
Lincoln Charter Township

**Financial Report
with Supplementary Information
March 31, 2025**

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Independent Auditor's Report

To the Members of the Township Board
Lincoln Charter Township

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lincoln Charter Township (the "Charter Township") as of and for the year ended March 31, 2025 and the related notes to the financial statements, which collectively comprise the Charter Township's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township as of March 31, 2025 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter Township's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Members of the Township Board
Lincoln Charter Township

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Plante & Moran, PLLC

September 24, 2025

Lincoln Charter Township

Management's Discussion and Analysis

Our discussion and analysis of Lincoln Charter Township, Berrien County, Michigan's (the "Charter Township") financial performance provide an overview of the Charter Township's financial activities for the fiscal year ended March 31, 2025. Please read it in conjunction with the Charter Township's financial statements.

Financial Highlights

- In the current fiscal year, revenue exceeded expenditures by approximately \$1,075,000 for the General Fund. Revenue exceeded expenditures by approximately \$363,000 for the Police Fund.
- The Charter Township invested approximately \$2,330,000 in capital assets.
- The Charter Township paid off the remaining approximately \$140,000 in debt related to the MDEQ project and ended the year with no outstanding debt.

Using This Annual Report

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

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

Lincoln Charter Township

Management's Discussion and Analysis (Continued)

The Charter Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets:						
Cash and investments	\$ 10,270,920	\$ 10,182,454	\$ 13,547,065	\$ 13,270,728	\$ 23,817,985	\$ 23,453,182
Receivables	636,257	677,125	663,910	635,219	1,300,167	1,312,344
Other assets	401,128	192,394	-	-	401,128	192,394
Capital assets	<u>6,115,409</u>	<u>5,606,176</u>	<u>4,348,046</u>	<u>3,569,924</u>	<u>10,463,455</u>	<u>9,176,100</u>
Total assets	17,423,714	16,658,149	18,559,021	17,475,871	35,982,735	34,134,020
Liabilities						
Current liabilities	220,082	849,371	318,214	110,730	538,296	960,101
Noncurrent liabilities	<u>107,895</u>	<u>228,380</u>	<u>-</u>	<u>-</u>	<u>107,895</u>	<u>228,380</u>
Total liabilities	327,977	1,077,751	318,214	110,730	646,191	1,188,481
Net Position						
Net investment in capital assets	6,115,409	5,606,176	4,348,046	3,569,924	10,463,455	9,176,100
Restricted:						
Municipal roads	308,809	380,477	-	-	308,809	380,477
Fire capital projects	130,665	77,845	-	-	130,665	77,845
Police operations	2,664,726	2,290,479	-	-	2,664,726	2,290,479
Street lighting	32,940	37,205	-	-	32,940	37,205
Building department	674,399	638,401	-	-	674,399	638,401
Fire operations	764,155	620,668	-	-	764,155	620,668
Health and welfare	19,537	57,843	-	-	19,537	57,843
Unrestricted	<u>6,385,097</u>	<u>5,871,304</u>	<u>13,892,761</u>	<u>13,795,217</u>	<u>20,277,858</u>	<u>19,666,521</u>
Total net position	<u>\$ 17,095,737</u>	<u>\$ 15,580,398</u>	<u>\$ 18,240,807</u>	<u>\$ 17,365,141</u>	<u>\$ 35,336,544</u>	<u>\$ 32,945,539</u>

The total net position of the Charter Township's governmental and business-type activities increased by \$2,391,005, or 7.2 percent, from the prior year. The governmental activities net position increased by \$1,515,339, or 9.73 percent, over the prior year. Business-type activities net position increased by \$875,666, or 5.04 percent, over the prior year.

Lincoln Charter Township

Management's Discussion and Analysis (Continued)

The Charter Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue						
Program revenue:						
Charges for services	\$ 616,308	\$ 568,438	\$ 3,127,463	\$ 2,824,011	\$ 3,743,771	\$ 3,392,449
Operating grants	49,854	15,159	-	-	49,854	15,159
Capital grants	673,896	265,453	-	-	673,896	265,453
General revenue:						
Property taxes	4,339,968	4,117,967	-	-	4,339,968	4,117,967
State-shared revenue	1,728,258	1,760,113	-	-	1,728,258	1,760,113
Investment earnings	218,397	168,134	402,057	454,297	620,454	622,431
Other revenue:						
Cable franchise fees	120,166	185,880	-	-	120,166	185,880
Sale of capital assets	34,638	5,154	-	-	34,638	5,154
Miscellaneous income	123,623	90,899	-	-	123,623	90,899
Total revenue	7,905,108	7,177,197	3,529,520	3,278,308	11,434,628	10,455,505
Program Expenses						
General government	860,996	857,826	-	-	860,996	857,826
Public safety	3,636,236	3,406,642	-	-	3,636,236	3,406,642
Public works	997,024	809,587	-	-	997,024	809,587
Community and economic development	70,022	74,153	-	-	70,022	74,153
Recreation and culture	824,782	763,741	-	-	824,782	763,741
Interest on long-term debt	709	2,825	-	-	709	2,825
Water and sewer	-	-	2,653,854	2,372,644	2,653,854	2,372,644
Total program expenses	6,389,769	5,914,774	2,653,854	2,372,644	9,043,623	8,287,418
Change in Net Position	1,515,339	1,262,423	875,666	905,664	2,391,005	2,168,087
Net Position - Beginning of year	15,580,398	14,317,975	17,365,141	16,459,477	32,945,539	30,777,452
Net Position - End of year	\$ 17,095,737	\$ 15,580,398	\$ 18,240,807	\$ 17,365,141	\$ 35,336,544	\$ 32,945,539

During the current fiscal year, governmental activities expenses remained relatively consistent, increasing by approximately \$475,000, or 8.0 percent, while revenue increased by approximately \$728,000, or 10.14 percent. Business-type activities expenses increased by approximately \$281,000, or 11.85 percent, while the revenue associated with the business-type activities increased by approximately \$251,000, or 7.66 percent. The increase in revenue was a result of utility rate increases from the Charter Township.

Financial Analysis of Individual Funds

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

Lincoln Charter Township

Management's Discussion and Analysis (Continued)

The General Fund had a decrease in fund balance of \$297,041, primarily due to transfers out to other funds. The Police Fund had an increase in fund balance of \$374,247, primarily due to increased revenue from increased Police Fund millage rates. The ARPA Fund had no fund balance at March 31, 2025 given that revenue equaled expenditures for the period. Other special revenue funds and remaining capital improvements had an overall increase in fund balances of \$15,106 and \$938,926, respectively, as revenue exceeded expenses.

Of the enterprise funds, the Sewer Fund had an increase in net position of \$1,021,868, and the Water Fund had a decrease in net position of \$146,202.

Budgetary Highlights

Actual General Fund revenue was greater than budgeted by approximately \$21,000 primarily due to interest. Actual General Fund expenditures were less than budgeted by approximately \$181,000 due to conservative spending in relation to amounts budgeted.

Overall results for the Police Fund were better than budgeted amounts by approximately \$124,000.

Capital Assets and Debt Administration

The Charter Township purchased approximately \$1,223,000 of governmental-type fixed assets and \$1,101,000 of business-type fixed assets. The Charter Township issued no new debt in the current year.

Economic Factors and Next Year's Budgets and Rates

The current economic climate in Lincoln Charter Township is stable with the goal to hold costs at or below the rate of inflation. Several residential development projects underway will have a slight long-term increase of tax base in future years. The Charter Township desires to keep the fund balance stable in the next budget year. The Police Department labor contract, which will be negotiated for the next fiscal year could impact the Police Fund. Early voting has increased the costs to the Charter Township by \$40,000 during general election years. Settlement of litigation involving the Sewer Fund will impact the Sewer Fund fund balance either in the fiscal year ending March 31, 2026 or the fiscal year ending March 31, 2027. The Charter Township has authorized a comprehensive sewer rate study to ensure capital costs are covered by existing or future rates.

Requests for Further Information

This financial report is intended to provide a general overview of the Charter Township's finances and demonstrate the Charter Township's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Lincoln Charter Township clerk's office.

Lincoln Charter Township

Statement of Net Position

March 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Brownfield
				Redevelopment Authority
Assets				
Cash and cash equivalents (Note 2)	\$ 10,270,920	\$ 13,547,065	\$ 23,817,985	\$ 726,103
Receivables:				
Property taxes receivable	99,175	25,976	125,151	-
Customer receivables	-	637,934	637,934	-
Other receivables	139,726	-	139,726	-
Due from other governments	397,356	-	397,356	-
Prepaid expenses	398,263	-	398,263	-
Other current assets	2,865	-	2,865	-
Capital assets: (Note 3)				
Assets not subject to depreciation	848,465	-	848,465	-
Assets subject to depreciation - Net	5,266,944	4,348,046	9,614,990	-
Total assets	17,423,714	18,559,021	35,982,735	726,103
Liabilities				
Accounts payable	86,531	313,122	399,653	-
Due to other governmental units	5,569	-	5,569	-
Refundable deposits	13,992	-	13,992	-
Accrued salaries and wages	98,032	5,092	103,124	-
Unearned revenue	15,958	-	15,958	-
Noncurrent liabilities - Due within one year -				
Compensated absences (Note 5)	107,895	-	107,895	-
Total liabilities	327,977	318,214	646,191	-
Net Position				
Net investment in capital assets	6,115,409	4,348,046	10,463,455	-
Restricted:				
Municipal roads	308,809	-	308,809	-
Fire capital projects	130,665	-	130,665	-
Police operations	2,664,726	-	2,664,726	-
Street lighting	32,940	-	32,940	-
Building department	674,399	-	674,399	-
Fire operations	764,155	-	764,155	-
Health and welfare	19,537	-	19,537	-
Unrestricted	6,385,097	13,892,761	20,277,858	726,103
Total net position	\$ 17,095,737	\$ 18,240,807	\$ 35,336,544	\$ 726,103

Lincoln Charter Township

Statement of Activities

Year Ended March 31, 2025

	Net (Expense) Revenue and Changes in Net Position						Component Unit Brownfield Redevelopment Authority	
	Program Revenue			Primary Government		Total		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Functions/Programs								
Primary government:								
Governmental activities:								
General government	\$ 860,996	\$ 5,798	\$ -	\$ 645,327	\$ (855,198)	\$ (855,198)	\$ -	
Public safety	3,636,236	488,047	49,854	-	(2,453,008)	-	(2,453,008)	
Public works	997,024	89,752	-	-	(907,272)	-	(907,272)	
Community and economic development	70,022	950	-	-	(69,072)	-	(69,072)	
Recreation and culture	824,782	31,761	-	28,569	(764,452)	-	(764,452)	
Interest on long-term debt	709	-	-	-	(709)	-	(709)	
Total governmental activities	6,389,769	616,308	49,854	673,896	(5,049,711)	-	(5,049,711)	
Business-type activities:								
Sewer Fund	2,017,742	2,874,306	-	-	-	856,564	856,564	
Water Fund	636,112	253,157	-	-	-	(382,955)	(382,955)	
Total business-type activities	2,653,854	3,127,463	-	-	-	473,609	473,609	
Total primary government	\$ 9,043,623	\$ 3,743,771	\$ 49,854	\$ 673,896	(5,049,711)	473,609	(4,576,102)	
Component unit - Brownfield Redevelopment Authority	\$ 151,621	\$ -	\$ -	\$ -	-	-	(151,621)	
General revenue:								
Taxes					4,339,968	-	4,339,968	
Unrestricted state-shared revenue					1,728,258	-	1,728,258	
Unrestricted investment income					218,397	402,057	620,454	
Cable franchise fees					120,166	-	120,166	
Gain on sale of capital assets					34,638	-	34,638	
Other miscellaneous income					123,623	-	123,623	
Total general revenue					6,565,050	402,057	6,967,107	
Change in Net Position					1,515,339	875,666	2,391,005	
Net Position - Beginning of year					15,580,398	17,365,141	32,945,539	
Net Position - End of year					\$ 17,095,737	\$ 18,240,807	\$ 35,336,544	
							\$ 726,103	

Lincoln Charter Township

Governmental Funds Balance Sheet

March 31, 2025

	General Fund	Police Fund	ARPA Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,561,268	\$ 2,668,379	\$ 40,881	\$ 4,000,392	\$ 10,270,920
Receivables:					
Property taxes receivable	-	75,370	-	23,805	99,175
Other receivables	92,104	47,622	-	-	139,726
Due from other governments	397,356	-	-	-	397,356
Due from other funds (Note 4)	13,526	-	-	-	13,526
Prepaid expenses	398,263	-	-	-	398,263
Other current assets	2,865	-	-	-	2,865
Total assets	\$ 4,465,382	\$ 2,791,371	\$ 40,881	\$ 4,024,197	\$ 11,321,831
Liabilities					
Accounts payable	\$ 34,235	\$ 20,397	\$ 11,397	\$ 20,502	\$ 86,531
Due to other governmental units	777	522	-	4,270	5,569
Due to other funds (Note 4)	-	-	13,526	-	13,526
Refundable deposits	13,992	-	-	-	13,992
Accrued salaries and wages	27,992	58,104	-	11,936	98,032
Unearned revenue	-	-	15,958	-	15,958
Total liabilities	76,996	79,023	40,881	36,708	233,608
Deferred Inflows of Resources -					
Unavailable revenue	322,051	47,622	-	-	369,673
Total liabilities and deferred inflows of resources	399,047	126,645	40,881	36,708	603,281
Fund Balances					
Nonspendable	398,263	-	-	-	398,263
Restricted:					
Roads	-	-	-	308,809	308,809
Police	-	2,645,189	-	-	2,645,189
Fire	-	-	-	763,712	763,712
Fire capital projects	-	-	-	130,665	130,665
Street lighting	-	-	-	32,940	32,940
Building department	-	-	-	674,399	674,399
Health and welfare	-	19,537	-	-	19,537
Committed:					
Capital projects	-	-	-	1,752,354	1,752,354
Cemetery operations	-	-	-	98,885	98,885
Assigned	-	-	-	225,725	225,725
Unassigned	3,668,072	-	-	-	3,668,072
Total fund balances	4,066,335	2,664,726	-	3,987,489	10,718,550
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,465,382	\$ 2,791,371	\$ 40,881	\$ 4,024,197	\$ 11,321,831

Lincoln Charter Township

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

March 31, 2025

Fund Balances Reported in Governmental Funds \$ 10,718,550

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets are not financial resources and are not reported in the funds 6,115,409

Grants and other receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds 369,673

Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities (107,895)

Net Position of Governmental Activities \$ 17,095,737

Lincoln Charter Township

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended March 31, 2025

	General Fund	Police Fund	ARPA Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Property taxes and administrative fees	\$ 977,143	\$ 2,570,355	\$ -	\$ 792,470	\$ 4,339,968
Special assessments	-	-	-	28,352	28,352
State-shared revenue and grants	1,730,273	49,852	645,327	-	2,425,452
Charges for services	16,735	5,297	-	61,400	83,432
Fines and forfeitures	-	239	-	-	239
Licenses and permits:					
Cable franchise fees	120,166	-	-	-	120,166
Business licenses	-	-	-	471,804	471,804
Other licenses and permits	3,088	8,757	-	21,510	33,355
Interest and rentals	138,829	25,607	-	54,670	219,106
Other revenue:					
Local donations	16,110	2	-	11,585	27,697
Other miscellaneous income	49,655	68,068	-	8,405	126,128
Total revenue	3,051,999	2,728,177	645,327	1,450,196	7,875,699
Expenditures					
Current services:					
General government	932,946	-	560,188	25,168	1,518,302
Public safety	129,049	2,365,631	69,265	956,890	3,520,835
Public works	272,940	-	15,874	767,552	1,056,366
Community and economic development	70,022	-	-	-	70,022
Recreation and culture	569,898	-	-	141,549	711,447
Debt service - Interest and fiscal charges	2,127	-	-	-	2,127
Total expenditures	1,976,982	2,365,631	645,327	1,891,159	6,879,099
Excess of Revenue Over (Under) Expenditures					
	1,075,017	362,546	-	(440,963)	996,600
Other Financing Sources (Uses)					
Transfers in (Note 4)	-	-	-	1,372,900	1,372,900
Transfers out (Note 4)	(1,372,900)	-	-	-	(1,372,900)
Sale of capital assets	842	11,701	-	22,095	34,638
Total other financing (uses) sources	(1,372,058)	11,701	-	1,394,995	34,638
Net Change in Fund Balances					
Fund Balances - Beginning of year	4,363,376	2,290,479	-	3,033,457	9,687,312
Fund Balances - End of year	\$ 4,066,335	\$ 2,664,726	\$ -	\$ 3,987,489	\$ 10,718,550

Lincoln Charter Township

Governmental Funds

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

Year Ended March 31, 2025

Net Change in Fund Balances Reported in Governmental Funds	\$ 1,031,238
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	1,229,988
Depreciation expense	(720,755)

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(5,229)
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Changes in interest payable are recognized in the government-wide statements as it accrues	1,418
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Some employee costs (compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(21,321)
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Change in Net Position of Governmental Activities	<u>\$ 1,515,339</u>
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Lincoln Charter Township

Proprietary Funds Statement of Net Position

March 31, 2025

	Enterprise Funds		
	Sewer Fund	Water Fund	Total Enterprise Funds
Assets			
Current assets:			
Cash and investments (Note 2)	\$ 6,090,797	\$ 7,456,268	\$ 13,547,065
Receivables - Customer receivables	620,235	43,675	663,910
Total current assets	6,711,032	7,499,943	14,210,975
Noncurrent assets - Capital assets subject to depreciation - Net (Note 3)	2,761,186	1,586,860	4,348,046
Total assets	9,472,218	9,086,803	18,559,021
Liabilities			
Current liabilities:			
Accounts payable	313,032	90	313,122
Accrued salaries and wages	5,092	-	5,092
Total liabilities	318,124	90	318,214
Net Position			
Net investment in capital assets	2,761,186	1,586,860	4,348,046
Unrestricted	6,392,908	7,499,853	13,892,761
Total net position	\$ 9,154,094	\$ 9,086,713	\$ 18,240,807

Lincoln Charter Township

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

Year Ended March 31, 2025

	Enterprise Funds			Total Enterprise Funds
	Sewer Fund	Water Fund		
Operating Revenue				
Sale of water	\$ -	\$ 247,897	\$ 247,897	
Sewage disposal charges	2,873,986	-		2,873,986
Installation fees	320	5,260		5,580
Total operating revenue	2,874,306	253,157		3,127,463
Operating Expenses				
Cost of water	-	277,036		277,036
Cost of sewage treatment	1,478,489	-		1,478,489
Depreciation	155,006	167,563		322,569
Total operating expenses	1,633,495	444,599		2,078,094
Operating Income (Loss)	1,240,811	(191,442)		1,049,369
Nonoperating Revenue (Expense)				
Investment income	165,304	236,753		402,057
Contributions to joint ventures	(384,247)	(191,513)		(575,760)
Total nonoperating (expense) revenue	(218,943)	45,240		(173,703)
Change in Net Position	1,021,868	(146,202)		875,666
Net Position - Beginning of year	8,132,226	9,232,915		17,365,141
Net Position - End of year	\$ 9,154,094	\$ 9,086,713		\$ 18,240,807

Lincoln Charter Township

Proprietary Funds Statement of Cash Flows

Year Ended March 31, 2025

	Enterprise Funds		
	Sewer Fund	Water Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,840,894	\$ 257,878	\$ 3,098,772
Payments to suppliers	(1,001,675)	(192,126)	(1,193,801)
Payments to employees and fringes	(269,420)	(84,820)	(354,240)
Net cash and cash equivalents provided by (used in) operating activities	1,569,799	(19,068)	1,550,731
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(1,009,466)	(91,225)	(1,100,691)
Contributions to joint ventures	(384,247)	(191,513)	(575,760)
Net cash and cash equivalents used in capital and related financing activities	(1,393,713)	(282,738)	(1,676,451)
Cash Flows Provided by Investing Activities - Interest received on investments			
	165,304	236,753	402,057
Net Increase (Decrease) in Cash and Cash Equivalents			
	341,390	(65,053)	276,337
Cash and Cash Equivalents - Beginning of year	5,749,407	7,521,321	13,270,728
Cash and Cash Equivalents - End of year	\$ 6,090,797	\$ 7,456,268	\$ 13,547,065
Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents from Operating Activities			
Operating income (loss)	\$ 1,240,811	\$ (191,442)	\$ 1,049,369
Adjustments to reconcile operating income (loss) to net cash and cash equivalents from operating activities:			
Depreciation	155,006	167,563	322,569
Changes in assets and liabilities:			
Receivables	(33,412)	4,721	(28,691)
Accounts payable	206,007	90	206,097
Accrued and other liabilities	1,387	-	1,387
Total adjustments	328,988	172,374	501,362
Net cash and cash equivalents provided by (used in) operating activities	\$ 1,569,799	\$ (19,068)	\$ 1,550,731

Lincoln Charter Township

Fiduciary Funds Statement of Fiduciary Net Position

March 31, 2025

	<u>Custodial Funds</u>
Assets - Cash and cash equivalents	\$ 28,766
Liabilities - Due to other governmental units	<u>28,766</u>
Net Position	<u><u>\$ -</u></u>

Lincoln Charter Township

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended March 31, 2025

	<u>Custodial Funds</u>
Additions	
Property tax collections for other governments	\$ 21,887,006
Mobile home fee collections	<u>18,773</u>
Total additions	21,905,779
Deductions	
Tax distributions to other governments	21,887,006
Distributions of mobile home fees	<u>18,773</u>
Total deductions	21,905,779
Net Change in Fiduciary Net Position	-
Net Position - Beginning of year	<u>-</u>
Net Position - End of year	<u>\$ -</u>

March 31, 2025

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

The Charter Township is governed by an elected supervisor and six-member board of trustees. The accompanying financial statements present the Charter Township and its component unit, an entity for which the Charter Township is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Charter Township (see discussion below for description).

Discretely Presented Component Unit

Brownfield Redevelopment Authority

On August 29, 2000, the Charter Township created the Brownfield Redevelopment Authority (the "Authority") to revitalize selected environmentally distressed areas within the Charter Township's limits. The Authority's governing body, which consists of five individuals, is selected by the Charter Township's board of trustees. In addition, the Authority's budget is subject to approval by the Charter Township's board of trustees. The Authority does not issue separate financial statements.

Jointly Governed Organization

Southwest Michigan Regional Sanitary Sewer and Water Authority

On July 19, 2007, Lincoln Charter Township, along with Royalton Township and St. Joseph Charter Township, formed a joint venture to operate, maintain, and repair the sewage disposal and water supply systems (the "Southwest Michigan Authority"). In 2010, the Southwest Michigan Authority issued Sanitary Sewer System Bonds, Series 2010, Build America Bonds. At that time, the three participating townships began funding the debt service costs of these bonds and guaranteeing the principal and interest payments over the lives of the bonds.

In August 2016, the Southwest Michigan Authority issued Water Supply System Refunding Bonds, Series 2016 in the amount of \$4,190,000 to advance refund obligations of the participating municipalities and to pay expenses relating to the issuance of the bonds.

The member contribution percentages for the year ended June 30, 2024 (the most recent audited information available) are as follows: Royalton Township - 13.71 percent, Lincoln Charter Township - 54.24 percent, and St. Joseph Charter Township - 32.05 percent.

For the year ended March 31, 2025, Lincoln Charter Township contributed \$575,760 to the Southwest Michigan Authority for debt retirement, which is recorded in the statement of revenue, expenses, and changes in net position as nonoperating expense, and \$316,122 to the Southwest Michigan Authority for operations and shared expenses, which is recorded in the statement of revenue, expenses, and changes in net position as operating expense.

In April 2019, the Southwest Michigan Authority refunded the Sanitary Sewer System Bonds, Series 2010 bonds and issued 2019A refunding bonds of \$7,330,000. Lincoln Charter Township is contingently liable for 58.80 percent (approximately \$3,634,000) of the \$6,180,000 outstanding balance at June 30, 2024 due on the Sanitary Sewer System Bonds, Series 2019 and for 51.76 percent (approximately \$1,284,000) of the \$2,480,000 outstanding balance at June 30, 2024 due on the Water Supply System Refunding Bonds, Series 2016.

The Charter Township does not have an equity interest in the Southwest Michigan Authority.

March 31, 2025

Note 1 - Significant Accounting Policies (Continued)

A copy of the Southwest Michigan Authority's audited financial report will be made available at the Charter Township's office after the Southwest Michigan Authority's June 30, 2025 audit report is issued. The Charter Township does not anticipate any additional financial benefits or burdens related to its investment in these entities.

Report Presentation

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

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

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the Charter Township's water and sewer function and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Police Fund accounts for the activities of the police protection department.
- The ARPA Fund accounts for the activities of the Charter Township as it relates to funds received under ALN 21.027 from the federal government.

March 31, 2025

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

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

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

Fiduciary Funds

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

- The Tax Collection Fund collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities) and remits the taxes to each authority.
- The Trust and Agency Fund and the Delinquent Trust and Agency Fund account for assets held by the Charter Township in a trustee capacity.

Interfund Activity

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

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

Basis of Accounting

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

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

March 31, 2025

Note 1 - Significant Accounting Policies (Continued)

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

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

Specific Balances and Transactions

Cash and Cash Equivalents

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

Receivables and Payables

In general, outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances. All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Charter Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Land improvements	20
Water and sewer lines	40
Drain rights	10-50
Buildings and improvements	10-40
Furniture and equipment	5-10
Vehicles	3

Unearned Revenue

Unearned revenue represents amounts received through nonexchange transactions prior to all applicable eligibility criteria being met or amounts being received through exchange transactions prior to goods or services being provided. The Charter Township has one item, unearned revenue related to funds received from the American Rescue Plan Act, which qualifies for reporting in this category.

March 31, 2025

Note 1 - Significant Accounting Policies (Continued)

Long-term Obligations

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

Refundable Deposits

Refundable deposits consist of deposits held by the Charter Township that will be refunded to customers and developers within the Charter Township once certain obligations are met.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Charter Township does not have any deferred outflows at March 31, 2025.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Charter Township has one item, unavailable revenue, which qualifies for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from state revenue sharing. The Charter Township also reports deferred inflows related to certain settlements surrounding the opioid epidemic. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position of the Charter Township is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and as held in trust for debt service and self-insured professional liability. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

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

March 31, 2025

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. The Charter Township itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Charter Township has, by resolution, authorized the charter township clerk to assign fund balance. The Charter 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 exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In November 2013, the Charter Township set a goal to maintain a minimum unassigned fund balance of no less than 50 percent of General Fund expenditures. For the purpose of the calculation, expenditures will be the annual budgeted expenditures amount less nonrecurring capital expenditures. If the unassigned fund balance falls below 50 percent of expenditures, the General Fund budget for the following two years will be adjusted to restore fund balance to the 50 percent level. If unassigned fund balance approaches a level that exceeds 65 percent of expenditures, the Charter Township board may consider using unassigned fund balance for the following purposes: transfer funds to the capital improvement funds for future projects, pay down future debt, and other obligations of the Charter Township.

Property Tax Revenue

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Charter Township's 2024 property tax revenue was levied and collectible on December 31, 2024 and is recognized as revenue in the year ended March 31, 2025 when the proceeds of the levy are budgeted and available for the financing of operations.

March 31, 2025

Note 1 - Significant Accounting Policies (Continued)

The 2024 taxable valuation of the Charter Township totaled \$874 million, after the tool and die recovery adjustment, on which taxes levied consisted of 0.7834 mills for operating purposes, 2.9973 mills for police operations, 0.2495 mills for roads, 0.4991 mills for fire operations, and 0.1746 mills for fire department capital improvements. This resulted in approximately \$705,000 for operating, \$2,570,000 for police operations, \$214,000 for roads, \$430,000 for fire operations, and \$149,000 for fire department capital improvements. These amounts are recognized in the respective General Fund, special revenue fund, and capital improvement fund financial statements as tax revenue.

Compensated Absences (Vacation and Sick Leave)

It is the Charter Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A leave liability is recognized due to the leave attributable to the services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in noncash means. The compensated absence liabilities are reported in the government-wide financial statements.

Proprietary Funds Operating Classification

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

Use of Estimates

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

Upcoming Accounting Pronouncements

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Charter Township's financial statements for the year ending March 31, 2026.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Charter Township's financial statements for the year ending March 31, 2027.

March 31, 2025

Note 1 - Significant Accounting Policies (Continued)

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Charter Township's financial statements for the year ending March 31, 2027.

Note 2 - Deposits and Investments

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

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

The Charter Township's cash and investments are subject to risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Charter Township's deposits may not be returned to it. The Charter Township does not have a deposit policy for custodial credit risk. At year end, the Charter Township had bank deposits (certificates of deposit and checking and savings accounts) totaling approximately \$27.8 million that were uninsured and uncollateralized. The Charter Township believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC)/National Credit Union Association (NCUA) insurance, it is impractical to insure all deposits.

March 31, 2025

Note 3 - Capital Assets

Capital asset activity of the Charter Township's governmental and business-type activities was as follows:

Governmental Activities

	Balance April 1, 2024	Additions	Disposals	Balance March 31, 2025
Capital assets not being depreciated:				
Land	\$ 783,458	\$ -	\$ -	\$ 783,458
Construction in progress	<u>-</u>	65,007	<u>-</u>	<u>65,007</u>
Subtotal	783,458	65,007	-	848,465
Capital assets being depreciated:				
Buildings and improvements	3,816,212	46,422	-	3,862,634
Furniture and equipment	1,348,065	134,136	-	1,482,201
Vehicles	2,645,530	330,717	(71,097)	2,905,150
Land improvements	5,262,263	653,706	-	5,915,969
Subtotal	13,072,070	1,164,981	(71,097)	14,165,954
Accumulated depreciation:				
Buildings and improvements	2,498,371	107,934	-	2,606,305
Furniture and equipment	944,071	107,438	-	1,051,509
Vehicles	1,754,124	273,973	(71,097)	1,957,000
Land improvements	3,052,786	231,410	-	3,284,196
Subtotal	8,249,352	720,755	(71,097)	8,899,010
Net capital assets being depreciated	4,822,718	444,226	-	5,266,944
Net governmental activities capital assets	<u>\$ 5,606,176</u>	<u>\$ 509,233</u>	<u>\$ -</u>	<u>\$ 6,115,409</u>

Business-type Activities

	Balance April 1, 2024	Additions	Disposals	Balance March 31, 2025
Capital assets being depreciated - Water and sewer lines	\$ 39,769,577	\$ 1,100,691	\$ -	\$ 40,870,268
Accumulated depreciation - Water and sewer lines	<u>36,199,653</u>	<u>322,569</u>	<u>-</u>	<u>36,522,222</u>
Net business-type activities capital assets	<u>\$ 3,569,924</u>	<u>\$ 778,122</u>	<u>\$ -</u>	<u>\$ 4,348,046</u>
Governmental activities:				
General government				\$ 64,361
Public safety				368,383
Public works				76,541
Recreation and culture				211,470
Total governmental activities				<u>\$ 720,755</u>
Business-type activities:				
Water				\$ 167,563
Sewer				<u>155,006</u>
Total business-type activities				<u>\$ 322,569</u>

Lincoln Charter Township

Notes to Financial Statements

March 31, 2025

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	ARPA Fund	\$ 13,526

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Municipal Roads Fund	\$ 122,000
	Parks Capital Improvement Fund	786,900
	Police Capital Improvement Fund	74,000
	Township Improvement Fund	290,000
	Cemetery Fund	100,000
	Total General Fund	\$ 1,372,900

The transfers from the General Fund to the Municipal Roads Fund and the Cemetery Fund represent the use of unrestricted resources to finance those programs in accordance with budgetary authorizations. The transfers from the General Fund to the capital improvement funds are to finance future capital expenditures.

Note 5 - Long-term Debt

Long-term debt activity for the year ended March 31, 2025 can be summarized as follows:

Governmental Activities

	Interest Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -							
Direct borrowings and direct placements - Revitalization							
revolving loan contract to Michigan Department of Environmental Quality	1.5	2025	\$ 141,806	\$ -	\$ (141,806)	\$ -	\$ -
Compensated absences			\$ 86,574	\$ 107,895	\$ (86,574)	\$ 107,895	\$ 107,895
Total governmental activities long-term debt			\$ 228,380	\$ 107,895	\$ (228,380)	\$ 107,895	\$ 107,895

Significant Terms

Long-term Notes Receivable

The Charter Township entered into an assumption agreement with a local corporation to shift responsibility for the principal and interest payment of the MDEQ loan from the Charter Township to this local corporation. However, the State of Michigan does not recognize the assumption agreement; therefore, the full amount of the long-term debt is recorded, along with a corresponding long-term note receivable, on the government-wide financial statements.

Note 6 - Defined Contribution Pension Plan

Plan Description

Lincoln Charter Township contributes to the 401(a) defined contribution plan for substantially all of its full-time employees and board members who meet the eligibility requirements. The benefits are administered by Burnham & Flower Agency, Inc.

Benefits Provided

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Charter Township has two different contribution rates:

As established by a collective bargaining agreement with the police department, the Charter Township contributes 12.75 percent of all eligible police employees' regular wages, which do not include overtime, longevity pay, or bonuses. Eligible police personnel contribute 4.25 percent of regular wages.

For all other eligible Charter Township employees, the Charter Township contributes \$112.50 for each employee's \$1,000 of wages. The employee contribution rate is \$37.50 for each \$1,000 of wages. Wages are rounded up to the next highest \$1,000 for each employer and employee contribution calculation.

Contributions are accrued and funded on a current basis. Employee rights are vested at the time of the contribution. In accordance with these requirements, the Charter Township contributed approximately \$250,000 for the year ended March 31, 2025, and employees contributed approximately \$83,000.

Note 7 - Risk Management

The Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Charter Township has purchased commercial insurance for claims, participating in the Michigan Municipal League risk pool for claims relating to workers' compensation and property liability, and in the Michigan Township Participating Plan for all other claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Township Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Note 8 - Tax Abatements

The Charter Township offers property tax incentives to promote economic activity, increase and retain employment, and provide incentives for investment in property that increase the tax base of the Charter Township.

The Charter Township uses the industrial facilities tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the Charter Township grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties). For the fiscal year ended March 31, 2025, the Charter Township abated approximately \$31,000 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

March 31, 2025**Note 8 - Tax Abatements (Continued)**

Additionally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses brownfield redevelopment agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the Authority's tax revenue is reduced. For the fiscal year ended March 31, 2025, the Authority abated approximately \$346,000 of taxes under this program. There are no provisions to recapture taxes.

Required Supplementary Information

Lincoln Charter Township

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended March 31, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes:				
Property taxes	\$ 790,720	\$ 905,720	\$ 707,887	\$ (197,833)
Property tax administration fee	195,000	195,000	269,256	74,256
State-shared revenue and grants - State sources:				
State-shared revenue	1,575,275	1,575,275	1,563,511	(11,764)
Local Community Stabilization Authority	-	-	166,762	166,762
Charges for services:				
Construction code fees	-	-	2,000	2,000
User fees	12,500	12,500	14,735	2,235
Licenses and permits	185,000	185,000	123,254	(61,746)
Interest and rentals	42,230	42,230	138,829	96,599
Other revenue	33,575	115,550	65,765	(49,785)
Total revenue	2,834,300	3,031,275	3,051,999	20,724
Expenditures				
Current services:				
General government:				
Governing body	94,605	159,605	140,222	19,383
Management	131,185	131,185	106,563	24,622
Finance department	68,355	93,355	100,272	(6,917)
Treasurer	133,660	133,660	123,969	9,691
Assessing	123,200	133,200	131,330	1,870
Board of review	2,355	2,355	1,470	885
Clerk	194,115	194,115	178,365	15,750
Buildings and grounds	54,810	57,810	54,593	3,217
Elections	167,535	167,535	96,162	71,373
Public safety	126,000	126,000	129,049	(3,049)
Public works	280,935	292,935	272,940	19,995
Community and economic development	95,190	95,190	70,022	25,168
Recreation and culture	488,575	568,575	569,898	(1,323)
Debt service	2,130	2,130	2,127	3
Total expenditures	1,962,650	2,157,650	1,976,982	180,668
Excess of Revenue Over Expenditures				
	871,650	873,625	1,075,017	201,392
Other Financing (Uses) Sources				
Transfers out	(1,372,900)	(1,372,900)	(1,372,900)	-
Sale of capital assets	-	-	842	842
Total other financing uses	(1,372,900)	(1,372,900)	(1,372,058)	842
Net Change in Fund Balance				
Fund Balance - Beginning of year	(501,250)	(499,275)	(297,041)	202,234
Fund Balance - End of year	4,363,376	4,363,376	4,363,376	-
	\$ 3,862,126	\$ 3,864,101	\$ 4,066,335	\$ 202,234

See notes to required supplementary information.

Lincoln Charter Township

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund

Year Ended March 31, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,626,685	\$ 2,626,685	\$ 2,570,355	\$ (56,330)
State-shared revenue and grants	-	-	49,852	49,852
Charges for services	3,300	3,300	5,297	1,997
Fines and forfeitures	100	100	239	139
Licenses and permits	7,400	7,400	8,757	1,357
Interest and rentals	5,000	5,000	25,607	20,607
Other revenue	-	-	68,070	68,070
Total revenue	2,642,485	2,642,485	2,728,177	85,692
Expenditures - Current services - Public safety	<u>2,356,220</u>	<u>2,392,220</u>	<u>2,365,631</u>	<u>26,589</u>
Excess of Revenue Over Expenditures	286,265	250,265	362,546	112,281
Other Financing Sources - Sale of capital assets	-	-	11,701	11,701
Net Change in Fund Balance	286,265	250,265	374,247	123,982
Fund Balance - Beginning of year	<u>2,290,479</u>	<u>2,290,479</u>	<u>2,290,479</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 2,576,744</u>	<u>\$ 2,540,744</u>	<u>\$ 2,664,726</u>	<u>\$ 123,982</u>

Lincoln Charter Township

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) ARPA Fund

Year Ended March 31, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 637,520	\$ 660,285	\$ 645,327	\$ (14,958)
Interest	1,000	1,000	-	(1,000)
Total revenue	638,520	661,285	645,327	(15,958)
Expenditures - Current services				
General government	543,920	566,685	560,188	6,497
Public safety	54,600	54,600	69,265	(14,665)
Public works	40,000	40,000	15,874	24,126
Total expenditures	638,520	661,285	645,327	15,958
Net Change in Fund Balance - Excess of revenue over (under) expenditures	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	\$ -	\$ -	\$ -	\$ -

Lincoln Charter Township

Notes to Required Supplementary Information

March 31, 2025

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. Prior to March 31, proposed operating budgets by fund are submitted to the Charter Township's board of trustees for the fiscal year commencing on April 1. A public hearing is conducted to obtain taxpayer comments. The operating budgets are legally enacted through passage of a board resolution. Any budget revisions must be approved by the board.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations).

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

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

	Budget	Actual	Variance
General Fund - General government - Finance department	\$ 93,355	\$ 100,272	\$ (6,917)
General Fund - Public safety	126,000	129,049	(3,049)
General Fund - Recreation and culture	568,575	569,898	(1,323)

Supplementary Information

Lincoln Charter Township

Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

March 31, 2025

	Special Revenue Funds					Capital Project Funds					Total
	Municipal Roads	Fire Operating	Cemetery	Street Lighting	Building	Township Improvement	Fire Capital Improvement	Police Capital Improvement	Parks Capital Improvement		
Assets											
Cash and investments	\$ 302,535	\$ 762,835	\$ 100,320	\$ 32,347	\$ 681,603	\$ 644,054	\$ 352,001	\$ 11,322	\$ 1,113,375	\$ 4,000,392	
Receivables - Property tax receivable	6,274	12,549	-	593	-	-	4,389	-	-	-	23,805
Total assets	\$ 308,809	\$ 775,384	\$ 100,320	\$ 32,940	\$ 681,603	\$ 644,054	\$ 356,390	\$ 11,322	\$ 1,113,375	\$ 4,024,197	
Liabilities											
Accounts payable	\$ -	\$ 1,538	\$ 61	\$ -	\$ 2,506	\$ 11,059	\$ -	\$ 5,338	\$ 20,502		
Due to other governmental units	-	-	-	-	4,270	-	-	-	-	4,270	
Accrued salaries and wages	-	10,134	1,374	-	428	-	-	-	-	-	11,936
Total liabilities	-	11,672	1,435	-	7,204	11,059	-	5,338	36,708		
Fund Balances											
Restricted:											
Roads	308,809	-	-	-	-	-	-	-	-	308,809	
Fire	-	763,712	-	-	-	-	-	-	-	763,712	
Fire capital projects	-	-	-	-	-	-	130,665	-	-	130,665	
Street lighting	-	-	-	32,940	-	-	-	-	-	32,940	
Building department	-	-	-	-	674,399	-	-	-	-	674,399	
Committed:											
Capital projects	-	-	-	-	-	632,995	-	11,322	1,108,037	1,752,354	
Cemetery operations	-	-	98,885	-	-	-	-	-	-	98,885	
Assigned	-	-	-	-	-	-	225,725	-	-	225,725	
Total fund balances	308,809	763,712	98,885	32,940	674,399	632,995	356,390	11,322	1,108,037	3,987,489	
Total liabilities and fund balances	\$ 308,809	\$ 775,384	\$ 100,320	\$ 32,940	\$ 681,603	\$ 644,054	\$ 356,390	\$ 11,322	\$ 1,113,375	\$ 4,024,197	

Lincoln Charter Township

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

Year Ended March 31, 2025

	Special Revenue Funds					Capital Project Funds				Total
	Municipal Roads	Fire Operating	Cemetery	Street Lighting	Building	Township Improvement	Fire Capital Improvement	Police Capital Improvement	Parks Capital Improvement	
Revenue										
Property taxes	\$ 214,232	\$ 429,638	\$ -	\$ 28,352	\$ -	\$ -	\$ 148,600	\$ -	\$ -	\$ 792,470
Special assessments	-	-	61,400	-	-	-	-	-	-	28,352
Charges for services	-	-	-	-	-	-	-	-	-	61,400
Licenses and permits	-	21,885	-	-	449,919	-	-	-	-	21,510
Interest and rentals	2,585	11,586	3,303	757	13,675	10,790	5,225	10	6,739	493,314
Other revenue - Local donations	-	8,405	-	-	-	-	-	-	11,585	54,670
Total revenue	216,817	471,514	64,703	29,109	463,594	10,790	153,825	10	39,834	1,450,196
Expenditures										
Current services:										
General government	-	-	-	-	-	25,168	-	-	-	25,168
Public safety	-	350,565	-	-	427,596	-	101,005	77,724	-	956,890
Public works	410,485	-	252,706	33,374	-	70,987	-	-	-	767,552
Recreation and culture	-	-	-	-	-	492	-	-	141,057	141,549
Total expenditures	410,485	350,565	252,706	33,374	427,596	96,647	101,005	77,724	141,057	1,891,159
Excess of Revenue (Under) Over Expenditures										
	(193,668)	120,949	(188,003)	(4,265)	35,998	(85,857)	52,820	(77,714)	(101,223)	(440,963)
Other Financing Sources										
Transfers in	122,000	-	100,000	-	-	290,000	-	74,000	786,900	1,372,900
Sale of capital assets	-	22,095	-	-	-	-	-	-	-	22,095
Total other financing sources	122,000	22,095	100,000	-	-	290,000	-	74,000	786,900	1,394,995
Net Change in Fund Balances										
	(71,668)	143,044	(88,003)	(4,265)	35,998	204,143	52,820	(3,714)	685,677	954,032
Fund Balances - Beginning of year										
	380,477	620,668	186,888	37,205	638,401	428,852	303,570	15,036	422,360	3,033,457
Fund Balances - End of year										
	\$ 308,809	\$ 763,712	\$ 98,885	\$ 32,940	\$ 674,399	\$ 632,995	\$ 356,390	\$ 11,322	\$ 1,108,037	\$ 3,987,489

Lincoln Charter Township

Supplementary Information Statement of Fiduciary Net Position Fiduciary Funds

March 31, 2025

	Custodial Funds				
	Trust and Agency Fund	Delinquent Trust and Agency Fund	Tax Collection Fund	Total	
Assets - Cash and cash equivalents	\$ 26,199	\$ -	\$ 2,567	\$ 28,766	
Liabilities - Due to other governmental units	26,199	-	2,567		28,766
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Lincoln Charter Township

Supplementary Information Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended March 31, 2025

	Custodial Funds				Total
	Trust and Agency Fund	Delinquent Trust and Agency Fund	Tax Collection Fund		
Additions					
Property tax collections for other governments	\$ -	\$ 1,298	\$ 21,885,708	\$ 21,887,006	
Mobile home fee collections	18,773	-	-	-	18,773
Total additions	18,773	1,298	21,885,708	21,905,779	
Deductions					
Tax distributions to other governments	-	1,298	21,885,708	21,887,006	
Distributions of mobile home fees	18,773	-	-	-	18,773
Total deductions	18,773	1,298	21,885,708	21,905,779	
Net Change in Fiduciary Net Position					
Net Position - Beginning of year	-	-	-	-	-
Net Position - End of year	\$ -	\$ -	\$ -	\$ -	\$ -