

City of Standish
Financial Statements
June 30, 2024



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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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, 2024, 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, 2024, 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.

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 November 6, 2024 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
November 6, 2024

City of Standish
Management's Discussion and Analysis
Year Ended June 30, 2024

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, 2024. 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, 2024.

Total net position related to the City's governmental activities is \$4,497,200. The unrestricted portion of net position is \$1,416,608.

Tax revenues, the City's largest revenue source, increased by approximately \$25,000 from 2023. This was the result of inflation.

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, 2024

The City of Standish as a Whole

The following table shows, in a condensed format, the statement of net position as of June 30, 2024 and 2023.

	Governmental Activities 2024	Governmental Activities 2023	Business-Type Activities 2024	Business-Type Activities 2023	Total 2024	Total 2023
Current assets	\$ 2,743,081	\$ 2,886,613	\$ 1,735,449	\$ 1,893,729	\$ 4,478,530	\$ 4,780,342
Noncurrent assets	2,628,314	2,152,562	5,666,800	5,223,164	8,295,114	7,375,726
Deferred outflow of resources	43,256	75,248	91,923	159,907	135,179	235,155
Total assets and deferred outflows of resources	5,414,651	5,114,423	7,494,172	7,276,800	12,908,823	12,391,223
Current liabilities	309,848	153,035	11,014	9,710	320,862	162,745
Noncurrent liabilities	530,019	744,080	1,414,342	1,660,863	1,944,361	2,404,943
Deferred inflow of resources	77,584	96,015	-	-	77,584	96,015
Total liabilities and deferred inflows of resources	917,451	993,130	1,425,356	1,670,573	2,342,807	2,663,703
Total net position	\$ 4,497,200	\$ 4,121,293	\$ 6,068,816	\$ 5,606,227	\$ 10,566,016	\$ 9,727,520

The City's net position for governmental activities is \$4,497,200 and \$6,068,816 for business type activities; of these amounts \$1,416,608 (governmental) and \$1,410,016 (business-type) are unrestricted net position.

The following table shows, in a condensed format, the statement of activities as of June 30, 2024 and 2023:

	Governmental Activities 2024	Governmental Activities 2023	Business-Type Activities 2024	Business-Type Activities 2023	Total 2024	Total 2023
Revenue						
Program revenue:						
Charges for services	\$ 190,428	\$ 226,278	\$ 1,154,100	\$ 1,127,401	\$ 1,344,528	\$ 1,353,679
Operating grants and contributions	319,672	190,106	145,234	-	464,906	190,106
Capital grants and contributions	70,455	-	314,948	-	385,403	-
General revenue:						
Property taxes	780,375	764,955	49,155	49,033	829,530	813,988
State-shared revenue	211,976	207,168	-	-	211,976	207,168
Unrestricted investment earnings	89,745	38,029	18,416	12,755	108,161	50,784
Miscellaneous revenues	70,237	59,640	16,589	36,268	86,826	95,908
Total revenue	1,732,888	1,486,176	1,698,442	1,225,457	3,431,330	2,711,633
Program expenses						
General government	377,529	480,370	-	-	377,529	480,370
Public safety	91,422	-	-	-	91,422	-
Public works	858,516	722,523	-	-	858,516	722,523
Community and economic development	8,105	-	-	-	8,105	-
Recreation and culture	8,846	8,443	-	-	8,846	8,443
Interest on long-term debt	12,563	16,938	-	-	12,563	16,938
Water and sewer	-	-	1,235,853	1,165,870	1,235,853	1,165,870
Total program expenses	1,356,981	1,228,274	1,235,853	1,165,870	2,592,834	2,394,144
Change in net position	\$ 375,907	\$ 257,902	\$ 462,589	\$ 59,587	\$ 838,496	\$ 317,489

City of Standish
Management's Discussion and Analysis
Year Ended June 30, 2024

Governmental Activities

Governmental activities revenue increased \$246,712 due to normal fluctuations as well as the increase in property tax revenue. The City actively pursues cost savings on a daily basis to mitigate these fluctuations. The City's overall change in net position improved by \$118,005.

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 2024 fiscal year included the use of a balanced budget. The City increased fund balance by \$164,227 to \$1,614,002 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 2024 fiscal year included the use of a balanced budget. The City decreased fund balance by \$355,434 to \$480,868 at year end.

c) **Municipal Street Fund**

Functions relating to the municipal street activities of the City, which are financed by Act 51 funds are recorded in the Municipal Street Fund. The City Council's approved budget for the 2024 fiscal year included the use of a balanced budget. The City decreased fund balance by \$143,003 to \$193,590 at year end.

City of Standish
Management's Discussion and Analysis
Year Ended June 30, 2024

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 2024, the City of Standish has \$30,191,385 invested in a wide range of capital assets, including land, buildings, equipment, computer equipment, and water and sewer lines. The value of the capital assets, net of accumulated depreciation contained in this report, is \$7,746,562 at the end of 2024.

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 the past two years but decreased three years ago 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 City has new developments that have moved into the City. City is also expanding its water services to the local school district which will increase revenues in the water fund. City has a healthy fund balance and can weather some economic turbulence.

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, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 2,511,034	\$ 1,596,168	\$ 4,107,202	\$ 492,831
Receivables				
Accounts	8,326	132,317	140,643	-
Leases receivable	77,584	-	77,584	241,000
Due from other units of government	109,038	-	109,038	-
Prepaid items	37,099	6,964	44,063	-
Restricted assets				
Cash and cash equivalents	-	548,552	548,552	-
Capital assets not being depreciated	434,497	289,965	724,462	-
Capital assets, net of accumulated depreciation	2,193,817	4,828,283	7,022,100	469,259
Total assets	<u>5,371,395</u>	<u>7,402,249</u>	<u>12,773,644</u>	<u>1,203,090</u>
Deferred outflows of resources				
Pension related	43,256	91,923	135,179	-
Liabilities				
Accounts payable	296,830	675	297,505	-
Payroll and other liabilities	5,573	10,339	15,912	-
Interest payable	2,400	-	2,400	777
Checks written against future deposits	5,045	-	5,045	-
Noncurrent liabilities				
Debt due within one year	60,100	109,889	169,989	5,000
Debt due in more than one year	281,000	903,000	1,184,000	236,000
Net pension liability	188,919	401,453	590,372	-
Total liabilities	<u>839,867</u>	<u>1,425,356</u>	<u>2,265,223</u>	<u>241,777</u>
Deferred inflows of resources				
Lease related	77,584	-	77,584	241,000
Net position				
Net investment in capital assets	2,296,314	4,110,248	6,406,562	228,259
Restricted for				
Improvements	74,758	-	74,758	-
Rubbish	31,522	-	31,522	-
Streets	677,998	-	677,998	-
Economic development	-	-	-	487,270
Debt service	-	-	-	4,784
Bond redemption	-	212,552	212,552	-
Repair, replacement and improvement	-	336,000	336,000	-
Unrestricted	1,416,608	1,410,016	2,826,624	-
Total net position	<u>\$ 4,497,200</u>	<u>\$ 6,068,816</u>	<u>\$ 10,566,016</u>	<u>\$ 720,313</u>

See Accompanying Notes to the Financial Statements

City of Standish
Statement of Activities
For the Year Ended June 30, 2024

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	\$ 377,529	\$ 83,119	\$ 66,884	\$ -	\$ (227,526)	\$ -	\$ (227,526)	\$ -
Public safety	91,422	-	-	70,455	(20,967)	-	(20,967)	-
Public works	858,516	107,309	252,788	-	(498,419)	-	(498,419)	-
Community and economic development	8,105	-	-	-	(8,105)	-	(8,105)	-
Recreation and culture	8,846	-	-	-	(8,846)	-	(8,846)	-
Interest	12,563	-	-	-	(12,563)	-	(12,563)	-
Total governmental activities	1,356,981	190,428	319,672	70,455	(776,426)	-	(776,426)	-
Business-type activities								
Sewer	569,251	490,741	145,234	-	-	66,724	66,724	-
Water	666,602	663,359	-	314,948	-	311,705	311,705	-
Total business-type activities	1,235,853	1,154,100	145,234	314,948	-	378,429	378,429	-
Total primary government	\$ 2,592,834	\$ 1,344,528	\$ 464,906	\$ 385,403	(776,426)	378,429	(397,997)	-
Component units								
Downtown Development Authority	\$ 153,032	\$ -	\$ 67,710	\$ -	-	-	-	(85,322)
Building Authority	14,640	14,753	-	-	-	-	-	113
Total component units	\$ 167,672	\$ 14,753	\$ 67,710	\$ -	-	-	-	(85,209)
General revenues								
Property taxes					780,375	49,155	829,530	45,549
Unrestricted state-shared revenue					211,976	-	211,976	-
Unrestricted investment earnings					89,745	18,416	108,161	9,347
Miscellaneous					70,237	16,589	86,826	4,800
Total general revenues					1,152,333	84,160	1,236,493	59,696
Change in net position					375,907	462,589	838,496	(25,513)
Net position - beginning of year					4,121,293	5,606,227	9,727,520	745,826
Net position - end of year					\$ 4,497,200	\$ 6,068,816	\$ 10,566,016	\$ 720,313

See Accompanying Notes to the Financial Statements

City of Standish
Governmental Funds
Balance Sheet
June 30, 2024

	General	Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Major Street Fund	Municipal Street Fund		
Assets					
Cash and cash equivalents	\$ 1,549,267	\$ 597,836	\$ 340,735	\$ 23,196	\$ 2,511,034
Receivables					
Accounts	-	-	-	8,326	8,326
Leases receivable	77,584	-	-	-	77,584
Due from other units of government	68,328	29,744	-	10,966	109,038
Prepaid items	37,099	-	-	-	37,099
Total assets	<u>\$ 1,732,278</u>	<u>\$ 627,580</u>	<u>\$ 340,735</u>	<u>\$ 42,488</u>	<u>\$ 2,743,081</u>
Liabilities					
Accounts payable	\$ 1,378	\$ 146,319	\$ 147,145	\$ 1,988	\$ 296,830
Payroll and other liabilities	4,787	393	-	393	5,573
Checks written against future deposits	-	-	-	5,045	5,045
Total liabilities	<u>6,165</u>	<u>146,712</u>	<u>147,145</u>	<u>7,426</u>	<u>307,448</u>
Deferred inflows of resources					
Unavailable revenue - receivables	34,527	-	-	-	34,527
Lease related	77,584	-	-	-	77,584
Total deferred inflows of resources	<u>112,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,111</u>
Fund balances					
Non-spendable					
Prepaid items	37,099	-	-	-	37,099
Restricted for					
Improvements	74,758	-	-	-	74,758
Rubbish collection	-	-	-	31,522	31,522
Streets	-	480,868	193,590	3,540	677,998
Unassigned	1,502,145	-	-	-	1,502,145
Total fund balances	<u>1,614,002</u>	<u>480,868</u>	<u>193,590</u>	<u>35,062</u>	<u>2,323,522</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,732,278</u>	<u>\$ 627,580</u>	<u>\$ 340,735</u>	<u>\$ 42,488</u>	<u>\$ 2,743,081</u>

City of Standish
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2024

Total fund balances for governmental funds	\$ 2,323,522
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	434,497
Capital assets, net of accumulated depreciation	2,193,817
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	
	34,527
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net pension liability	43,256
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Accrued interest	(2,400)
Compensated absences	(9,100)
Bonds, notes, premiums and discounts	(332,000)
Net pension liability	<u>(188,919)</u>
Net position of governmental activities	<u>\$ 4,497,200</u>

City of Standish
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	Special Revenue Funds				Total Governmental Funds
	General	Major Street Fund	Formerly		
			Nonmajor Fund Municipal Street Fund	Nonmajor Governmental Funds	
Revenues					
Taxes	\$ 700,632	\$ -	\$ 42,042	\$ -	\$ 742,674
Licenses and permits	4,663	-	-	-	4,663
State grants	315,148	185,519	-	68,392	569,059
Charges for services	84,319	-	-	56,851	141,170
Fines and forfeitures	-	-	-	1,561	1,561
Rental income	43,034	-	-	-	43,034
Investment income	75,225	8,711	5,809	-	89,745
Other revenue	69,114	-	-	-	69,114
Total revenues	<u>1,292,135</u>	<u>194,230</u>	<u>47,851</u>	<u>126,804</u>	<u>1,661,020</u>
Expenditures					
Current					
General government	378,889	-	-	-	378,889
Public safety	91,422	-	-	-	91,422
Public works	314,422	76,844	-	58,994	450,260
Community and economic development	8,105	-	-	-	8,105
Capital outlay	130,707	470,820	190,854	115,742	908,123
Debt service					
Principal retirement	191,000	-	-	-	191,000
Interest and fiscal charges	13,363	-	-	-	13,363
Total expenditures	<u>1,127,908</u>	<u>547,664</u>	<u>190,854</u>	<u>174,736</u>	<u>2,041,162</u>
Excess (deficiency) of revenues over expenditures	<u>164,227</u>	<u>(353,434)</u>	<u>(143,003)</u>	<u>(47,932)</u>	<u>(380,142)</u>
Other financing sources (uses)					
Transfers in	-	-	-	2,000	2,000
Transfers out	-	(2,000)	-	-	(2,000)
Total other financing sources (uses)	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Net change in fund balances	<u>164,227</u>	<u>(355,434)</u>	<u>(143,003)</u>	<u>(45,932)</u>	<u>(380,142)</u>
Fund balances - beginning, as previously stated	1,449,775	836,302	-	417,587	2,703,664
Change within financial reporting entity (nonmajor to major fund)	-	-	336,593	(336,593)	-
Fund balances - beginning, as adjusted	<u>1,449,775</u>	<u>836,302</u>	<u>336,593</u>	<u>80,994</u>	<u>2,703,664</u>
Fund balances - end of year	<u>\$ 1,614,002</u>	<u>\$ 480,868</u>	<u>\$ 193,590</u>	<u>\$ 35,062</u>	<u>\$ 2,323,522</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, 2024

Net change in fund balances - total governmental funds	\$ (380,142)
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 and amortization expense.	
Depreciation and amortization expense	(294,895)
Capital outlay	796,207
Donations of capital assets	70,455
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	800
Compensated absences	1,900
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in the net pension liability	21,161
Net change in the deferred outflow of resources related to the net pension liability	(31,992)
Long-term liabilities and related transactions applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Repayments of long-term debt	<u>191,000</u>
Change in net position of governmental activities	<u>\$ 375,907</u>

City of Standish
Proprietary Funds
Statement of Net Position
June 30, 2024

	Enterprise Funds		
	Sewer	Water	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 323,503	\$ 1,272,665	\$ 1,596,168
Receivables			
Accounts	50,237	82,080	132,317
Prepaid items	4,360	2,604	6,964
Total current assets	<u>378,100</u>	<u>1,357,349</u>	<u>1,735,449</u>
Noncurrent assets			
Restricted assets			
Cash and cash equivalents			
USDA Bond reserve	386,088	162,464	548,552
Capital assets not being depreciated	191,750	98,215	289,965
Capital assets, net of accumulated depreciation	429,858	4,398,425	4,828,283
Total noncurrent assets	<u>1,007,696</u>	<u>4,659,104</u>	<u>5,666,800</u>
Total assets	<u>1,385,796</u>	<u>6,016,453</u>	<u>7,402,249</u>
Deferred outflows of resources			
Pension related	<u>45,962</u>	<u>45,961</u>	<u>91,923</u>
Liabilities			
Current liabilities			
Accounts payable	675	-	675
Payroll and other liabilities	5,604	4,735	10,339
Current portion of long-term liabilities	26,445	83,444	109,889
Total current liabilities	<u>32,724</u>	<u>88,179</u>	<u>120,903</u>
Noncurrent liabilities			
Long-term liabilities net of current portion	459,000	444,000	903,000
Net pension liability	200,726	200,727	401,453
Total noncurrent liabilities	<u>659,726</u>	<u>644,727</u>	<u>1,304,453</u>
Total liabilities	<u>692,450</u>	<u>732,906</u>	<u>1,425,356</u>
Net position			
Net investment in capital assets	138,608	3,971,640	4,110,248
Restricted for			
Bond redemption	50,088	162,464	212,552
Repair, replacement, and improvement	336,000	-	336,000
Unrestricted	214,612	1,195,404	1,410,016
Total net position	<u>\$ 739,308</u>	<u>\$ 5,329,508</u>	<u>\$ 6,068,816</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, 2024

	Enterprise Funds		
	Sewer	Water	Total
Operating revenue			
Customer fees	\$ 443,679	\$ 663,359	\$ 1,107,038
Other revenue	57,641	10,656	68,297
Total operating revenue	<u>501,320</u>	<u>674,015</u>	<u>1,175,335</u>
Operating expenses			
Personnel services	137,207	152,261	289,468
Supplies	43,269	118,996	162,265
Contractual services	24,947	45,851	70,798
Utilities	106,333	47,783	154,116
Repairs and maintenance	-	11,524	11,524
Other expenses	67,472	43,048	110,520
Depreciation	165,377	229,504	394,881
Total operating expenses	<u>544,605</u>	<u>648,967</u>	<u>1,193,572</u>
Operating income (loss)	<u>(43,285)</u>	<u>25,048</u>	<u>(18,237)</u>
Nonoperating revenue (expenses)			
Property taxes	49,155	-	49,155
Federal grants	145,234	-	145,234
Investment income	10,586	3,184	13,770
Interest expense	(24,646)	(17,635)	(42,281)
Total nonoperating revenues (expenses)	<u>180,329</u>	<u>(14,451)</u>	<u>165,878</u>
Income (loss) before contributions	137,044	10,597	147,641
Capital contributions	<u>-</u>	<u>314,948</u>	<u>314,948</u>
Change in net position	137,044	325,545	462,589
Net position - beginning of year	<u>602,264</u>	<u>5,003,963</u>	<u>5,606,227</u>
Net position - end of year	<u>\$ 739,308</u>	<u>\$ 5,329,508</u>	<u>\$ 6,068,816</u>

See Accompanying Notes to the Financial Statements

City of Standish
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2024

	Enterprise Funds		
	Sewer	Water	Total
Cash flows from operating activities			
Receipts from customers	\$ 503,019	\$ 669,715	\$ 1,172,734
Payments to suppliers	(232,023)	(254,117)	(486,140)
Payments to employees	(137,207)	(152,261)	(289,468)
Net cash provided (used) by operating activities	<u>133,789</u>	<u>263,337</u>	<u>397,126</u>
Cash flows from noncapital financing activities			
Property taxes	<u>49,155</u>	<u>-</u>	<u>49,155</u>
Cash flows from capital and related financing activities			
Capital contributions	-	314,948	314,948
Purchases/construction of capital assets	(191,750)	(98,215)	(289,965)
Principal and interest paid on long-term debt	(137,429)	(106,402)	(243,831)
Net cash provided (used) by capital and related financing activities	<u>(329,179)</u>	<u>110,331</u>	<u>(218,848)</u>
Cash flows from investing activities			
Interest received	<u>10,586</u>	<u>3,184</u>	<u>13,770</u>
Net change in cash and cash equivalents	9,585	376,852	386,437
Cash and cash equivalents - beginning of year	<u>700,006</u>	<u>1,058,277</u>	<u>1,758,283</u>
Cash and cash equivalents - end of year	<u>\$ 709,591</u>	<u>\$ 1,435,129</u>	<u>\$ 2,144,720</u>

See Accompanying Notes to the Financial Statements

City of Standish
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2024

	Enterprise Funds		
	Sewer	Water	Total
Reconciliation to statement of net position			
Cash and cash equivalents	\$ 323,503	\$ 1,272,665	\$ 1,596,168
Restricted cash and cash equivalents	386,088	162,464	548,552
Cash and cash equivalents - end of year	<u>\$ 709,591</u>	<u>\$ 1,435,129</u>	<u>\$ 2,144,720</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (43,285)	\$ 25,048	\$ (18,237)
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation and amortization expense	165,377	229,504	394,881
Changes in assets and liabilities			
Receivables (net)	1,699	(4,300)	(2,601)
Prepaid items	(2,334)	1,100	(1,234)
Pension related deferred outflows of resources	33,992	33,992	67,984
Accounts payable	675	-	675
Accrued and other liabilities	151	478	629
Net pension liability	<u>(22,486)</u>	<u>(22,485)</u>	<u>(44,971)</u>
Net cash provided (used) by operating activities	<u>\$ 133,789</u>	<u>\$ 263,337</u>	<u>\$ 397,126</u>

City of Standish
Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2024

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 53,458</u>
Liabilities	
Due to other units of government	<u>53,458</u>
Net position	
Restricted for:	
Individuals, organizations and other governments	<u><u>\$ -</u></u>

City of Standish
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

	<u>Custodial Fund</u>
Additions	
Property tax collections for other governments	\$ 2,334,872
Deductions	
Payments of property tax to other governments	<u>2,334,872</u>
Change in net position	-
Net position - beginning of year	<u>-</u>
Net position - end of year	<u><u>\$ -</u></u>

City of Standish
Component Units
Combining Statement of Net Position
June 30, 2024

	Downtown Development Authority	Building Authority	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 487,270	\$ 5,561	\$ 492,831
Noncurrent assets			
Leases receivable, long-term	-	241,000	241,000
Capital assets, net of accumulated depreciation	-	469,259	469,259
Total noncurrent assets	-	710,259	710,259
Total assets	487,270	715,820	1,203,090
Liabilities			
Current liabilities			
Interest payable	-	777	777
Current portion of long-term liabilities	-	5,000	5,000
Total current liabilities	-	5,777	5,777
Noncurrent liabilities			
Long-term liabilities	-	236,000	236,000
Total liabilities	-	241,777	241,777
Deferred inflows of resources			
Lease related	-	241,000	241,000
Net position			
Net investment in capital assets	-	228,259	228,259
Restricted for			
Economic development	487,270	-	487,270
Debt service	-	4,784	4,784
Total net position	\$ 487,270	\$ 233,043	\$ 720,313

See Accompanying Notes to the Financial Statements

City of Standish
Component Units
Combing Statement of Activities
For the Year Ended June 30, 2024

	<u>Downtown Development Authority</u>	<u>Building Authority</u>	<u>Total</u>
Expenses			
Community and economic development	\$ 141,273	\$ 16,759	\$ 158,032
Interest and fiscal charges on long-term debt	<u>-</u>	<u>9,640</u>	<u>9,640</u>
Total expenses	<u>141,273</u>	<u>26,399</u>	<u>167,672</u>
Program revenues			
Charges for services	-	14,753	14,753
Operating grants and contributions	<u>67,710</u>	<u>-</u>	<u>67,710</u>
Total program revenues	<u>67,710</u>	<u>14,753</u>	<u>82,463</u>
 Net program revenue (expense)	 <u>73,563</u>	 <u>11,646</u>	 <u>85,209</u>
General revenues			
Property taxes	45,549	-	45,549
Unrestricted investment earnings	9,152	195	9,347
Miscellaneous	<u>4,800</u>	<u>-</u>	<u>4,800</u>
Total general revenues	<u>59,501</u>	<u>195</u>	<u>59,696</u>
 Change in net position	 (14,062)	 (11,451)	 (25,513)
 Net position - beginning of year	 <u>501,332</u>	 <u>244,494</u>	 <u>745,826</u>
 Net position - end of year	 <u>\$ 487,270</u>	 <u>\$ 233,043</u>	 <u>\$ 720,313</u>

See Accompanying Notes to the Financial Statements

City of Standish
Notes to Financial Statements
June 30, 2024

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. 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 City 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 annual financial statements.

Joint Venture - The City is a member of the Standish Area Fire Authority (the “Authority”) joint venture, which provides emergency services to participating municipalities in the Authority’s boundaries. Other members include Township of Lincoln, Arenac Township, City of Omer, and Township of Standish. The City Council appoints two representatives to the Authority’s governing board. The City has no equity interest in the Authority. Complete financial statements for the Authority can be obtained from the Standish Area Fire Authority.

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. *Governmental 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.

City of Standish
Notes to Financial Statements
June 30, 2024

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 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 Municipal Street Fund is for municipal 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.

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.

City of Standish
Notes to Financial Statements
June 30, 2024

Assets, liabilities, and net position or fund balance

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 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 2023 taxable valuation of the City totaled \$43,807,045 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 \$700,000 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 acquisition value of the item at the date of its donation.

City of Standish
Notes to Financial Statements
June 30, 2024

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 computer 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 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.

City of Standish
Notes to Financial Statements
June 30, 2024

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 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. 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.

Upcoming Accounting and Reporting Changes

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.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization’s vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and

City of Standish
Notes to Financial Statements
June 30, 2024

assessing an organization’s accountability while also addressing certain application issues. This statement includes changes to management’s discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

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 and Accounting Act (P.A. 2 of 1968, 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 City Council 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 City Council.

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</u> <u>Appropriations</u>	<u>Amount of</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
General Fund			
General government			
Manager	\$ 100,560	\$ 105,896	\$ 5,336
Public safety			
Fire department	42,000	91,422	49,422
Public works			
Refuse collection	-	106	106
Major Street			
Public works	68,675	76,844	8,169
Capital outlay	80,325	470,820	390,495
Municipal Street			
Capital outlay	7,500	190,854	183,354

City of Standish
Notes to Financial Statements
June 30, 2024

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	\$ 2,511,034	\$ -	\$ 2,511,034
Business-type activities	1,596,168	548,552	2,144,720
Total	4,107,202	548,552	4,655,754
Fiduciary fund	53,458	-	53,458
Component units	492,831	-	492,831
Total	\$ 4,653,491	\$ 548,552	\$ 5,202,043

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Fund	Component Units	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$4,655,554	\$ 53,458	\$ 492,831	\$5,201,843
Petty cash and cash on hand	200	-	-	200
	\$4,655,754	\$ 53,458	\$ 492,831	\$5,202,043

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, \$4,495,223 of the City's bank balance of \$ 5,245,223 was exposed to custodial credit risk because it was uninsured and uncollateralized.

City of Standish
Notes to Financial Statements
June 30, 2024

Note 4 - Leases

Lease receivable agreements for the primary government are summarized as follows:

Primary Government	Agreement Date	Payment Terms	Annual Payment Amount	Interest Rate	Total Lease Receivable
Cell tower	1/13/2019	9 years	\$20,400	2.05%	<u>\$ 77,584</u>

The City collected \$20,400 from the lessee for the year ended June 30, 2024, which includes \$18,432 in lease revenue and \$1,968 in lease interest revenue.

Lease receivable agreements for the component unit are summarized as follows:

Component Unit	Agreement Date	Payment Terms	Annual Payment Amount	Interest Rate	Total Lease Receivable
Fire Hall	6/1/2012	40 years	\$13,920 - \$16,640	4.00%	<u>\$241,000</u>

The Building Authority collected \$14,840 from the lessee for the year ended June 30, 2024, which includes \$5,000 in lease revenue and \$9,840 in lease interest revenue.

Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 277,960	\$ 156,537	\$ -	\$ 434,497
Capital assets being depreciated				
Infrastructure	4,551,328	638,289	-	5,189,617
Buildings, additions and improvements	1,520,126	71,836	-	1,591,962
Machinery and equipment	<u>1,243,163</u>	<u>-</u>	<u>-</u>	<u>1,243,163</u>
Total capital assets being depreciated	<u>7,314,617</u>	<u>710,125</u>	<u>-</u>	<u>8,024,742</u>
Less accumulated depreciation for				
Infrastructure	3,636,992	230,368	-	3,867,360
Buildings, additions and improvements	875,310	19,706	-	895,016
Machinery and equipment	<u>1,023,728</u>	<u>44,821</u>	<u>-</u>	<u>1,068,549</u>
Total accumulated depreciation	<u>5,536,030</u>	<u>294,895</u>	<u>-</u>	<u>5,830,925</u>
Net capital assets being depreciated	<u>1,778,587</u>	<u>415,230</u>	<u>-</u>	<u>2,193,817</u>
Governmental activities net capital assets	<u>\$ 2,056,547</u>	<u>\$ 571,767</u>	<u>\$ -</u>	<u>\$ 2,628,314</u>

City of Standish
Notes to Financial Statements
June 30, 2024

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Water system - Construction in progress	\$ -	\$ 98,215	\$ -	\$ 98,215
Sewer system - Construction in progress	-	191,750	-	191,750
Total capital assets not being depreciated	<u>-</u>	<u>289,965</u>	<u>-</u>	<u>289,965</u>
Capital assets being depreciated				
Water system	8,926,710	-	-	8,926,710
Sewer system	12,515,471	-	-	12,515,471
Total capital assets being depreciated	<u>21,442,181</u>	<u>-</u>	<u>-</u>	<u>21,442,181</u>
Less accumulated depreciation for				
Water system	4,298,781	229,504	-	4,528,285
Sewer system	11,920,236	165,377	-	12,085,613
Total accumulated depreciation	<u>16,219,017</u>	<u>394,881</u>	<u>-</u>	<u>16,613,898</u>
Net capital assets being depreciated	<u>5,223,164</u>	<u>(394,881)</u>	<u>-</u>	<u>4,828,283</u>
Business-type capital assets, net	<u>\$ 5,223,164</u>	<u>\$ (104,916)</u>	<u>\$ -</u>	<u>\$ 5,118,248</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Units				
Capital assets being depreciated				
Buildings, additions and improvements	\$ 670,370	\$ -	\$ -	\$ 670,370
Less accumulated depreciation for				
Buildings, additions and improvements	184,352	16,759	-	201,111
Net capital assets being depreciated	<u>486,018</u>	<u>(16,759)</u>	<u>-</u>	<u>469,259</u>
Component units capital assets, net	<u>\$ 486,018</u>	<u>\$ (16,759)</u>	<u>\$ -</u>	<u>\$ 469,259</u>

City of Standish
Notes to Financial Statements
June 30, 2024

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

Governmental activities	
General government	\$ 20,643
Public works	265,406
Recreation and culture	<u>8,846</u>
Total governmental activities	<u>294,895</u>
 Business-type activities	
Sewer Fund	165,377
Water Fund	<u>229,504</u>
 Total business-type activities	 <u>394,881</u>
 Total primary government	 <u>\$ 689,776</u>
 Component unit activities	
Building authority	<u>\$ 16,759</u>

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	2.65% - 3.40%	\$51,000 - \$65,000	\$ 523,000	\$ -	\$ 191,000	\$ 332,000	\$ 51,000
Compensated absences					<u>11,000</u>	<u>28,815</u>	<u>30,715</u>	<u>9,100</u>	<u>9,100</u>
Total governmental activities					<u>\$ 534,000</u>	<u>\$ 28,815</u>	<u>\$ 221,715</u>	<u>\$ 341,100</u>	<u>\$ 60,100</u>
Business-type activities									
Bonds and notes payable									
General obligation bonds									
2021 Sewer refunding	\$ 855,000	11/1/23	2.80%	\$90,000	\$ 90,000	\$ -	\$ 90,000	\$ -	\$ -
Limited tax general obligation bonds									
2018 Water supply bonds	967,000	11/1/29	2.80% - 3.20%	\$81,000 - \$94,000	603,000	-	78,000	525,000	81,000
Revenue bonds									
1998 Sewer	400,000	11/1/38	4.75%	\$11,000 - \$23,000	253,000	-	11,000	242,000	11,000
2000 Sewer	425,000	11/1/38	4.75%	\$13,000 - \$22,000	252,000	-	11,000	241,000	13,000
Total business-type bonds					<u>1,198,000</u>	<u>-</u>	<u>190,000</u>	<u>1,008,000</u>	<u>105,000</u>
Notes from direct borrowings and direct placements									
Installment purchase contract									
Meters and meter readers	175,000	10/1/23	3.34%	\$9,983	9,983	-	9,983	-	-
Compensated absences					<u>6,456</u>	<u>13,514</u>	<u>15,081</u>	<u>4,889</u>	<u>4,889</u>
Total business-type activities					<u>\$ 1,214,439</u>	<u>\$ 13,514</u>	<u>\$ 215,064</u>	<u>\$ 1,012,889</u>	<u>\$ 109,889</u>
Component units									
General obligation bonds									
Building authority bonds	\$ 285,000	6/1/52	4.00%	\$5,000 - \$16,000	\$ 246,000	\$ -	\$ 5,000	\$ 241,000	\$ 5,000

City of Standish
Notes to Financial Statements
June 30, 2024

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

Year Ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Bonds and notes payable</u>		<u>Bonds and notes payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 51,000	\$ 9,619	\$ 105,000	\$ 37,806
2026	51,000	8,165	108,000	34,268
2027	51,000	6,648	112,000	30,545
2028	51,000	5,080	116,000	26,619
2029	63,000	3,250	121,000	22,507
2030-2034	65,000	1,104	260,000	69,906
2035-2039	-	-	186,000	25,034
	<u>\$ 332,000</u>	<u>\$ 33,866</u>	<u>\$ 1,008,000</u>	<u>\$ 246,683</u>

Year Ending June 30,	<u>Component Units</u>	
	<u>Bonds and notes payable</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 5,000	\$ 9,640
2026	5,000	9,440
2027	5,000	9,240
2028	5,000	9,040
2029	6,000	8,840
2030-2034	32,000	40,560
2035-2039	38,000	33,680
2040-2044	47,000	25,360
2045-2049	56,000	15,320
2050-2052	42,000	3,480
	<u>\$ 241,000</u>	<u>\$ 164,600</u>

City of Standish
Notes to Financial Statements
June 30, 2024

Note 7 - Net Investment in Capital Assets

The composition of net investment in capital assets as of June 30, 2024, was as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Capital assets			
Capital assets not being depreciated	\$ 434,497	\$ 289,965	\$ -
Capital assets, net of accumulated depreciation	<u>2,193,817</u>	<u>4,828,283</u>	<u>469,259</u>
Total capital assets	<u>2,628,314</u>	<u>5,118,248</u>	<u>469,259</u>
Related debt			
General obligation bonds	<u>332,000</u>	<u>1,008,000</u>	<u>241,000</u>
Net investment in capital assets	<u>\$ 2,296,314</u>	<u>\$ 4,110,248</u>	<u>\$ 228,259</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.

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 2.50%. 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

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 \$2,913 each month. The pension plan is closed to new employees.

City of Standish
Notes to Financial Statements
June 30, 2024

Net pension liability – The employer’s net pension liability was measured as of December 31, 2023, 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, 2023 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 7.00%, 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 Pub-2010 Mortality Tables. 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, 2023 valuation were based on the results of the most recent actuarial experience study.

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 are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate Of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.00%	4.50%	0.90%	2.50%	0.40%
Private investments	20.00%	9.50%	1.90%	2.50%	1.40%
	<u>100.00%</u>		<u>7.00%</u>		<u>4.50%</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.

City of Standish
Notes to Financial Statements
June 30, 2024

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	\$ 190,748
Experience differences	13,985
Change in actuarial assumptions	15,520
Benefit payments and refunds	<u>(249,229)</u>
Net change in total pension liability	(28,976)
Total pension liability - beginning	<u>2,755,615</u>
Total pension liability - ending (a)	<u>\$ 2,726,639</u>
 Plan Fiduciary Net Position	
Employer contributions	\$ 61,770
Pension plan net investment income (loss)	229,396
Benefit payments and refunds	(249,229)
Pension plan administrative expense	<u>(4,781)</u>
Net change in plan fiduciary net position	37,156
Plan fiduciary net position - beginning	<u>2,099,111</u>
Plan fiduciary net position - ending (b)	<u>2,136,267</u>
Net pension liability (a-b)	<u>\$ 590,372</u>

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 7.18%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (6.18%) or 1% higher (8.18%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	<u>\$ 830,516</u>	<u>\$ 590,372</u>	<u>\$ 382,754</u>

Pension expense and deferred outflows of resources – For the year ended June 30, 2024, the employer recognized pension expense of \$78,358. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Total to Amortize
Net difference between projected and actual earning on plan investments	\$ 117,701	\$ 117,701
Contributions subsequent to the measurement date*	17,478	-
Total	<u>\$ 135,179</u>	<u>\$ 117,701</u>

City of Standish
Notes to Financial Statements
June 30, 2024

*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 2025.

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

<u>Year ended June 30,</u>		
2025	\$	18,269
2026		40,875
2027		75,392
2028		<u>(16,835)</u>
	<u>\$</u>	<u>117,701</u>

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 \$34,686.

Note 10 – Change in Accounting Principle

During the year, the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation had the following effect on net position as reported on June 30, 2024:

	Nonmajor Governmental	Municipal Street Fund
Net position / fund balance at June 30, 2023	\$ 417,587	\$ -
Adjustments		
Change from nonmajor to major	(336,593)	336,593
Adjusted net position / fund balance at June 30, 2023	\$ 80,994	\$ 336,593

Note 11 – Subsequent Events

The City received a \$300,000 installment purchase agreement for the purposes of purchasing a fire truck. Payments will begin in October 2025.

City of Standish
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Taxes				
Property taxes	\$ 789,300	\$ 789,300	\$ 700,632	\$ (88,668)
Licenses and permits	3,500	3,500	4,663	1,163
State-shared revenue	185,000	185,000	248,264	63,264
State grants	-	-	66,884	66,884
Charges for services	1,250	1,250	84,319	83,069
Rental income	101,000	101,000	43,034	(57,966)
Investment income	17,500	17,500	75,225	57,725
Other revenue	70,000	70,000	69,114	(886)
Total revenues	<u>1,167,550</u>	<u>1,167,550</u>	<u>1,292,135</u>	<u>124,585</u>
Expenditures				
General government				
Governing body	63,820	63,820	59,897	(3,923)
Manager	100,560	100,560	105,896	5,336
Clerk	196,500	196,500	149,367	(47,133)
Board of review	2,455	2,455	1,355	(1,100)
Assessor/equalization department	23,000	23,000	19,833	(3,167)
Elections	7,150	7,150	2,597	(4,553)
Building and grounds	42,082	42,082	39,944	(2,138)
Total general government	<u>435,567</u>	<u>435,567</u>	<u>378,889</u>	<u>(56,678)</u>
Public safety				
Fire department	42,000	42,000	91,422	49,422
Public works				
Department of public works	360,650	360,650	307,388	(53,262)
Rubbish collection/disposal	-	-	106	106
Cemetery	9,100	9,100	4,763	(4,337)
Storm service	3,328	3,328	1,791	(1,537)
Airport	400	400	374	(26)
Total public works	<u>373,478</u>	<u>373,478</u>	<u>314,422</u>	<u>(59,056)</u>
Community and economic development				
Planning	15,200	15,200	8,105	(7,095)
Capital outlay	178,805	178,805	130,707	(48,098)
Debt service				
Principal retirement	205,000	205,000	191,000	(14,000)
Total expenditures	<u>1,250,050</u>	<u>1,250,050</u>	<u>1,127,908</u>	<u>(122,142)</u>
Excess (deficiency) of revenues over expenditures	<u>(82,500)</u>	<u>(82,500)</u>	<u>164,227</u>	<u>246,727</u>
Net change in fund balance	(82,500)	(82,500)	164,227	246,727
Fund balance - beginning of year	1,449,775	1,449,775	1,449,775	-
Fund balance - end of year	<u>\$ 1,367,275</u>	<u>\$ 1,367,275</u>	<u>\$ 1,614,002</u>	<u>\$ 246,727</u>

See Accompanying Notes to Required Supplementary Information

City of Standish
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
State grants	\$ 147,500	\$ 147,500	\$ 185,519	\$ 38,019
Investment income	3,500	3,500	8,711	5,211
Total revenues	<u>151,000</u>	<u>151,000</u>	<u>194,230</u>	<u>43,230</u>
Expenditures				
Current				
Public works	68,675	68,675	76,844	8,169
Capital outlay	80,325	80,325	470,820	390,495
Total expenditures	<u>149,000</u>	<u>149,000</u>	<u>547,664</u>	<u>398,664</u>
Excess of revenues (deficiency) over expenditures	<u>2,000</u>	<u>2,000</u>	<u>(353,434)</u>	<u>(355,434)</u>
Other financing sources (uses)				
Transfers out	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net change in fund balance	-	-	(355,434)	(355,434)
Fund balance - beginning of year	<u>836,302</u>	<u>836,302</u>	<u>836,302</u>	<u>-</u>
Fund balance - end of year	<u>\$ 836,302</u>	<u>\$ 836,302</u>	<u>\$ 480,868</u>	<u>\$ (355,434)</u>

See Accompanying Notes to Required Supplementary Information

City of Standish
Required Supplementary Information
Budgetary Comparison Schedule
Municipal Street Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Taxes	\$ 39,000	\$ 39,000	\$ 42,042	\$ 3,042
Investment income	2,500	2,500	5,809	3,309
Total revenues	<u>41,500</u>	<u>41,500</u>	<u>47,851</u>	<u>6,351</u>
Expenditures				
Current				
Public works	34,000	34,000	-	(34,000)
Capital outlay	<u>7,500</u>	<u>7,500</u>	<u>190,854</u>	<u>183,354</u>
Total expenditures	<u>41,500</u>	<u>41,500</u>	<u>190,854</u>	<u>149,354</u>
Net change in fund balance	-	-	(143,003)	(143,003)
Fund balance - beginning of year	<u>336,593</u>	<u>336,593</u>	<u>336,593</u>	<u>-</u>
Fund balance - end of year	<u>\$ 336,593</u>	<u>\$ 336,593</u>	<u>\$ 193,590</u>	<u>\$ (143,003)</u>

See Accompanying Notes to Required Supplementary Information

City of Standish
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
06/30/2015	\$ 127,614	\$ 127,614	\$ -	\$ 150,729	84.66%
06/30/2016	147,846	147,846	-	92,429	159.96%
06/30/2017	173,772	173,772	-	29,932	580.56%
06/30/2018	201,246	201,246	-	34,639	580.98%
06/30/2019	223,994	223,994	-	39,045	573.68%
06/30/2020	257,436	257,436	-	35,689	721.33%
06/30/2021	273,980	273,980	-	-	- %
06/30/2022	55,464	55,464	-	-	- %
06/30/2023	69,468	69,468	-	-	- %
06/30/2024	34,956	34,956	-	-	- %

See Accompanying Notes to Required Supplementary Information

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

Fiscal year ended June 30,	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ 4,943
Interest	190,748	197,741	203,122	196,466	202,414
Changes of benefit terms	-	-	-	-	-
Experience differences	13,985	(48,824)	10,596	61,954	(12,426)
Changes in assumptions	15,520	-	83,067	64,102	87,349
Benefit payments and refunds	(249,229)	(241,517)	(242,462)	(227,412)	(222,396)
Net change in total pension liability	(28,976)	(92,600)	54,323	95,110	59,884
Total pension liability - beginning	2,755,615	2,848,215	2,793,892	2,698,782	2,638,898
Total pension liability - ending (a)	<u>\$ 2,726,639</u>	<u>\$ 2,755,615</u>	<u>\$ 2,848,215</u>	<u>\$ 2,793,892</u>	<u>\$ 2,698,782</u>
Plan fiduciary net position					
Employer contributions	\$ 61,770	\$ 62,466	\$ 171,498	\$ 272,484	\$ 245,712
Net investment income (loss)	229,396	(281,865)	344,176	265,708	237,913
Benefit payments and refunds	(249,229)	(241,517)	(242,462)	(227,412)	(222,396)
Administrative expense	(4,781)	(4,570)	(3,747)	(4,077)	(4,101)
Net change in plan fiduciary net position	37,156	(465,486)	269,465	306,703	257,128
Plan fiduciary net position - beginning	2,099,111	2,564,597	2,295,132	1,988,429	1,731,301
Plan fiduciary net position - ending (b)	<u>\$ 2,136,267</u>	<u>\$ 2,099,111</u>	<u>\$ 2,564,597</u>	<u>\$ 2,295,132</u>	<u>\$ 1,988,429</u>
Net pension liability (a-b)	<u>\$ 590,372</u>	<u>\$ 656,504</u>	<u>\$ 283,618</u>	<u>\$ 498,760</u>	<u>\$ 710,353</u>
Plan fiduciary net position as a percentage of total pension liability	78.35%	76.18%	90.04%	82.15%	73.68%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 35,689
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	1,990.40%

See Accompanying Notes to Required Supplementary Information

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

Fiscal year ended June 30,	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 5,416	\$ 4,804	\$ 3,418	\$ 10,056	\$ 16,399
Interest	203,982	205,100	202,439	192,549	189,194
Changes of benefit terms	-	4,627	39,394	1,635	5,913
Experience differences	(5,192)	-	-	-	-
Changes in assumptions	-	-	-	108,799	-
Benefit payments and refunds	(224,758)	(232,854)	(192,509)	(179,694)	(153,100)
Net change in total pension liability	(20,552)	(18,323)	52,742	133,345	58,406
Total pension liability - beginning	2,659,450	2,677,773	2,625,031	2,491,686	2,433,280
Total pension liability - ending (a)	<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	\$ 223,994	\$ 201,246	\$ 173,772	\$ 147,846	\$ 127,614
Net investment income (loss)	(71,852)	214,535	168,322	(23,111)	93,165
Benefit payments and refunds	(224,758)	(232,854)	(192,509)	(179,694)	(153,100)
Administrative expense	(3,524)	(3,396)	(3,324)	(3,366)	(3,424)
Net change in plan fiduciary net position	(76,140)	179,531	146,261	(58,325)	64,255
Plan fiduciary net position - beginning	1,807,441	1,627,910	1,481,649	1,539,974	1,475,719
Plan fiduciary net position - ending (b)	<u>\$ 1,731,301</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>\$ 907,597</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	65.61%	67.96%	60.79%	56.44%	61.80%
Covered payroll	\$ 39,045	\$ 34,639	\$ 29,932	\$ 92,429	\$ 150,729
Net pension liability as a percentage of covered payroll	2,324.49%	2,459.68%	3,507.49%	1,237.04%	631.41%

See Accompanying Notes to Required Supplementary Information

City of Standish
Notes to the Required Supplementary Information
June 30, 2024

Pension Information

Notes to the Schedule of Changes in Net Pension Liability and Related Ratios – Municipal Employees Retirement System of Michigan

The June 30, 2024, changes in assumptions are due to the following:

- The discount rate was lowered from 7.25% to 7.18%.

Notes to the Schedule of Employer Contributions – Municipal Employees Retirement System of Michigan

- Valuation date: December 31, 2021
- Actuarially determined contribution rates are calculated as of December 31 that is 18 months prior to the beginning of the fiscal year for which the contributions are presented.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age normal
- Amortization method: Level percentage of payroll, open
- Remaining amortization period: 15 years
- Asset valuation method: 5-year smoothed
- Inflation: 2.5 percent long-term price inflation
- Salary increase: 3.0 percent
- Investment rate of return: 7 percent net of investment and administrative expenses
- Mortality Tables: Pub-2010 with Scale MP-2019.

City of Standish
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	<u>Local Street Fund</u>	<u>Rubbish Collection Fund</u>	
Assets			
Cash and cash equivalents	\$ -	\$ 23,196	\$ 23,196
Receivables			
Accounts	-	8,326	8,326
Due from other units of government	<u>10,966</u>	<u>-</u>	<u>10,966</u>
Total assets	<u>\$ 10,966</u>	<u>\$ 31,522</u>	<u>\$ 42,488</u>
Liabilities			
Accounts payable	\$ 1,988	\$ -	\$ 1,988
Payroll and other liabilities	393	-	393
Checks written against future deposits	<u>5,045</u>	<u>-</u>	<u>5,045</u>
Total liabilities	<u>7,426</u>	<u>-</u>	<u>7,426</u>
Fund balances			
Restricted for			
Rubbish collection	-	31,522	31,522
Streets	<u>3,540</u>	<u>-</u>	<u>3,540</u>
Total fund balances	<u>3,540</u>	<u>31,522</u>	<u>35,062</u>
Total liabilities and fund balances	<u>\$ 10,966</u>	<u>\$ 31,522</u>	<u>\$ 42,488</u>

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, 2024

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Local Street Fund	Formerly Nonmajor Fund Municipal Street Fund	Rubbish Collection Fund	
Revenues				
State grants	\$ 68,392		\$ -	\$ 68,392
Charges for services	-		56,851	56,851
Fines and forfeitures	-		1,561	1,561
Total revenues	<u>68,392</u>		<u>58,412</u>	<u>126,804</u>
Expenditures				
Current				
Public works	58,994		-	58,994
Capital outlay	57,555		58,187	115,742
Total expenditures	<u>116,549</u>		<u>58,187</u>	<u>174,736</u>
Net change in fund balances	(46,157)		225	(45,932)
Fund balances - beginning, as previously presented	49,697	336,593	31,297	417,587
Change within financial reporting entity (nonmajor to major fund)	-	(336,593)	-	(336,593)
Fund balances - beginning, as adjusted	<u>49,697</u>		<u>31,297</u>	<u>80,994</u>
Fund balances - end of year	<u>\$ 3,540</u>		<u>\$ 31,522</u>	<u>\$ 35,062</u>

City of Standish
Other Supplementary Information
Combining Balance Sheet
Component Units
June 30, 2024

	Downtown Development Authority	Building Authority	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 487,270	\$ 5,561	\$ 492,831
Noncurrent assets			
Leases receivable, long-term	-	241,000	241,000
Total assets	<u>\$ 487,270</u>	<u>\$ 246,561</u>	<u>\$ 733,831</u>
Deferred inflows of resources			
Lease related	<u>\$ -</u>	<u>\$ 241,000</u>	<u>\$ 241,000</u>
Fund balances			
Economic development	487,270	-	487,270
Debt service	-	5,561	5,561
Total fund balances	<u>487,270</u>	<u>5,561</u>	<u>492,831</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 487,270</u>	<u>\$ 246,561</u>	<u>\$ 733,831</u>

City of Standish
Component Units
Reconciliation of Fund Balances of Component Units
to Net Position of Governmental Activities
June 30, 2024

Total fund balances for component units	\$ 492,831
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.	469,259
Certain liabilities are not due and payable in the current period and are not reported in the funds. Accrued interest	(777)
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>(241,000)</u>
Net position of component units	<u>\$ 720,313</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, 2024

	Downtown Development Authority	Building Authority	Total Component Units
Revenues			
Taxes	\$ 45,549	\$ -	\$ 45,549
State grants	67,710	-	67,710
Rental income	-	14,753	14,753
Investment income	9,152	195	9,347
Other revenue	4,800	-	4,800
Total revenues	<u>127,211</u>	<u>14,948</u>	<u>142,159</u>
Expenditures / expense			
Current			
Community and economic development	70,818	-	70,818
Capital outlay	70,455	-	70,455
Debt service			
Principal retirement	-	5,000	5,000
Interest and fiscal charges	-	9,640	9,640
Total expenditures / expense	<u>141,273</u>	<u>14,640</u>	<u>155,913</u>
Net change in fund balance	(14,062)	308	(13,754)
Fund balance - beginning of year	<u>501,332</u>	<u>5,253</u>	<u>506,585</u>
Fund balance - end of year	<u>\$ 487,270</u>	<u>\$ 5,561</u>	<u>\$ 492,831</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, 2024**

Net change in fund balances - Total component units	\$ (13,754)
<p>Total change in net position reported for component units in the statement of activities is different because:</p>	
<p>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.</p>	
Depreciation expense	(16,759)
<p>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.</p>	
Repayments of long-term debt	<u>5,000</u>
Change in net position of component units	<u>\$ (25,513)</u>

City of Standish
Other Supplementary Information
Schedule of Indebtedness
June 30, 2024

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest	Total
Governmental Activities					
2018 Capital improvement bonds	2.65% - 3.40%				
		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	<u>65,000</u>	<u>1,104</u>	<u>66,104</u>
Total governmental activities			<u>\$ 332,000</u>	<u>\$ 33,866</u>	<u>\$ 365,866</u>
Business-type Activities					
2018 Water system bonds	2.80% - 3.20%				
		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	<u>94,000</u>	<u>1,504</u>	<u>95,504</u>
			<u>525,000</u>	<u>50,646</u>	<u>575,646</u>
Business-type Activities					
1998 Sewer revenue bonds	4.75%				
		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	<u>23,000</u>	<u>1,093</u>	<u>24,093</u>
			<u>242,000</u>	<u>102,557</u>	<u>344,557</u>

City of Standish
Other Supplementary Information
Schedule of Indebtedness
June 30, 2024

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest	Total
Business-type Activities					
2000 Sewer revenue bonds	4.75%				
		11/1/2024	\$ 13,000	\$ 11,400	\$ 24,400
		11/1/2025	13,000	10,783	23,783
		11/1/2026	14,000	10,165	24,165
		11/1/2027	14,000	9,500	23,500
		11/1/2028	15,000	8,835	23,835
		11/1/2029	16,000	8,123	24,123
		11/1/2030	16,000	7,363	23,363
		11/1/2031	18,000	6,603	24,603
		11/1/2032	18,000	5,748	23,748
		11/1/2033	19,000	4,893	23,893
		11/1/2034	20,000	3,990	23,990
		11/1/2035	21,000	3,040	24,040
		11/1/2036	22,000	2,043	24,043
		11/1/2037	22,000	998	22,998
			<u>241,000</u>	<u>93,480</u>	<u>334,480</u>
Total business-type activities - bonds			\$ 1,008,000	\$ 246,683	\$ 1,254,683
Component Units					
Building authority bonds	4.00%				
		6/1/2025	\$ 5,000	\$ 9,640	\$ 14,640
		6/1/2026	5,000	9,440	14,440
		6/1/2027	5,000	9,240	14,240
		6/1/2028	5,000	9,040	14,040
		6/1/2029	6,000	8,840	14,840
		6/1/2030	6,000	8,600	14,600
		6/1/2031	6,000	8,360	14,360
		6/1/2032	6,000	8,120	14,120
		6/1/2033	7,000	7,880	14,880
		6/1/2034	7,000	7,600	14,600
		6/1/2035	7,000	7,320	14,320
		6/1/2036	7,000	7,040	14,040
		6/1/2037	8,000	6,760	14,760
		6/1/2038	8,000	6,440	14,440
		6/1/2039	8,000	6,120	14,120
		6/1/2040	9,000	5,800	14,800
		6/1/2041	9,000	5,440	14,440
		6/1/2042	9,000	5,080	14,080
		6/1/2043	10,000	4,720	14,720
		6/1/2044	10,000	4,320	14,320
		6/1/2045	10,000	3,920	13,920
		6/1/2046	11,000	3,520	14,520
		6/1/2047	11,000	3,080	14,080
		6/1/2048	12,000	2,640	14,640
		6/1/2049	12,000	2,160	14,160
		6/1/2050	13,000	1,680	14,680
		6/1/2051	13,000	1,160	14,160
		6/1/2052	16,000	640	16,640
Total component units			\$ 241,000	\$ 164,600	\$ 405,600



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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, 2024, 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 November 6, 2024.

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 controls, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

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
November 6, 2024

City of Standish
Schedule of Findings and Responses
June 30, 2024

Finding 2024-001: Material Weakness and Material Noncompliance – Expenditures in Excess of Appropriations

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

Condition: As of June 30, 2024, material expenditures were in excess of amounts appropriated in the amended budgets as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund			
Public safety			
Fire department	\$ 42,000	\$ 91,422	\$ 49,422
Major Street			
Capital outlay	80,325	470,820	390,495
Municipal Street			
Capital outlay	7,500	190,854	183,354

Recommendations: We recommend management review the budget throughout the year and especially close to year end to appropriately make budget amendments at year end to ensure compliance.

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

Corrective Action Plan: See attached corrective action plan.

November 6, 2024

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

RE: Corrective Action Plan for Finding 2024-001 Material Weakness and Material Noncompliance – Expenditures in Excess of Appropriations

Condition: As of June 30, 2024, material expenditures were in excess of amounts appropriated in the amended budgets as follows:

	<u>Total</u> <u>Appropriations</u>	<u>Amount of</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
General Fund			
Public safety			
Fire department	\$ 42,000	\$ 91,422	\$ 49,422
Major Street			
Capital outlay	80,325	470,820	390,495
Municipal Street			
Capital outlay	7,500	190,854	183,354

Recommendation: We recommend management review the budget throughout the year and especially close to year end to appropriately make budget amendments at year end to ensure compliance.

**Views of
responsible
officials:**

Management is in agreement with the finding.

Corrective Action: The City will monitor the budget in the general fund and road funds more closely. The City engaged in a large paving project and overlooked updating the budget for additional work.

Brad Mason, City Manager
City of Standish