

City of Standish

Financial Statements

June 30, 2022

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Independent Auditors' Report

City Council and Management
City of Standish
Standish, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Standish (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 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 City, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, during the year ended June 30, 2022, the City adopted GASB Statement No. 87 *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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:

- 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 City'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 City'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, budgetary comparison schedules, and Michigan Employees Retirement System schedules, as identified in the table of contents, 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 City's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the other supplementary information, as identified in the table of contents, is 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 December 29, 2022 on our consideration of the City 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 City'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 City of Standish's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Saginaw, MI
December 29, 2022

City of Standish
Management's Discussion and Analysis
Year Ended June 30, 2022

Our discussion and analysis of the City of Standish's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the City's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2022.

Total net position related to the City's governmental activities is \$3,863,391. The unrestricted portions of net position are \$1,286,234.

Tax revenues, the City's largest revenue source, increased by approximately \$116,000 from 2021. This is representative of an increase in taxable value for those properties that were sold in the current year.

Using this Annual Report

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

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

City of Standish
Management's Discussion and Analysis
Year Ended June 30, 2022

The City of Standish as a Whole

The following table shows, in a condensed format, the statement of net position as of June 30, 2022 and 2021.

	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
Current assets	\$ 2,586,990	\$ 1,940,545	\$ 1,718,509	\$ 1,409,913	\$ 4,305,499	\$ 3,350,458
Noncurrent assets	2,272,042	2,460,177	5,586,307	5,983,206	7,858,349	8,443,383
Deferred outflow of resources	8,873	43,835	18,859	93,155	27,732	136,990
Total assets and deferred outflows of resources	4,867,905	4,444,557	7,323,675	7,486,274	12,191,580	11,930,831
Current liabilities	14,109	18,086	22,243	23,782	36,352	41,868
Noncurrent liabilities	801,156	1,043,201	1,617,373	1,963,652	2,418,529	3,006,853
Deferred inflow of resources	189,249	25,676	137,419	54,563	326,668	80,239
Total liabilities and deferred inflows of resources	1,004,514	1,086,963	1,777,035	2,041,997	2,781,549	3,128,960
Total net position	\$ 3,863,391	\$ 3,357,594	\$ 5,546,640	\$ 5,444,277	\$ 9,410,031	\$ 8,801,871

The City's net position for governmental activities is \$3,863,391 and \$5,546,640 for business type activities; of these amounts \$1,286,234 (governmental) and \$879,869 (business-type) are unrestricted net position.

City of Standish
Management's Discussion and Analysis
Year Ended June 30, 2022

The following table shows, in a condensed format, the statement of activities as of June 30, 2022 and 2021:

	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
Revenue						
Program revenue:						
Charges for services	\$ 228,990	\$ 228,690	\$ 1,135,487	\$ 1,176,188	\$ 1,364,477	\$ 1,404,878
Operating grants and contributions	413,740	324,656	-	-	413,740	324,656
General revenue:						
Property taxes	867,383	751,138	41,763	49,390	909,146	800,528
State-shared revenue	205,121	188,815	-	-	205,121	188,815
Unrestricted investment earnings	1,694	482	547	237	2,241	719
Gain on sale of capital assets	25,020	4,161	-	-	25,020	4,161
Miscellaneous revenues	56,114	49,083	32,948	5,583	89,062	54,666
Total revenue	<u>1,798,062</u>	<u>1,547,025</u>	<u>1,210,745</u>	<u>1,231,398</u>	<u>3,008,807</u>	<u>2,778,423</u>
Program expenses						
General government	493,639	560,065	-	-	493,639	560,065
Public safety	80,916	37,798	-	-	80,916	37,798
Public works	684,837	620,525	-	-	684,837	620,525
Community and economic development	3,433	14,744	-	-	3,433	14,744
Recreation and culture	8,563	8,303	-	-	8,563	8,303
Interest on long-term debt	20,877	25,463	-	-	20,877	25,463
Water and sewer	-	-	1,108,382	1,127,599	1,108,382	1,127,599
Total program expenses	<u>1,292,265</u>	<u>1,266,898</u>	<u>1,108,382</u>	<u>1,127,599</u>	<u>2,400,647</u>	<u>2,394,497</u>
Change in net position	<u>\$ 505,797</u>	<u>\$ 280,127</u>	<u>\$ 102,363</u>	<u>\$ 103,799</u>	<u>\$ 608,160</u>	<u>\$ 383,926</u>

City of Standish
Management's Discussion and Analysis
Year Ended June 30, 2022

Governmental Activities

Governmental activities revenue increased \$251,037 due to normal fluctuations as well as SLFRF grant funds. The City actively pursues cost savings on a daily basis to mitigate these fluctuations. The City's overall change in net position improved by \$505,797.

Business Type Activities

The City of Standish's business-type activities consist of Water Fund and Sewer Fund. The water and sewer funds are combined major funds.

The City provides treated water to the city residents. Raw water is purchased from Saginaw-Midland Water Supply System. The City also provides water to approximately 50 Standish and Lincoln Township customers. The City has revenue bonds and a general obligation bond debt for recent system wide improvements.

The City also provides municipal sanitary sewer to its residents.

City of Standish Funds

The fund financial statements provide detailed information about the most significant funds, not the City of Standish as a whole. The City Council creates funds to help manage money for specific purposes as well as show accountability for certain activities. The City's major governmental fund is the General Fund.

a) **General Fund**

Functions relating to the general governmental activities of the City, which are financed by property tax levies, by distribution of State revenues, and from fees charged for various municipal activities and services are recorded in the General Fund. The City Council's approved budget for the 2022 fiscal year included the use of a balanced budget. The City actually increased fund balance by \$312,060 to \$1,324,971 at year end.

b) **Major Street Fund**

Functions relating to the major street activities of the City, which are financed by Act 51 funds are recorded in the Major Street Fund. The City Council's approved budget for the 2022 fiscal year included the use of a balanced budget. The City actually increased fund balance by \$110,549 to \$718,598 at year end.

City of Standish
Management's Discussion and Analysis
Year Ended June 30, 2022

General Fund Budgetary Highlights

Over the course of the year, the City Council and City administration monitor and amend the budget to account for unanticipated events during the year. The most significant change was continued increasing benefit costs. Prudent budgeting and continued monitoring of all expenditures reduced the effect of these issues.

Capital Asset and Debt Administration

At the end of 2022 the City of Standish has \$7,733,767 invested in a wide range of capital assets, including land, buildings, equipment, computer equipment, and water and sewer lines. The value of the infrastructure assets, net of depreciation contained in this report, is \$1,142,572 at the end of 2022.

Debt reported in these financial statements is related to the construction of the above-mentioned infrastructure assets and buildings and is reported as a liability on the statement of net position.

Economic Factors and Next Year's Budgets and Rates

The City needs to continue to monitor its budget very closely. The state-wide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent. Because some properties increase by less than inflation, the mathematical result of this is that the total taxable value for the City will grow less than inflation, before considering new property additions. State revenue-sharing payments increased this past year but has decrease in the past two years due to State cutbacks and less sales tax receipts at the State level. These factors, coupled with recent decreases from historical norms in other revenues, including charges for services and interest on investments, continue to have a concern on the City's ability to balance its budget.

Despite these concerns, the City will continue to operate as efficiently as possible in the next fiscal year. The property tax increase this year is expected to be the highest increase in many years. There have been many property sales within the City at much higher sales prices that valuations which will also increase tax revenue.

The City is seeing interest earnings on our funds held in our local banks that has not been seen in several years, this will be an unexpected revenue source.

City of Standish
Management's Discussion and Analysis
Year Ended June 30, 2022

Contacting the City of Standish's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City of Standish's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the City Manager, Brad Mason or City Clerk / Treasurer, Champagne Southworth at (989) 846-9588.

City of Standish
Statement of Net Position
June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 2,441,499	\$ 1,060,997	\$ 3,502,496	\$ 420,085
Receivables				
Customers	8,622	159,516	168,138	-
Leases	124,582	-	124,582	-
Due from other units of government	106,172	-	106,172	-
Prepaid items	30,697	7,701	38,398	-
Restricted assets				
Cash and cash equivalents	-	490,295	490,295	-
Capital assets not being depreciated	277,960	-	277,960	-
Capital assets being depreciated, net	<u>1,869,500</u>	<u>5,586,307</u>	<u>7,455,807</u>	<u>502,777</u>
Total assets	<u>4,859,032</u>	<u>7,304,816</u>	<u>12,163,848</u>	<u>922,862</u>
Deferred outflow of resources				
Deferred amount relating to net pension liability	<u>8,873</u>	<u>18,859</u>	<u>27,732</u>	<u>-</u>
Liabilities				
Accounts payable	7,365	12,422	19,787	-
Accrued and other liabilities	6,744	9,821	16,565	793
Noncurrent liabilities				
Due within one year	187,400	216,511	403,911	5,000
Due in more than one year	523,000	1,208,000	1,731,000	238,300
Net pension liability	<u>90,756</u>	<u>192,862</u>	<u>283,618</u>	<u>-</u>
Total liabilities	<u>815,265</u>	<u>1,639,616</u>	<u>2,454,881</u>	<u>244,093</u>
Deferred inflow of resources				
Deferred amount relating to net pension liability	64,667	137,419	202,086	-
Deferred amount relating to lease receivable	<u>124,582</u>	<u>-</u>	<u>124,582</u>	<u>-</u>
Total deferred inflows of resources	<u>189,249</u>	<u>137,419</u>	<u>326,668</u>	<u>-</u>
Net position				
Net investment in capital assets	1,448,460	4,176,476	5,624,936	259,477
Restricted for				
Improvements	33,307	-	33,307	-
Rubbish collection	26,903	-	26,903	-
Streets	1,068,487	-	1,068,487	-
Economic development	-	-	-	414,218
Debt service	-	-	-	5,074
Bond requirements - project maintenance	-	490,295	490,295	-
Unrestricted	<u>1,286,234</u>	<u>879,869</u>	<u>2,166,103</u>	<u>-</u>
Total net position	<u>\$ 3,863,391</u>	<u>\$ 5,546,640</u>	<u>\$ 9,410,031</u>	<u>\$ 678,769</u>

See Accompanying Notes to the Financial Statements

City of Standish
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 493,639	\$ 84,546	\$ 53,495	\$ -	\$ (355,598)	\$ -	\$ (355,598)	\$ -
Public safety	80,916	1,127	121,078	-	41,289	-	41,289	-
Public works	684,837	143,317	239,167	-	(302,353)	-	(302,353)	-
Community and economic development	3,433	-	-	-	(3,433)	-	(3,433)	-
Recreation and culture	8,563	-	-	-	(8,563)	-	(8,563)	-
Interest on long-term debt	20,877	-	-	-	(20,877)	-	(20,877)	-
Total governmental activities	<u>1,292,265</u>	<u>228,990</u>	<u>413,740</u>	<u>-</u>	<u>(649,535)</u>	<u>-</u>	<u>(649,535)</u>	<u>-</u>
Business-type activities								
Sewer	550,957	491,504	-	-	-	(59,453)	(59,453)	-
Water	557,425	643,983	-	-	-	86,558	86,558	-
Total business-type activities	<u>1,108,382</u>	<u>1,135,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,105</u>	<u>27,105</u>	<u>-</u>
Total primary government	<u>\$ 2,400,647</u>	<u>\$ 1,364,477</u>	<u>\$ 413,740</u>	<u>\$ -</u>	<u>(649,535)</u>	<u>27,105</u>	<u>(622,430)</u>	<u>-</u>
Component units								
Downtown Development Authority	\$ 30,099	\$ -	\$ -	\$ -				(30,099)
Building Authority	14,010	-	-	14,160				150
Total component units	<u>\$ 44,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,160</u>				<u>(29,949)</u>
General revenues								
Property taxes					867,383	41,763	909,146	30,268
State shared revenue					205,121	-	205,121	63,568
Unrestricted investment earnings					1,694	547	2,241	245
Gain on sale of capital assets					25,020	-	25,020	-
Miscellaneous					56,114	32,948	89,062	7,259
Total general revenues					<u>1,155,332</u>	<u>75,258</u>	<u>1,230,590</u>	<u>101,340</u>
Change in net position					505,797	102,363	608,160	71,391
Net position - beginning of year					<u>3,357,594</u>	<u>5,444,277</u>	<u>8,801,871</u>	<u>607,378</u>
Net position - end of year					<u>\$ 3,863,391</u>	<u>\$ 5,546,640</u>	<u>\$ 9,410,031</u>	<u>\$ 678,769</u>

See Accompanying Notes to the Financial Statements

**City of Standish
Governmental Funds
Balance Sheet
June 30, 2022**

	General	Special Revenue Fund Major Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,386,259	\$ 691,880	\$ 363,360	\$ 2,441,499
Receivables				
Customers	-	-	8,622	8,622
Leases	124,582	-	-	124,582
Due from other units of government	69,241	26,999	9,932	106,172
Prepaid items	30,697	-	-	30,697
Total assets	<u>\$ 1,610,779</u>	<u>\$ 718,879</u>	<u>\$ 381,914</u>	<u>\$ 2,711,572</u>
Liabilities				
Accounts payable	\$ 2,683	\$ -	\$ 4,682	\$ 7,365
Accrued and other liabilities	1,623	281	440	2,344
Total liabilities	<u>4,306</u>	<u>281</u>	<u>5,122</u>	<u>9,709</u>
Deferred inflows of Resources				
Deferred amount relating to leases receivable	124,582	-	-	124,582
Unavailable revenue relating to state shared revenue	35,842	-	-	35,842
Unavailable revenue relating to federal grants	121,078	-	-	121,078
Total deferred inflows	<u>281,502</u>	<u>-</u>	<u>-</u>	<u>281,502</u>
Fund balances				
Non-spendable				
Prepaid items	30,697	-	-	30,697
Restricted for				
Improvements	33,307	-	-	33,307
Rubbish collection	-	-	26,903	26,903
Streets	-	718,598	349,889	1,068,487
Unassigned	1,260,967	-	-	1,260,967
Total fund balances	<u>1,324,971</u>	<u>718,598</u>	<u>376,792</u>	<u>2,420,361</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,610,779</u>	<u>\$ 718,879</u>	<u>\$ 381,914</u>	<u>\$ 2,711,572</u>

See Accompanying Notes to the Financial Statements

City of Standish
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2022

Total fund balances for governmental funds	\$ 2,420,361
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,147,460
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	156,920
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(4,400)
Compensated absences	(11,400)
Deferred outflows (inflows) or resources	
Deferred outflows of resources resulting from net pension liability	8,873
Deferred inflows of resources from subsequent pension expense from measurement date	(64,667)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Bonds payable	(699,000)
Net pension liability	<u>(90,756)</u>
 Net position of governmental activities	 <u>\$ 3,863,391</u>

City of Standish
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

	Special Revenue Fund			Total Governmental Funds
	General	Major Street Fund	Nonmajor Governmental Funds	
Revenues				
Taxes	\$ 727,923	\$ -	\$ 61,440	\$ 789,363
Licenses and permits	3,548	-	-	3,548
State revenue sharing	246,224	-	64,623	310,847
Other state grants	53,495	175,671	-	229,166
Charges for services	85,896	-	53,773	139,669
Fines and forfeitures	-	-	2,376	2,376
Interest income	1,264	258	172	1,694
Rental income	82,270	-	-	82,270
Other revenue	57,189	-	-	57,189
Total revenues	<u>1,257,809</u>	<u>175,929</u>	<u>182,384</u>	<u>1,616,122</u>
Expenditures				
Current				
General government	407,473	-	-	407,473
Public safety	80,916	-	-	80,916
Public works	264,147	56,460	107,790	428,397
Community and economic development	3,433	-	-	3,433
Capital outlay	21,823	6,920	6,801	35,544
Debt service				
Principal retirement	171,000	-	-	171,000
Interest and fiscal charges	21,977	-	-	21,977
Total expenditures	<u>970,769</u>	<u>63,380</u>	<u>114,591</u>	<u>1,148,740</u>
Excess of revenues over expenditures	<u>287,040</u>	<u>112,549</u>	<u>67,793</u>	<u>467,382</u>
Other financing sources (uses)				
Transfers in	-	-	2,000	2,000
Transfers out	-	(2,000)	-	(2,000)
Sale of capital assets	25,020	-	-	25,020
Total other financing sources (uses)	<u>25,020</u>	<u>(2,000)</u>	<u>2,000</u>	<u>25,020</u>
Net change in fund balances	312,060	110,549	69,793	492,402
Fund balances - beginning of year	<u>1,012,911</u>	<u>608,049</u>	<u>306,999</u>	<u>1,927,959</u>
Fund balances - end of year	<u>\$ 1,324,971</u>	<u>\$ 718,598</u>	<u>\$ 376,792</u>	<u>\$ 2,420,361</u>

See Accompanying Notes to the Financial Statements

City of Standish
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - Total governmental funds	\$	492,402
Total change in net position reported for governmental activities in the statement of activities is different because:		
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 and reported as depreciation expense.		
Depreciation expense		(285,427)
Capital outlay		19,494
Loss on disposal of capital assets		(46,784)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds		
State shared revenue		35,842
Expenses are recorded when incurred in the statement of activities		
Accrued interest		1,100
Compensated absences		2,200
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.		
Net change in net pension liability		68,845
Net change in deferred outflow of resources related to net pension liability		(34,962)
Net change in deferred inflow of resources related to net pension liability		(38,991)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Repayments of long-term debt		171,000
Change in net position of governmental activities	\$	<u>505,797</u>

See Accompanying Notes to the Financial Statements

**City of Standish
Proprietary Funds
Statement of Net Position
June 30, 2022**

	Enterprise Funds		
	Sewer	Water	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 317,778	\$ 743,219	\$ 1,060,997
Receivables			
Customers	113,179	46,337	159,516
Prepaid items	4,617	3,084	7,701
Total current assets	<u>435,574</u>	<u>792,640</u>	<u>1,228,214</u>
Noncurrent assets			
Restricted assets			
Cash and cash equivalents			
USDA Bond Reserve	331,335	158,960	490,295
Capital assets being depreciated, net	764,826	4,821,481	5,586,307
Total noncurrent assets	<u>1,096,161</u>	<u>4,980,441</u>	<u>6,076,602</u>
Total assets	<u>1,531,735</u>	<u>5,773,081</u>	<u>7,304,816</u>
Deferred outflow of resources			
Deferred amount relating to net pension liability	<u>9,430</u>	<u>9,429</u>	<u>18,859</u>
Liabilities			
Current liabilities			
Accounts payable	7,413	5,009	12,422
Accrued and other liabilities	5,661	4,160	9,821
Current portion of noncurrent liabilities	113,340	103,171	216,511
Total current liabilities	<u>126,414</u>	<u>112,340</u>	<u>238,754</u>
Noncurrent liabilities			
Long-term debt net of current portion	605,000	603,000	1,208,000
Net pension liability	96,431	96,431	192,862
Total noncurrent liabilities	<u>701,431</u>	<u>699,431</u>	<u>1,400,862</u>
Total liabilities	<u>827,845</u>	<u>811,771</u>	<u>1,639,616</u>
Deferred inflow of resources			
Deferred amount relating to net pension liability	<u>68,710</u>	<u>68,709</u>	<u>137,419</u>
Net position			
Net investment in capital assets	53,826	4,122,650	4,176,476
Restricted for			
USDA Bond Reserves	331,335	158,960	490,295
Unrestricted	259,449	620,420	879,869
Total net position	<u>\$ 644,610</u>	<u>\$ 4,902,030</u>	<u>\$ 5,546,640</u>

See Accompanying Notes to the Financial Statements

City of Standish
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2022

	Enterprise Funds		
	Sewer	Water	Total
Operating revenue			
Customer fees	\$ 444,209	\$ 643,983	\$ 1,088,192
Other revenue	59,970	20,411	80,381
Total operating revenue	<u>504,179</u>	<u>664,394</u>	<u>1,168,573</u>
Operating expenses			
Personnel services	115,348	134,158	249,506
Supplies	11,056	75,592	86,648
Contractual services	37,580	11,228	48,808
Utilities	105,621	43,424	149,045
Repairs and maintenance	-	346	346
Other expenses	106,149	43,895	150,044
Depreciation	169,594	227,305	396,899
Total operating expenses	<u>545,348</u>	<u>535,948</u>	<u>1,081,296</u>
Operating income (loss)	<u>(41,169)</u>	<u>128,446</u>	<u>87,277</u>
Nonoperating revenue (expense)			
Property taxes	41,763	-	41,763
Interest income	305	104	409
Interest expense	(5,609)	(21,477)	(27,086)
Total nonoperating revenue (expenses)	<u>36,459</u>	<u>(21,373)</u>	<u>15,086</u>
Change in net position	(4,710)	107,073	102,363
Net position - beginning of year	<u>649,320</u>	<u>4,794,957</u>	<u>5,444,277</u>
Net position - end of year	<u>\$ 644,610</u>	<u>\$ 4,902,030</u>	<u>\$ 5,546,640</u>

See Accompanying Notes to the Financial Statements

City of Standish
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2022

	Enterprise Funds		
	Sewer	Water	Total
Cash flows from operating activities			
Receipts from customers	\$ 444,103	\$ 691,961	\$ 1,136,064
Payments to suppliers	(252,130)	(177,865)	(429,995)
Payments to employees	(115,348)	(134,158)	(249,506)
Net cash provided by operating activities	<u>76,625</u>	<u>379,938</u>	<u>456,563</u>
Cash flows from noncapital financing activities			
Property taxes	<u>41,763</u>	<u>-</u>	<u>41,763</u>
Cash flows from capital and related financing activities			
Principal and interest paid on long-term debt	<u>(111,644)</u>	<u>(115,424)</u>	<u>(227,068)</u>
Cash flows from investing activities			
Interest received	<u>305</u>	<u>104</u>	<u>409</u>
Change in cash and cash equivalents	7,049	264,618	271,667
Cash and cash equivalents - beginning of year	<u>642,064</u>	<u>637,561</u>	<u>1,279,625</u>
Cash and cash equivalents - end of year	<u>\$ 649,113</u>	<u>\$ 902,179</u>	<u>\$ 1,551,292</u>

See Accompanying Notes to the Financial Statements

City of Standish
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2022

	Enterprise Funds		
	Sewer	Water	Total
Reconciliation to the statement of net position			
Cash and cash equivalents	\$ 317,778	\$ 743,219	\$ 1,060,997
Restricted assets			
Cash and cash equivalents	<u>331,335</u>	<u>158,960</u>	<u>490,295</u>
Total cash and cash equivalents	<u>\$ 649,113</u>	<u>\$ 902,179</u>	<u>\$ 1,551,292</u>
Reconciliation of operating income (loss) to net cash provided by operations			
Operating income (loss)	\$ (41,169)	\$ 128,446	\$ 87,277
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation expense	169,594	227,305	396,899
Noncash portion of deferred amounts related to net pension liability	(73,148)	(73,149)	(146,297)
Changes in assets and liabilities			
Receivables (net)	(60,076)	27,567	(32,509)
Prepaid items	(2,761)	(1,659)	(4,420)
Deferred outflows	37,148	37,148	74,296
Deferred inflows	41,428	41,428	82,856
Accounts payable	7,236	(4,832)	2,404
Accrued and other liabilities	<u>(1,627)</u>	<u>(2,316)</u>	<u>(3,943)</u>
Net cash provided by operating activities	<u>\$ 76,625</u>	<u>\$ 379,938</u>	<u>\$ 456,563</u>

See Accompanying Notes to the Financial Statements

City of Standish
Fiduciary Funds
Statement of Net Position
June 30, 2022

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 7,754</u>
Liabilities	
Due to other units of government	<u>7,754</u>
Net Position	
Restricted for:	
Other governmental units	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

City of Standish
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
June 30, 2022

	<u>Custodial Fund</u>
Additions	
Property tax collections for other governments	\$ 2,200,527
Deductions	
Payments of property tax to other governments	<u>2,200,527</u>
Change in net position	-
Net position - beginning of year	<u>-</u>
Net position - end of year	<u><u>\$ -</u></u>

See Accompanying Notes to the Financial Statements

City of Standish
Notes to the Financial Statements
June 30, 2022

Note 1 - Summary of Significant Accounting Policies

Reporting entity

City of Standish is governed by an elected seven-member Board. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Discretely Presented Component Units – The component unit column in the entity wide financial statements includes the financial data of the City's Downtown Development Authority and Building Authority. These units are reported in a separate column to emphasize that it is legally separate from the City. The members of the Governing Board of the Downtown Development Authority and Building Authority are appointed by the City. The budgets and expenditures of the Authorities must be approved by the City. The also has the ability to significantly influence operations of the Authorities. The Authorities do not issue any other form of financial statements except as contained in the City of Standish annual financial statements.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to

City of Standish
Notes to the Financial Statements
June 30, 2022

compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The Major Street Fund is for major street project resources and expenditures.

The City reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

Additionally, the City reports the following:

The nonmajor special revenue funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

Custodial Funds account for property tax and other deposits collected on behalf of other units and individuals.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Assets, liabilities, and net position or equity

Cash and cash equivalents – The City's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with

City of Standish
Notes to the Financial Statements
June 30, 2022

a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2021 taxable valuation of the City totaled \$39,454,552 on which ad valorem taxes consisted of 16.7242 mills for operating purposes and 1.2500 mills for sewer debt service. This resulted in approximately \$670,000 for operating expenses and \$50,000 for sewer debt service exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the City follows the consumption method, and they therefore are capitalized as prepaid items in both entity-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

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

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and sewer lines	50 to 75 years
Vehicles	3 to 10 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

Deferred outflows of resources – The City reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The City also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year.

Compensated absences – Full time regular employees will be credited with Paid Time Off hours each pay period earning no more than 288 hours per year. An employee can accrue up to 50 percent of his/her annual number of allocated hours for any given year; however, at no time shall the accrued balance exceed 432 hours except those who are unlimited based on negotiated contracts. All accumulated paid time off is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in

City of Standish
Notes to the Financial Statements
June 30, 2022

governmental funds only for terminations as of year-end.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, and business-type activities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. The City reports deferred inflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions and experience differences relating to the net pension liability and are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan.

Fund balance – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the City's highest level of decision-making, its City Council. A fund balance commitment may be established, modified, or rescinded by a resolution of the City Council. The City does not have any committed fund balance at year end.

Assigned – amounts intended to be used for specific purposes, as determined by management. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature. The City does not have any assigned fund balance at year end.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the City is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal

City of Standish
Notes to the Financial Statements
June 30, 2022

government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Adoption of New Accounting Standards

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment

benefits. (4) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 99, *2022 Omnibus* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Upcoming Accounting and Reporting Changes

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

City of Standish
Notes to the Financial Statements
June 30, 2022

As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor’s IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending June 30, 2023.

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

The City is evaluating the impact the above GASBs will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to June 30, the City Manager submits to the a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to May 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The City Manager is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the .

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

Excess of Expenditures over Appropriations

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
Public safety	\$ 39,000	\$ 80,916	\$ 41,916
Debt service	189,000	192,977	3,977
Major Street			
Capital outlay	6,200	6,920	720

City of Standish
Notes to the Financial Statements
June 30, 2022

Note 3 - Deposits and Investments

At year end the City's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Governmental activities	\$ 2,441,499	\$ -	\$ 2,441,499
Business-type activities	1,060,997	490,295	1,551,292
Total primary government	3,502,496	490,295	3,992,791
Fiduciary funds	7,754	-	7,754
Component unit	420,085	-	420,085
Total	\$ 3,930,335	\$ 490,295	\$ 4,420,630

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Unit	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 3,992,591	\$ 7,754	\$ 420,085	\$ 4,420,430
Petty cash and cash on hand	200	-	-	200
Total	\$ 3,992,791	\$ 7,754	\$ 420,085	\$ 4,420,630

Interest rate risk – The City has a formal investment policy to manage its exposure to fair value losses from changes in interest rates.

Credit risk – State statutes and the City's investment policy authorize the City to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated within the

two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Concentration of credit risk – The City's policy states that no more than 60% of the City's total investment portfolio be invested in a single security type and no more than 80% with a single financial institution.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk. As of year-end, \$3,960,090 of the City's bank balance of \$4,460,090 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Lease Receivable

Lease receivable agreements are summarized as follows:

	Agreement Date	Payment Terms	Annual Payment Amount	Interest Rate	Total Lease Receivable
Cell tower	1/13/2019	9 years	\$20,400 - \$31,080	2.05%	\$ 124,582

The City collected \$31,080 from the lessees for the year ended June 30, 2022, which includes \$29,488 in lease revenue and \$1,592 in lease interest revenue.

A lease receivable and deferred inflow have been recorded to reflect future expected payments.

City of Standish
Notes to the Financial Statements
June 30, 2022

Note 5 - Capital Assets

Capital assets activity of the primary City for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 318,744	\$ 6,000	\$ 46,784	\$ 277,960
Capital assets being depreciated				
Infrastructure	4,551,328	-	-	4,551,328
Buildings, additions and improvements	1,461,948	-	-	1,461,948
Machinery and equipment	1,097,353	13,494	-	1,110,847
Total capital assets being depreciated	7,110,629	13,494	-	7,124,123
Less accumulated depreciation for				
Infrastructure	3,180,519	228,237	-	3,408,756
Buildings, additions and improvements	826,163	26,513	-	852,676
Machinery and equipment	962,514	30,677	-	993,191
Total accumulated depreciation	4,969,196	285,427	-	5,254,623
Net capital assets being depreciated	2,141,433	(271,933)	-	1,869,500
Governmental activities capital assets, net	<u>\$ 2,460,177</u>	<u>\$ (265,933)</u>	<u>\$ 46,784</u>	<u>\$ 2,147,460</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Water system	\$ 8,893,045	\$ -	\$ -	\$ 8,893,045
Sewer system	12,515,471	-	-	12,515,471
Total capital assets being depreciated	21,408,516	-	-	21,408,516
Less accumulated depreciation for				
Water system	3,844,259	227,305	-	4,071,564
Sewer system	11,581,051	169,594	-	11,750,645
Total accumulated depreciation	15,425,310	396,899	-	15,822,209
Net capital assets being depreciated	5,983,206	(396,899)	-	5,586,307
Business-type capital assets, net	<u>\$ 5,983,206</u>	<u>\$ (396,899)</u>	<u>\$ -</u>	<u>\$ 5,586,307</u>

Capital assets activity of the component unit for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit				
Capital assets being depreciated				
Buildings, additions and improvements	\$ 670,370	\$ -	\$ -	\$ 670,370
Less accumulated depreciation for				
Buildings, additions and improvements	150,833	16,760	-	167,593
Component unit capital assets, net	<u>\$ 519,537</u>	<u>\$ (16,760)</u>	<u>\$ -</u>	<u>\$ 502,777</u>

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

Governmental activities		
General government		\$ 19,980
Public works		256,884
Recreation and culture		8,563
Total governmental activities		<u>285,427</u>
Business-type activities		
Sewer		169,594
Water		227,305
Total business-type activities		<u>396,899</u>
Total primary government		<u>\$ 682,326</u>
Component unit activities		
Building authority		<u>\$ 16,760</u>

City of Standish
Notes to the Financial Statements
June 30, 2022

Note 6 - Long-Term Debt

The City issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Installment purchase agreements are also general obligations of the City. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the General Fund, Sewer Fund and Water Fund.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds and notes payable									
General obligation bonds									
2018 Capital improvement bonds	\$ 1,187,000	10/1/29	2.35-3.40%	51,000 - 191,000	\$ 870,000	\$ -	\$ 171,000	\$ 699,000	\$ 176,000
Compensated absences					13,600	25,078	27,278	11,400	11,400
Total governmental activities					<u>\$ 883,600</u>	<u>\$ 25,078</u>	<u>\$ 198,278</u>	<u>\$ 710,400</u>	<u>\$ 187,400</u>
Business-type activities									
Bonds and notes payable									
General obligation bonds									
2012 Sewer refunding	\$ 855,000	11/1/24	2.45% - 2.80%	\$85,000 - \$90,000	\$ 260,000	\$ -	\$ 85,000	175,000	\$ 85,000
Limited tax general obligation bonds									
2018 Water supply bonds	967,000	11/1/29	2.25% - 3.20%	76,000 - 94,000	752,000	-	73,000	679,000	76,000
Revenue bonds									
1998 Sewer	400,000	11/1/38	4.75%	10,000 - 23,000	273,000	-	10,000	263,000	10,000
2000 Sewer	425,000	11/1/38	4.75%	11,000 - 22,000	283,000	-	10,000	273,000	11,000
Total business-type bonds					1,568,000	-	178,000	1,390,000	182,000
Notes from direct borrowing									
Installment purchase contract									
Meters and meter readers	175,000	11/1/22	3.34%	\$ 19,831	39,743	-	19,912	19,831	19,831
Compensated absences					16,750	12,990	15,060	14,680	14,680
Total business-type activities					<u>\$ 1,624,493</u>	<u>\$ 12,990</u>	<u>\$ 212,972</u>	<u>\$ 1,424,511</u>	<u>\$ 216,511</u>
Component units									
General obligation bonds									
Building authority bonds	\$ 285,000	6/1/51	4.00%	\$5,000 - \$16,000	<u>\$ 247,300</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 243,300</u>	<u>\$ 5,000</u>

City of Standish
Notes to Financial Statements
June 30, 2022

Annual debt service requirements to maturity for the above bond obligations are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 176,000	\$ 17,638	\$ 182,000	\$ 49,539
2024	191,000	12,863	190,000	44,161
2025	51,000	9,619	104,000	38,329
2026	51,000	8,165	108,000	34,838
2027	51,000	6,648	111,000	31,115
2028-2032	179,000	9,434	422,000	99,652
2033-2037	-	-	187,000	47,883
2038-2039	-	-	86,000	6,128
	<u>\$ 699,000</u>	<u>\$ 64,367</u>	<u>\$ 1,390,000</u>	<u>\$ 351,643</u>

Year Ending June 30,	Component Unit	
	Principal	Interest
2023	\$ 5,000	\$ 9,840
2024	5,000	9,640
2025	5,000	9,440
2026	5,000	9,240
2027	5,000	9,040
2028-2032	31,000	41,800
2033-2037	37,000	35,160
2038-2042	45,000	27,160
2043-2047	54,000	17,480
2048-2051	51,300	5,640
	<u>\$ 243,300</u>	<u>\$ 174,440</u>

Installment Purchase Contract

Year Ending June 30,	Notes from direct borrowings Business-type Activities	
	Principal	Interest
2023	<u>\$ 19,831</u>	<u>\$ 675</u>

Note 7 - Net Investment in Capital Assets

The composition of net investment in capital assets as of June 30, 2022, was as follows:

	Governmental Activities	Business-type Activities	Component Unit
Capital assets			
Capital assets not being depreciated	\$ 277,960	\$ -	\$ -
Capital assets, net of accumulated depreciation	<u>1,869,500</u>	<u>5,586,307</u>	<u>502,777</u>
Total capital assets	<u>2,147,460</u>	<u>5,586,307</u>	<u>502,777</u>
Related debt			
General obligation bonds	699,000	1,390,000	243,300
Notes from direct borrowing and direct placements	-	19,831	-
Total related debt	<u>699,000</u>	<u>1,409,831</u>	<u>243,300</u>
Net investment in capital assets	<u>\$ 1,448,460</u>	<u>\$ 4,176,476</u>	<u>\$ 259,477</u>

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal year.

City of Standish
Notes to Financial Statements
June 30, 2022

Note 9 - Employee Retirement And Benefit Systems

Defined benefit pension plan

Plan description – The City participates in the Michigan Municipal Employees’ Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with multipliers of 2.5%. Vesting periods range from 6 to 10 years. Normal retirement age is 60 with early retirement at 55 with 15 years of service. Final average compensation is calculated based on 3 years. Member contributions are 0%.

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to, but not yet receiving benefits	1
	13

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions is a flat amount of \$22,832 each month. The pension plan is closed to new employees.

Net pension liability – The employer’s net pension liability was

measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.50%; 2) Salary increases 3.00% in the long-term; 3) Investment rate of return of 7%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 2.50%.

Mortality rates used were based on the 2014 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the most recent actuarial experience study.

City of Standish
Notes to Financial Statements
June 30, 2022

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Target Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	60.00%	8.65%	5.19%	2.50%	3.70%
Global fixed income	20.00%	3.76%	0.75%	2.50%	0.30%
Private investments	20.00%	9.06%	1.81%	2.50%	1.25%
	<u>100.00%</u>		<u>7.75%</u>		<u>5.25%</u>

Discount rate – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability and related ratios – The following shows the changes in the net pension liability and related ratios as of June 30:

Total Pension Liability	
Interest on the total pension liability	\$ 203,122
Experience differences	10,596
Change in actuarial assumptions	83,067
Benefit payments and refunds	<u>(242,462)</u>
Net change in total pension liability	54,323
Total pension liability - beginning	<u>2,793,892</u>
Total pension liability - ending (a)	<u>\$ 2,848,215</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 171,498
Pension plan net investment income	344,176
Benefit payments and refunds	(242,462)
Pension plan administrative expense	<u>(3,747)</u>
Net change in plan fiduciary net position	269,465
Plan fiduciary net position - beginning	<u>2,295,132</u>
Plan fiduciary net position - ending (b)	<u>2,564,597</u>
Net pension liability (a-b)	<u>\$ 283,618</u>
Plan fiduciary net position as a percentage of total pension liability	90.04%
Covered employee payroll	\$ -
Net pension liability as a percentage of covered employee payroll	N/A

City of Standish
Notes to Financial Statements
June 30, 2022

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 547,041	\$ 283,618	\$ 57,279

Pension expense and deferred outflows and inflows of resources – For the year ended June 30, 2022, the employer recognized pension expense of \$78,203. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Net difference between projected and actual earning on plan investments	\$ -	\$ 202,086	\$ 202,086
Contributions subsequent to the measurement date*	27,732	-	-
Total	\$ 27,732	\$ 202,086	202,086

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2023.

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended,	
2023	\$ (33,595)
2024	(76,851)
2025	(57,123)
2026	(34,517)
	\$ (202,086)

Defined Contribution Pension Plan

The City of Standish has a defined contribution pension plan for City employees hired after January 1, 2001 through MERS. The City of Standish is the only non-employee contributor to the pension plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contribution to the individual’s account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to a participant’s account, the returns earned on investments of those contributions, and forfeitures of other participants’ benefits that may be allocated to such participant’s account. As established by state statute, all full-time municipal employees of the City must participate in the pension plan from the date they are hired. The City is required to contribute an amount equal to 9% of the employee’s gross earnings. The City’s contributions for the year were \$35,701.

Note 10 - Change in Accounting Principle

As indicated in Note 1, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement enhances the relevance and consistency of information of the City’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. The 2022 financial statements include a prior period adjustment for the lease receivable. This adjustment had no effect on the beginning fund balance of the General Fund or the beginning net position of the governmental activities since the deferred inflows equal the amount of the lease receivable.

City of Standish
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 711,899	\$ 727,146	\$ 727,923	\$ 777
Licenses and permits	3,500	3,500	3,548	48
State revenue sharing	115,188	175,000	246,224	71,224
State grants	32,457	22,443	53,495	31,052
Charges for services	83,000	83,500	85,896	2,396
Interest income	1,000	200	1,264	1,064
Rental income	111,200	103,200	82,270	(20,930)
Other revenue	26,000	26,000	57,189	31,189
Sale of fixed assets	1,000	200	25,020	24,820
Total revenues	<u>1,085,244</u>	<u>1,141,189</u>	<u>1,282,829</u>	<u>141,640</u>
Expenditures				
General government				
City Council	56,320	59,550	59,436	(114)
Manager	91,550	147,004	128,633	(18,371)
Clerk	142,320	82,982	64,408	(18,574)
Board of review	2,000	2,000	1,779	(221)
Treasurer	38,220	45,104	51,178	6,074
Assessor	23,700	23,700	18,550	(5,150)
Elections	6,900	6,000	16	(5,984)
Buildings and grounds	41,772	39,772	38,056	(1,716)
Attorney	250	250	5,470	5,220
Cemetery	52,793	49,975	39,601	(10,374)
Other expenditures	-	-	346	346
Total general government	<u>455,825</u>	<u>456,337</u>	<u>407,473</u>	<u>(48,864)</u>

City of Standish
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Public safety				
Fire department	\$ 39,000	\$ 39,000	\$ 80,916	\$ 41,916
Public works				
Department of public works	296,530	280,430	263,611	(16,819)
Storm service	7,153	6,153	152	(6,001)
Airport	400	400	141	(259)
Refuse collection	-	-	243	243
Total public works	<u>304,083</u>	<u>286,983</u>	<u>264,147</u>	<u>(22,836)</u>
Community and economic development				
Planning	20,200	5,646	3,433	(2,213)
Recreation and culture				
Parks and recreation	-	10,000	-	(10,000)
Capital outlay	-	23,243	21,823	(1,420)
Debt service				
Principal retirement	171,000	171,000	171,000	-
Interest and fiscal charges	18,000	18,000	21,977	3,977
Total debt service	<u>189,000</u>	<u>189,000</u>	<u>192,977</u>	<u>3,977</u>
Total expenditures	<u>1,008,108</u>	<u>1,010,209</u>	<u>970,769</u>	<u>(39,440)</u>
Net change in fund balance	77,136	130,980	312,060	181,080
Fund balance - beginning of year	<u>1,012,911</u>	<u>1,012,911</u>	<u>1,012,911</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,090,047</u>	<u>\$ 1,143,891</u>	<u>\$ 1,324,971</u>	<u>\$ 181,080</u>

City of Standish
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Taxes				
State grants	\$ 147,100	\$ 147,100	\$ 175,671	\$ 28,571
Local contributions	2,500	2,500	-	(2,500)
Interest income	-	126	258	132
Other revenue	-	10	-	(10)
Total revenues	<u>149,600</u>	<u>149,736</u>	<u>175,929</u>	<u>26,193</u>
Expenditures				
Public works				
Department of public works	<u>64,631</u>	<u>67,946</u>	<u>56,460</u>	<u>(11,486)</u>
Capital outlay	<u>7,000</u>	<u>6,200</u>	<u>6,920</u>	<u>720</u>
Transfers out	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total expenditures	<u>73,631</u>	<u>76,146</u>	<u>65,380</u>	<u>(10,766)</u>
Net change in fund balance	75,969	73,590	110,549	36,959
Fund balance - beginning of year	<u>608,049</u>	<u>608,049</u>	<u>608,049</u>	<u>-</u>
Fund balance - end of year	<u>\$ 684,018</u>	<u>\$ 681,639</u>	<u>\$ 718,598</u>	<u>\$ 36,959</u>

City of Standish
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
June 30, 2022

Schedule of Employer Contributions

Actuarial Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2012	\$ 93,672	\$ 93,672	-	\$ 177,911	52.65%
12/31/2013	106,398	106,398	-	184,938	57.53%
12/31/2014	127,614	127,614	-	150,729	84.66%
12/31/2015	147,846	147,846	-	92,429	159.96%
12/31/2016	173,772	173,772	-	29,932	580.56%
12/31/2017	201,246	201,246	-	34,639	580.98%
12/31/2018	223,994	223,994	-	39,045	573.68%
12/31/2019	257,436	257,436	-	35,689	721.33%
12/31/2020	273,980	273,980	-	-	-
12/31/2021	55,464	55,464	-	-	-

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	18
Asset valuation method	10-year smoothed value of assets
Inflation	3-4%
Salary increases	4.5%
Investment rate of return	7.35%
Retirement age	60
Mortality	2014 Group annuity mortality table of 50% male and 50% female blend

City of Standish
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2022

Fiscal year ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	\$ -	\$ -	\$ 4,943	\$ 5,416	\$ 4,804	\$ 3,418	\$ 10,056	\$ 16,399
Interest on the total pension liability	203,122	196,466	202,414	203,982	205,100	202,439	192,549	189,194
Experience differences	10,596	61,954	(12,426)	(5,192)	-	-	-	-
Other changes	-	-	-	-	4,627	39,394	1,635	5,913
Change in actuarial assumptions	83,067	64,102	87,349	-	-	-	108,799	-
Benefit payments and refunds	<u>(242,462)</u>	<u>(227,412)</u>	<u>(222,396)</u>	<u>(224,758)</u>	<u>(232,854)</u>	<u>(192,509)</u>	<u>(179,694)</u>	<u>(153,100)</u>
Net change in total pension liability	54,323	95,110	59,884	(20,552)	(18,323)	52,742	133,345	58,406
Total pension liability - beginning	<u>2,793,892</u>	<u>2,698,782</u>	<u>2,638,898</u>	<u>2,659,450</u>	<u>2,677,773</u>	<u>2,625,031</u>	<u>2,491,686</u>	<u>2,433,280</u>
Total pension liability - ending (a)	<u>\$ 2,848,215</u>	<u>\$ 2,793,892</u>	<u>\$ 2,698,782</u>	<u>\$ 2,638,898</u>	<u>\$ 2,659,450</u>	<u>\$ 2,677,773</u>	<u>\$ 2,625,031</u>	<u>\$ 2,491,686</u>
Plan fiduciary net position								
Employer contributions	\$ 171,498	\$ 272,484	\$ 245,712	\$ 223,994	\$ 201,246	\$ 173,772	\$ 147,846	\$ 127,614
Employee contributions	-	-	-	-	-	-	-	-
Pension plan net investment income (loss)	344,176	265,708	237,913	(71,852)	214,535	168,322	(23,111)	93,165
Benefit payments and refunds	(242,462)	(227,412)	(222,396)	(224,758)	(232,854)	(192,509)	(179,694)	(153,100)
Pension plan administrative expense	<u>(3,747)</u>	<u>(4,077)</u>	<u>(4,101)</u>	<u>(3,524)</u>	<u>(3,396)</u>	<u>(3,324)</u>	<u>(3,366)</u>	<u>(3,424)</u>
Net change in plan fiduciary net position	269,465	306,703	257,128	(76,140)	179,531	146,261	(58,325)	64,255
Plan fiduciary net position - beginning	<u>2,295,132</u>	<u>1,988,429</u>	<u>2,295,132</u>	<u>2,295,132</u>	<u>1,627,910</u>	<u>1,481,649</u>	<u>1,539,974</u>	<u>1,475,719</u>
Plan fiduciary net position - ending (b)	<u>2,564,597</u>	<u>2,295,132</u>	<u>2,552,260</u>	<u>2,218,992</u>	<u>1,807,441</u>	<u>1,627,910</u>	<u>1,481,649</u>	<u>1,539,974</u>
Net pension liability (a-b)	<u>\$ 283,618</u>	<u>\$ 498,760</u>	<u>\$ 146,522</u>	<u>\$ 419,906</u>	<u>\$ 852,009</u>	<u>\$ 1,049,863</u>	<u>\$ 1,143,382</u>	<u>\$ 951,712</u>
Plan fiduciary net position as a percentage of total pension liability	90.04%	83.21%	73.68%	62.72%	67.96%	60.79%	56.44%	61.80%
Covered employee payroll	\$ -	\$ -	\$ 35,689	\$ 39,045	\$ 34,639	\$ 29,932	\$ 92,429	\$ 150,729
Net pension liability as a percentage of covered employee payroll	N/A	N/A	1,990.40%	2,519.50%	2,459.68%	3,507.49%	1,237.04%	631.41%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation.
Data will be added as information is available until 10 years of such data is available.

City of Standish
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Local Street Fund	Municipal Street Fund	Rubbish Collection Fund	
Assets				
Cash and cash equivalents	\$ 47,556	\$ 292,841	\$ 22,963	\$ 363,360
Receivables				
Customers	-	-	8,622	8,622
Due from other units of government	9,932	-	-	9,932
Total assets	\$ 57,488	\$ 292,841	\$ 31,585	\$ 381,914
Liabilities				
Accounts payable	\$ -	\$ -	\$ 4,682	\$ 4,682
Accrued and other liabilities	440	-	-	440
Total liabilities	440	-	4,682	5,122
Fund balances				
Restricted for				
Rubbish collection	-	-	26,903	26,903
Streets	57,048	292,841	-	349,889
Total fund balances	57,048	292,841	26,903	376,792
Total liabilities and fund balances	\$ 57,488	\$ 292,841	\$ 31,585	\$ 381,914

City of Standish
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Local Street Fund	Municipal Street Fund	Rubbish Collection Fund	
Revenues				
Taxes	\$ -	\$ 61,440	\$ -	\$ 61,440
State revenue sharing	64,623	-	-	64,623
Charges for services	-	-	53,773	53,773
Fines and forfeitures	-	-	2,376	2,376
Interest income	-	172	-	172
	<u>64,623</u>	<u>61,612</u>	<u>56,149</u>	<u>182,384</u>
Total revenues				
	<u>64,623</u>	<u>61,612</u>	<u>56,149</u>	<u>182,384</u>
Expenditures				
Current				
Public works	57,435	9,507	40,848	107,790
Capital outlay	<u>5,534</u>	<u>1,267</u>	<u>-</u>	<u>6,801</u>
	<u>62,969</u>	<u>10,774</u>	<u>40,848</u>	<u>114,591</u>
Total expenditures				
	<u>62,969</u>	<u>10,774</u>	<u>40,848</u>	<u>114,591</u>
Excess of revenues over expenditures	1,654	50,838	15,301	67,793
Other financing sources				
Transfers in	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Net change in fund balances	3,654	50,838	15,301	69,793
Fund balances - beginning of year	<u>53,394</u>	<u>242,003</u>	<u>11,602</u>	<u>306,999</u>
Fund balances - end of year	<u>\$ 57,048</u>	<u>\$ 292,841</u>	<u>\$ 26,903</u>	<u>\$ 376,792</u>

City of Standish
Other Supplementary Information
Combining Balance Sheet
Component Units
June 30, 2022

	<u>Downtown Development Authority</u>	<u>Building Authority</u>	<u>Total Component Units</u>
Assets			
Cash and cash equivalents	\$ <u>414,218</u>	\$ <u>5,867</u>	\$ <u>420,085</u>
Fund balances			
Restricted for			
Economic development	\$ 414,218	\$ -	\$ 414,218
Debt service	<u>-</u>	<u>5,867</u>	<u>5,867</u>
Total fund balances	<u>\$ 414,218</u>	<u>\$ 5,867</u>	<u>\$ 420,085</u>

City of Standish
Component Units
Reconciliation of Fund Balances of Component Units
to Net Position of Governmental Activities
June 30, 2022

Total fund balances for component units	\$ 420,085
Total net position for component units in the statement of net position is different because:	
Capital assets used in component units are not financial resources and therefore are not reported in the funds.	502,777
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(793)
Long-term liabilities applicable to component units are not due and payable in the current period and accordingly are not reported as fund liabilities.	<u>(243,300)</u>
Net position of component units	<u><u>\$ 678,769</u></u>

City of Standish
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Component Units
For the Year Ended June 30, 2022

	Downtown Development Authority	Building Authority	Total Component Units
Revenues			
Taxes	\$ 30,268	\$ -	\$ 30,268
State revenue sharing	63,568	-	63,568
Local contributions	-	14,160	14,160
Interest income	242	3	245
Other revenue	7,259	-	7,259
Total revenues	<u>101,337</u>	<u>14,163</u>	<u>115,500</u>
Expenditures			
Current			
Community and economic development	10,000	-	10,000
Other functions	7,352		7,352
Debt service			
Interest and fiscal charges	-	14,010	14,010
Total expenditures	<u>17,352</u>	<u>14,010</u>	<u>31,362</u>
Net change in fund balances	83,985	153	84,138
Fund balances - beginning of year	<u>330,233</u>	<u>5,714</u>	<u>335,947</u>
Fund balances - end of year	<u>\$ 414,218</u>	<u>\$ 5,867</u>	<u>\$ 420,085</u>

City of Standish
Component Units
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Component Units to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - Total component units	\$	84,138
------------------------------------------------------------	----	--------

Total change in net position reported for component units in the statement of activities is different because:

Component units report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense		(16,760)
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Expenses are recorded when incurred in the statement of activities

Accrued interest		13
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Bond proceeds are reported as financing sources in the component units and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the component units but reduces the liability in the statement of net position.

Repayments of long-term debt		<u>4,000</u>
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Change in net position of component units	\$	<u>71,391</u>
--------------------------------------------------	-----------	----------------------

City of Standish
Other Supplementary Information
Component Unit - Downtown Development Authority
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 15,800	\$ 18,000	\$ 30,268	\$ 12,268
State revenue sharing	60,000	60,000	63,568	3,568
Interest income	-	-	242	242
Other revenue	-	-	7,259	7,259
	<u>75,800</u>	<u>78,000</u>	<u>101,337</u>	<u>23,337</u>
Expenditures				
Current				
Community and economic development	60,000	60,000	10,000	(50,000)
Other functions	<u>15,800</u>	<u>18,000</u>	<u>7,352</u>	<u>(10,648)</u>
	<u>75,800</u>	<u>78,000</u>	<u>17,352</u>	<u>(60,648)</u>
Net change in fund balances	-	-	83,985	83,985
Fund balances - beginning of year	<u>330,233</u>	<u>330,233</u>	<u>330,233</u>	<u>-</u>
Fund balances - end of year	<u>\$ 330,233</u>	<u>\$ 330,233</u>	<u>\$ 414,218</u>	<u>\$ 83,985</u>

City of Standish
Other Supplementary Information
Component Unit - Building Authority
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Local contributions	\$ 14,400	\$ 14,400	\$ 14,160	\$ (240)
Interest income	-	-	3	3
	<u>14,400</u>	<u>14,400</u>	<u>14,163</u>	<u>(237)</u>
Expenditures				
Debt service				
Principal retirement	4,000	4,000	4,000	-
Interest and fiscal charges	<u>10,400</u>	<u>10,400</u>	<u>10,010</u>	<u>(390)</u>
	<u>14,400</u>	<u>14,400</u>	<u>14,010</u>	<u>(390)</u>
Net change in fund balances	-	-	153	153
Fund balances - beginning of year	<u>5,714</u>	<u>5,714</u>	<u>5,714</u>	<u>-</u>
Fund balances - end of year	<u>\$ 5,714</u>	<u>\$ 5,714</u>	<u>\$ 5,867</u>	<u>\$ 153</u>

City of Standish
Other Supplementary Information
Schedule of Indebtedness
June 30, 2022

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest	Total
Governmental Activities					
2018 Capital improvement bonds	2.35 - 3.40%				
		10/1/2022	\$ 176,000	\$ 17,638	\$ 193,638
		10/1/2023	191,000	12,863	203,863
		10/1/2024	51,000	9,619	60,619
		10/1/2025	51,000	8,165	59,165
		10/1/2026	51,000	6,648	57,648
		10/1/2027	51,000	5,080	56,080
		10/1/2028	63,000	3,250	66,250
		10/1/2029	65,000	1,104	66,104
			<u>699,000</u>	<u>64,367</u>	<u>763,367</u>
 Total governmental activities			 <u>\$ 699,000</u>	 <u>\$ 64,367</u>	 <u>\$ 763,367</u>

City of Standish
Other Supplementary Information
Schedule of Indebtedness
June 30, 2022

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest	Total
Business-type Activities					
2018 Water system bonds	2.25% - 3.20%				
		11/1/2022	\$ 76,000	\$ 19,220	\$ 95,220
		11/1/2023	78,000	17,178	95,178
		11/1/2024	81,000	14,911	95,911
		11/1/2025	83,000	12,512	95,512
		11/1/2026	86,000	9,977	95,977
		11/1/2027	89,000	7,286	96,286
		11/1/2028	92,000	4,457	96,457
		11/1/2029	94,000	1,504	95,504
			<u>679,000</u>	<u>87,043</u>	<u>766,043</u>

City of Standish
Other Supplementary Information
Schedule of Indebtedness
June 30, 2022

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest	Total
Business-type Activities					
1998 Sewer revenue bonds	4.75%				
		11/1/2022	\$ 10,000	\$ 12,493	\$ 22,493
		11/1/2023	11,000	12,018	23,018
		11/1/2024	11,000	11,495	22,495
		11/1/2025	12,000	10,973	22,973
		11/1/2026	12,000	10,403	22,403
		11/1/2027	13,000	9,833	22,833
		11/1/2028	14,000	9,215	23,215
		11/1/2029	14,000	8,550	22,550
		11/1/2030	15,000	7,885	22,885
		11/1/2031	16,000	7,173	23,173
		11/1/2032	16,000	6,413	22,413
		11/1/2033	18,000	5,653	23,653
		11/1/2034	18,000	4,798	22,798
		11/1/2035	19,000	3,943	22,943
		11/1/2036	20,000	3,040	23,040
		11/1/2037	21,000	2,090	23,090
		11/1/2038	23,000	1,093	24,093
			<u>263,000</u>	<u>127,068</u>	<u>390,068</u>

City of Standish
Other Supplementary Information
Schedule of Indebtedness
June 30, 2022

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest	Total
2000 Sewer revenue bonds	4.75%				
		11/1/2022	\$ 11,000	\$ 12,968	\$ 23,968
		11/1/2023	11,000	12,445	23,445
		11/1/2024	12,000	11,923	23,923
		11/1/2025	13,000	11,353	24,353
		11/1/2026	13,000	10,735	23,735
		11/1/2027	14,000	10,118	24,118
		11/1/2028	14,000	9,453	23,453
		11/1/2029	15,000	8,788	23,788
		11/1/2030	16,000	8,075	24,075
		11/1/2031	16,000	7,315	23,315
		11/1/2032	18,000	6,555	24,555
		11/1/2033	18,000	5,700	23,700
		11/1/2034	19,000	4,845	23,845
		11/1/2035	20,000	3,943	23,943
		11/1/2036	21,000	2,993	23,993
		11/1/2037	22,000	1,995	23,995
		11/1/2038	20,000	950	20,950
			<u>273,000</u>	<u>130,154</u>	<u>403,154</u>

City of Standish
Other Supplementary Information
Schedule of Indebtedness
June 30, 2022

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest	Total
2012 Refunding bond	2.45% - 2.80%				
		11/1/2022	\$ 85,000	\$ 4,858	\$ 89,858
		11/1/2023	90,000	2,520	92,520
			<u>175,000</u>	<u>7,378</u>	<u>182,378</u>
Total business-type activities - bonds			<u>1,390,000</u>	<u>351,643</u>	<u>1,741,643</u>
Note from direct borrowing	3.34%				
		10/1/2022	<u>19,831</u>	<u>675</u>	<u>20,506</u>
Total business-type activities			<u>\$ 1,409,831</u>	<u>\$ 352,318</u>	<u>\$ 1,762,149</u>

City of Standish
Other Supplementary Information
Schedule of Indebtedness
June 30, 2022

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest	Total
Component Units					
Building authority bonds	4.00%				
		6/1/2023	\$ 5,000	\$ 9,840	\$ 14,840
		6/1/2024	5,000	9,640	14,640
		6/1/2025	5,000	9,440	14,440
		6/1/2026	5,000	9,240	14,240
		6/1/2027	5,000	9,040	14,040
		6/1/2028	6,000	8,840	14,840
		6/1/2029	6,000	8,600	14,600
		6/1/2030	6,000	8,360	14,360
		6/1/2031	6,000	8,120	14,120
		6/1/2032	7,000	7,880	14,880
		6/1/2033	7,000	7,600	14,600
		6/1/2034	7,000	7,320	14,320
		6/1/2035	7,000	7,040	14,040
		6/1/2036	8,000	6,760	14,760
		6/1/2037	8,000	6,440	14,440
		6/1/2038	8,000	6,120	14,120
		6/1/2039	9,000	5,800	14,800
		6/1/2040	9,000	5,440	14,440
		6/1/2041	9,000	5,080	14,080
		6/1/2042	10,000	4,720	14,720
		6/1/2043	10,000	4,320	14,320
		6/1/2044	10,000	3,920	13,920
		6/1/2045	11,000	3,520	14,520
		6/1/2046	11,000	3,080	14,080
		6/1/2047	12,000	2,640	14,640
		6/1/2048	12,000	2,160	14,160
		6/1/2049	13,000	1,680	14,680
		6/1/2050	10,300	1,160	11,460
		6/1/2051	16,000	640	16,640
Total component units			<u>\$ 243,300</u>	<u>\$ 174,440</u>	<u>\$ 417,740</u>



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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*

Independent Auditors' Report

City Council and Management
City of Standish
Standish, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Standish as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Standish's basic financial statements, and have issued our report thereon December 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City 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 City of Standish's internal control. Accordingly, we do not express an opinion on the effectiveness of the City 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City 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*.

City of Standish's Response to Findings and Corrective Action Plan

Government Auditing Standards require the auditor to perform limited procedures on City of Standish's response to the finding identified in our audit and described in the accompanying schedule of findings and responses and corrective action plan. City 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.

Yeo & Yeo, P.C.

Saginaw, MI
December 29, 2022

City of Standish
Schedule of Findings and Responses
June 30, 2022

Finding 2022-001

Material Weakness – Audit Adjustments

Criteria: Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.

Condition: A material adjustment was identified by the auditors and posted by the City to adjust the accounts receivable and related revenue accounts in the Water and Sewer Funds for an error in the meter reading related to the Hospital.

Cause and Effect: There was significant negative usage on the water and sewer billing register that was not caught by management causing the accounts receivable accounts to show negative balances. This was an unusual circumstance where the meter had reset to 0. The actual bill was adjusted prior to being sent to a significant account, but the general ledger posting was not updated or corrected.

Recommendations: We recommend management review the water and sewer billings each month to ensure no large or unusual usages occur.

**Views of
responsible
officials:**

Management is in agreement with the finding.

**Corrective Action
Plan:**

See attached corrective action plan.



399 E. Beaver St. • P.O. Box 726 • Standish, MI 48658 • 989-846-9588 • Fax 989-846-6287

December 29th, 2022

Yeo & Yeo, CPAs
5300 Bay Road, Suite 100
Saginaw, Michigan 48604

RE: Corrective Action Plan for Finding 2022-001 Material Weakness – Water & Sewer Billings

Condition: A material adjustment was identified by the auditors and posted by the City to adjust the accounts receivable and related revenue accounts in the Water and Sewer Funds for an error in the meter reading related to the Hospital.

Cause and Effect: There was significant negative usage on the water and sewer billing register that was not caught by management causing the accounts receivables account to show negative balances. This was an unusual circumstance where the meter had reset to 0. The actual bill was adjusted prior to being sent to the Hospital, but the general ledger posting was not updated or corrected.

Recommendation: We recommend management review the water and sewer billings each month to ensure no large or unusual usages occur.

Views of responsible officials: Management is in agreement with the finding.

Corrective Action: The City will review more closely the monthly sewer billings to assure they are correct. City Manager will review the water and sewer billings for increased accuracy.

Brad Mason, City Manager
City of Standish