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# Township of Scio

Washtenaw County, Michigan

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**Financial Report**  
**with Supplementary Information**  
**March 31, 2023**

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## Independent Auditor's Report

To the Board of Trustees  
Township of Scio

### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Scio (the "Township") as of and for the year ended March 31, 2023 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township as of March 31, 2023 and the respective changes in its 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for 12 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 GAAS 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.

To the Board of Trustees  
Township of Scio

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

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

***Other Supplementary Information***

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

*Plante & Moran, PLLC*

September 26, 2023

Our discussion and analysis of the Township of Scio's (the "Township") financial performance provides an overview of the financial activities for the fiscal year ended March 31, 2023. Please read it in conjunction with the Township's financial statements.

### ***Financial Highlights***

- The Township's property tax collection remains the largest single revenue source for the general operations of the Township. Future increases in property tax revenue are expected to be strong. State-shared revenue is the second largest source for general operations of the Township.
- The voter-approved fire Special Assessment District (SAD) levy is a maximum of 1.35 mills on the taxable value of real property in the Township. This December 1st collection is not subject to State Headlee rollback requirements and is not capturable by the Township's Downtown Development Authority. The first collection occurred following the vote with the December 2008 taxes. The moneys represent deferred revenue and are committed to the fiscal year budget that starts following collection. Revenue is segregated in the Fire Department Fund and expended only on fire service costs.
- There were some moderate utility rate increases in fiscal year 2022, which has begun to help reduce the annual operating loss. In fiscal year 2022, the Sewer Fund and Water Fund had a combined operating loss of \$881,289. In fiscal year 2023, this has improved to a combined operating loss of \$474,274. The Township plans to implement more operational efficiencies and increase rates in fiscal year 2024 to close this gap.
- Voters approved the Parks and Pathways millage of 0.65 mills, subject to state rollback requirements, for 10 years at the August 2020 election. The Township first collected in Winter 2020.
- In November 2022, voters approved a renewal and increase of the Open Space millage of 0.50 mills, subject to state rollback requirements, for 10 more years.

### ***Using This Annual Report***

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year and how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant activities. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

It is important that the reader note that this report represents a snapshot of the financial position of the Township as of the close of business on March 31, 2023. The largest financial resource, property tax collection, is seasonal. It is collected late in the budget year and only during the fourth quarter (December to February). The revenue generated from property tax collection is in the fourth quarter revenue stream and not available for the first three quarters. As such, it becomes reflected in fund balance. Sufficient cash balance must be in reserve to meet the expenditures for the entire year.

**The Township's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current assets	\$ 20,278,078	\$ 17,597,991	\$ 22,905,221	\$ 21,582,038	\$ 43,183,299	\$ 39,180,029
Noncurrent assets	22,983,243	21,193,559	32,907,670	31,463,123	55,890,913	52,656,682
Total assets	43,261,321	38,791,550	55,812,891	53,045,161	99,074,212	91,836,711
<b>Deferred Outflows of Resources</b>	1,131,243	813,326	251,384	143,320	1,382,627	956,646
<b>Liabilities</b>						
Current liabilities	4,474,420	1,315,658	3,020,475	2,219,974	7,494,895	3,535,632
Long-term liabilities	2,018,117	1,925,633	4,041,418	4,349,542	6,059,535	6,275,175
Total liabilities	6,492,537	3,241,291	7,061,893	6,569,516	13,554,430	9,810,807
<b>Deferred Inflows of Resources</b>	2,165,126	2,316,812	91,499	115,122	2,256,625	2,431,934
<b>Net Position</b>						
Net investment in capital assets	22,983,243	21,147,559	29,414,737	27,561,428	52,397,980	48,708,987
Restricted	6,249,149	6,655,881	19,496,146	18,942,415	25,745,295	25,598,296
Unrestricted	6,502,509	6,243,333	-	-	6,502,509	6,243,333
Total net position	<b>\$ 35,734,901</b>	<b>\$ 34,046,773</b>	<b>\$ 48,910,883</b>	<b>\$ 46,503,843</b>	<b>\$ 84,645,784</b>	<b>\$ 80,550,616</b>

A significant portion of the assets represents fixed capital improvements. The equity in township capital assets, such as sewer and water lines, is not readily transferable to cash. The unrestricted net position is more liquid in nature and is available to finance day-to-day operations. Unrestricted net position was \$6,502,509 as of March 31, 2023. The current level of unrestricted net position for governmental activities is approximately 18 percent of total governmental activities net position. The reader should note throughout the statements that certain amounts remain restricted for specific items and legally can only be expended on those items, such as land preservation, boulevard landscape maintenance, tree activities, special assessment purposes, sewer and water operations, and capital projects.

# Township of Scio

## Management's Discussion and Analysis (Continued)

### The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 2,978,790	\$ 2,168,071	\$ 6,790,447	\$ 6,190,341	\$ 9,769,237	\$ 8,358,412
Operating grants and contributions	-	264,729	-	-	-	264,729
Capital grants and contributions	2,765,409	774,447	2,458,431	569,590	5,223,840	1,344,037
General revenue:						
Property taxes	3,992,983	3,814,234	-	-	3,992,983	3,814,234
Intergovernmental	2,033,873	1,985,983	-	-	2,033,873	1,985,983
Unrestricted investment earnings	269,272	32,871	518,300	8,688	787,572	41,559
Other revenue:						
Cable franchise fees	278,303	278,937	-	-	278,303	278,937
Other miscellaneous income	183,626	110,717	-	401,446	183,626	512,163
<b>Total revenue</b>	<b>12,502,256</b>	<b>9,429,989</b>	<b>9,767,178</b>	<b>7,170,065</b>	<b>22,269,434</b>	<b>16,600,054</b>
<b>Program Expenses</b>						
General government	2,932,725	3,077,293	-	-	2,932,725	3,077,293
Public safety	4,116,174	3,326,213	-	-	4,116,174	3,326,213
Capital outlay	3,608,335	562,818	-	-	3,608,335	562,818
Parks and recreation	154,559	130,569	-	-	154,559	130,569
Debt service	2,335	5,356	-	-	2,335	5,356
Water	-	-	3,766,777	3,304,641	3,766,777	3,304,641
Sewer	-	-	3,593,361	3,872,419	3,593,361	3,872,419
<b>Total program expenses</b>	<b>10,814,128</b>	<b>7,102,249</b>	<b>7,360,138</b>	<b>7,177,060</b>	<b>18,174,266</b>	<b>14,279,309</b>
<b>Change in Net Position</b>	<b>1,688,128</b>	<b>2,327,740</b>	<b>2,407,040</b>	<b>(6,995)</b>	<b>4,095,168</b>	<b>2,320,745</b>
<b>Net Position - Beginning of year</b>	<b>34,046,773</b>	<b>31,719,033</b>	<b>46,503,843</b>	<b>46,510,838</b>	<b>80,550,616</b>	<b>78,229,871</b>
<b>Net Position - End of year</b>	<b>\$ 35,734,901</b>	<b>\$ 34,046,773</b>	<b>\$ 48,910,883</b>	<b>\$ 46,503,843</b>	<b>\$ 84,645,784</b>	<b>\$ 80,550,616</b>

### Governmental Activities

Charges for services increased during the fiscal year, with development and construction resuming since the onset of COVID-19, and corresponding increase in number of water and sewer customers.

### Business-type Activities

The Township's largest business-type activities consist of the Water and Sewer funds. All assets, liabilities, revenue, and expenses are restricted solely for those operations. The Township provides water and sewage services to property owners within a defined district in the Township. The water supply and sewerage processing are through contract with the City of Ann Arbor, Michigan (the "City").

The Township's operational responsibility for sewer and water is limited to the service lines and pumping facilities located within the borders of the Township. The utilities department continues to implement an adopted capital improvement program. Over the past eight years, the department implemented an extensive inflow and infiltration (I&I) program on the sanitary sewer system that has led to fewer problems with wet-weather flooding.

The Loch Alpine Sanitary Authority (LASA) also provides public utility service in the Township, but it is a separate entity from the Township and is subject to a separate audit. LASA is a joint responsibility of Scio and Webster Townships.

### ***Financial Analysis of Individual Funds***

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for discretionary use, as it represents the portion of the fund balance that has not yet been limited to use for a particular purpose by an external party. Uncommitted or unassigned fund balance provides further information about the resources that have not been constrained by either the board of trustees or a group or individual that has been delegated authority to assign resources for use for particular purposes by the board of trustees.

Within these governmental funds, the General Fund is the most significant to understanding the Township's financial activities. In addition, the Water and Sewer funds are a significant enterprise activity for the Township. A brief analysis of each of those funds is presented below:

### **Township Funds**

The analysis of the Township's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds. The township board of trustees creates accounting funds to segregate moneys, manage money for specific purposes, and show accountability for certain activities, such as special property tax millages. The Township's major funds include the General Fund, Open Space Land Preservation Fund, Fire Department Fund, Sewer Fund, Water Fund, Township Road Improvement Special Assessment Fund, and Parks and Recreation Fund.

The General Fund revenue is not restricted or dedicated to specific uses. The General Fund pays for most of the Township's governmental services. The most significant expenditures are those for the contracted patrol services through the County Sheriff's Office, which incurred expenses of \$1,559,655 in fiscal year 2023 and \$1,421,142 in 2022. The dedicated fire special assessment has funded the fire department since 2010, allowing General Fund revenue to cover the Sheriff's patrol services within the Township.

The Township's Downtown Development Authority (DDA) remains a major player in the physical development of the Township. Jackson Road improvements have been funded by the DDA through the capture of 50 percent of the property tax increment funds in its district since 1986. Thus, the DDA captures 50 percent of the new taxes that would be available for unrestricted general operations of the Township from its district, the major growth area of the Township. However, the DDA also captures taxes from other jurisdictions that can be used for DDA purposes. The DDA has incurred most of the Township's outstanding debt for improvements to Jackson Road, as discussed below. The debt will be repaid through the collection of future tax increments.

The Fire Department Fund accounts for moneys collected under the fire special assessment district millage. These funds are required to be used only for the provision of fire services to the community.

### **Budgetary Highlights**

Over the course of the year, the Township amended the budget in a legally permissible manner to reflect changing events. In the budgetary comparison schedule for the Fire Department Fund fund balance, the variance with the original budget is primarily derived by the board's decision to forgive the outstanding balance of a \$1,425,000 interfund loan from the General Fund for renovation of the fire station at 1055 N. Zeeb Road, resolving the deficit in the Fire Department Fund.

### ***Capital Assets and Debt Administration***

At the end of fiscal year 2023, the Township had approximately \$23 million invested in a broad range of capital assets, including land preservation, sidewalks, buildings, equipment, and vehicles. Additionally, the Township had approximately \$32.9 million invested in water and sewer systems and related buildings and equipment. Capital assets are not liquid and cannot be easily transferred to cash equivalents.

The Township's Downtown Development Authority has a debt obligation at the end of 2023 of approximately \$4.7 million, down from \$5.7 million in fiscal year 2022. The proceeds from these debt issuances financed the development of the Jackson Road corridor. The DDA amended its financing plan in fall 2006 to extend its life and fund Phase III of Jackson Road. A bond issue of \$3.47 million was sold in February 2012, refunding the remaining debt from the 2002 issue. A bond issue of \$9.7 million was sold in December 2006. An additional \$3.3 million of debt was issued in 2008. A bond issue of \$6.88 million was sold in July 2015, refunding the remaining debt from the 2006 issue.

Per the adopted DDA financing plan, all bond payments will be met by the DDA through the capture of tax increment revenue. The Washtenaw County Road Commission has full jurisdiction over the road, retains the asset, and is responsible for the project and contract administration of funds from township, state, and federal sources. The total final costs, including acquisition, design, and construction through Phase III, were approximately \$22 million and were completed in 2011. The proposed Phase IV construction (Dino Drive to Parker Road) has been planned since 1986; however, a decrease in the level of activity on this portion of the road means that the start of this final phase will continue to be on hold for the foreseeable future.

#### ***Economic Factors and Next Year's Forecast***

Scio Township is fortunate to be in the 86th percentile of property tax health, defined as the total taxable value per capita, and it has been steadily increasing since 2017. Further, the Township continues to proactively seek state and federal funding to leverage locally raised revenue.

Funding OPEB liabilities is required for all employees hired after June 30, 2018, and while these liabilities continued to be unfunded within fiscal year 2022, a buyout of liabilities in the form of HCSP accounts with MERS has been completed for all qualified (union and nonunion) staff in fiscal year 2023. Going forward, the Township's OPEB liability is minimal and will decline over time to zero.

Most readers are familiar with fiscal planning that occurs on a calendar-year basis. However, when analyzing various funding cycles that apply to the statements in this report, one needs to consider the varying fiscal years of the State of Michigan (October 1 to September 30); Washtenaw County, Michigan (January 1 to December 31); and the Township of Scio (April 1 to March 31).

#### ***Contacting Township Management***

This financial report is intended to provide our residents, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's board of trustees via the clerk at [clerk@sciotownship.org](mailto:clerk@sciotownship.org).

# Township of Scio

## Statement of Net Position

March 31, 2023

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
<b>Assets</b>				
Cash and investments	\$ 17,579,405	\$ 22,046,188	\$ 39,625,593	\$ 4,719,973
Receivables:				
Property taxes receivable	33,017	-	33,017	218,971
Special assessments receivable	835,849	-	835,849	-
Customer receivables - Net	89,489	1,041,388	1,130,877	-
Other receivables	11,747	-	11,747	-
Due from other governmental units	1,545,277	939	1,546,216	191
Internal balances	183,294	(183,294)	-	-
Capital assets: (Note 5)				
Nondepreciated	12,598,436	5,549,240	18,147,676	16,010,710
Depreciated	10,384,807	27,358,430	37,743,237	4,540,634
<b>Total assets</b>	<b>43,261,321</b>	<b>55,812,891</b>	<b>99,074,212</b>	<b>25,490,479</b>
<b>Deferred Outflows of Resources</b>				
Bond refunding loss being amortized	-	-	-	143,744
Deferred outflows related to pensions (Note 9)	884,758	161,287	1,046,045	-
Deferred outflows related to other postemployment benefits (Note 10)	246,485	90,097	336,582	-
<b>Total deferred outflows of resources</b>	<b>1,131,243</b>	<b>251,384</b>	<b>1,382,627</b>	<b>143,744</b>
<b>Liabilities</b>				
Accounts payable	709,380	1,459,483	2,168,863	18,592
Due to other governmental units	-	455,096	455,096	-
Accrued liabilities and other	274,211	1,105,896	1,380,107	51,835
Unearned revenue	3,490,829	-	3,490,829	14,185
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	142,635	12,738	155,373	-
Current portion of long-term debt (Note 7)	-	170,000	170,000	1,109,571
Due in more than one year:				
Net pension liability (Note 9)	1,565,454	422,395	1,987,849	-
Total OPEB liability (Note 10)	310,028	113,352	423,380	-
Long-term debt - Net of current portion (Note 7)	-	3,322,933	3,322,933	3,609,141
<b>Total liabilities</b>	<b>6,492,537</b>	<b>7,061,893</b>	<b>13,554,430</b>	<b>4,803,324</b>
<b>Deferred Inflows of Resources</b>				
Special assessment revenue for the following year	2,005,621	-	2,005,621	-
Deferred pension cost reductions (Note 9)	1,908	33,896	35,804	-
Deferred OPEB cost reductions (Note 10)	157,597	57,603	215,200	-
<b>Total deferred inflows of resources</b>	<b>2,165,126</b>	<b>91,499</b>	<b>2,256,625</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	22,983,243	29,414,737	52,397,980	15,976,376
Restricted:				
Metro act	83,282	-	83,282	-
Land preservation	1,932,768	-	1,932,768	-
Public safety	58,115	-	58,115	-
Water operations	-	4,433,782	4,433,782	-
Sewer operations	-	15,062,364	15,062,364	-
Road improvement	1,940,748	-	1,940,748	-
Bus	882,355	-	882,355	-
Public improvement	330,780	-	330,780	-
Tree mitigation	225,018	-	225,018	-
Parks and recreation	796,083	-	796,083	-
Unrestricted	6,502,509	-	6,502,509	4,854,523
<b>Total net position</b>	<b>\$ 35,734,901</b>	<b>\$ 48,910,883</b>	<b>\$ 84,645,784</b>	<b>\$ 20,830,899</b>

# Township of Scio

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,932,725	\$ 329,197	\$ -	\$ 39,557
Public safety - Police, fire, and EMS	4,116,174	1,988,561	-	48,241
Public works	3,608,335	661,032	-	2,503,873
Parks and recreation	154,559	-	-	173,738
Debt service	2,335	-	-	-
Total governmental activities	10,814,128	2,978,790	-	2,765,409
Business-type activities:				
Water Fund	3,766,777	3,429,513	-	1,686,864
Sewer Fund	3,593,361	3,360,934	-	771,567
Total business-type activities	7,360,138	6,790,447	-	2,458,431
Total primary government	<b>\$ 18,174,266</b>	<b>\$ 9,769,237</b>	<b>\$ -</b>	<b>\$ 5,223,840</b>
Component units:				
Downtown Development Authority	\$ 1,126,480	\$ -	\$ -	\$ -
Economic Development Corporation	-	-	-	-
Total component units	<b>\$ 1,126,480</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Franchise fees				
Other miscellaneous income				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

## Statement of Activities

**Year Ended March 31, 2023**

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	
\$ (2,563,971)	\$ -	\$ (2,563,971)	\$ -	
(2,079,372)	-	(2,079,372)	-	
(443,430)	-	(443,430)	-	
19,179	-	19,179	-	
(2,335)	-	(2,335)	-	
(5,069,929)	-	(5,069,929)	-	
-	1,349,600	1,349,600	-	
-	539,140	539,140	-	
-	1,888,740	1,888,740	-	
(5,069,929)	1,888,740	(3,181,189)	-	
-	-	-	(1,126,480)	
-	-	-	-	
-	-	-	(1,126,480)	
3,992,983	-	3,992,983	1,967,287	
2,033,873	-	2,033,873	203,355	
269,272	518,300	787,572	23,254	
278,303	-	278,303	-	
183,626	-	183,626	30,000	
6,758,057	518,300	7,276,357	2,223,896	
1,688,128	2,407,040	4,095,168	1,097,416	
34,046,773	46,503,843	80,550,616	19,733,483	
<b>\$ 35,734,901</b>	<b>\$ 48,910,883</b>	<b>\$ 84,645,784</b>	<b>\$ 20,830,899</b>	

## Township of Scio

	General Fund	Open Space Land Preservation Fund	Fire Department Fund	Township Road Improvement Special Assessment Fund
<b>Assets</b>				
Cash and investments (Note 3)	\$ 8,148,836	\$ 1,033,944	\$ 2,824,420	\$ 1,803,376
Receivables - Net:				
Property taxes receivable	13,838	4,805	6,288	-
Special assessments receivable	-	-	-	835,849
Customer receivables - Net	88,851	-	638	-
Other receivables	11,747	-	-	-
Due from other governmental units	508,205	896,489	63,300	18,649
Due from other funds (Note 6)	947,475	-	22,299	-
Prepaid expenses	-	-	-	47,120
<b>Total assets</b>	<b>\$ 9,718,952</b>	<b>\$ 1,935,238</b>	<b>\$ 2,916,945</b>	<b>\$ 2,704,994</b>
<b>Liabilities</b>				
Accounts payable	\$ 196,668	\$ 2,470	\$ 70,180	\$ 950
Due to other funds (Note 6)	22,299	-	-	763,296
Accrued liabilities and other	244,330	-	28,427	-
Unearned revenue	2,446,599	-	-	-
<b>Total liabilities</b>	<b>2,909,896</b>	<b>2,470</b>	<b>98,607</b>	<b>764,246</b>
<b>Deferred Inflows of Resources</b> (Note 4)	<b>178,199</b>	<b>6,152</b>	<b>2,005,621</b>	<b>835,849</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>3,088,095</b>	<b>8,622</b>	<b>2,104,228</b>	<b>1,600,095</b>
<b>Fund Balances</b>				
Nonspendable - Prepays	-	-	-	47,120
Restricted:				
Roads	-	-	-	1,057,779
Land preservation	-	1,926,616	-	-
Public safety	-	-	-	-
Tree mitigation	-	-	-	-
Opioid settlement	1,779	-	-	-
Parks and recreation	-	-	-	-
Bus	-	-	-	-
Metro act	-	-	-	-
Public improvements	-	-	-	-
Assigned - Public safety	-	-	812,717	-
Unassigned	6,629,078	-	-	-
<b>Total fund balances</b>	<b>6,630,857</b>	<b>1,926,616</b>	<b>812,717</b>	<b>1,104,899</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 9,718,952</b>	<b>\$ 1,935,238</b>	<b>\$ 2,916,945</b>	<b>\$ 2,704,994</b>

Governmental Funds  
Balance Sheet

March 31, 2023

Parks and Recreation Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,920,918	\$ 1,847,911	\$ 17,579,405
4,960	3,126	33,017
-	-	835,849
-	-	89,489
-	-	11,747
37,834	20,800	1,545,277
-	-	969,774
-	-	47,120
<b>\$ 1,963,712</b>	<b>\$ 1,871,837</b>	<b>\$ 21,111,678</b>
\$ 121,945	\$ 317,167	\$ 709,380
-	885	786,480
1,454	-	274,211
1,044,230	-	3,490,829
1,167,629	318,052	5,260,900
6,414	3,937	3,036,172
1,174,043	321,989	8,297,072
-	-	47,120
-	-	1,057,779
-	-	1,926,616
-	58,115	58,115
-	225,018	225,018
-	-	1,779
789,669	-	789,669
-	878,418	878,418
-	83,282	83,282
-	330,780	330,780
-	-	812,717
-	(25,765)	6,603,313
789,669	1,549,848	12,814,606
<b>\$ 1,963,712</b>	<b>\$ 1,871,837</b>	<b>\$ 21,111,678</b>

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

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**March 31, 2023**

<b>Fund Balances Reported in Governmental Funds</b>	\$ 12,814,606
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	22,983,243
Grants and other receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	1,030,551
Other noncurrent assets do not represent current financial resources and are not reported in the funds	(47,120)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(142,635)
Net pension liability and related deferred inflows and outflows	(682,604)
Other postemployment benefit liability and related deferred inflows and outflows	(221,140)
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 35,734,901</u></u></b>

## Township of Scio

	General Fund	Open Space Land Preservation Fund	Fire Department Fund	Township Road Improvement Special Assessment Fund
<b>Revenue</b>				
Property taxes	\$ 1,307,339	\$ 665,553	\$ -	\$ -
Special assessments	-	-	1,882,648	621,163
Intergovernmental:				
Federal grants	-	-	48,241	-
State sources	2,045,717	768,630	-	-
Local grants and contributions	5,900	856,726	-	-
Locally raised	1,271,030	14,000	68,210	-
Rental income	17,385	-	-	-
Investment income	121,059	3,887	48,656	61,555
Other miscellaneous income	20,528	943,550	1,890	-
<b>Total revenue</b>	<b>4,788,958</b>	<b>3,252,346</b>	<b>2,049,645</b>	<b>682,718</b>
<b>Expenditures</b>				
Current services:				
General government	2,589,512	-	-	-
Public safety	1,559,655	-	2,496,325	-
Public works	107,539	3,030,735	-	1,006,631
Parks and recreation	-	-	-	-
Capital outlay	234,741	-	-	-
Debt service	-	-	-	50,378
<b>Total expenditures</b>	<b>4,491,447</b>	<b>3,030,735</b>	<b>2,496,325</b>	<b>1,057,009</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>297,511</b>	<b>221,611</b>	<b>(446,680)</b>	<b>(374,291)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 6)	-	-	1,719,422	-
Transfers out (Note 6)	(1,803,147)	-	-	-
Insurance recoveries	-	-	41,328	-
<b>Total other financing (uses) sources</b>	<b>(1,803,147)</b>	<b>-</b>	<b>1,760,750</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(1,505,636)</b>	<b>221,611</b>	<b>1,314,070</b>	<b>(374,291)</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>8,136,493</b>	<b>1,705,005</b>	<b>(501,353)</b>	<b>1,479,190</b>
<b>Fund Balances - End of year</b>	<b>\$ 6,630,857</b>	<b>\$ 1,926,616</b>	<b>\$ 812,717</b>	<b>\$ 1,104,899</b>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended March 31, 2023

Parks and Recreation Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 901,190	\$ 488,481	\$ 3,362,563
-	4,999	2,508,810
-	-	48,241
187,246	8,856	3,010,449
-	-	862,626
-	-	1,353,240
-	-	17,385
7,890	26,225	269,272
-	19,769	985,737
<u>1,096,326</u>	<u>548,330</u>	<u>12,418,323</u>
-	516,010	3,105,522
-	105,476	4,161,456
-	87,259	4,232,164
1,316,307	-	1,316,307
-	-	234,741
-	20,371	70,749
<u>1,316,307</u>	<u>729,116</u>	<u>13,120,939</u>
(219,981)	(180,786)	(702,616)
-	83,725	1,803,147
-	-	(1,803,147)
-	-	41,328
<u>-</u>	<u>83,725</u>	<u>41,328</u>
(219,981)	(97,061)	(661,288)
<u>1,009,650</u>	<u>1,646,909</u>	<u>13,475,894</u>
<u><b>\$ 789,669</b></u>	<u><b>\$ 1,549,848</b></u>	<u><b>\$ 12,814,606</b></u>

**Township of Scio**

**Governmental Funds**

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balances to the Statement of Activities**

**Year Ended March 31, 2023**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	\$ (661,288)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	2,254,497
Depreciation expense	(368,686)
Net book value of capital assets disposed of	(96,127)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	42,507
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	67,000
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>450,225</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 1,688,128</u></u></b>

# Township of Scio

## Proprietary Funds Statement of Net Position

March 31, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ -	\$ 2,427,742	\$ 2,427,742
Investments (Note 3)	5,628,865	13,989,581	19,618,446
Customer receivables - Net	450,310	592,017	1,042,327
Total current assets	6,079,175	17,009,340	23,088,515
Noncurrent assets - Capital assets: (Note 5)			
Nondepreciated	2,680,206	2,869,034	5,549,240
Depreciated	16,101,499	11,256,931	27,358,430
Total noncurrent assets	18,781,705	14,125,965	32,907,670
Total assets	24,860,880	31,135,305	55,996,185
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions (Note 9)	79,709	81,578	161,287
Deferred outflows related to other postemployment benefits (Note 10)	45,048	45,049	90,097
Total deferred outflows of resources	124,757	126,627	251,384
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	407,766	1,051,717	1,459,483
Due to other governmental units	451,920	3,176	455,096
Due to other funds (Note 6)	183,294	-	183,294
Accrued liabilities and other	408,539	697,357	1,105,896
Compensated absences	6,369	6,369	12,738
Current portion of long-term debt (Note 7)	170,000	-	170,000
Total current liabilities	1,627,888	1,758,619	3,386,507
Noncurrent liabilities:			
Net pension liability (Note 9)	210,331	212,064	422,395
Total OPEB liability (Note 10)	56,676	56,676	113,352
Long-term debt - Net of current portion (Note 7)	3,322,933	-	3,322,933
Total noncurrent liabilities	3,589,940	268,740	3,858,680
Total liabilities	5,217,828	2,027,359	7,245,187
<b>Deferred Inflows of Resources</b>			
Deferred pension cost reductions (Note 9)	16,453	17,443	33,896
Deferred OPEB cost reductions (Note 10)	28,802	28,801	57,603
Total deferred inflows of resources	45,255	46,244	91,499
<b>Net Position</b>			
Net investment in capital assets	15,288,772	14,125,965	29,414,737
Restricted for:			
Water operations	4,433,782	-	4,433,782
Sewer operations	-	15,062,364	15,062,364
Total net position	<u>\$ 19,722,554</u>	<u>\$ 29,188,329</u>	<u>\$ 48,910,883</u>

## Township of Scio

### Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

**Year Ended March 31, 2023**

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Operating Revenue</b>			
Charges for services	\$ 3,270,729	\$ 2,845,620	\$ 6,116,349
Other	158,784	515,314	674,098
Total operating revenue	3,429,513	3,360,934	6,790,447
<b>Operating Expenses</b>			
Cost of water	2,388,131	-	2,388,131
Cost of sewage treatment	-	2,025,010	2,025,010
Operation and maintenance	282,803	625,407	908,210
General and administrative	473,877	476,937	950,814
Depreciation	526,549	466,007	992,556
Total operating expenses	3,671,360	3,593,361	7,264,721
<b>Operating Loss</b>	(241,847)	(232,427)	(474,274)
<b>Nonoperating Revenue (Expense)</b>			
Investment interest income	130,628	387,672	518,300
Interest expense	(95,417)	-	(95,417)
Total nonoperating revenue	35,211	387,672	422,883
<b>(Loss) Income - Before contributions</b>	(206,636)	155,245	(51,391)
<b>Capital Contributions - Other capital contributions</b>	1,686,864	771,567	2,458,431
<b>Change in Net Position</b>	1,480,228	926,812	2,407,040
<b>Net Position - Beginning of year</b>	18,242,326	28,261,517	46,503,843
<b>Net Position - End of year</b>	<b>\$ 19,722,554</b>	<b>\$ 29,188,329</b>	<b>\$ 48,910,883</b>

## Township of Scio

## Proprietary Funds Statement of Cash Flows

**Year Ended March 31, 2023**

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 3,870,612	\$ 3,628,383	\$ 7,498,995
Payments to other funds	(77,777)	-	(77,777)
Payments to suppliers	(3,132,171)	(2,461,193)	(5,593,364)
Payments to employees	(257,342)	(254,378)	(511,720)
Net cash and cash equivalents provided by operating activities	403,322	912,812	1,316,134
<b>Cash Flows from Capital and Related Financing Activities</b>			
Collection of connection fees	1,686,864	771,567	2,458,431
Tap fees collected on behalf of the City of Ann Arbor, Michigan	322,748	657,260	980,008
Tap fees paid to the City of Ann Arbor, Michigan	(53,868)	(778,376)	(832,244)
Purchase of capital assets	(1,603,549)	(833,554)	(2,437,103)
Debt service	(504,179)	-	(504,179)
Net cash and cash equivalents used in capital and related financing activities	(151,984)	(183,103)	(335,087)
<b>Cash Flows from Investing Activities</b>			
Interest received on investments	130,628	387,672	518,300
Purchase of investment securities	(381,966)	(616,687)	(998,653)
Net cash and cash equivalents used in investing activities	(251,338)	(229,015)	(480,353)
<b>Net Increase in Cash and Cash Equivalents</b>	-	500,694	500,694
<b>Cash and Cash Equivalents - Beginning of year</b>	-	1,927,048	1,927,048
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ -</u>	<u>\$ 2,427,742</u>	<u>\$ 2,427,742</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (241,847)	\$ (232,427)	\$ (474,274)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	526,549	466,007	992,556
Changes in assets and liabilities:			
Receivables	441,099	267,449	708,548
Due to other funds	(77,777)	-	(77,777)
Net pension and OPEB liabilities and related deferrals	(12,558)	(12,559)	(25,117)
Accounts payable	(230,706)	425,780	195,074
Accrued and other liabilities	(1,438)	(1,438)	(2,876)
Total adjustments	645,169	1,145,239	1,790,408
Net cash and cash equivalents provided by operating activities	<u>\$ 403,322</u>	<u>\$ 912,812</u>	<u>\$ 1,316,134</u>

## Township of Scio

### Fiduciary Funds Statement of Fiduciary Net Position

March 31, 2023

	Custodial Funds		Total Fiduciary Funds
	Current Tax Collection Fund	Delinquent Tax Collection Fund	
<b>Assets</b>			
Cash and cash equivalents	\$ 180,478	\$ 13,445	\$ 193,923
Receivables - Due from other governmental units	169,113	-	169,113
Total assets	349,591	13,445	363,036
<b>Liabilities - Due to other governmental units</b>	349,591	13,445	363,036
<b>Net Position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Township of Scio**

**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**

**Year Ended March 31, 2023**

	<u>Custodial Funds</u>		<u>Total Fiduciary Funds</u>
	<u>Current Tax Collection Fund</u>	<u>Delinquent Tax Collection Fund</u>	
<b>Additions</b> - Property tax collections from other governments	\$ 57,505,743	\$ 36,151	\$ 57,541,894
<b>Deductions</b> - Tax distributions to other governments	<u>57,505,743</u>	<u>36,151</u>	<u>57,541,894</u>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	-	-	-
<b>Net Position</b> - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b> - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## Township of Scio

## Component Units Statement of Net Position

**March 31, 2023**

	Downtown Development Authority	Economic Development Corporation	Total
<b>Assets</b>			
Cash and investments	\$ 4,709,671	\$ 10,302	\$ 4,719,973
Receivables - Due from other governmental units	219,162	-	219,162
Capital assets: (Note 5)			
Nondepreciated	16,010,710	-	16,010,710
Depreciated	4,540,634	-	4,540,634
Total assets	25,480,177	10,302	25,490,479
<b>Deferred Outflows of Resources</b> - Bond refunding loss being amortized	143,744	-	143,744
<b>Liabilities</b>			
Accounts payable	18,592	-	18,592
Accrued interest payable	51,835	-	51,835
Unearned revenue	14,185	-	14,185
Long-term debt:			
Due within one year - Current portion of long-term debt	1,109,571	-	1,109,571
Due in more than one year - Long-term debt	3,609,141	-	3,609,141
Total liabilities	4,803,324	-	4,803,324
<b>Net Position</b>			
Net investment in capital assets	15,976,376	-	15,976,376
Unrestricted	4,844,221	10,302	4,854,523
Total net position	\$ 20,820,597	\$ 10,302	\$ 20,830,899

## Township of Scio

### Component Units Statement of Activities

Year Ended March 31, 2023

	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Economic Development Corporation	Total
<b>Functions/Programs</b>							
Downtown Development Authority	\$ 1,126,480	\$ -	\$ -	\$ -	\$ (1,126,480)	\$ -	\$ (1,126,480)
Economic Development Corporation	-	-	-	-	-	-	-
Total component units	<u>\$ 1,126,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(1,126,480)	-	(1,126,480)
General revenue:							
Property taxes					1,967,287	-	1,967,287
Unrestricted state-shared revenue					203,355	-	203,355
Investment income					23,210	44	23,254
Other miscellaneous income					30,000	-	30,000
Total general revenue					<u>2,223,852</u>	<u>44</u>	<u>2,223,896</u>
<b>Change in Net Position</b>					1,097,372	44	1,097,416
<b>Net Position - Beginning of year</b>					<u>19,723,225</u>	<u>10,258</u>	<u>19,733,483</u>
<b>Net Position - End of year</b>					<u>\$ 20,820,597</u>	<u>\$ 10,302</u>	<u>\$ 20,830,899</u>

**Note 1 - Significant Accounting Policies**

***Accounting and Reporting Principles***

The Township of Scio (the "Township") follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Township:

***Reporting Entity***

The Township of Scio is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Blended component units are, in substance, part of the Township's operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the Township. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township (see discussion below for description).

***Blended Component Units***

The Building Authority was created to provide for the financing of renovations to the Township Hall. The Building Authority's governing body, which consists of three individuals, was created during the fiscal year ended March 31, 1999. Building authority operations consist of the issuance and repayment of debt and the construction of facilities. Although it is legally separate from the Township, the Building Authority is reported as if it were part of the primary government because its primary purpose is to finance and construct the Township's public buildings.

***Discretely Presented Component Units***

*Downtown Development Authority*

The Downtown Development Authority (DDA or the "Authority") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority's governing body, which consists of nine individuals, is selected by the Township's board. In addition, the Authority's budget is subject to approval by the Township's board. Interim internal financial statements are prepared monthly and available at the Township Hall. The report may be obtained by writing to the Township at 827 North Zeeb Road, Ann Arbor, MI 48103.

*Economic Development Corporation*

The Economic Development Corporation (the "Corporation") was created to provide the means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township so as to provide needed services and facilities of such enterprises to the residents of the Township. A 10-member board appointed by the township board administers the Economic Development Corporation. Interim financial statements are prepared monthly and available at the Township Hall. The report may be obtained by writing to the Township at 827 North Zeeb Road, Ann Arbor, MI 48103.

**Note 1 - Significant Accounting Policies (Continued)**

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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 primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not included among program revenue are properly reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Note 1 - Significant Accounting Policies (Continued)**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

***Fund Accounting***

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The Township reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Open Space Land Preservation Fund accounts for moneys collected to be used for permanent preservation of farmland, open space, wildlife, etc. and to provide new parks and recreational opportunities.
- The Fire Department Fund is used to account for moneys collected and expended for fire protection services.
- The Township Road Improvement Special Assessment Fund is used to account for the moneys collected and expended for road improvements. This fund includes the Township Special Assessment District Fund, Township Road Improvement Revolving Fund, the 2014 Road Special Assessment District Fund, Park Road Special Assessment District Fund, the 2015 Road Special Assessment District Road Fund, the 2016 Road Special Assessment Fund, the 2017 Road Special Assessment Fund, the 2018 Road Special Assessment Fund, and the 2020 SAD Road Special Assessment Fund.
- The Parks and Recreation Fund accounts for the moneys collected and expended to develop and maintain nature preserves, parks, trails, recreational opportunities, including a network of nonmotorized pathways.

**Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The Township reports the following funds as major enterprise funds:

- The Water Fund accounts for activities of the water distribution system.
- The Sewer Fund accounts for activities of the sewage collection system.

**Note 1 - Significant Accounting Policies (Continued)**

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate the Township's programs. Activities that are reported as fiduciary include the following:

- The Tax Collection Fund and Delinquent Tax Collection Fund collect taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities) and accounts for these assets held by the Township in a trustee capacity. These funds record tax collections received and remitted to other units of other taxing authorities.

**Interfund Activity**

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

Furthermore, 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 the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Specific Balances and Transactions**

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

**Investments**

Investments are reported at fair value. Pooled investment income from the General Fund is generally allocated to each fund based on the relative participation in the pool.

**Prepaid Items**

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

**Capital Assets**

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded by the Township as appropriate based on cost and useful life. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**Note 1 - Significant Accounting Policies (Continued)**

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Depreciable Life - Years
Sidewalks and other intangible rights	25
Sewer meters	25
Utility system	25-50
Buildings	25-50
Machinery and equipment	5-30
Vehicles	5-20
Land improvements	10-25
Road rights and infrastructure	25

**Unearned Revenue**

Unearned revenue represents amounts received through nonexchange transactions prior to all applicable eligibility criteria being met or amounts being received through exchange transactions prior to goods or services being provided. The Township has unearned revenue related to funds received from the American Rescue Plan Act and other grants that qualify for reporting in this category.

**Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as other financing sources, as well as bond premiums and discounts. The General Fund and Park Road SAD Fund are generally used to liquidate governmental long-term debt.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time.

The Township reports deferred outflows of resources for deferred charges on bond refunding in the Downtown Development Authority. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The deferred outflows of resources related to the defined benefit pension plan and other postemployment benefit plan are reported in the government-wide financial statements and the Water and Sewer Fund, as described in Notes 9 and 10.

**Note 1 - Significant Accounting Policies (Continued)**

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from four sources: grants, delinquent property taxes, state-shared revenue, and special assessments that are for the following year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Also, in the government-wide and proprietary funds' financial statements, a deferred inflow has been recorded related to the defined benefit pension plan and other postemployment benefit plan, as described in Notes 9 and 10.

**Net Position**

Net position of the Township is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position has been limited for us by donors. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**Note 1 - Significant Accounting Policies (Continued)**

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Township has, by resolution, authorized the board of trustees to assign fund balance. Unlike commitments, assignments generally exist only 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.

**Property Tax Revenue**

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are due on February 14 with the final collection date of the last day of February before they are added to the county tax roll.

The Township's 2022 property tax revenue was levied and collectible on December 1, 2022 and is recognized as revenue in the year ended March 31, 2023 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2022 taxable valuation of the Township totaled \$1.5 billion (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 0.9104 mills for operating purposes, 0.4725 mills for land preservation services, 0.3468 mills for bus transportation, and 0.6398 mills for parks and pathways. After DDA capture, this resulted in approximately \$1,307,000 for operating, \$665,000 for open space land preservation, \$489,000 for bus transportation, and \$901,000 for parks and pathways. These amounts are recognized in the respective General, Open Space Land Preservation, Bus, and Parks and Recreation fund financial statements as tax revenue.

In addition, the Township assesses 1.35 mills for fire protection under Public Act 33 of 1951. The assessment is collectible on December 1 and is recognized at the beginning of the next fiscal year. As of March 31, 2023, \$2,005,621 is included in deferred inflows. This is reported in the Fire Department Fund.

**Special Assessment Revenue**

The Township has various special assessments for capital projects throughout the Township. These special assessments are placed on tax bills levied on December 1. Special assessment revenue for the year ended March 31, 2023 is \$626,000 and included in the Township's various capital projects funds.

**Pension**

The Township offers a defined benefit pension plan to its employees. The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension 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. The net pension liability has generally been liquidated from the funds from which the individual employees' salaries are paid, which are primarily the General Fund, the Fire Department Fund, and the Water and Sewer funds.

**Note 1 - Significant Accounting Policies (Continued)**

**Other Postemployment Benefit Costs**

The Township offers retiree health care benefits to retirees. The Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose 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 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 are recognized when due and payable in accordance with the benefit terms. The net OPEB liability has generally been liquidated from the funds from which the individual employees' salaries are paid, which are primarily the General Fund, the Fire Department Fund, and the Water and Sewer funds.

**Compensated Absences (Paid Time Off)**

It is the Township's policy to permit employees to accumulate earned but unused paid time off. All paid time off is accrued when incurred and reported in the government-wide, proprietary, and fiduciary fund financial statements. No liability for these amounts is reported in governmental funds, as there were no employee terminations as of year end.

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The claims and judgments liability will generally be liquidated through the Township's General Fund.

**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the Water and Sewer funds is charges to customers for sales and services. The Water and Sewer 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 revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Use of Estimates**

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

**Upcoming Accounting Pronouncements**

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements, the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The Township does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

**Note 1 - Significant Accounting Policies (Continued)**

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the Township's financial statements for the year ending March 31, 2025.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Township's financial statements for the year ending March 31, 2025.

**Note 2 - Stewardship, Compliance, and Accountability**

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by April 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits local units to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

***Construction Code Fees***

The Township does not collect construction code fees, as allowed by the State's Construction Code Act. Accordingly, no separate reporting of this activity has been reflected in the financial statements.

***Fund Deficit***

As of March 31, 2023, the East Delhi Bridge Maintenance Fund had a fund deficit of \$25,765.

***Noncompliance with Legal Provisions***

Section 4(l)(a)(i)(ii) of Public Act 202 of 2017 requires the local unit to pay retiree insurance premiums for the year, as well as the normal costs for the new employees hired after June 30, 2018. As of March 31, 2023, the Township has not paid retiree insurance premiums for the year and the normal costs for the new employees hired after June 30, 2018.

Public Act 206 of 1893, the General Property Tax Act, requires the local unit to distribute tax revenue that was collected for another taxing unit timely. During the year ended March 31, 2023, there were instances when the Township's distribution of tax revenue to other taxing units was in excess of 15 days.

**Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated five banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had bank deposits of \$12,566,249 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized; the component units had bank deposits of \$2,574,091 that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the Township had the following investments:

Investment	Fair Value	Weighted-average Maturity (Days)
Commercial paper	\$ 14,062,715	168

**Note 3 - Deposits and Investments (Continued)**

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
Commercial paper	\$ 14,062,715	A1, A1+, A2	S&P
Money market	10,262,977	Not rated	S&P
Bank investment pool	<u>5,962,336</u>	AAAm	S&P
Total	<u>\$ 30,288,028</u>		

Investment	Fair Value	Rating	Rating Organization
<b>Component Units</b>			
Money market	\$ 1,846,561	Not rated	S&P

**Fair Value Measurements**

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Township has the following recurring fair value measurements as of March 31, 2023:

- Money market funds of \$10,262,977 (equity securities) are valued using quoted market prices (Level 1 inputs).
- Corporate fixed income of \$14,062,715 (debt securities) are valued using a matrix pricing model (Level 2 inputs).
- Investment pools of \$5,962,336 (equity securities) are valued using quoted market prices (Level 1 inputs).

March 31, 2023

**Note 4 - Deferred Inflows of Resources**

At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	<u>Governmental Funds</u>
Delinquent property taxes - Unavailable	\$ 33,080
Special assessments - Unavailable	835,849
Opioid revenue - Unavailable	5,947
State-shared revenue - Unavailable	155,675
Special assessment revenue for the following year	<u>2,005,621</u>
Total deferred inflows of resources	<u>\$ 3,036,172</u>

**Note 5 - Capital Assets**

Capital asset activity of the Township's governmental and business-type activities and discretely presented component units was as follows:

**Governmental Activities**

	<u>Balance April 1, 2022</u>	<u>Reclassifications</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance March 31, 2023</u>
Capital assets not being depreciated:					
Land	\$ 1,011,268	\$ -	\$ 220,752	\$ -	\$ 1,232,020
Land preservation - Land and easement	9,981,610	-	30,017	(60,000)	9,951,627
Construction in progress	3,417,170	(4,061,416)	1,843,080	-	1,198,834
Drain rights and infrastructure	215,955	-	-	-	215,955
Subtotal	14,626,003	(4,061,416)	2,093,849	(60,000)	12,598,436
Capital assets being depreciated:					
Sidewalks and other intangible rights	3,862,661	695,182	54,184	-	4,612,027
Buildings	2,959,517	3,366,234	-	-	6,325,751
Equipment	1,222,303	-	28,058	-	1,250,361
Vehicles	1,613,343	-	78,406	(36,127)	1,655,622
Land improvements	308,897	-	-	-	308,897
Subtotal	9,966,721	4,061,416	160,648	(36,127)	14,152,658
Accumulated depreciation:					
Sidewalks and other intangible rights	682,321	-	156,674	-	838,995
Buildings	1,147,203	-	63,540	-	1,210,743
Equipment	675,258	-	55,197	-	730,455
Vehicles	744,566	-	85,148	-	829,714
Land improvements	149,817	-	8,127	-	157,944
Subtotal	3,399,165	-	368,686	-	3,767,851
Net capital assets being depreciated	<u>6,567,556</u>	<u>4,061,416</u>	<u>(208,038)</u>	<u>(36,127)</u>	<u>10,384,807</u>
Net governmental activities capital assets	<u>\$ 21,193,559</u>	<u>\$ -</u>	<u>\$ 1,885,811</u>	<u>\$ (96,127)</u>	<u>\$ 22,983,243</u>

March 31, 2023

**Note 5 - Capital Assets (Continued)**

***Business-type Activities***

	Balance April 1, 2022	Reclassifications	Additions	Disposals	Balance March 31, 2023
Capital assets not being depreciated:					
Land	\$ 1,995,542	\$ -	\$ -	\$ -	\$ 1,995,542
Construction in progress	1,167,895	-	2,385,803	-	3,553,698
Subtotal	3,163,437	-	2,385,803	-	5,549,240
Capital assets being depreciated:					
Utility systems	44,596,808	-	-	-	44,596,808
Buildings	2,413,580	-	-	-	2,413,580
Machinery and equipment	385,227	-	-	-	385,227
Vehicles	81,426	-	51,300	-	132,726
Sewer meters	7,118	-	-	-	7,118
Subtotal	47,484,159	-	51,300	-	47,535,459
Accumulated depreciation:					
Utility system	18,046,988	-	915,801	-	18,962,789
Buildings	788,079	-	52,317	-	840,396
Machinery and equipment	271,172	-	21,860	-	293,032
Vehicles	71,116	-	2,578	-	73,694
Sewer meters	7,118	-	-	-	7,118
Subtotal	19,184,473	-	992,556	-	20,177,029
Net capital assets being depreciated	28,299,686	-	(941,256)	-	27,358,430
Net business-type activities capital assets	\$ 31,463,123	\$ -	\$ 1,444,547	\$ -	\$ 32,907,670

***Component Units***

	Balance April 1, 2022	Reclassifications	Additions	Disposals	Balance March 31, 2023
Capital assets not being depreciated:					
Construction in progress	\$ 79,918	\$ (135,050)	\$ 55,132	\$ -	\$ -
Road rights and infrastructure	16,010,710	-	-	-	16,010,710
Subtotal	16,090,628	(135,050)	55,132	-	16,010,710
Capital assets being depreciated -					
Road rights and infrastructure	21,926,425	135,050	-	-	22,061,475
Accumulated depreciation - Road rights and infrastructure	16,643,783	-	877,058	-	17,520,841
Net capital assets being depreciated	5,282,642	135,050	(877,058)	-	4,540,634
Net component units capital assets	\$ 21,373,270	\$ -	\$ (821,926)	\$ -	\$ 20,551,344

March 31, 2023

**Note 5 - Capital Assets (Continued)**

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 239,795
Public safety	128,891
Total governmental activities	<u>\$ 368,686</u>
Business-type activities:	
Water	\$ 526,549
Sewer	466,007
Total business-type activities	<u>\$ 992,556</u>
Component unit activities - Public works	<u>\$ 877,058</u>

**Construction Commitments**

The Township has active construction projects at year end. At year end, the Township's commitments with contractors are as follows:

	<u>Remaining Commitment</u>
Force Main Maintenance and ARV Replacement	\$ 328,031
Phase 1 Construction of Liberty Road Watermain	1,207,183
Phase 2 and 3 Construction of Liberty Road Watermain	<u>1,120,451</u>
Total	<u>\$ 2,655,665</u>

**Note 6 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Township Road Improvement Special Assessment Fund	\$ 763,296
	Water Fund	183,294
	Other nonmajor governmental funds	<u>885</u>
	Total General Fund	947,475
Fire Department Fund	General Fund	<u>22,299</u>
	Total	<u>\$ 969,774</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payment between funds are made.

March 31, 2023

**Note 6 - Interfund Receivables, Payables, and Transfers (Continued)**

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Fire Department Fund	\$ 1,719,422
	Fire Station Renovation Fund	80,902
	Park Road SAD Fund	<u>2,823</u>
	Total General Fund	<u>\$ 1,803,147</u>

The transfers from the General Fund to the Fire Department Fund, the Fire Station Renovation Fund, and the Park Road SAD Fund represent a transfer of unrestricted resources for a specific purpose. The transfer from the General Fund to the Fire Department Fund was to fund postretirement health care and to forgive the previous long-term interfund advance. The transfer from the General Fund to the Fire Station Renovation Fund was to fund fire station renovations. The transfer from the General Fund to the Park Road SAD Fund was to fund Park Road SAD costs.

**Note 7 - Long-term Debt**

Long-term debt activity for the year ended March 31, 2023 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -							
Other debt - 2013 Special							
Assessment Bonds -							
Amount of issue: \$460,000							
Maturing through April 2023	4.87%	-	\$ 46,000	\$ -	\$ (46,000)	\$ -	\$ -
Accumulated compensated absences			<u>140,547</u>	<u>221,583</u>	<u>(219,495)</u>	<u>142,635</u>	<u>142,635</u>
Total governmental activities			<u>\$ 186,547</u>	<u>\$ 221,583</u>	<u>\$ (265,495)</u>	<u>\$ 142,635</u>	<u>\$ 142,635</u>

**Note 7 - Long-term Debt (Continued)**

***Business-type Activities***

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:							
2008 DWRF Bonds - Amount of issue: \$2,490,749 Maturing through October 2028	2.50%	\$5,749- \$170,000	\$ 620,749	\$ -	\$ (170,000)	\$ 450,749	\$ 170,000
Contractual obligation to the City of Ann Arbor, Michigan related to the City's 2012 DWRF Bonds - Amount of issue: \$4,882,478 Maturing through April 2034	2.50%	\$192,862- \$310,800	3,280,946	-	(238,762)	3,042,184	-
Total direct borrowings and direct placements principal outstanding			3,901,695	-	(408,762)	3,492,933	170,000
Compensated absences			15,614	39,248	(42,124)	12,738	12,738
Total business-type activities			<u>\$ 3,917,309</u>	<u>\$ 39,248</u>	<u>\$ (450,886)</u>	<u>\$ 3,505,671</u>	<u>\$ 182,738</u>

**Note 7 - Long-term Debt (Continued)**

**Component Unit**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -							
Other debt:							
2015 Downtown							
Development and Refunding Bonds -							
Amount of issue: \$6,910,000							
Maturing through March 2026							
	2%-4%	\$30,000- \$1,000,000	\$ 3,610,000	\$ -	\$ (815,000)	\$ 2,795,000	\$ 805,000
2017 Downtown							
Development and Refunding Bonds -							
Amount of issue: \$2,765,000							
Maturing through November 2028							
	2.21%	\$35,000- \$385,000	2,065,000	-	(230,000)	1,835,000	275,000
Unamortized bond premiums							
			118,282	-	(29,570)	88,712	29,571
Total component units			<u>\$ 5,793,282</u>	<u>\$ -</u>	<u>\$ (1,074,570)</u>	<u>\$ 4,718,712</u>	<u>\$ 1,109,571</u>

**Debt Service Requirements to Maturity**

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending March 31	Business-type Activities		
	Direct Borrowings and Direct Placements		Total
	Principal	Interest	
2024	\$ 170,000	\$ 11,269	\$ 181,269
2025	339,515	80,017	419,532
2026	340,269	71,457	411,726
2027	306,022	62,878	368,900
2028	301,775	55,156	356,931
2029-2033	1,121,889	121,764	1,243,653
2034-2038	913,463	61,122	974,585
Total	<u>\$ 3,492,933</u>	<u>\$ 463,663</u>	<u>\$ 3,956,596</u>
Years Ending March 31	Component Unit Activities		
	Other Debt		Total
	Principal	Interest	
2024	\$ 1,080,000	\$ 124,404	\$ 1,204,404
2025	1,265,000	94,176	1,359,176
2026	1,250,000	58,320	1,308,320
2027	305,000	22,874	327,874
2028	345,000	16,133	361,133
2029-2033	385,000	8,509	393,509
2034-2038	-	-	-
Total	<u>\$ 4,630,000</u>	<u>\$ 324,416</u>	<u>\$ 4,954,416</u>

**Note 7 - Long-term Debt (Continued)**

In previous years, the Township defeased certain bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. As of March 31, 2023, there is still \$3,550,000 of bonds outstanding that is considered defeased.

**Note 8 - Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for property loss, torts, errors and omissions, and medical benefit claims from the Accident Fund Insurance Company of America for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past four fiscal years.

**Note 9 - Pension Plans**

*Plan Description*

The Township participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS of Michigan), an agent multiple-employer defined benefit pension plan that covers all full- and part-time firefighters of the Township and all full-time employees, except the elected officials other than the current treasurer. MERS of Michigan was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS of Michigan issues a publicly available financial report that includes the financial statements and required supplementary information of this defined benefit plan. This report can be obtained at [www.mersofmich.com](http://www.mersofmich.com) or in writing to MERS of Michigan at 1134 Municipal Way, Lansing, MI 48917.

The Township also offers pension benefits to its elected officials through defined contribution plans. The plans are administered through John Hancock Retirement Plan Services, LLC and the Municipal Employees' Retirement System of Michigan. Firefighters and other full-time employees participated in this plan in the past but have since transferred to the defined benefit plan.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate 90 days from the date of employment. As established by the board of trustees, the Township contributes 8 percent of an employee's approved pension earnings. Employee contributions are not required. In accordance with these requirements, the Township contributed approximately \$73,000 during the current year. The Township's contributions for each employee are fully vested upon entering service.

As of September 14, 2016, the MERS of Michigan defined benefit pension plan is closed to new hires.

*Benefits Provided*

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS of Michigan.

Retirement benefits for fire employees are calculated at 2.25 percent of the employee's final 5-year average compensation times the employee's years of service. Normal retirement is age 60, with early retirement at age 50 with 30 years of service (unreduced) or age 55 and 50 with 15 and 25 years of service (reduced), respectively. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits and are payable immediately without an actuarial reduction. An employee who leaves township service may withdraw his or her contributions, plus any accumulated interest.

**Note 9 - Pension Plans (Continued)**

Retirement benefits for general employees are calculated at 1.5 percent of the employee's 3-year average salary times the employee's years of service. Normal retirement is age 60, with early retirement at ages 55 and 50 with 15 and 25 years of service (reduced), respectively. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits and are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

**Employees Covered by Benefit Terms**

At the December 31, 2022 measurement date, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	14
Total employees covered by MERS of Michigan	24

**Contributions**

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS of Michigan retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS of Michigan retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For general and fire employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. General and fire employees are required to contribute 1.30 and 1.38 percent of compensation, respectively. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. For the measurement year ended December 31, 2022, the average employer contribution rate was 15.0 percent of annual payroll.

**Net Pension Liability**

The Township has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The March 31, 2023 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2022 measurement date. The December 31, 2022 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

**Note 9 - Pension Plans (Continued)**

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2021</b>	\$ 5,749,748	\$ 4,742,609	\$ 1,007,139
Changes for the year:			
Service cost	112,671	-	112,671
Interest	413,561	-	413,561
Differences between expected and actual experience	130,041	-	130,041
Contributions - Employer	-	190,194	(190,194)
Contributions - Employee	-	16,821	(16,821)
Net investment loss	-	(522,700)	522,700
Benefit payments, including refunds	(203,588)	(203,588)	-
Administrative expenses	-	(8,752)	8,752
Net changes	452,685	(528,025)	980,710
<b>Balance at December 31, 2022</b>	<u>\$ 6,202,433</u>	<u>\$ 4,214,584</u>	<u>\$ 1,987,849</u>

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended March 31, 2023, the Township recognized pension expense of \$484,548. At March 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 354,133	\$ (35,804)
Changes in assumptions	233,636	-
Net difference between projected and actual earnings on pension plan investments	405,888	-
Employer contributions to the plan subsequent to the measurement date	52,388	-
Total	<u>\$ 1,046,045</u>	<u>\$ (35,804)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net position liability and, therefore, will not be included in future pension expense):

Years Ending March 31	Amount
2024	\$ 219,304
2025	271,351
2026	293,930
2027	173,268
Total	<u>\$ 957,853</u>

**Note 9 - Pension Plans (Continued)**

**Actuarial Assumptions**

The total pension liability in the December 31, 2022 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (in the long term, plus a percentage based on an age-related scale to reflect merit, longevity, and promotional pay increases) of 3.00 percent, an investment rate of return (net of investment expenses, including inflation) of 7.25 percent, and the Pub-2010 mortality tables.

Mortality rates were based on the Pub-2010 Mortality Table using scale MP-2020.

These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from December 31, 2014 through December 31, 2018.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Investment Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of the December 31, 2022 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private investments	20.00	7.00

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

The following presents the net pension liability of the Township, calculated using the discount rate of 7.25 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability of the Township	\$ 2,766,480	\$ 1,987,849	\$ 1,333,391

**Note 9 - Pension Plans (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

**Note 10 - Other Postemployment Benefit Plan**

***Plan Description***

The Township provides retiree health care benefits to eligible employees. This is single-employer defined benefit plan administered by the Township. The benefits are provided through board resolution. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

***Benefits Provided***

The Township provides a monthly stipend to be used to supplement the insurance cost for postemployment health care benefits upon retirement in accordance with labor contracts. Effective March 31, 2023, the plan is closed to any participant who was not retired as of March 31, 2023.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

Date of member count	March 31, 2023
Inactive plan members or beneficiaries currently receiving benefits	<u>11</u>
Total plan members	<u><u>11</u></u>

***Contributions***

Retiree health care costs are paid by the Township on a pay-as-you-go basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended March 31, 2023, the Township made payments for postemployment health benefit premiums of \$18,427. Additionally, during the year ended March 31, 2023, upon closing the plan to any members that were not retired as of March 31, 2023, the Township paid a lump sum to the non-retired plan members totaling \$432,135 and the change in benefit provisions is included in the calculation of the total OPEB liability. The actuarially determined contribution (ADC) for the year ended March 31, 2023 was \$103,046.

***Total OPEB Liability***

The Township has chosen to use the March 31 measurement date as its measurement date for the total OPEB liabilities. The March 31, 2023 measurement date total OPEB liability was determined by an actuarial valuation performed as of that date.

March 31, 2023

**Note 10 - Other Postemployment Benefit Plan (Continued)**

Changes in the total OPEB liability during the measurement year were as follows:

Changes in Total OPEB Liability	Total OPEB Liability
<b>Balance at April 1, 2022</b>	\$ 1,164,180
Changes for the year:	
Service cost	42,698
Interest	33,290
Changes in benefits	(856,468)
Differences between expected and actual experience	192,008
Changes in assumptions	(133,901)
Benefit payments, including refunds	(18,427)
Net changes	(740,800)
<b>Balance at March 31, 2023</b>	<u>\$ 423,380</u>

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

For the year ended March 31, 2023, the Township recognized OPEB gain of \$741,501.

At March 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 179,124	\$ (22,225)
Changes in assumptions	157,458	(192,975)
Total	<u>\$ 336,582</u>	<u>\$ (215,200)</u>

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

Years Ending March 31	Amount
2024	\$ 38,979
2025	38,979
2026	30,441
2027	11,186
2028	(6,504)
Thereafter	8,301
Total	<u>\$ 121,382</u>

**Actuarial Assumptions**

The total OPEB liability in the March 31, 2023 actuarial valuation was determined using an inflation assumption of 2.5 percent, a health care cost trend rate of 2.5 percent, and the Pub-2010 Mortality Table using scale MP-2019. These assumptions were applied to all periods included in the measurement.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.78 percent. The discount rate was based on the 20-Year Municipal GO AA Index.

**Note 10 - Other Postemployment Benefit Plan (Continued)**

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

The following presents the total OPEB liability of the Township, calculated using the discount rate of 3.78 percent, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (2.78%)	Current Discount Rate (3.78%)	1 Percentage Point Increase (4.78%)
Total OPEB liability of the plan	\$ 466,738	\$ 423,380	\$ 386,474

***Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate***

The following presents the total OPEB liability of the Township, calculated using the health care cost trend rate of 2.5 percent, as well as what the Township's total OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (1.5%)	Current Health Care Cost Trend Rate (2.5%)	1 Percentage Point Increase (3.5%)
Total OPEB liability of the plan	\$ 384,034	\$ 423,380	\$ 468,881

***Assumption Changes***

Assumption changes are the result of an increase in the discount rate from 2.83 percent to 3.78 percent.

***Benefit Changes***

Effective March 31, 2023, the plan is closed to any participant who was not retired as of March 31, 2023.

***Changes Since the Measurement Date***

Subsequent to the March 31, 2023 measurement date, the Township invested \$200,504 into the MERS Retiree Health Savings Vehicle to establish an OPEB trust fund. This trust will be reported as OPEB plan net position to offset the total OPEB liability beginning in the Township's year ending March 31, 2024.

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## Required Supplementary Information

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**Township of Scio**

Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund

**Year Ended March 31, 2023**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,276,900	\$ 1,276,900	\$ 1,307,339	\$ 30,439
Intergovernmental	1,796,300	2,107,412	2,049,838	(57,574)
Locally raised	1,091,400	1,126,400	1,271,030	144,630
Rental income	-	-	17,385	17,385
Investment income	14,000	84,000	102,150	18,150
Other revenue	24,600	24,815	20,528	(4,287)
<b>Total revenue</b>	<b>4,203,200</b>	<b>4,619,527</b>	<b>4,768,270</b>	<b>148,743</b>
<b>Expenditures</b>				
Current services:				
General government:				
General government	1,429,592	1,575,067	1,037,185	537,882
Assessing	530,689	1,277,101	583,796	693,305
Elections	525,550	541,974	401,062	140,912
Boards and commissions	514,615	730,064	567,469	162,595
Public safety	1,682,350	1,738,140	1,559,655	178,485
Public works	209,758	218,758	107,539	111,219
Capital outlay	330,000	330,000	234,741	95,259
<b>Total expenditures</b>	<b>5,222,554</b>	<b>6,411,104</b>	<b>4,491,447</b>	<b>1,919,657</b>
<b>Other Financing Uses - Transfers out</b>	<b>(2,516)</b>	<b>(1,834,645)</b>	<b>(1,803,147)</b>	<b>31,498</b>
<b>Net Change in Fund Balance</b>	<b>(1,021,870)</b>	<b>(3,626,222)</b>	<b>(1,526,324)</b>	<b>2,099,898</b>
<b>Fund Balance - Beginning of year</b>	<b>8,136,147</b>	<b>8,136,147</b>	<b>8,136,147</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 7,114,277</b>	<b>\$ 4,509,925</b>	<b>\$ 6,609,823</b>	<b>\$ 2,099,898</b>

## Township of Scio

### Required Supplementary Information Budgetary Comparison Schedules - Major Special Revenue Funds Fire Department Fund

**Year Ended March 31, 2023**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Special assessments	\$ 1,890,845	\$ 1,890,845	\$ 1,882,648	\$ (8,197)
Intergovernmental	-	-	48,241	48,241
Charges for services	88,500	88,500	68,210	(20,290)
Investment income	3,000	3,000	48,656	45,656
Other revenue	2,500	2,500	1,890	(610)
Total revenue	1,984,845	1,984,845	2,049,645	64,800
<b>Expenditures - Current services - Public safety</b>	1,892,840	2,953,901	2,496,325	457,576
<b>Excess of Revenue Over (Under) Expenditures</b>	92,005	(969,056)	(446,680)	522,376
<b>Other Financing Sources - Transfer in</b>	-	1,782,129	1,760,750	(21,379)
<b>Net Change in Fund Balance</b>	92,005	813,073	1,314,070	500,997
<b>Fund Balance (Deficit) - Beginning of year</b>	(501,353)	(501,353)	(501,353)	-
<b>Fund Balance (Deficit) - End of year</b>	<u>\$ (409,348)</u>	<u>\$ 311,720</u>	<u>\$ 812,717</u>	<u>\$ 500,997</u>

## Township of Scio

### Required Supplementary Information Budgetary Comparison Schedules - Major Special Revenue Funds (Continued) Open Space Land Preservation Fund

Year Ended March 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 652,650	\$ 652,650	\$ 665,553	\$ 12,903
Intergovernmental - State sources	12,000	12,000	1,625,356	1,613,356
Locally raised	-	-	14,000	14,000
Investment income	800	800	3,887	3,087
Other miscellaneous income	-	-	943,550	943,550
Total revenue	665,450	665,450	3,252,346	2,586,896
<b>Expenditures</b> - Current services - Public works	1,645,050	2,354,050	3,030,735	(676,685)
<b>Net Change in Fund Balance</b> - Excess of revenue (under) over expenditures	(979,600)	(1,688,600)	221,611	1,910,211
<b>Fund Balance</b> - Beginning of year	1,705,005	1,705,005	1,705,005	-
<b>Fund Balance</b> - End of year	<u>\$ 725,405</u>	<u>\$ 16,405</u>	<u>\$ 1,926,616</u>	<u>\$ 1,910,211</u>

**Township of Scio**

Required Supplementary Information  
 Budgetary Comparison Schedules - Major Special Revenue Funds  
 (Continued)  
 Parks and Recreation Fund

**Year Ended March 31, 2023**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ -	\$ -	\$ 901,190	\$ 901,190
Intergovernmental	2,100,000	2,100,000	187,246	(1,912,754)
Investment income	-	-	7,890	7,890
Total revenue	2,100,000	2,100,000	1,096,326	(1,003,674)
<b>Expenditures</b> - Current services - Parks and recreation	2,182,590	2,262,090	1,316,307	945,783
<b>Excess of Expenditures Over Revenue</b>	(82,590)	(162,090)	(219,981)	(57,891)
<b>Other Financing Sources</b> - Transfers in	200,000	200,000	-	(200,000)
<b>Net Change in Fund Balance</b>	117,410	37,910	(219,981)	(257,891)
<b>Fund Balance</b> - Beginning of year	1,009,650	1,009,650	1,009,650	-
<b>Fund Balance</b> - End of year	<u>\$ 1,127,060</u>	<u>\$ 1,047,560</u>	<u>\$ 789,669</u>	<u>\$ (257,891)</u>

Required Supplementary Information  
Schedule of Changes in the Net Pension Liability and Related Ratios

**Last Nine Fiscal Years (Prospectively Built from 2015)**

	2023 (Measurement Date 12/31/22)	2022 (Measurement Date 12/31/21)	2021 (Measurement Date 12/31/20)	2020 (Measurement Date 12/31/19)	2019 (Measurement Date 12/31/18)	2018 (Measurement Date 12/31/17)	2017 (Measurement Date 12/31/16)	2016 (Measurement Date 12/31/15)	2015 (Measurement Date 12/31/14)
<b>Total Pension Liability</b>									
Service cost	\$ 112,671	\$ 97,041	\$ 102,208	\$ 103,174	\$ 115,683	\$ 110,220	\$ 105,564	\$ 86,870	\$ 84,554
Interest	413,561	377,508	328,391	303,859	286,297	250,562	232,738	207,927	187,978
Changes in benefit terms	-	-	-	-	5,065	(4,856)	15,021	(14,402)	-
Differences between expected and actual experience	130,041	196,855	195,103	68,900	(143,490)	125,799	(95,097)	(10,921)	-
Changes in assumptions	-	226,940	126,698	102,370	-	-	-	149,019	-
Benefit payments, including refunds	(203,588)	(134,575)	(72,497)	(37,766)	(37,766)	(37,767)	(37,766)	(40,118)	(23,658)
<b>Net Change in Total Pension Liability</b>	<b>452,685</b>	<b>763,769</b>	<b>679,903</b>	<b>540,537</b>	<b>225,789</b>	<b>443,958</b>	<b>220,460</b>	<b>378,375</b>	<b>248,874</b>
<b>Total Pension Liability - Beginning of year</b>	<b>5,749,748</b>	<b>4,985,979</b>	<b>4,306,076</b>	<b>3,765,539</b>	<b>3,539,750</b>	<b>3,095,792</b>	<b>2,875,332</b>	<b>2,496,957</b>	<b>2,248,083</b>
<b>Total Pension Liability - End of year</b>	<b>\$ 6,202,433</b>	<b>\$ 5,749,748</b>	<b>\$ 4,985,979</b>	<b>\$ 4,306,076</b>	<b>\$ 3,765,539</b>	<b>\$ 3,539,750</b>	<b>\$ 3,095,792</b>	<b>\$ 2,875,332</b>	<b>\$ 2,496,957</b>
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer	\$ 190,194	\$ 152,499	\$ 141,194	\$ 171,666	\$ 123,561	\$ 228,687	\$ 110,862	\$ 104,248	\$ 98,495
Contributions - Member	16,821	20,588	20,557	21,054	20,976	51,858	17,669	14,638	12,301
Net investment (loss) income	(522,700)	567,320	527,332	414,724	(123,721)	345,694	244,417	(32,319)	118,779
Administrative expenses	(8,752)	(6,706)	(7,282)	(7,148)	(5,958)	(5,439)	(4,817)	(4,600)	(4,402)
Benefit payments, including refunds	(203,588)	(134,575)	(72,497)	(37,766)	(37,766)	(37,767)	(37,766)	(40,118)	(23,658)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(528,025)</b>	<b>599,126</b>	<b>609,304</b>	<b>562,530</b>	<b>(22,908)</b>	<b>583,033</b>	<b>330,365</b>	<b>41,849</b>	<b>201,515</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>4,742,609</b>	<b>4,143,483</b>	<b>3,534,179</b>	<b>2,971,649</b>	<b>2,994,557</b>	<b>2,411,524</b>	<b>2,081,159</b>	<b>2,039,310</b>	<b>1,837,795</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 4,214,584</b>	<b>\$ 4,742,609</b>	<b>\$ 4,143,483</b>	<b>\$ 3,534,179</b>	<b>\$ 2,971,649</b>	<b>\$ 2,994,557</b>	<b>\$ 2,411,524</b>	<b>\$ 2,081,159</b>	<b>\$ 2,039,310</b>
<b>Township's Net Pension Liability - Ending</b>	<b>\$ 1,987,849</b>	<b>\$ 1,007,139</b>	<b>\$ 842,496</b>	<b>\$ 771,897</b>	<b>\$ 793,890</b>	<b>\$ 545,193</b>	<b>\$ 684,268</b>	<b>\$ 794,173</b>	<b>\$ 457,647</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	67.95 %	82.48 %	83.10 %	82.07 %	78.92 %	84.60 %	77.90 %	72.38 %	81.67 %
<b>Covered Payroll</b>	\$ 1,234,889	\$ 1,226,893	\$ 1,439,738	\$ 1,401,630	\$ 1,498,568	\$ 1,498,568	\$ 1,499,212	\$ 1,429,665	\$ 1,221,187
<b>Township's Net Pension Liability as a Percentage of Covered Payroll</b>	160.97 %	82.09 %	58.52 %	55.07 %	52.98 %	36.38 %	45.64 %	55.55 %	37.48 %



## Township of Scio

### Required Supplementary Information Schedule of Changes in the Total OPEB Liability and Related Ratios No Trust

	<b>Last Five Fiscal Years (Prospectively Built from 2019)</b>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 42,698	\$ 45,721	\$ 39,760	\$ 30,227	\$ 26,065
Interest	33,290	27,833	26,028	29,519	27,472
Changes in benefit terms	(856,468)	-	-	-	-
Differences between expected and actual experience	192,008	5,851	(38,893)	-	36,304
Changes in assumptions	(133,901)	(109,481)	162,727	134,783	23,461
Benefit payments, including refunds	<u>(18,427)</u>	<u>(18,040)</u>	<u>(13,905)</u>	<u>(11,947)</u>	<u>(14,512)</u>
<b>Net Change in Total OPEB Liability</b>	(740,800)	(48,116)	175,717	182,582	98,790
<b>Total OPEB Liability - Beginning of year</b>	<u>1,164,180</u>	<u>1,212,296</u>	<u>1,036,579</u>	<u>853,997</u>	<u>755,207</u>
<b>Total OPEB Liability - End of year</b>	<b><u>\$ 423,380</u></b>	<b><u>\$ 1,164,180</u></b>	<b><u>\$ 1,212,296</u></b>	<b><u>\$ 1,036,579</u></b>	<b><u>\$ 853,997</u></b>
<b>Covered-employee Payroll</b>	\$ 10,436	\$ 18,040	\$ 13,905	\$ -	\$ -
<b>Total OPEB Liability as a Percentage of Covered-employee Payroll</b>	4,056.92 %	6,453.33 %	8,718.42 %	- %	- %

***Budgetary Information***

A reconciliation of the budgetary comparison schedules to the fund-based statement of revenue, expenditures, and changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Fund Balance</u>
Amounts per operating statement	\$ 4,788,958	\$ 4,491,447	\$ 6,630,857
ARPA fund	(18,909)	-	(19,255)
Opioid fund	(1,779)	-	(1,779)
Amounts per budget statement	<u>\$ 4,768,270</u>	<u>\$ 4,491,447</u>	<u>\$ 6,609,823</u>

During the year, the Township of Scio incurred expenditures that were in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Open Space Land Preservation Fund - Current services - Public works	\$ 2,354,050	\$ 3,030,735	\$ (676,685)

***Pension Information***

**Changes in Assumptions**

In fiscal year 2022 (measurement date 2021), the assumed annual rate of investment return was lowered from 7.60 percent to 7.25 percent. In fiscal year 2021 (measurement date 2020), the mortality table assumption was changed from RP-2014 to the Pub-2010 Mortality Table. In fiscal year 2020 (measurement date 2019), the assumed annual rate of investment return, net of all expenses, was lowered from 7.75 to 7.60 percent. In fiscal year 2016 (measurement date 2015), the mortality table was adjusted to reflect longer lifetimes, and the assumed annual rate of investment return, net of all expenses, was lowered from 8 to 7.75 percent.

***OPEB Information***

**Benefit Changes**

There were benefit changes in 2023 whereby, effective March 31, 2023, the plan is closed to any participant who was not retired as of March 31, 2023.

**Changes in Assumptions**

In 2023, the discount rate was increased from 2.83 percent to 3.78 percent. In 2022, the discount rate was increased from 2.27 percent to 2.83 percent. In 2021, the mortality table assumption was changed from the RP-2014 Mortality Tables to the Pub-2010 Mortality Tables, and the discount rate was decreased from 2.48 percent to 2.27 percent. In 2020, the discount rate was decreased from 3.42 percent to 2.48 percent.

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## Other Supplementary Information

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# Township of Scio

	Special Revenue Funds			Capital Project Funds
	Public Improvement Fund	Tree Mitigation Fund	Bus Fund	East Delhi Bridge Maintenance Fund
<b>Assets</b>				
Cash and investments	\$ 414,947	\$ 225,018	\$ 1,093,244	\$ 56,587
Receivables:				
Property taxes receivable	-	-	3,126	-
Due from other governmental units	-	-	20,506	294
<b>Total assets</b>	<b>\$ 414,947</b>	<b>\$ 225,018</b>	<b>\$ 1,116,876</b>	<b>\$ 56,881</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 234,521	\$ 82,646
Due to other funds	885	-	-	-
<b>Total liabilities</b>	<b>885</b>	<b>-</b>	<b>234,521</b>	<b>82,646</b>
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>3,937</b>	<b>-</b>
<b>Fund Balances (Deficit)</b>				
Restricted:				
Public safety	-	-	-	-
Tree mitigation	-	225,018	-	-
Bus	-	-	878,418	-
Metro act	83,282	-	-	-
Public improvements	330,780	-	-	-
Unassigned	-	-	-	(25,765)
<b>Total fund balances (deficit)</b>	<b>414,062</b>	<b>225,018</b>	<b>878,418</b>	<b>(25,765)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficit)</b>	<b>\$ 414,947</b>	<b>\$ 225,018</b>	<b>\$ 1,116,876</b>	<b>\$ 56,881</b>

Other Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

March 31, 2023

Capital Project Funds

<u>Park Road SAD Fund</u>	<u>Fire Station Renovation Fund</u>	<u>Total</u>
\$ -	\$ 58,115	\$ 1,847,911
-	-	3,126
-	-	20,800
<b><u>\$ -</u></b>	<b><u>\$ 58,115</u></b>	<b><u>\$ 1,871,837</u></b>
\$ -	\$ -	\$ 317,167
-	-	885
-	-	318,052
-	-	3,937
-	58,115	58,115
-	-	225,018
-	-	878,418
-	-	83,282
-	-	330,780
-	-	(25,765)
-	58,115	1,549,848
<b><u>\$ -</u></b>	<b><u>\$ 58,115</u></b>	<b><u>\$ 1,871,837</u></b>

## Township of Scio

	Special Revenue Funds			Capital Project Funds
	Public Improvement Fund	Tree Mitigation Fund	Bus Fund	East Delhi Bridge Maintenance Fund
<b>Revenue</b>				
Property taxes	\$ -	\$ -	\$ 488,481	\$ -
Special assessments	-	-	-	4,999
Intergovernmental - State sources	-	-	8,856	-
Investment income	9,413	3,843	12,621	305
Other miscellaneous income	19,769	-	-	-
Total revenue	29,182	3,843	509,958	5,304
<b>Expenditures</b>				
Current:				
General government	52,719	1,595	461,696	-
Public safety	-	-	-	-
Public works	-	-	-	86,458
Debt service	-	-	-	-
Total expenditures	52,719	1,595	461,696	86,458
<b>Other Financing Sources - Transfers in</b>	-	-	-	-
<b>Net Change in Fund Balances</b>	(23,537)	2,248	48,262	(81,154)
<b>Fund Balances - Beginning of year</b>	437,599	222,770	830,156	55,389
<b>Fund Balances (Deficit) - End of year</b>	<u>\$ 414,062</u>	<u>\$ 225,018</u>	<u>\$ 878,418</u>	<u>\$ (25,765)</u>

Other Supplementary Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund  
Balances  
Nonmajor Governmental Funds

Year Ended March 31, 2023

Capital Project Funds		
Park Road SAD Fund	Fire Station Renovation Fund	Total
\$ -	\$ -	\$ 488,481
-	-	4,999
-	-	8,856
-	43	26,225
-	-	19,769
-	43	548,330
-	-	516,010
-	105,476	105,476
801	-	87,259
20,371	-	20,371
21,172	105,476	729,116
2,823	80,902	83,725
(18,349)	(24,531)	(97,061)
18,349	82,646	1,646,909
<b>\$ -</b>	<b>\$ 58,115</b>	<b>\$ 1,549,848</b>