

Pine River Township Statement of Net Position March 31, 2019				
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	\$954,047	\$1,668,461	\$2,622,508	
Accounts receivable	8,908	17,326	26,234	
Due from other governmental units	45,193	-	45,193	
Prepaid expenses	15,655	-	15,655	
Due from other funds	28	-	28	
Total current assets	1,023,831	1,685,787	2,709,618	
Noncurrent assets				
Equity interest in joint ventures:				
Mid-Michigan Community Fire Board District	459,093	-	459,093	
Rural Urban Fire Department	162,327	-	162,327	
Capital assets not being depreciated	14,000	-	14,000	
Capital assets being depreciated, net	449,159	320,536	769,695	
Total noncurrent assets	1,084,579	320,536	1,405,115	
Total assets	2,108,410	2,006,323	4,114,733	
Liabilities				
Current liabilities				
Accounts payable	20,965	25,786	46,751	
Accrued liabilities	3,016	226	3,242	
Total current liabilities	23,981	26,012	49,993	
Net position				
Net investment in capital assets	463,159	320,536	783,695	
Unrestricted	1,621,270	1,659,775	3,281,045	
Total net position	\$2,084,429	\$1,980,311	\$4,064,740	

Pine River Township Statement of Activities For the Year Ended March 31, 2019						
Program	Expenses	Revenues Charges for Services	Operating Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Position Business-Type Activities	Total
Functions/Programs						
Governmental activities						
General government	\$209,853	\$-	\$3,720	-\$206,133	\$-	-\$206,133
Public safety	127,548	-	-	-127,548	-	-127,548
Public works	30,408	-	-	-30,408	-	-30,408
Community and economic development	9,589	7,050	-	-2,539	-	-2,539
Total governmental activities	377,398	7,050	3,720	-366,628	-	-366,628
Business-type activities						
Water and sewer	218,255	196,287	-	-	-21,968	-21,968
Total	\$595,653	\$203,337	\$3,720	-366,628	-21,968	-388,596
General revenues						
Property taxes				275,719	-	275,719
State grants				194,663	-	194,663
Investment earnings				13,944	7,437	21,381
Other revenues				-1,533	132,750	131,217
Total general revenues				482,793	140,187	622,980
Change in net position				116,165	118,219	234,384
Net position - beginning of year				1,968,264	1,862,092	3,830,356
Net position - end of year				\$2,084,429	\$1,980,311	\$4,064,740

Pine River Township Balance Sheet Governmental Funds March 31, 2019				
Major Funds	General Fund	Fire Fund	Total	
Assets				
Cash and cash equivalents	\$788,962	\$165,085	\$954,047	
Accounts receivable	8,908	-	8,908	
Due from other governmental units	45,183	10	45,193	
Prepaid expenses	-	15,655	15,655	
Due from other funds	28	-	28	
Total assets	\$843,081	\$180,750	\$1,023,831	
Liabilities				
Accounts payable	\$6,960	\$14,005	\$20,965	
Accrued liabilities	3,016	-	3,016	
Total liabilities	9,976	14,005	23,981	
Fund balance				
Nonspendable	-	15,655	15,655	
Restricted	-	151,090	151,090	
Unassigned	833,105	-	833,105	
Total fund balance	833,105	166,745	999,850	
Total liabilities and fund balance	\$843,081	\$180,750	\$1,023,831	

Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended March 31, 2019			
Major Funds	General Fund	Fire Fund	Total
Revenues			
Taxes and penalties	\$144,687	\$131,032	\$275,719
Licenses and permits	4,300	-	4,300
State grants	194,663	-	194,663
Interest and rentals	13,419	525	13,944
Charges for services	2,750	-	2,750
Other revenues	27,829	-	27,829
Total revenues	387,648	131,557	519,205
Expenditures			
General government	229,030	-	229,030
Public safety	-	127,548	127,548
Public works	250,878	-	250,878
Planning and zoning	9,589	-	9,589
Other expenditures	19,527	-	19,527
Total expenditures	509,024	127,548	636,572
Excess of revenues over (under) expenditures	-121,376	4,009	-117,367
Fund balance, beginning of year	954,481	162,736	1,117,217
Fund balance, end of year	\$833,105	\$166,745	\$999,850

Pine River Township Statement of Net Position Proprietary Funds March 31, 2019			
	Alma Sewer Fund	St. Louis Sewer Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$1,051,688	\$616,773	\$1,668,461
Accounts receivable	8,173	9,153	17,326
Total current assets	1,059,861	625,926	1,685,787
Non-current assets			
Capital assets being depreciated, net	280,600	39,936	320,536
Total assets	1,340,461	665,862	2,006,323
Liabilities			
Current liabilities			
Accounts payable	10,650	15,136	25,786
Accrued liabilities	113	113	226
Total current liabilities	10,763	15,249	26,012
Net position			
Net investment in capital assets	280,600	39,936	320,536
Unrestricted	1,049,098	610,677	1,659,775
Total net position	\$1,329,698	\$650,613	\$1,980,311

Statement of Revenues, Expenses and Changes in Net Position For the Year Ended March 31, 2019			
	Alma Sewer Fund	St. Louis Sewer Fund	Total
Operating revenues			
Charges for services	\$112,344	\$83,943	\$196,287
Operating expenses			
Salaries	5,255	5,255	10,510
Supplies	298	553	851
Contractual services	109,437	56,970	166,407
Repairs and maintenance	-	6,908	6,908
Depreciation	6,655	24,432	31,087
Other expenses	1,456	1,036	2,492
Total operating expenses	123,101	95,154	218,255
Operating income (loss)	-10,757	-11,211	-21,968
Nonoperating revenues			
Interest income	4,735	2,702	7,437
Other revenue	132,750	-	132,750
Total nonoperating revenues	137,485	2,702	140,187
Net income (loss)	126,728	-8,509	118,219
Net position, beginning of year	1,202,970	659,122	1,862,092
Net position, end of year	\$1,329,698	\$650,613	\$1,980,311

Pine River Township			
Statement of Cash Flows			
Proprietary Funds			
For the Year Ended March 31, 2019			
	Alma Sewer Fund	St. Louis Sewer Fund	Total
Cash flows from operating activities			
Receipts from customers	\$108,638	\$83,127	\$191,765
Payments to suppliers / outsiders	-118,053	-60,552	-178,605
Payments to employees	-5,214	-5,214	-10,428
Net cash provided by operating activities	-14,629	17,361	2,732
Cash flows from capital and related financing activities			
Purchase of capital assets	-128,660	-	-128,660
Cash flows from investing activities			
Interest income	4,735	2,702	7,437
Other receipts	132,750	-	132,750
Net cash provided by investing activities	137,485	2,702	140,187
Net increase (decrease) in cash and cash equivalents	-5,804	20,063	14,259
Cash and cash equivalents, beginning of year	1,057,492	596,710	1,654,202
Cash and cash equivalents, end of year	\$1,051,688	\$616,773	\$1,668,461
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	-\$10,757	-\$11,211	-\$21,968
Adjustments to reconcile operating income (loss)			
to net cash provided by operating activities:			
Depreciation expense	6,655	24,432	31,087
Change in assets and liabilities:			
Accounts receivable	-3,706	-1,044	-4,750
Due from other governmental units	-	228	228
Accounts payable	-6,862	4,915	-1,947
Accrued liabilities	41	41	82
Net cash provided by operating activities	-\$14,629	\$17,361	\$2,732

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted by the Township for the general fund. These budgets are adopted and prepared on the modified accrual basis of accounting. The budgets are adopted at the function level. The budgeted revenues and expenditures for governmental fund types, as presented in this report, include any authorized amendments to the original budget as adopted.

The Township does not maintain a formalized encumbrance accounting system.

Excess of Expenditures over Appropriations

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows. Unfavorable variances are shown as negatives.

Function	Final Budget	Actual Expenditures	Budget Variances
General Fund			
Public Works – Utilities	1,400	1,562	(162)

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Michigan's statutory authority allows governmental entities to invest in the following investments:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified institution.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investments Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

At year-end, the carrying amount of the Township's cash and cash equivalents are as follows:

Description	Amount
Petty Cash	350
Checking, Money Market, & Liquid Asset Accounts	2,622,158
Totals	2,622,608

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. At year-end, the bank balance of the primary government's deposits was \$2,638,883, of which \$250,000 was covered by federal depository insurance. The remaining amount was uninsured and uncollateralized. Deposits which exceed FDIC insurance coverage limits are held at local banks. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Investments. State statutes authorize the Township to invest in obligations and certain repurchase agreements of the United States Treasury and related governmental agencies, commercial paper, banker's acceptances of the United States banks, obligations of the State of Michigan or any of its political subdivisions, and mutual funds composed entirely of the above investments. As of year-end, the Township had no such investments.

The Township's investment policy complies with the state statutes and has no additional investment policies that would limit its investment choices.

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

Interest Rate Risk – Investments. Under state statutes, investment in commercial paper is limited to maturities of not more than 270 days after the date of purchase. The Township's investment policy does not place any further limitations on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – investments. For an investment, it is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by: limiting investments to the types of securities allowed by law; and prequalifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units as of year-end consists of the following:

Description	Amount
State of Michigan – state revenue sharing	45,183

NOTE 5 - CAPITAL ASSETS

A summary of changes in the Township's governmental activities capital assets is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	14,000	-	-	14,000
Capital assets being depreciated:				
Buildings and improvements	424,420	881	-	425,301
Equipment and furnishings	109,104	33,900	(5,208)	137,876
Infrastructure	96,092	252,431	-	348,523
Subtotal	629,616	287,212	(5,028)	911,800
Accumulated depreciation:				
Buildings and improvements	(330,787)	(6,621)	-	(337,508)
Equipment and furnishings	(93,808)	(5,521)	838	(98,491)
Infrastructure	(15,036)	(11,706)	-	(26,742)
Subtotal	(439,631)	(23,848)	838	(462,641)
Capital assets being depreciated, net	189,985	263,364	(4,190)	449,159
Capital assets, net	203,985	263,364	(4,190)	463,159

A summary of changes in the Township's business-type activities capital assets is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Sewer System	1,764,094	128,660	-	1,892,754
Equipment and Furnishings	13,464	-	-	13,464
Total	1,777,558	128,660	-	1,906,218
Accumulated depreciation:				
Sewer System	(1,541,131)	(31,087)	-	(1,572,218)
Equipment and Furnishings	(13,464)	-	-	(13,464)
Total	(1,554,595)	(31,087)	-	(1,585,682)
Capital assets being depreciated, net	222,963	97,573	-	320,536

NOTE 6 – RETIREMENT PLANS – DEFINED CONTRIBUTION PLAN – 457

Defined Contribution Retirement Plan – 457

Plan Description

The Township offers all employees a retirement plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plan were held in trust for the exclusive benefit of the participants (employees) and their beneficiaries. Lord Abbett Retirement Services acts as the custodian for the plan and holds the custodial account for the beneficiaries of this Section 457 plan.

The assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. Plan balances and activities are not reflected in the Township's financial statements.

Plan provisions are established or amended by Board resolution. This plan is funded by employer and employee contributions.

Eligibility

All elected officials are eligible to participate. Contract employees and leased employees are excluded from the plan.

Contributions

The Township contributes a match of the employee deferral (into the 457 plan) based on a discretionary formula which is evaluated annually.

Normal Retirement Age & Vesting

Retirement age as defined by the plan is 65 years of age. Match contributions are 100% vested immediately.

Forfeitures

Match contributions are 100% vested immediately therefore there are no forfeitures of these contributions.

For the year ended March 31, 2019, actual contributions by the Township amounted to \$4,361.

NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS

As of September 30<sup>th</sup>, the composition of the governmental activities and business-type activities net investment in capital assets was comprised of the following:

Net investment in capital assets – Governmental Activities	Amount
Capital assets not being depreciated	14,000
Capital assets being depreciated, net	449,159
Net investment in capital assets	463,159
Net investment in capital assets – Business-Type Activities	Amount
Capital asset being depreciated, net	320,536