
Total operating expenses	<u>933,744</u>
Operating income (loss)	70,893
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	2,969
Interest expense	<u>(42,542)</u>
Total nonoperating revenues (expenses)	<u>(39,573)</u>
Change in net position	31,320
Net position at beginning of year	<u>2,425,033</u>
Net position at end of year	<u><u>\$ 2,456,353</u></u>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF CASH FLOWS**  
 Proprietary Fund  
 For the year ended June 30, 2022

	<b>Business-type            Activities -            Enterprise Fund            Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 964,216
Receipts from interfund services provided	6,918
Payments to suppliers	(592,993)
Payments to employees	(145,241)
	232,900
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Connection fees	650
Purchases of capital assets	(42,158)
Principal paid on capital debt	(47,910)
Interest paid on capital debt	(53,004)
	(142,422)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Investment earnings	2,969
	93,447
Net increase (decrease) in cash and investments	93,447
Cash and investments at beginning of year	1,104,907
Cash and investments at end of year	<b>\$ 1,198,354</b>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ 70,893
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and amortization expense	164,514
Change in assets and liabilities	
Receivables	(33,503)
Prepaid items	(505)
Accounts payable	8,892
Accrued liabilities	(17,026)
Due to other governmental units	39,635
	<b>\$ 232,900</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF NET POSITION**  
 Fiduciary Funds  
 June 30, 2022

	<b>Other Post- Employment Benefit Trust Fund</b>	<b>Custodial Funds</b>	
		<b>Trust and Agency</b>	<b>Current Tax</b>
<b>ASSETS</b>			
Cash and investments	\$ 782,739	\$ 1,880	\$ 2
Receivables	-	4,020	-
Total assets	782,739	5,900	2
<b>LIABILITIES</b>			
Due to other governmental units	-	4,880	2
Other liabilities	-	1,020	-
Total liabilities	-	5,900	2
<b>NET POSITION</b>			
Restricted for other post-employment benefits	\$ 782,739	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF CHANGES IN NET POSITION**  
 Fiduciary Funds  
 For the year ended June 30, 2022

	<b>Other Post- Employment Benefit Trust Fund</b>	<b>Custodial Funds</b>	
		<b>Trust and Agency</b>	<b>Current Tax</b>
<b>ADDITIONS</b>			
Property tax collections for other governments	\$ -	\$ -	\$ 6,780,070
Escrow deposits received	-	1,158,639	-
Employer contributions	134,486	-	-
Investment earnings (loss)	(112,823)	-	-
Total additions	21,663	1,158,639	6,780,070
<b>DEDUCTIONS</b>			
Payments of property taxes to other governments	-	-	6,780,070
Escrow deposits returned	-	1,158,639	-
Benefit payments	34,486	-	-
Administrative expenses	4,295	-	-
Total deductions	38,781	1,158,639	6,780,070
Change in net position	(17,118)	-	-
Net position at beginning of year	799,857	-	-
Net position at end of year	<b>\$ 782,739</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Egelston Township (Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

**Reporting Entity**

Egelston Township is a common law Township governed by an elected seven-member Board.

Generally accepted accounting principles require that if the Township is considered to be financially accountable for other organizations, those organizations should be included in the Township's financial statements. Since no organizations met this criterion, none are included in the financial statements.

**Basis of Presentation—Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Township. 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.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Township's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

The fund financial statements provide information about the Township's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The 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.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Basis of Presentation—Government-wide and Fund Financial Statements—Continued**

The Fire Fund is used to account for a special property tax millage levied by the Township for the operations and capital expenditures of the fire department.

The Street Light Fund is used to account for a special property tax millage levied by the Township for the operation and maintenance of the Township's street lights.

The Township reports the following major enterprise fund:

The Sewer Fund operates the Township's sewage pumping station, collection system and pays for access to the County's sewage treatment plant.

Additionally, the Township reports the following fund types:

The Other Post-Employment Benefit Trust Fund is used to report resources that are administered through irrevocable trusts for the benefit of Township employees and retirees.

The Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose funds.

During the course of operations the Township 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 funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

**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 the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Measurement Focus and Basis of Accounting—Continued**

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 Township 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. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise 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 source (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. Only the portion of special assessments receivable due within 60 days of the end of the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

***Cash and Investments***

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Township are reported at fair value (generally based on quoted market prices).

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds.

The Other Post-Employment Benefit Trust Fund is held in trust by the Constellation Trust Company and are subject to the investment policies of Constellation Trust Company and State of Michigan statutes allowing diverse investments in stocks, corporate and government bonds, mortgages, real estate, and other investments.

***Prepaid Items***

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Leases Receivable***

The Township is a lessor for certain noncancelable leases. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements for each lease.

At the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Township determines (1) the discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The Township uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of a lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

***Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Township constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the Township are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Buildings and improvements	10-50
Utility systems	20-50
Land improvements	10-20
Office equipment	5-7
Equipment	3-25
Vehicles	5-15
Access rights	20

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Other Postemployment Benefit Costs***

The Township offers a defined benefit retiree healthcare benefits to retirees. The Township records a net other postemployment benefit (OPEB) liability for the difference between the total OPEB liability calculated by the actuary and the OPEB Plan's fiduciary net position. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township also reports unavailable revenues from one source: leases. These amounts are long-term leases entered into by the Township in which the Township is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

***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 of net position to report as restricted and unrestricted in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***Net Position Policies***

The Township Board has taken formal action to set aside \$500,000 in the Sewer Fund future capital improvements to the sewer system.

***Fund Balance Flow Assumptions***

Sometimes the Township 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 Township'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.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***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 Township itself can establish limitation 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 Township’s highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the Township that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

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

**Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (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.

***Property Taxes***

All trade and property tax receivables are shown net of allowance for uncollectibles.

The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and liened on December 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollected real property taxes as of the following March 1 are turned over by the Township to the County for collection. The County advances the Township all of these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Township. The Township recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Revenues and Expenditures/Expenses—Continued**

***Property Taxes—Continued***

The 2021 state taxable value for real/personal property of the Township totaled approximately \$205,131,000. The ad valorem taxes levied consisted of 1.1505, 2.9364, .64, and 0.7829 mills for the Township's general operation, fire department operations, debt service, and street lights, respectively. These amounts are recognized in the respective General Fund, Fire Fund, Fire Station Debt Fund, and Street Light Fund.

***Compensated Absences***

Township employees are granted vacation and sick leave in varying amounts based on length of service and employee group. Upon termination, employees are paid for unused vacation and sick leave under limits that vary by employee group. The liability for these compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of this liability is estimated based on historical trends. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

***Proprietary Funds Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by fund, function and department. The Township may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE C—DEPOSITS AND INVESTMENTS**

As of June 30, 2022, the Township had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Days)</b>	<b>S&amp;P</b>	<b>Percent</b>
External investment pool	\$ 596,528	73	AAAm	100 %
Constellation Trust investment funds	<u>782,739</u>	<u>N/A</u>	AAA	<u>N/A</u>
Total fair value	<u><u>\$ 1,379,267</u></u>			<u><u>100.0 %</u></u>
Portfolio weighted average maturity		<u><u>73</u></u>		

The Township voluntarily invests certain excess funds in an external investment pool (Pool). The Pool is an external investment pool of “qualified” investments for Michigan municipalities. The Pool is not regulated nor registered with the SEC. The fair value of the Township’s investments is the same as the value of the Pool shares.

**Deposit and Investment Risks**

***Interest Rate Risk***

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

***Credit Risk***

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices.

***Concentration of Credit Risk***

The Township does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township 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 – 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. As of June 30, 2022, \$5,766,498 of the Township's bank balance of \$6,482,536 was exposed to custodial credit risk because it was uninsured and uncollateralized.

***Custodial Credit Risk – Investments***

The Township does not have a custodial credit risk policy for investments. 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.

***Foreign Currency Risk***

The Township is not authorized to invest in investments which have this type of risk.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE D—FAIR VALUE MEASUREMENTS**

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Township has the ability to access.
- Level 2 Inputs to the valuation methodology include the following:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

***External investment pool and Constellation Trust Company investment funds:*** The assets are valued based upon the Township's allocable share of the Michigan CLASS (Pool) and Constellation Trust Company pooled investment portfolios. The allocable share is based on the value of the underlying assets owned by the pool, minus its liabilities.

The assets managed by others are valued monthly by the Pools and are allocated based upon each organization's calculated share of the Pools' pooled investment portfolio. Each entity with an interest within the pooled investments receives a statement from the Pools indicating the additions to the investment (via contributions), withdrawals from the investment, and the investment returns allocated via a unitization process. The Township calculates the fair value of its share of the pooled investment assets held by the Pools based on the estimated fair value of the underlying assets. The Pools control the investments and makes all management and investment decisions.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE D—FAIR VALUE MEASUREMENTS—Continued**

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Township believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Township’s assets at fair value on a recurring basis as of June 30, 2022:

	<b>Assets at Fair Value as of June 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
External investment pool	\$ -	\$ 596,528	\$ -	\$ 596,528
Constellation Trust investment funds	-	782,739	-	782,739
Total assets at fair value	<b>\$ -</b>	<b>\$ 1,379,267</b>	<b>\$ -</b>	<b>\$ 1,379,267</b>

**NOTE E—LEASE RECEIVABLE**

The Township leases the right to use space on land owned by the Township to a third party for the operation of cell phone antennas. The lease term is 5 years and the Township receives monthly payments of \$1,926, increasing by 3 percent each year. The Township recognized \$17,359 in lease revenue and \$5,412 in interest revenue during the year ended June 30, 2022. The Township has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$342,043.

The future minimum payments to be received for this lease are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 18,113	\$ 5,342
2024	19,113	5,045
2025	20,152	4,731
2026	21,228	4,401
2027	22,345	4,053
2028-2032	129,967	14,389
2033-2036	111,125	3,269
	<b>\$ 342,043</b>	<b>\$ 41,230</b>

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE F—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 233,707	\$ -	\$ -	\$ 233,707
<b>Capital assets, being depreciated:</b>				
Land improvements	504,688	-	-	504,688
Buildings and improvements	3,069,692	-	-	3,069,692
Equipment	367,898	77,046	27,628	417,316
Office equipment	64,432	-	7,596	56,836
Vehicles	1,702,242	-	559,998	1,142,244
Total capital assets, being depreciated	5,708,952	77,046	595,222	5,190,776
<b>Less accumulated depreciation:</b>				
Land improvements	336,166	19,492	-	355,658
Buildings and improvements	989,689	68,195	-	1,057,884
Equipment	287,030	22,771	24,504	285,297
Office equipment	62,274	762	7,596	55,440
Vehicles	863,710	73,167	118,222	818,655
Total accumulated depreciation	2,538,869	184,387	150,322	2,572,934
Total capital assets, being depreciated, net	3,170,083	(107,341)	444,900	2,617,842
Capital assets, net	<b>\$ 3,403,790</b>	<b>\$ (107,341)</b>	<b>\$ 444,900</b>	<b>\$ 2,851,549</b>

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE F—CAPITAL ASSETS—Continued**

	<b>Balance</b> <b>July 1, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>June 30, 2022</b>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 7,934	\$ -	\$ -	\$ 7,934
Construction in process	-	6,158	-	6,158
Total capital assets, not being depreciated	7,934	6,158	-	14,092
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	18,613	-	-	18,613
Utility systems	9,464,407	36,000	44,100	9,456,307
Equipment	374,667	-	25,773	348,894
Vehicles	16,667	-	-	16,667
Access rights	1,674,280	-	-	1,674,280
Total capital assets, being depreciated	11,548,634	36,000	69,873	11,514,761
<b>Less accumulated depreciation:</b>				
Buildings and improvements	12,330	465	-	12,795
Utility systems	8,008,491	69,902	44,100	8,034,293
Equipment	299,842	32,943	25,773	307,012
Vehicles	16,667	-	-	16,667
Access rights	831,842	61,204	-	893,046
Total accumulated depreciation	9,169,172	164,514	69,873	9,263,813
Total capital assets, being depreciated, net	2,379,462	(128,514)	-	2,250,948
Capital assets, net	<b>\$ 2,387,396</b>	<b>\$ (122,356)</b>	<b>\$ -</b>	<b>\$ 2,265,040</b>

**Depreciation**

Depreciation expense has been charged to functions as follows:

**Governmental activities:**

General government	\$ 31,593
Public safety	119,450
Public works	15,652
Culture and recreation	17,692
	<b>\$ 184,387</b>

**Business-type activities:**

Sewer	<b>\$ 164,514</b>
-------	-------------------

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE G—LONG-TERM DEBT**

**Summary of Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities activity for the Township for the year ended June 30, 2022:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Direct borrowings and direct placements					
General obligation bonds	\$ 1,932,376	\$ -	\$ 100,000	\$ 1,832,376	\$ 35,000
Compensated absences	37,028	126,832	76,168	87,692	87,692
Governmental activities long-term liabilities	<u>\$ 1,969,404</u>	<u>\$ 126,832</u>	<u>\$ 176,168</u>	<u>\$ 1,920,068</u>	<u>\$ 122,692</u>
<b>Business-type activities:</b>					
Direct borrowings and direct placements					
General obligation bonds	\$ 1,132,507	\$ -	\$ 47,910	\$ 1,084,597	\$ 50,000
Premium	93,679	-	10,062	83,617	-
Compensated absences	5,062	17,297	15,816	6,543	6,543
Business-type activities long-term liabilities	<u>\$ 1,231,248</u>	<u>\$ 17,297</u>	<u>\$ 73,788</u>	<u>\$ 1,174,757</u>	<u>\$ 56,543</u>

General obligation bonds are a direct obligation and pledge the full faith and credit of the Township.

	<u>Interest Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Balance</u>
<b>Governmental activities:</b>			
Direct borrowings and direct placements			
General obligation bonds			
2013 Unlimited Tax General Obligation Bonds	3.375%	May 2043	<u>\$ 1,832,376</u>
<b>Business-type activities:</b>			
Direct borrowings and direct placements			
General obligation bonds			
Muskegon County Wastewater Management - Number One Refunding Bonds of 2015	4-5%	Nov 2036	<u>\$ 1,084,597</u>

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE G—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

In 2005, the County of Muskegon began making improvements to the regional sewer treatment facilities. The project was funded with \$17,500,000 bonds issued through the State of Michigan Clean Water Revolving Fund Loan Program. The County operates the system and makes payments on the bonds with user charges to the local units. The Township has pledged its limited tax full faith and credit for the payment of its portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on June 30, 2022 was approximately \$175,000. The Township is unaware of any circumstances that would cause a shortfall in the near future.

The Township was in compliance in all material respects with all bond ordinances at June 30, 2022.

Annual debt service requirements to maturity for debt outstanding as of June 30, 2022 follow:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Direct Borrowings and Direct Placements		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2023	\$ 35,000	\$ 61,843	\$ 50,000	\$ 50,546
2024	50,000	60,661	52,000	47,965
2025	55,000	58,974	55,000	45,249
2026	60,000	57,118	58,000	42,389
2027	65,000	55,093	61,000	39,692
2028-2032	380,000	240,195	349,000	155,512
2033-2037	520,000	167,295	459,597	59,092
2038-2042	667,376	69,251	-	-
	<b>\$ 1,832,376</b>	<b>\$ 770,430</b>	<b>\$ 1,084,597</b>	<b>\$ 440,445</b>

**NOTE H—OTHER INFORMATION**

**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 manages its liability, property and insurance coverage as a member of the Michigan Township Participating Plan (MTPP), a public entity risk pool providing liability and property coverage to its participating members. The Township pays an annual premium to MTPP for its insurance coverage. The MTPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based property coverage to its members by internally insuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE H—OTHER INFORMATION—Continued**

**Risk Management—Continued**

The Township manages its workers' compensation risk by participating in the Michigan Municipal Workers' Compensation Self-Insurance Fund (MMWCSIF), a public entity risk pool providing workers' compensation coverage to its participating members. The Township pays an annual premium to MMWCSIF for its workers' compensation coverage. The MMWCSIF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally insuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Township carries commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

**NOTE I—PENSION PLAN**

**Defined Contribution Plan**

The Township contributes to the Egelston Township Group Pension Plan (Plan), a defined contribution pension plan, for all of its employees except volunteer firemen and seasonal employees. The Plan is administered by the Township.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Township Board. For each employee in the Plan, the Township is required to contribute 14 percent of gross earnings. Employees are not required to make contributions to the Plan. For the year ended June 30, 2022, the Township recognized pension expense of \$115,121.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Township contributions and earnings on Township contributions after completion of two years of qualified service to the Township. Nonvested Township contributions are forfeited upon termination of employment. Such forfeitures are used to reduce required Township contributions. For the year ended June 30, 2022 there were no forfeitures.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE J—OTHER POSTEMPLOYMENT BENEFITS**

**Retiree Healthcare Plan**

***Plan Description***

The Township’s defined benefit OPEB Plan, the Egelston Township OPEB Plan (OPEB Plan), provides healthcare benefits to certain employees upon retirement. The Plan is a single-employer defined benefit plan administered by the Township Board. The benefits are provided under collective bargaining agreements and at the discretion of the Township Board. The OPEB Plan does not issue a publicly available report.

***Benefits Provided***

The OPEB Plan provides medical and dental insurances for eligible retirees who retire on or after 20 years of service, with an additional requirement for elected Township Board members, who must reach age 60.

Only elected Township Board members and non-union employees hired prior to November 20, 2016, IAFF Union employees hired prior to July 1, 2017, and Teamsters Union employees hired prior to March 1, 2016 are eligible for benefits.

***Employees Covered by Benefit Terms***

At the June 30, 2022 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Active employees	14
Total employees covered by OPEB Plan	<span style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;"></span> <b>21</b>

***Contributions***

The OPEB Plan was established and is being funded under the authority of the Township Board. The OPEB Plan’s funding policy is that the Township will contribute \$100,000 annually. Currently, benefit payments are made from general operating funds. There are no long term contracts for contributions to the plan. The plan has no legally required reserves. For the year ended June 30, 2022, the Township made payments for postemployment healthcare benefits for current retirees of \$34,486. The Township also made contributions to the OPEB Plan trust of \$100,000.

***Net OPEB Liability***

The Township’s net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

***Actuarial Assumptions***

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Included in investment rate of return
Salary increases	3.0 percent
Investment rate of return	5.54 percent (including inflation), net of administrative and investment expenses
Healthcare cost trend rates	Pre-Medicare: 7.25 percent graded down to 4.5 percent over 11 years Post-Medicare: 5.5 percent graded down to 4.5 percent over 4 years

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

*Actuarial Assumptions—Continued*

*Mortality*

Mortality rates for public safety employees and retirees were as set forth in the Public Safety 2010 Employee and Healthy Retiree, headcount weighted, with MP 2021 improvement scale. Mortality rates for general employees, retirees, and spouses were as set forth in the Public General 2010 Employee and Healthy Retiree, headcount weighted, with MP 2021 improvement scale.

*Investment Rate of Return*

The long-term rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation as of June 30, 2022 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global equity	64.0%	6.50%
Global fixed income	26.0%	3.49%
Real assets	5.0%	6.40%
Diversifying strategies	5.0%	3.00%

The sum of each target allocation times its long-term expected rate, plus inflation, is 5.54 percent.

*Discount Rate*

The discount rate used to measure the total OPEB liability was 5.54 percent. The projection of cash flows used to determine the discount rate assumed that the Township will make annual contributions of \$100,000 and will continue to pay benefits from general operating funds as long as there are still active participants in the plan. Based on this assumption, the OPEB Plan’s fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date”, not applicable to this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. The discount rate used to calculate the liability at the beginning of the year was 7.0 percent.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

*Changes in the Net OPEB Liability*

	<b>Increase (Decrease)</b>		<b>Net OPEB Liability (a)-(b)</b>
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Position (b)</b>	
Balance at beginning of year	\$ 1,096,131	\$ 799,857	\$ 296,274
Changes for the year			
Service cost	25,783	-	25,783
Interest	77,327	-	77,327
Experience (gains)/losses	(155,141)	-	(155,141)
Changes of assumptions	186,362	-	186,362
Contributions - employer	-	134,486	(134,486)
Net investment income	-	(112,870)	112,870
Administrative expenses	-	(4,248)	4,248
Benefit payments including refund of employee contributions	(34,486)	(34,486)	-
Net changes	99,845	(17,118)	116,963
Balance at end of year	<b>\$ 1,195,976</b>	<b>\$ 782,739</b>	<b>\$ 413,237</b>

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the Township, calculated using the discount rate of 5.54 percent, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.54 percent) or 1-percentage-point higher (6.54 percent) than the current rate:

	<b>1% Decrease (4.54%)</b>	<b>Current Discount Rate (5.54%)</b>	<b>1% Increase (6.54%)</b>
Township's net OPEB liability	\$ 563,952	\$ 413,237	\$ 287,219

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the net OPEB liability of the Township, calculated using the healthcare cost trend rate for pre-65 of 7.25 percent, decreasing to 4.5 percent and Medicare eligible of 5.5 percent decreasing to 4.5 percent, as well as what the Township’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25 percent decreasing to 3.5 percent or 4.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.25 percent decreasing to 5.5 percent or 6.5 percent decreasing to 5.5 percent) than the current rate:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Township's net OPEB liability	\$ 320,620	\$ 413,237	\$ 521,687

***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB Plan’s fiduciary net position is not available in a separately issued financial report. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the Township’s fiduciary net position have been determined on the same basis as they are reported by the Township. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2022, the Township recognized OPEB expense of \$14,843. At June 30, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ -	\$ 260,109
Changes in assumptions	173,965	127,664
Net difference between projected and actual net investment income	73,885	-
Total	<b>\$ 247,850</b>	<b>\$ 387,773</b>

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—Continued***

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2023	\$ (30,185)
2024	(30,340)
2025	(36,298)
2026	(10,512)
2027	(32,588)
Thereafter	-

***Payables to the OPEB Plan***

At June 30, 2022, the Township did not have a payable to the OPEB Plan.

**Healthcare Savings Plan**

The Township also maintains a defined contribution OPEB Plan (Post Employment Health Plan or PEHP) which provides certain health care benefits to plan member and legal dependents upon termination of employment. The PEHP covers all full-time members of the IAFF union. The PEHP is administered by Nationwide Mutual Insurance Company.

For qualified employees, the Township contributes 3 percent of employees' non-overtime salary. Contributions rates are determined under collective bargaining agreements and at the discretion of the Township Board.

Employees are immediately vested in all contributions and earnings of those contributions.

For the year ended June 30, 2022, Township contributions were \$7,880.

**NOTE K—ECONOMIC DEPENDENCY**

State of Michigan shared revenues represent 58 percent of General Fund revenues.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE L—CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2022, the Township implemented the following new pronouncement: GASB Statement 87—*Leases*.

Governmental Accounting Standards Board (GASB) Statement 87—*Leases*, was issued by the GASB in June 2017. 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 lessee 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.

The restatement of beginning balances has no impact on net position or fund balance. The change in receivables and deferred inflows are as follows:

	<b>Balance Sheet - General Fund</b>	
	<b>Lease Receivable</b>	<b>Deferred Inflows</b>
Balances at July 1, 2021	\$ -	\$ -
Adoption of GASB Statement 87	359,403	359,403
Balances at July 1, 2021, as restated	<b>\$ 359,403</b>	<b>\$ 359,403</b>

  

	<b>Statement of Net Position - Governmental Activities</b>	
	<b>Lease Receivable</b>	<b>Deferred Inflows</b>
Balances at July 1, 2021	\$ -	\$ -
Adoption of GASB Statement 87	359,403	359,403
Balances at July 1, 2021, as restated	<b>\$ 359,403</b>	<b>\$ 359,403</b>

**NOTE M—UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement 96—*Subscription-Based Information Technology Arrangements* was issued by the GASB in May 2020 and will be effective for the Township’s 2023 fiscal year. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

**REQUIRED SUPPLEMENTARY INFORMATION**

Egelston Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 342,817	\$ 346,117	\$ 343,196	\$ (2,921)
Licenses and permits	328,600	350,252	338,508	(11,744)
Intergovernmental revenues				
State	952,997	1,342,562	1,360,970	18,408
Local	-	27,364	10,800	(16,564)
Charges for services	91,980	120,480	112,132	(8,348)
Fines and forfeitures	500	500	799	299
Investment earnings	34,000	35,500	17,886	(17,614)
Other	57,807	59,107	62,816	3,709
Total revenues	<u>1,808,701</u>	<u>2,281,882</u>	<u>2,247,107</u>	<u>(34,775)</u>
<b>EXPENDITURES</b>				
Current				
General government				
Township board	38,380	38,380	31,088	7,292
Supervisor	79,125	79,125	72,891	6,234
Elections	18,260	21,410	18,618	2,792
Assessor	68,000	68,000	67,675	325
Board of review	3,375	3,375	2,035	1,340
Clerk	166,295	166,295	157,000	9,295
Treasurer	137,325	137,325	127,318	10,007
Township hall	66,263	86,263	72,710	13,553
Professional services	33,320	39,120	30,387	8,733
Personal services	186,770	186,770	177,337	9,433
Medical marihuana committee	6,492	6,492	-	6,492
Other services and charges	51,380	55,778	43,461	12,317
Public safety				
Sheriff	70,000	70,000	66,815	3,185
Inspection department	183,204	193,404	176,447	16,957
Public works				
Drains	6,363	10,760	10,557	203
Roads	180,260	190,760	134,138	56,622
Landfill	5,865	5,865	5,299	566
Cemetery	54,707	54,707	49,373	5,334
Health and welfare				
Senior services	4,400	49,142	10,800	38,342
Community and economic development				
Planning	9,445	9,445	4,743	4,702
Zoning board of appeals	1,380	1,580	1,089	491
Economic development	100	100	-	100
Culture and recreation				
Recreation programs	50,316	50,316	45,286	5,030
Parks maintenance	166,180	166,180	155,139	11,041
Library	18,770	18,770	14,962	3,808
Capital outlay	106,385	101,987	70,860	31,127
Total expenditures	<u>1,712,360</u>	<u>1,811,349</u>	<u>1,546,028</u>	<u>265,321</u>
Excess of revenues over (under) expenditures	96,341	470,533	701,079	230,546
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Transfers out	(356,723)	(356,723)	-	356,723
Total other financing sources (uses)	<u>(355,723)</u>	<u>(355,723)</u>	<u>-</u>	<u>355,723</u>
Net change in fund balance	<u>\$ (259,382)</u>	<u>\$ 114,810</u>	701,079	<u>\$ 586,269</u>
Fund balance at beginning of year			3,690,060	
Fund balance at end of year			<u>\$ 4,391,139</u>	

Egelston Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
Fire Fund  
For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 609,597	\$ 611,814	\$ 609,437	\$ (2,377)
Intergovernmental revenue - State	-	49,516	49,515	(1)
Charges for services	55,800	60,300	58,779	(1,521)
Investment earnings	6	6	4	(2)
Other	-	14,503	15,635	1,132
Total revenues	665,403	736,139	733,370	(2,769)
<b>EXPENDITURES</b>				
Current				
Public safety	1,022,126	1,061,468	977,832	83,636
Capital outlay	-	6,186	6,186	-
Total expenditures	1,022,126	1,067,654	984,018	83,636
Excess of revenues over (under) expenditures	(356,723)	(331,515)	(250,648)	80,867
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	-	359,776	359,776	-
Transfers in	356,723	-	-	-
Total other financing sources	356,723	359,776	359,776	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 28,261</u>	109,128	<u>\$ 80,867</u>
Fund balance at beginning of year			<u>32,901</u>	
Fund balance at end of year			<u>\$ 142,029</u>	

Egelston Township  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 Street Light Fund  
 For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 163,185	\$ 163,185	\$ 162,473	\$ (712)
Intergovernmental revenue - State	-	33,490	33,489	(1)
Investment earnings	450	450	440	(10)
Other	-	-	228	228
Total revenues	163,635	197,125	196,630	(495)
<b>EXPENDITURES</b>				
Current				
Public works	256,700	256,700	200,070	56,630
Net change in fund balance	<u>\$ (93,065)</u>	<u>\$ (59,575)</u>	(3,440)	<u>\$ 56,135</u>
Fund balance at beginning of year			<u>221,061</u>	
Fund balance at end of year			<u>\$ 217,621</u>	

Egelston Township  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**RETIREE HEALTHCARE SYSTEM SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
Last Ten Fiscal Years (Amounts were determined as of June 30 of each fiscal year)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>TOTAL OPEB LIABILITY</b>					
Service cost	\$ 25,783	\$ 28,083	\$ 30,491	\$ 40,178	\$ 38,015
Interest	77,327	75,825	83,145	73,978	70,105
Differences between expected and actual experience	(155,141)	(9,388)	(195,363)	(7,515)	-
Changes of assumptions	186,362	(53,364)	32,150	(170,234)	-
Benefit payments, including refunds of employee contributions	(34,486)	(34,898)	(35,695)	(42,441)	(42,001)
Net change in total OPEB liability	99,845	6,258	(85,272)	(106,034)	66,119
Total OPEB liability at beginning of year	1,096,131	1,089,873	1,175,145	1,281,179	1,215,060
Total OPEB liability at end of year (a)	<b>\$ 1,195,976</b>	<b>\$ 1,096,131</b>	<b>\$ 1,089,873</b>	<b>\$ 1,175,145</b>	<b>\$ 1,281,179</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions-employer	\$ 134,486	\$ 134,898	\$ 135,695	\$ 142,441	\$ 117,001
Net investment income	(112,870)	172,296	3,715	20,925	20,623
Benefit payments, including refunds or employee contributions	(34,486)	(34,898)	(35,695)	(42,441)	(42,001)
Administrative expense	(4,248)	(3,701)	(2,448)	(1,869)	(1,383)
Net change in plan fiduciary net position	(17,118)	268,595	101,267	119,056	94,240
Plan fiduciary net position at beginning of year	799,857	531,262	429,995	310,939	216,699
Plan fiduciary net position at end of year (b)	<b>\$ 782,739</b>	<b>\$ 799,857</b>	<b>\$ 531,262</b>	<b>\$ 429,995</b>	<b>\$ 310,939</b>
Township's net OPEB liability at end of year (a)-(b)	<b>\$ 413,237</b>	<b>\$ 296,274</b>	<b>\$ 558,611</b>	<b>\$ 745,150</b>	<b>\$ 970,240</b>
Plan fiduciary net position as a percentage of the total OPEB liability	<b>65.45%</b>	<b>72.97%</b>	<b>48.75%</b>	<b>36.59%</b>	<b>24.27%</b>
Covered employee payroll	\$ 789,467	\$ 788,582	\$ 765,603	\$ 810,511	Not Available
Township's net OPEB liability as a percentage of covered employee payroll	<b>52.34%</b>	<b>37.57%</b>	<b>72.96%</b>	<b>91.94%</b>	Not Available

**Notes to Schedule**

Additional actuarial data is not available and will be provided in subsequent years.

Egelston Township  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**RETIREE HEALTHCARE SYSTEM SCHEDULE OF CONTRIBUTIONS**  
Last Ten Fiscal Years (Amounts were determined as of June 30 of each fiscal year)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 67,098	\$ 99,937	\$ 121,783	\$ 133,804	\$ 129,336	\$ 131,586	\$ 131,586	\$ 170,432	\$ 170,432	\$ 170,432
Contributions in relation to the actuarially determined contribution	134,486	134,898	135,695	142,441	117,001	115,296	44,633	48,792	44,472	36,623
Contribution deficiency (excess)	<b>\$ (67,388)</b>	<b>\$ (34,961)</b>	<b>\$ (13,912)</b>	<b>\$ (8,637)</b>	<b>\$ 12,335</b>	<b>\$ 16,290</b>	<b>\$ 86,953</b>	<b>\$ 121,640</b>	<b>\$ 125,960</b>	<b>\$ 133,809</b>
Covered employee payroll	\$ 789,467	\$ 788,582	\$ 765,603	\$ 810,511	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Contributions as percentage of covered employee payroll	17.0%	17.1%	17.7%	17.6%	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available

**Notes to Schedule**

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method           Entry age normal (level percentage of compensation)

Amortization method           Level dollar, Closed

Remaining amortization period   11 years

Asset valuation method       Equal to market value of assets

Inflation                       Included in investment rate of return

Salary increases               3.0 percent

Investment rate of return       5.54 percent (including inflation), net of administrative and investment expenses

Retirement age               60 years of age

Mortality                       Public Safety Employees and Retirees: as set forth in the Public Safety 2010 Employee and Healthy Retiree, headcount weighted, with MP 2021 improvement scale

General Employees, Retirees, and Spouses: as set forth in the Public General 2010 Employee and Healthy Retiree, headcount weighted, with MP 2021 improvement scale

Egelston Township  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**RETIREE HEALTHCARE SYSTEM SCHEDULE OF INVESTMENT RETURNS**  
 Last Ten Fiscal Years (Amounts were determined as of June 30 of each fiscal year)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Annual money-weighted rate of return, net of investment expense	-13.31%	29.74%	0.78%	5.81%

**Notes to Schedule**

Additional data is not available and will be provided in subsequent years

**OTHER SUPPLEMENTAL INFORMATION**

Egelston Township  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 June 30, 2022

	<b>Total Other Governmental Funds</b>	<b>Special Revenue Fund  Festival</b>	<b>Debt Service Fund  Fire Station Debt</b>
<b>ASSETS</b>			
Cash and investments	\$ 186,119	\$ 53,865	\$ 132,254
Accounts receivable	9	-	9
Prepaid items	547	547	-
Total assets	<b>\$ 186,675</b>	<b>\$ 54,412</b>	<b>\$ 132,263</b>
 <b>LIABILITIES</b>			
Unearned revenue—fees for subsequent year	\$ 10,070	\$ 10,070	\$ -
 <b>FUND BALANCES</b>			
Nonspendable - prepaid items	547	547	-
Restricted			
Debt service	132,263	-	132,263
Festival	43,795	43,795	-
Total fund balances	176,605	44,342	132,263
Total liabilities and fund balances	<b>\$ 186,675</b>	<b>\$ 54,412</b>	<b>\$ 132,263</b>

Egelston Township  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended June 30, 2022

	<b>Total Other Governmental Funds</b>	<b>Special Revenue Fund  Festival</b>	<b>Debt Service Fund  Fire Station Debt</b>
<b>REVENUES</b>			
Property taxes	\$ 132,811	\$ -	\$ 132,811
Intergovernmental revenues - State	27,183	-	27,183
Investment earnings	305	117	188
Total revenues	160,299	117	160,182
<b>EXPENDITURES</b>			
Debt service			
Principal	100,000	-	100,000
Interest and fees	63,466	-	63,466
Total expenditures	163,466	-	163,466
Net change in fund balances	(3,167)	117	(3,284)
Fund balances at beginning of year	179,772	44,225	135,547
Fund balances at end of year	<b>\$ 176,605</b>	<b>\$ 44,342</b>	<b>\$ 132,263</b>