

**ERIE TOWNSHIP**  
Monroe County, Michigan

ANNUAL FINANCIAL REPORT  
June 30, 2023

**ERIE TOWNSHIP**

*Table of Contents*  
*June 30, 2023*

---

**Independent Auditor's Report** ..... 1-3

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*** ..... 4-5

**Management's Discussion and Analysis**..... 6-12

**Basic Financial Statements:**

    Government-Wide Financial Statements:

        Statement of Net Position ..... 13

        Statement of Activities ..... 14-15

    Fund Financial Statements:

        Governmental Funds:

            Balance Sheet ..... 16

            Reconciliation of the Balance Sheet of Governmental Funds to the  
            Statement of Net Position ..... 17

            Statement of Revenues, Expenditures and Changes in Fund Balances ..... 18

            Reconciliation of the Statement of Revenues, Expenditures and Changes  
            in Fund Balances of Governmental Funds to the Statement of Activities ..... 19

        Proprietary Fund:

            Statement of Net Position ..... 20

            Statement of Revenues, Expenses, and Changes in Fund Net Position ..... 21

            Statement of Cash Flows ..... 22-23

        Fiduciary Fund

            Statement of Fiduciary Net Position – Custodial Fund ..... 24

            Statement of Changes in Fiduciary Net Position – Custodial Fund ..... 25

    Notes to Financial Statements ..... 26-41

**Required Supplemental Information:**

    General Fund:

        Statement of Revenues, Expenditures, and Changes in Fund Balances  
        - Budget and Actual ..... 42-43

    Fire Protection Fund:

        Statement of Revenues, Expenditures, and Changes in Fund Balances  
        - Budget and Actual ..... 44

    Law Enforcement Fund:

        Statement of Revenues, Expenditures, and Changes in Fund Balances  
        - Budget and Actual ..... 45

**ERIE TOWNSHIP**

*Table of Contents (Concluded)*  
*June 30, 2023*

---

**Required Supplemental Information (Concluded):**

Public and Private Improvement Fund:  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
- Budget and Actual.....46

Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios .....47

Schedule of Employer’s Contributions.....48

Notes to Required Supplemental Information .....49

**Other Supplemental Information:**

Water and Sewer Fund:  
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position .....50

**Federal Financial Assistance Programs:**

Schedule of Expenditures of Federal Awards ..... 51-52

Notes to Schedule of Expenditures of Federal Awards.....53

Schedule of Findings and Questioned Costs .....54

**ERIE TOWNSHIP**

*Township Officials and Board  
June 30, 2023*

---

**TOWNSHIP OFFICIALS**

Supervisor . . . . . Michael Grodi  
Clerk . . . . . Kimberly Cousino  
Treasurer . . . . . Cindy Wisbon

**TOWNSHIP BOARD**

Michael Grodi  
Kimberly Cousino  
Cindy Wisbon  
Steve Mishka  
Paul Perry



**CALKINS HEHL RAFKO**  
— CERTIFIED PUBLIC ACCOUNTANTS —

Independent Auditor's Report

Township Board  
Erie Township  
Monroe County, Michigan

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

***Opinion***

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 Erie Township, Michigan as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the 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 Erie Township, Michigan as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, representations, 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 and *Government 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 the internal controls 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 Erie Township, Michigan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Erie Township, Michigan's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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 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.

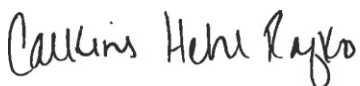
***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Erie Township, Michigan's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 other supplemental information, as identified in the table of contents, and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of Erie Township, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Erie Township, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Erie Township, Michigan's internal control over financial reporting and compliance



Monroe, Michigan  
December 11, 2023



**CALKINS HEHL RAFKO**  
— CERTIFIED PUBLIC ACCOUNTANTS —

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Township Board  
Erie, MI 48133

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Erie Township, Michigan, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Erie Township, Michigan's basic financial statements, and have issued our report thereon dated December 11, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Erie Township, Michigan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Erie Township, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of Erie Township, Michigan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

One South Monroe Street Monroe, MI 48161

(734) 241-7200 (734) 241-2637 [www.chrp llc.com](http://www.chrp llc.com)



Township Board  
Erie, Michigan

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Erie Township, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Erie Township, Michigan's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Erie Township, Michigan's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Erie Township, Michigan's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Calkins Hehl Rafko*

Monroe, Michigan  
December 11, 2023

# ERIE TOWNSHIP

## *Management's Discussion and Analysis Year Ended June 30, 2023*

---

This section of Erie Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, and Proprietary Funds.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Erie Township financially as a whole. The ***Government-Wide Financial Statements***, which include the Statement of Net Position and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the Township's operations in more detail than the ***Government-Wide Financial Statements*** by providing information about the Township's most significant funds - the General Fund, the Fire Protection Fund, the Law Enforcement Fund, the Public and Private Improvement Fund, and the Water and Sewer Fund. The following summary illustrates how the various parts of this annual report are arranged:

*Management's Discussion and Analysis (MD&A)  
(Required Supplemental Information)*

#### Basic Financial Statements

*Government-Wide Financial Statements      Fund Financial Statements*

*Notes to the Basic Financial Statements*

*Budgetary Information for Major Funds  
Pension Schedules  
(Required Supplemental Information)*

*Other Supplemental Information*

*Federal Financial Assistance Programs*

## ERIE TOWNSHIP

### *Management's Discussion and Analysis Year Ended June 30, 2023*

---

---

#### **Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities, which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two government-wide statements report the Township's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The government-wide financial statements of the Township are divided into two categories:

**Governmental activities** – The governmental activities for the Township, which encompass Township services, include general government services, public safety, public works, community and economic development, and recreation and cultural services. Property taxes, landfill permits, and state-shared revenue provide most of the funding.

**Business-type activities** – The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer systems are treated as business-type activities.

#### **Fund Financial Statements**

The Township's Fund Financial Statements provide detailed information about the most significant or "major" funds - not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's three types of funds, governmental, proprietary, and fiduciary use different accounting approaches as described below:

**Governmental funds** - Many of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation format in the financial section.

**ERIE TOWNSHIP**

*Management's Discussion and Analysis  
Year Ended June 30, 2023*

**Fund Financial Statements (Concluded)**

**Proprietary fund** – A Proprietary Fund is used to account for business-type activities of the Township which consists of the Water and Sewer Fund. This fund accounts for the services provided by the Township where the Township charges customers for the services it provides. These funds use accrual accounting; the same method used by private sector business.

**Fiduciary fund** – This fund is used to account for the collection and disbursement of resources, namely property taxes and water tap fees, for the benefit of parties outside of the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances and activities are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**Government-Wide Financial Analysis**

Recall that the Statement of Net Position provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net position as of June 30, 2023 and 2022:

**Table 1:**

**Condensed Statement of Net Position  
June 30,**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$5,752,008	\$4,699,516	\$68,324	\$67,123	\$5,820,332	\$4,766,639
Capital assets, net	1,536,745	1,622,302	1,956,771	2,167,769	3,493,516	3,790,071
<b>Total Assets</b>	<b>7,288,753</b>	<b>6,321,818</b>	<b>2,025,095</b>	<b>2,234,892</b>	<b>9,313,848</b>	<b>8,556,710</b>
Deferred outflows of resources	37,938	36,371	0	0	37,938	36,371
Current and other liabilities	526,410	451,506	92	92	526,502	451,598
Long-term liabilities	100,109	50,142	0	0	100,109	50,142
<b>Total Liabilities</b>	<b>626,519</b>	<b>501,648</b>	<b>92</b>	<b>92</b>	<b>626,611</b>	<b>501,740</b>
Deferred inflows of resources	0	19,942	0	0	0	19,942
Net Position						
Net investment						
in capital assets	1,536,745	1,622,302	1,956,771	2,167,769	3,493,516	3,790,071
Restricted for:						
Fire protection	1,473,783	1,101,790	0	0	1,473,783	1,101,790
Law enforcement	36,603	47,313	0	0	36,603	47,313
Public and private improvement	1,680,182	1,629,693	0	0	1,680,182	1,629,693
Unrestricted	1,972,859	1,435,501	68,232	67,031	2,041,091	1,502,532
<b>Total Net Position</b>	<b>\$6,700,172</b>	<b>\$5,836,599</b>	<b>\$2,025,003</b>	<b>\$2,234,800</b>	<b>\$8,725,175</b>	<b>\$8,071,399</b>

**ERIE TOWNSHIP**

*Management's Discussion and Analysis  
Year Ended June 30, 2023*

**Government–Wide Financial Analysis - Continued**

As depicted in Table 1, the Township’s net position was \$8.7 million at June 30, 2023. Of this amount, a positive \$2,041,091 was unrestricted. This amount represents the *accumulated* results of all past years’ operations. The unrestricted net position balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities we could with our current resources. The operating results of the General Fund and the Water and Sewer Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year’s operations for the Township as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal years ended June 30, 2023 and 2022.

**Table 2:**

**Statement of Activities  
Years Ended June 30,**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues						
Charges for services	\$890,844	\$929,313	\$335	\$510	\$891,179	\$929,823
Operating grants and contributions	907	80,243	0	0	907	80,243
	891,751	1,009,556	335	510	892,086	1,010,066
General revenues						
Property taxes	927,572	853,414	0	0	927,572	853,414
State grants	488,239	500,864	0	0	488,239	500,864
Special assessments	21,396	74,768	0	7,000	21,396	81,768
Interest and penalties	90,108	5,628	846	999	90,954	6,627
Other general revenues	24,233	36,424	20	25	24,253	36,449
	1,551,548	1,471,098	866	8,024	1,552,414	1,479,122
Total Revenues	2,443,299	2,480,654	1,201	8,534	2,444,500	2,489,188
<b>Functions/Program Expenses</b>						
Legislative	15,304	17,976	0	0	15,304	17,976
General government	443,675	429,707	0	0	443,675	429,707
Public safety	733,097	616,644	0	0	733,097	616,644
Public works	319,378	319,597	0	0	319,378	319,597
Community and economic development	13,648	31,089	0	0	13,648	31,089
Recreation and cultural	54,624	84,623	0	0	54,624	84,623
Water and sewer	0	0	210,998	210,997	210,998	210,997
Total Expenses	1,579,726	1,499,636	210,998	210,997	1,790,724	1,710,633
<b>Increase (Decrease) in Net Position</b>	<b>\$863,573</b>	<b>\$981,018</b>	<b>(\$209,797)</b>	<b>(\$202,463)</b>	<b>\$653,776</b>	<b>\$778,555</b>

**ERIE TOWNSHIP**

*Management’s Discussion and Analysis  
Year Ended June 30, 2023*

---

---

**Government-Wide Financial Analysis – Concluded**

As indicated in Table 2, the cost of *all governmental* activities this year was \$1,579,726. Of this amount, \$891,751 was subsidized with revenue generated from charges for services and operating grants and contributions, with the remaining costs financed with general revenues, which consisted mainly of property taxes, landfill permits, and state shared revenues. The Township’s governmental activities experienced an increase in net position of \$863,573. The increase in net position differs from the change in fund balance. A reconciliation of the change in fund balances of the governmental funds to the change in net position appears on page 19.

As indicated in Table 2, the cost of all business-type activities this year was \$210,998. The water and sewer systems are financed by charges to the Township’s customers.

**Fund Financial Analysis**

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Erie Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township’s overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$5,225,598, which is an increase of \$1,023,014 from last year. The changes by the major fund are as follows:

	<b>General Fund</b>	<b>Fire Protection Fund</b>	<b>Law Enforcement Fund</b>	<b>Public &amp; Private Improvement Fund</b>	<b>Total</b>
<b>Fund balances- beginning of year</b>	\$1,471,507	\$1,101,790	\$45,020	\$1,584,267	\$4,202,584
Increase (decrease)	552,990	371,993	2,116	95,915	\$1,023,014
<b>Fund balances- End of year</b>	<u>\$2,024,497</u>	<u>\$1,473,783</u>	<u>\$47,136</u>	<u>\$1,680,182</u>	<u>\$5,225,598</u>

The Township’s General Fund balance increase is due to many factors. The General Fund revenues increased by 5.4%. Major increases in revenue were in licenses and permits of 5.7% and interest income of 4,065%. The General Fund expenditures increased by 13.2%. The major increases in expenditures were in public safety, which had an increase of 18.8% and public works, which had an 88.8% increase.

**ERIE TOWNSHIP**

*Management's Discussion and Analysis  
Year Ended June 30, 2023*

**Fund Financial Analysis – Concluded**

	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>Percent Change</b>
<b>Revenues</b>			
Property taxes and special assessments	\$207,006	\$195,847	5.7%
Licenses and permits	846,619	800,745	5.7%
State grants	477,959	490,458	(2.5)%
Charges for services	16,457	9,473	73.7%
Interest and rents	29,240	702	4065.2%
Other	15,871	13,803	15.0%
<b>Total Revenues</b>	<b>\$1,593,152</b>	<b>\$1,511,028</b>	5.4%
	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>Percent Change</b>
<b>Expenditures</b>			
Legislative	\$15,304	\$17,976	(14.9)%
General government	413,462	393,494	5.1%
Public safety	91,369	76,917	18.8%
Public works	298,143	157,897	88.8%
Community and economic development	13,618	6,089	123.6%
Recreation and culture	66,266	75,556	(12.3)%
Transfers out	142,000	191,276	(25.8)%
<b>Total Expenditures</b>	<b>\$1,040,162</b>	<b>\$919,205</b>	13.2%

**General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires the Township Board to adopt the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Township revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

The original budget for revenues of \$1,434,709 was increased to \$1,674,954 during the fiscal year. Property taxes increased by \$28,749, administrative fees increased by \$9,096, licenses and permits increased by \$159,445, grants increased by \$6,264, charges for services increased by \$12,760, interest increased by \$25,757 and other revenue decreased by \$696. The original budget for expenditures of \$1,511,033 was amended to \$1,562,176. Building inspections increased by \$15,943, planning and zoning increased \$3,000, and transfers out increased \$32,000.

## **ERIE TOWNSHIP**

### *Management's Discussion and Analysis Year Ended June 30, 2023*

---

---

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

##### **Capital Assets**

As of June 30, 2023, the Township had \$12,740,733 invested in a broad range of capital assets, including land, buildings, improvements, roads, machinery and equipment, vehicles, sewer connections, and water lines. This amount represents an increase (including additions and disposals) of \$72,971 from last year. This year's additions included a new furnace of \$13,470, a tankless water heater of \$3,500, JAWS cutter spreader and ram of \$31,996, a pickleball court of \$20,900 and new culverts of \$24,280. Disposals included a police car of \$21,175. Depreciation for governmental activities totaled \$179,703 and depreciation for business-type activities totaled \$210,998. Detailed information regarding capital assets is included in Note 5 to the financial statements.

##### **Debt**

As of June 30, 2023, the Township had no outstanding debt. Compensated absences (sick and vacation) payable was \$51,638. Detailed information regarding the Township's debt is included in Note 9 to the financial statements.

#### **Development of the 2024 Fiscal Year Budget**

Erie Township officials considered many factors when setting the Township's 2024 budget. The Township used the 2023 budget as a template by reviewing the previous fiscal year's spending patterns. Thought is also given to important factors affecting the budget, such as landfill permits and state shared revenue, which accounts for 35% and 25% of the Township's budgeted revenues, respectively. Total budgeted revenues are \$1,815,584, which is higher than the prior year budget. The budget for expenditures is \$1,670,407. The budget will add approximately \$145,000 to the carryover fund balance.

#### **Contacting Erie Township**

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have questions about this report or need additional information, contact Erie Township, 2065 Erie Road, Erie, MI 48133.



## BASIC FINANCIAL STATEMENTS

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

**ERIE TOWNSHIP**

*Statement of Net Position  
Year Ended June 30, 2023*

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$4,017,126	\$47,199	\$4,064,325
Certificates of deposit	811,908	0	811,908
Receivables:			
Accounts and accrued interest	156,101	1,525	157,626
Special assessments	0	19,600	19,600
Prepaid expenses	691,353	0	691,353
Due from other governmental units	75,428	0	75,428
Internal balances	92	0	92
Non-current assets:			
Capital assets, net	1,536,745	1,956,771	3,493,516
Total Assets	<u>7,288,753</u>	<u>2,025,095</u>	<u>9,313,848</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pension	37,938	0	37,938
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	16,422	0	16,422
Accrued liabilities	21,312	0	21,312
Internal balances	0	92	92
Other liabilities	9,094	0	9,094
Unearned revenue	479,582	0	479,582
Non-current liabilities:			
Net pension liability	48,471	0	48,471
Compensated absences	51,638	0	51,638
Total Liabilities	<u>626,519</u>	<u>92</u>	<u>626,611</u>
<b>Net Position</b>			
Net investment in capital assets	1,536,745	1,956,771	3,493,516
Restricted for:			
Fire protection	1,473,783	0	1,473,783
Law enforcement	36,603	0	36,603
Public and private improvement	1,680,182	0	1,680,182
Unrestricted	1,972,859	68,232	2,041,091
Total Net Position	<u>\$6,700,172</u>	<u>\$2,025,003</u>	<u>\$8,725,175</u>

See accompanying notes to the basic financial statements.

**ERIE TOWNSHIP**

*Statement of Activities*  
*Year Ended June 30, 2023*

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
Legislative	\$15,304	\$0	\$0
General government	443,675	58,235	0
Public safety	733,097	133,979	907
Public works	319,378	693,283	0
Community and economic development	13,648	5,347	0
Recreation and cultural	54,624	0	0
Total Governmental Activities	1,579,726	890,844	907
Business-type activities:			
Water and Sewer	210,998	335	0
Total Primary Government	<u>\$1,790,724</u>	<u>\$891,179</u>	<u>\$907</u>

General Revenues:

Property taxes  
State grants  
Special assessments  
Interest and penalties  
Other revenue

Total General Revenues

**Change in Net Position**

Net Position - Beginning of year

Net Position - End of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and  
Changes in Net Position  
Primary Government

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
(\$15,304)	\$0	(\$15,304)
(385,440)	0	(385,440)
(598,211)	0	(598,211)
373,905	0	373,905
(8,301)	0	(8,301)
<u>(54,624)</u>	<u>0</u>	<u>(54,624)</u>
(687,975)	0	(687,975)
<u>0</u>	<u>(210,663)</u>	<u>(210,663)</u>
(687,975)	(210,663)	(898,638)
927,572	0	927,572
488,239	0	488,239
21,396	0	21,396
90,108	846	90,954
<u>24,233</u>	<u>20</u>	<u>24,253</u>
<u>1,551,548</u>	<u>866</u>	<u>1,552,414</u>
863,573	(209,797)	653,776
<u>5,836,599</u>	<u>2,234,800</u>	<u>8,071,399</u>
<u>\$6,700,172</u>	<u>\$2,025,003</u>	<u>\$8,725,175</u>

## FUND FINANCIAL STATEMENTS

**ERIE TOWNSHIP**

*Governmental Funds  
Balance Sheet  
June 30, 2023*

	Special Revenue Funds				Total Governmental Funds
	General	Fire Protection	Law Enforcement	Public and Private Improvement	
<b>Assets</b>					
Cash and cash equivalents	\$2,269,003	\$850,106	\$43,610	\$854,407	\$4,017,126
Certificates of deposit	0	0	0	811,908	811,908
Receivables:					
Accounts and accrued interest	73,643	0	0	94,359	168,002
Due from other funds	12,333	0	0	1,973	14,306
Due from other governmental units	75,428	0	0	0	75,428
Prepaid expenses	13,013	652,680	13,759	0	679,452
<b>Total Assets</b>	<b>\$2,443,420</b>	<b>\$1,502,786</b>	<b>\$57,369</b>	<b>\$1,762,647</b>	<b>\$5,766,222</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$14,391	\$1,670	\$354	\$7	\$16,422
Due to other funds	1,881	12,333	0	0	14,214
Accrued wages	11,433	0	9,879	0	21,312
Escrow deposits	9,094	0	0	0	9,094
Unearned revenue	382,124	15,000	0	82,458	479,582
<b>Total Liabilities</b>	<b>418,923</b>	<b>29,003</b>	<b>10,233</b>	<b>82,465</b>	<b>540,624</b>
<b>Fund Balances</b>					
Nonspendable:					
Prepaid expenses	13,013	652,680	13,759	0	679,452
Restricted for:					
Fire equipment	0	0	0	0	0
Fire operations and maintenance	0	821,103	0	0	821,103
Law enforcement	0	0	33,377	0	33,377
Public and private improvements	0	0	0	1,680,182	1,680,182
Assigned to:					
Shop with a Cop	450	0	0	0	450
Unassigned fund balance	2,011,034	0	0	0	2,011,034
<b>Total Fund Balances</b>	<b>2,024,497</b>	<b>1,473,783</b>	<b>47,136</b>	<b>1,680,182</b>	<b>5,225,598</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,443,420</b>	<b>\$1,502,786</b>	<b>\$57,369</b>	<b>\$1,762,647</b>	<b>\$5,766,222</b>

See accompanying notes to the basic financial statements.

**ERIE TOWNSHIP**

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Year Ended June 30, 2023*

---

<b>Total Fund Balances - Governmental Funds</b>			\$5,225,598
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds:			
Cost of the capital assets		\$6,338,030	
Accumulated depreciation		<u>(4,801,285)</u>	
			1,536,745
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are not recognized in the governmental funds			37,938
Long-term liabilities are not due and payable in the current period and are not reported in the funds:			
Net pension liability		(48,471)	
Compensated absences		<u>(51,638)</u>	
			<u>(100,109)</u>
<b>Total Net Position - Governmental Activities</b>			<u><u>\$6,700,172</u></u>

See accompanying notes to the basic financial statements.



**ERIE TOWNSHIP**

*Governmental Funds*

*Statement of Revenues, Expenditures, and Changes in Fund Balances*

*Year Ended June 30, 2023*

	Special Revenue Funds				Total Governmental Funds
	General	Fire Protection	Law Enforcement	Public and Private Improvement	
<b>Revenues</b>					
Property taxes	\$197,161	\$558,124	\$172,287	\$0	\$927,572
Special assessments	9,845	0	0	56,977	66,822
Licenses and permits	846,619	0	0	0	846,619
State grants	477,959	3,837	6,443	0	488,239
Federal grants	0	0	907	0	907
Charges for services	16,457	6,834	6,338	0	29,629
Fines and forfeits	0	0	14,596	0	14,596
Interest and penalties	29,240	21,602	0	39,266	90,108
Other revenue	15,871	2,804	2,243	3,315	24,233
<b>Total Revenues</b>	<b>1,593,152</b>	<b>593,201</b>	<b>202,814</b>	<b>99,558</b>	<b>2,488,725</b>
<b>Expenditures</b>					
Legislative	15,304	0	0	0	15,304
General government	413,462	0	0	0	413,462
Public safety	91,369	253,208	310,698	0	655,275
Public works	298,143	0	0	3,613	301,756
Community and economic development	13,618	0	0	30	13,648
Recreation and cultural	66,266	0	0	0	66,266
<b>Total Expenditures</b>	<b>898,162</b>	<b>253,208</b>	<b>310,698</b>	<b>3,643</b>	<b>1,465,711</b>
Excess (Deficiency) of Revenues over Expenditures	694,990	339,993	(107,884)	95,915	1,023,014
<b>Other Financing Sources (Uses)</b>					
Operating transfer in	0	32,000	110,000	0	142,000
Operating transfer out	(142,000)	0	0	0	(142,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(142,000)</b>	<b>32,000</b>	<b>110,000</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>552,990</b>	<b>371,993</b>	<b>2,116</b>	<b>95,915</b>	<b>1,023,014</b>
Fund Balances - Beginning of year	1,471,507	1,101,790	45,020	1,584,267	4,202,584
Fund Balances - End of year	\$2,024,497	\$1,473,783	\$47,136	\$1,680,182	\$5,225,598

See accompanying notes to the basic financial statements.

**ERIE TOWNSHIP**

*Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2023*

---

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$1,023,014</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	(\$179,703)
Capital outlay	<u>94,146</u>
	(85,557)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(45,426)
The statement of net position reports the net pension asset and deferred outflows of resources related to the net pension asset and pension expense. However, the amount recorded on the governmental fund equals actual pension contributions.	
Net change in pension liability	(34,335)
Net change in deferred outflows of resources related to the net pension liability.	1,567
Net change in deferred inflows of resources related to the net pension liability.	19,942
Increases in the liability for compensated absences are reported as an increase expenditure in the statement of activities, but not in the governmental funds	<u>(15,632)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$863,573</u></u></b>

See accompanying notes to the basic financial statements.

**ERIE TOWNSHIP**

*Proprietary Funds  
Statement of Net Position  
June 30, 2023*

---

---

	Business-type Activities Enterprise Fund Water and Sewer Fund
<b>Assets</b>	
Current Assets:	
Cash	\$47,199
Special assessment receivable	19,600
Accounts receivable	1,525
	<hr/>
Total Current Assets	68,324
Capital Assets	6,402,703
Less: Accumulated depreciation	(4,445,932)
	<hr/>
Net Capital Assets	1,956,771
	<hr/>
Total Assets	2,025,095
	<hr/>
<b>Liabilities</b>	
Current liabilities:	
Due to other funds	92
	<hr/>
Total Liabilities	92
	<hr/>
<b>Net Position</b>	
Net investment in capital assets	1,956,771
Unrestricted	68,232
	<hr/>
Total Net Position	\$2,025,003
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**ERIE TOWNSHIP**

*Proprietary Funds*  
*Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Year Ended June 30, 2023*

---

---

	Business-type Activities Enterprise Fund Water and Sewer Fund
<b>Operating Revenues</b>	
Charges for services:	
Connection fees	\$335
<b>Operating Expenses</b>	
Sources of supply:	
Depreciation	210,998
Net Operating Income (Loss)	(210,663)
<b>Non-Operating Revenues (Expenses)</b>	
Interest	846
Other	20
Total Non-Operating Revenues (Expenses)	866
<b>Change in Net Position</b>	(209,797)
Net Position - Beginning of year	2,234,800
Net Position - End of year	\$2,025,003

See accompanying notes to the basic financial statements.

**ERIE TOWNSHIP**

*Proprietary Funds  
Statement of Cash Flows  
Year Ended June 30, 2023*

---

---

	Business-type Activities Enterprise Fund Water and Sewer Fund
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$335
<b>Cash Flows from Noncapital Financing Activities</b>	
Special assessments	2,333
Other	20
Net cash provided (used) from noncapital financing activities	2,353
<b>Cash Flows from Investing Activities</b>	
Interest income	846
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	3,534
Cash and Cash Equivalents - Beginning of Year	43,665
Cash and Cash Equivalents - End of Year	\$47,199

See accompanying notes to the basic financial statements.

**ERIE TOWNSHIP**

*Proprietary Funds  
Statement of Cash Flows  
Year Ended June 30, 2023*

---

---

	Business-type Activities Enterprise Fund Water and Sewer Fund
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income (loss)	(\$210,663)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation	210,998
Net Cash Provided by Operating Activities	<u>\$335</u>

See accompanying notes to the basic financial statements.

**ERIE TOWNSHIP**

*Custodial Funds*  
*Statement of Fiduciary Net Position*  
*June 30, 2023*

---

---

	<u>Tax Collection</u>	<u>Water Tap Fees</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$2,177	\$1,436	\$3,613
<b>Liabilities</b>			
Due to other governmental units	<u>2,177</u>	<u>1,436</u>	<u>3,613</u>
<b>Net Position</b>			
Committed for other governments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

**ERIE TOWNSHIP**

*Custodial Funds*  
*Statement of Changes in Fiduciary Net Position*  
*June 30, 2023*

---

---

	Tax Collection	Water Tap Fee	Total
<b>Additions</b>			
Property taxes collected for other governments	\$4,020,153	\$0	\$4,020,153
Water tap fees collected for other governments	0	0	0
<b>Total Additions</b>	4,020,153	0	4,020,153
<b>Deductions</b>			
Property taxes distributed to other governments	4,020,153	0	4,020,153
Water tap fees distributed to other governments	0	0	0
<b>Total Deductions</b>	4,020,153	0	4,020,153
Net increase in net position	0	0	0
<b>Net position committed for other governments:</b>			
Beginning of year	0	0	0
End of year	\$0	\$0	\$0

---

---

See accompanying notes to the basic financial statements.



# ERIE TOWNSHIP

## *Notes to Financial Statements Year Ended June 30, 2023*

---

### Note 1 Description of the Township and Reporting Entity

The Township operates under a locally elected five member Board form of government and provides the following services: public safety, roads and drains, community and economic development, recreation and cultural, public improvements, planning and zoning, water and sewer services, and general administrative services.

#### Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township does not have any component units.

### Note 2 Summary of Significant Accounting Policies

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

#### Basis of Presentation

##### A. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide 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. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, sales of property, and other items not properly included among program revenues.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**ERIE TOWNSHIP**

*Notes to Financial Statements  
Year Ended June 30, 2023*

---

Note 2     Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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. Governmental fund expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

On the governmental funds' statements, property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Custodial fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

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

The Fire Protection Fund is a special revenue fund. The Fire Protection Fund accounts for fire protection expenses and related tax revenue.

The Law Enforcement Fund is a special revenue fund. The Law Enforcement Fund accounts for all police protection expenses and related tax revenue.

The Public and Private Improvement Fund is a special revenue fund. The Public and Private Improvement Fund accounts for special assessments and community development block grant loans.

The Township reports the following major proprietary fund:

The Water and Sewer Fund accounts for the provision of water and sewer services to residents and businesses of the Township.

**ERIE TOWNSHIP**

*Notes to Financial Statements  
Year Ended June 30, 2023*

---

Note 2      Summary of Significant Accounting Policies (Continued)  
Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, Liabilities, and Net Position or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 and December 1 of the following year. Summer taxes are considered delinquent July 31 and winter taxes are considered delinquent February 14 of the following year.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. sewer lines, roads etc.) are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. Capital assets are defined by the Township as assets with an individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost when actual cost information is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Buildings Improvements	20-40 years
Machinery and Equipment	3-15 years
Vehicles	5-8 years
Sewer Lines	30-60 years
Water Lines	30-60 years

## ERIE TOWNSHIP

*Notes to Financial Statements*  
*Year Ended June 30, 2023*

---

Note 2      Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Position or Equity (Continued)

Inventory - Inventories are valued at cost, on a first-in, first-out basis.

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due to/from other funds.” These amounts are eliminated in the governmental activities’ column of the statement of net position. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

Accrued Liabilities and Long-Term Obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debts, notes, and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type’s statement of net position.

Once payables and accrued liabilities are incurred, they are reported as obligations of the funds. In general, they are paid in a timely manner. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds are recognized as an expenditure on the governmental fund financial statements when due.

Unavailable/Unearned Revenue - Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received by not yet earned.

Net Position - Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The components of net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position is unrestricted when other net position does not meet the definition of net investment in capital assets or is restricted and is available for general use. Restricted resources should be used first, followed by unrestricted amounts.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

## ERIE TOWNSHIP

*Notes to Financial Statements*  
*Year Ended June 30, 2023*

---

Note 2     Summary of Significant Accounting Policies (Continued)  
Basis of Presentation (Continued)

- C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Concluded)  
Fund Balance Non-spendable, Restricted, Committed, Assigned, and Unassigned – The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The Township Board has the authority to place funds under the committed and assigned categories. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The Township will maintain a minimum unrestricted general fund balance of no less than 10% of annual budgeted expenditures.

Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township reports deferred outflows of resources related to the defined benefit pension plan in the government-wide statement of net position. A deferred outflow is recognized for pension contributions made after the plan's measurement date, but before the fiscal year end, as well as from the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, the change in experience, and the change in assumptions.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township has one item that qualifies for reporting in this category, which is the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences - Township employees are granted vacation, personal, and sick days under formulas and conditions in the personnel policy manual. All earned vacation should be taken within the fiscal year. Any vacation time not used during the year may be banked up to a maximum of five days. Full-time employees are entitled to five sick days per year. Any unused sick days in a year may be banked and accumulated for a maximum total of 18 days. The grandfather clause entitles full-time employees employed with the Township prior to January 1, 2007 one personal/sick day per month, and these employees may bank a total of 36 personal/sick days.

- D. Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

**ERIE TOWNSHIP**

*Notes to Financial Statements  
Year Ended June 30, 2023*

---

Note 2     Summary of Significant Accounting Policies (Concluded)

Basis of Presentation (Concluded)

- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2023.
  
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by the Township's Board.

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1. Prior to June 30, the fiscal officer submits to Township Board a proposed operating budget for the fiscal year commencing on July 1.
  - 2. A public hearing is conducted during July to obtain taxpayer comments.
  - 3. Prior to June 30, the budget is legally enacted through passage of a resolution.
  - 4. During the year the budget is monitored, and amendments to the budget deemed necessary are approved by the Township Board.
  - 5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
  - 6. Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.
- G. Reclassifications – Certain prior year amounts have been reclassified to conform with current year presentation.
- H. Subsequent Events - The Township's management evaluated subsequent events from June 30, 2023 through December 11, 2023, the date the financial statements were available to be issued.

Note 3     Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State law for the General and Special Revenue Funds.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

## ERIE TOWNSHIP

### *Notes to Financial Statements Year Ended June 30, 2023*

---

#### Note 4

#### Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At June 30, 2023, Erie Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers' acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, 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 at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Board has adopted an investment policy authorizing certain types of investments and authorized these depositories: First Merchants Bank, Flagstar Bank, Michigan Class, CIBC, and Huntington Bank.

*Interest rate risk.* The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* The Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Township's investment policy.

*Concentration of credit risk.* The Township does not place any limits on the amount the Township may deposit or invest in any one issuer.

*Custodial credit risk.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover the collateral securities in the possession of an of an outside party. The Township has \$4,896,657 invested in certificates of deposit, checking accounts, and money markets. The Township's deposits are insured by the FDIC in the amount of \$1,531,089. The Township has uninsured deposits of \$3,364,904. The Township Board approves and designates a list of authorized depository institutions. The Township's investment policy does not address deposit risk.

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

**ERIE TOWNSHIP**

*Notes to Financial Statements  
Year Ended June 30, 2023*

---

Note 5      Capital Assets

A summary of changes in capital assets follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities:				
Assets not being depreciated:				
Land	\$141,777	\$0	\$0	\$141,777
Capital assets being depreciated:				
Building	2,068,705	16,970	0	2,085,675
Improvements other than building	371,062	20,900	0	391,962
Roads	827,913	24,280	0	852,193
Machinery and equipment	1,302,509	31,996	0	1,334,505
Vehicles	1,553,093	0	(21,175)	1,531,918
	<u>6,123,282</u>	<u>94,146</u>	<u>(21,175)</u>	<u>6,196,253</u>
Total capital assets	6,265,059	94,146	(21,175)	6,338,030
Less accumulated depreciation for:				
Building	(1,338,866)	(55,713)	0	(1,394,579)
Improvements other than building	(278,168)	(13,863)	0	(292,031)
Roads	(458,821)	(41,901)	0	(500,722)
Machinery and equipment	(1,115,958)	(39,594)	0	(1,155,552)
Vehicles	(1,450,944)	(28,632)	(21,175)	(1,458,401)
Total accumulated depreciation	<u>(4,642,757)</u>	<u>(179,703)</u>	<u>(21,175)</u>	<u>(4,801,285)</u>
Net capital assets	<u>\$1,622,302</u>	<u>(\$85,557)</u>	<u>(\$42,350)</u>	<u>\$1,536,745</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$37,280
Public safety	91,263
Public works	41,902
Recreation and cultural	<u>9,258</u>
Total governmental activities	<u>\$179,703</u>



**ERIE TOWNSHIP**

*Notes to Financial Statements  
Year Ended June 30, 2023*

Note 5      Capital Assets (Concluded)

	Balance			Balance
	July 1, 2022	Additions	Deletions	June 30, 2023
Business-type Activities:				
Capital assets being depreciated:				
Sewer connections	\$145,580	\$0	\$0	\$145,580
Water lines	6,257,123	0	0	6,257,123
Total capital assets	<u>6,402,703</u>	<u>0</u>	<u>0</u>	<u>6,402,703</u>
Less accumulated depreciation for:				
Sewer connections	(78,495)	(2,427)	0	(80,922)
Water lines	(4,156,439)	(208,571)	0	(4,365,010)
Total accumulated depreciation	<u>(4,234,934)</u>	<u>(210,998)</u>	<u>0</u>	<u>(4,445,932)</u>
Net capital assets	<u>\$2,167,769</u>	<u>(\$210,998)</u>	<u>\$0</u>	<u>\$1,956,771</u>

Note 6      Interfund Payables and Receivables  
Such balances at June 30, 2023 were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund:		
Public and Private Improvement Fund	\$0	\$1,881
Fire Protection Fund	12,333	0
Fire Protection Fund:		
General Fund	0	12,333
Public and Private Improvement Fund:		
General Fund	1,881	0
Water and Sewer Fund	92	0
Water and Sewer Fund:		
Public and Private Improvement Fund	0	92
	<u>\$14,306</u>	<u>\$14,306</u>

Interfund balances reflect temporary loans and reimbursements due in the normal course of interfund activity.

**ERIE TOWNSHIP**

*Notes to Financial Statements  
Year Ended June 30, 2023*

---

Note 7      Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2023, consisted of the following:

	Transfers Out
	General Fund
<u>Transfers In:</u>	
Fire Protection Fund	\$32,000
Law Enforcement Fund	110,000
	\$142,000

The transfers from the General Fund to the Fire Protection and Law Enforcement Funds were for operating purposes.

Note 8      Unearned Revenue

For the year ended June 30, 2023, the Township received a federal grant through the State of Michigan as part of the American Rescue Plan Act (ARPA) from the Coronavirus Local Fiscal Recovery Fund in the amount of \$454,824. The objectives of the funding are to support urgent COVID-19 response efforts to decrease the spread of the virus and bring the pandemic under control, replace lost revenue to strengthen support for vital public services and help retain jobs, support immediate stabilization for households and businesses, and address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic. There are five allowable uses outlined by the ARPA for these Fiscal Recovery Funds. These funds must be obligated by December 31, 2024 and expended by December 31, 2026. This federal grant is subject to reviews and audits by the grantor agency. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. As of June 30, 2023, the unspent balance of these funds was \$382,124.

Note 9      Long-Term Debt

The following is a summary of changes in long-term debt as of June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due In One Year
Other Liabilities:					
Compensated Absences	\$36,006	\$15,632	\$0	\$51,638	\$51,638

Compensated absences payable represents benefits for vacation and personal leave as of the year end.

Note 10      Property Taxes

The Township bills and collects its own property taxes and also taxes for the State of Michigan, County of Monroe, Mason Consolidated Schools, Bedford Public Schools, Monroe County Community College, and Monroe County Intermediate School District. Collections are accounted for in the Tax Collection Custodial Fund.

**ERIE TOWNSHIP**

*Notes to Financial Statements  
Year Ended June 30, 2023*

---

Note 10     Property Taxes (Concluded)

For the year ended June 30, 2023, the Township levied, on December 1, 2022, the following mills due and payable on February 14, 2023:

General Operating	0.7911
Law Enforcement	0.9875
Fire Protection	1.2292
Fire Equipment	<u>1.9699</u>
	<u>4.9777</u>

Taxable values, which amounted to \$173,730,264, represent a percent of the fair market value of the assessed properties on December 31, 2021.

For the year ended June 30, 2023, the Township also billed and retained \$51,095 as administrative fees for the above tax collection.

Note 11     Charges for Services

Sewer Service Charges - A sewer charge for Erie Township customers is billed at rates established by Bedford Township in accordance with Bedford Township's operative ordinance and/or regulations which establishes charges, fees, costs, and assessments imposed by the connection and use of Bedford Township's sanitary sewage disposal system. Erie Township charged ten percent of any and all charges, fees, costs, and assessments passed through from Bedford Township. On December 11, 2018, a resolution was passed to modify the surcharge from ten percent to one percent effective with the next billing cycle. Effective February 26, 2022, the Township passed a resolution to eliminate the surcharge, and allow the cooperating government municipalities to directly bill the citizen users of the Township for the sanitary sewage service being provided.

Note 12     Joint Venture

The South County Water System is a joint venture with the County of Monroe and four municipalities: LaSalle Township, Bedford Township, Erie Township, and the City of Luna Pier. However, the municipalities do not have an equity interest in this joint venture. Erie Township and the other three municipalities entered into a contract with the County of Monroe whereby each municipality has pledged their full faith and credit to provide debt service payments on the \$2,610,000 bond issue dated August 11, 2016. The bond proceeds were used to acquire and construct improvements to the South County Water System and refunded \$2,535,000 of the 2005 bond issue dated October 1, 2005.

Erie Township and the other three municipalities entered into a contract with the County of Monroe whereby each municipality has pledged their full faith and credit to provide debt service payments on the \$19,000,000 bond issue dated October 19, 2021. Each municipality is obligated for their share of the obligation based on the assessed property valuations which are computed annually. Currently, the South County Water System provides the debt retirement requirements on the \$21,610,000 bond issue which are paid from the system's revenues.

## ERIE TOWNSHIP

### Notes to Financial Statements Year Ended June 30, 2023

---

#### Note 12    Joint Venture (Concluded)

As of June 30, 2023, Erie Township's obligation for this bond issue is 10.57%. The following is the financial information of the joint venture, obtained from the Monroe County Drain Commissioner, County Agency financial report as of December 31, 2022:

Total assets	\$52,485,857
Total deferred outflows	394,292
Total liabilities	21,296,467
Total deferred inflows	952,306
Total net position	30,631,376
Total revenues	11,139,798
Total expenses	8,972,031
Total increase in net position	2,167,767
Current portion of long-term debt	869,066
Long-term debt (net of discounts)	18,909,118

#### Note 13    Building Department

The Township tracks building permit fees and their related costs in the General Fund. Fees for the fiscal year ending June 30, 2023, of \$103,936, did not exceed the related costs and administrative overhead.

#### Note 14    Employee's Defined Benefit Pension Plan Plan Description

Erie Township's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. Erie Township participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmichigan.com](http://www.mersofmichigan.com).

#### Benefits Provided

	<u>2022 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions:	6.10%
D-2	D-2 (25%)
Act 88:	Yes (Adopted 7/14/2015)

**ERIE TOWNSHIP**

*Notes to Financial Statements  
Year Ended June 30, 2023*

---

**Note 14**     Employee’s Defined Benefit Pension Plan (Continued)

Employees covered by benefit terms – At the December 31, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>2</u>
Total employees covered by MERS	<u><u>7</u></u>

Contributions - Erie Township is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. All full-time employees contribute 6.1% of their salary to the plan. For the year ended June 30, 2023, the Township’s contribution rate was 10.63% of the annual payroll. Contribution requirements of plan members and the Township are established and may be amended by the Township and by the MERS Council of Trustees.

Net Pension Liability - The employer’s net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions - The total pension asset in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases 3% plus merit and longevity: 3.00% in the long-term

Investment rate of return: 7.0%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014 to 2018.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**ERIE TOWNSHIP**

*Notes to Financial Statements  
Year Ended June 30, 2023*

Note 14    Employee's Defined Benefit Pension Plan (Continued)  
Net Pension Liability (Concluded)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Gross Rate of Return</u>	<u>Long-Term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.00%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.00%	9.50%	1.90%	2.50%	1.40%
	<u>100.00%</u>		<u>7.00%</u>		<u>4.50%</u>

Discount Rate - The discount rate used to measure the total pension liability is 7.25%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative purposes. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<u>Changes in Net Pension (Asset)/Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension (Asset)/Liability</u>
Balances as of 12/31/21	\$279,927	\$265,791	\$14,136
Service cost	18,207	0	18,207
Interest on total pension liability	20,955	0	20,955
Changes in benefits	0	0	0
Difference between expected and actual experience	(16,908)	0	(16,908)
Changes in assumptions	0	0	0
Employer contributions	0	9,511	(9,511)
Employee contributions	0	6,631	(6,631)
Net investment income	0	(27,713)	27,713
Benefit payments, including employee refunds	0	0	0
Administrative expense	0	(510)	510
Other changes	0	0	0
Net changes	<u>22,254</u>	<u>(12,081)</u>	<u>34,335</u>
Balances as of 12/31/22	<u>\$302,181</u>	<u>\$253,710</u>	<u>\$48,471</u>

**ERIE TOWNSHIP**

*Notes to Financial Statements  
Year Ended June 30, 2023*

Note 14     Employee's Defined Benefit Pension Plan (Concluded)

Sensitivity of the Net Pension Asset to changes in the discount rate - The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
	<u>          </u>	<u>          </u>	<u>          </u>
Net pension (asset)/liability of the Township	<u>\$83,890</u>	<u>\$48,471</u>	<u>\$19,183</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)

For the year ended June 30, 2023, the Township recognized pension expense of \$24,400. The Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences in assumptions	\$6,423	\$0
Differences between expected and actual experience	3,367	0
Excess (deficit) investment returns	22,193	0
Contributions to the plan subsequent to the measurement date	<u>5,955</u>	<u>0</u>
	<u>\$37,938</u>	<u>\$0</u>

\$5,955 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2024. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2023	\$10,280
2024	12,202
2025	691
2026	<u>8,810</u>
Total	<u>\$31,983</u>

## ERIE TOWNSHIP

*Notes to Financial Statements*  
*Year Ended June 30, 2023*

---

Note 15      Employee's Defined Contribution Pension Plan

The Erie Township Defined Contribution Pension Plan is a defined contribution pension plan adopted by the Township. The Township's defined contribution plan is administered by Municipal Employees' Retirement System (MERS). The plan provides for pension benefits for all Township employees and elected officials. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after which they have completed at least three months of continuous employment with the Township. The plan requires that the Township contribute 10% of a covered employee's annual compensation to the plan and that each covered employee shall also contribute at least 5% of their annual compensation. Contributions to the plan are vested after one year of employment. Plan provisions and contribution requirements are established and may be amended by the Township Board.

The Township's covered payroll for the fiscal year ending June 30, 2023 was \$139,455, with a total payroll of \$572,097. A total of \$20,919 was contributed to the plan of which \$6,973 (5.0% of covered payroll) was withheld from the employees, and \$13,946 (10% of covered payroll) was paid by the Township.

Note 16      Concentration of Revenue

The Township received landfill permit revenue of \$682,173 from Republic Services for the 2022-23 fiscal year. This revenue accounts for 42.8% of the Township's total general fund revenue for the year.

Note 17      Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

Note 18      Accounting Pronouncements

In May 2020, the Governmental Accounting Standards Board issued GASB Statement Number 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA's are based on the standards established in Statement No. 87, Leases, as amended. The Township implemented this standard effective July 1, 2022; however, there was no material effect to the financial statements as a whole.



## REQUIRED SUPPLEMENTAL INFORMATION

**ERIE TOWNSHIP**

*General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2023*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property taxes and special assessments:				
Property taxes	\$123,200	\$146,219	\$143,704	(\$2,515)
Trailer park taxes	1,200	1,200	1,051	(149)
Administrative fees	42,000	51,096	51,095	(1)
Penalties and interest on tax	530	530	1,311	781
Streetlight assessment	10,274	10,274	9,845	(429)
	<u>177,204</u>	<u>209,319</u>	<u>207,006</u>	<u>(2,313)</u>
Licenses and permits:				
Landfill permit	530,000	619,897	682,173	62,276
Cablevision permits	50,000	59,257	58,235	(1,022)
Nonbusiness	43,600	103,791	106,211	2,420
	<u>623,600</u>	<u>782,945</u>	<u>846,619</u>	<u>63,674</u>
Federal grants	226,503	226,503	0	(226,503)
State grants:				
State shared revenue	392,102	397,352	462,902	65,550
Local community stabilization share	1,000	1,014	1,157	143
Right of way	5,980	5,980	13,900	7,920
	<u>399,082</u>	<u>404,346</u>	<u>477,959</u>	<u>73,613</u>
Charges for services:				
Zoning board of appeals	900	3,500	3,500	0
Cemetery lots	1,200	9,810	11,110	1,300
Other	920	1,970	1,847	(123)
	<u>3,020</u>	<u>15,280</u>	<u>16,457</u>	<u>1,177</u>
Interest	100	25,857	29,240	3,383
Other revenue	5,200	10,704	15,871	5,167
Total Revenues	<u>1,434,709</u>	<u>1,674,954</u>	<u>1,593,152</u>	<u>144,701</u>
<b>Expenditures</b>				
Legislative:				
Township board	20,576	20,576	15,304	5,272
General government:				
Supervisor	32,175	32,175	30,179	1,996
Elections	21,812	21,812	18,145	3,667
Finance	18,500	18,500	18,500	0
Assessor	46,024	46,224	47,646	(1,422)
Legal fees	30,000	30,000	11,100	18,900
Clerk	90,139	90,139	74,472	15,667
Treasurer	88,009	88,009	82,250	5,759
Township hall and grounds	485,767	485,767	129,271	356,496
Board of review	2,940	2,940	1,899	1,041
	<u>815,366</u>	<u>815,566</u>	<u>413,462</u>	<u>402,104</u>

**ERIE TOWNSHIP**

*General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (Concluded)</b>				
Public safety:				
Building inspections	\$81,457	\$97,400	\$91,369	\$6,031
Public works:				
Street lights	18,000	18,000	16,969	1,031
Roads and drains	285,000	285,000	264,151	20,849
Cemetery	28,900	28,900	17,023	11,877
	<u>331,900</u>	<u>331,900</u>	<u>298,143</u>	<u>33,757</u>
Community and economic development:				
Planning and zoning	10,145	13,145	11,968	1,177
Blight enforcement	1,768	1,768	1,650	118
	<u>11,913</u>	<u>14,913</u>	<u>13,618</u>	<u>1,295</u>
Recreation and cultural:				
Library	900	900	280	620
Park	88,000	88,000	65,986	22,014
	<u>88,900</u>	<u>88,900</u>	<u>66,266</u>	<u>22,634</u>
Total Expenditures	<u>1,350,112</u>	<u>1,369,255</u>	<u>898,162</u>	<u>471,093</u>
Excess (Deficiency) of Revenues over Expenditures	84,597	305,699	694,990	615,794
<b>Other Financing Sources (Uses)</b>				
Operating transfer out	<u>(160,921)</u>	<u>(192,921)</u>	<u>(142,000)</u>	<u>50,921</u>
<b>Net Change in Fund Balance</b>	<u>(76,324)</u>	<u>112,778</u>	<u>552,990</u>	<u>666,715</u>
Fund Balance - Beginning of year	<u>1,291,175</u>	<u>1,471,507</u>	<u>1,471,507</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$1,214,851</u></u>	<u><u>\$1,584,285</u></u>	<u><u>\$2,024,497</u></u>	<u><u>\$666,715</u></u>

**ERIE TOWNSHIP**

*Fire Protection Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2023*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property taxes	\$456,000	\$558,125	\$558,124	(\$1)
State grants	3,774	3,838	3,837	(1)
Charges for services:				
Emergency fees	10,000	10,000	6,834	(3,166)
Interest	425	18,855	21,602	2,747
Other revenue	<u>0</u>	<u>2,790</u>	<u>2,804</u>	<u>14</u>
 Total Revenue	 470,199	 593,608	 593,201	 (407)
<b>Expenditures</b>				
Public safety:				
Erie Township Fire Department	113,798	118,798	102,267	16,531
Morin Point Fire Department	<u>114,197</u>	<u>151,198</u>	<u>150,941</u>	<u>257</u>
 Total Expenditures	 <u>227,995</u>	 <u>269,996</u>	 <u>253,208</u>	 <u>16,788</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	<u>0</u>	<u>32,000</u>	<u>32,000</u>	<u>0</u>
 <b>Net Change in Fund Balance</b>	 242,204	 355,612	 371,993	 16,381
 Fund Balance - Beginning of year	 <u>795,913</u>	 <u>1,101,790</u>	 <u>1,101,790</u>	 <u>0</u>
 Fund Balance - End of year	 <u><u>\$1,038,117</u></u>	 <u><u>\$1,457,402</u></u>	 <u><u>\$1,473,783</u></u>	 <u><u>\$16,381</u></u>

**ERIE TOWNSHIP**

*Law Enforcement Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2023*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$140,000	\$172,287	\$172,287	\$0
State grants:				
Local community stabilization share	1,450	1,450	1,184	(266)
Police training	500	500	0	(500)
Liquor license fees	5,000	5,260	5,259	(1)
	<u>6,950</u>	<u>7,210</u>	<u>6,443</u>	<u>(767)</u>
Federal grants	0	907	907	0
Charges for services	4,000	4,000	6,338	2,338
Fines and forfeits	23,000	23,000	14,596	(8,404)
Other revenue	<u>5,000</u>	<u>6,206</u>	<u>2,243</u>	<u>(3,963)</u>
Total Revenue	178,950	213,610	201,907	(10,796)
<b>Expenditures</b>				
Public safety	<u>353,750</u>	<u>353,750</u>	<u>310,698</u>	<u>43,052</u>
Excess (Deficiency) of Revenues Over Expenditures	(174,800)	(140,140)	(108,791)	32,256
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	<u>160,921</u>	<u>160,921</u>	<u>110,000</u>	<u>(50,921)</u>
<b>Net Change in Fund Balance</b>	(13,879)	20,781	1,209	(18,665)
Fund Balance - Beginning of year	<u>78,016</u>	<u>45,020</u>	<u>45,020</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$64,137</u></u>	<u><u>\$65,801</u></u>	<u><u>\$46,229</u></u>	<u><u>(\$18,665)</u></u>

**ERIE TOWNSHIP**

*Public and Private Improvement Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2023*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Special assessment	\$57,575	\$58,775	\$56,977	(\$1,798)
Interest	2,385	19,855	39,266	19,411
	<u>59,960</u>	<u>78,630</u>	<u>96,243</u>	<u>17,613</u>
Other revenue	<u>3,600</u>	<u>3,600</u>	<u>3,315</u>	<u>(285)</u>
Total Revenue	63,560	82,230	99,558	17,328
<b>Expenditures</b>				
Public works	152,775	153,590	3,613	149,977
Community and economic development	25,000	25,000	30	24,970
Total Expenditures	<u>177,775</u>	<u>178,590</u>	<u>3,643</u>	<u>174,947</u>
<b>Net Change in Fund Balance</b>	(114,215)	(96,360)	95,915	192,275
Fund Balance - Beginning of year	<u>1,468,704</u>	<u>1,584,267</u>	<u>1,584,267</u>	<u>0</u>
Fund Balance - End of year	<u>\$1,354,489</u>	<u>\$1,487,907</u>	<u>\$1,680,182</u>	<u>\$192,275</u>

**ERIE TOWNSHIP**

*Schedule of Changes in the Employer's Net Pension (Asset)/Liability and Related Ratios  
Municipal Employees' Retirement System of Michigan  
Last 10 Fiscal Years (Amounts determined as of 12/31 of each year)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>									
Service Cost	\$18,207	\$17,459	\$9,789	\$18,629	\$21,961	\$14,695	\$15,738	\$10,097	\$12,450
Interest	20,955	15,987	14,400	10,606	9,593	8,044	6,244	6,052	4,971
Changes of Benefit Terms	0	0	0	0	0	0	0	0	0
Difference between expected and actual experience	(16,908)	35,187	(17,976)	23,216	(8,073)	(7,003)	1,043	(18,840)	0
Changes of assumptions	0	9,663	10,836	3,528	0	0	0	2,079	0
Benefit payments including employee refunds	0	0	0	(4,374)	0	0	0	0	(1,711)
Other	0	0	0	558	0	0	0	189	0
<b>Net Change in Total Pension Liability</b>	<b>22,254</b>	<b>78,296</b>	<b>17,049</b>	<b>52,163</b>	<b>23,481</b>	<b>15,736</b>	<b>23,025</b>	<b>(423)</b>	<b>15,710</b>
Total Pension Liability - Beginning of year	279,927	201,631	184,582	132,419	108,938	93,202	70,177	70,600	54,890
Total Pension Liability - End of year	<u>\$302,181</u>	<u>\$279,927</u>	<u>\$201,631</u>	<u>\$184,582</u>	<u>\$132,419</u>	<u>\$108,938</u>	<u>\$93,202</u>	<u>\$70,177</u>	<u>\$70,600</u>
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	\$9,511	\$7,332	\$6,305	\$10,541	\$7,554	\$6,850	\$8,125	\$6,546	\$7,494
Contributions - employee	6,631	7,270	7,581	12,857	10,198	7,709	7,532	6,346	7,611
Net investment income	(27,713)	32,149	26,119	20,629	(5,817)	14,437	9,442	(1,136)	3,362
Administrative expenses	(510)	(368)	(384)	(358)	(265)	(226)	(185)	(155)	(128)
Benefit payments, including refunds	0	0	0	(4,374)	0	0	0	0	(1,711)
Other	0	0	0	0	0	0	0	0	0
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(12,081)</b>	<b>46,383</b>	<b>39,621</b>	<b>39,295</b>	<b>11,670</b>	<b>28,770</b>	<b>24,914</b>	<b>11,601</b>	<b>16,628</b>
Plan Fiduciary Net Position - Beginning of year	265,791	219,408	179,787	140,492	128,822	100,052	75,138	63,537	46,909
Plan Fiduciary Net Position - End of year	<u>\$253,710</u>	<u>\$265,791</u>	<u>\$219,408</u>	<u>\$179,787</u>	<u>\$140,492</u>	<u>\$128,822</u>	<u>\$100,052</u>	<u>\$75,138</u>	<u>\$63,537</u>
<b>Township's Net Pension (Asset)/Liability - Ending</b>	<u>\$48,471</u>	<u>\$14,136</u>	<u>(\$17,777)</u>	<u>\$4,795</u>	<u>(\$8,073)</u>	<u>(\$19,884)</u>	<u>(\$6,850)</u>	<u>(\$4,961)</u>	<u>\$7,063</u>
<b>Plan Fiduciary Net Position as a percentage of Total Pension (Asset)/Liability</b>	84.0%	95.0%	108.8%	97.4%	106.1%	118.3%	107.3%	107.1%	90.0%
<b>Covered Employee Payroll</b>	108,701	83,095	83,095	160,594	184,861	125,707	133,148	82,627	101,880
<b>Township's Net Pension (Asset)/Liability as a Percentage of Covered Employee Payroll</b>	44.59%	17.01%	(21.4)%	3.0%	(4.4)%	(15.8)%	(5.1)%	(6.0)%	6.9%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE December 31, 2014.

**ERIE TOWNSHIP**

*Schedule of Employer's Contributions  
Municipal Employees' Retirement System of Michigan  
Last 10 Fiscal Years (Amounts determined as of 12/31 of each year)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarial determined contributions	9,511	7,332	6,305	10,541	7,554	6,850	8,125	6,546	7,494
Contributions in relation to the actuarially determined contribution	9,511	7,332	6,305	10,541	7,554	6,850	8,125	6,546	7,494
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Notes to Schedule of Contributions**

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	16 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary increases	3% plus merit and longevity
Investment rate of return	7.00%
Retirement age	60
Mortality	Pub-2010 and fully generational MP-2019

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE December 31, 2014.



**ERIE TOWNSHIP**

*Notes to Required Supplemental Information  
Year Ended June 30, 2023*

---

**Benefit Changes**

There were no changes of benefit terms for the pension plan year ended 2022.

**Assumption Changes**

There were no changes of assumptions for the pension plan year ended 2022.

## OTHER SUPPLEMENTAL INFORMATION

**ERIE TOWNSHIP**

*Water and Sewer Fund*  
*Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Years Ended June 30, 2023 and 2022*

	<u>2023</u>	<u>2022</u>
<b>Operating Revenues</b>		
Charges for services:		
Connection fees	\$335	\$510
<b>Operating Expenses</b>		
Sources of supply:		
Depreciation	<u>210,998</u>	<u>210,997</u>
Net Operating Income (Loss)	(210,663)	(210,487)
<b>Non-Operating Revenues (Expenses)</b>		
Special assessment	0	7,000
Interest	846	999
Other	<u>20</u>	<u>26</u>
Total Non-Operating Revenues (Expenses)	<u>866</u>	<u>8,025</u>
<b>Change in Net Position</b>	(209,797)	(202,462)
Net Position - Beginning of year	<u>2,234,800</u>	<u>2,437,262</u>
Net Position - End of year	<u><u>\$2,025,003</u></u>	<u><u>\$2,234,800</u></u>

**ERIE TOWNSHIP**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023*

Federal Grantor/Pass Through Grantor/Program Title	Federal AL Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2022
<u>U.S. Department of Treasury</u>			
Passed through the Michigan Department of Treasury			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.019	\$454,824	(\$382,124)
Passed through the County of Monroe, Michigan			
COVID 19 - Public Safety and Public Health Payroll Reimbursement Program	21.019	<u>907</u>	<u>0</u>
Total U.S. Department of Treasury		<u>454,824</u>	<u>(382,124)</u>
Total Federal Financial Assistance		<u><u>\$454,824</u></u>	<u><u>(\$382,124)</u></u>

<u>Prior Year Expenditures (Memo Only)</u>	<u>Current Year Expenditures</u>	<u>Federal Funds/ Payments In-Kind (Cash Basis)</u>	<u>Accrued (Deferred) Revenue June 30, 2023</u>	<u>Subrecipient Award/ Contract Amount</u>	<u>Subrecipient Current Year Expenditures</u>	<u>Current Year Cash Transferred to Subrecipient</u>
\$72,700	\$0	\$0	(\$382,124)	\$0	\$0	\$0
<u>0</u>	<u>907</u>	<u>907</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>72,700</u>	<u>907</u>	<u>907</u>	<u>(382,124)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$72,700</u>	<u>\$907</u>	<u>\$907</u>	<u>(\$382,124)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

## ERIE TOWNSHIP

*Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023*

---

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Erie Township under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Erie Township, it is not intended to and does not present the financial position, changes in net position, or cash flows of Erie Township.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as a reimbursement.
3. Certain federal programs require that the Township contribute non-federal funds (matching funds) to support the federally-funded programs. The Township has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.
4. There were no federal awards expended for loan or loan guarantee programs.
5. Erie Township does not have any subrecipients.
6. The amounts reported for federal grants on the Statement of Revenues, Expenditures, and Changes in Fund Balance/Net Position reconcile with this schedule.

## ERIE TOWNSHIP

*Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023*

---

### SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Erie Township were prepared in accordance with GAAP.
2. One material weakness relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Erie Township, which would be required to be reported in accordance with *Governmental Auditing Standards*, were disclosed during the audit.

### FINDINGS - FINANCIAL STATEMENTS AUDIT:

#### 2023-001 **Financial Statement Preparation**

*Finding Type:* Material weakness in internal controls over financial reporting.

*Criteria:* The preparation of financial statements in accordance with GAAP is the responsibility of the Township's management and requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting financial statements including the related footnotes (i.e., external financial reporting)

*Condition:* As is the case with many smaller and medium-sized entities, the Township has historically relied on its independent external auditors to assist in the preparation of the financial statements and footnotes as part of the external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its external auditors, who cannot by definition be considered a part of the Township's internal controls.

*Cause:* The condition was caused by management's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.

*Effect:* As a result of this condition, the Township lacks internal controls over the preparation of the financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

*Recommendation:* The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of the financial statements in accordance with GAAP, and determined that it is in the best interests of the Township to outsource this task to the external auditors, and carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

*View of Responsible Officials:* Management relies on its external auditors to assist in the preparation of financial statements and related financial statement disclosures. The Township has employees with adequate skills, knowledge and experience to oversee the assistance with financial statements and assistance with financial statement disclosures by its external auditors.



**CALKINS HEHL RAFKO**  
— CERTIFIED PUBLIC ACCOUNTANTS —

Township Board

Erie Township  
Erie, MI 48133

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Erie Township as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Erie Township's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and therefore material weaknesses may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiency in the Township's internal control to be a material weakness:

Financial Statements

The Township does not have procedures in place to prepare financial statements in accordance with accounting principles generally accepted in the United States of America, including procedures to record accruals for revenues and expenditures, to track changes in capital assets, and to present required financial statement disclosures. As is the case with many smaller and medium-sized entities, the government has historically relied on independent external auditors to assist in the preparation of the government-wide financial statements and footnotes. As a result of this condition, the government lacks internal controls over the preparation of the financial statements in accordance with GAAP.



Township Board  
Erie Township

-2-

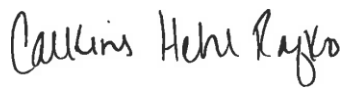
The following comments are not significant deficiencies or material weaknesses but suggestions to improve your existing accounting and control systems.

Internal Control

The Township's internal accounting control system involves only a few people and as such does not allow for many of the checks and balances of a large system. We encourage the continued involvement of the Township Board in the internal control process.

This communication is intended solely for the information and use of the Township Board, management, others within 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 "Collins Hehl Raygo".

December 11, 2023



CALKINS HEHL RAFKO  
— CERTIFIED PUBLIC ACCOUNTANTS —

December 11, 2023

To the Township Board  
Erie Township

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Erie Township for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), 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 November 13, 2023. 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 Erie Township are described in Note 2 to the financial statements. During the year ending June 30, 2023, Erie Township adopted GASB 96, *Subscription-Based Information Technology Arrangements*. We noted no transactions entered into by Erie 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 financial statements was:

Management's estimate of the useful lives of depreciable capital assets based on the length of time those assets will provide economic benefit in the future.

Management's estimate of the accrued compensated absences is based on formulas and conditions specified in various contracts regarding vacation and sick leave benefits.

Management's estimate of the pension liability is based on actuarial valuations and other financial data. We have evaluated key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management as 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 December 11, 2023.

*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 governmental unit'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 governmental unit'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 Information in Documents Containing Audited Financial Statements*

We applied certain limited procedures to the major fund budget and actual statements and required pension schedules, which are required supplementary information (RSI) that supplement 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.

Township Board  
Erie Township

-3-

We were engaged to report on the other supplemental information, as identified in the table of contents. With respect to the supplementary information accompanying the financial statements, 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.

This information is intended solely for the information and use of the Township Board and management of Erie 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 "Collins Helen Raygo".



**MICHAEL GRODI**  
 SUPERVISOR  
**KIMBERLY COUSINO**  
 CLERK  
**CYNTHIA WISBON**  
 TREASURER  
**STEVE MISHKA**  
**PAUL PERRY**  
 TRUSTEES  
 December 11, 2023



**2065 Erie Road**  
**P.O. Box 187**  
**Erie, Michigan 48133-9808**



**"THE GATEWAY  
 TO MICHIGAN"**

**Phone: 734-848-5915**  
**Fax: 734-848-2548**  
**WEB: ERIETOWNSHIP.COM**

**Corrective Action Plan**  
**Finding as of June 30, 2023**

**Contact Person Responsible:** Kimberly Cousino, Township Clerk  
 Cynthia Wisbon, Township Treasurer

**Finding Number:** **2023-001**

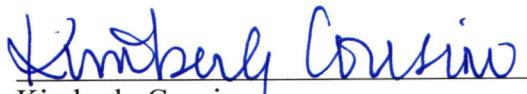
**Corrective Action Planned:** Financial statements are required to be prepared on a basis that is consistent with generally accepted accounting principles (GAAP).

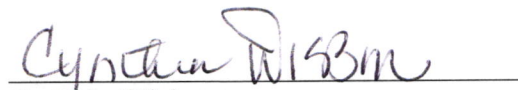
Procedures are not in place to prepare financial statements in accordance with accounting principles generally accepted in the United States of America, including procedures to record accruals for revenues and expenditures, to track changes in capital assets, and to present the required financial statement disclosures.

The Township lacks internal controls over the preparation of the financial statements in accordance with GAAP.

The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of the financial statements in accordance with GAAP, and determined that it is in the best interest of the Township to outsource this task to the external auditors, and carefully review the draft financial statements and disclosures prior to approving them and accept responsibility for their content and presentation.

Anticipated Completion Date: December 11, 2023 – Management relies on its external auditors to assist in the preparation of financial statements and related financial statement disclosures. The Township will retain employees with adequate skills, knowledge, and experience to oversee the assistance with financial statement disclosures by its external auditors and carefully review the draft financial statements and notes prior to approving them and accept responsibility for their content and presentation. The financial statements were reviewed and approved at the December 11, 2023 meeting.

  
Kimberly Cousino  
Township Clerk

  
Cynthia Wisbon  
Township Treasurer