TOWNSHIP OF ARLINGTON

FINANCIAL STATEMENTS

For the year ended March 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Township of Arlington
Van Buren County, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Arlington, Van Buren County, Michigan, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Township of Arlington'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 the Township of Arlington, Van Buren County, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Arlington, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Arlington, 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.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 statement 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.

Walker, Tibbits & Sheldon PLC

Hastings, Michigan
July 24, 2024

Management's Discussion and Analysis

As the Township Board of the Township of Arlington, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township of Arlington for the fiscal year ended March 31, 2024. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Township. We encourage readers to consider this information in conjunction with the letter of transmittal, which begins on page 1, and the financial statements, which begin on page 7.

Financial Highlights

- The assets of Township of Arlington exceeded its liabilities at the close of the most recent fiscal year by $3,722,599 (net position) compared to $3,219,749 last year. Of this amount, $1,390,481 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by $502,850 compared to an increase of $164,114 last year.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of $2,730,285, an increase of $334,546 compared to an ending fund balance of $2,395,739 the previous year, an increase of $291,621.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,390,481 or 494% of total general fund expenditures. In 2023 the ending unassigned fund balance for the general fund was $1,172,686.

Overview of the Financial Statements

Township of Arlington's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to 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 readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Township's assets and liabilities, 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 Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., state shared revenue).

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

The government-wide financial statements can be found on pages 7-8 of this report.

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. Township of Arlington, 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: government funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet

and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Township of Arlington maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road fund, and fire fund which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. During the year, the Township did not have any fiduciary activity to report at year end.

The fiduciary fund financial statements can be found on pages 13-14 of this report.

Notes to the 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 notes to the financial statements can be found on pages 15-22 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Township adopts an annual budget for its general fund, emergency service fund and debt service fund. Within the required supplementary information, a budget comparison statement has been provided for the general, road and fire funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 23-27 of this report.

Combing non-major statements and schedules are presented immediately following the required supplementary information on budgets on pages 28-29.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Township of Arlington, assets exceeded liabilities by $3,722,599 at the close of the most recent fiscal year compared to $3,219,749 last year.

A portion of the Township's net position (37.35%) reflects its unrestricted net position ($1,390,481), which may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the Township's net position (35.99%) reflects restricted net position ($1,339,804), which are resources that are subject to external restrictions on how they may be used. The remaining portion of the Township's net position (26.66%) reflects its investment in capital assets (e.g. land, buildings, equipment and furniture and fixtures) ($992,314). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Township of Arlington's Condensed Financial Data

	Audited Governmental Activities 3/31/2024	Unaudited Governmental Activities 3/31/2023
Current and Other Assets	$ 3,257,230	$ 2,634,134
Capital Assets	992,314	824,010
Total Assets	4,249,544	3,458,144
Short-Term Liabilities	526,945	238,395
Total Liabilities	526,945	238,395
Net Position		
Invested in Capital Assets, Net of Related Debt	992,314	824,010
Restricted	1,339,804	1,223,054
Unrestricted	1,390,481	1,172,685
Total Net Position	$ 3,722,599	$ 3,219,749
Program Expenses		
Governmental Activities		
Legislative	$ 37,680	$ 46,910
General Government	189,807	367,880
Public Safety	421,479	220,789
Public Works	135,111	174,452
Health and Welfare	62,247	59,492
Community and Economic Development	31,808	38,875
Recreation and Culture	2,000	2,000
Total Expenses	$ 880,132	$ 910,398
Program Revenues		
Charges for Services	$ 604,707	$ 378,444
Operating Grants and Contributions	18,848	16,574
General Revenues		
Property Taxes	451,481	422,118
State Grants	229,673	239,403
Interest and Rents	66,205	15,462
Other Revenue	12,714	2,511
Total Revenue	1,383,628	1,074,512
Loss on Sale of Capital Assets	(646)	-
Change in Net Position	$ 502,850	$ 164,114

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental activities.

Governmental activities. Governmental activities increased the Township's net position by $502,850 mainly due to increased charges for services, property taxes and interest incomes.

For the most part, expenses in the current year were up compared to the prior year, except for public works. Revenues were up due to increased zoning.

Financial Analysis of the Township's Funds

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

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of $2,730,285 an increase of $334,546 from the prior year. Last year, the Township's governmental funds combined ending fund balance was $2,395,739, an increase of $291,621 in comparison with the prior year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was $1,390,481 and the total fund balance was $1,390,481. Unassigned fund balance represents 494% of the total general fund expenditures.

The fund balance of the Township's general fund increased $217,795 during the current fiscal year, compared to an increase of $98,966 in the prior year.

General Fund Budgetary Highlights

The revenue and expenditure budgets both increased during the current year with the following noted:

- Licenses and permits revenue increased by $31,000
- Supervisor expenditures increased by $2,508
- Professional expenditures increased by $2,690
- Election expenditures increased by $7,930
- Building Inspection expenditures increased by $31,000

During the year, however, revenues were greater than budgetary estimates, and expenditures were less than budgetary estimates for the general fund.

Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2024, amounts to $992,314 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, improvements, furniture and fixtures and equipment.

During the year the Township made purchased a sound system and started a construction project. Details of the Township's capital assets are continued in the notes to the financial statements on page 20.

Economic Factors and Next Year's Budgets and Rates

Budget Assumptions: Taxable values continue to increase gradually with inflation, increasing land sale prices, and new construction. The Township expects to accumulate funds from the annual renewal of Marihuana licensing fees, but at a lower rate due to reduction in license fee from $5,000 to $2,500. These funds are restricted for use in the administration of the Marihuana program. The Township expects increased tax funds to maintain road safety as a result of voters passing renewal of road millage of two mill for a period of four years August 2024. The Township expects to increase work with consultants to update existing and develop new ordinances. The Township expects increase in expenses related to increase in enforcement of ordinances.

Requests for Information

This financial report is designed to provide a general overview of Township of Arlington's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the (Supervisor/Treasurer/Clerk), Township of Arlington, 52022 34 Ave, Bangor, MI 49013

TOWNSHIP OF ARLINGTON
GOVERNMENT-WIDE STATEMENT OF NET POSITION
March 31, 2024

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	$ 1,682,356	$ 1,682,356
Investments	1,250,000	1,250,000
Receivables (Net)		
Taxes	62,573	62,573
Due from State	33,079	33,079
Due from other Funds	229,222	229,222
Capital Assets not being Depreciated	230,686	230,686
Capital Assets being Depreciated, Net	761,628	761,628
Total Assets	4,249,544	4,249,544
LIABILITIES		
Accounts Payable	114,898	114,898
Other Accrued Liabilities	3,235	3,235
Due to other Funds	229,222	229,222
Unearned Revenue	179,590	179,590
Total Liabilities	526,945	526,945
NET POSITION		
Invested in Capital Assets, Net of Related Debt	992,314	992,314
Restricted for Roads	234,905	234,905
Restricted for Fire Services	30,631	30,631
Restricted for MBL	1,074,268	1,074,268
Unrestricted	1,390,481	1,390,481
Total Net Position	$ 3,722,599	$ 3,722,599

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2024

Functions/Programs	Expenses	Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Conributions	Governmental Activities	Total
Primary Government					
Governmental Activities					
Legislative	$ 37,680	$ -	$ -	$ (37,680)	$ (37,680)
General Government	189,807	875	18,848	(170,084)	(170,084)
Public Safety	421,479	534,855	-	113,376	113,376
Public Works	135,111	2,881	-	(132,230)	(132,230)
Health and Welfare	62,247	-	-	(62,247)	(62,247)
Community and Economic Developmen	31,808	66,096	-	34,288	34,288
Recreation and Culture	2,000	-	-	(2,000)	(2,000)
Total Governmental Activities	880,132	604,707	18,848	(256,577)	(256,577)
Total Primary Government	$ 880,132	$ 604,707	$ 18,848	(256,577)	(256,577)
General Revenues					
Taxes and Penalties				451,481	451,481
State Grants				229,673	229,673
Interest and Rentals				66,205	66,205
Other Revenue				12,714	12,714
Total General Revenue				760,073	760,073
Loss on Sale of Capital Assets				(646)	(646)
Change in Net Position				502,850	502,850
Net Position-Beginning				3,219,749	3,219,749
Net Position-Ending				$ 3,722,599	$ 3,722,599

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
GOVERNMENTAL FUNDS BALANCE SHEET
March 31, 2024

ASSETS	General	Roads	Fire	MBL	Non-Major Governmental Funds	Total Governmental
Cash and Cash Equivalents	$1,015,399	$ 259,756	$ 3,985	$ 403,216	$ -	$ 1,682,356
Investments	750,000	-	-	500,000	-	1,250,000
Receivables						
Taxes	9,940	17,113	26,646	-	8,874	62,573
Due from State	33,079	-	-	-	-	33,079
Due from other Funds	-	-	-	229,222	-	229,222
Total Assets	1,808,418	276,869	30,631	1,132,438	8,874	$ 3,257,230
LIABILITIES						
Accounts Payable	5,890	41,964	-	58,170	8,874	114,898
Other Accrued Liabilities	3,235	-	-	-	-	3,235
Due to other Funds	229,222	-	-	-	-	229,222
Unearned Revenue	179,590	-	-	-	-	179,590
Total Liabilities	417,937	41,964	-	58,170	8,874	526,945
FUND BALANCE						
Non Spendable	-	-	-	-	-	-
Restricted	-	234,905	30,631	1,074,268	-	1,339,804
Unassigned	1,390,481	-	-	-	-	1,390,481
Total Fund Balances	1,390,481	234,905	30,631	1,074,268	-	2,730,285
Total Liabilities and Fund Balance	$1,808,418	$ 276,869	$ 30,631	$ 1,132,438	$ 8,874	$ 3,257,230

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
March 31, 2024

Governmental Fund Balance - March 31, 2024		$ 2,730,285
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	$ 1,228,353	
Less: Accumulated depreciation	(236,039)	992,314
Net Position of Governmental Activities		$3,722,599

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended March 31, 2024

	General	Road	Fire	MBL	Non-Major Governmental Funds	Total Governmental
Revenues						
Taxes and Penalties	$ 86,090	$ 123,266	$ 179,878	$ -	$ 62,247	$ 451,481
Special Assessments	2,881	-	-	-	-	2,881
Licenses and Permits	21,175	-	-	513,680	-	534,855
Federal Grants	18,848	-	-	-	-	18,848
State Grants	229,673	-	-	-	-	229,673
Charges for Services	66,971	-	-	-	-	66,971
Interest and Rentals	60,570	40	1	5,594	-	66,205
Other Revenue	12,714	-	-	-	-	12,714
Total Revenues	498,922	123,306	179,879	519,274	62,247	1,383,628
Expenditures						
Legislative	37,680	-	-	-	-	37,680
General Government	156,328	-	-	-	-	156,328
Public Safety	24,751	-	196,198	200,530	-	421,479
Public Works	28,560	106,551	-	-	-	135,111
Health and Welfare	-	-	-	-	62,247	62,247
Community and Economic Development	31,808	-	-	-	-	31,808
Recreation and Culture	2,000	-	-	-	-	2,000
Capital Outlay	-	-	-	202,429	-	202,429
Total Expenditures	281,127	106,551	196,198	402,959	62,247	1,049,082
Excess of Revenues Over (Under) Expenditures	217,795	16,755	(16,319)	116,315	-	334,546
Fund Balance-April 1, 2023	1,172,686	218,150	46,950	957,953	-	2,395,739
Fund Balance-March 31, 2024	$1,390,481	$ 234,905	$ 30,631	$1,074,268	$ -	$ 2,730,285

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2024

Net Change in Fund Balances - Total Governmental Funds		$ 334,546
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives		
Expenditures for capital assets	$ 202,429	
Less: Loss from sale of capital assets	(646)	
Less: Current year depreciation	(33,479)	168,304
Change in Net Position of Governmental Activities		$ 502,850

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
FIDUCIARY FUNDS STATEMENT OF NET POSTION
March 31, 2024

	Tax Fund
ASSETS	
Cash and Cash Equivalents	$ -
Total Assets	$ -
LIABILITIES	
Due to other Units of Government	$ -
Total Liabilities	-
NET POSITION	
Held in Trust for Tax Collection	-
Total Net Position	$ -

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
FIDUCIARY FUNDS STATEMENT OF CHANGES IN NET POSITION
March 31, 2024

	Tax Fund
ADDITIONS	
Property Taxes Collected for other Governments	$2,305,811
Total Additions	2,305,811
DEDUCTIONS	
Property Taxes Distributed to other Governments	2,305,811
Total Deductions	2,305,811
Net Change in Fiduciary Net Position	-
Net Position - Beginning	-
Net Position - Ending	$ -

The Notes to Financial Statements are an integral part of this statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Township of Arlington conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Township of Arlington:

REPORTING ENTITY

Township of Arlington is located in Van Buren County, Michigan. The Township operates under an elected board of five members and provides services to residents in many areas including roads, fire protection, and general government services. Education services are provided to citizens through several local school districts, which are separate governmental entities.

JOINT VENTURES

Fire Department
The Township, together with the Township of Bangor and the City of Bangor has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967. The department is known as the A.B.B. Joint Fire District. The A.B.B. Joint Fire District operates under an appointed board. Township of Arlington along with the other participating entities has representation on the board. A.B.B. Joint Fire District receives its operating budget from each participating entity at a ratio proportionate to their state taxable values of their real property.

The Township's contract to ABB and Lawrence Fire Department for fire protection for the year ended March 31, 2024 totaled $176,198.

The following information summarizes the activity of the joint venture through June 30, 2023, the most recent audited financial statements available.

Total Assets	$ 844,624	Total Revenues	$ 477,897
Total Liabilities	$ 14,280	Total Expenditures	$ 460,234
Total Net Assets	$ 830,344	Increase (Decrease) in Net Assets	$ 17,663

Complete financial statements for A.B.B. Joint Fire District can be obtained from:

Derek Babcock, Fire Chief
417 Arlington Street
Bangor, MI 49013

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Township's financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds).

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

The statement of net position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

State grants, licenses and permits, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual; therefore, they have been recognized as revenue in the current fiscal period. All other revenues are considered to be measurable only when the Township receives cash.

Taxes Receivable - The Township property tax is levied on each December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 28th. After that date, they are added to the county delinquent tax rolls.

Although the Township ad valorem tax is levied and collectible on February 1st, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "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 2023 State taxable valuation of the Township totaled $81,206,685 on which ad valorem taxes levied consisted of .5359 mills for Township operating purposes, 1.5022 mills for roads, 2.3390 mills for fire, and .7790 mills for senior services, raising $43,557, $121,552, $179,872, and $63,030, respectively.

The Township reports the following major governmental funds:

- 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. Revenues are primarily derived from property taxes and state shared revenue.
- The Road Fund accounts for the maintenance of the Township's roads. Revenues are primarily derived from property taxes.
- The Fire Fund accounts for the Township's fire services. Revenues are primarily derived from property taxes.
- The MBL Fund accounts for the Township's Marijuana fees. Revenues are derived from license fees.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

The Township reports the following non major governmental funds:

- The Senior Service Fund accounts for the senior services provided by South Haven Area Senior Services. Revenues are primarily derived from property taxes collected by the township and remitted to the Organization.

Additionally, the government reports the following fiduciary fund types:

- The Trust and Agency Funds (current tax collection) account for the assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. During the year, the Township did not have any fiduciary activity to report at year end.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided. Intentionally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Unearned Revenue - Unearned revenue arises when resources are received by the Township before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The Township has unearned revenue related to the American Rescue Plan Act (ARPA) funds that were received but not yet spent as of March 31, 2024.

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

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

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

The delinquent real property taxes of the Township are purchased by Van Buren County. The Township receives its settlement of delinquent property taxes from Van Buren County within the sixty-day period and therefore recognizes the revenue as current year property tax revenue.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than $500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Infrastructure	10 to 30 years
Fire Equipment	7 to 25 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

Fund Equity - In March 2009 the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions.* The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned.

In the fund financial statements, governmental funds report the following components of fund balance:

- Nonspendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed: Amounts that have been formally set aside by the board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board.
- Assigned: Intent to spend resources on specific purposes expressed by the board, or the director, who is authorized by resolution approved by the board to make assignments.
- Unassigned: All other amounts available for any purpose.

Restricted/Unrestricted Resources - When expenses are incurred for which both restricted and unrestricted resources are available, it is the Township's policy to first apply restricted resources. Once restricted resources are exhausted, the Township's policy is to apply unrestricted resources in the following order: committed, assigned, and unassigned.

ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Township of Arlington.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets were adopted for all required governmental fund types. The Township Boards prepares the annual budgets prior to March 31. A Public Hearing is conducted to obtain taxpayers' comments. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

During the year ended March 31, 2024 the Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

FUND	BUDGET APPROPRIATION	ACTUAL EXPENDITURE	BUDGET VARIANCE
General			
General Government			
Attorney	$ 12,000	$ 15,660	$ 3,660
Fire			
Public Safety			
Fire Services	$ 179,374	$ 196,198	$ 16,824

DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated two banks and one investment account for the deposit of Township of Arlington funds. The Township's deposits and investments are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	GOVERNMENTAL ACTIVITIES	FIDUCIARY FUNDS	TOTAL PRIMARY GOVERNMENT
Cash and Cash Equivalents	$ 1,682,356	$ -	$ 1,682,356
Investments	1,250,000	-	1,250,000
Restricted Assets	-	-	-
Total	$ 2,932,356	$ -	$ 2,932,356

The breakdown between deposits and investments is:

	TOTAL PRIMARY GOVERNMENT
Cash and Cash Equivalents (Checking and Savings Accounts, Certificates of Deposit)	$ 2,932,356
Investment in Securities (Mutual Funds and Similar Vehicles)	-
Petty Cash and Cash on Hand	-
Total	$ 2,932,356

DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk is the risk that the Township will not be able to recover its deposits in the event of financial institution failure. The Township's deposits are exposed to the custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2024, the Township has deposits with a carrying amount of $2,932,356 and a bank balance of $2,945,901. Of the bank balance, $2,499,010 is covered by federal depository insurance and $446,891 is uninsured and $0 is collateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of the FDIC and SIPC insurance it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities				
Capital Assets not being Depreciated				
Construction in Progress	$ -	$ 179,011	$ -	$ 179,011
Land	52,175	-	500	51,675
Subtotal	52,175	179,011	500	230,686
Capital Assets being Depreciated				
Buildings	900,845	-	650	900,195
Land Improvements	14,545	-	-	14,545
Furniture and Fixtures	24,023	-	3,826	20,197
Machinery and Equipment	39,312	23,418	-	62,730
Subtotal	978,725	23,418	4,476	997,667
Less Accumulated Depreciation for				
Buildings	183,559	22,309	650	205,218
Land Improvements	4,259	906	-	5,165
Furniture and Fixtures	6,494	3,087	3,680	5,901
Machinery and Equipment	12,578	7,177	-	19,755
Subtotal	206,890	33,479	4,330	236,039
Net Capital Assets being Depreciated	771,835	(10,061)	146	761,628
Governmental Activities Total Capital Assets-Net of Depreciation	$ 824,010	$ 168,950	$ 646	$ 992,314

CAPITAL ASSETS (continued)

Depreciation expense was charged to programs of the Township as follows:

Governmental Activities	
General Government	$ 33,479
Total Governmental Activities	$ 33,479

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

FUND	INTERFUND RECEIVABLES	FUND	INTERFUND PAYABLES
MBL	$ 229,222	General	$ 229,222
Total	$ 229,222		$ 229,222

The interfund receivables and payables represent marijuana license money owed to the MBL fund from general fund.

RISK MANAGEMENT

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its risk exposure and provides certain employee benefits through commercial insurance. At March 31, 2024, there were no claims, which exceeded insurance coverage. The Township had no significant reduction in insurance coverage from previous years.

ACCOUNTING PRONOUNCEMENTS

GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62.* The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The standard will be in effect for 2025. The Township is currently evaluating this standard and the impact on its financial statements.

GASB issued Statement No. 101, *Compensated Absences.* The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The standard will be in effect for 2025. The Township does not believe that this standard will have any impact on its financial statements.

GASB issued Statement No. 102, *Certain Risk Disclosures.* The objective of this statement is to provide users of government financial statement with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The standard will be in effect for 2026. The Township is currently evaluating this standard and the impact on its financial statements.

GASB issued Statement No. 103, *Financial Reporting Model Improvements.* The objective of this statement is to enhance the effectiveness of governmental financial reports in providing information essential to decision making and assessing a government's accountability and to address certain application issues. The standard will be in effect for 2027. The Township is currently evaluating this standard and the impact on its financial statements.

TOWNSHIP OF ARLINGTON
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended March 31, 2024

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	$ 1,172,686	$ 1,172,686	$ 1,172,686	$ -
Resources (Inflows)				
Taxes and Penalties	71,000	71,000	86,090	15,090
Special Assessments	3,000	3,000	2,881	(119)
Licenses and Permits	-	31,000	21,175	(9,825)
Federal Grants	-	-	18,848	18,848
State Grants	189,000	189,000	229,673	40,673
Charges for Services	4,500	4,500	66,971	62,471
Interest and Rentals	3,500	3,500	60,570	57,070
Other Revenue	2,250	2,250	12,714	10,464
Total Resources	273,250	304,250	498,922	194,672
Charges to Appropriations (Outflows)				
Legislative	41,899	40,582	37,680	2,902
General Government				
Supervisor	17,600	20,108	18,157	1,951
Clerk	23,135	24,482	21,786	2,696
Professional	8,000	10,690	8,179	2,511
Board of Review	2,803	2,803	2,698	105
Treasurer	29,885	31,167	27,381	3,786
Assessor	23,980	28,490	27,299	1,191
Elections	6,500	14,430	12,893	1,537
Buildings and Grounds	13,115	10,883	7,073	3,810
Attorney	12,000	12,000	15,660	(3,660)
Cemetery	20,500	20,500	15,202	5,298
Public Safety				
Sherriff	5,000	5,000	4,539	461
Building Inspection Department	-	31,000	20,212	10,788
Public Works				
Drains	75,000	75,000	18,417	56,583
Street Lighting	3,150	3,150	2,678	472
Sanitation - Transfer Station	8,000	8,000	7,465	535
Community and Economic Development				
Planning and Zoning	42,100	42,920	31,808	11,112
Recreation and Culture				
Library	2,000	2,000	2,000	-
Other				
Other	2,000	2,000	-	2,000
Capital Outlay	1,700	1,700	-	1,700
Total Charges to Appropriations	338,367	386,905	281,127	105,778

TOWNSHIP OF ARLINGTON
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Continued)
For the Year Ended March 31, 2024

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Other Financing Sources (Uses)				
Operating Transfer (Out)	300,000	276,648	-	276,648
Total Other Financing Sources (Uses)	300,000	276,648	-	276,648
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	(365,117)	(359,303)	217,795	577,098
Budgetary Fund Balance - March 31, 2024	$ 807,569	$ 813,383	$ 1,390,481	$ 577,098

TOWNSHIP OF ARLINGTON
BUDGETARY COMPARISON SCHEDULE - ROAD FUND
For the Year Ended March 31, 2024

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	$ 218,150	$ 218,150	$ 218,150	$ -
Resources (Inflows)				
Taxes and Penalties	135,000	135,000	123,266	(11,734)
Interest and Rentals	-	-	40	40
Total Resources	135,000	135,000	123,306	(11,694)
Charges to Appropriations (Outflows)				
Public Works				
Highways and Roads	135,000	135,000	106,551	28,449
Total Charges to Appropriations	135,000	135,000	106,551	28,449
Excess of Resources Over (Under) Appropriations	-	-	16,755	16,755
Budgetary Fund Balance - March 31, 2024	$ 218,150	$ 218,150	$ 234,905	$ 16,755

TOWNSHIP OF ARLINGTON
BUDGETARY COMPARISON SCHEDULE - FIRE FUND
For the Year Ended March 31, 2024

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	$ 46,950	$ 46,950	$ 46,950	$ -
Resources (Inflows)				
Taxes and Penalties	182,000	182,000	179,878	(2,122)
Interest and Rentals	-	1	1	-
Total Resources	182,000	182,001	179,879	(2,122)
Charges to Appropriations (Outflows)				
Public Safety				
Fire Services	182,000	179,374	196,198	(16,824)
Total Charges to Appropriations	182,000	179,374	196,198	(16,824)
Excess of Resources Over (Under) Appropriations	-	2,627	(16,319)	(18,946)
Budgetary Fund Balance - March 31, 2024	$ 46,950	$ 49,577	$ 30,631	$ (18,946)

TOWNSHIP OF ARLINGTON
BUDGETARY COMPARISON SCHEDULE - MBL FUND
For the Year Ended March 31, 2024

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	$ 957,953	$ 957,953	$ 957,953	$ -
Resources (Inflows)				
Licenses and Permits	437,000	437,000	513,680	76,680
Interest and Rentals	2,000	20,000	5,594	(14,406)
Total Resources	439,000	457,000	519,274	62,274
Charges to Appropriations (Outflows)				
Public Safety				
Wages and Fringes			15,192	
Office Supplies			2,744	
Insurance			13,974	
Training			1,900	
Printing and Publishing			1,939	
Miscellaneous			2,555	
Professional Fees			98,285	
Repairs and Maintenance			4,372	
Utilities			2,480	
Contract Services			57,089	
Capital Outlay			202,429	
Total Charges to Appropriations	491,500	509,855	402,959	106,896
Excess of Resources Over (Under) Appropriations	(52,500)	(52,855)	116,315	169,170
Budgetary Fund Balance - March 31, 2024	$ 905,453	$ 905,098	$ 1,074,268	$ 169,170

TOWNSHIP OF ARLINGTON
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS
March 31, 2024

	SENIOR SERVICES
ASSETS	
Receivables (Net)	
Taxes	$ 8,874
Due from other Funds	-
Total Assets	$ 8,874
LIABILITIES	
Accounts Payable	$ 8,874
Total Liabilities	8,874
FUND BALANCE	
Restricted	-
Committed	-
Unassigned	-
Total Fund Balances	-
Total Liabilities and Fund Balance	$ 8,874

TOWNSHIP OF ARLINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended March 31, 2024

	SENIOR SERVICES
Revenues	
Taxes and Penalties	$ 62,247
Total Revenues	62,247
Expenditures	
Health and Welfare	62,247
Total Expenditures	62,247
Excess of Revenues Over (Under) Expenditures	-
Fund Balance-April 1, 2023	-
Fund Balance-March 31, 2024	$ -