



Baird, Cotter & Bishop, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

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September 16, 2022

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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 the Wexford Joint Planning Commission as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wexford Joint Planning Commission 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 Wexford Joint Planning Commission'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 judgement 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 judgement 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 Wexford Joint Planning Commission'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wexford Joint Planning Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iv through ix and 16 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2022, on our consideration of Wexford Joint Planning Commission, Michigan'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 Wexford Joint Planning Commission, Michigan'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 Wexford Joint Planning Commission, Michigan's internal control over financial reporting and compliance.

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, 2022

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, 2022. 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 \$99,563 (shown as *net position*). Of this amount, \$98,912 (*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 \$25,485 during the fiscal year.

Fund Level Financial Highlights

- ❖ As of June 30, 2022, the governmental fund of the Planning Commission reported ending fund balance of \$98,912 of which \$9,625 was assigned for subsequent year budget shortfall.
- ❖ The fund balance of the Planning Commission's General Fund increased this year by \$25,659.

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, 2022

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 7-15 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, 2022

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 \$99,563 at the close of the fiscal year.

Wexford Joint Planning Commission
Net Position as of June 30,

	Governmental Activities	
	2022	2021
Assets		
Current Assets	\$ 119,382	\$ 88,470
Non Current Assets		
Capital Assets	868	868
Less: Accumulated Depreciation	(217)	(43)
Total Non Current Assets	651	825
Total Assets	\$ 120,033	\$ 89,295
Liabilities and Net Position		
Liabilities		
Current Liabilities	\$ 20,470	\$ 15,217
Net Position		
Net Investment in Capital Assets	651	825
Unrestricted	98,912	73,253
Total Net Position	99,563	74,078
Total Liabilities and Net Position	\$ 120,033	\$ 89,295

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, \$98,912 (*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, 2022

Wexford Joint Planning Commission's overall net position increased by \$25,485. 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,

	Governmental Activities	
	2022	2021
<u>Revenues</u>		
Program Revenues		
Charges for Services		
Licenses and Permits	\$ 21,824	\$ 18,030
Operating Grants and Contributions		
Contributions from Local Units	50,000	50,000
General Revenues		
Investment Earnings	38	9
Other	1,100	0
Total Revenues	72,962	68,039
<u>Expenses</u>		
Community and Economic Development	47,477	56,846
Changes in Net Position	25,485	11,193
<u>NET POSITION</u> - Beginning of Year	74,078	62,885
<u>NET POSITION</u> - End of Year	\$ 99,563	\$ 74,078

Governmental Activities During the fiscal year ended June 30, 2022, the Planning Commission's net position increased by \$25,485. 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 \$47,477 in fiscal year 2021-2022 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, 2022

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 \$25,659 bringing the balance to \$98,912. Of this amount, \$9,625 is assigned for subsequent year budget shortfall. \$10,000 is committed for fund balance reserve, \$10,000 is committed for legal costs contingency, \$1,471 is nonspendable, and \$67,816 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 16 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.

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Revenues	\$ 50,000	\$ 50,000	\$ 72,962
Total Expenditures	\$ 104,845	\$ 104,845	\$ 47,303

A review of actual revenues compared with estimated revenues yields a variance of \$22,962, which is the result of the Planning Commission only budgeting for the contributions from local units, not considering license and permit income.

A review of actual expenditures compared to final budgeted expenditures yields a variance of \$57,542 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, 2022 amounted to \$651 (net of accumulated depreciation).

WEXFORD JOINT PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022

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,

	Governmental Activities	
	2022	2021
Office Equipment	\$ 868	\$ 868
Less Accumulated Depreciation	(217)	(43)
Net Capital Assets	\$ 651	\$ 825

The Planning Commission did not dispose of or purchase any equipment this 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 2022-2023 fiscal year to support the Planning Commission are expected to be similar to 2021-2022.

These factors were considered in preparing the Planning Commission's budgets for the 2022-2023 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.

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WEXFORD JOINT PLANNING COMMISSION
WEXFORD COUNTY, CADILLAC, MICHIGAN

STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 117,351
Accounts Receivable	560
Prepaid Expense	<u> 1,471</u>
Total Current Assets	<u> 119,382</u>
<u>CAPITAL ASSETS</u>	
Office Equipment	868
Less Accumulated Depreciation	<u> (217)</u>
Net Capital Assets	<u> 651</u>
TOTAL ASSETS	<u> 120,033</u>
<u>LIABILITIES</u>	
Accounts Payable	1,966
Unearned Revenue	<u> 18,504</u>
TOTAL LIABILITIES	<u> 20,470</u>
<u>NET POSITION</u>	
Restricted for Capital Assets	651
Unrestricted	<u> 98,912</u>
TOTAL NET POSITION	<u><u> \$ 99,563</u></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, 2022

FUNCTIONS/PROGRAMS GOVERNMENTAL ACTIVITIES	PROGRAM REVENUES				NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION
	OPERATING		CAPITAL		
	EXPENSES	CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	
Community and Economic Development	\$ 47,477	\$ 21,824	\$ 50,000	\$ 0	\$ 24,347
<u>GENERAL REVENUES</u>					
	Investment Earnings				38
	Other				1,100
	Total General Revenues				1,138
	Change in Net Position				25,485
	<u>NET POSITION - Beginning of Year</u>				74,078
	<u>NET POSITION - End of Year</u>				\$ 99,563

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, 2022

	<u>GENERAL FUND</u>
<u>ASSETS</u>	
Cash	\$ 117,351
Accounts Receivable	560
Prepaid Expenditures	<u>1,471</u>
TOTAL ASSETS	<u>\$ 119,382</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,966
Unearned Revenue	<u>18,504</u>
Total Liabilities	<u>20,470</u>
<u>FUND BALANCE</u>	
Nonspendable - Prepaid Expenditures	1,471
Committed for Fund Balance Reserve	10,000
Committed for Legal Costs Contingency	10,000
Assigned for Subsequent Year Budget Shortfall	9,625
Unassigned	<u>67,816</u>
Total Fund Balance	<u>98,912</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 119,382</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, 2022

Total Fund Balance for Governmental Fund	\$	98,912
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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		(217)	651

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>99,563</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, 2022

	<u>GENERAL FUND</u>
<u>REVENUES</u>	
Licenses and Permits	\$ 21,824
Contributions from Local Units	50,000
Interest Income	38
Miscellaneous Income	<u>1,100</u>
Total Revenues	72,962
<u>EXPENDITURES</u>	
Community and Economic Development	<u>47,303</u>
Net Change in Fund Balance	25,659
<u>FUND BALANCE</u> - Beginning of Year	<u>73,253</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 98,912</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, 2022

Net Change in Fund Balance - Total Governmental Fund	\$	25,659
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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.

Depreciation Expense		<u>(174)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>25,485</u></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, 2022

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, 2022

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

- Prior to July 1, the Township supervisor submits to the Planning Commission Board a proposed operating budget for all governmental funds for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- The Planning Commission Board holds a public hearing and adopts a resolution approving the budgets.
- All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the Planning Commission Board. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.

WEXFORD JOINT PLANNING COMMISSION
WEXFORD COUNTY, CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

- Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
- Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the Planning Commission Board from time to time throughout the year.
- 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, 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.

WEXFORD JOINT PLANNING COMMISSION
WEXFORD COUNTY, CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

- (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.
 - (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

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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.

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 2022-2023 contributions from local units in the 2021-2022 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

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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 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.

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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.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits

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

As of June 30, 2022, The Entity had deposits subject to the following risk:

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, 2022, none of the government's bank balance of \$119,295 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). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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.

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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.

B. Receivables

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

	Total
Accounts Receivable	<u>\$ 560</u>

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

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	\$ 868	\$ 0	\$ 0	\$ 868
Less Accumulated Depreciation for:				
Office Equipment	43	174	0	217
Governmental Activities Capital Assets, Net	<u>\$ 825</u>	<u>\$ (174)</u>	<u>\$ 0</u>	<u>\$ 651</u>

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

Governmental Activities:	
Community and Economic Development	<u>\$ 174</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.

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III. OTHER INFORMATION

A. Contributions from Local Units

For the 2021 – 2022 fiscal year, the Wexford Joint Planning Commission received a total of \$50,000 as follows: \$3,452 from Antioch Township, \$2,843 from Boon Township, \$9,669 from Cherry Grove Township, \$3,150 from Greenwood Township, \$3,473 from Hanover Township, \$3,322 from Liberty Township, \$8,075 from Selma Township, \$3,169 from Slagle Township, \$3,425 from South Branch Township, \$4,821 from Springville Township, \$4,600 from Wexford Township.

B. Due from Other Governments

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

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.

D. Membership Withdrawal

At June 30, 2022, Greenwood Township decided to withdrawal their membership from the Wexford Joint Planning Commission.

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2022

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>			
Licenses and Permits	\$ 0	\$ 0	\$ 21,824
Contributions from Local Units	50,000	50,000	50,000
Interest Income	0	0	38
Miscellaneous Income	0	0	1,100
Total Revenues	50,000	50,000	72,962
<u>EXPENDITURES</u>			
Community and Economic Development Planning and Zoning	104,845	104,845	47,303
Net Change in Fund Balance	(54,845)	(54,845)	25,659
<u>FUND BALANCE</u> - Beginning of Year	73,253	73,253	73,253
<u>FUND BALANCE</u> - End of Year	\$ 18,408	\$ 18,408	\$ 98,912

