

Fruitland Township  
Muskegon County, Michigan

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

March 31, 2024



**Fruitland Township  
White River Light Station Museum**

Fruitland Township

**TABLE OF CONTENTS**

Independent Auditor’s Report..... 1

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

Basic Financial Statements

    Government-wide Financial Statements

        Statement of Net Position..... 11

        Statement of Activities ..... 12

    Fund Financial Statements

        Governmental Funds

            Balance Sheet..... 13

            Reconciliation of the Governmental Funds

                Balance Sheet to the Statement of Net Position..... 14

                Statement of Revenues, Expenditures and Changes

                    in Fund Balances..... 15

                Reconciliation of the Governmental Funds Statement of

                    Revenues, Expenditures and Changes in Fund Balances

                    to the Statement of Activities..... 16

        Fiduciary Funds

            Statement of Net Position..... 17

            Statement of Changes in Net Position..... 18

Notes to Financial Statements ..... 19

Required Supplementary Information

    Budgetary Comparison Schedule—General Fund..... 29

**INDEPENDENT AUDITOR'S REPORT**

Township Board  
Fruitland Township  
Whitehall, Michigan

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Fruitland Township, Michigan, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise Fruitland Township, Michigan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fruitland Township, Michigan, as of March 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fruitland Township, Michigan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fruitland Township, Michigan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fruitland 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 Fruitland Township, Michigan’s ability to continue as a going concern for a reasonable period of time.

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

Township Board  
Fruitland Township  
Page 3

**Required Supplementary Information**

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

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive style.

Muskegon, Michigan  
September 23, 2024

As management of Fruitland Township, we present to the readers of the Township's financial statements this overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2024. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

**FINANCIAL HIGHLIGHT**

The General Fund fund balance increased \$426,047.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

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

Both of the government-wide financial statements mentioned above distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development and culture and recreation activities. The Township does not currently have any business-type activities.

### **Fund Financial Statements**

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

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

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

Fruitland Township maintains one governmental fund, the General Fund.

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

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

### **Other Information**

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

**Government-wide Financial Analysis**

The first table presented below is a summary of the government-wide Statement of Net Position for the Township. As stated earlier, net position may be used as an indicator of a government’s financial health. As of March 31, 2024, the Township’s net position from governmental activities totaled \$4,496,066.

Current assets increased as the Township had a surplus. Capital assets increased because current year capital additions exceeded current year depreciation. Current liabilities decreased due to a decrease in current year account payables and accrued expenses.

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.). These assets are used to provide services to the Township’s residents, and they are not available to pay salaries, operational expenses or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for governmental activities depicts a balance of \$3,402,526. This represents the amount of discretionary resources that can be used for general governmental operations.

**Net Position**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Current and other assets	\$ 3,950,917	\$ 3,599,298
Capital assets	935,935	931,052
Total assets	4,886,852	4,530,350
Current liabilities	254,800	324,560
Deferred inflows of resources	135,986	140,654
Total liabilities and deferred inflows of resources	390,786	465,214
Net position		
Net investment in capital assets	935,935	931,052
Restricted	157,605	155,790
Unrestricted	3,402,526	2,978,294
Total net position	<b>\$ 4,496,066</b>	<b>\$ 4,065,136</b>

**Governmental Activities**

Net position of the Township’s governmental activities increased by \$430,930 (10.6%) during the 2024 fiscal year. The following table shows these results.

Charges for services revenues increased due to additional permitting activity. Property taxes increased due to growth in taxable value. Grants and contributions not restricted decreased due to the Township utilizing more American Rescue Plan Act (ARPA) funds in the prior year. Unrestricted investment earnings increased due to higher interest rates. Miscellaneous revenues increased due to additional timber sales. General government expenses increased due to salary adjustments and noncapital improvements and purchases. Public safety expenditures increased due to the aforementioned additional permitting activity. Public works expenditures vary depending on the number of road projects during the fiscal year. The following table depicts these occurrences.

**Change in Net Position**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Revenues:		
Program revenues		
Charges for services	\$ 251,967	\$ 224,014
Operating grants and contributions	42,190	51,043
Capital grants and contributions	-	570
General revenues		
Property taxes	454,348	429,411
Franchise fees	43,863	44,679
Grants and contributions not restricted	705,644	957,626
Unrestricted investments earnings	78,106	18,213
Miscellaneous	131,125	95,175
Total revenues	1,707,243	1,820,731
Expenses:		
General government	642,712	522,872
Public safety	260,436	238,869
Public works	221,940	298,782
Health and welfare	45,976	52,971
Community and economic development	29,492	40,339
Culture and recreation	75,757	79,620
Total expenses	1,276,313	1,233,453
Change in net position	430,930	587,278
Net position - Beginning	4,065,136	3,477,858
Net position - Ending	<b>\$ 4,496,066</b>	<b>\$ 4,065,136</b>

### Financial Analysis of the Government's Funds

As stated earlier in this discussion and analysis, Fruitland Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Township governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balances or the lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Township. The General Fund ended the year with a fund balance of \$3,560,131, an increase of \$426,047. The health of the General Fund may be measured by the ratio of unassigned fund balance to annual expenditures. Unassigned fund balance represents 189% of the General Fund's expenditures (152% in the prior year).

At the end of the 2024 fiscal year, the Township's General Fund reported unassigned fund balance of \$2,417,235. The remainder of the fund balance is nonspendable for prepaid items or restricted for right-of-way improvements of \$63,143, public works utilities of \$84,462, and White River Light Station preservation and maintenance of \$10,000. In addition, the Township Board has committed \$827,731 for road construction and maintenance and \$146,383 for equipment replacement.

### General Fund Budget

During the current fiscal year, the Township made the following significant budget amendments:

- The property taxes revenues budget was increased by \$45,219 due to higher than initially expected taxable values and administration fees.
- The licenses and permits revenues budget was increased by \$39,307 due to increased building activity.
- The investment earnings revenues budget was increased by \$29,893 due to higher than anticipated interest rates.
- The other revenues budget was increased by \$44,856 for additional logging.
- The legislative budget was increased by \$21,837 due to a payment related to the Army Corp lease for the rights to use the pier from White Lake into Lake Michigan along with some other adjustments.
- The professional services budget was increased by \$26,030 due to environmental monitoring and additional ordinance enforcement.
- The building inspections budget was increased by \$46,202 due to the aforementioned increase in building activity.
- The sanitation budget was increased by \$27,582 because of the investigations surrounding the old dump station.

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

- Intergovernmental revenues - State were over budget by \$75,324 due to not budgeting for ARPA funds.
- Charges for services revenues were under budget by \$25,000 as there was less ecology station activity.
- Investment earnings revenues were over budget by \$38,963 because of higher interest rates than expected.
- Hall and grounds expenditures were under budget by \$32,176 due to Township Hall improvements being postponed into the next fiscal year.
- Road ends expenditures were under budget by \$62,331 due to less activity than expected.
- Road construction and maintenance was under budget by \$47,035 due to projects being postponed in the next fiscal year.
- Senior services expenditures were under budget by \$34,109 because the new senior program was not as costly as expected.
- Parks expenditures were under budget by \$97,970 because of the postponement of future park improvements into future years.
- Capital outlay expenditures were under budget by \$251,244 because of delays in purchases on items such as the new compactors at the transfer station and office improvements.

### Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2024 totaled \$935,935 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment and vehicles.

During the fiscal year, the Township purchased a new dump trailer for public works and began work on office improvements and a new boardwalk.

### Capital Assets

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Land	\$ 400,913	\$ 400,913
Construction in progress	32,825	-
Land improvements	103,705	114,395
Buildings and improvements	295,752	308,649
Equipment and vehicles	102,740	107,095
<b>Total</b>	<b>\$ 935,935</b>	<b>\$ 931,052</b>

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

**General Economic Overview**

The Township's General Fund is comprised of two major revenue sources, state revenue sharing and property tax revenue. These two sources comprise approximately 65 percent of the General Fund's revenue sources. In fiscal year 2025, the Township is conservatively budgeting no significant changes in revenue sharing and property tax revenues.

The Township expects General Fund expenditures for operations in fiscal year 2025 to be about the same as the prior year. The Township is in the midst of a multi-year road improvement project with the Road Commission. For fiscal year 2025, improvements to certain subdivision roads are budgeted. The Township's share of these projects is approximately \$95,000. The monitoring of the Township's old dump site is ongoing. For capital activity, the Township has budgeted a new well, a generator for the Township Hall, and park improvements at Nestrom Park and Duck Creek Natural Area. The cost of these improvements is expected to be approximately \$205,000. Approximately \$225,000 of these road and capital improvements will be funded with remaining American Rescue Plan Act (ARPA) funds.

The Township is in the early planning stages of adding restrooms to Nestrom Park. The Township has also applied for a State grant to add bike paths to Scenic Drive.

**Requests for Information**

This financial report is designed to provide a general overview of Fruitland Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fruitland Township, 4545 Nestrom Road, Whitehall, MI 49461 or telephone (231) 766-3208.

Fruitland Township  
**STATEMENT OF NET POSITION**  
 March 31, 2024

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 3,662,163
Receivables	
Accounts	30,971
Property taxes	12,741
Leases	4,968
Due from other governmental units	97,326
Prepaid items	11,730
Total current assets	3,819,899
Noncurrent assets	
Leases receivable, less amounts due within one year	131,018
Capital assets, net	
Nondepreciable	433,738
Depreciable	502,197
Total noncurrent assets	1,066,953
Total assets	4,886,852
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	26,932
Unearned revenue - expenditure-driven grants	227,868
Total liabilities	254,800
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to leases	135,986
Total liabilities and deferred inflows of resources	390,786
<b>NET POSITION</b>	
Net investment in capital assets	935,935
Restricted	
Right-of-way	63,143
Public works - utilities	84,462
White River Light Station preservation and maintenance	10,000
Unrestricted	3,402,526
Total net position	<b>\$ 4,496,066</b>

The accompanying notes are an integral part of this statement.

Fruitland Township  
**STATEMENT OF ACTIVITIES**  
For the year ended March 31, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities				
General government	\$ 642,712	\$ 9,221	\$ -	\$ (633,491)
Public safety	260,436	165,736	2,599	(92,101)
Public works	221,940	61,018	12,266	(148,656)
Health and welfare	45,976	-	26,825	(19,151)
Community and economic development	29,492	9,475	-	(20,017)
Culture and recreation	75,757	6,517	500	(68,740)
Total governmental activities	<b><u>\$ 1,276,313</u></b>	<b><u>\$ 251,967</u></b>	<b><u>\$ 42,190</u></b>	(982,156)
General revenues				
Property taxes, levied for general purposes				454,348
Franchise fees				43,863
Grants and contributions not restricted to specific programs				705,644
Unrestricted investment earnings				78,106
Miscellaneous				131,125
Total general revenues				<b><u>1,413,086</u></b>
Change in net position				430,930
Net position at beginning of year				<b><u>4,065,136</u></b>
Net position at end of year				<b><u>\$ 4,496,066</u></b>

The accompanying notes are an integral part of this statement.

Fruitland Township  
**BALANCE SHEET**  
 Governmental Funds  
 March 31, 2024

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and investments	\$ 3,662,163
Receivables	
Accounts	30,971
Property taxes	12,741
Leases	135,986
Due from other governmental units	97,326
Prepaid items	11,730
Total assets	<b>\$ 3,950,917</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 26,932
Unearned revenue - expenditure-driven grants	227,868
Total liabilities	254,800
<b>DEFERRED INFLFOWS OF RESOURCES</b>	
Related to leases	135,986
<b>FUND BALANCES</b>	
Nonspendable - prepaid items	11,730
Restricted	
Right-of-way	63,143
Public works - utilities	84,462
White River Light Station preservation and maintenance	10,000
Committed	
Road construction and maintenance	827,178
Equipment replacement	146,383
Unassigned	2,417,235
Total fund balances	3,560,131
Total liabilities and fund balances	<b>\$ 3,950,917</b>

The accompanying notes are an integral part of this statement.

Fruitland Township  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION**  
 March 31, 2024

Total fund balances—governmental funds	\$ 3,560,131
--	--------------

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

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

Cost of capital assets	\$ 1,576,498	
Accumulated depreciation	<u>(640,563)</u>	<u>935,935</u>
Net position of governmental activities		<u><b>\$ 4,496,066</b></u>

The accompanying notes are an integral part of this statement.

Fruitland Township  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Governmental Funds  
 For the year ended March 31, 2024

	<u>General Fund</u>
<b>REVENUES</b>	
Property taxes	\$ 454,348
Licenses and permits	215,066
Intergovernmental revenues	
Federal	75,324
State	645,185
Local	26,825
Charges for services	79,424
Fines and forfeitures	569
Investment earnings	78,106
Other	<u>132,394</u>
Total revenues	1,707,241
 <b>EXPENDITURES</b>	
Current	
General government	612,948
Public safety	260,336
Public works	226,712
Health and welfare	45,976
Community and economic development	29,492
Culture and recreation	61,505
Capital outlay	<u>44,225</u>
Total expenditures	<u>1,281,194</u>
Net change in fund balance	426,047
Fund balance at beginning of year	<u>3,134,084</u>
Fund balance at end of year	<u><u>\$ 3,560,131</u></u>

The accompanying notes are an integral part of this statement.

Fruitland Township  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
For the year ended March 31, 2024

Net change in fund balance—total governmental funds \$ 426,047

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

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

Depreciation expense	\$ (39,342)	
Capital outlay	<u>44,225</u>	<u>4,883</u>
Change in net position of governmental activities		<u><u>\$ 430,930</u></u>

The accompanying notes are an integral part of this statement.

Fruitland Township  
**STATEMENT OF NET POSITION**  
 Fiduciary Funds  
 March 31, 2024

	<b>Custodial Funds</b>		
	<b>Escrow</b>	<b>Current Tax</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 1,557	\$ 360	\$ 1,917
<b>LIABILITIES</b>			
Deposits held for others	1,557	-	1,557
Due to other governmental units	-	360	360
Total liabilities	1,557	360	1,917
<b>NET POSITION</b>			
Restricted for individuals, organizations and other governments	\$ -	\$ -	\$ -
	-	-	-

The accompanying notes are an integral part of this statement.

Fruitland Township  
**STATEMENT OF CHANGES IN NET POSITION**  
 Fiduciary Funds  
 For the year ended March 31, 2024

	<b>Custodial Funds</b>		
	<b>Escrow</b>	<b>Current Tax</b>	<b>Total</b>
<b>ADDITIONS</b>			
Property tax collections for other governments	\$ -	\$ 12,195,628	\$ 12,195,628
<b>DEDUCTIONS</b>			
Payments of property taxes to other governments	-	12,195,628	12,195,628
Change in net position	-	-	-
Net position at beginning of year	-	-	-
Net position at end of year	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Fruitland Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

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

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

**Reporting Entity**

The Township is a common law township governed by an elected seven-member board. Generally accepted accounting principles require that if the Township is considered to be financially accountable for other organizations, those organizations should be included as component units in the Township's financial statements. Since no organizations met this criterion, none are included in the financial statements.

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Township. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The Township has no business-type activities.

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

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

The Township reports the following major governmental fund:

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

Additionally, the Township reports the following fund type:

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

**Measurement Focus and Basis of Accounting**

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

Fruitland Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

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

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

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

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

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

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

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

***Cash and Investments***

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

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

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

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Fruitland Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

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

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

***Lease Receivable***

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

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

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

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

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

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

***Capital Assets***

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years.

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

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

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	10-20
Buildings and improvements	15-50
Equipment and vehicles	3-10

Fruitland Township  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2024

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

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

***Deferred Outflows/Inflows of Resources***

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

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

***Net Position Flow Assumption***

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

***Fund Balance Flow Assumptions***

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

***Fund Balance Policies***

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

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

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

Fruitland Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

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

**Revenues and Expenditures/Expenses**

***Program Revenues***

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

***Property Taxes***

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

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

The 2024 state taxable value for real/personal property of the Township totaled approximately \$353,120,000. The ad valorem taxes levied consisted of .8742 mills for the Township's operating purposes. This amount is recognized in the General Fund.

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

**Budgetary Information**

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

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

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

**NOTE C—DEPOSITS AND INVESTMENTS**

**Deposit and Investment Risks**

***Interest Rate Risk***

The Township investments policy limits investment maturities to three years. This policy is used as a means of managing its exposure to fair value losses arising from increasing interest rates.

***Credit Risk***

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

Fruitland Township  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2024

**NOTE C—DEPOSITS AND INVESTMENTS—Continued**

**Deposit and Investment Risks—Continued**

***Concentration of Credit Risk***

The Township does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

***Custodial Credit Risk – Deposits***

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2024, \$1,424,625 of the Township's bank balance of \$3,742,814 was exposed to custodial credit risk because it was uninsured and uncollateralized.

***Custodial Credit Risk—Investments***

The Township does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

***Foreign Currency Risk***

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

**NOTE D—LEASE RECEIVABLE**

The Township leases the right to use space on a parcel owned by the Township to a third party for cell phone antennas. The lease term is 5 years and the Township receives an annual payment totaling \$8,436, increasing 2 percent each year. The lease has an automatic renewal for 4 additional 5-year terms. The Township recognized \$4,668 in lease revenue and \$3,767 in interest revenue during the year ended March 31, 2024. The Township has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of March 31, 2024, the balance of the deferred inflow of resources was \$135,986.

The future minimum payments to be received for these leases are as follows:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>
<b>March 31,</b>		
2025	\$ 4,968	\$ 3,637
2026	5,279	3,498
2027	5,602	3,351
2028	5,937	3,194
2029	6,287	3,028
2030-2034	37,136	12,304
2035-2039	48,040	6,546
2040-2041	22,737	653
	<b>\$ 135,986</b>	<b>\$ 36,211</b>

Fruitland Township  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2024

**NOTE E—CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2024 was as follows:

	<b>Balance April 1, 2023</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance March 31, 2024</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 400,913	\$ -	\$ -	\$ 400,913
Construction in progress	-	32,825	-	32,825
Total capital assets, not being depreciated	400,913	32,825	-	433,738
<b>Capital assets, being depreciated:</b>				
Land improvements	158,438	-	-	158,438
Buildings and improvements	612,708	-	-	612,708
Equipment and vehicles	360,214	11,400	-	371,614
Total capital assets, being depreciated	1,131,360	11,400	-	1,142,760
<b>Less accumulated depreciation:</b>				
Land improvements	44,043	10,690	-	54,733
Buildings and improvements	304,059	12,897	-	316,956
Equipment and vehicles	253,119	15,755	-	268,874
Total accumulated depreciation	601,221	39,342	-	640,563
Total capital assets, being depreciated, net	530,139	(27,942)	-	502,197
Capital assets, net	<b>\$ 931,052</b>	<b>\$ 4,883</b>	<b>\$ -</b>	<b>\$ 935,935</b>

**Depreciation**

Depreciation expense has been charged to functions as follows:

General government	\$ 19,368
Public safety	99
Public works	5,623
Culture and recreation	14,252
	<b>\$ 39,342</b>

Fruitland Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

**NOTE F—OTHER INFORMATION**

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the government carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three fiscal years.

**Contingent Liabilities**

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

The County of Muskegon issued a \$4,940,000 Water Supply System Refunding Bond in 2019 to refund bonds which had been issued to fund improvements to the Northside Water System which includes part of the Township. The Township has pledged its full faith and credit for a portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on March 31, 2024 was \$676,250, or 25 percent of the bonds. The Township is unaware of any circumstances that would cause a shortfall in the near future.

The County of Muskegon issued a \$6,550,000 Water Supply System Refunding Bond in 2015 to refund bonds which had been issued to fund improvements to the Northside Water System which includes part of the Township. The Township has pledged its full faith and credit for a portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on March 31, 2024 was \$1,096,800, or 24 percent of the bonds. The Township is unaware of any circumstances that would cause a shortfall in the near future.

**Commitments**

The Township has various contract agreements for paving of Township parking lots and properties as of March 31, 2024 of approximately \$149,900.

**Jointly Governed Entity**

***White Lake Fire Authority***

The Township, in conjunction with two other governmental entities, created the White Lake Fire Authority. The Authority was formed to jointly provide fire protection and rescue services within the combined service area, which encompasses the participating municipalities. The administrative board of the Authority is comprised of two representatives from each participating municipality. No participant has any obligation, entitlement, or residual interest. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements can be obtained from the Authority (115 S. Baldwin, Whitehall, MI 49461).

Fruitland Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

**NOTE G—PENSION PLAN**

**Deferred Compensation Plan**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all board members and full-time employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Under the Plan, the Township contributes 15 percent of qualified employees' annual compensation. For the year ended March 31, 2024, the Township's contribution expense was \$34,716.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

**NOTE H—ECONOMIC DEPENDENCY**

State of Michigan shared revenues represent 37 percent of General Fund revenues.

**REQUIRED SUPPLEMENTARY INFORMATION**

Fruitland Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended March 31, 2024

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 406,171	\$ 451,391	\$ 454,348	\$ 2,957
Licenses and permits	172,200	211,507	215,066	3,559
Intergovernmental revenues				
Federal	-	-	75,324	75,324
State	645,666	647,832	645,185	(2,647)
Local	26,825	26,825	26,825	-
Charges for services	101,100	104,433	79,424	(25,009)
Fines and forfeitures	300	669	569	(100)
Investment earnings	9,250	39,143	78,106	38,963
Other	70,250	115,106	132,394	17,288
Total revenues	1,431,762	1,596,906	1,707,241	110,335
<b>EXPENDITURES</b>				
Current				
General government				
Legislative	78,719	100,556	86,669	13,887
Supervisor	54,783	56,758	55,543	1,215
Election	19,104	20,522	18,102	2,420
Assessor	46,176	46,195	45,922	273
Clerk	57,109	57,991	57,141	850
Board of review	3,063	3,063	1,786	1,277
Treasurer	65,222	65,505	62,840	2,665
Hall and grounds	124,340	130,543	98,367	32,176
Community building	18,030	21,029	10,016	11,013
Road ends	96,600	96,600	34,269	62,331
Township property	36,585	37,384	28,931	8,453
Professional services	62,440	88,470	92,376	(3,906)
Other	25,000	25,986	20,986	5,000
Public safety				
Law enforcement	85,232	85,616	78,043	7,573
Building inspections	141,733	187,935	182,293	5,642
Public works				
Road construction and maintenance	90,513	110,955	63,920	47,035
Drains	750	750	750	-
Street lighting	21,135	21,135	20,595	540
Lake maintenance	1,000	1,000	-	1,000
Sanitation	92,026	119,608	109,656	9,952
Cemetery	40,401	51,366	31,791	19,575
Health and welfare				
Senior services	78,735	80,085	45,976	34,109
Community and economic development				
Planning commission	30,897	31,253	22,609	8,644
Zoning board of appeals	9,826	10,042	6,883	3,159
Culture and recreation				
Museum	33,259	36,735	17,690	19,045
Parks	134,388	141,785	43,815	97,970
Capital outlay	282,000	295,469	44,225	251,244
Total expenditures	1,729,066	1,924,336	1,281,194	643,142
Net change in fund balance	<b>\$ (297,304)</b>	<b>\$ (327,430)</b>	426,047	<b>\$ 753,477</b>
Fund balance at beginning of year			3,134,084	
Fund balance at end of year			<b>\$ 3,560,131</b>	