



# WEINLANDER FITZHUGH

SUMMERFIELD TOWNSHIP  
CLARE COUNTY, MICHIGAN

FINANCIAL STATEMENTS  
MARCH 31, 2022

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# WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

June 17, 2022

Township Board  
Summerfield Township  
Clare County, Michigan

### Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Summerfield Township (Township), as of and for the year ended March 31, 2022 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Summerfield Township as of March 31, 2022 and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

### Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



# WEINLANDER FITZHUGH

Township Board  
Summerfield Township  
June 17, 2022

## **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 GAAS 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, misrepresentation or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Summerfield Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Summerfield Township's ability to continue as a going concern for a reasonable period of time.

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





# WEINLANDER FITZHUGH

Township Board  
Summerfield Township  
June 17, 2022

## **Required Supplementary Information**

U.S. generally accepted accounting principles requires that the management's discussion and analysis and budgetary comparison information as noted in the table of contents to 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 U.S. generally accepted auditing standards, 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.

*Weinlander Fitzhugh*

SUMMERFIELD TOWNSHIP  
Management's Discussion and Analysis  
For the Year Ended March 31, 2022

Our discussion and analysis of the Summerfield Township's (Township) financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2022.

**Financial Highlights**

The Township's net position increased by \$2,622 or 1%. Program revenues were \$30,209 or 15% of total revenues and general revenues were \$177,191 or 85%.

**Using this Annual Financial Report**

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Township financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For Governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the Township's operations in more detail than the Government-wide financial statements by providing information about the Township's most significant funds – the General Fund, Road Fund, Garbage and Rubbish Collection Fund, and the ARPA Fund, with the other fund (Fire Fund) presented in one column as nonmajor fund. The remaining statements, the statement of fiduciary net position and statement of changes in fiduciary net position presents financial information about activities for which the Township acts solely as an agent or trustee. The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

Budgetary Information for the Major Funds (Required Supplemental Information)

**Reporting the Township as a Whole**

*The Statement of Net Position and Statement of Activities*

One of the most important questions asked about the Township's finances is, "Is the Township better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Township as a whole and about its activities

SUMMERFIELD TOWNSHIP  
Management's Discussion and Analysis  
For the Year Ended March 31, 2022

in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Township's net position as a way to measure the Township's financial position. The change in net position provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base and facility conditions in arriving at their conclusion regarding the overall health of the Township.

**Reporting the Township's Most Significant Funds**

*Fund Financial Statements*

The Township's fund financial statements provide detail information about the most significant fund – not the Township as a whole. Some funds are required to be established by State law. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants and other sources of revenue. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

*Governmental Funds*

Most of the Township's activities are reported in Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detail short-term view of the Township's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

*Fiduciary Funds*

The Township is the trustee, or fiduciary, for tax collections. All of the Township's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the Township's other financial statements because the assets cannot be utilized by the Township to finance its operations.



SUMMERFIELD TOWNSHIP  
Management's Discussion and Analysis  
For the Year Ended March 31, 2022

**Township-wide Financial Analysis**

The statement of net position provides the perspective of the Township as a whole. Exhibit A provides a summary of the Township's net position as of March 31, 2022 and 2021.

Exhibit A	Governmental Activities	
	2022	2021
<b>Assets</b>		
Current and other assets	\$ 671,860	\$ 627,523
Capital assets - net of accumulated depreciation	<u>298,929</u>	<u>308,243</u>
Total assets	<u>970,789</u>	<u>935,766</u>
<b>Liabilities</b>		
Current liabilities	34,144	8,358
Non current liabilities	<u>1,830</u>	<u>7,026</u>
Total liabilities	<u>35,974</u>	<u>15,384</u>
<b>Net Assets</b>		
Net investments in capital assets	291,903	308,243
Restricted	467,194	453,251
Unrestricted	<u>175,718</u>	<u>170,699</u>
Total net position	<u><u>\$ 934,815</u></u>	<u><u>\$ 932,193</u></u>

This analysis focuses on net position. The Township's net position was \$934,815 at March 31, 2022. Net investment in capital assets totaling \$291,903 compares the original cost less depreciation of the Township's capital assets to long-term debt used to finance the acquisition of those assets. Restricted net position is reported separately to show legal constraints from legislation that limit the Township's ability to use for day-to-day operations.

The \$175,718 in unrestricted net position of governmental type activities represents the *accumulated* results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.



SUMMERFIELD TOWNSHIP  
Management's Discussion and Analysis  
For the Year Ended March 31, 2022

The results of this year's operations for the Township as a whole are reported in the statement of activities.

Exhibit B provides a summary for 2022 and 2021 which shows the changes in net position for the years ended March 31, 2022 and 2021.

Exhibit B	Governmental Activities	
	2022	2021
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 30,209	\$ 24,535
Operational grants	0	2,049
General revenue:		
Property taxes	126,101	124,325
State shared revenues	49,564	46,227
Interest	1,247	3,358
Other	279	1,175
Total revenue	<u>207,400</u>	<u>201,669</u>
<b>Function/Program Expenses</b>		
General government	131,543	138,228
Highway and streets	26,690	74,866
Public works	28,633	29,443
Public safety	15,836	15,703
Culture and recreation	430	0
Inspection	848	628
Interest on long-term debt	798	1,177
Total expenses	<u>204,778</u>	<u>260,045</u>
<b>Change in Net Position</b>	<u>\$ 2,622</u>	<u>\$(58,376)</u>

As reported in the statement of activities, the cost of all of our *Governmental type* activities this year was \$204,778. Certain activities were partially funded from those who benefited from the programs or by other townships and organizations that subsidized certain programs with grants and categoricals. We paid for the remaining "public benefit" portion of our governmental activities with \$126,101 in taxes, \$49,564 in state revenue sharing and with our other revenues, such as interest and miscellaneous revenues.

SUMMERFIELD TOWNSHIP  
Management's Discussion and Analysis  
For the Year Ended March 31, 2022

The Township experienced an increase in net position of \$2,622. The key reason for the increase in net position is due to expenditures related to highway and streets being significantly less than prior year. The change in net position differs from the change in fund balance and a reconciliation appears in the financial statements.

**The Township's Funds**

The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health.

The Township's governmental fund reported a fund balance of \$642,912 which is above last year's total of \$623,950. The schedule below indicates the fund balance and the total change in fund balances as of March 31, 2022 and 2021.

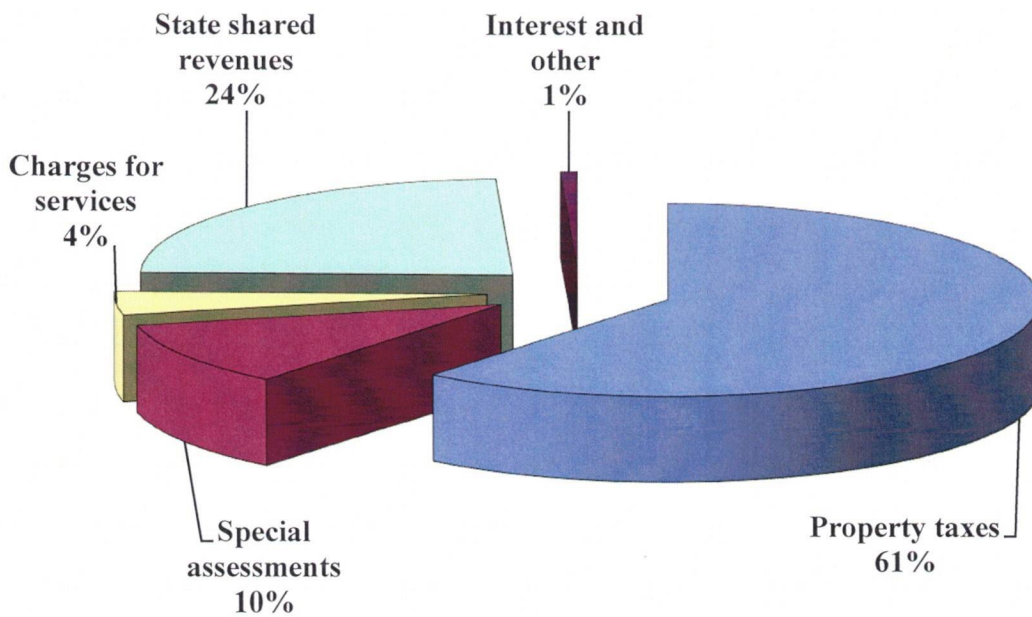
	<u>Fund Balance</u> <u>March 31, 2022</u>	<u>Fund Balance</u> <u>March 31, 2021</u>	<u>Increase</u> <u>(Decrease)</u>
General Fund	\$ 175,718	\$ 170,699	\$ 5,019
Special Revenue Funds	<u>467,194</u>	<u>453,251</u>	<u>13,943</u>
Total	<u>\$ 642,912</u>	<u>\$ 623,950</u>	<u>\$ 18,962</u>

- Our General Fund increased \$5,019. The increase is mainly due to a significant increase in state shared revenues revenue and a decrease in overall expenditures.
- Our Road Fund increased \$19,659. The increase is mainly due to property tax revenue exceeding expenditures.
- Our Garbage and Rubbish Collection Fund decreased \$6,412. The decrease is mainly due to expenditures exceeding special assessment revenue.
- Our Fire Fund increased \$696. The increase is mainly due to property tax revenue exceeding expenditures.
- The ARPA Fund did not have any significant activity during the fiscal year.

SUMMERFIELD TOWNSHIP  
Management's Discussion and Analysis  
For the Year Ended March 31, 2022

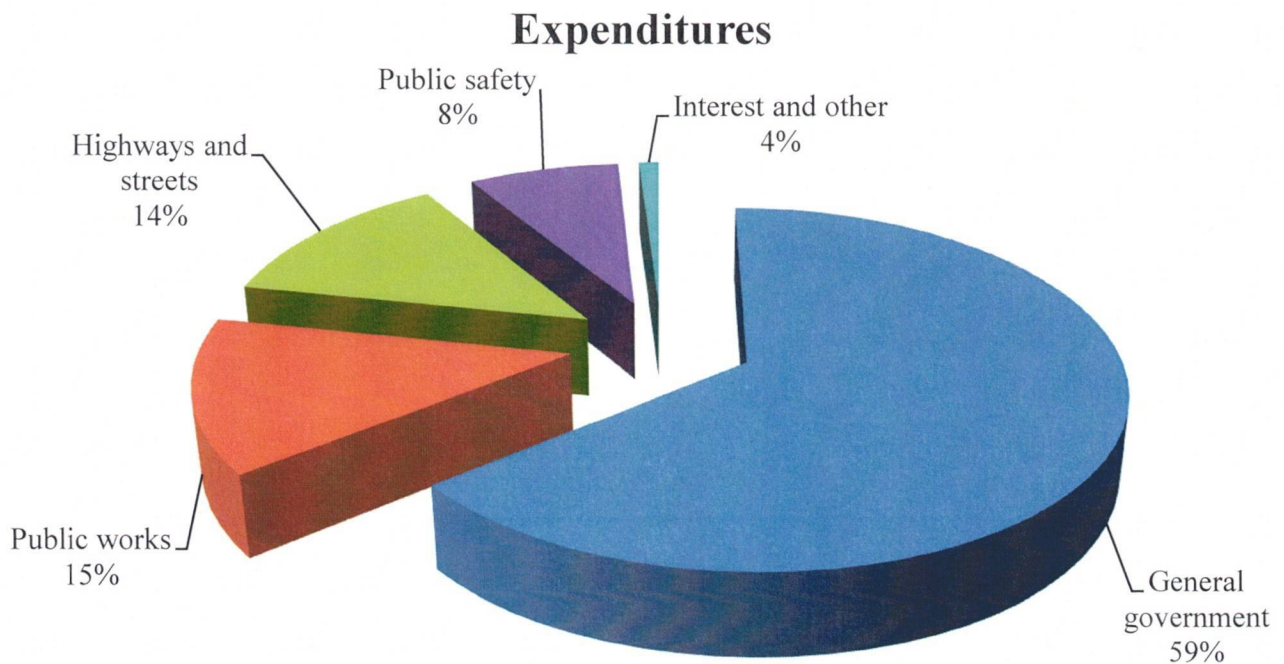
As the graph below illustrates, the largest portion of the Township's revenue comes from property taxes.

**Sources of Revenues**



**SUMMERFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the Year Ended March 31, 2022**

The graph below illustrates, 15% of the Townships' resources are spent on public works for rubbish removal services. Another 14% is spent on highways and streets for road maintenance services, while 59% is spent for general government expenditures such as administrative costs and hall and ground, including utilities. The remaining 12% is spent on other services provided to the residents of the Township as listed below.





SUMMERFIELD TOWNSHIP  
Management's Discussion and Analysis  
For the Year Ended March 31, 2022

The chart below compares current year expenditures with the prior year.

	<u>2022</u>	<u>2021</u>
<i>Expenditures by Function</i>		
General government	\$110,418	\$126,335
Public works	28,633	29,443
Highways and streets	26,690	74,866
Public safety	15,836	15,703
Inspection	848	628
Culture and recreation	430	0
Debt service	<u>5,583</u>	<u>5,583</u>
 Total	 <u><u>\$188,438</u></u>	 <u><u>\$252,558</u></u>

Expenditures decreased by \$64,120 from prior year. The main reason for the decrease is due to lower highway and street expenditures and general government expenditures.

**General Fund Budgetary Highlights**

Over the course of the year, the Township revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided as required supplemental information of these financial statements. Changes to the General Fund original budget were as follows:

- Budgeted revenues were increased \$1,194 due to an increase in property taxes and charges for services, offset by a decrease in state shared revenues.
- Budgeted expenditures decreased \$35,639 mainly due decreased general government expenditures.
- Actual revenues were more than budgeted revenues by \$7,968. The Township collected more in state shared revenues than expected.
- Actual expenditures were more than budgeted expenditures by \$2,993. This is mainly due to general government exceeding budgeted.

SUMMERFIELD TOWNSHIP  
Management's Discussion and Analysis  
For the Year Ended March 31, 2022

**Capital Assets**

At March 31, 2022, the Township had \$298,929 invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net decrease (including additions and disposals) of \$21,125, or 7%, from last year.

	<u>2022</u>	<u>2021</u>
Land	\$ 1,400	\$ 1,400
Buildings	72,055	72,055
Building and land improvements	62,867	62,867
Public domain infrastructure	392,603	392,603
Machinery and equipment	<u>97,567</u>	<u>94,397</u>
 Total capital assets	 626,492	 623,322
 Less accumulated depreciation	 <u>327,563</u>	 <u>303,268</u>
 Net capital assets	 <u><u>\$ 298,929</u></u>	 <u><u>\$ 320,054</u></u>

Capital additions of \$3,170 included a server.

We do not anticipate any major capital additions in the current year. We present more detailed information about our capital assets in the notes to the financial statements.

**Debt**

At the end of this year, the Township had \$7,026 in long-term debt outstanding versus \$11,811 in the previous year. The long-term debt consisted of the following:

	<u>2022</u>	<u>2021</u>
Installment purchase agreements	<u><u>\$ 7,026</u></u>	<u><u>\$ 11,811</u></u>

SUMMERFIELD TOWNSHIP  
Management's Discussion and Analysis  
For the Year Ended March 31, 2022

**Factors Expected to Have an Effect on Future Operations**

We expect to see a decrease in state shared revenue next year as the State of Michigan continues to adjust payments to reflect decreases in state revenue due to COVID-19. We will need to adjust Township expenditures in response to any revenue adjustments.

**Requests For Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Township. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Summerfield Township  
9971 N Finley Lake Ave  
Harrison, MI 48625

SUMMERFIELD TOWNSHIP  
Statement of Net Position  
March 31, 2022

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 620,532
Due from other governmental units	33,427
Prepaid expenses	17,901
Capital assets net of accumulated depreciation of \$327,563	<u>298,929</u>
Total Assets	<u>970,789</u>
<u>Liabilities</u>	
Accounts payable	4,209
Unearned revenue	24,328
Accrued payroll liabilities	411
Noncurrent liabilities:	
Due within one year	5,196
Due in more than one year	<u>1,830</u>
Total Liabilities	<u>35,974</u>
<u>Net Position</u>	
Net investment in capital assets	291,903
Restricted for:	
Fire protection	41,732
Highways and streets	369,326
Sanitation collection services	56,136
Unrestricted	<u>175,718</u>
Total Net Position	<u><u>\$ 934,815</u></u>

See accompanying notes to financial statements.



SUMMERFIELD TOWNSHIP  
Statement of Activities  
For the Year Ended March 31, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities</u>
			<u>Net (Expenses) Revenue and Changes in Net Position</u>
Primary Government -			
Governmental activities:			
Operating:			
General government	\$ 131,543	\$ 8,159	\$ (123,384)
Public works	28,633	22,050	(6,583)
Highways and streets	26,690	0	(26,690)
Public safety	15,836	0	(15,836)
Inspection	848	0	(848)
Culture and recreation	430	0	(430)
Interest on long-term debt	798	0	(798)
	<u>\$ 204,778</u>	<u>\$ 30,209</u>	<u>(174,569)</u>
Total governmental activities			
	<u>\$ 204,778</u>	<u>\$ 30,209</u>	<u>(174,569)</u>
General Revenues:			
Property taxes			126,101
State shared revenues			49,564
Interest			1,247
Miscellaneous			279
			<u>177,191</u>
Total general revenues			177,191
Change in net position			2,622
Net position - beginning of year			932,193
Net position - end of year			<u>\$ 934,815</u>

See accompanying notes to financial statements.

# SUMMERFIELD TOWNSHIP

## Governmental Funds

### Balance Sheet

March 31, 2022

	Special Revenue Funds					Total
	General Fund	Road Fund	Garbage and Rubbish Collection Fund	ARPA Fund	Nonmajor Governmental Fund (Fire Fund)	
<u>Assets</u>						
Cash and cash equivalents	\$ 152,577	\$ 363,885	\$ 52,179	\$ 24,328	\$ 27,563	\$ 620,532
Prepaid expenditures	5,725	0	0	0	12,176	17,901
Due from other governmental units	21,955	5,441	4,038	0	1,993	33,427
Total assets	<u>\$ 180,257</u>	<u>\$ 369,326</u>	<u>\$ 56,217</u>	<u>\$ 24,328</u>	<u>\$ 41,732</u>	<u>\$ 671,860</u>
<u>Liabilities</u>						
Accounts payable	\$ 4,173	\$ 0	\$ 36	\$ 0	\$ 0	\$ 4,209
Unearned revenue	0	0	0	24,328	0	24,328
Accrued payroll liabilities	366	0	45	0	0	411
Total liabilities	<u>4,539</u>	<u>0</u>	<u>81</u>	<u>24,328</u>	<u>0</u>	<u>28,948</u>
<u>Fund Balance</u>						
Nonspendable - prepaid expenditures	5,725	0	0	0	12,176	17,901
Restricted for:						
Highways and streets	0	369,326	0	0	0	369,326
Sanitation collection services	0	0	56,136	0	0	56,136
Fire protection	0	0	0	0	29,556	29,556
Unassigned	169,993	0	0	0	0	169,993
Total fund balance	<u>175,718</u>	<u>369,326</u>	<u>56,136</u>	<u>0</u>	<u>41,732</u>	<u>642,912</u>
Total liabilities and fund balance	<u>\$ 180,257</u>	<u>\$ 369,326</u>	<u>\$ 56,217</u>	<u>\$ 24,328</u>	<u>\$ 41,732</u>	<u>\$ 671,860</u>

See accompanying notes to financial statements.

SUMMERFIELD TOWNSHIP  
Reconciliation of Balance Sheet of Governmental Funds  
to the Statement of Net Position  
March 31, 2022

Total fund balance - governmental fund	\$ 642,912
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 are not reported in the funds	
Cost of the capital assets	626,492
Accumulated depreciation	(327,563)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Installment purchase agreement	<u>(7,026)</u>
Total net position - governmental activities	<u><u>\$ 934,815</u></u>

See accompanying notes to financial statements.

SUMMERFIELD TOWNSHIP  
Governmental Funds  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended March 31, 2022

	Special Revenue Funds					
	General Fund	Road Fund	Garbage and Rubbish Collection Fund	ARPA Fund	Nonmajor Governmental Fund (Fire Fund)	Total
<u>Revenues</u>						
State shared revenues	\$ 49,564	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,564
Property taxes	64,430	45,139	0	0	16,532	126,101
Special assessments	0	0	22,050	0	0	22,050
Charges for services	8,159	0	0	0	0	8,159
Interest	37	1,210	0	0	0	1,247
Miscellaneous	279	0	0	0	0	279
Total revenues	<u>122,469</u>	<u>46,349</u>	<u>22,050</u>	<u>0</u>	<u>16,532</u>	<u>207,400</u>
<u>Expenditures</u>						
Current:						
General government	110,418	0	0	0	0	110,418
Culture and recreation	430	0	0	0	0	430
Highways and streets	0	26,690	0	0	0	26,690
Public works	171	0	28,462	0	0	28,633
Public safety	0	0	0	0	15,836	15,836
Inspection	848	0	0	0	0	848
Debt service						
Principal	4,785	0	0	0	0	4,785
Interest	798	0	0	0	0	798
Total expenditures	<u>117,450</u>	<u>26,690</u>	<u>28,462</u>	<u>0</u>	<u>15,836</u>	<u>188,438</u>
Net change in fund balance	5,019	19,659	(6,412)	0	696	18,962
Fund balance - beginning of year	<u>170,699</u>	<u>349,667</u>	<u>62,548</u>	<u>0</u>	<u>41,036</u>	<u>623,950</u>
Fund balance - end of year	<u>\$ 175,718</u>	<u>\$ 369,326</u>	<u>\$ 56,136</u>	<u>\$ 0</u>	<u>\$ 41,732</u>	<u>\$ 642,912</u>

See accompanying notes to financial statements.



SUMMERFIELD TOWNSHIP  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended March 31, 2022

Net change in fund balance - total governmental fund	\$ 18,962
Amounts reported for governmental activities in the statement of 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	3,170
Depreciation expense	(24,295)
Repayments of loan principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	<u>4,785</u>
Change in net position of governmental activities	<u><u>\$ 2,622</u></u>

See accompanying notes to financial statements.

SUMMERFIELD TOWNSHIP  
Statement of Fiduciary Net Position  
March 31, 2022

	<u>Current Tax Fund</u>
<u>Assets</u>	
Cash	<u>\$          0</u>
<u>Liabilities</u>	
Due to other governments	<u>\$          0</u>

See accompanying notes to financial statements.

SUMMERFIELD TOWNSHIP  
Statement of Changes in Fiduciary Net Position  
For the Year Ended March 31, 2022

	<u>Current Tax Fund</u>
<u>Additions</u>	
Property tax collections for other governments	\$ 718,469
<u>Deductions</u>	
Distributed property taxes to other governments	<u>718,469</u>
Change in net position	0
Net position - beginning of year	<u>0</u>
Net position - end of year	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

SUMMERFIELD TOWNSHIP  
Notes to Financial Statements  
For the Year Ended March 31, 2022

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Summerfield Township (Township) conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

**Reporting Entity**

The Township is governed by an elected five member council (Township Board). The accompanying financial statements present the government.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements.

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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



SUMMERFIELD TOWNSHIP  
Notes to Financial Statements  
For the Year Ended March 31, 2022

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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 and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Township reports the following major governmental funds:

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

The Road Fund receives revenue from voted millage and expenditures are for road maintenance for the Township.

The Garbage and Rubbish Collection Fund accounts for revenue and expenditures within the Township's rubbish collection operations.

The ARPA Fund receives revenue from federal grants and expenditures applicable to federal grants for the Township.

Additionally, the Township reports the following nonmajor fund:

The Fire Fund receives revenue from special assessment and expenditures are for fire protection for the Township.

SUMMERFIELD TOWNSHIP  
Notes to Financial Statements  
For the Year Ended March 31, 2022

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Positions or Equity**

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.”

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

Capital Assets – capital assets, which include land, buildings and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add value or materially extend asset lives are not capitalized.

Building, vehicles and equipment are being depreciated using the straight-line method over the following useful lives:

Buildings	50 Years
Building and land improvements	10 to 20 Years
Public Domain Infrastructure	50 Years
Machinery and equipment	5 to 10 Years

Fund Equity/Net Position – The fund balance classifications are reported primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The fund balances are classified as nonspendable, restricted, committed, assigned and unassigned.

SUMMERFIELD TOWNSHIP  
Notes to Financial Statements  
For the Year Ended March 31, 2022

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Nonspendable fund balance represents amounts that are not in a spendable form. In the fund financial statements, governmental funds report restrictions on fund balances for amounts that are legally restricted by outside parties for a specific purpose. Committed fund balance represents funds formally set aside by the Township Board for a particular purpose. The use of committed funds would be approved by the Township Board through the budget process or official board action.

Assigned fund balance would represent tentative management plans that are subject to change. The Township's intent would be to spend uncommitted/unassigned funds prior to the use of committed funds. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Property Taxes—For Township taxpayers, properties are assessed as of December 31 and related property taxes are levied and become a lien on July 1. The final collection date is February 28, after which uncollected taxes are added to the County delinquent tax rolls.

The 2021 taxable valuation of the Township totaled \$23 million, on which ad valorem taxes levied consisted of .8408 mills for Township operating purposes raising \$19,581 for operating, 1.9380 mills for Township road purposes raising \$45,139 and .7099 mills for fire protection purposes raising \$16,532. These amounts are recognized in the respective General Fund and Special Revenue Fund financial statements as tax revenue.

Events Occurring After Reporting Date – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.



SUMMERFIELD TOWNSHIP  
Notes to Financial Statements  
For the Year Ended March 31, 2022

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred outflows – 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 Township has no items that qualify for reporting in this category.

Deferred inflows – In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of 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 Township has no items that qualify for reporting in this category.

**NOTE 2 – BUDGETS**

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Township's supervisor submits to the Township Board a proposed budget prior to April 1 of each year. The budget includes proposed expenditures and the means of financing them.



SUMMERFIELD TOWNSHIP  
Notes to Financial Statements  
For the Year Ended March 31, 2022

**NOTE 2 – BUDGETS (CONTINUED)**

2. A public hearing is conducted to obtain taxpayer comments.
3. Budgeted amounts are as originally adopted, or as amended by the Township Board throughout the year. Individual amendments were not material in relation to the original appropriations. Budgets are adopted to the functional level.
4. Appropriations lapse at year-end. These appropriations are re-established at the beginning of the following year.

During the year ended March 31, 2022, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

<u>Fund/Function</u>	<u>Total Appropriations</u>	<u>Amounts of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
General government	\$ 107,162	\$ 110,418	\$ (3,256)
Public works	159	171	(12)

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Township Board) for the General Fund, Road Fund, Garbage and Rubbish Fund and ARPA Fund are presented as Required Supplemental Information.

SUMMERFIELD TOWNSHIP  
Notes to Financial Statements  
For the Year Ended March 31, 2022

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rates within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Township's deposits are in accordance with statutory authority.

At year-end, the Township's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Current Tax Fund</u>	<u>Total</u>
Cash and cash equivalent	<u>\$ 620,532</u>	<u>\$ 0</u>	<u>\$ 620,532</u>

**Custodial Credit Risk- Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2022, \$180,218 of the Township's bank balance of \$623,150 was exposed to custodial credit risk.

The Township's investment policy does not identify interest rate risk, foreign currency risk or concentration credit risk.

The Township has no investments as of March 31, 2022

SUMMERFIELD TOWNSHIP  
Notes to Financial Statements  
For the Year Ended March 31, 2022

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity of the Township for the current year was as follows:

	Balance April 1, 2021	Additions	Disposals and Adjustments	Balance March 31, 2022
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,400	\$ 0	\$ 0	\$ 1,400
Capital assets being depreciated:				
Buildings	72,055	0	0	72,055
Building and land improvements	62,867	0	0	62,867
Public domain infrastructure	392,603	0	0	392,603
Machinery and equipment	94,397	3,170	0	97,567
Subtotal	621,922	3,170	0	625,092
Less accumulated depreciation for:				
Buildings	50,990	1,442	0	52,432
Building and land improvements	47,724	2,335	0	50,059
Public domain infrastructure	141,903	14,136	0	156,039
Machinery and equipment	62,651	6,382	0	69,033
Subtotal	303,268	24,295	0	327,563
Net capital assets being depreciated	318,654	(21,125)	0	297,529
Governmental Activities, Total				
Capital Assets - net of depreciation	<u>\$ 320,054</u>	<u>\$ (21,125)</u>	<u>\$ 0</u>	<u>\$ 298,929</u>

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

Governmental Activities:	
General government	<u>\$ 24,295</u>

SUMMERFIELD TOWNSHIP  
Notes to Financial Statements  
For the Year Ended March 31, 2022

**NOTE 5 – LONG-TERM OBLIGATIONS**

The following is a summary of the governmental long-term obligations for the Township for the year ended March 31, 2022:

	Balance April 1, 2021	Additions	Retirements and Adjustments	Balance March 31, 2022	Amount Due Within One Year
Installment purchase agreement	\$ 11,811	\$ 0	\$ 4,785	\$ 7,026	\$ 5,196

Summerfield Township entered into an installment purchase agreement in April of 2019, in the amount of \$18,960 at an interest rate of 8.271% for four years. The proceeds were used to purchase a new electronic LED sign. The amount due as of March 31, 2022 was \$7,026. The direct borrowing includes a statement that the Township has pledged its limited full faith and credit; that the Township agrees to include in its budget for each fiscal year during the term of the note, an amount sufficient to pay when due the principal and interest coming due under the agreement. In addition, the Township pledges to levy in each fiscal year ad valorem taxes on all taxable property in the Township's jurisdiction in an amount, which, together with other funds available for such purpose, shall be sufficient for the payment of the loan. The note contains a provision that in the event of default, outstanding amounts are due immediately.

The annual debt services requirements on notes from direct borrowing obligations as of March 31, 2022, including interest payments are as follows:

<u>Year End March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,196	\$ 387	\$ 5,583
2024	1,830	32	1,862
Total	\$ 7,026	\$ 419	\$ 7,445



SUMMERFIELD TOWNSHIP  
Notes to Financial Statements  
For the Year Ended March 31, 2022

**NOTE 6 – RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Township carries commercial insurance for claims relating to workers' compensation, general liability and property/casualty claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 7 – UPCOMING ACCOUNTING PRONOUNCEMENT**

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, was issued by the GASB in June 2017 and will be effective for the Township's 2023 year end. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**NOTE 8 – SUBSEQUENT EVENTS**

On March 11, 2022 the World Health Organization declared the Coronavirus (COVID-19) a pandemic. Because of the spread of COVID-19, economic uncertainties have risen which are likely to negatively impact the Township. There is considerable uncertainty regarding the duration. The overall financial impact of COVID-19 cannot be reasonably estimated at this time.

SUMMERFIELD TOWNSHIP  
Required Supplemental Information  
Budgetary Comparison Schedule - General Fund  
For the Year Ended March 31, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
State shared revenues	\$ 42,364	\$ 41,365	\$ 49,564	\$ 8,199
Property taxes	63,428	64,565	64,430	(135)
Charges for services	7,065	8,159	8,159	0
Interest	96	33	37	4
Miscellaneous	354	379	279	(100)
Total revenues	<u>113,307</u>	<u>114,501</u>	<u>122,469</u>	<u>7,968</u>
<u>Expenditures</u>				
Current:				
General government	142,649	107,162	110,418	(3,256)
Culture and recreation	596	630	430	200
Public works	300	159	171	(12)
Inspection	968	923	848	75
Debt service				
Principal	4,785	4,785	4,785	0
Interest	798	798	798	0
Total expenditures	<u>150,096</u>	<u>114,457</u>	<u>117,450</u>	<u>(2,993)</u>
Net change in fund balance	(36,789)	44	5,019	4,975
Fund balance - beginning of year	<u>170,699</u>	<u>170,699</u>	<u>170,699</u>	<u>0</u>
Fund balance - end of year	<u>\$ 133,910</u>	<u>\$ 170,743</u>	<u>\$ 175,718</u>	<u>\$ 4,975</u>

See accompanying notes to financial statements.

SUMMERFIELD TOWNSHIP  
Required Supplemental Information  
Budgetary Comparison Schedule - Road Fund  
For the Year Ended March 31, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Property taxes	\$ 45,010	\$ 45,264	\$ 45,139	\$ (125)
Interest	3,933	1,252	1,210	(42)
Total revenues	<u>48,943</u>	<u>46,516</u>	<u>46,349</u>	<u>(167)</u>
<u>Expenditures</u>				
Current:				
Highways and streets	<u>30,000</u>	<u>26,690</u>	<u>26,690</u>	<u>0</u>
Net change in fund balance	18,943	19,826	19,659	(167)
Fund balance - beginning of year	<u>349,667</u>	<u>349,667</u>	<u>349,667</u>	<u>0</u>
Fund balance - end of year	<u>\$ 368,610</u>	<u>\$ 369,493</u>	<u>\$ 369,326</u>	<u>\$ (167)</u>

See accompanying notes to financial statements.

SUMMERFIELD TOWNSHIP  
Required Supplemental Information  
Budgetary Comparison Schedule - Garbage and Rubbish Collection Fund  
For the Year Ended March 31, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Special assessments	\$ 22,050	\$ 22,322	\$ 22,050	\$ (272)
<u>Expenditures</u>				
Current:				
Public works	34,428	30,437	28,462	1,975
Net change in fund balance	(12,378)	(8,115)	(6,412)	1,703
Fund balance - beginning of year	62,548	62,548	62,548	0
Fund balance - end of year	<u>\$ 50,170</u>	<u>\$ 54,433</u>	<u>\$ 56,136</u>	<u>\$ 1,703</u>

See accompanying notes to financial statements.



SUMMERFIELD TOWNSHIP  
Required Supplemental Information  
Budgetary Comparison Schedule - ARPA Fund  
For the Year Ended March 31, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Federal grants	\$ 24,231	\$ 24,328	\$ 0	\$ (24,328)
Net change in fund balance	24,231	24,328	0	(24,328)
Fund balance - beginning of year	0	0	0	0
Fund balance - end of year	<u>\$ 24,231</u>	<u>\$ 24,328</u>	<u>\$ 0</u>	<u>\$ (24,328)</u>

See accompanying notes to financial statements.