



**TOWNSHIP OF TYRONE
LIVINGSTON COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Township of Tyrone, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Tyrone (the "Township") as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 budgetary comparison schedules, as listed 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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



Gabridge & Company, PLC
Grand Rapids, Michigan
July 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Township of Tyrone
Management's Discussion and Analysis
March 31, 2022

As management of the Township of Tyrone, Livingston County, Michigan (the "Township" or "government") we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

- The assets and deferred outflows of the Township exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$21,863,898 (net position). Of this amount, \$9,405,423 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$11,267,938, an increase of \$1,311,782 in comparison with the prior year. Approximately 40.15% of this amount, or \$4,524,539, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,524,539, or approximately 423.91% of annual general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus,

revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., unavailable revenues, accrued interest, and long-term debt).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, police and fire protection, roads, health and welfare, community and economic development, and culture. The business-type activities of the Township include the sewage disposal system.

Fund Financial Statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, public safety fund, the Lake Shannon road improvement fund, and the Irish Hills road improvement fund, which are considered to be major funds. Data from the other governmental funds is presented as a separate column as they are considered nonmajor funds.

The Township adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund and each major special revenue fund has been provided to demonstrate compliance with these budgets.

Proprietary Funds - The Township maintains one type of proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the

government-wide financial statements. The Township uses an enterprises fund to account for its sewer operations.

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Township reports one type of fiduciary fund, which is a custodial fund.

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

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Township's budgetary comparison schedules.

This report also presents other supplementary information which includes the combining and individual fund statements. The combining statements are presented immediately following the required supplementary information on budgets.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$21,863,898 at the close of the most recent fiscal year.

A significant portion of the Township's net position, \$8,063,392, or 36.88% of its total net position, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position, \$4,395,083, or 20.10% of its total net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,405,423, or 43.02% of its total net position, is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Cash, cash equivalents, and investments increased during the year, from \$9,769,666 as of March 31, 2021 to \$11,518,837 as of March 31, 2022. This increase of \$1,749,171 was in part due to

American Rescue Plan Act funds that were received but not yet spent, leading to unearned revenue of \$554,980. Receivables also increased by \$377,848 due to increased state revenue sharing payments along with census adjustments.

The Township's capital assets decreased by a net \$551,473. This was a result of total depreciation expense with minimal new outlays.

Following is a comparative schedule showing the Township's assets, deferred inflows and outflows, liabilities, and net position for each of the two past fiscal years:

Township of Tyrone's Net Position

	Governmental		Business-type		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 9,195,766	\$ 7,744,446	\$ 410,554	\$ 446,098	\$ 9,606,320	\$ 8,190,544
Cash and Cash Equivalents - Restricted	-	-	1,299,544	1,095,919	1,299,544	1,095,919
Investments	322,304	194,254	290,669	288,949	612,973	483,203
Receivables	739,859	418,443	267,699	211,267	1,007,558	629,710
Special Assessment Receivables, Current	213,914	219,705	489,740	524,605	703,654	744,310
Prepaid Expenses	10,622	9,123	-	-	10,622	9,123
Due from Agency Fund	3,448	3,659	-	-	3,448	3,659
Total Current Assets	10,485,913	8,589,630	2,758,206	2,566,838	13,244,119	11,156,468
<i>Noncurrent Assets</i>						
Capital Assets not being Depreciated	-	77,342	17,595	17,595	17,595	94,937
Capital Assets being Depreciated	1,523,082	1,476,781	10,702,150	11,222,582	12,225,232	12,699,363
Cash and Cash Equivalents - Restricted	-	-	-	-	-	-
Land Contracts Receivable	-	85,452	-	-	-	85,452
Cash Held by Agent	-	-	1,027	1,027	1,027	1,027
Investments - Restricted	-	-	2,019,300	2,015,521	2,019,300	2,015,521
Special Assessment Receivables	1,235,526	1,445,613	850,570	1,321,620	2,086,096	2,767,233
Total Assets	13,244,521	11,674,818	16,348,848	17,145,183	29,593,369	28,820,001
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charge on Refunding	-	-	160,319	193,053	160,319	193,053
Total Deferred Outflows of Resources	-	-	160,319	193,053	160,319	193,053
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	125,761	153,721	83,100	63,798	208,861	217,519
Accrued Liabilities and Other	41,727	10,660	-	-	41,727	10,660
Accrued Interest	16,070	17,590	56,449	69,945	72,519	87,535
Compensated Absences	9,097	9,415	-	-	9,097	9,415
Current Portion of Long-term Debt	190,000	185,000	921,400	916,400	1,111,400	1,101,400
Unearned Revenue	554,980	-	-	-	554,980	-
Internal Balances	(8,742)	(10,589)	8,742	10,589	-	-
Total Current Liabilities	928,893	365,797	1,069,691	1,060,732	1,998,584	1,426,529
<i>Noncurrent Liabilities</i>						
Long-term Debt	1,787,904	1,979,747	3,419,381	4,367,602	5,207,285	6,347,349
Advances from Other Funds	(2,550,000)	(2,550,000)	2,550,000	2,550,000	-	-
Total Liabilities	166,797	(204,456)	7,039,072	7,978,334	7,205,869	7,773,878
DEFERRED INFLOWS OF RESOURCES						
Assessments Levied for Subsequent Periods	683,921	677,716	-	-	683,921	677,716
Total Deferred Inflows of Resources	683,921	677,716	-	-	683,921	677,716
NET POSITION						
Net Investment in Capital Assets	1,523,082	1,554,123	6,540,310	6,150,255	8,063,392	7,704,378
Restricted	2,236,820	2,244,107	2,158,263	2,426,817	4,395,083	4,670,924
Unrestricted	8,633,901	7,403,328	771,522	782,830	9,405,423	8,186,158
Total Net Position	\$ 12,393,803	\$ 11,201,558	\$ 9,470,095	\$ 9,359,902	\$ 21,863,898	\$ 20,561,460

The Township's overall net position increased \$1,302,438 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

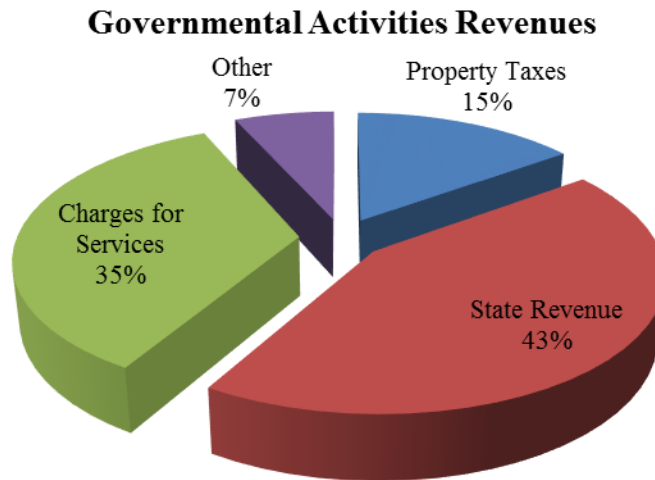
Township of Tyrone's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 1,122,998	\$ 1,090,567	\$ 1,549,093	\$ 1,051,743	\$ 2,672,091	\$ 2,142,310
Operating Grants and Contributions	206,490	70,897	-	-	206,490	70,897
Capital Grants and Contributions	-	-	70,322	100,053	70,322	100,053
Total Program Revenues	<u>1,329,488</u>	<u>1,161,464</u>	<u>1,619,415</u>	<u>1,151,796</u>	<u>2,948,903</u>	<u>2,313,260</u>
General Revenues						
Property Taxes	486,806	473,151	-	-	486,806	473,151
State Revenue	1,401,248	945,226	-	-	1,401,248	945,226
Cable Franchise Fees	-	134,970	-	-	-	134,970
Interest	11,036	20,163	11,004	34,299	22,040	54,462
Total General Revenues	<u>1,899,090</u>	<u>1,573,510</u>	<u>11,004</u>	<u>34,299</u>	<u>1,910,094</u>	<u>1,607,809</u>
Total Revenues	<u>3,228,578</u>	<u>2,734,974</u>	<u>1,630,419</u>	<u>1,186,095</u>	<u>4,858,997</u>	<u>3,921,069</u>
Expenses						
General Government	770,041	637,193	-	-	770,041	637,193
Public Safety	759,494	634,327	-	-	759,494	634,327
Public Works	242,321	359,830	1,520,226	1,465,147	1,762,547	1,824,977
Community and Economic Development	148,777	107,780	-	-	148,777	107,780
Health and Welfare	4,400	4,400	-	-	4,400	4,400
Culture	46,593	26,373	-	-	46,593	26,373
Other Functions	-	135,254	-	-	-	135,254
Interest on Long-term Debt	64,707	70,447	-	-	64,707	70,447
Total Expenses	<u>2,036,333</u>	<u>1,975,604</u>	<u>1,520,226</u>	<u>1,465,147</u>	<u>3,556,559</u>	<u>3,440,751</u>
Change in Net Position	<u>1,192,245</u>	<u>759,370</u>	<u>110,193</u>	<u>(279,052)</u>	<u>1,302,438</u>	<u>480,318</u>
<i>Net Position at Beginning of Period</i>	<u>11,201,558</u>	<u>10,442,188</u>	<u>9,359,902</u>	<u>9,638,954</u>	<u>20,561,460</u>	<u>20,081,142</u>
Net Position at End of Period	<u>\$ 12,393,803</u>	<u>\$ 11,201,558</u>	<u>\$ 9,470,095</u>	<u>\$ 9,359,902</u>	<u>\$ 21,863,898</u>	<u>\$ 20,561,460</u>

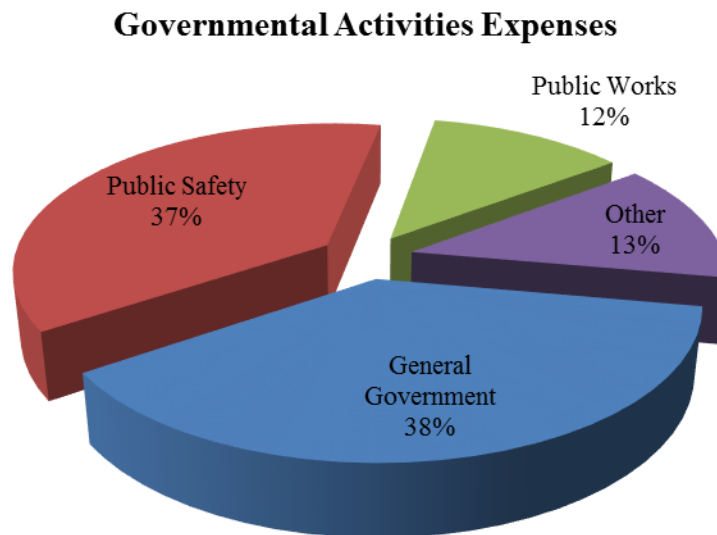
Governmental Activities - Governmental activities increased the Township's net position by \$1,192,245. Total revenues increased by \$556,999 mostly due to an increase in state revenue sharing based off of better than anticipated tax revenues from state projections, along with an increase tied to the 2020 Census update. All other revenues had modest gains besides interest income. Expenditures as a whole increased by 3%.

Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the Township for the most recent fiscal year-end.



The following chart summarizes the expenses for the governmental activities of the Township for the most recent fiscal year-end.



Business-type Activities - Business-type activities increased the Township's net position by \$110,193 during fiscal year 2022. This increase is due to increased charges for service revenue and a limited increase in total expenditures, leading to a positive change in net position.

Financial Analysis of Governmental Funds

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

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

At March 31, 2022, the Township's governmental funds reported combined fund balances of \$11,267,938, an increase of \$1,311,782 in comparison with the prior year. Approximately 40.15% of this amount, or \$4,524,539, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is: 1) nonspendable advance from the general fund to the sewer fund and prepaid items; \$2,560,622 (22.72%), 2) restricted for police/sheriff, fire and EMS, public education grant, and other service related assessments; \$2,235,373 (19.84%), 3) committed for cash gaps due to timing of state revenue sharing and property tax receipts; \$500,000 (4.44%), or 4) assigned for capital improvement projects, technology upgrades, and park and recreation expenditures; \$1,447,404 (12.85%).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,524,539 while total fund balance increased by \$1,319,069 to \$9,031,118. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 423.91% of total general fund expenditures while total fund balance represents approximately 846.15% of that same amount.

The public safety fund, a major fund, had a \$53,622 decrease in fund balance during the current fiscal year, which compares to an increase of \$23,387 in the prior year. Both revenues and expenditures remained reasonably consistent when compared to the prior year.

The Lake Shannon road improvement debt service fund, a major fund, ended the year with a fund balance of \$406,749, which was an decrease of \$588. This was a result of the current year special assessment collections exceeded by debt service expenditures.

The Irish Hills road improvement fund, a major fund, ended the year with a fund balance of \$241,131, which was an increase of \$36,913 over the prior year. This also was a result of the current year special assessment collections exceeding debt service expenditures.

The fund balance of the nonmajor governmental funds increased by \$10,010 during the current fiscal year leading to combined ending fund balances of \$675,975.

Proprietary Funds - The Township’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year was \$771,552, a decrease from \$782,830 over the prior year, for the sewer fund. Total net position increased by \$110,193 which put the overall net position at \$9,470,059. The significant reason for the change in net position of the sewer fund are stated in the previous section.

General Fund Budgetary Highlights

Original budget compared to final budget. There was no significant adjustment to the budget during the year.

Final budget compared to actual results. The Township had no expenditures in excess of the amounts appropriated during the year ended March 31, 2022.

Capital Assets and Debt Administration

Capital Assets

The Township’s investment in capital assets for its governmental and business-type activities as of March 31, 2022 amounts to \$12,242,827 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, and sewer infrastructure.

The following summarizes the Township’s capital assets:

	Governmental Activities	Business-type Activities	Total
Land	\$ -	\$ 17,595	\$ 17,595
Construction in Progress	-	-	-
Land Improvements	201,592	-	201,592
Building and Improvements	1,304,780	-	1,304,780
Equipment	16,710	-	16,710
Sewer System	-	10,702,150	10,702,150
	<u>\$ 1,523,082</u>	<u>\$ 10,719,745</u>	<u>\$ 12,242,827</u>

More detailed information about the Township’s capital assets can be found in note 5.

Long-term Debt

As described in note 7 to the financial statements, the Township had \$6,318,685 in long-term debt at the end of the fiscal year, not including compensated absences of \$9,097. This reduction is due to the obligated principal payments and amortization of premiums. The Township is well under its legal debt limit as of year-end.

Economic Condition and Outlook

The activity for 2023 is expected to be similar to the activity of 2022. The Township continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2023, the Township plans again to use current revenues to provide essential services and to maintain the Township's financial reserves at similar levels. Property tax revenues are expected to change minimally reflecting fairly stable property values. The ongoing costs of providing essential services for the citizens of the Township will again need to be monitored in order to maintain the financial condition of the Township.

Additionally, the Township Board is currently working to determine the significance that the COVID-19 Pandemic will have on the Township's upcoming revenues and expenditures, including an estimated \$1,105,509 of American Rescue Plan Act funds which are available to the Township for expenditure for various public safety reimbursements and infrastructure projects through 2024.

Contacting the Township

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

The Township of Tyrone
8420 Runyan Lake Road
Fenton, MI 48430

BASIC FINANCIAL STATEMENTS

**Township of Tyrone
Statement of Net Position
March 31, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 9,195,766	\$ 410,554	\$ 9,606,320
Cash and Cash Equivalents - Restricted	--	1,299,544	1,299,544
Investments	322,304	290,669	612,973
Receivables	739,859	267,699	1,007,558
Special Assessments Receivables, Current	213,914	489,740	703,654
Prepaid Items	10,622	--	10,622
Due from Agency	3,448	--	3,448
Total Current Assets	10,485,913	2,758,206	13,244,119
<i>Noncurrent Assets</i>			
Capital Assets not being Depreciated	--	17,595	17,595
Capital Assets being Depreciated	1,523,082	10,702,150	12,225,232
Cash Held by Agent	--	1,027	1,027
Investments - Restricted	--	2,019,300	2,019,300
Special Assessment Receivables	1,235,526	850,570	2,086,096
Total Assets	13,244,521	16,348,848	29,593,369
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Bond Refunding	--	160,319	160,319
Total Deferred Outflows of Resources	--	160,319	160,319
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	125,761	83,100	208,861
Accrued Liabilities and Other	12,250	--	12,250
Unearned Revenue	554,980	--	554,980
Accrued Interest	16,070	56,449	72,519
Compensated Absences	9,097	--	9,097
Current Portion of Long-term Debt	190,000	921,400	1,111,400
Refundable Deposits, Bonds, Etc.	28,202	--	28,202
Due to Other Governmental Units	1,275	--	1,275
Internal Balances	(8,742)	8,742	--
Total Current Liabilities	928,893	1,069,691	1,998,584
<i>Noncurrent Liabilities</i>			
Long-term Debt	1,787,904	3,419,381	5,207,285
Long-term Advance	(2,550,000)	2,550,000	--
Total Liabilities	166,797	7,039,072	7,205,869
DEFERRED INFLOWS OF RESOURCES			
Assessments Levied for a Subsequent Period	683,921	--	683,921
Total Deferred Inflows of Resources	683,921	--	683,921
NET POSITION			
Net Investment in Capital Assets	1,523,082	6,540,310	8,063,392
<i>Restricted for:</i>			
Public Safety	912,965	--	912,965
Debt Service	874,438	2,158,263	3,032,701
Public Access Programming	395,733	--	395,733
Streets and Right of Way	33,843	--	33,843
Waste Removal	8,004	--	8,004
Snow Removal	10,044	--	10,044
Lighting Districts	1,793	--	1,793
<i>Unrestricted</i>	8,633,901	771,522	9,405,423
Total Net Position	\$ 12,393,803	\$ 9,470,095	\$ 21,863,898

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone
Statement of Activities
For the Year Ended March 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 770,041	\$ 196,886	\$ 7,580	\$ --	\$ (565,575)	\$ --	\$ (565,575)
Public Safety	759,494	738,156	--	--	(21,338)	--	(21,338)
Public Works	242,321	168,831	10,845	--	(62,645)	--	(62,645)
Community and Economic Development	148,777	19,125	--	--	(129,652)	--	(129,652)
Health and Welfare	4,400	--	--	--	(4,400)	--	(4,400)
Culture	46,593	--	188,065	--	141,472	--	141,472
Interest on Long-term Debt	64,707	--	--	--	(64,707)	--	(64,707)
Total Governmental Activities	2,036,333	1,122,998	206,490	--	(706,845)	--	(706,845)
Business-type Activities:							
Sewer Fund	1,520,226	1,549,093	--	70,322	--	99,189	99,189
Total Business-type Activities	1,520,226	1,549,093	--	70,322	--	99,189	99,189
Total	\$ 3,556,559	\$ 2,672,091	\$ 206,490	\$ 70,322	\$ (706,845)	\$ 99,189	\$ (607,656)
General Purpose Revenues:							
					486,806	--	486,806
					11,036	11,004	22,040
					1,401,248	--	1,401,248
					1,899,090	11,004	1,910,094
					1,192,245	110,193	1,302,438
					11,201,558	9,359,902	20,561,460
					\$ 12,393,803	\$ 9,470,095	\$ 21,863,898

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone
Balance Sheet
Governmental Funds
March 31, 2022**

	Special Revenue		Debt Service		Other Governmental Funds	Total Governmental Funds
	General	Public Safety	Lake Shannon Road Improvement	Irish Hills Road Improvement		
ASSETS						
Cash and Cash Equivalents	\$ 6,547,943	\$ 1,609,298	\$ 404,415	\$ 241,131	\$ 392,979	\$ 9,195,766
Investments	--	--	--	--	322,304	322,304
Receivables	519,132	184,622	2,334	--	33,771	739,859
Prepaid Items	9,175	1,447	--	--	--	10,622
Due from Agency	3,448	--	--	--	--	3,448
Due from Other Funds	9,492	--	--	--	--	9,492
Special Assessment Receivables	--	--	510,497	614,270	324,673	1,449,440
Advances to Other Funds	2,550,000	--	--	--	--	2,550,000
Total Assets	\$ 9,639,190	\$ 1,795,367	\$ 917,246	\$ 855,401	\$ 1,073,727	\$ 14,280,931
LIABILITIES						
Accounts Payable	\$ 11,125	\$ 104,113	\$ --	\$ --	\$ 10,523	\$ 125,761
Accrued Liabilities and Other	12,250	--	--	--	--	12,250
Unearned Revenue	554,980	--	--	--	--	554,980
Refundable Deposits, Bonds, Etc.	28,202	--	--	--	--	28,202
Due to Other Governmental Units	1,275	--	--	--	--	1,275
Due to Other Funds	240	510	--	--	--	750
Total Liabilities	608,072	104,623	--	--	10,523	723,218
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	--	156,414	510,497	614,270	324,673	1,605,854
Assessments Levied for a Subsequent Period	--	621,365	--	--	62,556	683,921
Total Liabilities and Deferred Inflows of Resources	608,072	882,402	510,497	614,270	397,752	3,012,993
FUND BALANCE						
Nonspendable	2,559,175	1,447	--	--	--	2,560,622
Restricted	--	911,518	406,749	241,131	675,975	2,235,373
Committed	500,000	--	--	--	--	500,000
Assigned	1,447,404	--	--	--	--	1,447,404
Unassigned	4,524,539	--	--	--	--	4,524,539
Total Fund Balance	9,031,118	912,965	406,749	241,131	675,975	11,267,938
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 9,639,190	\$ 1,795,367	\$ 917,246	\$ 855,401	\$ 1,073,727	\$ 14,280,931

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Tyrone
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
March 31, 2022

Total Fund Balance - Governmental Funds	\$	11,267,938
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statement. This amount represents capital assets of \$1,813,427 less accumulated depreciation of \$290,345.		1,523,082
Receivables not collected within 60 days of the Township's year-end are not available to pay current period expenditures and, therefore, are deferred in the funds.		1,605,854
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This represents bonds payable as of year-end.		(1,977,904)
In the statement of net position, interest is accrued on outstanding bonds, whereas in the governmental funds, the interest expenditure is reported when due.		(16,070)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This represents compensated absences as of year-end.		(9,097)
Total Net Position - Governmental Activities	\$	<u>12,393,803</u>

Township of Tyrone
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended March 31, 2022

	<u>Special Revenue</u>		<u>Debt Service</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Public Safety</u>	<u>Lake Shannon Road Improvement</u>	<u>Irish Hills Road Improvement</u>		
Revenues						
Property Taxes	\$ 486,806	\$ --	\$ --	\$ --	\$ --	\$ 486,806
Licenses and Permits	16,660	--	--	--	--	16,660
State Revenue	1,401,248	--	--	--	13,211	1,414,459
Charges for Services	226,297	84,117	--	--	--	310,414
Fines and Forfeitures	23,517	--	--	--	--	23,517
Special Assessments	--	618,275	132,917	101,165	109,243	961,600
Cable Franchise Fees	134,332	--	--	--	53,733	188,065
Other Miscellaneous Income	93,198	--	--	--	--	93,198
Interest	4,336	1,114	3,320	1,291	975	11,036
Total Revenues	<u>2,386,394</u>	<u>703,506</u>	<u>136,237</u>	<u>102,456</u>	<u>177,162</u>	<u>3,505,755</u>
Expenditures						
General Government	708,186	--	--	--	--	708,186
Public Safety	--	757,128	--	--	2,366	759,494
Public Works	173,082	--	--	--	69,239	242,321
Health and Welfare	4,400	--	--	--	--	4,400
Community and Economic Development	148,777	--	--	--	--	148,777
Culture	1,748	--	--	--	44,845	46,593
Capital Outlay	31,132	--	--	--	--	31,132
Debt Service - Interest	--	--	26,825	20,543	20,702	68,070
Debt Service - Principal	--	--	110,000	45,000	30,000	185,000
Total Expenditures	<u>1,067,325</u>	<u>757,128</u>	<u>136,825</u>	<u>65,543</u>	<u>167,152</u>	<u>2,193,973</u>
Excess of Revenues Over (Under) Expenditures	<u>1,319,069</u>	<u>(53,622)</u>	<u>(588)</u>	<u>36,913</u>	<u>10,010</u>	<u>1,311,782</u>
Net Change in Fund Balance	<u>1,319,069</u>	<u>(53,622)</u>	<u>(588)</u>	<u>36,913</u>	<u>10,010</u>	<u>1,311,782</u>
<i>Fund Balance at Beginning of Period</i>	7,712,049	966,587	407,337	204,218	665,965	9,956,156
Fund Balance at End of Period	<u>\$ 9,031,118</u>	<u>\$ 912,965</u>	<u>\$ 406,749</u>	<u>\$ 241,131</u>	<u>\$ 675,975</u>	<u>\$ 11,267,938</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Tyrone
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended March 31, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	1,311,782
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents capital outlay expenditures of \$31,132 less depreciation expense of \$62,173.		(31,041)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds but, rather, are deferred to the following fiscal year. This represents the change in deferred inflows related to unavailable revenues during the year.		(277,177)
Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.		185,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds. This represents the change in accrued interest and bond premiums during the year.		3,363
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds. This represents the change in compensated absences during the year.		318
Changes in Net Position - Governmental Activities	\$	<u>1,192,245</u>

**Township of Tyrone
Statement of Net Position
Proprietary Funds
March 31, 2022**

	Business-type Activities - Enterprise Fund
	Sewer Fund
ASSETS	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 410,554
Cash and Cash Equivalents - Restricted	1,299,544
Investments	290,669
Receivables	267,699
Special Assessments Receivables, Current	489,740
Due from Other Funds	750
Total Current Assets	2,758,956
<i>Noncurrent Assets</i>	
Capital Assets not being Depreciated	17,595
Capital Assets being Depreciated	10,702,150
Cash Held by Agent	1,027
Investments - Restricted	2,019,300
Special Assessment Receivables	850,570
Total Assets	16,349,598
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Bond Refunding	160,319
Total Deferred Outflows of Resources	160,319
LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	83,100
Accrued Interest	56,449
Current Portion of Long-term Debt	921,400
Due to Other Funds	9,492
Total Current Liabilities	1,070,441
<i>Noncurrent Liabilities</i>	
Long-term Debt	3,419,381
Advances from Other Funds	2,550,000
Total Liabilities	7,039,822
NET POSITION	
Net Investment in Capital Assets	6,540,310
<i>Restricted for:</i>	
Debt Service	2,158,263
<i>Unrestricted</i>	771,522
Total Net Position	\$ 9,470,095

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Tyrone
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended March 31, 2022

	Business-type Activities - Enterprise Fund
	Sewer Fund
Operating Revenues	
Charges for Services	\$ 1,244,513
Other Miscellaneous Income	304,580
<i>Total Operating Revenues</i>	1,549,093
Operating Expenses	
Cost of Sewage Operations and Maintenance	863,533
Depreciation	520,432
<i>Total Operating Expenses</i>	1,383,965
<i>Operating Income (Loss)</i>	165,128
Non-Operating Revenues (Expenses)	
Interest	11,004
Special Assessments	70,322
Debt Service - Interest	(135,411)
Debt Service Charge	(850)
<i>Net Non-Operating Revenues (Expenses)</i>	(54,935)
<i>Income Before Contributions and Transfers</i>	110,193
Transfers In	--
Transfers Out	--
<i>Change In Net Position</i>	110,193
<i>Net Position at Beginning of Period</i>	9,359,902
<i>Net Position at End of Period</i>	\$ 9,470,095

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone
Statement of Cash Flows
Proprietary Fund
For the Year Ended March 31, 2022**

	Business-type Activities - Enterprise Fund
	Sewer Fund
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 1,492,661
Payments to Suppliers	(844,231)
<i>Net Cash Provided by Operating Activities</i>	648,430
 Cash Flows from Non-capital Financing Activities	
Increase in Due to Other Funds	(1,847)
<i>Net Cash Used by Non-capital Financing Activities</i>	(1,847)
 Cash Flows from Capital and Related Financing Activities	
Special Assessment Collections	576,237
Principal Payments and Bond Premium Amortization on Long-term Debt	(910,487)
Interest Payments and Debt Service Charges on Long-term Debt	(149,757)
<i>Net Cash Used by Capital and Related Financing Activities</i>	(484,007)
 Cash Flows from Investing Activities	
Interest Received on Investments	11,004
<i>Net Cash Provided by Investing Activities</i>	11,004
 Net increase in Cash and Investments	173,580
<i>Cash and Investments - Beginning of Year</i>	3,847,514
Cash and Investments - End of Year	\$ 4,021,094
 Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Income	\$ 165,128
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	520,432
Changes in Assets and Liabilities	
Receivables	(56,432)
Accounts Payable	19,302
<i>Net Cash Provided by Operating Activities</i>	\$ 648,430
 Cash and Investments	
Cash and Cash Equivalents	\$ 410,554
Cash and Cash Equivalents - Restricted	1,299,544
Investments	290,669
Cash Held by Agent	1,027
Investments - Restricted	2,019,300
<i>Total Cash and Investments</i>	\$ 4,021,094

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone
Statement of Fiduciary Net Position
Fiduciary Funds
March 31, 2022**

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 7,505
<i>Total Assets</i>	7,505
LIABILITIES	
Undistributed Collections	4,505
Due to General Fund	3,000
<i>Total Liabilities</i>	7,505
NET POSITION	
Restricted for Individuals, organizations, and other governments	\$ -

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Tyrone
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended March 31, 2022

	Custodial Funds
Additions	
Taxes Collected for Other Governments	\$ 7,086,819
<i>Total Additions</i>	<i>7,086,819</i>
Deductions	
Payments of Property Taxes to Other Governments	7,086,819
<i>Total Deductions</i>	<i>7,086,819</i>
<i>Change in Net Position</i>	<i>--</i>
Net Position at Beginning of Period	--
<i>Net Position at End of Period</i>	<i>\$ --</i>

The Notes to the Financial Statements are an integral part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

Township of Tyrone

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Township of Tyrone (the “Township” or “government”) have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the Township’s accounting policies are described below.

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity," these financial statements represent the Township for financial reporting purposes. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if component unit data were not included. Accordingly, there are no other governmental organizations required to be included in the financial statements of the Township.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary

Township of Tyrone

Notes to the Financial Statements

fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

The ***public safety fund*** is used to account for the Township's police and fire activities paid with extra voted special assessments.

The ***Lake Shannon road improvement – debt service*** is used to account for the Township's debt service expenditures related to the Shannon Lake Road Special Assessment.

The ***Irish Hills road improvement – debt service*** is used to account for the Township's debt service expenditures related to the Irish Hills Road Special Assessment.

The Township reports the following major proprietary fund:

The ***sewer fund*** accounts for the operations of the sewage pumping and collection system.

Township of Tyrone

Notes to the Financial Statements

Additionally, the government reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt service funds are used to account for all financial resources restricted, committed, or assigned to expenditure for principal and interest.

Custodial funds account for assets held by the Township as an agent for individuals, private organizations, and other governments.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies, and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

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

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

Township of Tyrone

Notes to the Financial Statements

Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value at the balance sheet date.

Restricted Assets

The Township's restricted cash and cash equivalents and restricted investments in its sewer fund report the resources accumulated from the issuance of special assessments within the sewer fund that are legally restricted to repay the underlying bond principal and interest amounts.

Receivables

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The Township reported no uncollectible amounts as of March 31, 2021.

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 defined by the Township as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Township of Tyrone

Notes to the Financial Statements

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

	<u>Years</u>
Buildings	39
Land improvements	15
Machinery, equipment, and software	3 - 7
Sewer distribution system	39

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 an “other financing source,” as well as bond premiums and discounts. The debt service funds are used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has a deferred outflow in the sewer fund and government-wide statements related to a bond refunding charge that is being amortized.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has two types of items that are reported under this category. First, the Township reports special assessment revenues, which are levied to finance the following period’s budget, as deferred and recognized as an inflow of resources in the period that it was intended to finance. The Township has a second type of deferred inflow, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenues*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: amounts receivable and special assessments; both of which are collected beyond 60 days after the date of the financial statements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Township of Tyrone

Notes to the Financial Statements

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

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. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. 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 Township Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Township Board, or its designee, is authorized to assign fund balance. The Township Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments,

Township of Tyrone

Notes to the Financial Statements

assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the Township's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Township Board.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Property Tax Revenue Recognition

The Township levies property taxes on December 1 of each year. These taxes become liens on the property at that date. Township taxes are collected without penalty from December 1 to February 28 each year. The taxes become delinquent on March 1 and penalties are assessed. The Township's 2021 tax is levied and collectible on December 1, 2021 and is recognized as revenue in the year ended March 31, 2022, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2021 taxable valuation of the Township totaled \$563,558,797, on which taxes levied consisted of .8625 mills for operating purposes. This resulted in \$486,741 of revenue recognized in the general fund.

Special Assessments

The Township special assesses a flat fee per parcel for public works (road maintenance and construction), public safety (police and fire), lighting, rubbish removal, and snow removal. The assessment was levied and collectible on December 1, 2021 and is recognized as revenue in the year ended March 31, 2022, when the proceeds of the assessment are budgeted to pay for the operation of the special assessment districts, except for service-type special assessments which recognize revenue in the period the related services are provided.

Subsequent Events

The Township may be affected by the recent and ongoing outbreak of the Coronavirus (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. COVID-19 has caused significant government and business disruptions through mandated and voluntary closings and stay at home orders. The Board is currently working to determine the significance

Township of Tyrone

Notes to the Financial Statements

that the COVID-19 Pandemic will have on the Township's upcoming revenues and expenditures, including an estimated \$1,105,509 of American Rescue Plan Act funds which are available to the Township for expenditure for various public safety reimbursements and infrastructure projects through 2024.

Management is not aware of any other subsequent events that would have a significant impact on the financial condition of the Township.

Note 2 - Statutory Compliance

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and all special revenue funds. All annual appropriations lapse at fiscal year-end, except for approved contracts which are appropriated on a contract (grant) length basis.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations). The Supervisor is authorized to transfer budgeted amounts within departmental appropriation accounts. However, any revisions that alter the total expenditures of any department must be approved by the Township Board. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

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

1. Prior to February 1, the Supervisor submits to the Township board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the general fund and special revenue funds.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted on a departmental (activity) basis through passage of a resolution in accordance with Public Act 621 of the State of Michigan.

The Township had no expenditures in excess of the amounts appropriated during the year ended March 31, 2022.

Township of Tyrone

Notes to the Financial Statements

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 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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which 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 several banks for the deposit of its funds. The investment policy adopted by the board is in accordance with Public Act 196 of 1997. The Township's deposits and investment policies are in accordance with statutory authority.

Following is a reconciliation of deposit and investments balances as of March 31, 2022:

Statement of Net Position

Current Assets

Cash and Cash Equivalents	\$ 9,606,320
Cash and Cash Equivalents - Restricted	1,299,544
Investments	612,973

Noncurrent Assets

Investments - Restricted	2,019,300
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Statement of Fiduciary Net Position

Cash and Cash Equivalents	7,505
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<i>Total Deposits and Investments</i>	<u>\$ 13,545,642</u>
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Deposits and Investments

Cash and Cash Equivalents	\$ 10,912,769
Certificates of Deposit	2,632,273
Cash on Hand	600

<i>Total</i>	<u>\$ 13,545,642</u>
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The Township's cash and investments are subject to several types of risk, which are examined in more detail below.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. At year end, the carrying amount of the Township's deposits was \$13,545,642. As of year-end, \$6,808,123 of the combined deposit (bank)

Township of Tyrone

Notes to the Financial Statements

balances of \$13,550,646 was exposed to custodial credit risk because it was 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 bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year-end, the Township had no investments subject to credit quality ratings of debt securities.

Interest Rate Risk - Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

All of the Township's certificates of deposit (\$2,632,273) mature within one year.

Note 4 - Receivables

Receivables as of year-end for the Township's individual major funds and the nonmajor funds, net of the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Public Safety Fund	Lake Shannon Road Improvement	Irish Hills Road Improvement	Nonmajor Funds	Total Governmental Funds	Sewer Fund
Receivables:							
Accounts	\$ 30,871	\$ 156,414	\$ -	\$ -	\$ 27,034	\$ 214,319	\$ 239,813
Due from County	21,829	28,208	2,334	-	6,737	59,108	27,886
Due from State	466,432	-	-	-	-	466,432	-
Total Receivables	<u>\$ 519,132</u>	<u>\$ 184,622</u>	<u>\$ 2,334</u>	<u>\$ -</u>	<u>\$ 33,771</u>	<u>\$ 739,859</u>	<u>\$ 267,699</u>

Township of Tyrone

Notes to the Financial Statements

Note 5 - Capital Assets

Capital asset activity for governmental activities during the year was as follows:

Governmental Activities	Beginning Balance	Additions	Disposals	Reclassifications	Ending Balance
Capital assets not being depreciated					
Construction in progress	\$ 77,342	\$ 31,132	\$ -	\$ (108,474)	\$ -
Capital assets being depreciated					
Land improvements	255,103	-	-	-	255,103
Building and improvements	1,303,728	-	-	108,474	1,412,202
Equipment	101,702	-	-	-	101,702
Information technology	44,420	-	-	-	44,420
<i>Subtotal</i>	<u>1,704,953</u>	<u>-</u>	<u>-</u>	<u>108,474</u>	<u>1,813,427</u>
Less accumulated depreciation					
Land improvements	36,780	16,731	-	-	53,511
Building and improvements	66,761	40,661	-	-	107,422
Equipment	80,211	4,781	-	-	84,992
Information technology	44,420	-	-	-	44,420
<i>Subtotal</i>	<u>228,172</u>	<u>62,173</u>	<u>-</u>	<u>-</u>	<u>290,345</u>
Capital assets being depreciated, net	<u>1,476,781</u>	<u>(62,173)</u>	<u>-</u>	<u>108,474</u>	<u>1,523,082</u>
Capital assets, net	<u>\$ 1,554,123</u>	<u>\$ (31,041)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,523,082</u>

All depreciation expense for governmental activities was charged to the general government function.

Capital asset activity for business-type activities during the year was as follows:

Business-type Activities	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated				
Land	\$ 17,595	\$ -	\$ -	\$ 17,595
Capital assets being depreciated				
Sewer system	20,319,380	-	-	20,319,380
Machinery and equipment	360,810	-	-	360,810
<i>Subtotal</i>	<u>20,680,190</u>	<u>-</u>	<u>-</u>	<u>20,680,190</u>
Less accumulated depreciation				
Sewer system	9,096,798	520,432	-	9,617,230
Machinery and equipment	360,810	-	-	360,810
<i>Subtotal</i>	<u>9,457,608</u>	<u>520,432</u>	<u>-</u>	<u>9,978,040</u>
Capital assets being depreciated, net	<u>11,222,582</u>	<u>(520,432)</u>	<u>-</u>	<u>10,702,150</u>
Capital assets, net	<u>\$ 11,240,177</u>	<u>\$ (520,432)</u>	<u>\$ -</u>	<u>\$ 10,719,745</u>

Township of Tyrone

Notes to the Financial Statements

Note 6 - Interfund Activity

Interfund Balances

The interfund balances as of March 31, 2022 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer	\$ 9,492
Sewer	General	240
Sewer	Public Safety	510

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

Advances between the general fund and sewer fund (\$2,550,000) are expected to be repaid in the next 20 years based on a tentative repayment schedule as the sewer fund looks for ways to increase funds while making its bond payments. Payments to the general fund are not expected to start in the coming year.

Note 7 - Long-term Obligations

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the Township) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Township of Tyrone

Notes to the Financial Statements

Following is a summary of long-term obligations activity of the Township for the year ended March 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Shannon Lake Road Special Assessment Bond	\$ 865,000	\$ -	\$ (110,000)	\$ 755,000	\$ 110,000
Bond Premiums	14,747	-	(1,843)	12,904	-
Parkin Lane Road Special Assessment Bond	330,000	-	(25,000)	305,000	25,000
Laurel Springs Road Special Assessment Bond	180,000	-	(5,000)	175,000	10,000
Irish Hills Road Special Assessment Bond	775,000	-	(45,000)	730,000	45,000
Compensated Absences	9,415	-	(318)	9,097	9,097
Total Governmental Activities	2,174,162	-	(187,161)	1,987,001	199,097
Business-type Activities					
Livingston County Sanitary Sewer Improvement Bonds Series 2007	1,480,000	-	(490,000)	990,000	500,000
Livingston County Sanitary Sewer Improvement Refunding Bonds Series 2013	2,945,000	-	(385,000)	2,560,000	380,000
Bond Premiums	181,714	-	(26,821)	154,893	-
Livingston County Clean Water Sewer Improvement Bond, Series 2015	677,288	-	(41,400)	635,888	41,400
Total Business-type Activities	5,284,002	-	(943,221)	4,340,781	921,400
Total Long-term Obligations	\$ 7,458,164	\$ -	\$ (1,130,382)	\$ 6,327,782	\$ 1,120,497

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

Year Ended March 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 190,000	\$ 61,167	\$ 251,167	\$ 921,400	\$ 116,598	\$ 1,037,998
2024	195,000	54,826	249,826	908,470	84,437	992,907
2025	190,000	48,441	238,441	413,470	62,376	475,846
2026	190,000	42,079	232,079	415,540	50,188	465,728
2027	190,000	35,633	225,633	405,540	38,100	443,640
2028-2032	615,000	94,845	709,845	955,470	60,871	1,016,341
2033-2037	250,000	37,530	287,530	165,998	8,362	174,360
2038-2040	145,000	5,889	150,889	-	-	-
Totals	\$ 1,965,000	\$ 380,410	\$ 2,345,410	\$ 4,185,888	\$ 420,932	\$ 4,606,820

Lake Shannon Road Improvement Special Assessment Bonds – Series 2018 - Tyrone Township issued \$1,045,000 in Special Assessment Bonds. The Lake Shannon Road Improvement Special Assessment Bonds were issued pursuant to Act 188, Michigan Public Acts of 1954, as amended. They are primarily payable from collections of special assessments levied against the benefited properties in the district. The Township's limited tax full faith and credit are pledged for the payment of the bonds if the special assessments are not adequate. The interest rate is 4.23% with a maturity date of July 1, 2028.

Parkin Lane Road Improvement Special Assessment Bonds – Series 2010 - Tyrone Township issued \$500,000 in Special Assessment Bonds. The Parkin Lane Road Improvement Special Assessment Bonds were issued pursuant to Act 188, Michigan Public Acts of 1954, as amended. They are primarily payable from collections of special assessments levied against the benefited properties in the district. The Township's limited tax full faith and credit are pledged for the payment of the bonds if the special assessments are not adequate. The interest rate ranges from 3.00% to 4.95% with a maturity date of July 1, 2030.

Township of Tyrone

Notes to the Financial Statements

Laurel Springs Road Improvement Special Assessment Bonds – Series 2019 - Tyrone Township issued \$180,000 in Special Assessment Bonds. The Laurel Springs Road Improvement Special Assessment Bonds were issued pursuant to Act 188, Michigan Public Acts of 1954, as amended. They are primarily payable from collections of special assessments levied against the benefited properties in the district. The Township's limited tax full faith and credit are pledged for the payment of the bonds if the special assessments are not adequate. The interest rate is 3.00% with a maturity date of July 1, 2039.

Irish Hills Road Improvement Special Assessment Bonds – Series 2019 - Tyrone Township issued \$785,000 in Special Assessment Bonds. The Irish Hills Road Improvement Special Assessment Bonds were issued pursuant to Act 188, Michigan Public Acts of 1954, as amended. They are primarily payable from collections of special assessments levied against the benefited properties in the district. The Township's limited tax full faith and credit are pledged for the payment of the bonds if the special assessments are not adequate. The interest rate is 2.73% with a maturity date of July 1, 2039.

Tyrone Township Sewer Bonds - Series 2007 - Tyrone Township, through Livingston County, issued \$4,155,000 in Sanitary Sewer Improvement Refunding Bonds. The Livingston County Sanitary Sewer Improvement Refunding Bonds Series 2007 (Tyrone Township Sewer Bonds) were issued pursuant to Act 185 and 342, Michigan Public Acts of 1954, as amended. The bonds were issued to refund a portion of the Tyrone Township Sewer Bonds - Series 2003. The bond proceeds were placed 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 financial statements. The interest rate is 4.00% with a maturity date of November 1, 2023.

Tyrone Township Sewer Bonds - Series 2013 - Tyrone Township, through Livingston County, issued \$4,945,000 in Sanitary Sewer Improvement Refunding Bonds. The Livingston County Sanitary Sewer Improvement Refunding Bonds Series 2013 (Tyrone Township Sewer Bonds) were issued pursuant to Act 185 and 342, Michigan Public Acts of 1954, as amended. The bonds were issued to refund a portion of the Tyrone Township Sewer Bonds - Series 2005. The bond proceeds were placed 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 financial statements. The maturity date is May 1, 2028.

During May 2013, the Township refinanced its Sanitary Sewer Improvement Bonds Series 2005 in the amount of \$4,945,000. The debt has a maturity of 15 years and bears an interest rate of 2 percent through May 2017, 4 percent for 2018, and 3 percent for 2019 through 2028. The proceeds of \$5,313,150 (after payment of \$16,071 in underwriter's discount and a bond premium of \$384,221) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed. The advance refunding reduced total debt service payments over the next 25 years by \$478,483, which represents an economic gain of \$421,211.

Township of Tyrone

Notes to the Financial Statements

Township of Tyrone Sewer Bonds - Series 2015 - Lake Tyrone Improvements - Tyrone Township, through Livingston County, issued \$2,240,000 in Sanitary Sewer Improvement Refunding Bonds. The Livingston County Sewage Disposal System Bonds Series 2015 (Tyrone Township Sewer Bonds) were issued pursuant to part 53 of the Clean Water Assistance, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended. The bonds were issued to pay for improvements to the Lake Tyrone sanitary sewer system. The bonds will be split between the Township of Tyrone (41.4%) and the Township of Hartland (58.6%), which was determined based on the total taxable values of the properties in both townships. Tyrone Township will also provide sufficient capacity from its current 2003 sewer system for treating the output of 77 Lake Tyrone residential connections. Payments will be made to the 2003 Sewer Debt Fund for those 77 connections. The interest rate is 2.50% with a maturity date of April 1, 2035. The bond is primarily payable from collections of special assessments levied against the benefited properties in the district and revenue expected to be generated by future sewer connection fees. The bonds are dated September 17, 2015 with interest and principal payable April 1 and interest payable October 1. The Township's limited tax full faith and credit are pledged for the payment of the bonds if the special assessments are not adequate.

Note 8 - Risk Management and Contingent Liabilities

The Township is exposed to various risks of loss related to property loss, torts, errors and omission, and employee injuries. The Township has purchased commercial insurance for these claims. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Livingston County (the "County") purchases delinquent tax rolls from the County's local units. In the event that those taxes become uncollectible, the County charges those amounts back to the local units. Therefore, the Township is exposed to potential refunds to Livingston County for the amount of uncollectible taxes and special assessment that were purchased by the County. The County has purchased a significant amount of delinquent special assessments levied by the Sewer Fund over the past few years. As of March 31, 2022, the Township estimates there is no significant liability related to Livingston County chargebacks.

Note 9 - Commitments

The Township has committed to a multi-year fire suppression, rescue, and emergency medical services agreement with the Charter Township of Fenton, the City of Fenton, and Hartland Township. An agreement was signed covering the period from April 1, 2019 through March 31, 2024. This agreement commits the Township to pay a base rate for each fire run of:

Year Ending March 31,	Base Rate per Run
2023	\$ 1,461
2024	1,476

The Township paid \$603,899 during the fiscal year ended March 31, 2022 under the agreement.

Township of Tyrone

Notes to the Financial Statements

Note 10 - Net Investment in Capital Assets

Below is the determination of the net investment of capital assets as of March 31, 2022:

	Governmental Activities	Business-type Activities
Nondepreciable capital assets	\$ -	\$ 17,595
Depreciable capital assets, net	1,523,082	10,702,150
Current portion of long-term debt	-	(921,400)
Long-term debt	-	(3,419,381)
Deferred charge on bond refunding	-	160,319
Cash held by agent - restricted	-	1,027
Net investment in capital assets	\$ 1,523,082	\$ 6,540,310

REQUIRED SUPPLEMENTARY INFORMATION

Township of Tyrone
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Consolidated General Fund
For the Year Ended March 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Property Taxes	\$ 419,448	\$ 419,448	\$ 486,806	\$ 67,358
Licenses and Permits	17,391	17,391	16,660	(731)
State Revenue	816,500	816,500	1,401,248	584,748
Charges for Services	173,347	173,347	226,297	52,950
Fines and Forfeitures	10,211	10,211	23,517	13,306
Cable Franchise Fees	121,781	121,781	134,332	12,551
Other Miscellaneous Income	--	--	93,198	93,198
Interest	2,000	2,000	4,336	2,336
Total Revenues	<u>1,560,678</u>	<u>1,560,678</u>	<u>2,386,394</u>	<u>825,716</u>
Other Financing Sources				
Transfers In	285,000	285,000	--	(285,000)
Total Revenues and Other Financing Sources	<u>1,845,678</u>	<u>1,845,678</u>	<u>2,386,394</u>	<u>540,716</u>
Expenditures				
General Government				
Township Board	130,507	130,507	108,213	22,294
Supervisor	50,267	50,267	47,482	2,785
Clerk	129,493	129,493	98,579	30,914
Elections	9,860	9,860	9,079	781
Treasurer	151,089	151,089	133,599	17,490
Assessing	111,375	117,055	112,139	4,916
Board of Review	2,200	2,200	1,615	585
Building and Grounds	52,339	52,339	42,837	9,502
Other General Government	166,600	166,600	154,643	11,957
Total General Government	<u>803,730</u>	<u>809,410</u>	<u>708,186</u>	<u>101,224</u>
Public Works				
General Public Works	12,000	12,000	--	12,000
Road Improvements	285,000	285,000	163,353	121,647
Street Lighting	2,546	2,546	1,969	577
Cemeteries	6,000	8,000	7,760	240
Total Public Works	<u>305,546</u>	<u>307,546</u>	<u>173,082</u>	<u>134,464</u>
Health and Welfare - Seniors	5,000	5,000	4,400	600
Community and Economic Development				
Planning	106,134	106,134	83,536	22,598
Zoning	44,890	48,034	43,542	4,492
Ordinance Enforcement/Building Inspections	27,048	27,048	21,699	5,349
Total Community and Economic Development	<u>178,072</u>	<u>181,216</u>	<u>148,777</u>	<u>32,439</u>
Culture - Public Education Grant	2,500	2,500	1,748	752
Capital Outlay	79,000	79,000	31,132	47,868
Total Expenditures	<u>1,373,848</u>	<u>1,384,672</u>	<u>1,067,325</u>	<u>317,347</u>
Other Financing Uses				
Transfers Out	285,000	285,000	--	285,000
Total Expenditures and Other Financing Uses	<u>1,658,848</u>	<u>1,669,672</u>	<u>1,067,325</u>	<u>602,347</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>186,830</u>	<u>176,006</u>	<u>1,319,069</u>	<u>1,143,063</u>
Net Change in Fund Balance	186,830	176,006	1,319,069	1,143,063
<i>Fund Balance at Beginning of Period</i>	7,712,049	7,712,049	7,712,049	--
Fund Balance at End of Period	<u>\$ 7,898,879</u>	<u>\$ 7,888,055</u>	<u>\$ 9,031,118</u>	<u>\$ 1,143,063</u>

Township of Tyrone
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Public Safety
For the Year Ended March 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				<u>Final to Actual</u>
Revenues				
Charges for Services	\$ 48,000	\$ 48,000	\$ 84,117	\$ 36,117
Special Assessments	616,670	616,670	618,275	1,605
Interest	4,000	4,000	1,114	(2,886)
Total Revenues	<u>668,670</u>	<u>668,670</u>	<u>703,506</u>	<u>34,836</u>
Expenditures				
Public Safety	595,565	805,959	757,128	48,831
Total Expenditures	<u>595,565</u>	<u>805,959</u>	<u>757,128</u>	<u>48,831</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>73,105</u>	<u>(137,289)</u>	<u>(53,622)</u>	<u>83,667</u>
Net Change in Fund Balance	<u>73,105</u>	<u>(137,289)</u>	<u>(53,622)</u>	<u>83,667</u>
<i>Fund Balance at Beginning of Period</i>	966,587	966,587	966,587	--
Fund Balance at End of Period	<u>\$ 1,039,692</u>	<u>\$ 829,298</u>	<u>\$ 912,965</u>	<u>\$ 83,667</u>

OTHER SUPPLEMENTARY INFORMATION

**Township of Tyrone
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2022**

	Special Revenue						
	Liquor Law Enforcement	Jayne Hill Street Lighting	Walnut Shores Street Lighting	Jayne Hill Waste Removal	Parkin Lane Snow Removal	Great Oaks Drive	Right of Way
ASSETS							
Cash and Cash Equivalents	\$ --	\$ 1,720	\$ 798	\$ 21,035	\$ 15,829	\$ 10,554	\$ 25,879
Investments	--	--	--	--	--	--	--
Receivables	--	--	--	653	840	370	--
Special Assessment Receivables	--	--	--	--	--	--	--
<i>Total Assets</i>	<u>\$ --</u>	<u>\$ 1,720</u>	<u>\$ 798</u>	<u>\$ 21,688</u>	<u>\$ 16,669</u>	<u>\$ 10,924</u>	<u>\$ 25,879</u>
LIABILITIES							
Accounts Payable	\$ --	\$ 93	\$ 12	\$ --	\$ 115	\$ --	\$ --
<i>Total Liabilities</i>	<u>--</u>	<u>93</u>	<u>12</u>	<u>--</u>	<u>115</u>	<u>--</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES							
Assessments Levied for a Subsequent Period	--	520	100	19,742	6,510	2,960	--
Unavailable Revenues	--	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>613</u>	<u>112</u>	<u>19,742</u>	<u>6,625</u>	<u>2,960</u>	<u>--</u>
FUND BALANCE							
Restricted	--	1,107	686	1,946	10,044	7,964	25,879
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>--</u>	<u>1,107</u>	<u>686</u>	<u>1,946</u>	<u>10,044</u>	<u>7,964</u>	<u>25,879</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ --</u>	<u>\$ 1,720</u>	<u>\$ 798</u>	<u>\$ 21,688</u>	<u>\$ 16,669</u>	<u>\$ 10,924</u>	<u>\$ 25,879</u>

**Township of Tyrone
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2022**

	Special Revenue					Debt Service		Total Nonmajor Governmental Funds
	Public Education Grant	Shannon Glen Rubbish Removal	Apple Orchard Rubbish Removal	Silver Lakes Estates Waste Removal	Laurel Springs Rubbish Removal	Laurel Springs Road Improvement	Parkin Lane Road Improvement	
ASSETS								
Cash and Cash Equivalents	\$ 184,552	\$ 6,276	\$ 7,243	\$ 16,176	\$ 8,155	\$ 60,320	\$ 34,442	\$ 392,979
Investments	194,450	--	--	--	--	--	127,854	322,304
Receivables	27,034	564	8	360	--	--	3,942	33,771
Special Assessment Receivables	--	--	--	--	--	141,993	182,680	324,673
<i>Total Assets</i>	<u>\$ 406,036</u>	<u>\$ 6,840</u>	<u>\$ 7,251</u>	<u>\$ 16,536</u>	<u>\$ 8,155</u>	<u>\$ 202,313</u>	<u>\$ 348,918</u>	<u>\$ 1,073,727</u>
LIABILITIES								
Accounts Payable	\$ 10,303	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 10,523
<i>Total Liabilities</i>	<u>10,303</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>10,523</u>
DEFERRED INFLOWS OF RESOURCES								
Assessments Levied for a Subsequent Period	--	5,264	6,560	15,300	5,600	--	--	62,556
Unavailable Revenues	--	--	--	--	--	141,993	182,680	324,673
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>10,303</u>	<u>5,264</u>	<u>6,560</u>	<u>15,300</u>	<u>5,600</u>	<u>141,993</u>	<u>182,680</u>	<u>397,752</u>
FUND BALANCE								
Restricted	395,733	1,576	691	1,236	2,555	60,320	166,238	675,975
Unassigned	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>395,733</u>	<u>1,576</u>	<u>691</u>	<u>1,236</u>	<u>2,555</u>	<u>60,320</u>	<u>166,238</u>	<u>675,975</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Bal</i>	<u>\$ 406,036</u>	<u>\$ 6,840</u>	<u>\$ 7,251</u>	<u>\$ 16,536</u>	<u>\$ 8,155</u>	<u>\$ 202,313</u>	<u>\$ 348,918</u>	<u>\$ 1,073,727</u>

Township of Tyrone
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended March 31, 2022

	Special Revenue						
	Liquor Law Enforcement	Jayne Hill Street Lighting	Walnut Shores Street Lighting	Jayne Hill Waste Removal	Parkin Lane Snow Removal	Great Oaks Drive	Right of Way
Revenues							
State Revenue	\$ 2,366	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 10,845
Special Assessments	--	520	100	18,029	6,510	2,960	--
Cable Franchise Fees	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total Revenues	2,366	520	100	18,029	6,510	2,960	10,845
Expenditures							
Public Safety	2,366	--	--	--	--	--	--
Public Works	--	955	98	21,325	6,312	2,332	6,000
Culture	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--
Total Expenditures	2,366	955	98	21,325	6,312	2,332	6,000
Excess of Revenues Over (Under) Expenditures	--	(435)	2	(3,296)	198	628	4,845
Net Change in Fund Balance	--	(435)	2	(3,296)	198	628	4,845
<i>Fund Balance at Beginning of Period</i>	--	1,542	684	5,242	9,846	7,336	21,034
Fund Balance at End of Period	\$ --	\$ 1,107	\$ 686	\$ 1,946	\$ 10,044	\$ 7,964	\$ 25,879

Township of Tyrone
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended March 31, 2022

	Special Revenue				Debt Service		Total Nonmajor Governmental Funds
	Public Education Grant	Shannon Glen Rubbish Removal	Apple Orchard Rubbish Removal	Silver Lakes Estates Waste Removal	Laurel Springs Rubbish Removal	Laurel Springs Road Improvement	
Revenues							
State Revenue	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 13,211
Special Assessments	--	5,369	6,601	14,025	5,600	20,621	28,908
Cable Franchise Fees	53,733	--	--	--	--	--	53,733
Interest	195	--	--	--	--	629	151
Total Revenues	53,928	5,369	6,601	14,025	5,600	21,250	29,059
Expenditures							
Public Safety	--	--	--	--	--	--	2,366
Public Works	--	5,302	6,395	14,920	5,600	--	69,239
Culture	44,845	--	--	--	--	--	44,845
Debt Service - Interest	--	--	--	--	--	5,325	15,377
Debt Service - Principal	--	--	--	--	--	5,000	25,000
Total Expenditures	44,845	5,302	6,395	14,920	5,600	10,325	40,377
Excess of Revenues Over (Under) Expenditures	9,083	67	206	(895)	--	10,925	(11,318)
Net Change in Fund Balance	9,083	67	206	(895)	--	10,925	(11,318)
<i>Fund Balance at Beginning of Period</i>	386,650	1,509	485	2,131	2,555	49,395	177,556
Fund Balance at End of Period	\$ 395,733	\$ 1,576	\$ 691	\$ 1,236	\$ 2,555	\$ 60,320	\$ 166,238

**Township of Tyrone
General Fund Combining Balance Sheet
All Funds Treated as General
March 31, 2022**

	General	Technology	Public Improvement Building and Site	Park and Recreation	Public Improvement Road	Township Improvement Revolving	Total General Funds
ASSETS							
Cash and Cash Equivalents	\$ 5,100,539	\$ 56,782	\$ 144,222	\$ 5,934	\$ 700,489	\$ 539,977	\$ 6,547,943
Receivables	519,132	--	--	--	--	--	519,132
Prepaid Items	9,175	--	--	--	--	--	9,175
Due from Agency	3,448	--	--	--	--	--	3,448
Due from Other Funds	9,492	--	--	--	--	--	9,492
Advances to Other Funds	2,550,000	--	--	--	--	--	2,550,000
<i>Total Assets</i>	\$ 8,191,786	\$ 56,782	\$ 144,222	\$ 5,934	\$ 700,489	\$ 539,977	\$ 9,639,190
LIABILITIES							
Accounts Payable	\$ 11,125	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 11,125
Accrued Liabilities and Other	12,250	--	--	--	--	--	12,250
Unearned Revenue	554,980	--	--	--	--	--	554,980
Refundable Deposits, Bonds	28,202	--	--	--	--	--	28,202
Due to Other Governmental Units	1,275	--	--	--	--	--	1,275
Due to Other Funds	240	--	--	--	--	--	240
<i>Total Liabilities</i>	608,072	--	--	--	--	--	608,072
FUND BALANCE							
Nonspendable	2,559,175	--	--	--	--	--	2,559,175
Committed	500,000	--	--	--	--	--	500,000
Assigned	--	56,782	144,222	5,934	700,489	539,977	1,447,404
Unassigned	4,524,539	--	--	--	--	--	4,524,539
<i>Total Fund Balance</i>	7,583,714	56,782	144,222	5,934	700,489	539,977	9,031,118
<i>Total Liabilities and Fund Balance</i>	\$ 8,191,786	\$ 56,782	\$ 144,222	\$ 5,934	\$ 700,489	\$ 539,977	\$ 9,639,190

Township of Tyrone
General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Funds Treated as General
For the Year Ended March 31, 2022

	General	Technology	Public Improvement Building and Site	Park and Recreation	Public Improvement Road	Township Improvement Revolving	Eliminations	Total General Funds
Revenues								
Property Taxes	\$ 486,806	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 486,806
Licenses and Permits	16,660	--	--	--	--	--	--	16,660
State Revenue	1,401,248	--	--	--	--	--	--	1,401,248
Charges for Services	226,297	--	--	--	--	--	--	226,297
Fines and Forfeitures	23,517	--	--	--	--	--	--	23,517
Cable Franchise Fees	134,332	--	--	--	--	--	--	134,332
Other Miscellaneous Income	7,746	--	--	--	--	85,452	--	93,198
Interest	4,080	--	--	--	148	108	--	4,336
Total Revenues	<u>2,300,686</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>148</u>	<u>85,560</u>	<u>--</u>	<u>2,386,394</u>
Expenditures								
General Government	703,383	--	4,803	--	--	--	--	708,186
Public Works	9,729	--	--	--	163,353	--	--	173,082
Health and Welfare	4,400	--	--	--	--	--	--	4,400
Community and Economic Development	148,777	--	--	--	--	--	--	148,777
Culture	1,748	--	--	--	--	--	--	1,748
Capital Outlay	--	--	31,132	--	--	--	--	31,132
Total Expenditures	<u>868,037</u>	<u>--</u>	<u>35,935</u>	<u>--</u>	<u>163,353</u>	<u>--</u>	<u>--</u>	<u>1,067,325</u>
Excess of Revenues Over (Under) Expenditures	<u>1,432,649</u>	<u>--</u>	<u>(35,935)</u>	<u>--</u>	<u>(163,205)</u>	<u>85,560</u>	<u>--</u>	<u>1,319,069</u>
Other Financing Sources (Uses)								
Transfers In	--	--	--	--	285,000	--	(285,000)	--
Transfers Out	(285,000)	--	--	--	--	--	285,000	--
Net Other Financing Sources (Uses)	<u>(285,000)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>285,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	1,147,649	--	(35,935)	--	121,795	85,560	--	1,319,069
<i>Fund Balance at Beginning of Period</i>	6,436,065	56,782	180,157	5,934	578,694	454,417	--	7,712,049
Fund Balance at End of Period	\$ 7,583,714	\$ 56,782	\$ 144,222	\$ 5,934	\$ 700,489	\$ 539,977	\$ --	\$ 9,031,118

To the Township Board
Tyrone Township
Livingston County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Tyrone (the “Township”) for the year ended March 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during March 31, 2022. We noted no transactions entered into by Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management’s estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

We evaluated key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were identified during the audit.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 29, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

We were engaged to report on combining and individual fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary

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

Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the typed name of the company.

Gabridge & Company, PLC
Grand Rapids, MI
July 29, 2022