

WEXFORD JOINT PLANNING COMMISSION  
WEXFORD COUNTY, CADILLAC, MICHIGAN

JUNE 30, 2021

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# Baird, Cotter & Bishop, P.C.

PERMANENT ACCOUNTING & FINANCIAL CONSULTING, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

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September 16, 2021

### INDEPENDENT AUDITOR'S REPORT

To the Commission Board  
Wexford Joint Planning Commission  
Wexford County  
Cadillac, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of Wexford Joint Planning Commission, Wexford County, Cadillac, Michigan, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Planning Commission's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Wexford Joint Planning Commission, Wexford County, Cadillac, Michigan as of June 30, 2021, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii-viii and 17 be presented to supplement the basic financial statements. Such information, 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.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

WEXFORD JOINT PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021

As management of the Wexford Joint Planning Commission ("the Planning Commission"), we offer readers of the Planning Commission's financial statements this narrative overview and analysis of the financial activities of the Planning Commission for the fiscal year ended June 30, 2021. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the Planning Commission's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

**Financial Highlights**

**Government-Wide**

- ❖ The assets of the Planning Commission exceeded its liabilities at the close of this fiscal year by \$74,078 (shown as *net position*). Of this amount, \$73,253 (*unrestricted net position*) may be used to meet the Planning Commission's ongoing obligations to citizens and creditors.
- ❖ The Planning Commission's net position increased by \$11,193 during the fiscal year.

**Fund Level Financial Highlights**

- ❖ As of June 30, 2021, the governmental fund of the Planning Commission reported ending fund balance of \$73,253 of which \$25,345 was assigned for subsequent year budget shortfall.
- ❖ The fund balance of the Planning Commission's General Fund increased this year by \$10,928.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Planning Commission's basic financial statements. The Planning Commission's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional details 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 Planning Commission's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Planning Commission's assets and liabilities, with the difference between the two 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 Planning Commission is improving or deteriorating. An increase in net position would indicate an improvement in financial condition. On the other hand, a consistent decrease over time in net position may indicate a decline in the financial health of an organization.

The *Statement of Activities* presents information showing how the Planning Commission's net position changed during the 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 the future fiscal periods.

WEXFORD JOINT PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021

The government-wide financial statements can be found on pages 1-2 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 Planning Commission, 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 Planning Commission are governmental 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 statement, 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 Planning Commission maintains one individual governmental fund.

The Planning Commission adopts an annual budget for its major fund. A budgetary comparison has been provided for all major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-6 of this report

**Notes to Financial Statements** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the governmental-wide and fund financial statements. The notes can be found on Pages 7-16 of this report.

**Other Information** In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information* (RSI) that explains and supports the information presented in the financial statements.

WEXFORD JOINT PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021

**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 Wexford Joint Planning Commission, assets exceeded liabilities by \$74,078 at the close of the fiscal year.

**Wexford Joint Planning Commission**  
**Net Position as of June 30,**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current Assets	\$ 88,470	\$ 85,680
Non Current Assets		
Capital Assets	868	1,600
Less: Accumulated Depreciation	(43)	(1,040)
Total Non Current Assets	825	560
<b>Total Assets</b>	<b>\$ 89,295</b>	<b>\$ 86,240</b>
<b>Liabilities and Net Position</b>		
<b>Liabilities</b>		
Current Liabilities	\$ 15,217	\$ 23,355
<b>Net Position</b>		
Net Investment in Capital Assets	825	560
Unrestricted	73,253	62,325
<b>Total Net Position</b>	<b>74,078</b>	<b>62,885</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 89,295</b>	<b>\$ 86,240</b>

A less than significant portion of the Planning Commission's net position reflects its investment in capital assets (e.g. office equipment). The Planning Commission uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

An additional portion of the Planning Commission's net position, \$73,253 (*Unrestricted*), represents resources that may be used to meet the Planning Commission's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Planning Commission is able to report positive balance in net position for the government as a whole.

WEXFORD JOINT PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021

Wexford Joint Planning Commission's overall net position increased by \$11,193. The reasons for this overall increase are discussed in the following sections for the governmental activities.

**Wexford Joint Planning Commission**  
**Change in Net Position**  
**for the Fiscal Year Ended June 30,**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b><u>Revenues</u></b>		
Program Revenues		
Licenses and Permits	\$ 18,030	\$ 17,572
Contributions from Local Units	50,000	50,000
General Revenues		
Investment Earnings	9	67
Other	0	204
<b>Total Revenues</b>	<b>68,039</b>	<b>67,843</b>
<b><u>Expenses</u></b>		
Community and Economic Development	56,846	56,608
Changes in Net Position	11,193	11,235
<b><u>NET POSITION</u> - Beginning of Year</b>	<b>62,885</b>	<b>51,650</b>
<b><u>NET POSITION</u> - End of Year</b>	<b>\$ 74,078</b>	<b>\$ 62,885</b>

**Governmental Activities** During the fiscal year ended June 30, 2021, the Planning Commission's net position increased by \$11,193. The most significant part of the revenue for all governmental activities of Wexford Joint Planning Commission comes from Antioch, Boon, Cherry Grove, Greenwood, Hanover, Liberty, Selma, Slagle, South Branch, Springville, and Wexford Townships. This revenue is shown as contributions from local units.

The Planning Commission's governmental activities expenses are community and economic development expenses that total 100% of total expenses. The Planning Commission spent \$56,846 in fiscal year 2020-2021 on community and economic development expenses.

**Financial Analysis of the Government's Funds**

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

**Governmental Funds** The focus of the Planning Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is



WEXFORD JOINT PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021

useful in assessing the Planning Commission'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 Planning Commission itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Planning Commission Board.

**General Fund** – The General Fund is the main operating fund of the Planning Commission. The General Fund increased its fund balance in this fiscal year by \$10,928 bringing the balance to \$73,253. Of this amount, \$25,345 is assigned for subsequent year budget shortfall. \$14,699 is committed for fund balance reserve, \$14,699 is committed for legal costs contingency, \$1,692 is nonspendable, and \$16,818 is unassigned. The increase to fund balance is the result of the Planning Commission receiving licenses and permits and contributions from the Townships in excess of community and economic development expenditures.

**General Fund Budgetary Highlights**

Below is a schedule showing the changes from the original estimated revenues, budgeted appropriations, and actual revenues and expenditures. More detail can be found on page 17 of this report. The Planning Commission amended its original budget at various times during the year but did not increase the overall revenues or appropriations.

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Total Revenues	<u>\$ 73,495</u>	<u>\$ 73,495</u>	<u>\$ 68,039</u>
Total Expenditures	<u>\$ 99,211</u>	<u>\$ 123,054</u>	<u>\$ 57,111</u>

A review of actual revenues compared with estimated revenues yields a variance of \$5,456, which is the result of the Planning Commission receiving less income for licenses and permits than anticipated.

A review of actual expenditures compared to final budgeted expenditures yields a variance of \$65,943 for Planning and Zoning, which is the result of conservative budgeting and spending significantly less for consulting and contracts than anticipated.

**Capital Assets**

The Planning Commission's investment in capital assets for governmental activities as of June 30, 2021 amounted to \$825 (net of accumulated depreciation).

WEXFORD JOINT PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2021

Capital assets summarized below include any items purchased with a cost in excess of \$1,000 and have an expected useful life greater than one year, plus all land and computers. A summary of capital asset categories is illustrated below:

**Wexford Joint Planning Commission  
Capital Assets as of June 30,**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Office Equipment	\$ 868	\$ 1,600
Less Accumulated Depreciation	(43)	(1,040)
<b>Net Capital Assets</b>	<b>\$ 825</b>	<b>\$ 560</b>

The Planning Commission disposed of the old laptop computer and purchased a new laptop computer and monitor for \$868 during the fiscal year.

**Economic Condition and Outlook**

The Planning Commission is expected to be supported by the Townships in the future.

The funding by the Townships for the 2021-2022 fiscal year to support the Planning Commission are expected to be similar to 2020-2021.

These factors were considered in preparing the Planning Commission's budgets for the 2021-2022 fiscal year.

**Contacting the Planning Commission's Management**

The financial report is designed to provide our taxpayers, customers, investors and creditors with a general overview of the Planning Commission's finances and to demonstrate the Planning Commission's accountability for the money it receives. If you have any questions concerning this report or need any additional information, contact Wexford Joint Planning Commission at the Cherry Grove Township Hall, 4830 E. M-55, Cadillac, MI 49601.

WEXFORD JOINT PLANNING COMMISSION  
WEXFORD COUNTY, CADILLAC, MICHIGAN

STATEMENT OF NET POSITION  
JUNE 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 80,168
Accounts Receivable	6,610
Prepaid Expense	<u>1,692</u>
Total Current Assets	<u>88,470</u>
<u>CAPITAL ASSETS</u>	
Office Equipment	868
Less Accumulated Depreciation	<u>(43)</u>
Net Capital Assets	<u>825</u>
TOTAL ASSETS	<u>89,295</u>
<u>LIABILITIES</u>	
Accounts Payable	979
Unearned Revenue	<u>14,238</u>
TOTAL LIABILITIES	<u>15,217</u>
<u>NET POSITION</u>	
Restricted for Capital Assets	825
Unrestricted	<u>73,253</u>
TOTAL NET POSITION	<u>\$ 74,078</u>

The accompanying notes are an integral part of the financial statements.

WEXFORD JOINT PLANNING COMMISSION  
WEXFORD COUNTY, CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS GOVERNMENTAL ACTIVITIES	PROGRAM REVENUES				NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	
TOTALS					
Community and Economic Development	\$ 56,846	\$ 18,030	\$ 50,000	\$ 0	\$ 11,184
<u>GENERAL REVENUES</u>					
Investment Earnings					9
Change in Net Position					11,193
<u>NET POSITION - Beginning of Year</u>					62,885
<u>NET POSITION - End of Year</u>					\$ 74,078

The accompanying notes are an integral part of the financial statements.

WEXFORD JOINT PLANNING COMMISSION  
WEXFORD COUNTY, CADILLAC, MICHIGAN

GOVERNMENTAL FUND

BALANCE SHEET  
JUNE 30, 2021

	<u>GENERAL FUND</u>
<u>ASSETS</u>	
Cash	\$ 80,168
Accounts Receivable	6,610
Prepaid Expenditures	<u>1,692</u>
TOTAL ASSETS	<u><u>\$ 88,470</u></u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable	\$ 979
Unearned Revenue	<u>14,238</u>
Total Liabilities	<u>15,217</u>
<u>FUND BALANCE</u>	
Nonspendable - Prepaid Expenditures	1,692
Committed for Fund Balance Reserve	14,699
Committed for Legal Costs Contingency	14,699
Assigned for Subsequent Year Budget Shortfall	25,345
Unassigned	<u>16,818</u>
Total Fund Balance	<u>73,253</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 88,470</u></u>

The accompanying notes are an integral part of the financial statements.

WEXFORD JOINT PLANNING COMMISSION  
WEXFORD COUNTY, CADILLAC, MICHIGAN

GOVERNMENTAL FUND

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

Total Fund Balance for Governmental Fund	\$	73,253
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Amounts reported for governmental activities in the  
Statement of Net Position are different because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Office Equipment	\$	868	
Accumulated Depreciation		(43)	825

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>74,078</u>
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The accompanying notes are an integral part of the financial statements.

WEXFORD JOINT PLANNING COMMISSION  
WEXFORD COUNTY, CADILLAC, MICHIGAN

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2021

	<u>GENERAL FUND</u>
<u>REVENUES</u>	
Licenses and Permits	\$ 18,030
Contributions from Local Units	50,000
Interest Income	<u>9</u>
Total Revenues	68,039
<u>EXPENDITURES</u>	
Community and Economic Development	<u>57,111</u>
Net Change in Fund Balance	10,928
<u>FUND BALANCE - Beginning of Year</u>	<u>62,325</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 73,253</u>

The accompanying notes are an integral part of the financial statements.

WEXFORD JOINT PLANNING COMMISSION  
WEXFORD COUNTY, CADILLAC, MICHIGAN

GOVERNMENTAL FUND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2021

Net Change in Fund Balance - Total Governmental Fund	\$	10,928
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures in the Statement of Activities. These costs are allocated over their estimated useful lives as depreciation.

Capital Outlay		868
Depreciation Expense		<u>(603)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>11,193</u>
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The accompanying notes are an integral part of the financial statements.



WEXFORD JOINT PLANNING COMMISSION  
WEXFORD COUNTY, CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary governmental is financially accountable. Wexford Joint Planning Commission does not have any *fiduciary activities*, *business-type activities* or *component units*.

**B. Reporting Entity**

Wexford Joint Planning Commission is a joint venture supported by Antioch, Boon, Cherry Grove, Greenwood, Hanover, Liberty, Selma, Slagle, South Branch, Springville, and Wexford Townships. The Planning Commission recognizes the funds received from the Townships as contributions from other local units.

Under the criteria established by accounting principles generally accepted in the United States of America, the Planning Commission has determined that there are no component units which should be included in its reporting entity.

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Planning Commission reports only one fund as follows:

The *General Fund* is the primary operating fund of the Planning Commission. It is used to account for all financial resources of the Planning Commission.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as

WEXFORD JOINT PLANNING COMMISSION  
WEXFORD COUNTY, CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

*current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Contributions from local units 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**F. Budgetary Information**

**1. Budgetary Basis of Accounting**

The annual budget is adopted on adopted on the modified cash basis based on the requirements of Michigan Public Act 621 of 1978. "The Uniform Budgeting and Accounting Act." A public hearing is held to obtain public comments. Appropriations lapse at year-end. Budgeted amounts presented are as originally adopted on or before June 30 or as amended by the Planning Commission Board from time to time throughout the year.

The appropriated budget is adopted at the activity level. The Planning Commission Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Planning Commission because it is not, at present,

WEXFORD JOINT PLANNING COMMISSION  
WEXFORD COUNTY, CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash and Cash Equivalents***

The Planning Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The government considered all highly liquid investments (including certificates of deposit) to be cash equivalents.

***2. Investments***

The Planning Commission's investment policy is in compliance with state law and authorizes the Planning Commission to invest in certificates of deposit, savings accounts, deposit accounts and money market funds. The Planning Commission does not have any investments other than interest bearing bank accounts, including certificates of deposit.

The investment policy adopted by the Planning Commission states that the Treasurer may invest in the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States. Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (b) Repurchase agreements consisting of instruments listed in subdivision (a)
- (c) Bankers' acceptances of United States banks.
- (d) Obligations of this state or any political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (e) Mutual funds registered under the investment company act of 1940, with the authority to purchase only investment vehicles that are equal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
  - (i) The purchase of securities on a when-issued or delayed delivery basis.
  - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.

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- (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- (f) Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- (g) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.11.
- (h) The investment pools organized under the Local Government Investment Pool Act, Public Act 121 of 1985, MCL 129.141.

Some investments authorized by state law are shown as cash on the financial statements.

**3. *Inventories and Prepaid Items***

Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year-end.

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

**4. *Receivables and Payables***

All receivables are shown net of an allowance for uncollectibles. The Planning Commission's revenues are recognized when they become both measurable and available for use to finance Planning Commission operations. Amounts which are not expected to be collected within sixty days are treated as unearned revenues.

**5. *Capital Assets***

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year plus all land and computers. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 for capital assets and improvements are capitalized as projects are constructed.

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

<u>ASSETS</u>	<u>YEARS</u>
Buildings	40-60
Building Improvements	15-30
Vehicles	3-5
Office Equipment	3-5
Computer Equipment	3-5

**6. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position 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 Planning Commission does not have any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The 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 Planning Commission does not have any deferred inflows of resources.

**7. *Unearned Revenue***

Unearned revenue arises when resources are received by the Planning Commission before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The Planning Commission has unearned revenue related to collecting 2021-2022 contributions from local units in the 2020-2021 fiscal year.

**8. *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 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.

**9. *Fund Balance Flow Assumption***

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

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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.

**10. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**11. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as program revenue 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

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**II. DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits with Financial Institutions**

The Planning Commission's deposits and investments are all on deposit with TCF Bank. Other than interest bearing bank accounts, the Planning Commission has no investments.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Planning Commission does not have a deposit policy for custodial credit risk. As of June 30, 2021, none of the government's bank balance of \$82,097 was exposed to custodial credit risk because it was insured and collateralized. The risk is within the Commission's General Fund. Although the Planning Commission's investment policy does not directly address custodial credit risk, it typically limits its exposure by controlling who holds Planning Commission's deposits.

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

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

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

*Foreign currency risk.* The Planning Commission is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

**Fair Market Value Disclosure** - The Planning Commission is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting

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entity. These may include quoted prices from similar activities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S. government agency securities, corporate securities, and commercial paper.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are two types of valuation techniques most commonly used and vary depending on the level of investment. These two techniques are the market approach and income approach. The market approach uses prices and other relevant information generated by the market transactions involving identical or similar assets and liabilities. The income approach discounts future amounts to a single current amount and the discount rate used in the process should reflect current market expectations about risks associated with those future cash flows.

The Planning Commission does not have any investments that are subject to fair value disclosure.

The carrying amount of deposits and investments is as follows:

	Total
Deposits	\$ 80,168

The above amounts are reported in the financial statements as follows:

	Total
Cash - Governmental Fund	\$ 80,168

**B. Receivables**

Receivables as of year-end for the government's major fund is as follows:

	Total
Accounts Receivable	\$ 6,610

The allowance for doubtful accounts is not considered to be material for disclosure.



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**C. Capital Asset**

Capital asset activity of the Planning Commission's governmental activities for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Being Depreciated				
Office Equipment	\$ 1,600	\$ 868	\$ (1,600)	\$ 868
Less Accumulated Depreciation for:				
Office Equipment	1,040	603	(1,600)	43
Governmental Activities Capital Assets, Net	<u>\$ 560</u>	<u>\$ 265</u>	<u>\$ 0</u>	<u>\$ 825</u>

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

Governmental Activities:	
Community and Economic Development	<u>\$ 603</u>

**D. Risk Management**

The Planning Commission is exposed to various risks of loss related to property loss, torts, errors and omissions.

The Planning Commission continues to carry commercial insurance for various risks of loss, including general liability, property and casualty. The Planning Commission has had no settled claims resulting from these risks that exceed its commercial coverage in any of the past three fiscal years.

**III. OTHER INFORMATION**

**A. Contributions from Local Units**

For the 2020 – 2021 fiscal year, the Wexford Joint Planning Commission received a total of \$50,000 as follows: \$3,438 from Antioch Township, \$2,887 from Boon Township, \$9,417 from Cherry Grove Township, \$3,055 from Greenwood Township, \$3,989 from Hanover Township, \$3,257 from Liberty Township, \$7,894 from Selma Township, \$3,177 from Slagle Township, \$3,362 from South Branch Township, \$5,062 from Springville Township, \$4,462 from Wexford Township.

**B. Due from Other Governments**

There are no amounts due from other governments relating to the annual contributions.

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**C. Joint Venture**

The Wexford Joint Planning Commission is an independent legal joint venture organized under a contractual arrangement with Antioch, Boon, Cherry Grove, Greenwood, Hanover, Liberty, Selma, Slagle, South Branch, Springville, and Wexford Townships. The Townships do not have an ongoing financial interest in the Planning Commission, but they do have an ongoing financial responsibility as the Wexford Joint Planning Commission's existence depends on the contributions from the Townships. Audited financial statements for the Townships can be obtained by contacting the respective treasurers of each Township.

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2021

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>			
Licenses and Permits	\$ 23,495	\$ 23,495	\$ 18,030
Contributions from Local Units	50,000	50,000	50,000
Interest Income	0	0	9
Total Revenues	73,495	73,495	68,039
<u>EXPENDITURES</u>			
Community and Economic Development Planning and Zoning	99,211	123,054	57,111
Net Change in Fund Balance	(25,716)	(49,559)	10,928
<u>FUND BALANCE</u> - Beginning of Year	62,324	62,324	62,325
<u>FUND BALANCE</u> - End of Year	\$ 36,608	\$ 12,765	\$ 73,253





