



Heart of the Inland Waterway

TOWNSHIP OF TUSCARORA, MICHIGAN

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

GABRIDGE & CO

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INDEPENDENT AUDITOR'S REPORT

To the Township Board of Trustees
Township of Tuscarora
Tuscarora, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Tuscarora, Michigan (the "Township") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township 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 Township'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.

Auditor's 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 auditor's 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township'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 information, and the schedules of proportionate share of net pension liabilities and contributions, as listed 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 Township's basic financial statements. The accompanying combining and individual fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2022, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Gabridge & Company

Gabridge & Company, PLC

Traverse City, MI

December 23, 2022

Management's Discussion and Analysis

Township of Tuscarora
Management's Discussion and Analysis
June 30, 2022

As management of the Township of Tuscarora, Michigan (The “Township” or “government”) we offer readers of the Township’s financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,881,563 (net position). Of this amount, \$2,095,513 represents unrestricted net position, which may be used to meet the government’s ongoing obligations to citizens and creditors.
- The Township’s total net position increased \$820,006 during the year. Revenues showed a decrease across all Township funds during the year of \$170,132 and expenses for the Township decreased by \$1,170,547 from the prior fiscal year.
- At the close of the current fiscal year, the Township’s governmental funds reported combined fund balances of \$2,135,975, an increase of \$140,421 in comparison with the prior year. Approximately \$819,495, is available for spending at the government’s discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$819,495, or approximately 127% of total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Township’s basic financial statements. The Township’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Township’s assets, deferred outflows, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave and accrued interest on long-term debt).

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

The government-wide financial statements include not only the Township itself (known as the primary government), but also the legally separate Downtown Development Authority ("DDA") and Indian River Area Library ("Library"), for which the Township is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself. Financial statements for the DDA and Library can be located in the other supplemental information section of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, police fund, ARPA Fund, and the 2016 special assessment bonds debt retirement fund, which are considered to be major funds. Data

from the Fire fund, road capital projects fund, and street lighting fund are presented as a separate column as it is considered a nonmajor fund.

The Township adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund and each major special revenue fund has been provided to demonstrate compliance with these budgets.

Proprietary Funds. The Township maintains one type of proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprises funds to account for its sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the sewer operations. The sewer fund is considered to be a major fund of the Township.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The township reports one type of fiduciary fund, a *custodial fund*.

The *custodial fund* reports resources held by the Township in a custodial capacity for individuals, private organizations, and other governments.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Township's budgetary comparison schedules and the Townships pension plan schedules.

This report also presents other supplementary information which includes the nonmajor fund and component unit combining and individual statements. The combining statements are presented immediately following the required supplementary information on pensions.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,881,563, at the close of the most recent fiscal year.

Township of Tuscarora's Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
ASSETS						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 2,604,604	\$ 1,991,879	\$ 138,398	\$ 94,057	\$ 2,743,002	\$ 2,085,936
Accounts Receivable	-	1,032	50,263	46,177	50,263	47,209
Due from Other Governments	59,091	62,916	-	-	59,091	62,916
Total Current Assets	2,663,695	2,055,827	188,661	140,234	2,852,356	2,196,061
<i>Noncurrent Assets</i>						
Capital Assets, Net	3,342,450	3,489,418	5,407,492	5,537,293	8,749,942	9,026,711
Restricted Cash	-	-	342,986	342,466	342,986	342,466
Special Assessments	953,861	386,347	1,826,583	1,889,601	2,780,444	2,275,948
Total Assets	6,960,006	5,931,592	7,765,722	7,909,594	14,725,728	13,841,186
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related Deferred Outflows	298,274	110,601	-	-	298,274	110,601
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	256,157	9,831	9,852	7,409	266,009	17,240
Payroll Liabilities	32,560	50,442	-	-	32,560	50,442
Unearned Revenue	239,003	-	-	-	239,003	-
Accrued Interest Payable	5,893	7,723	7,840	8,116	13,733	15,839
Current Portion of Long-term Debt	226,000	218,000	63,000	63,000	289,000	281,000
Total Current Liabilities	759,613	285,996	80,692	78,525	840,305	364,521
<i>Noncurrent Liabilities</i>						
Compensated Absences	47,776	18,979	-	-	47,776	18,979
Long-term Debt	476,000	702,000	1,729,000	1,792,000	2,205,000	2,494,000
Net Pension Liability	797,211	845,478	-	-	797,211	845,478
Total Liabilities	2,080,600	1,852,453	1,809,692	1,870,525	3,890,292	3,722,978
DEFERRED INFLOWS						
Pension Related Deferred Inflows	252,147	167,252	-	-	252,147	167,252
NET POSITION						
Net Investment in Capital Assets	2,640,450	2,569,418	3,615,492	3,682,293	6,255,942	6,251,711
Restricted	2,187,122	1,229,544	342,986	342,466	2,530,108	1,572,010
Unrestricted	97,961	223,526	1,997,552	2,014,310	2,095,513	2,237,836
Total Net Position	\$ 4,925,533	\$ 4,022,488	\$ 5,956,030	\$ 6,039,069	\$ 10,881,563	\$ 10,061,557

A portion of the Township's net position, \$6,255,942, or 67.6%, reflects its investment in capital assets (e.g., land and land improvements, buildings and improvements, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position, \$2,530,108, or 23.3%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of

\$2,095,513, or 19.1%, is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

A summary of significant changes between June 30, 2021 and June 30, 2022 are as follows:

- The Township's governmental activities cash increased during the current year by \$612,725. This increase is due to operating results across all funds having growth in fund balance.
- Special assessments increased as there was a petition to fund certain road projects by the citizens.
- Unearned revenue increased by \$239,003 as a result of the Township not spending all of their ARPA funding as of year-end.

Governmental Activities. There were significant fluctuations in governmental activities revenues and expenses in the current year, governmental activities net position, in total, changed from the prior year increasing by \$903,045, while expenses decreased a total of \$1,170,547. Significant events leading to this change are highlighted as follows:

- Decrease in charges for services related due to fewer special assessments amongst other charges of \$379,975 and a decrease in expenses on public works of \$1,159,828.
- Increase in property tax revenues due to a typical increase in the taxable value of the Township.

Business-type Activities. Business-type activities decreased the Township's net position by \$83,039. Expenditures and revenues were both similar amounts to the prior year leading to a similar decrease.

Township of Tuscarora's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Revenue						
Program Revenues						
Charges for Services	\$ 866,940	\$ 1,246,915	\$ 156,991	\$ 148,641	\$ 1,023,931	\$ 1,395,556
Operating Grants and Contributions	289,276	332,723	-	-	289,276	332,723
<i>Total Program Revenues</i>	<i>1,156,216</i>	<i>1,579,638</i>	<i>156,991</i>	<i>148,641</i>	<i>1,313,207</i>	<i>1,728,279</i>
General Revenues						
Property Taxes	1,521,946	1,317,054	-	-	1,521,946	1,317,054
Intergovernmental	330,438	297,346	-	-	330,438	297,346
Interest Income	19,998	4,692	78,077	74,158	98,075	78,850
<i>Total General Revenues</i>	<i>1,872,382</i>	<i>1,619,092</i>	<i>78,077</i>	<i>74,158</i>	<i>1,950,459</i>	<i>1,693,250</i>
<i>Total Revenues</i>	<i>3,028,598</i>	<i>3,198,730</i>	<i>235,068</i>	<i>222,799</i>	<i>3,263,666</i>	<i>3,421,529</i>
Expenses						
General Government	380,650	373,062	-	-	380,650	373,062
Public Safety	1,188,530	1,250,156	-	-	1,188,530	1,250,156
Public Works	111,764	1,271,592	318,107	349,372	429,871	1,620,964
Community and Economic Development	-	614	-	-	-	614
Recreation and Culture	415,550	369,991	-	-	415,550	369,991
Interest on Long-term Debt	29,059	30,685	-	-	29,059	30,685
Loss on Sale of Asset	-	-	-	-	-	-
<i>Total Expenses</i>	<i>2,125,553</i>	<i>3,296,100</i>	<i>318,107</i>	<i>349,372</i>	<i>2,443,660</i>	<i>3,645,472</i>
Change in Net Position	903,045	(97,370)	(83,039)	(126,573)	820,006	(223,943)
Net Position at the Beginning of Period	4,022,488	4,119,858	6,039,069	6,165,642	10,061,557	10,285,500
Net Position at the End of Period	\$ 4,925,533	\$ 4,022,488	\$ 5,956,030	\$ 6,039,069	\$ 10,881,563	\$ 10,061,557

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Township itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Township's Board.

At June 30, 2022, the Township's governmental funds reported combined fund balances of \$2,135,975, an increase of \$140,421 in comparison with the prior year. Approximately 38.4% of this amount, \$819,495, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, assigned, or restricted* to indicate that it is: 1) restricted for particular purposes \$1,233,261 (57.7%) or 2) assigned for particular purposes, \$83,219 or 3.9%.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$819,495. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 127% of total general fund expenditures.

The fund balance of the Township's general fund increased by \$149,653 during the current fiscal year. The explanations for the change was provided in an earlier section of this report.

The police fund, a major fund, had a \$118,187 increase in fund balance during the current fiscal year which put the overall fund balance at \$693,396. The explanations for the change was provided in an earlier section of this report.

The 2016 Special Assessment Bonds Debt Retirement, a major fund, had a decrease of \$126,297 in the current fiscal year, for an overall fund balance of \$430,163.

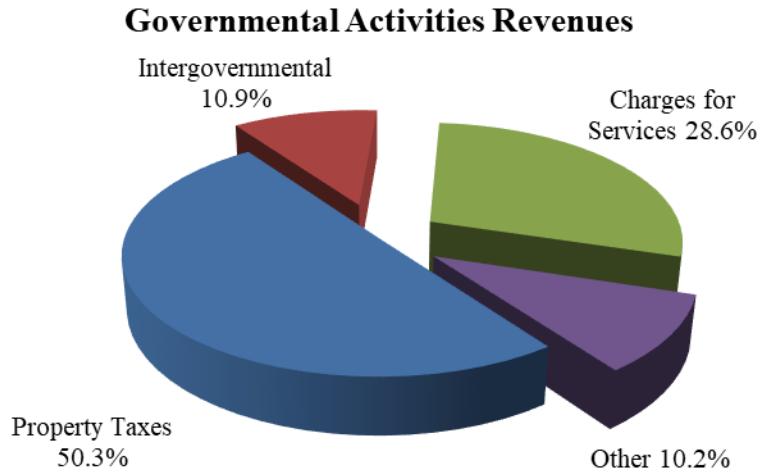
ARPA, a major fund, had no change in its fund balance for the year. It ended with a fund balance of \$0.

Proprietary Funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

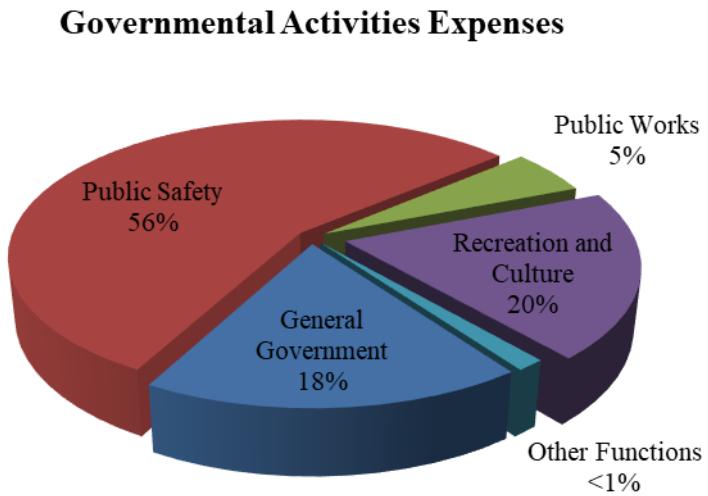
Unrestricted net position at the end of the year was \$1,997,552 for the sewer fund. The decrease in net position was \$83,039 for the sewer fund. A summary of the changes in the sewer fund net position can be found in the business-type activities paragraph found earlier in this report.

Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the Township for the most recent fiscal year end:



The following chart summarizes the expenses for the governmental activities of the Township for the most recent fiscal year end:



General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there were significant budget amendments.

Final budget compared to actual results. The Township had the following expenditures in excess of the amounts appropriated during the year ended June 30, 2022:

Function	Amended Budget	Actual	Unfavorable Variance
Township Board	\$ 104,580	\$ 109,710	\$ (5,130)

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$11,530,886 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, machinery, equipment, vehicles, park facilities, and sewer infrastructure.

More detailed information about the Township's capital assets can be found in Note 4.

Long-term Debt

As described in Note 6 to the financial statements, the Township had \$2,494,000 in long-term debt at the end of the fiscal year. The Township is well under its legal debt limit as of year-end.

Economic Condition and Outlook

Management estimates that \$800,000 of revenues will be available for appropriation in the general fund in the upcoming year. The Township continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2023, the Township plans again to use current revenues to provide essential services and to maintain the Township's financial reserves at similar levels. Property tax revenues are expected to change minimally reflecting fairly stable property values.

Contacting the Township

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

The Township of Tuscarora
3546 S Straits Highway
Indian River, MI 49749

Basic Financial Statements

Township of Tuscarora
Statement of Net Position
June 30, 2022

	Primary Government				Component Units	
	Governmental Activities	Business-type Activities	Total			
ASSETS						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 2,604,604	\$ 138,398	\$ 2,743,002	\$ 509,088		
Accounts Receivable	--	50,263	50,263		--	
Due from Other Governments	59,091	--	59,091		75,804	
Total Current Assets	2,663,695	188,661	2,852,356		584,892	
<i>Noncurrent Assets</i>						
Capital Assets not Being Depreciated	1,383,282	178,618	1,561,900		2,070,575	
Capital Assets Being Depreciated, Net	1,959,168	5,228,874	7,188,042		715,766	
Restricted Cash	--	257,339	257,339		--	
Restricted Cash - RRI	--	85,647	85,647		--	
Restricted Cash - Bond Reserve	--	--	--		13,200	
Investments - Endowment	--	--	--		5,675	
Special Assessments	953,861	1,826,583	2,780,444		--	
Total Assets	6,960,006	7,765,722	14,725,728		3,390,108	
DEFERRED OUTFLOWS OF RESOURCES						
Pension	298,274	--	298,274		--	
Total Deferred Outflows of Resources	298,274	--	298,274		--	
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	256,157	9,852	266,009		10,278	
Payroll Liabilities	32,560	--	32,560		3,579	
Unearned Revenue	239,003	--	239,003		--	
Accrued Interest	5,893	7,840	13,733		12,398	
Current Portion of Long-term Debt	226,000	63,000	289,000		28,000	
Total Current Liabilities	759,613	80,692	840,305		54,255	
<i>Noncurrent Liabilities</i>						
Net Pension Liability	797,211	--	797,211		--	
Compensated Absences	47,776	--	47,776		--	
Long-term Debt	476,000	1,729,000	2,205,000		1,351,000	
Total Liabilities	2,080,600	1,809,692	3,890,292		1,405,255	
DEFERRED INFLOWS OF RESOURCES						
Pension	252,147	--	252,147		--	
Total Deferred Inflows of Resources	252,147	--	252,147		--	
NET POSITION						
Net Investment in Capital Assets	2,640,450	3,615,492	6,255,942		1,407,341	
<i>Restricted for:</i>						
Nonspendable Endowment	--	--	--		5,675	
Debt Service	1,384,024	--	1,384,024		--	
Bond Reserve	--	--	--		13,200	
Repair, Replacement, Improvement	--	85,647	85,647		--	
Additional Residential Equivalent Units	--	257,339	257,339		--	
Police	693,396	--	693,396		--	
Fire Protection	454	--	454		--	
Lights	5,451	--	5,451		--	
Boat Launch Fees	103,783	--	103,783		--	
Capital Improvements	14	--	14		--	
Unrestricted	97,961	1,997,552	2,095,513		558,637	
Total Net Position	\$ 4,925,533	\$ 5,956,030	\$ 10,881,563		\$ 1,984,853	

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Tuscarora
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units	
		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	\$ 380,650	\$ 14,011	\$ 67,974	\$ --	\$ (298,665)	\$ --	\$ (298,665)	\$ --	
Public Safety	1,188,530	92,691	184,290	--	(911,549)	--	(911,549)	--	
Public Works	111,764	721,516	--	--	609,752	--	609,752	--	
Recreation and Culture	415,550	38,722	37,012	--	(339,816)	--	(339,816)	--	
Debt Service - Interest	29,059	--	--	--	(29,059)	--	(29,059)	--	
Total Governmental Activities	2,125,553	866,940	289,276	--	(969,337)	--	(969,337)	--	
Business-type Activities:									
Sewer	318,107	156,991	--	--	--	(161,116)	(161,116)	--	
Total Business-type Activities	318,107	156,991	--	--	--	(161,116)	(161,116)	--	
Total Primary Government	\$ 2,443,660	\$ 1,023,931	\$ 289,276	\$ --	\$ (969,337)	\$ (161,116)	\$ (1,130,453)	--	
Component Units									
DDA	\$ 102,463	\$ --	\$ 9,410	\$ --	--	--	--	(93,053)	
Indian River Area Library	189,627	5,558	41,322	--	--	--	--	(142,747)	
Total Component Units	\$ 292,090	\$ 5,558	\$ 50,732	\$ --	--	--	--	(235,800)	
General Purpose Revenues:									
Intergovernmental				330,438	--	330,438		52,347	
Property Taxes				1,521,946	--	1,521,946		259,548	
Interest Income				19,998	78,077	98,075		84	
Total General Revenues				1,872,382	78,077	1,950,459		311,979	
Change in Net Position				903,045	(83,039)	820,006		76,179	
<i>Net Position at Beginning of Period (Restated, See Note 11)</i>				4,022,488	6,039,069	10,061,557		1,908,674	
Net Position at End of Period				\$ 4,925,533	\$ 5,956,030	\$ 10,881,563		\$ 1,984,853	

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Tuscarora
Balance Sheet
Governmental Funds
June 30, 2022

	<u>Special Revenue</u>		<u>Debt Service</u>		<u>Capital Projects</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
			<u>2016 Special Assessment Bonds Debt Retirement</u>							
	<u>General</u>	<u>Police</u>	<u>ARPA</u>							
ASSETS										
Cash and Cash Equivalents	\$ 1,008,867	\$ 883,707	\$ 430,163	\$ 273,710	\$ 8,157	\$ 2,604,604				
Due from Other Governments	59,091	--	--	--	--	59,091				
Special Assessments	--	--	953,861	--	--	953,861				
<i>Total Assets</i>	\$ 1,067,958	\$ 883,707	\$ 1,384,024	\$ 273,710	\$ 8,157	\$ 3,617,556				
LIABILITIES										
Accounts Payable	\$ 48,560	\$ 170,652	\$ --	\$ 34,707	\$ 2,238	\$ 256,157				
Payroll Liabilities	12,901	19,659	--	--	--	32,560				
Unearned Revenue	--	--	--	239,003	--	239,003				
<i>Total Liabilities</i>	61,461	190,311	--	273,710	2,238	527,720				
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue	--	--	953,861	--	--	953,861				
<i>Total Liabilities and Deferred Inflows of Resources</i>	61,461	190,311	953,861	273,710	2,238	1,481,581				
FUND BALANCE										
Restricted	103,783	693,396	430,163	--	5,919	1,233,261				
Assigned	83,219	--	--	--	--	83,219				
Unassigned	819,495	--	--	--	--	819,495				
<i>Total Fund Balance</i>	1,006,497	693,396	430,163	--	5,919	2,135,975				
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	\$ 1,067,958	\$ 883,707	\$ 1,384,024	\$ 273,710	\$ 8,157	\$ 3,617,556				

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Tuscarora
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Funds	\$ 2,135,975
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.	(5,893)
General government capital assets of \$6,674,559, net of accumulated depreciation of \$3,332,109, are not financial resources and, accordingly, are not reported in the funds.	3,342,450
Compensated absences are not due in and payable in the current period and, therefore, are not reported in the funds.	(47,776)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,547,478)
are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.	94,394
Certain receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds.	953,861
Total Net Position - Governmental Activities	\$ 4,925,533

Township of Tuscarora
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	<u>Special Revenue</u>		<u>Debt Service</u>		<u>Capital Projects</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Police</u>	<u>2016 Special Assessment Bonds Debt</u>	<u>Retirement</u>	<u>ARPA</u>			
Revenues								
Property Taxes	\$ 356,258	\$ 1,165,688	\$ --	\$ --	\$ --	\$ --	\$ 209,176	\$ 1,521,946
Special Assessments	--	--	123,042	--	--	--	209,176	332,218
Intergovernmental	358,240	79,349	--	--	67,436	--	--	505,025
Charges for Services	50,932	13,844	--	--	--	--	--	64,776
Other	13,696	3,425	--	--	--	--	--	17,121
Interest Income	17,701	1,838	459	--	--	--	--	19,998
Total Revenues	796,827	1,264,144	123,501	67,436	67,436	209,176	209,176	2,461,084
Expenditures								
General Government	322,136	--	--	--	7,070	--	--	329,206
Public Safety	--	1,145,957	--	--	53,907	180,639	180,639	1,380,503
Public Works	65,387	--	909	--	--	29,659	29,659	95,955
Recreation and Culture	259,651	--	--	--	6,459	--	--	266,110
Debt Service - Principal	--	--	218,000	--	--	--	--	218,000
Debt Service - Interest	--	--	30,889	--	--	--	--	30,889
Total Expenditures	647,174	1,145,957	249,798	67,436	67,436	210,298	210,298	2,320,663
<i>Excess of Revenues Over (Under) Expenditures</i>								
<i>Net Change in Fund Balance</i>	149,653	118,187	(126,297)	--	--	(1,122)	(1,122)	140,421
<i>Fund Balance at Beginning of Period</i>	149,653	118,187	(126,297)	--	--	(1,122)	(1,122)	140,421
<i>Fund Balance at End of Period</i>	856,844	575,209	556,460	--	--	7,041	7,041	1,995,554
	\$ 1,006,497	\$ 693,396	\$ 430,163	\$ --	\$ --	\$ 5,919	\$ 5,919	\$ 2,135,975

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Tuscarora
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds	\$ 140,421
Governmental fund report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount of capital outlay expenditures of \$108,107 less depreciation expense of \$255,075.	(146,968)
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.	1,830
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.	(28,797)
Changes to the net pension liability and related pension deferrals are not shown in the fund financial statements.	151,045
Some receivables are long-term in nature and are collectible over several years. However, the current receipts are reflected as revenues on the fund statements.	567,514
Current year long-term debt principal payments on contractual obligations and bonds payable are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements.	218,000
Changes in Net Position - Governmental Activities	\$ <u>903,045</u>

Township of Tuscarora
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities - <u>Enterprise Funds</u>
	Sewer
ASSETS	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 138,398
Accounts Receivable	<u>50,263</u>
Total Current Assets	<u>188,661</u>
<i>Noncurrent Assets</i>	
Capital Assets not Being Depreciated	178,618
Capital Assets Being Depreciated, Net	5,228,874
Restricted Cash	257,339
Restricted Cash - RRI	85,647
Special Assessments	<u>1,826,583</u>
Total Assets	<u>7,765,722</u>
LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	9,852
Accrued Interest	7,840
Current Portion of Long-term Debt	<u>63,000</u>
Total Current Liabilities	<u>80,692</u>
<i>Noncurrent Liabilities</i>	
Long-term Debt	<u>1,729,000</u>
Total Liabilities	<u>1,809,692</u>
NET POSITION	
Net Investment in Capital Assets	3,615,492
<i>Restricted for:</i>	
Repair, Replacement, Improvement	85,647
Additional Residential Equivalent Units	257,339
<i>Unrestricted</i>	<u>1,997,552</u>
Total Net Position	<u>\$ 5,956,030</u>

Township of Tuscarora
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities -
	Sewer
Operating Revenues	
Charges for Services	\$ 156,740
Total Operating Revenues	156,740
Operating Expenses	
Professional Fees	83,963
Utilities	38,392
Supplies	7,017
Repairs and Maintenance	9,041
Insurance	1,475
Depreciation	129,801
Total Operating Expenses	269,689
Operating Income (Loss)	(112,949)
Non-Operating Revenues (Expenses)	
Interest Income	78,077
Miscellaneous Revenue	251
Interest Expense	(48,418)
Net Non-Operating Revenues (Expenses)	29,910
Change In Net Position	(83,039)
<i>Net Position at Beginning of Period</i>	6,039,069
Net Position at End of Period	\$ 5,956,030

**Township of Tuscarora
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022**

	<u>Business-type Activities - Enterprise Fund</u>
Cash Flows Used by Operating Activities	<u>Sewer</u>
Cash Received from Customers	\$ 215,672
Cash Payments to Suppliers for Goods and Services	(137,445)
<i>Net Cash Provided by Operating Activities</i>	<u>78,227</u>
Cash Flows from Non-capital and Related Financing Activities	
Miscellaneous Revenue	251
<i>Net Cash Provided by Non-capital and Related Financing Activities</i>	<u>251</u>
Cash Flows from Capital and Related Financing Activities	
Principal Paid	(63,000)
Interest Paid	(48,694)
<i>Net Cash Used by Capital and Related Financing Activities</i>	<u>(111,694)</u>
Cash Flows From Investing Activities	
Interest Income	78,077
<i>Net Cash Provided by Investing Activities</i>	<u>78,077</u>
<i>Net Decrease in Cash and Equivalents</i>	44,861
<i>Cash and Equivalents - Beginning of Year</i>	436,523
<i>Cash and Equivalents - End of Year</i>	<u>\$ 481,384</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ (112,949)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	129,801
Changes in Assets and Liabilities	
Accounts Receivable	(4,086)
Special Assessment Receivable	63,018
Accounts Payable	2,443
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 78,227</u>

Township of Tuscarora
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 1,444
<i>Total Assets</i>	<hr/> 1,444
LIABILITIES	
Due to Primary Government	<hr/> 1,444
<i>Total Liabilities</i>	<hr/> 1,444
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	<hr/> \$ --

Township of Tuscarora
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2022

	Custodial Fund
Additions	
Property Taxes Collected for Other Governments	\$ 6,968,329
<i>Total Additions</i>	<hr/> 6,968,329
Deductions	
Property Taxes Disbursed to Other Governments	6,968,329
<i>Total Deductions</i>	<hr/> 6,968,329
<i>Change in Net Position</i>	--
<i>Net Position at Beginning of Period</i>	<hr/> --
<i>Net Position at End of Period</i>	<hr/> \$ --

Township of Tuscarora
Combining Statement of Net Position
Component Units
June 30, 2022

	DDA	Indian River Area Library	Total Component Units
ASSETS			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 155,534	\$ 353,554	\$ 509,088
Due from Other Governments	56,558	19,246	75,804
Total Current Assets	212,092	372,800	584,892
<i>Noncurrent Assets</i>			
Capital Assets not Being Depreciated	2,070,575	--	2,070,575
Capital Assets Being Depreciated, Net	540,700	175,066	715,766
Restricted Cash - Bond Reserve	13,200	--	13,200
Investments - Endowment	--	5,675	5,675
Total Assets	2,836,567	553,541	3,390,108
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	1,096	9,182	10,278
Payroll Liabilities	--	3,579	3,579
Accrued Interest	12,398	--	12,398
Current Portion of Long-term Debt	28,000	--	28,000
Total Current Liabilities	41,494	12,761	54,255
<i>Noncurrent Liabilities</i>			
Long-term Debt	1,351,000	--	1,351,000
Total Liabilities	1,392,494	12,761	1,405,255
NET POSITION			
Net Investment in Capital Assets	1,232,275	175,066	1,407,341
<i>Restricted for:</i>			
Nonspendable Endowment	--	5,675	5,675
Bond Reserve	13,200	--	13,200
<i>Unrestricted</i>	198,598	360,039	558,637
Total Net Position	\$ 1,444,073	\$ 540,780	\$ 1,984,853

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Tuscarora
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2022

	DDA	Indian River Area Library	Total Component Units
Expenses			
Community and Economic Development	\$ 102,463	\$ --	\$ 102,463
Recreation and Culture	--	189,627	189,627
Total Expenses	102,463	189,627	292,090
Program Revenues			
Charges for services	--	5,558	5,558
Operating grants and contributions	9,410	41,322	50,732
Capital grants and contributions	--	--	--
Total Program Revenues	9,410	46,880	56,290
Net Program Revenues (Expenses)	(93,053)	(142,747)	(235,800)
General Revenue			
Property Taxes	83,431	176,117	259,548
Intergovernmental	--	52,347	52,347
Interest Income	37	47	84
Total General Revenues	83,468	228,511	311,979
Change in Net Position	(9,585)	85,764	76,179
<i>Net Position at Beginning of Period (Restated, See Note 11)</i>	<i>1,453,658</i>	<i>455,016</i>	<i>1,908,674</i>
Net Position at End of Period	\$ 1,444,073	\$ 540,780	\$ 1,984,853

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

Township of Tuscarora

Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

The financial statements of Tuscarora Township, Cheboygan County, Michigan (the “Township” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township’s accounting policies are described below.

Reporting Entity

Tuscarora Township is an unincorporated Township, which operates under a Supervisor Board form of government. The Township provides the following services: public safety, highways and streets, public improvements, sewer, and general administrative services. The Township has considered all potential component units in evaluating how to define the Township for financial reporting purposes. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement 61 of the Government Accounting Standards Board (GASB), *The Financial Reporting Entity*. The basic criteria includes the appointment of a voting majority of the governing board of the unit; legal separation of the Township and the component unit, fiscal independence of the unit, whether exclusion of the unit would make the Township’s financial statements misleading, and whether there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. There are two component units to be included in these statements.

Discretely Presented Component Units

Downtown Development Authority

The Downtown Development Authority, which was established pursuant to the provisions of Act 197 of 1975, as amended, is governed by the Township Supervisor and an eight-member board. The Authority may issue debt subject to the limitations set forth in the Act and is funded by a specified annual property tax capture of a portion of the Township and County levies which may only be used for activities within the downtown district. The Township also has the ability to significantly influence operations of the Downtown Development Authority. Complete financial statements for the component unit are not separately prepared.

Indian River Library

The Township Library, which was established pursuant to the provisions of Public Act 164 of 1877, as amended, is governed by a six-person Board of Directors elected through general elections. The Library may issue debt subject to the limitations set forth in the Act and is funded by an annual property tax levy and county penal fines. Complete financial statements for the component unit are not separately prepared.

Township of Tuscarora

Notes to the Financial Statements

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 the 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 and proprietary funds. 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. The fiduciary fund financial statements use the economic resources measurement focus, although the custodial funds do not have a measurement focus. 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 have been met.

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

Township of Tuscarora

Notes to the Financial Statements

Property taxes, intergovernmental revenue, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The **general fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The **police fund** accounts for revenues and expenditures directly attributable to police operations. Revenue is primarily generated from property taxes.

The **2016 Special Assessment Bonds Debt Retirement fund** accounts for revenues and expenditures directly attributable to the 2016 Special assessment debt. Revenue is primarily generated from special assessments.

The **Road Capital Project** accounts for revenues and expenditures directly attributable to road projects funded through the 2021 bond operations. Revenue is primarily generated from bond issuance.

The Township reports the following major proprietary fund:

The **sewer fund** accounts for the cost of collecting and treating wastewater. Revenues are primarily from service charges to customers, grants, and special assessments. These revenues are also used to pay principal and interest on revenue bonds which were used to finance improvements to the system.

Additionally, the government reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Debt service funds are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

Capital project funds account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

Custodial funds are used to account for assets held on behalf of outside parties, including other governments.

Township of Tuscarora

Notes to the Financial Statements

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 and other charges between the Township's sewer function and various other functions of the government. 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 *non-operating* 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 enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Equity

Cash and Cash Equivalents

The Township's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. Certificates of deposit are carried at cost plus accrued interest, since the original maturity dates are less than one year.

Investments

Investments consist of the Township's share in an external investment pool and are reported at fair value. This investment pool operates in a manner consistent with the Securities and Exchange Commission's Rule 2a(7) of the Investment Company Act of 1940.

Restricted Assets

Assets which are restricted for specified uses by bond debt requirements are classified as restricted assets. Liabilities payable for such restricted assets are separately classified.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts outstanding at June 30, 2019 were identified as being uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type

Township of Tuscarora

Notes to the Financial Statements

activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of five years. Such assets are valued at cost where historical records are available and at an estimated historical cost if purchased or constructed. Donated capital assets are recorded at replacement value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays of capital assets and improvement are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) of the primary government is computed using the straight-line method over the following estimated useful lives:

	Years
Land Improvements	15
Buildings and Improvements	10 - 40
Sewer Infrastructure	30 - 50
Vehicles, Machinery, and Equipment	5 - 10

The Township reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a current charge to income is recognized.

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Township of Tuscarora

Notes to the Financial Statements

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

Under terms of Township policies, eligible employees are granted vacation, sick, and compensatory time in varying amounts based on length of service. Sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have maturity, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. For new bond issuances of governmental funds after the implementation of GASB Statement No. 34 and all proprietary fund bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period that the bond was issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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 uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Township of Tuscarora

Notes to the Financial Statements

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance is essentially the difference between the assets and liabilities reported in governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the Township is bound to honor constraints on the specific purpose for which amounts can be spent.

1. Non-spendable fund balance (*inherently non-spendable*)
2. Restricted fund balance (*externally enforceable limitations on use*)
3. Committed fund balance (*self-imposed limitations on use*)
4. Assigned fund balance (*limitation resulting from intended use*)
5. Unassigned fund balance (*the residual classification of the general fund*)

Non-spendable and Restricted Funds - Non-spendable funds are those fund that cannot be spent because they are either (a) not in spendable form – inventories and prepaids - or (b) legally or contractually required to be maintained intact – long-term receivables.

Restricted funds are those funds that have constraints placed on their use by an external party or constitutional provisions or enabling legislations (grants, contributions, specific fee mandates). Non-spendable and Restricted Funds will be maintained and then summarized in the Township's annual financial report by the Township's financial staff.

Township of Tuscarora

Notes to the Financial Statements

Committed Funds - In order to commit fund balance, the Township Board, as the highest level of decision making authority, must pass a Resolution to Commitment funds for a specific purpose. These funds must be fully expended for their committed purpose. To make committed funds uncommitted, a new resolution must be passed by the Board. Action must be taken before the last day of the fiscal year to commit funds for that year.

Assigned Funds - Assigned funds are amounts that are constrained by the Township's intent to be used for specific purposes, but are neither restricted nor committed. These amounts can be "assigned" by the Township Supervisor, or his/her designee.

Minimum Unassigned Fund Balance - The Township is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The goal of the Township Board shall be to maintain a minimum unassigned fund balance of no less than 50% of General Fund expenditures. For purposes of this calculation, "expenditures" will be the annual budgeted expenditures less non-recurring capital expenditures.

If unassigned fund balance approaches a level that greatly exceeds 50% of expenditures, the Township Board will consider using unassigned fund balance for the following purposes: pay down future debt, transfer funds to a Capital Projects fund for future Capital improvements, and other future obligations of the Township.

Fund balance levels will be analyzed each fiscal year after the financial statement audit.

Property Tax Revenue Recognition

Property taxes are levied as of December 1 of each year and are due by February 15 of the following calendar year. Any amounts not received by February 28 are added to the County tax rolls. The Township receives 100% payment for the delinquent taxes by June 30. The Township bills and collects its own property taxes and also taxes for other governmental units. Collections of the other governmental units' taxes and remittance of them to the units are accounted for in the tax collection fund (a fiduciary fund).

The taxable value of the Township totaled 255,634,503, on which ad valorem taxes consisted of .9922 mills for the Township's operating purposes, .01170 mills for lights, .7320 mills for the fire protection, 4.7300 mills for police protection, and .2913 mills for the component unit library operations.

Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers.

Township of Tuscarora

Notes to the Financial Statements

Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the Township.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary and Budgetary Accounting

All governmental funds are under formal budgetary control. Budgets shown in the financial statements as "GAAP Basis" are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget approved and amended by the Township Board. Budgets are adopted on the activity level and control is exercised on that same level.

Note 2 – Statutory Compliance

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. Budgetary control is exercised at the activity level in the general fund and the functional level in other funds.

The Township had the following expenditures in excess of the amounts appropriated during the year ended June 30, 2022:

Function	Amended Budget		Unfavorable Variance	
	Township Board	\$ 104,580	\$ 109,710	\$ (5,130)

Note 3 - Cash and Investments

The captions on the government-wide and fund statements relating to cash and investments are as follows:

Statement of Net Position	Governmental Activities	Business-type Activities	Primary Government	Component Units	Fiduciary Fund
Cash and Cash Equivalents	\$ 2,604,603	\$ 138,398	\$ 2,743,001	\$ 509,088	\$ 1,444
Restricted Cash	-	342,986	342,986	13,200	-
Investments - Endowment	-	-	-	5,675	-
Total Deposits and Investments	\$ 2,604,603	\$ 481,384	\$ 3,085,987	\$ 527,963	\$ 1,444

Township of Tuscarora

Notes to the Financial Statements

These deposits are held in three financial institutions, both of which are located in Michigan. State policy limits the Treasurer's investing options as described in detail below. All accounts are in the name of the Township and a specific fund or common account. Deposits and investments are recorded in Township records at fair value. Interest is recorded when earned.

Deposits and Investments

Checking and Savings Accounts	\$ 3,609,574
Investments	5,675
Cash on Hand	145
Total Deposits and Investments	<u>\$ 3,615,394</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be returned. State law does not require, and the Township does not have, a policy for deposit custodial credit risk. As of year-end, \$2,829,130 of the Township's bank balance of \$3,579,130, was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurances, the Township believes it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Statutory Authority

State statutes authorize the Township to invest in:

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

Township of Tuscarora

Notes to the Financial Statements

g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Fair Value Measurement

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Township has the following recurring fair value measurements as of June 30, 2022:

- All investments held at the Community Foundation of Northeast Michigan, with a balance of \$82,383 at June 30, 2022, are valued using Level 2 inputs.

Note 4 - Capital Assets

Capital asset activities for governmental activities for the year ended June 30, 2022 were as follows:

Governmental Activities	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets not being Depreciated				
Land	\$ 1,383,282	\$ -	\$ -	\$ 1,383,282
Capital Assets being Depreciated				
Land Improvements	2,643,467	-	-	2,643,467
Buildings and Improvements	1,913,505	-	(2,000)	1,911,505
Vehicles	194,330	81,992	(57,643)	218,679
Equipment	607,701	26,115	(116,190)	517,626
Subtotal	5,359,003	108,107	(175,833)	5,291,277
Less Accumulated Depreciation				
Land Improvements	1,723,069	133,057	-	1,856,126
Buildings and Improvements	973,885	66,373	(2,000)	1,038,258
Vehicles	134,842	22,061	(57,643)	99,260
Equipment	421,071	33,584	(116,190)	338,465
Subtotal	3,252,867	255,075	(175,833)	3,332,109
Capital Assets being Depreciated, Net	2,106,136	(146,968)	-	1,959,168
<i>Capital Assets, Governmental Activities</i>	<i>\$ 3,489,418</i>	<i>\$ (146,968)</i>	<i>\$ -</i>	<i>\$ 3,342,450</i>

Township of Tuscarora

Notes to the Financial Statements

Capital asset activities for business-type activities for the year ended June 30, 2022 were as follows:

Business-type Activities	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets not being Depreciated				
Land	\$ 178,618	\$ -	\$ -	\$ 178,618
Capital Assets being Depreciated				
Sewer System	5,945,091	-	-	5,945,091
Machinery and Equipment	58,660	-	-	58,660
Subtotal	<u>6,003,751</u>	<u>-</u>	<u>-</u>	<u>6,003,751</u>
Less Accumulated Depreciation				
Sewer System	624,607	124,999	-	749,606
Machinery and Equipment	20,469	4,802	-	25,271
Subtotal	<u>645,076</u>	<u>129,801</u>	<u>-</u>	<u>774,877</u>
Capital Assets being Depreciated, Net	<u>5,358,675</u>	<u>(129,801)</u>	<u>-</u>	<u>5,228,874</u>
<i>Capital Assets, Business-type Activities</i>	<u>\$ 5,537,293</u>	<u>\$ (129,801)</u>	<u>\$ -</u>	<u>\$ 5,407,492</u>

Capital asset activities for the component unit activities for the year ended June 30, 2022 were as follows:

Component Unit - DDA	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets not being Depreciated				
Land Improvements - CIP	\$ 1,864,575	\$ 206,000	\$ -	\$ 2,070,575
Capital Assets being Depreciated				
Land Improvements	737,067	-	-	737,067
Less Accumulated Depreciation				
Land Improvements	165,996	30,371	-	196,367
<i>Capital Assets, DDA</i>	<u>\$ 2,435,646</u>	<u>\$ 175,629</u>	<u>\$ -</u>	<u>\$ 2,611,275</u>

Township of Tuscarora

Notes to the Financial Statements

Component Unit - Indian River Area Library	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets being Depreciated				
Books and Periodicals	\$ 239,347	\$ 9,800	\$ 17,623	\$ 266,770
Buildings and Improvements	74,113	-	-	74,113
Equipment	<u>188,887</u>	-	-	188,887
Subtotal	<u>502,347</u>	<u>9,800</u>	<u>17,623</u>	<u>529,770</u>
Less Accumulated Depreciation				
Books and Periodicals	158,521	15,830	17,623	191,974
Buildings and Improvements	19,286	6,126	-	25,412
Equipment	<u>133,067</u>	<u>4,251</u>	<u>-</u>	<u>137,318</u>
Subtotal	<u>310,874</u>	<u>26,207</u>	<u>17,623</u>	<u>354,704</u>
Capital Assets, Indian River Area Library	<u>\$ 191,473</u>	<u>\$ (16,407)</u>	<u>\$ -</u>	<u>\$ 175,066</u>

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

Governmental Activities

General Government	\$ 51,444
Public Safety	28,589
Public Works	28,609
Recreation and Culture	<u>146,433</u>
Total	<u>\$ 255,075</u>

Business-type Activities

Sewer Fund	<u>\$ 129,801</u>
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Discretely Presented Component Units

Tuscarora Township DDA

Community and Economic Development	\$ 30,371
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Indian River Area Library

Recreation and Culture	<u>26,207</u>
Total	<u>\$ 56,578</u>

Township of Tuscarora

Notes to the Financial Statements

Note 5 - Interfund Receivables and Payables

The Township have no interfund balances or transfers for the 2022 fiscal year.

Note 6 - Long-term Debt

Long-term debt activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2020 Special Assessment bonds - Wahbee and Chippewa	\$ 920,000	\$ -	\$ (218,000)	\$ 702,000	\$ 226,000
Compensated Absences	18,979	28,797	-	47,776	-
Total Governmental Activities:	938,979	28,797	(218,000)	749,776	226,000
Business-type Activities:					
2014 Sewer Special Assessment Bonds used to finance sewer project. \$2,411,000 at 2.625% Interest. Payments to be made through 2052.	1,855,000	-	(63,000)	1,792,000	63,000
Total Primary Government Long-term Debt:	\$ 2,252,001	\$ 28,797	\$ (281,000)	\$ 2,541,776	\$ 289,000
Component Unit - DDA					
Tax Increment Revenue Bond, Series 2020B (Taxable)	\$ 350,000	\$ -	\$ (5,000)	\$ 345,000	\$ 6,000
Tax Increment Revenue Bond, Series 2020A (Taxable)	850,000	206,000	(22,000)	1,034,000	22,000
Total Component Unit - DDA:	\$ 1,200,000	\$ 206,000	\$ (27,000)	\$ 1,379,000	\$ 28,000

The annual requirements, excluding accrued employee benefits, to maturity on the total long-term debt obligations outstanding at June 30, 2022 are as follows:

Year Ending	Governmental Activities			
	June 30	Principal	Interest	Total
2023	\$ 226,000	\$ 23,570	\$ 249,570	
2024	234,000	15,982	249,982	
2025	242,000	8,125	250,125	
Totals	\$ 702,000	\$ 47,677	\$ 749,677	

Township of Tuscarora

Notes to the Financial Statements

Year Ending June 30	Business-type Activities			Total
	Principal	Interest		
2023	\$ 63,000	\$ 51,713		\$ 114,713
2024	63,000	50,059		113,059
2025	63,000	48,405		111,405
2026	60,000	46,830		106,830
2027	62,000	45,203		107,203
2028-2032	315,000	201,206		516,206
2033-2037	316,000	159,836		475,836
2038-2042	320,000	117,994		437,994
2043-2047	320,000	75,994		395,994
2048-2051	210,000	31,605		241,605
Totals	\$ 1,792,000	\$ 828,844		\$ 2,620,844

Year Ending June 30	Component Unit - DDA*		
	Principal	Interest	Total
2023	\$ 6,000	\$ 7,628	\$ 13,628
2024	6,000	7,493	13,493
2025	6,000	7,358	13,358
2026	6,000	7,223	13,223
2027	6,000	7,088	13,088
2028-2032	33,000	33,278	66,278
2033-2037	36,000	29,340	65,340
2038-2042	41,000	24,953	65,953
2043-2047	46,000	20,003	66,003
2048-2052	51,000	14,490	65,490
2053-2057	57,000	8,370	65,370
2058-2061	51,000	1,800	52,800
Totals	\$ 345,000	\$ 169,020	\$ 514,020

*Downtown Development Authority excludes \$977,442 of principal repayments for the 2020A Revenue Bond as the bond is actively being drawn upon for ongoing projects. Repayment schedules will be established when the project and bond amounts are finalized.

Township of Tuscarora

Notes to the Financial Statements

Note 7 - Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees (workers' compensation); and natural disasters. During the year ended June 30, 2022, the Township carried commercial insurance to cover all risks of loss. The Township has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years. There was no significant change in coverage during the year.

Note 8 - Defined Benefit Pension Plan

Plan Description

Benefits Provided

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Retirement benefits for employees are calculated as follows:

Division	Benefit Multiplier	Employee Contributions	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
Police	2.50%	0.00%	80%	5	60	55/20	50/25 or 55/15	10

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Township Board of Trustees, generally after negotiations of these terms with the affected unions.

Employees Covered by Benefit Terms

At the December 31, 2021 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	9
<i>Total employees covered by MERS</i>	<u>14</u>

Township of Tuscarora

Notes to the Financial Statements

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members 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.

For the year ended December 31, 2021, the Township had the following contribution rates:

Division	Employer Contributions	Employee Contributions
Police	24.15%	0.00%

Net Pension Liability

The net pension liability reported at June 30, 2022 was determined using a measure of the total pension liability and the pension net position as of December 31, 2021. The December 31, 2021 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 3,052,947	\$ 2,207,469	\$ 845,478
Service cost	72,855	-	72,855
Interest	231,313	-	231,313
Difference between expected and actual experience	(25,946)	-	(25,946)
Changes in assumptions	142,317	-	142,317
Contributions - employer	-	156,515	(156,515)
Net investment income	-	315,916	(315,916)
Benefit payments, including refunds	(91,572)	(91,572)	-
Administrative expenses	-	(3,625)	3,625
Net changes	328,967	377,234	(48,267)
Balance at December 31, 2021	\$ 3,381,914	\$ 2,584,703	\$ 797,211

Net pension liabilities are generally liquidated by the general and police fund within governmental activities.

Township of Tuscarora

Notes to the Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the Township recognized pension expense of \$86,868. At June 30, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 177,760
Net difference in experience	- 74,387	
Net difference in assumptions	133,111	-
Employer contributions to the plan subsequent to the measurement date *	165,163	-
<i>Totals</i>	<i>\$ 298,274</i>	<i>\$ 252,147</i>

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

Year Ended	
June 30	Amount
2023	\$ (17,382)
2024	(58,316)
2025	(37,450)
2026	(5,888)

Actuarial Assumptions

The total pension liability in the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.00% plus merit and longevity: 3.00% in the long-term

Investment Rate of Return: 7.00%, net of investment and administrative 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 3.00-4.00%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

Township of Tuscarora

Notes to the Financial Statements

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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 of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term			
		Long-Term Expected Gross Return	Expected Gross Return Contribution	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%
Totals	100.00%		7.00%		4.50%

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 plan's 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 7.25 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
Net pension liability of the Township	\$ 1,255,660	\$ 797,211	\$ 412,230

Township of Tuscarora

Notes to the Financial Statements

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued plan financial statements.

Significant Changes to the Pension Valuation

At the February 27, 2020, board meeting, the MERS Retirement Board adopted demographic assumptions effective with the December 31, 2020, annual actuarial valuation, which will impact contributions beginning in 2022. A 5-year experience study analyzing historical experience from 2014 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions resulting from the experience study have been approved by the MERS Retirement Board and are effective beginning with the December 31, 2020, actuarial valuation, first impacting 2022 contributions.

Note 9 - Subsequent Events

Subsequent events have been evaluated through December 23, 2022, the date the financial statements were available to be issued. No significant subsequent events were noted.

Note 10 – USDA Restricted Cash

A portion of the restricted cash in the sewer fund is required by the United States Department of Agriculture - Rural Development (the “USDA”) to be maintained at levels consistent with the Township’s bond agreements. Repair, Replacement, and Improvement account funds may be used for the repair, replacement, and improvement of the Township’s sewer system. Restricted cash related to USDA bonds consists of the following:

<u>Business-type Activities</u>	June 30, 2022		June 30, 2021	
	Required Balance	Actual Balance	Actual Balance	
<i>Repair, Replacement, and Improvement</i>				
2014 Issue, \$10,693 per year	\$ 85,544	\$ 85,647	\$ 74,851	
<hr/>				
<u>Component Unit - DDA</u>				
<i>Bond Reserve</i>				
2021 Issue, \$6,600 per year	\$ 13,200	\$ 13,200	\$ 6,600	

Township of Tuscarora

Notes to the Financial Statements

The variance from required balance to actual is due to expenditures from that account that have been authorized by the USDA.

Note 11 – Prior Period Adjustment

A prior period adjustment had to be made as construction in process expenditures were found in fiscal year 2022 that pertain to fiscal year 2021. See below for the effect on fund balance and net position:

	Component	Units
Fund Balance/Net Position as of June 30, 2021, as reported		
Streetscape - CIP	\$ 1,537,907	
	370,767	
Fund Balance/Net Position as of June 30, 2021, as restated		<u>\$ 1,908,674</u>

Required Supplementary Information

Township of Tuscarora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 358,890	\$ 358,890	\$ 356,258	\$ (2,632)
Intergovernmental	341,000	341,000	358,240	17,240
Charges for Services	38,900	38,900	50,932	12,032
Other	4,000	4,000	13,696	9,696
Interest Income	5,100	5,100	17,701	12,601
Total Revenues	747,890	747,890	796,827	48,937
Expenditures				
General Government				
Township Board	104,580	104,580	109,710	(5,130)
Supervisor	79,532	64,482	26,664	37,818
Clerk	41,632	42,232	37,270	4,962
Board of Review	2,385	2,385	2,088	297
Treasurer	41,040	41,040	37,468	3,572
Assessor	97,350	97,350	80,725	16,625
Cemetery	15,250	22,250	18,232	4,018
Elections	12,450	12,450	5,635	6,815
Building and Grounds	27,100	27,100	13,412	13,688
Other	6,000	11,200	10,168	1,032
Total General Government	427,319	425,069	341,372	83,697
Public Works				
Roads	140,000	140,000	45,308	94,692
Sanitation	1,000	3,250	821	2,429
Airport	22,000	22,000	19,258	2,742
Total Public Works	163,000	165,250	65,387	99,863
Community and Economic Development				
Community and Economic Development - Planning	2,600	2,600	--	2,600
Recreation and Culture				
Recreation and Culture - Parks	180,450	180,450	166,188	14,262
Recreation and Culture - Boat Launch	110,300	138,650	93,463	45,187
Total Recreation and Culture	290,750	319,100	259,651	59,449
Total Expenditures	883,669	912,019	666,410	245,609
Other Financing Uses				
Transfers Out	25,000	25,000	--	25,000
Total Expenditures and Other Financing Uses	908,669	937,019	666,410	270,609
Excess (Deficiency) of Revenues				
Over Expenditures and Other Uses	(160,779)	(189,129)	130,417	319,546
Net Change in Fund Balance	(160,779)	(189,129)	130,417	319,546
Fund Balance at Beginning of Period	856,844	856,844	856,844	--
Fund Balance at End of Period	\$ 696,065	\$ 667,715	\$ 987,261	\$ 319,546

Township of Tuscarora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Police
For the Year Ended June 30, 2022

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Final		
Revenues					
Property Taxes	\$ 1,169,456	\$ 1,169,456	\$ 1,165,688	\$ (3,768)	
Penal Fines	--	--	654	654	
Intergovernmental	77,628	77,628	79,349	1,721	
Charges for Services	9,573	9,573	13,190	3,617	
Other	--	--	3,425	3,425	
Interest Income	500	500	1,838	1,338	
Total Revenues	1,257,157	1,257,157	1,264,144	6,987	
Expenditures					
Public Safety - Police	1,169,095	1,169,095	1,145,957	23,138	
Total Expenditures	1,169,095	1,169,095	1,145,957	23,138	
<i>Excess (Deficiency) of Revenues</i>					
<i>Over Expenditures</i>	88,062	88,062	118,187	30,125	
<i>Net Change in Fund Balance</i>	88,062	88,062	118,187	30,125	
<i>Fund Balance at Beginning of Period</i>	575,209	575,209	575,209	--	
Fund Balance at End of Period	\$ 663,271	\$ 663,271	\$ 693,396	\$ 30,125	

Township of Tuscarora
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Eight Plan Years *

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 72,855	\$ 61,954	\$ 60,668	\$ 58,652	\$ 51,118	\$ 70,378	\$ 66,338	\$ 64,795
Interest	231,313	214,240	205,578	193,122	181,306	207,567	186,965	172,980
Changes in Benefit Terms	-	-	-	-	-	(409,343)	-	-
Differences Between Expected and Actual Experience	(25,946)	(70,459)	(17,990)	(10,676)	(3,609)	(103,865)	21,040	-
Changes in Assumptions **	142,317	102,416	87,087	-	-	-	133,816	-
Other	-	-	(1)	(1)	-	-	-	-
Benefit Payments, Including Refunds	(91,572)	(86,354)	(87,166)	(85,645)	(84,124)	(82,603)	(81,082)	(56,969)
Net Change in Pension Liability	328,967	221,797	248,176	155,452	144,691	(317,866)	327,077	180,806
Total Pension Liability - Beginning	3,052,947	2,831,150	2,582,974	2,427,522	2,282,831	2,600,697	2,273,620	2,092,814
Total Pension Liability - Ending (a)	\$ 3,381,914	\$ 3,052,947	\$ 2,831,150	\$ 2,582,974	\$ 2,427,522	\$ 2,282,831	\$ 2,600,697	\$ 2,273,620
Plan Fiduciary Net Position								
Contributions - Employer	\$ 156,515	\$ 120,877	\$ 113,787	\$ 100,545	\$ 92,739	\$ 86,165	\$ 91,211	\$ 93,992
Contributions - Member	-	-	-	-	-	5,905	15,816	14,615
Net Investment Income	315,916	255,048	229,342	(69,017)	202,446	156,459	(20,972)	79,029
Benefit Payments, Including Refunds	(91,572)	(86,354)	(87,166)	(85,645)	(84,124)	(82,603)	(81,082)	(56,969)
Administrative Expenses	(3,625)	(3,924)	(3,952)	(3,378)	(3,200)	(3,084)	(3,002)	(2,925)
Other	-	-	-	(2)	-	-	-	-
Net Change in Plan Fiduciary Net Position	377,234	285,647	252,011	(57,497)	207,861	162,842	1,971	127,742
Plan Fiduciary Net Position - Beginning	2,207,469	1,921,822	1,669,811	1,727,308	1,519,447	1,356,605	1,354,634	1,226,892
Plan Fiduciary Net Position - Ending (b)	\$ 2,584,703	\$ 2,207,469	\$ 1,921,822	\$ 1,669,811	\$ 1,727,308	\$ 1,519,447	\$ 1,356,605	\$ 1,354,634
Net Pension Liability - Ending (a) - (b)	\$ 797,211	\$ 845,478	\$ 909,328	\$ 913,163	\$ 700,214	\$ 763,384	\$ 1,244,092	\$ 918,986
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.4%	72.3%	67.9%	64.6%	71.2%	66.6%	52.2%	59.6%
Covered Payroll	\$ 572,311	\$ 569,954	\$ 562,258	\$ 545,997	\$ 467,843	\$ 465,158	\$ 451,893	\$ 441,383
Net Pension Liability as a Percentage of Covered Payroll	139.3%	148.3%	161.7%	167.2%	149.7%	164.1%	275.3%	208.2%

Notes to Schedule:

* Built prospectively upon implementation on GASB Statement No.68. An additional year will be added each year until ten years are presented.

**The following were significant changes to economic and demographic assumptions:

2015 valuation - The investment rate of return assumption was reduced from 8.25% to 8.0%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.0-4.0% to 3.25%, and the mortality assumption was updated to be based on the RP-2014 tables.

2019 valuation - The investment rate of return assumption was reduced from 8.00% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.

2020 valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.

2021 valuation - The investment rate of return assumption was reduced from 7.60% to 7.25%.

Township of Tuscarora
Required Supplementary Information
Schedule of Contributions
Last Eight Fiscal Years *

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 137,913	\$ 123,172	\$ 113,787	\$ 100,545	\$ 92,739	\$ 86,165	\$ 61,855	\$ 93,992
Contributions in Relation to the Actuarially Determined Contribution	<u>237,913</u>	<u>123,172</u>	<u>113,787</u>	<u>100,545</u>	<u>92,739</u>	<u>86,165</u>	<u>61,855</u>	<u>93,992</u>
Contribution Deficiency (Excess)	<u><u>\$ (100,000)</u></u>	<u><u>\$ -</u></u>						
Covered Payroll	571,069	572,894	562,258	545,997	467,843	465,158	451,893	441,383
Contributions as a Percentage of Covered Payroll	41.7%	21.5%	20.2%	18.4%	19.8%	18.5%	13.7%	21.3%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is the year prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of pay, open
Remaining amortization period	17 years
Asset valuation method	5 Years; Smoothed
Inflation	2.50%
Salary increases	3.00% in the Long-term
Investment rate of return	7.00%, Net of Investment Expense, including Inflation
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 and Fully Generational MP-2019

** Built prospectively upon implementation on GASB 68*

OTHER SUPPLEMENTARY INFORMATION

Township of Tuscarora
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Street Lighting	Fire Fund	Road Capital Projects		
ASSETS					
Cash and Cash Equivalents	\$ 7,689	\$ 454	\$ 14		\$ 8,157
<i>Total Assets</i>	\$ 7,689	\$ 454	\$ 14		\$ 8,157
LIABILITIES					
Accounts Payable	\$ 2,238	\$ --	\$ --		\$ 2,238
<i>Total Liabilities</i>	2,238	--	--		2,238
FUND BALANCE					
Restricted		5,451	454	14	5,919
Unassigned	--	--	--	--	--
<i>Total Fund Balance</i>	5,451	454	14		5,919
<i>Total Liabilities and Fund Balance</i>	\$ 7,689	\$ 454	\$ 14		\$ 8,157

Township of Tuscarora
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Street Lighting	Fire Fund	Road Capital Projects		
Revenues					
Special Assessments	\$ 28,813	\$ 180,363	\$ --		\$ 209,176
Total Revenues	28,813	180,363	--		209,176
Expenditures					
Public Safety	--	180,639	--		180,639
Public Works	29,659	--	--		29,659
Total Expenditures	29,659	180,639	--		210,298
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(846)</i>	<i>(276)</i>	<i>--</i>		<i>(1,122)</i>
<i>Net Change in Fund Balance</i>	<i>(846)</i>	<i>(276)</i>	<i>--</i>		<i>(1,122)</i>
<i>Fund Balance at Beginning of Period</i>	6,297	730	14		7,041
Fund Balance at End of Period	\$ 5,451	\$ 454	\$ 14		\$ 5,919

Indian River Library
Statement of Net Position
June 30, 2022

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 353,554
Due from Other Governments	19,246
Total Current Assets	372,800

Noncurrent Assets

Capital Assets being Depreciated, Net	175,066
Investments - Endowment	5,675
Total Assets	553,541

LIABILITIES

Current Liabilities

Accounts Payable	9,182
Payroll Liabilities	3,579
Total Liabilities	12,761

NET POSITION

Investment in Capital Assets	175,066
<i>Restricted for:</i>	
Nonspendable - Endowment	5,675
<i>Unrestricted</i>	
Total Net Position	\$ 540,780

**Indian River Library
Statement of Activities
For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	
Recreation and Culture	\$ 189,627	\$ 5,558	\$ 41,322	\$ --	\$ (142,747)
Total	\$ 189,627	\$ 5,558	\$ 41,322	\$ --	\$ (142,747)
General Purpose Revenues:					
Interest Income					47
State Sources					4,063
Penal Fines					48,284
Property Taxes					176,117
Total General Revenues					228,511
Change in Net Position					
<i>Net Position at Beginning of Period, Restated</i>					
<i>See Note 11</i>					
Net Position at End of Period					\$ 455,016
					\$ 540,780

**Indian River Library
Balance Sheet
Governmental Fund
June 30, 2022**

	General
ASSETS	
Cash and Cash Equivalents	\$ 353,554
Due from Other Governments	19,246
Investments - Endowment	5,675
Total Assets	\$ 378,475
LIABILITIES	
Accounts Payable	\$ 9,182
Payroll Liabilities	3,579
Total Liabilities	12,761
FUND BALANCE	
Nonspendable	5,675
Unassigned	360,039
Total Fund Balance	365,714
Total Liabilities and Fund Balance	\$ 378,475

Indian River Library
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Fund	\$ 365,714
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This represents capital assets of \$529,770 net of accumulated depreciation of \$354,704.	175,066
Total Net Position - Governmental Activities	\$ <u>540,780</u>

Indian River Library
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2022

	General
Revenues	
Property Taxes	\$ 176,117
Penal Fines	48,284
State Sources	4,063
Grants and Contributions	41,322
Charges for Services	3,876
Fines	583
Interest Income	47
Other Revenues	1,099
Total Revenues	275,391
Expenditures	
Salaries and Wages	79,609
Fringe Benefits	1,730
Postage	4,036
Supplies	19,909
Repairs and Maintenance	3,346
Utilities	9,340
Contracted Services	9,224
Printing and Publishing	7,637
Telephone	2,508
Other Expenditures	35,881
Total Expenditures	173,220
Excess of Revenues Over (Under) Expenditures	102,171
Net Change in Fund Balance	102,171
<i>Fund Balance at Beginning of Period, Restated See Note 11</i>	263,543
Fund Balance at End of Period	\$ 365,714

Indian River Library
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Fund	\$ 102,171
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives as depreciation expense. This is the amount by which current year depreciation expense of \$26,207 is in excess of capital outlay expenditures of \$9,800.

(16,407)

Changes in Net Position - Governmental Activities	\$ <u>85,764</u>
--	-------------------------

Township of Tuscarora DDA
Statement of Net Position
June 30, 2022

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 155,534
Grants Receivable	56,558
Total Current Assets	212,092

Noncurrent Assets

Restricted Cash - Bond Reserve	13,200
Capital Assets not being Depreciated	2,070,575
Capital Assets being Depreciated, Net	540,700
Total Assets	2,836,567

LIABILITIES

Current Liabilities

Accounts Payable	1,096
Interest Payable	12,398
Current Portion of Long-term Debt	28,000
Total Current Liabilities	41,494

Noncurrent Liabilities

Long-term Debt	1,351,000
Total Liabilities	1,392,494

NET POSITION

Net Investment in Capital Assets	1,232,275
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Restricted for:

Bond Reserve	13,200
Total Net Position	198,598

\$ 1,444,073

Township of Tuscarora DDA
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	
Community and Economic Development	\$ 102,463	\$ --	\$ 9,410	\$ --	\$ (93,053)
Total	\$ 102,463	\$ --	\$ 9,410	\$ --	\$ (93,053)
General Purpose Revenues:					
Interest					37
Property Taxes					83,431
Total General Revenues					83,468
Change in Net Position					(9,585)
<i>Net Position at Beginning of Period, Restated</i>					
<i>See Note 11</i>					
Net Position at End of Period					\$ 1,453,658
					\$ 1,444,073

Township of Tuscarora DDA
Balance Sheet
Governmental Fund
June 30, 2022

	General
ASSETS	
Cash and Cash Equivalents	\$ 155,534
Grants Receivable	56,558
Restricted Cash - Bond Reserve	13,200
<i>Total Assets</i>	<u>\$ 225,292</u>
LIABILITIES	
Accounts Payable	\$ 1,096
<i>Total Liabilities</i>	<u>1,096</u>
FUND BALANCE	
Restricted	13,200
Unassigned	210,996
<i>Total Fund Balance</i>	<u>224,196</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 225,292</u>

Township of Tuscarora DDA
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Fund	\$ 224,196
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This represents capital assets with a cost of \$2,807,642, net of accumulated depreciation of \$196,367.	2,611,275
Certain liabilities, such as bonds payable, are not due the current period and, therefore, are not reported in the funds.	(1,379,000)
Interest is recorded as an expense when incurred in the government-wide financial statements. However, it is not a current obligation and, accordingly, is reported as an expenditure when paid in the fund financial statements. This represents accrued interest as of year-end.	(12,398)
Total Net Position - Governmental Activities	\$ 1,444,073

Township of Tuscarora DDA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2022

	General
Revenues	
Property Taxes	\$ 83,431
Other Revenues	9,410
Interest	37
Total Revenues	92,878
Expenditures	
Community and Economic Development	292,694
Total Expenditures	292,694
Excess of Revenues Over (Under) Expenditures	(199,816)
Other Financing Sources (Uses)	
Bond Proceeds	206,000
Net Other Financing Sources (Uses)	206,000
Net Change in Fund Balance	6,184
<i>Fund Balance at Beginning of Period, Restated Seeet Note 11</i>	218,012
Fund Balance at End of Period	\$ 224,196

Township of Tuscarora DDA
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Fund	\$ 6,184
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives as depreciation expense. This is the amount by which capital asset additions of \$206,000 exceed depreciation expense of \$30,371 during the year.	175,629
Repayment of debt principal is an expenditure in the fund financial statements, but the repayment reduces long-term liabilities in the statement of net position.	27,000
Bond proceeds are recognized as revenues on the governmental fund statements but are shown as an increase in long-term debt on the government-wide financial statements.	(206,000)
Interest is recorded as an expense when incurred in the government-wide financial statements. However, it is not a current obligation and, accordingly, is reported as an expenditure when paid in the fund financial statements. This represents the change in accrued interest during the year.	(12,398)
Changes in Net Position - Governmental Activities	\$ <u>(9,585)</u>



Heart of the Inland Waterway

TOWNSHIP OF TUSCARORA, MICHIGAN

SINGLE AUDIT ACT COMPLIANCE

YEAR ENDED JUNE 30, 2022

GABRIDGE & CO

Township of Tuscarora
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	ALN Number	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Pedestrian Safety Improvements	10.766	Direct Award	\$ 1,406,000
Total U.S. Department of Agriculture			1,406,000
U.S. Department of Treasury			
Coronavirus State and Local Recovery Funds	21.027	MI Treasury	67,436
Total U.S. Department of Treasury			67,436
Total Expenditures of Federal Awards			\$ 1,473,436

Township of Tuscarora

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Township of Tuscarora (the “Township”) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Tuscarora, it is not intended to and does not present the financial position, changes in net position or cash flows of the Tuscarora.

The Tuscarora’s reporting entity is defined in Note 1 of the Tuscarora’s Audited Financial Statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Tuscarora’s financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the Tuscarora has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

NOTE 3 - RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Below is a reconciliation of federal revenues as reported in the Tuscarora’s basic financial statements and federal expenditures as reported in the Schedule:

State and federal sources reported in the general fund

General fund, state and federal sources	\$ 67,436
Subtract state sources:	-
Total federal sources reported in the general fund	\$ 67,436

Loan and loan guarantees (USDA Bonds)

Beginning of audit period balance of USDA Bonds	\$ 1,200,000
USDA bonds received	206,000
Total loan and loan guarantees	1,406,000
Total federal expenditures reported in the Schedule:	\$ 1,473,436

Township of Tuscarora

Notes to the Schedule of Expenditures of Federal Awards

NOTE 4 - BALANCE OF GUARANTEED LOANS

The following schedule shows beginning balances, value of new loans received, and loan repayments for all USDA bonds payable that have continuing compliance requirements:

Loan	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>USDA Bonds Payable</i>					
Tax Increment Revenue Bond, Series 2020B (Taxable)	\$ 350,000	\$ -	\$ (5,000)	\$ 345,000	\$ 6,000
Tax Increment Revenue Bond, Series 2020A (Taxable)	850,000	206,000	(22,000)	1,034,000	22,000
Total USDA Bonds Payable	\$ 1,200,000	\$ 206,000	\$ (27,000)	\$ 1,379,000	\$ 28,000

INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Township of Tuscarora
Cheboygan County, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Tuscarora (the “Township”), as of and for the year ended September 30, 2022, and the related notes to the financial statements and have issued our report thereon dated December 23, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 certain deficiencies in internal control, described in the accompany schedule of findings and questioned cost as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The Township's Responses to Findings

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

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.

Gabridge & Company

Gabridge & Company, PLC
Traverse City, MI
December 23, 2022

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

To the Township Board of Trustees
Township of Tuscarora
Cheboygan County, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Township of Tuscarora's (the "Township") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Township's major federal programs for the year ended June 30, 2022. The Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in black ink that reads "Gabridge & Company". The signature is fluid and cursive, with "Gabridge" on the first line and "& Company" on the second line, slightly overlapping the first.

Gabridge & Company, PLC
Traverse City, MI
December 23, 2022

Township of Tuscarora
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited
 were prepared in accordance with GAAP: Unmodified

Internal controls over financial reporting
 Material weaknesses identified? Yes
 Significant deficiencies identified not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs
 Material weaknesses identified? No
 Significant deficiencies identified not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance
 with 2 CFR 200.516(a)? No

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Community Facilities Loan and Grants	10.766
Dollar threshold used to distinguish between Type A and B programs?	\$750,000
Auditee qualified as a low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

Item 2022-001

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

Items 2021-001, 2021-002, 2021-003, 2021-004, 2021-005, and 2021-006.

Township of Tuscarora

SECTION II - FINANCIAL STATEMENT FINDINGS

2022-001 - Preparation of Governmental Financial Statements and Material Audit Adjustments

Finding Type: Material weakness over financial reporting.

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing and summarizing accounting data (e.g., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (e.g., external financial reporting.)

Condition/Finding: As is the case with many smaller and medium sized entities, the Township has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, at least in part, on its reliance on its external auditors, who cannot by definition be considered a part of the Township's internal controls. In addition, we proposed, and management approved, material journal entries to properly record receivables and capital asset (depreciation) transactions in the governmental funds.

We prepared, and management approved of, material adjustments during the audit process. During the audit we proposed entries to record:

- 2016 Special Assessment Bonds Debt Retirement fund: Adjust current year receivable and deferred inflow for WAHBEE special assessment - \$117,103 decrease special assessment receivable and deferred revenue.
- 2016 Special Assessment Bonds Debt Retirement fund: Adjust current year receivable and deferred revenue for Prospect / Chippewa - \$558,380 decrease special assessment receivable and deferred revenue.
- General fund - Adjust accounts payable to actual in current year \$20,136.
- Sewer fund – Adjust accounts receivable and revenue for final June 2022 billing for \$37,384.

Township of Tuscarora

SECTION II - FINANCIAL STATEMENT FINDINGS

Cause:	This condition was caused by the Township's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.
Effect:	As a result of this condition, the Township lacks complete internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, at least in part, on its external auditors for assistance with this task. In addition, the Township's records were initially misstated by an amount material to the financial statements.
Questioned Costs:	No costs have been questioned as a result of this finding.
Recommendation	The Township should evaluate the process currently used to identify and record adjustments to the general ledger at year-end. Additional controls or modification to the existing controls may be necessary. Correctly identifying year-end receivables will lead to management having to spend less time making modifications to the general ledger and the financial statements and will provide the Township Board with more accurate financial information in a timelier manner.
View of Responsible Officials:	See corrective action plan.

December 23, 2022

To the Board of Trustees
Township of Tuscarora, Michigan

We have audited 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 Township of Tuscarora for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards and the Uniform Guidance* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 10, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. No new accounting policies were adopted and, except as stated in Note 11 to the financial statements, the application of existing policies was not changed during the fiscal year 2022. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Township's financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- The assumptions used in the actuarial valuations of the pension plans are based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, some of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

Restriction on Use

This information is intended solely for the information and use of the Township Board of Trustees and management of the Township and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Gabridge & Company". The signature is fluid and cursive, with "Gabridge" on the top line and "& Company" on the bottom line.

Gabridge & Company, PLC
Traverse City, MI