



*Stephenson & Company, P.C.*  
Certified Public Accountants & Consultants

Alan J. Stephenson, CPA  
Donald W. Brannan, CPA  
Kyle E. Troyer, CPA  
Robert J. Morand, CPA  
Brenden A. Stephenson, CPA/PFS, CFP®  
Cynthia R. Scott, CPA, CFE

TOWNSHIP OF STANDISH  
ARENAC COUNTY, MICHIGAN

AUDITORS' REPORT  
YEAR ENDED MARCH 31, 2022

# INDEX

## AUDITORS' REPORT

	<u>PAGE</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3 - 7
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
<u>GOVERNMENT-WIDE FINANCIAL STATEMENTS</u>	
STATEMENT OF NET POSITION	8
STATEMENT OF ACTIVITIES	9
<u>FUND FINANCIAL STATEMENTS</u>	
BALANCE SHEET - GOVERNMENTAL FUNDS	10
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES	11
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	12
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	13
STATEMENT OF NET POSITION - PROPRIETARY FUNDS	14
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	15
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	16
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND	17
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND	18
<b>NOTES TO FINANCIAL STATEMENTS</b>	19 - 35
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND	36
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ROAD FUND - SPECIAL REVENUE FUND	37
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - FIRE FUND - SPECIAL REVENUE FUND	38
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GARBAGE COLLECTION FUND - SPECIAL REVENUE FUND	39
<b><u>SUPPLEMENTARY INFORMATION</u></b>	
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS	40
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS	41



*Stephenson & Company, P.C.*  
Certified Public Accountants & Consultants

August 31, 2022

Alan J. Stephenson, CPA  
Donald W. Brannan, CPA  
Kyle E. Troyer, CPA  
Robert J. Morand, CPA  
Brenden A. Stephenson, CPA/PFS, CFP®  
Cynthia R. Scott, CPA, CFE

Independent Auditors' Report

Members of the Township Board  
Township of Standish  
Arenac County, Michigan

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

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Standish, Arenac County, Michigan, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the index.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Standish, Arenac County, Michigan, as of March 31, 2022, and the respective changes in financial position and, where applicable, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Standish 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 Standish'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 and *Government Auditing Standards*, we:

- λ 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 Standish'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 Standish'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 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 Township of Standish's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2022, included in the Single Audit Report issued under a separate cover, on our consideration of the Township of Standish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Standish's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Standish's internal control over financial reporting and compliance.

*Stephenson & Company, P.C.*

**STANDISH TOWNSHIP**  
**ARENAC COUNTY**  
4997 Arenac State Road  
P.O. Box 472  
Standish, MI 48658

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The discussion and analysis of the Township of Standish's (the Township) financial performance provides an overview of the Township's financial activities for the year ended March 31, 2022. The intent of this discussion and analysis is to look at the Township's financial performance as a whole. The discussion focuses on the Township's primary government.

**Financial Highlights**

- The Township's assets exceeded its liabilities and deferred inflows of resources by \$6,156,503.
- The Township's total net position increased by \$4,816,904 due to revenues exceeding expenses in various areas. The most significant change from the prior year's activities was grant revenue in the Sewer and Water funds as the Township began construction on the Water and Sewer Main Project.
- The Township's governmental funds reported a combined ending fund balance of \$1,456,642 this year, an increase of \$107,403. Of this amount, \$1,074,319 is available for spending (*unassigned fund balance*) on behalf of its citizens. The Township's General Fund 2022 year end *fund balance* is \$1,211,796.

**Overview of the Financial Statements**

The financial statements are organized so the reader can understand the Township as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions.

The Township's basic financial statements are comprised of three components: The government-wide financial statements, fund financial statements, and notes to financial statements. The report also contains required supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The *statement of net position* and the *statement of activities* display information about the Township as a whole. These statements include the financial activities of the primary government except for its fiduciary fund. For the most part, the effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the Township that are governmental in nature and those that are considered business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues while business-type activities rely to a significant extent on fees and charges for services.

The statement of net position presents the financial condition of the governmental and business-type activities of the Township at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function.

Program revenues include charges paid by the recipient for the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Township with certain limited exceptions. The comparisons of direct expenses with program revenues identifies the extent to which each governmental program activity is self-financing or draws from the general revenues of the Township.

With this report, all capital assets are listed for the Township of Standish. These assets are comprised of infrastructure, buildings, machinery and equipment, and land owned by the Township. These assets total over \$4,563,000. Township management and staff performed an inventory and evaluation of assets over \$1,800 and categorized a depreciation schedule for assets not fully depreciated.

## Fund Financial Statements

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: *Governmental*, *Proprietary*, and *Fiduciary*.

### ***Governmental Funds:***

Governmental funds are those through which most governmental functions of the Township are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Township's major governmental funds:

- General Fund – This fund accounts for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes and state revenue.
- Garbage Collection Fund – This fund is used to account for a special assessment levy for the purpose of providing garbage and rubbish collection in the Township.
- Fire Fund – This fund is used to account for the receipt and expenditure of property taxes for fire protection.
- Road Fund – This fund is used to account for the receipt and expenditure of property taxes for road projects.

The General Fund fund balance increased by \$76,693 due to revenues exceeding expenditures in the current year. There was an increase of approximately \$25,000 in State Revenue Sharing offset by transferring \$25,000 to the Road Fund in the current fiscal year.

The Road Fund fund balance increased \$12,461 as a result of road projects being paid for in part with General Fund monies.

The Fire Fund fund balance increased by \$36,570 with no significant changes in activity.

The Garbage Collection Fund decreased \$14,652 due to expenses being greater than special assessment revenues.

The aggregate remaining funds experienced a \$3,669 decrease in combined fund balance. Activity was generally consistent with prior years.

### ***Proprietary Funds:***

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

The Township's enterprise funds may be used to account for any activity for which a fee is charged to external users (citizens) for goods and services. The following are the Township's major enterprise funds:

- Sewer Fund – This fund is maintained to account for operations of the Township's sewer system. In the future, this fund will reflect the maintenance and operation of the sewer system in the Township of Standish. Revenues required to operate the system will be derived primarily from user fees. Currently, the Township is in the construction stage of the utility system project.
- Water Fund - This fund is maintained to account for operations of the Township's water system. In the future, this fund will reflect the maintenance and operation of the water system in the Township of Standish. Revenues required to operate the system will be derived primarily from user fees. Currently, the Township is in the construction stage of the utility system project.

The Sewer Fund's net position increased \$2,643,505 as a result of federal grant revenue and special assessment revenue being received to begin the water and sewer main construction project.

The Water Fund's net position increased \$2,059,756 as a result of federal grant revenue and special assessment revenue being received to begin the water and sewer main construction project.

***Fiduciary Funds:***

Fiduciary fund reporting focuses on net position and changes in net position. The Township's fiduciary fund accounts for assets held by the Township for political subdivisions in which the Township acts as fiscal agent for taxes and fines and forfeitures collected and distributed to other political subdivisions.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided on the Township *government-wide* and *fund* financial statements.

**Government -Wide Financial Analysis**

**Summary of Net Position:**

The following summarizes the net position of the Township of Standish at March 31, 2022 and 2021:

	<u>Governmental</u>	<u>Business-Type</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>
	<u>Activities</u>	<u>Activities</u>		
Current Assets	\$ 1,774,913	\$ 220,837	\$ 1,995,750	\$ 1,557,200
Restricted Assets	55,389	16,367	71,756	38,300
Other Noncurrent Assets	0	2,379,322	2,379,322	15,453
Capital Assets – Net	<u>159,404</u>	<u>4,351,719</u>	<u>4,511,123</u>	<u>577,384</u>
<b>Total Assets</b>	<u>1,989,706</u>	<u>6,968,245</u>	<u>8,957,951</u>	<u>2,188,337</u>
Current Liabilities	177,347	18,094	195,441	78,194
Long-Term Liabilities	<u>21,920</u>	<u>2,436,000</u>	<u>2,457,920</u>	<u>628,874</u>
<b>Total Liabilities</b>	<u>199,267</u>	<u>2,454,094</u>	<u>2,653,361</u>	<u>707,068</u>
<b>Deferred Inflows of Resources</b>	<u>148,087</u>	<u>0</u>	<u>148,087</u>	<u>141,670</u>
<b>Net Position</b>				
Net Investment in Capital Assets	159,404	1,902,701	2,062,105	(26,367)
Restricted	303,879	0	303,879	273,177
Unrestricted (Deficit)	<u>1,179,069</u>	<u>2,611,450</u>	<u>3,790,519</u>	<u>1,092,789</u>
<b>Total Net Position</b>	<u>\$ 1,642,352</u>	<u>\$ 4,514,151</u>	<u>\$ 6,156,503</u>	<u>\$ 1,339,599</u>

**Summary of Changes in Net Position :**

Following is an analysis of the changes in net position for 2022 and 2021.

Generally speaking, the Township's net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation and long-term debt associated with the construction of capital assets. The Township of Standish, through its governing body, i.e., Township Board of Trustees, has taken a sensible approach regarding capital asset acquisition. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors or laws/regulations of other governments.

It is the Township's practice, in general, to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>
<b>Program Revenues:</b>				
Charges for Services	\$ 163,008	\$ 0	\$ 163,008	\$ 155,023
Operating Grants and Contributions	8,036	0	8,036	9,290
Capital Grants and Contributions	<u>0</u>	<u>4,671,458</u>	<u>4,671,458</u>	<u>0</u>
<b>Total Program Revenues</b>	<u>171,044</u>	<u>4,671,458</u>	<u>4,842,502</u>	<u>164,313</u>
<b>General Revenues:</b>				
Property Taxes	195,435	0	195,435	193,995
State Revenue Sharing	194,853	0	194,853	169,338
Investment Earnings and Miscellaneous	<u>2,905</u>	<u>55,918</u>	<u>58,823</u>	<u>6,386</u>
<b>Total General Revenues</b>	<u>393,193</u>	<u>55,918</u>	<u>449,111</u>	<u>369,719</u>
<b>Total Revenues</b>	<u>564,237</u>	<u>4,727,376</u>	<u>5,291,613</u>	<u>534,032</u>
<b>Program Expenses:</b>				
General Government	140,609	0	140,609	129,765
Public Safety	53,089	0	53,089	52,106
Public Works	247,602	0	247,602	254,375
Community and Economic Development	7,547	0	7,547	5,729
Recreation and Cultural	851	0	851	950
Interest and Fees on Long-Term Debt	896	0	896	1,771
Other	0	0	0	70
Sewer Services	0	13,692	13,692	64,565
Water Services	<u>0</u>	<u>10,423</u>	<u>10,423</u>	<u>64,564</u>
<b>Total Program Expenses</b>	<u>450,594</u>	<u>24,115</u>	<u>474,709</u>	<u>573,895</u>
Change in Net Position	113,643	4,703,261	4,816,904	(39,863)
Beginning Net Position	<u>1,528,709</u>	<u>(189,110)</u>	<u>1,339,599</u>	<u>1,379,462</u>
Ending Net Position	<u>\$ 1,642,352</u>	<u>\$ 4,514,151</u>	<u>\$ 6,156,503</u>	<u>\$ 1,339,599</u>

### Governmental Activities

The *Statement of Activities* illustrates, by department, the expense incurred and revenue received.

Total governmental activities reveal revenues of \$171,044 from *Charges for Services and Operating Grants and Contributions*. The *Charges for Services* are fees mainly associated with the collection of property taxes, special assessments, fine and forfeitures, and licenses and permits. While revenue collected is substantial, operating expenses totaled \$450,594 for these same activities. The largest expenses were incurred by Public Works (\$247,602) and General Government offices (\$140,609).

### Business-Type Activities

The Township's main *Business-Type activities* are the water and sewer services. Current year activity consisted primarily of *Capital Grants and Contributions* of \$4,671,458 in order to begin the construction of the sewer and water main construction project.

### Financial Analysis of Township Funds

As noted earlier in this report, the Township uses fund accounting to ensure and demonstrate compliance with finance-related statutory and legal requirements. A thorough review and examination of fund types will reveal the strengths and weaknesses of its daily operations.

This year's Township audit shows 11 funds. The Township Treasurer maintains these funds as separate units in the General Ledger.



### **Budgetary Highlights**

The Township's budgets are prepared according to Michigan Law. The most significant budgeted fund is the General Fund.

During the fiscal year ended March 31, 2022, the Township Board may amend the budget to take into account events occurring during the year. These budget amendments consist of changes made to reflect increases or decreases in anticipated expenditures.

#### ***General Fund:***

The General Fund actual revenue was \$293,485. That amount is above the original budget of \$284,183 and below the final budget estimate of \$312,545. The variance between the final budget and the actual revenue was mainly due to the Township recognizing less local grant revenue than anticipated, which was partially offset by receiving more property tax revenue than anticipated.

The General Fund actual expenditures were \$193,519, which is below both the original and final budget estimate of \$275,609 and \$199,220, respectively. The variance between the final budget and actual expenditures was mainly due to spending less on general government expenditures than budgeted.

### **Capital Assets and Long-Term Debt**

The Township defines capital assets as assets with an initial individual cost of more than \$1,800 and an estimated useful life in excess of five years. Such assets are recorded at *historical cost* or *estimated historical cost* if purchased or constructed. Donated capital assets are recorded at estimated FMV (fair market value) at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Capital Assets – Governmental Activities beginning balance was \$202,898 while the ending balance was \$211,858. Governmental Activities Total Capital Assets – Net of Depreciation was \$159,404. Current year additions include \$8,960 for the utility billing program from BS&A software. There were no other additions or deletions.

Business-Type Activities beginning balance was \$421,461 and the ending balance was \$4,351,719. Current year additions consisted of construction-in-progress, which was engineering fees and construction costs related to the Water and Sewer Project for \$3,930,258.

The Long-Term Debt of the Township of Standish consists of debt related to the Point Wenonah Dredging Project, which is recorded as a *Loan Payable*, and new debt related to the Water and Sewer Project, which is recorded as *Bonds Payable*. At year's end, long-term debt amounted to \$2,457,920.

### **Economic Factors**

The Standish Township Board and management staff is working diligently to keep expenditures down and to maintain revenue levels that are within their control. Property taxes and state revenue account for approximately 93% of the Township's General Fund revenues. Revenue sharing from the State of Michigan is beyond the control of the Township.

The Board and staff will continue to monitor revenues and expenditures and take appropriate action to account for changes in economic factors.

### **Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township of Standish, 4997 Arenac State Road, P.O. Box 472, Standish, Michigan 48658.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF NET POSITION  
March 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,419,736	\$ 155,970	\$ 1,575,706
Investments	246,977	0	246,977
Receivables:			
Property Taxes	23,248	0	23,248
Special Assessments	44,110	64,646	108,756
Due from State	28,045	13,018	41,063
Internal Balances	12,797	(12,797)	0
Restricted Assets:			
Cash and Cash Equivalents	55,389	0	55,389
Cash - USDA RRI Reserve	0	16,367	16,367
Noncurrent Assets:			
Special Assessments Receivable	0	2,379,322	2,379,322
Capital Assets Not Being Depreciated	33,536	4,351,719	4,385,255
Capital Assets, Net of Accumulated Depreciation	<u>125,868</u>	<u>0</u>	<u>125,868</u>
Total Assets	<u>1,989,706</u>	<u>6,968,245</u>	<u>8,957,951</u>
<u>Liabilities</u>			
Accounts Payable	21,259	13,018	34,277
Accrued Interest Payable	303	5,076	5,379
Accrued Liabilities	6,971	0	6,971
Unearned Revenue	148,814	0	148,814
Long Term Liabilities:			
Due Within One Year	21,920	61,000	82,920
Due In More Than One Year	<u>0</u>	<u>2,375,000</u>	<u>2,375,000</u>
Total Liabilities	<u>199,267</u>	<u>2,454,094</u>	<u>2,653,361</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes Levied for Next Fiscal Year	144,556	0	144,556
Special Assessments Levied for Next Fiscal Year	<u>3,531</u>	<u>0</u>	<u>3,531</u>
Total Deferred Inflows of Resources	<u>148,087</u>	<u>0</u>	<u>148,087</u>
<u>Net Position</u>			
Net Investment in Capital Assets	159,404	1,902,701	2,062,105
Restricted for:			
Roads	13,021	0	13,021
Aquatic Weed Control	2,572	0	2,572
Fire Protection	137,677	0	137,677
Garbage Collection	106,874	0	106,874
Debt Service	43,735	0	43,735
Unrestricted	<u>1,179,069</u>	<u>2,611,450</u>	<u>3,790,519</u>
Total Net Position	<u>\$ 1,642,352</u>	<u>\$ 4,514,151</u>	<u>\$ 6,156,503</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF ACTIVITIES  
For the Year Ended March 31, 2022

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
<b>Primary Government</b>							
Governmental Activities:							
General Government:							
Legislative and Executive	\$ 20,457	\$ 0	\$ 0	\$ 0	\$ (20,457)	\$ 0	\$ (20,457)
Financial and Tax							
Administration	64,221	18,956	0	0	(45,265)	0	(45,265)
Other General Government	55,931	0	3,000	0	(52,931)	0	(52,931)
Public Safety:							
Fire	53,089	0	0	0	(53,089)	0	(53,089)
Public Works:							
Other Public Works	247,602	143,224	5,036	0	(99,342)	0	(99,342)
Community and Economic							
Development	7,547	828	0	0	(6,719)	0	(6,719)
Recreation and Cultural	851	0	0	0	(851)	0	(851)
Interest and Fees on Long-Term							
Debt	896	0	0	0	(896)	0	(896)
Total Governmental Activities	<u>450,594</u>	<u>163,008</u>	<u>8,036</u>	<u>0</u>	<u>(279,550)</u>	<u>0</u>	<u>(279,550)</u>
Business-Type Activities:							
Sewer Services	13,692	0	0	2,623,638	0	2,609,946	2,609,946
Water Services	10,423	0	0	2,047,820	0	2,037,397	2,037,397
Total Business-Type Activities	<u>24,115</u>	<u>0</u>	<u>0</u>	<u>4,671,458</u>	<u>0</u>	<u>4,647,343</u>	<u>4,647,343</u>
Total Primary Government	<u>\$ 474,709</u>	<u>\$ 163,008</u>	<u>\$ 8,036</u>	<u>\$ 4,671,458</u>	<u>(279,550)</u>	<u>4,647,343</u>	<u>4,367,793</u>
General Revenue:							
Property Taxes Levied For:							
General Operating					53,765	0	53,765
Roads					52,140	0	52,140
Fire Protection					89,530	0	89,530
State Revenue Sharing					194,853	0	194,853
Interest and Investment Earnings					1,546	55,918	57,464
Rent Income					1,130	0	1,130
Other					229	0	229
Total General Revenue					<u>393,193</u>	<u>55,918</u>	<u>449,111</u>
Change in Net Position					113,643	4,703,261	4,816,904
Net Position - Beginning					<u>1,528,709</u>	<u>(189,110)</u>	<u>1,339,599</u>
Net Position - Ending					<u>\$ 1,642,352</u>	<u>\$ 4,514,151</u>	<u>\$ 6,156,503</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

BALANCE SHEET  
GOVERNMENTAL FUNDS  
March 31, 2022

	<u>Special Revenue Funds</u>					Total Governmental Funds
	General Fund	Road Fund	Fire Fund	Garbage Collection Fund	Other Governmental Funds	
<u>Assets</u>						
Cash and Cash Equivalents	\$ 923,623	\$ 60,928	\$ 219,028	\$ 97,969	\$ 118,188	\$ 1,419,736
Investments	246,977	0	0	0	0	246,977
Receivables:						
Property Taxes	7,950	5,092	10,206	0	0	23,248
Special Assessments	0	0	0	21,417	22,693	44,110
Due from State	28,045	0	0	0	0	28,045
Due from Other Funds	29,873	0	0	0	666	30,539
Restricted Assets:						
Cash and Cash Equivalents	<u>2,800</u>	<u>52,589</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,389</u>
Total Assets	<u>\$ 1,239,268</u>	<u>\$ 118,609</u>	<u>\$ 229,234</u>	<u>\$ 119,386</u>	<u>\$ 141,547</u>	<u>\$ 1,848,044</u>
<u>Liabilities</u>						
Accounts Payable	\$ 9,085	\$ 0	\$ 0	\$ 12,174	\$ 0	\$ 21,259
Due to Other Funds	666	0	0	700	16,376	17,742
Accrued Liabilities	6,971	0	0	0	0	6,971
Unearned Revenue - Federal Grants	0	0	0	0	93,425	93,425
Unearned Revenue - Local Grants	<u>2,800</u>	<u>52,589</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,389</u>
Total Liabilities	<u>19,522</u>	<u>52,589</u>	<u>0</u>	<u>12,874</u>	<u>109,801</u>	<u>194,786</u>
<u>Deferred Inflows of Resources</u>						
Property Taxes Levied for Next Year	0	52,999	91,557	0	0	144,556
Special Assessments Levied for Next Year	0	0	0	0	3,531	3,531
Unavailable Revenue - Special Assessments	0	0	0	21,417	19,162	40,579
Unavailable Revenue - Property Taxes	<u>7,950</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,950</u>
Total Deferred Inflows of Resources	<u>7,950</u>	<u>52,999</u>	<u>91,557</u>	<u>21,417</u>	<u>22,693</u>	<u>196,616</u>
<u>Fund Equity</u>						
Fund Balances:						
Restricted for:						
Fire Protection	0	0	137,677	0	0	137,677
Roads	0	13,021	0	0	0	13,021
Aquatic Weed Control	0	0	0	0	2,572	2,572
Garbage Collection	0	0	0	85,095	0	85,095
Debt Service	0	0	0	0	6,473	6,473
ARPA Expenditures	0	0	0	0	8	8
Assigned to:						
New Building	58,225	0	0	0	0	58,225
Bridges	57,611	0	0	0	0	57,611
Next Year's Budgeted Expenditures	21,641	0	0	0	0	21,641
Unassigned	<u>1,074,319</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,074,319</u>
Total Fund Equity	<u>1,211,796</u>	<u>13,021</u>	<u>137,677</u>	<u>85,095</u>	<u>9,053</u>	<u>1,456,642</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	<u>\$ 1,239,268</u>	<u>\$ 118,609</u>	<u>\$ 229,234</u>	<u>\$ 119,386</u>	<u>\$ 141,547</u>	<u>\$ 1,848,044</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
March 31, 2022

Total Governmental Fund Balances		\$	1,456,642
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. Capital assets at year end consist of:</p>			
Capital Asset Cost		\$	211,858
Accumulated Depreciation			<u>(52,454)</u>
			159,404
<p>Other assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds:</p>			
Real and Personal Property Taxes			7,950
Special Assessments Receivable			<u>40,579</u>
			48,529
Accrued Interest on Long-Term Liabilities			(303)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:</p>			
Loans Payable			<u>(21,920)</u>
Total Net Position - Governmental Activities		\$	<u><u>1,642,352</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended March 31, 2022

	<u>Special Revenue Funds</u>					Total Governmental Funds
	<u>General Fund</u>	<u>Road Fund</u>	<u>Fire Fund</u>	<u>Garbage Collection Fund</u>	<u>Other Governmental Funds</u>	
<u>Revenue</u>						
Property Taxes	\$ 73,138	\$ 52,140	\$ 89,530	\$ 0	\$ 0	\$ 214,808
State Revenue	199,889	0	0	0	0	199,889
Local Grants	3,000	0	0	0	0	3,000
Licenses and Permits	828	0	0	0	0	828
Charges for Services	7,679	0	0	0	0	7,679
Interest and Rentals	2,499	5	129	35	8	2,676
Special Assessments	6,223	0	0	118,700	29,084	154,007
Other Revenue	229	0	0	0	0	229
Total Revenue	<u>293,485</u>	<u>52,145</u>	<u>89,659</u>	<u>118,735</u>	<u>29,092</u>	<u>583,116</u>
<u>Expenditures</u>						
Current:						
General Government:						
Legislative	9,897	0	0	0	0	9,897
Chief Executive	10,560	0	0	0	0	10,560
Financial and Tax Administration	64,221	0	0	0	0	64,221
Other General Government	46,810	0	0	0	0	46,810
Public Safety	0	0	53,089	0	0	53,089
Public Works	38,788	64,684	0	133,387	8,500	245,359
Community and Economic Development	7,547	0	0	0	0	7,547
Recreation and Cultural	851	0	0	0	0	851
Other	5,885	0	0	0	23	5,908
Capital Outlay	8,960	0	0	0	0	8,960
Debt Service:						
Principal	0	0	0	0	21,343	21,343
Interest and Fiscal Charges	0	0	0	0	1,168	1,168
Total Expenditures	<u>193,519</u>	<u>64,684</u>	<u>53,089</u>	<u>133,387</u>	<u>31,034</u>	<u>475,713</u>
Excess of Revenue Over (Under) Expenditures	<u>99,966</u>	<u>(12,539)</u>	<u>36,570</u>	<u>(14,652)</u>	<u>(1,942)</u>	<u>107,403</u>
<u>Other Financing Sources (Uses)</u>						
Operating Transfers In	1,727	25,000	0	0	0	26,727
Operating Transfers Out	(25,000)	0	0	0	(1,727)	(26,727)
Total Other Financing Sources (Uses)	<u>(23,273)</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>(1,727)</u>	<u>0</u>
Net Change in Fund Balances	76,693	12,461	36,570	(14,652)	(3,669)	107,403
Fund Balances - Beginning of Year	<u>1,135,103</u>	<u>560</u>	<u>101,107</u>	<u>99,747</u>	<u>12,722</u>	<u>1,349,239</u>
Fund Balances - End of Year	<u>\$ 1,211,796</u>	<u>\$ 13,021</u>	<u>\$ 137,677</u>	<u>\$ 85,095</u>	<u>\$ 9,053</u>	<u>\$ 1,456,642</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended March 31, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	107,403
Amounts reported for governmental activities in the statement of activities are different because:		
Receivables not currently available are reported as revenue when collected or when currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements:		
Real and Personal Property Taxes	\$ (417)	
Special Assessments	<u>(18,462)</u>	(18,879)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlay	8,960	
Depreciation Expense	<u>(5,479)</u>	3,481
Principal repayments on long-term debt are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The amount of repayments reported as expenditures in the governmental funds consist of:		
Loans Payable		21,343
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Net Change in Accrued Interest		<u>295</u>
Change in Net Position of Governmental Activities	\$	<u><u>113,643</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
March 31, 2022

	Enterprise Funds		
	Sewer Fund	Water Fund	Total
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 91,034	\$ 64,936	\$ 155,970
Receivables:			
Special Assessments	39,191	25,455	64,646
Due from State	6,718	6,300	13,018
Restricted Assets:			
Cash - USDA RRI Reserve	<u>12,900</u>	<u>3,467</u>	<u>16,367</u>
Total Current Assets	<u>149,843</u>	<u>100,158</u>	<u>250,001</u>
Noncurrent Assets:			
Special Assessments Receivable	1,442,409	936,913	2,379,322
Capital Assets Not Being Depreciated	<u>2,484,836</u>	<u>1,866,883</u>	<u>4,351,719</u>
Total Noncurrent Assets	<u>3,927,245</u>	<u>2,803,796</u>	<u>6,731,041</u>
 Total Assets	 <u>4,077,088</u>	 <u>2,903,954</u>	 <u>6,981,042</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	6,718	6,300	13,018
Due to Other Funds	5,567	7,230	12,797
Accrued Interest Payable	3,078	1,998	5,076
Current Portion of Long-Term Liabilities	<u>37,000</u>	<u>24,000</u>	<u>61,000</u>
Total Current Liabilities	52,363	39,528	91,891
Long-Term Liabilities:			
Due in More Than One Year	<u>1,440,000</u>	<u>935,000</u>	<u>2,375,000</u>
 Total Liabilities	 <u>1,492,363</u>	 <u>974,528</u>	 <u>2,466,891</u>
<u>Net Position</u>			
Net Investment in Capital Assets	1,001,118	901,583	1,902,701
Unrestricted	<u>1,583,607</u>	<u>1,027,843</u>	<u>2,611,450</u>
 Total Net Position	 <u>\$ 2,584,725</u>	 <u>\$ 1,929,426</u>	 <u>\$ 4,514,151</u>

The accompanying notes to financial statements are an integral part of this statement.



TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended March 31, 2022

	Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenue	\$ 0	\$ 0	\$ 0
<u>Operating Expenses</u>			
Printing and Advertising	<u>752</u>	<u>338</u>	<u>1,090</u>
Operating Income (Loss)	<u>(752)</u>	<u>(338)</u>	<u>(1,090)</u>
<u>Nonoperating Revenue (Expenses)</u>			
Interest on Special Assessments	33,516	21,771	55,287
Interest and Investment Earnings	43	588	631
Interest and Fees Expense	<u>(12,940)</u>	<u>(10,085)</u>	<u>(23,025)</u>
Total Nonoperating Revenue (Expenses)	<u>20,619</u>	<u>12,274</u>	<u>32,893</u>
Income (Loss) Before Contributions	<u>19,867</u>	<u>11,936</u>	<u>31,803</u>
<u>Capital Contributions</u>			
Federal Capital Grants	1,044,255	1,021,852	2,066,107
Special Assessment Contributions	<u>1,579,383</u>	<u>1,025,968</u>	<u>2,605,351</u>
Total Capital Contributions	<u>2,623,638</u>	<u>2,047,820</u>	<u>4,671,458</u>
Change in Net Position	2,643,505	2,059,756	4,703,261
Net Position - Beginning of Year	<u>(58,780)</u>	<u>(130,330)</u>	<u>(189,110)</u>
Net Position - End of Year	<u>\$ 2,584,725</u>	<u>\$ 1,929,426</u>	<u>\$ 4,514,151</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended March 31, 2022

	Enterprise Funds		
	Sewer Fund	Water Fund	Total
<u>Cash Flows From Operating Activities</u>			
Payments to Suppliers for Goods and Services	\$ (796)	\$ (382)	\$ (1,178)
<u>Cash Flows From Non-Capital Financing Activities</u>			
Cash Received from (Paid to) Other Funds	(1,821)	(157)	(1,978)
<u>Cash Flows From Capital and Related Financing Activities</u>			
Federal Grants Received	1,037,537	1,015,552	2,053,089
Special Assessments Received	131,299	85,371	216,670
Proceeds from Bonds	1,199,655	682,734	1,882,389
Acquisition and Construction of Capital Assets	(2,237,143)	(1,698,237)	(3,935,380)
Principal Paid on Bonds Payable	(19,000)	(13,000)	(32,000)
Interest and Fees Paid on Long-Term Debt	(9,862)	(8,087)	(17,949)
Bond Issuance Costs Paid on Long-Term Debt	0	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	102,486	64,333	166,819
<u>Cash Flows From Investing Activities</u>			
Interest on Investments	43	588	631
Net Increase (Decrease) in Cash and Cash Equivalents	99,912	64,382	164,294
Cash and Cash Equivalents at Beginning of Year	4,022	4,021	8,043
Cash and Cash Equivalents at End of Year	\$ 103,934	\$ 68,403	\$ 172,337
<u>Reconciliation to Statement of Net Position</u>			
Cash and Cash Equivalents	\$ 91,034	\$ 64,936	\$ 155,970
Restricted Cash - USDA RRI Reserve	12,900	3,467	16,367
	\$ 103,934	\$ 68,403	\$ 172,337
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ (752)	\$ (338)	\$ (1,090)
Change in Assets and Liabilities:			
Accounts Payable	(44)	(44)	(88)
Net Cash Provided (Used) by Operating Activities	\$ (796)	\$ (382)	\$ (1,178)

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
March 31, 2022

	<u>Tax Account</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ <u><u>2,191</u></u>
<u>Liabilities</u>	
Due to Local Units	\$ <u><u>2,191</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
For the Year Ended March 31, 2022

	<u>Tax Account</u>
<u>Additions</u>	
Property Taxes Collected for Other Governments	\$ 1,666,052
<u>Deductions</u>	
Property Taxes Distributed to Other Governments	<u>1,666,052</u>
Net Increase (Decrease) in Fiduciary Net Position	0
Net Position - Beginning of Year	<u>0</u>
Net Position - End of Year	<u>\$ 0</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Standish (Township) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governments. The following is a summary of the significant accounting policies:

A. Description of Township Operations and Fund Types

The Township of Standish operates under an elected Township Board (five members) and provides services to its residents in many areas including road maintenance, refuse collection, and fire protection. All activities over which the Township exercises oversight responsibility have been included in the reporting entity. Oversight responsibility is determined by factors such as financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters of the entity.

B. Reporting Entity

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

Component units are legally separate organizations for which the Township is financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

In addition, the primary government is also financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. The Township does not have any component units.

C. Joint Ventures

The Township has entered into two joint ventures with various municipalities described as follows:

The Standish Area Fire Authority

The Standish Area Fire Authority was established as a joint venture between the City of Standish, the Township of Lincoln, the City of Omer, the Township of Arenac, and the Township of Standish. The Authority was established to provide fire protection services to the constituent municipalities. The agreement requires each constituent municipality to contribute an amount that is at least 1.0 mill of the total taxable valuation. The Township also contributes any amount received from the Saginaw Chippewa Indian Tribe for fire protection or fire equipment to the Authority. The Township of Standish's contribution for the year ended March 31, 2022 was \$53,076. Complete financial statements can be obtained from the Standish Area Fire Authority's office located in the Township of Lincoln fire hall, Standish, Michigan.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Joint Ventures (Continued)

The Arenac Heritage Route Authority

The Arenac Heritage Route Authority was established as a joint venture between Arenac County, the City of Standish, the City of Au Gres, the City of Omer, Adams Township, Arenac Township, Clayton Township, Deep River Township, Lincoln Township, Standish Township, Au Gres Township, and Whitney Township. The Authority was established as a joint venture among the above mentioned municipalities for the following purposes: 1) To own, lease, construct, improve, maintain, finance and operate real estate and buildings; 2) To hire employees to staff, maintain and operate the building and its related facilities; and 3) To own and operate equipment and personal property necessary for operating and maintaining a building and its facilities in accordance with the authorization of the Urban Cooperation Act of 1967, Act 7 of Public Acts of Michigan of 1967, as amended. The agreement requires each constituent municipality to contribute an amount that is at least \$0.50 per capita. The Township of Standish's contribution for the year ended March 31, 2022 was \$851. Complete financial statements can be obtained from the Authority's office, 107 North Main Street, Standish, Michigan 48658.

D. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues while business-type activities rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activities of the Township at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the Township.

**Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type, and are excluded from the government-wide financial statements.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting

The Township uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Township functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the Township are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Township's major governmental funds:

General Fund - This fund accounts for all financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state revenue, and local grants.

Garbage Collection Fund - This fund is used to account for a special assessment levy for the purpose of providing garbage and rubbish collection.

Fire Fund - This fund is used to account for the receipt and expenditure of property taxes for fire protection.

Road Fund - This fund is used to account for the receipt and expenditure of property taxes for road projects.

The other governmental funds of the Township account for grants and other resources whose use is restricted for a particular purpose, and the accumulation of resources for, and the payment of debt.

**Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

The Township's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Township's major enterprise funds:

Sewer Fund - This fund is maintained to account for operations of the Township's sewer system. In the future, this fund will reflect the maintenance and operation of the sewer system in the Township of Standish. Revenues required to operate the system will be derived primarily from user fees. Currently, the Township is in the construction stage of the utility system project.

Water Fund - This fund is maintained to account for operations of the Township's water system. In the future, this fund will reflect the maintenance and operation of the water system in the Township of Standish. Revenues required to operate the system will be derived primarily from user fees. Currently, the Township is in the construction stage of the utility system project.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The Township's fiduciary fund accounts for assets held by the Township for political subdivisions in which the Township acts as fiscal agent for others. The Township uses this fund to account for current tax collections.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Measurement Focus

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using a flow of economic resources measurement focus.

All assets and all liabilities associated with the operation of the Township are included on the statement of net position.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenue, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financial sources) and uses (i.e., expenditures and other financial uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenue, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the Township finances and meets the cash flow needs of its enterprise activities.

G. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, proprietary and fiduciary funds financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unavailable revenue, and in the presentation of expenses versus expenditures.

**Revenues – Exchange and Non-exchange Transactions**

Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Township, available means expected to be received within 60 days of the fiscal year-end.



TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Basis of Accounting (Continued)

Nonexchange transactions, in which the Township receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Township must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: charges for services, fines and forfeitures, state-levied locally shared taxes (including sales tax), interest, grants and rent.

**Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

H. Cash and Cash Equivalents

For presentation on the financial statements, investments in cash management pools and investments with an original maturity of three months or less at the time they are purchased by the Township are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Investments are reported at fair value, except for repurchase agreements and certificates of deposit which are reported at cost which approximates fair value. Fair value is based on quoted market prices. Mutual funds are reported at current share price.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Receivables

Receivables generally consist of accounts (fees), property taxes, special assessments, and interest. All receivables are net of estimated uncollectible accounts. Receivables are recognized to the extent the amounts are determined material and substantiated, not only by supporting documentation but also by a reasonable systematic method of determining their existence, completeness, valuation, and collectability.

The allowance for doubtful accounts at March 31, 2022 was \$0.

Of the \$2,488,078 balance for special assessments receivable, \$2,379,322 will not be collected in the next fiscal year and is considered to be long-term.

J. Interfund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "due from/to other funds". Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

K. Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the government-wide and fund financial statements.

L. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets are defined by the government as assets with an initial individual cost of more than \$1,800 and an estimated useful life in excess of five years. 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.

The Township's infrastructure consists of the Sandy Drive Water Main. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

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

<u>Descriptions</u>	<u>Estimated Lives</u>
Buildings and Improvements	25 - 50 years
Machinery and Equipment	5 - 10 years
Infrastructure	5 - 50 years

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise fund statement. In general, payables and accrued liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements at the time they are incurred, to the extent that they will be paid from current, expendable, financial resources. However, bonds and other long-term obligations, compensated absences, claims and judgments, contractually required pension contributions and special termination benefits that are paid from governmental funds are recognized as liabilities in the fund financial statements only to the extent that they are due for payment during the current year.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Township reports three categories of net position on the government-wide financial statements, as follows:

Net investment in capital assets - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Township's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position - consists of all other net position that does not meet the definition of the above two components and is available for general use by the Township.

The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Township Board—the Township's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Township Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balances (Continued)

Assigned fund balance. This classification reflects the amounts constrained by the Township's "intent" to be used for specific purposes, but are neither restricted nor committed. The Township Board or personnel authorized by the Board have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. If any portion of existing fund balance will be used to eliminate a projected deficit in the budget for the subsequent year, this amount will also be categorized as Assigned fund balance.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Township, these revenues are charges for services for water and sewer usage. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended March 31, 2022.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Budgets and Budgetary Accounting

The Township of Standish normally follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to March 1, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. This operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the governmental center to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of an ordinance.
4. All budget appropriations lapse at year-end. Budgetary amounts reported herein are as originally adopted, and as amended by the Township Board throughout the operating year.

The Township adopts budgets for the General Fund and Special Revenue Funds.

The budgets of the Township are prepared on the same basis of accounting as the financial statement presentation. The budgets were adopted at the activity level.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved and amended by the Township Board.

T. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

U. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 1,419,736	\$ 155,970	\$ 2,191	\$ 1,577,897
Investments	246,977	0	0	246,977
Restricted Cash and Cash Equivalents	<u>55,389</u>	<u>16,367</u>	<u>0</u>	<u>71,756</u>
Total	<u>\$ 1,722,102</u>	<u>\$ 172,337</u>	<u>\$ 2,191</u>	<u>\$ 1,896,630</u>

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking and Savings Accounts and Certificates of Deposit)	\$ 1,896,530
Petty Cash and Cash on Hand	<u>100</u>
Total	<u>\$ 1,896,630</u>

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2022, \$1,210,008 of the Township's bank balance of \$1,906,440 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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.

Interest Rate Risk and Foreign Currency Risk

The Township's investment policy does not address interest rate risk and foreign currency risk.

Investments

The Township Board has adopted an investment policy in accordance with Act 196, PA 1997 which authorizes the Township to deposit and invest in the following:

- λ Accounts of federally insured banks, credit unions and savings and loan associations
- λ Bonds and other direct obligations of the United States or an agency or instrumentality of the United States
- λ United States government or federal agency obligation repurchase agreements
- λ Banker's acceptances of United States banks
- Commercial paper rated within the two highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase
- Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation

Michigan law requires that public funds may not be deposited in financial institutions that do not maintain an office in Michigan. The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

The amounts of interfund receivables and payables as of March 31, 2022 were as follows:

<u>Due to</u>	<u>Due from</u>					<u>Total</u>
	<u>General Fund</u>	<u>Garbage Collection Fund</u>	<u>Non-major Governmental Funds</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	
General Fund	\$ 0	\$ 700	\$ 16,376	\$ 5,567	\$ 7,230	\$ 29,873
Non-major Governmental Funds	<u>666</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>666</u>
	<u>\$ 666</u>	<u>\$ 700</u>	<u>\$ 16,376</u>	<u>\$ 5,567</u>	<u>\$ 7,230</u>	<u>\$ 30,539</u>

These balances result from the time lag between the dates that interfund goods and services are provided, transactions are recorded in the accounting system, and payments between funds are made.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity of the primary government for the fiscal year ended March 31, 2022, was as follows:

	<u>Balance 04/01/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 03/31/22</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 33,536	\$ 0	\$ 0	\$ 33,536
Capital Assets Being Depreciated:				
Buildings and Improvements	34,839	0	0	34,839
Machinery and Equipment	22,380	8,960	0	31,340
Infrastructure	112,143	0	0	112,143
Subtotal	<u>169,362</u>	<u>8,960</u>	<u>0</u>	<u>178,322</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(20,245)	(953)	0	(21,198)
Machinery and Equipment	(4,675)	(2,283)	0	(6,958)
Infrastructure	(22,055)	(2,243)	0	(24,298)
Subtotal	<u>(46,975)</u>	<u>(5,479)</u>	<u>0</u>	<u>(52,454)</u>
Capital Assets Being Depreciated	<u>122,387</u>	<u>3,481</u>	<u>0</u>	<u>125,868</u>
Governmental Activities Total Capital Assets - Net of Depreciation	<u>\$ 155,923</u>	<u>\$ 3,481</u>	<u>\$ 0</u>	<u>\$ 159,404</u>
	<u>Balance 04/01/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 03/31/22</u>
<u>Business-Type Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 24,681	\$ 0	\$ 0	\$ 24,681
Construction in Progress	<u>396,780</u>	<u>3,930,258</u>	<u>0</u>	<u>4,327,038</u>
Business-Type Activities Total Capital Assets	<u>\$ 421,461</u>	<u>\$ 3,930,258</u>	<u>\$ 0</u>	<u>\$ 4,351,719</u>

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities

General Government:

Other General Government	\$ 3,236
Public Works	<u>2,243</u>

Total Governmental Activities	<u>\$ 5,479</u>
-------------------------------	-----------------

NOTE 5 - LONG-TERM LIABILITIES

	<u>Governmental</u>	<u>Business-Type</u>
<b>A. <u>Bonds Payable</u></b>		
Sewer Capital Improvement Bonds Series 2021A	\$ 0	\$ 775,000
Sewer Capital Improvement Bonds Series 2021B	0	702,000
Water Capital Improvement Bonds Series 2021A	0	585,000
Water Capital Improvement Bonds Series 2021B	<u>0</u>	<u>374,000</u>
Total Bonds Payable	0	2,436,000
<b>B. <u>Loans Payable</u></b>		
2012 Point Wenonah Dredging Fund Loan	<u>21,920</u>	<u>0</u>
Total Long-Term Liabilities	<u>\$ 21,920</u>	<u>\$ 2,436,000</u>

**C. Detailed Long-Term Debt Disclosures**

Direct Borrowing

Sewer Capital Improvement Bonds Series 2021A

General Obligation Limited Tax Sewer Capital Improvement Bonds, Series 2021A, in the amount of \$786,000, for the purpose of financing capital improvements to the sewer system. The bonds bear interest at the rate of 1.25% and are payable biannually with principal payments due annually through February 2061. The full faith and credit of the Township has been pledged to the prompt payment of the principal and interest on the bonds. The principal and interest are payable as a first budget obligation of the Township from its general funds. The ability of the Township to raise such funds is subject to applicable constitutional and statutory limitations on the taxing power of the Township. Principal installments may be prepaid prior to maturity at the Township's discretion. These bonds were purchased by the United States Department of Agriculture Rural Development. The Township submits requests for funds to Rural Development as needed for costs related to the project.



TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

C. Detailed Long-Term Debt Disclosures (Continued)

Sewer Capital Improvement Bonds Series 2021B

General Obligation Limited Tax Sewer Capital Improvement Bonds, Series 2021B, in the amount of \$710,000, for the purpose of financing capital improvements to the sewer system. The bonds bear interest at the rate of 1.25% and are payable biannually with principal payments due annually through February 2039. The full faith and credit of the Township has been pledged to the prompt payment of the principal and interest on the bonds. The principal and interest are payable as a first budget obligation of the Township from its general funds. The ability of the Township to raise such funds is subject to applicable constitutional and statutory limitations on the taxing power of the Township. Principal installments may be prepaid prior to maturity at the Township's discretion. These bonds were purchased by the United States Department of Agriculture Rural Development. The Township submits requests for funds to Rural Development as needed for costs related to the project.

Water Capital Improvement Bonds Series 2021A

General Obligation Limited Tax Sewer Capital Improvement Bonds, Series 2021A, in the amount of \$593,000, for the purpose of financing capital improvements to the water system. The bonds bear interest at the rate of 1.25% and are payable biannually with principal payments due annually through February 2061. The full faith and credit of the Township has been pledged to the prompt payment of the principal and interest on the bonds. The principal and interest are payable as a first budget obligation of the Township from its general funds. The ability of the Township to raise such funds is subject to applicable constitutional and statutory limitations on the taxing power of the Township. Principal installments may be prepaid prior to maturity at the Township's discretion. These bonds were purchased by the United States Department of Agriculture Rural Development. The Township submits requests for funds to Rural Development as needed for costs related to the project.

Water Capital Improvement Bonds Series 2021B

General Obligation Limited Tax Sewer Capital Improvement Bonds, Series 2021B, in the amount of \$379,000, for the purpose of financing capital improvements to the water system. The bonds bear interest at the rate of 1.25% and are payable biannually with principal payments due annually through February 2053. The full faith and credit of the Township has been pledged to the prompt payment of the principal and interest on the bonds. The principal and interest are payable as a first budget obligation of the Township from its general funds. The ability of the Township to raise such funds is subject to applicable constitutional and statutory limitations on the taxing power of the Township. Principal installments may be prepaid prior to maturity at the Township's discretion. These bonds were purchased by the United States Department of Agriculture Rural Development. The Township submits requests for funds to Rural Development as needed for costs related to the project.

2012 Point Wenonah Dredging Fund Loan

On September 26, 2012, the Township entered into an agreement with Citizens Bank for the funding of \$195,000 toward dredging the existing channels of Point Wenonah. This loan bears an interest rate of 2.7% and is due in annual installments through 2022. The loan may not be prepaid, in whole or in part, prior to maturity. Upon the occurrence of an event of default by the Township, all or part of the unpaid balance of the amount financed, together with accrued interest shall, at the option of the bank, become immediately due and payable. The Township shall include in its budget and pay each year, until it is paid in full, such sums necessary to make payments of the principal and interest when due.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

D. Changes in Long-Term Liabilities

The following is a summary of long-term debt transactions of the Township for the year ended March 31, 2022:

	<u>Balance</u> <u>04/01/21</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Balance</u> <u>03/31/22</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Loans Payable	\$ <u>43,263</u>	\$ <u>0</u>	\$ <u>(21,343)</u>	\$ <u>21,920</u>	\$ <u>21,920</u>
<u>Business-Type Activities</u>					
Bonds Payable	\$ <u>585,611</u>	\$ <u>1,882,389</u>	\$ <u>(32,000)</u>	\$ <u>2,436,000</u>	\$ <u>61,000</u>

The interest expenditures on long-term obligations for the year were \$23,921.

The annual aggregate maturities for all debt outstanding as of March 31, 2022 are as follows:

Direct Borrowing:

Bonds Payable

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 0	\$ 0	\$ 61,000	\$ 30,456	\$ 91,456
2024	0	0	61,000	29,694	90,694
2025	0	0	61,000	28,930	89,930
2026	0	0	61,000	28,170	89,170
2027	0	0	61,000	27,406	88,406
2028 - 2032	0	0	305,000	125,594	430,594
2033 - 2053	0	0	305,000	106,530	411,530
2038 - 2058	0	0	309,000	87,396	396,396
2043 - 2047	0	0	316,000	67,956	383,956
2048 - 2052	0	0	320,000	48,034	368,034
2053 - 2057	0	0	320,000	28,032	348,032
2058 - 2061	0	0	256,000	8,026	264,026
2052	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,436,000</u>	\$ <u>616,224</u>	\$ <u>3,052,224</u>

Loans Payable

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ <u>21,920</u>	\$ <u>592</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>22,512</u>

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real property and tangible personal property located in the Township. Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County tax rolls. For the current year, the taxable value for properties located within the Township was \$53,084,354. The tax rate was .9981 mills for operations.

The fire millage and road millage are recognized in the year after they are levied. The taxable value for the properties located within the Township for the 2020 levy was \$44,543,238 and the corresponding tax rate was 2.0 mills for the fire millage and \$52,023,068 with a corresponding tax rate of 0.9981 mill for the road levy.

NOTE 7 - OPERATING TRANSFERS

During the year ended March 31, 2022, the following transfers were made:

Transfer to	Transfer from		Total
	General Fund	Non-major Governmental Funds	
Road Fund	\$ 25,000	\$ 0	\$ 25,000
General Fund	0	1,727	1,727
Total	\$ 25,000	\$ 1,727	\$ 26,727

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 8 - EXCESS OF EXPENDITURES OVER APPROPRIATION IN BUDGETARY FUNDS

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.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted at the activity level.

During the year ended March 31, 2022, the Township incurred expenditures which were in excess of the amounts appropriated as follows:

<u>Fund/Function</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund/General Government/Chief Executive	\$ 10,250	\$ 10,560	\$ 310
General Fund/General Government/Financial and Tax Administration	\$ 62,535	\$ 64,221	\$ 1,686
General Fund/Public Works	\$ 37,145	\$ 38,788	\$ 1,643
General Fund/Recreation and Culture	\$ 0	\$ 851	\$ 851
General Fund/Other	\$ 1,650	\$ 5,885	\$ 4,235
General Fund/Capital Outlay	\$ 140	\$ 8,960	\$ 8,820
General Fund/Operating Transfers Out	\$ 0	\$ 25,000	\$ 25,000
Road Fund/Public Works	\$ 49,000	\$ 64,684	\$ 15,684
Fire Fund/Public Safety	\$ 13	\$ 53,089	\$ 53,076
Garbage Collection Fund/Public Works	\$ 111,613	\$ 133,387	\$ 21,774

NOTE 9 - RETIREMENT PLAN

The Township has a defined contribution pension plan with Brighthouse Financial, Inc. effective July 1, 1991. All full-time employees are covered under the plan. Eligibility to become a participant is limited to those employees who, on the effective date or on any anniversary date, have attained age 18. Vesting is 100% upon entering the plan. Each employee must contribute 7.5% of their gross earnings to the plan. The Township is required to contribute an amount equal to 7.5% of the employee's gross earnings.

During the year, the Township's contributions amounted to \$1,830, which was 7.5% of the covered payroll period. Employees' contributions amounted to \$1,830. No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

NOTE 10 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township has purchased commercial insurance for general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, buildings and contents) and workers compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2022

NOTE 11 - RESTRICTED ASSETS

The Township is required to maintain certain restricted assets in the General Fund for cash received by the Township from the Saginaw Chippewa Indian Tribe of Michigan, which is required to be spent on projects approved by the Tribe.

In addition, the Township is required, under the Bonds Payable to the United States Department of Agriculture, to maintain restricted assets in the Sewer Fund and Water Fund. The bond resolutions provide that reserve accounts be established with annual reserve requirements of \$12,900 for the Sewer Bonds and \$3,467 for the Water Bonds.

NOTE 12 - COMMITMENTS

The Township had contractual commitments in the amount of \$4,858,053 at March 31, 2022.

**Construction Contracts**

As of March 31, 2022, the Township had agreed to the following construction contract:

<u>Project</u>	<u>Total Contract</u>	<u>Remaining Commitment at March 31, 2022</u>
Water & Sewer Main Construction Project - Rohde Bros. Excavating, Inc.	\$ <u>8,606,998</u>	\$ <u>4,858,053</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended March 31, 2022

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenue</u>				
Property Taxes	\$ 55,430	\$ 55,495	\$ 73,138	\$ 17,643
State Revenue	178,500	201,100	199,889	(1,211)
Local Grants	13,000	18,100	3,000	(15,100)
Licenses and Permits	1,500	900	828	(72)
Charges for Services	5,000	7,700	7,679	(21)
Interest and Rentals	2,150	2,105	2,499	394
Special Assessments	26,700	26,700	6,223	(20,477)
Other Revenue	1,903	445	229	(216)
Total Revenue	<u>284,183</u>	<u>312,545</u>	<u>293,485</u>	<u>(19,060)</u>
<u>Expenditures</u>				
Current:				
General Government:				
Legislative	9,985	12,405	9,897	2,508
Chief Executive	11,052	10,250	10,560	(310)
Financial and Tax Administration	73,187	62,535	64,221	(1,686)
Other General Government	127,750	66,935	46,810	20,125
Public Works	39,645	37,145	38,788	(1,643)
Community and Economic Development	13,990	8,160	7,547	613
Recreation and Cultural	0	0	851	(851)
Other	0	1,650	5,885	(4,235)
Capital Outlay	0	140	8,960	(8,820)
Total Expenditures	<u>275,609</u>	<u>199,220</u>	<u>193,519</u>	<u>5,701</u>
Excess of Revenue Over (Under) Expenditures	8,574	113,325	99,966	(13,359)
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	0	0	1,727	1,727
Operating Transfers Out	0	0	(25,000)	(25,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(23,273)</u>	<u>(23,273)</u>
Net Change in Fund Balances	8,574	113,325	76,693	(36,632)
Fund Balances - Beginning of Year	<u>1,135,103</u>	<u>1,135,103</u>	<u>1,135,103</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ 1,143,677</u>	<u>\$ 1,248,428</u>	<u>\$ 1,211,796</u>	<u>\$ (36,632)</u>

TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ROAD FUND - SPECIAL REVENUE FUND  
For the Year Ended March 31, 2022

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenue</u>				
Property Taxes	\$ 49,000	\$ 0	\$ 52,140	\$ 52,140
Interest and Rentals	<u>20</u>	<u>6</u>	<u>5</u>	<u>(1)</u>
Total Revenue	49,020	6	52,145	52,139
<u>Expenditures</u>				
Current:				
Public Works	<u>149,000</u>	<u>49,000</u>	<u>64,684</u>	<u>(15,684)</u>
Excess of Revenue Over (Under) Expenditures	(99,980)	(48,994)	(12,539)	36,455
<u>Other Financing Uses</u>				
Operating Transfers In	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>25,000</u>
Excess of Revenue Over (Under) Expenditures and Other Uses	(99,980)	(48,994)	12,461	61,455
Fund Balances - Beginning of Year	<u>560</u>	<u>560</u>	<u>560</u>	<u>0</u>
Fund Balances - End of Year	<u><u>\$ (99,420)</u></u>	<u><u>\$ (48,434)</u></u>	<u><u>\$ 13,021</u></u>	<u><u>\$ 61,455</u></u>



TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FIRE FUND - SPECIAL REVENUE FUND  
For the Year Ended March 31, 2022

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenue</u>				
Property Taxes	\$ 87,000	\$ 87,000	\$ 89,530	\$ 2,530
Interest and Rentals	<u>0</u>	<u>130</u>	<u>129</u>	<u>(1)</u>
Total Revenue	87,000	87,130	89,659	2,529
 <u>Expenditures</u>				
Current:				
Public Safety	<u>0</u>	<u>13</u>	<u>53,089</u>	<u>(53,076)</u>
Excess of Revenue Over (Under) Expenditures	87,000	87,117	36,570	(50,547)
Fund Balances - Beginning of Year	<u>101,107</u>	<u>101,107</u>	<u>101,107</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ 188,107</u>	<u>\$ 188,224</u>	<u>\$ 137,677</u>	<u>\$ (50,547)</u>

TOWNSHIP OF STANDISH  
Arenac County, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GARBAGE COLLECTION FUND - SPECIAL REVENUE FUND  
For the Year Ended March 31, 2022

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenue</u>				
Interest and Rentals	\$ 100	\$ 100	\$ 35	\$ (65)
Special Assessments	<u>116,000</u>	<u>116,000</u>	<u>118,700</u>	<u>2,700</u>
Total Revenue	116,100	116,100	118,735	2,635
<u>Expenditures</u>				
Current:				
Public Works	<u>115,980</u>	<u>111,613</u>	<u>133,387</u>	<u>(21,774)</u>
Excess of Revenue Over (Under) Expenditures	120	4,487	(14,652)	(19,139)
Fund Balances - Beginning of Year	<u>99,747</u>	<u>99,747</u>	<u>99,747</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ 99,867</u>	<u>\$ 104,234</u>	<u>\$ 85,095</u>	<u>\$ (19,139)</u>

SUPPLEMENTARY INFORMATION

TOWNSHIP OF STANDISH  
Arenac County, Michigan

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
March 31, 2022

	Special Revenue Funds		Debt Service Funds		Total Other
	Aquatic Weed Assessment Fund	ARPA Fund	Sandy Drive Debt Fund	Pt. Wenonah Dredging Debt Fund	Governmental Funds
<u>Assets</u>					
Cash and Cash Equivalents	\$ 11,072	\$ 93,433	\$ 1,938	\$ 11,745	\$ 118,188
Receivables:					
Special Assessments	3,531	0	0	19,162	22,693
Due from Other Funds	<u>0</u>	<u>0</u>	<u>666</u>	<u>0</u>	<u>666</u>
Total Assets	<u>\$ 14,603</u>	<u>\$ 93,433</u>	<u>\$ 2,604</u>	<u>\$ 30,907</u>	<u>\$ 141,547</u>
<u>Liabilities</u>					
Due to Other Funds	\$ 8,500	\$ 0	\$ 0	\$ 7,876	\$ 16,376
Unearned Revenue - Federal Grants	<u>0</u>	<u>93,425</u>	<u>0</u>	<u>0</u>	<u>93,425</u>
Total Liabilities	<u>8,500</u>	<u>93,425</u>	<u>0</u>	<u>7,876</u>	<u>109,801</u>
<u>Deferred Inflows of Resources</u>					
Special Assessments Levied for Next Year Unavailable Revenue - Special Assessments	3,531	0	0	0	3,531
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,162</u>	<u>19,162</u>
Total Deferred Inflows of Resources	<u>3,531</u>	<u>0</u>	<u>0</u>	<u>19,162</u>	<u>22,693</u>
<u>Fund Equity</u>					
Fund Balances:					
Restricted for:					
Aquatic Weed Control	2,572	0	0	0	2,572
Debt Service	0	0	2,604	3,869	6,473
ARPA Expenditures	<u>0</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>8</u>
Total Fund Equity	<u>2,572</u>	<u>8</u>	<u>2,604</u>	<u>3,869</u>	<u>9,053</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	<u>\$ 14,603</u>	<u>\$ 93,433</u>	<u>\$ 2,604</u>	<u>\$ 30,907</u>	<u>\$ 141,547</u>

TOWNSHIP OF STANDISH  
Arenac County, Michigan

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
For the Year Ended March 31, 2022

	Special Revenue Funds		Debt Service Funds		Total Other
	Aquatic Weed Assessment Fund	ARPA Fund	Sandy Drive Debt Fund	Pt. Wenonah Dredging Debt Fund	Governmental Funds
<u>Revenue</u>					
Interest and Rentals	\$ 0	\$ 8	\$ 0	\$ 0	\$ 8
Special Assessments	<u>10,984</u>	<u>0</u>	<u>1,938</u>	<u>16,162</u>	<u>29,084</u>
Total Revenue	<u>10,984</u>	<u>8</u>	<u>1,938</u>	<u>16,162</u>	<u>29,092</u>
<u>Expenditures</u>					
Current:					
Public Works	8,500	0	0	0	8,500
Other	0	0	20	3	23
Debt Service:					
Principal	0	0	0	21,343	21,343
Interest and Fiscal Charges	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,168</u>	<u>1,168</u>
Total Expenditures	<u>8,500</u>	<u>0</u>	<u>20</u>	<u>22,514</u>	<u>31,034</u>
Excess of Revenue Over (Under) Expenditures	2,484	8	1,918	(6,352)	(1,942)
<u>Other Financing Sources (Uses)</u>					
Operating Transfers Out	<u>(1,727)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,727)</u>
Net Change in Fund Balance	757	8	1,918	(6,352)	(3,669)
Fund Balances - Beginning of Year	<u>1,815</u>	<u>0</u>	<u>686</u>	<u>10,221</u>	<u>12,722</u>
Fund Balances - End of Year	<u>\$ 2,572</u>	<u>\$ 8</u>	<u>\$ 2,604</u>	<u>\$ 3,869</u>	<u>\$ 9,053</u>



*Stephenson & Company, P.C.*  
**Certified Public Accountants & Consultants**

Alan J. Stephenson, CPA  
Donald W. Brannan, CPA  
Kyle E. Troyer, CPA  
Robert J. Morand, CPA  
Brenden A. Stephenson, CPA/PFS, CFP®  
Cynthia R. Scott, CPA, CFE

TOWNSHIP OF STANDISH  
ARENAC COUNTY, MICHIGAN

SINGLE AUDIT REPORTS  
YEAR ENDED MARCH 31, 2022

INDEX

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1 - 2
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	3 - 5
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	6 - 8
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	9
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	10
 <b><u>TOWNSHIP PREPARED DOCUMENTS</u></b>	
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	
CORRECTIVE ACTION PLAN	



*Stephenson & Company, P.C.*  
Certified Public Accountants & Consultants

Alan J. Stephenson, CPA  
Donald W. Brannan, CPA  
Kyle E. Troyer, CPA  
Robert J. Morand, CPA  
Brenden A. Stephenson, CPA/PFS, CFP®  
Cynthia R. Scott, CPA, CFE

August 31, 2022

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Township of Standish  
Arenac County, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Standish, Arenac County, Michigan, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Township of Standish's basic financial statements, and have issued our report thereon dated August 31, 2022.

#### Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

#### Report on Compliance and Other Matters

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



**The Township of Standish's Response to Findings**

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

**Purpose of this Report**

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

Stephenson & Company, P.C.



*Stephenson & Company, P.C.*  
Certified Public Accountants & Consultants

Alan J. Stephenson, CPA  
Donald W. Brannan, CPA  
Kyle E. Troyer, CPA  
Robert J. Morand, CPA  
Brenden A. Stephenson, CPA/PFS, CFP®  
Cynthia R. Scott, CPA, CFE

August 31, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees  
Township of Standish  
Arenac County, Michigan

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Township of Standish's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Township of Standish's major federal programs for the year ended March 31, 2022. The Township of Standish's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township of Standish complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township of Standish and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major program. Our audit does not provide a legal determination of the Township of Standish's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Township of Standish's federal programs.

*Auditors' Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township of Standish's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township of Standish's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- λ Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Township of Standish's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Township of Standish's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Township of Standish's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Standish as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Township of Standish's basic financial statements. We issued our report thereon dated August 31, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Stephenson & Company, P.C.*

TOWNSHIP OF STANDISH  
Arenac County, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended March 31, 2022

Summary of Auditors' Results

1. The auditors' report expresses unmodified opinions on the financial statements of the Township of Standish .
2. Two material weaknesses in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Township of Standish, which are required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses relating to the audit of internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the Township of Standish expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the Township of Standish are reported in this schedule.
7. The program tested as a major program was: ALN 10.760 Water and Waste Disposal Systems for Rural Communities .
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Township of Standish does not qualify as a low-risk auditee.

Findings - Financial Statement Audit

2022-001                      Financial Statement Preparation Controls

**Condition and Criteria:** Accounting principles require personnel of the Township have the knowledge to review and determine the financial report and the Schedule of Expenditures of Federal Awards is a complete presentation in accordance with Generally Accepted Accounting Principles. The Township of Standish's personnel prepare various financial information throughout the year to assess operations and the financial condition of the Township. However, prior to the closing of the year end, various entries material to the financial statements were proposed by the external auditors. Also, the Township relies on the external auditors to assist in preparing the annual financial report and Schedule of Expenditures of Federal Awards in accordance with Generally Accepted Accounting Principles.

**Effect:** As a result, the Township is considered to have a material weakness, since reporting errors or omissions could occur in the preparation of the annual financial report and Schedule of Expenditures of Federal Awards that would be departures from Generally Accepted Accounting Principles and the Township would not be in a position to detect the errors or omissions.

TOWNSHIP OF STANDISH  
Arenac County, Michigan  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended March 31, 2022

Findings - Financial Statement Audit (Continued)

2022-001

Financial Statement Preparation Controls (Continued)

**Cause:** The Township has in the past evaluated the cost vs. benefit of correcting this finding and deemed it in its best interests to outsource the task to its external auditors.

**Context:** The Township of Standish has individuals on staff to review the financial report and Schedule of Expenditures of Federal Awards to ensure they are accurate, and the financial information reflects the recording of the proposed entries. However, the individuals do not review and determine that the financial report and Schedule of Expenditures of Federal Awards is a complete presentation in accordance with Generally Accepted Accounting Principles.

**Auditor's Recommendation:** We recommend the Township continue to re-evaluate the cost vs. benefit considerations involved with remedying this situation.

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

**Corrective Action Plan:** See attached corrective action plan from management.

2022-002

Township Board Reports

**Condition and Criteria:** The State of Michigan Accounting Manual requires that financial and budget reports are provided to the Board on at least a quarterly basis. During the fiscal year, the Township was not provided any budget to actual reports.

**Effect:** As a result, the Township is considered to have a material weakness, budget overages occurred and the Township operated without having the budget to actual reports to use as a management tool to assist in making appropriate financial decisions throughout the year.

**Cause:** The Township recently converted to a new software and budget to actual reports have not been used out of this software yet.

**Context:** Budget to actual reports were not provided for any funds.

**Auditor's Recommendation:** We recommend that the Township Board review budget to actual figures for all funds at least quarterly.

**Views of Responsible Officials:** The Clerk will begin compiling this information and ensuring it is provided to the entire board for their review on at least a quarterly basis.

**Corrective Action Plan:** See attached corrective action plan from management.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended March 31, 2022

Findings and Questioned Costs - Major Federal Award Programs Audit

There were no findings or questioned costs related to the major federal award program audit for the year ended March 31, 2022.

TOWNSHIP OF STANDISH  
Arenac County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended March 31, 2022

Federal Grantor or Pass Through Grantor Program Title/Grantor's Number	ALN	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue April 1, 2021	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue March 31, 2022
<u>U.S. Department of Agriculture</u>							
Water and Waste Disposal Systems for Rural Communities	10.760						
Water and Waste System Grant - Water		\$ 2,916,000	\$ 0	\$ 0	\$ 1,021,853	\$ 1,015,553	\$ 6,300
Water and Waste System Grant - Sewer		4,487,000	0	0	1,044,254	1,037,536	6,718
Water and Waste System Bonds		<u>2,468,000</u>	<u>585,611</u>	<u>0</u>	<u>1,882,389</u>	<u>1,882,389</u>	<u>0</u>
		<u>\$ 9,871,000</u>	<u>\$ 585,611</u>	<u>\$ 0</u>	<u>\$ 3,948,496</u>	<u>\$ 3,935,478</u>	<u>\$ 13,018</u>

The accompanying notes are an integral part of this schedule.



TOWNSHIP OF STANDISH  
Arenac County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended March 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Township of Standish under programs of the federal government for the year ended March 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township of Standish, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Township of Standish.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

The Township of Standish has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Reconciliation to Financial Statements:

Federal revenue presented in the financial statements	\$ 2,066,107
Additions to Federal Loans for capital projects presented in the financial statements as bonds payable, but are Federal Expenditures of the Township of Standish.	<u>1,882,389</u>
Federal revenue on the Schedule of Expenditures of Federal Awards	<u>\$ 3,948,496</u>

# STANDISH TOWNSHIP

## ARENAC COUNTY

4997 Arenac State Road

P.O. Box 472

Standish, MI 48658

### Summary Schedule of Prior Year Audit Findings:

#### Findings – Financial Statements Audit

##### 2021-001 - Financial Statement Preparation

Finding: Historically the Township has relied on its independent external auditors to assist in the preparation of financial statements and related footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based in part, on its external auditors, who cannot by definition be considered a part of the Township's internal controls. The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that is in the best interests of the Township to outsource the task to its external auditors, and carefully review the draft financial statements and related notes prior to approving them and accepting responsibility for their content and presentation.

Year of Initial Occurrence: March 31, 2008

Status: This situation still exists. The Township understands the risk of having the auditors prepare the financial statements and has determined to accept this risk as they feel the benefit outweighs the risk itself. See the current year finding 2022-001 for details and for following Corrective Action Plan.

##### 2021-002 – Township Board Reports

Finding: The Township Board was not provided with quarterly financial and budget reports as required by the State of Michigan Accounting Manual.

Year of Initial Occurrence: March 31, 2020

Status: This situation still exists. See the current year finding 2022-002 for details and for following Corrective Action Plan.

##### 2021-003 – Timely Bank Reconciliations

Finding: During the year, bank reconciliations were not consistently prepared for the payroll fund. This was largely the result of failure to record some transactions related to payroll.

Year of Initial Occurrence: March 31, 2021

Status: This situation has been corrected.

## Findings – Financial Statements Audit (Continued)

### 2021-004 – Documentation in Board Minutes

Finding: It was noted that the Board's approval for the annual road contracts, which are a significant and material expense, were not noted in the Board minutes.

Year of Initial Occurrence: March 31, 2020

Status: This situation has been corrected.

### 2021-005 – Approval of Book of Bills

Finding: We noted that each month in the minutes it is documented that the Township Board approved the book of bills. However, we noted items in our sample that were not included in the listings.

Year of Initial Occurrence: March 31, 2020

Status: This situation has been corrected.

### 2021-006 – Classification of Payroll Checks

Finding: During our testing related to payroll, it was noted that a check was cut to a Board member for time spent during BS&A training that was processed through accounts payable instead of payroll.

Year of Initial Occurrence: March 31, 2021

Status: This situation has been corrected.

## Findings and Questioned Costs – Major Federal Program Audit

A Single Audit was not required for the year ended March 31, 2021, and therefore, there were no findings related to major federal award programs.

**STANDISH TOWNSHIP**  
**ARENAC COUNTY**  
4997 Arenac State Road  
P.O. Box 472  
Standish, MI 48658

Corrective Action Plan  
For the Year Ended March 31, 2022

2022-001 – Financial Statement Preparation Controls

Finding: Historically the Township has relied on its independent external auditors to assist in the preparation of financial statements, related footnotes, and the Schedule of Expenditures of Federal Awards as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based in part, on its external auditors, who cannot by definition be considered a part of the Township's internal controls. The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in best interests to outsource the task to its external auditors, and carefully review the draft financial statements, related notes, and the Schedule of Expenditures of Federal Awards prior to approving them and accepting responsibility for their content and presentation.

Corrective Action: The Township will not be correcting this finding. The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Township to outsource the task to its external auditors, and to carefully review the draft financial statements, related notes, and the Schedule of Expenditures of Federal Awards prior to approving them and accepting responsibility for their content and presentation .

Contact Person Responsible for Corrective Action: Sue Kohn, Township Treasurer

Anticipated Completion Date: Ongoing, with annual review by Township Treasurer and Auditor

2022-002 – Township Board Reports

Finding: The Township Board was not provided with quarterly financial and budget reports as required by the State of Michigan Accounting Manual. The effect of this material weakness is that the Township did not monitor their budget during the year.

Corrective Action: The Township will be correcting this issue moving forward and providing the budget to actual reports to the Board on at least a quarterly basis.

Contact Person Responsible for Corrective Action: Shara Klenk, Township Clerk

Anticipated Completion Date: This item is currently in the process of being corrected and will be reviewed during the next audit.



*Stephenson & Company, P.C.*  
Certified Public Accountants & Consultants

Alan J. Stephenson, CPA  
Donald W. Brannan, CPA  
Kyle E. Troyer, CPA  
Robert J. Morand, CPA  
Brenden A. Stephenson, CPA/PFS, CFP®  
Cynthia R. Scott, CPA, CFE

August 31, 2022

Township Board  
Township of Standish  
Arenac County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Standish for the year ended March 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 8, 2022. Professional standards also require that we communicate to you the following information related to our audit. The appendices to this letter set forth those communications as follows:

I Communication with Those Charged with Governance

II Management Comments

We discussed these matters with various personnel of the Township during the audit and met with management on August 31, 2022. We would also be pleased to meet with you to discuss these matters at your convenience.

This information is intended solely for the information and use of management, the Township Board, others within the Township and the Michigan Department of Treasury and are not intended to be, and should not be, used by anyone other than those specified parties.

Very truly yours,

*Stephenson & Company, P.C.*

## **APPENDIX I COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

### **Significant Audit Matters**

#### **Qualitative Aspects of Accounting Practices**

- Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township of Standish are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Township of Standish during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
- Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.
- The financial statement disclosures are neutral, consistent, and clear.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, including those considered to be material, either individually or in the aggregate, to the financial statements taken as a whole.

#### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated August 31, 2022.

#### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township of Standish's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Standish's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**APPENDIX I  
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

**Other Matters**

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining nonmajor fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

## **APPENDIX II MANAGEMENT COMMENTS**

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Standish as of and for the year ended March 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Standish's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Standish's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Standish's internal control.

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

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

### **FINANCIAL STATEMENT PREPARATION CONTROLS**

In conjunction with our audit, we have been contracted to prepare the financial statements and related disclosures based on the information provided to us by Management. We would like to stress that this service is allowable under AICPA ethics guidelines and may be the most efficient and effective method for preparation of the Township of Standish's financial statements. However, if at any point in the audit we as auditors are part of the Township of Standish's control system for producing reliable financial statements, auditing standards indicate that the Township of Standish has a control deficiency. If Management is not able to prepare financial statements, including disclosures, and the auditors are contracted to prepare these statements, this is considered a control deficiency. The effect of this material weakness is that reporting errors or omissions could occur in the preparation of the annual financial report that would be departures from Generally Accepted Accounting Principles (GAAP) and the Township would not be in a position to detect the errors or omissions. We recommend that Management and those charged with governance evaluate and document their decision on the costs and benefits of whether to contract for this service with our firm.

### **TOWNSHIP BOARD REPORTS**

The Township Board was not provided with quarterly financial and budget reports as required by the State of Michigan Accounting Manual. The effect of this material weakness is that the Township did not monitor their budget during the year. We recommend that the Township Board review budget to actual figures for all funds at least quarterly. These reports will be useful in controlling the budget as well as making other necessary financial decisions.

During our audit, we also became aware of the following deficiency in internal control other than significant deficiencies or material weaknesses, and other matters that is an opportunity for strengthening internal controls and operating efficiency.

### **BUDGETED DEFICIT FUND BALANCE**

The Road Fund's Original and Final Budgets, approved by the Board of Trustees for the March 31, 2022 fiscal year, was unbalanced, creating a budgeted deficit fund balance in the Road Fund of \$99,420 for the Original Budget and \$48,434 for the Final Budget. The Bulletin for Audits of Local Units of Governments does not permit Local Governments to adopt unbalanced budgets. Therefore, we recommend that precautions be taken for future budgets to ensure that all budgets are, in fact, in balance prior to their approval.



**APPENDIX II  
MANAGEMENT COMMENTS**

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

**STATUS OF PRIOR YEAR COMMENTS:**

We have reviewed the status of comments and recommendations made in the prior year. The status of prior year comments is as follows:

<u>Comment</u>	<u>Implemented/ Situation Corrected</u>	<u>Management Decision To Not Implement</u>	<u>Progress Made</u>	<u>Situation Still Exists</u>
Financial Statement Preparation Controls		X		
Township Board Reports				X
Timely Bank Reconciliations	X			
Documentation in Board Minutes	X			
Approval of Book of Bills	X			
Classification of Payroll Checks	X			
Separation of Sewer Fund and Water Fund	X			
Budget Approval	X			