

Township of Atlas

Genesee County, Michigan

Audited Financial Report

March 31, 2022

KING & KING CPAs LLC

Marlette - Inlay City
Michigan

Township of Atlas
 Annual Financial Report
 For The Fiscal Year Ended March 31, 2022

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Independent Auditor's Report

Members of the Township Board
Township of Atlas
Genesee County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the **Township of Atlas**, Genesee County, Michigan as of and for the fiscal year ended March 31, 2022 and the related notes to the financial statement, which collectively comprise the **Township of Atlas's** basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the **Township of Atlas**, Genesee County, Michigan as of and for the fiscal year ended March 31, 2022 and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of employer contributions and net pension liability for the pension plan, OPEB information, and major fund budgetary comparison schedule, as identified in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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.

King & King CPAs LLC
KING & KING CPAs LLC
Imlay City, Michigan

July 20, 2022

Township of Atlas

Goodrich, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the **Township of Atlas**, Michigan's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2022. Please read it in conjunction with the Township's financial statements.

Using this Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a long-term view of the Township's finances. This long-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current fiscal year and whether the taxpayers have fully funded the cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the fiscal year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Condensed Financial Information

The following table shows in a condensed format, the net position as of the current fiscal year. Comparative data of the previous audit's net position is included.

	Governmental Activities	
	3/31/2022	3/31/2021
Current Assets	\$ 5,775,576	\$ 4,615,249
Noncurrent Assets	2,308,767	2,453,915
Total Assets	8,084,343	7,069,164
Deferred Outflows	-	-
Current Liabilities	149,120	181,058
Noncurrent Liabilities	-	90,833
Total Liabilities	149,120	271,891
Deferred Inflows	312,541	-
Net Position:		
Net Inv. In Cap Assets.	2,308,767	2,453,915
Restricted	2,927,232	2,466,631
Unrestricted	2,386,684	1,876,727
Total Net Position	\$ 7,622,683	\$ 6,797,273

Township of Atlas

Goodrich, Michigan

Condensed Financial Information – Continued

The following table shows the changes of the net position during the current fiscal year:

	Governmental Activities	
	3/31/2022	3/31/2021
Revenues		
Program Revenues:		
Charges for Services	\$ 132,571	\$ 113,003
Grants & Contributions	-	1,284
General Revenues:		
Property Taxes	1,940,664	1,944,486
State-Shared Revenues	663,553	556,563
Interest Earnings	(7,766)	7,780
Other Revenues	116,528	163,593
Transfers	-	-
Total Revenues	2,845,550	2,786,709
Program Expenses		
General Government	\$ 538,954	\$ 563,526
Public Safety	954,973	1,103,444
Public Works	496,105	660,393
Recreation & Culture	28,167	22,263
Interest on Long-Term Debt	1,941	2,056
Total Program Expenses	2,020,140	2,351,682
Change in Net Position	\$ 825,410	\$ 435,027

The Township as a Whole

- The Township's Governmental Activities net position increased by \$825,410 this fiscal year. This compares to a net increase of \$435,027 in the previously audited year. This change was due to an increase in revenues for State Shared Revenues and decreases in expenses in most programs, mainly Public Safety and Roads.
- The Township's primary source of revenue is from property taxes and state shared revenues, which represent 92% of total revenue.

Township of Atlas

Goodrich, Michigan

The Township's Funds

Our analysis of the Township's major funds begins on Page 5, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township's major funds for the fiscal year ending March 31, 2022, include the General Fund, Police Fund, Fire Protection Fund, Garbage Collection Fund, and Thread River Paving Fund.

General Fund Budgetary Highlights

The Township made amendments to the budget throughout the year to cover the expenditures incurred.

Capital Asset and Debt Administration

During the fiscal year ended March 31, 2022, the Township installed a new well and filter for \$35,424 paid for by the General Fund. The Fire Fund paid for turnout gear and equipment for \$24,346 and new well for \$3,450. Additional information regarding the Township's capital assets can be found in Note 4 to the financial statements.

The Township's only long-term debt is related to the County Drains which run through the Township. During the fiscal year ended March 31, 2022, the Township paid off all remaining drain assessments with the County, leaving no long-term debt remaining in the Township. Additional information regarding the Township's long-term debt can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Township's tax base remained relatively constant. The Township will need to continue to watch the budget very closely in all categories.

Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Township Office in Goodrich, Michigan by telephone at (810) 636-2548.

Township of Atlas
Statement of Net Position
March 31, 2022

	Primary Government Governmental Activities
<u>Assets</u>	
Cash & Cash Equivalents	\$ 5,505,353
Accounts Receivable	237,378
Due From Other Funds (net)	-
Prepaid Expenses	32,845
Capital Assets	
Nondepreciable Capital Assets	81,601
Depreciable Capital Assets	2,227,166
<u>Total Assets</u>	8,084,343
 <u>Deferred Outflows of Resources</u>	
	-
 <u>Liabilities</u>	
Accounts Payable	121,144
Accrued Wages & Benefits	27,976
Current Portion of Long-Term Debt	-
Long-Term Debt	-
<u>Total Liabilities</u>	149,120
 <u>Deferred Inflows of Resources</u>	
	312,541
 <u>Net Position</u>	
Net Investment in Capital Assets	2,308,767
Restricted	2,927,232
Unrestricted	2,386,684
<u>Total Net Position</u>	\$ 7,622,683

The notes are an integral part of the statements.

Township of Atlas
 Statement of Activities
 For The Fiscal Year Ended March 31, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	
Primary Government:				
Governmental Activities:				
General Government	\$ 538,954	\$ -	\$ -	\$ (538,954)
Public Safety	954,973	70,588	-	(884,385)
Public Works	496,105	61,983	-	(434,122)
Recreation & Culture	28,167	-	-	(28,167)
Interest on Long-Term Debt	1,941	-	-	(1,941)
Total Governmental Activities	2,020,140	132,571	-	(1,887,568)

General Revenues:	
Property Taxes & Special Assessments	\$ 1,940,664
Intergovernmental Revenues	663,553
Rents & Royalties	47,591
Interest Earnings	(7,766)
Other Revenues	68,937
Transfers	-
Total General Revenues, Special Items & Transfers	2,712,978
Change in Net Position	825,410
Net Position - Beginning of Year	6,797,273
Net Position - End of Year	\$ 7,622,683

The notes are an integral part of the statements.

Township of Atlas
Governmental Funds
Balance Sheet
March 31, 2022

	Special Revenue Funds						Total	
	General Fund	Fire Protection Fund	Garbage Collection Fund	Police Fund	Thread River Paving Fund	Nonmajor Governmental Funds	Governmental Funds	
Assets								
Cash & Certificates of Deposit	\$ 2,477,038	\$ 892,194	\$ 228,570	\$ 1,085,025	\$ 73,365	\$ 749,161	\$ 5,505,353	
Accounts Receivable	144,680	14,961	11,461	31,419	20,640	14,218	237,378	
Due From Other Funds	92,030	-	-	-	-	-	92,030	
Prepaid Expenses	20,625	12,220	-	-	-	-	32,845	
Total Assets	\$ 2,734,373	\$ 919,376	\$ 240,031	\$ 1,116,444	\$ 94,004	\$ 763,379	\$ 5,867,606	
Liabilities & Fund Equity								
Liabilities								
Accounts Payable	\$ 17,889	\$ 12,414	\$ 594	\$ 85,782	\$ -	\$ 4,465	\$ 121,144	
Accrued Wages & Benefits	23,356	4,620	-	-	-	-	27,976	
Unearned Revenue	312,541	-	-	-	20,088	-	332,629	
Due To Other Funds	-	59	-	655	90,000	1,316	92,030	
Total Liabilities	\$ 533,785	\$ 17,093	\$ 594	\$ 86,437	\$ 110,088	\$ 5,781	\$ 573,779	
Fund Equity								
Fund Balances								
Nonspendable	20,625	12,220	-	-	-	-	32,845	
Restricted For:								
Fire Protection	-	890,063	-	-	-	-	890,063	
Police Protection	-	-	-	1,030,007	-	-	1,030,007	
Garbage Collection	-	-	239,437	-	-	-	239,437	
Building Code Enforcement	(6,633)	-	-	-	-	-	(6,633)	
Road Paving	-	-	-	-	(16,084)	-	(16,084)	
Sewer Improvements & Operations	-	-	-	-	-	262,507	262,507	
Recreational Pathways	-	-	-	-	-	284,792	284,792	
Aquatic Weed Treatment	-	-	-	-	-	210,298	210,298	
Unassigned	2,366,595	-	-	-	-	-	2,366,595	
Total Fund Balances	\$ 2,380,587	\$ 902,283	\$ 239,437	\$ 1,030,007	\$ (16,084)	\$ 757,598	\$ 5,293,827	
Total Liabilities & Fund Equity	\$ 2,734,373	\$ 919,376	\$ 240,031	\$ 1,116,444	\$ 94,004	\$ 763,379	\$ 5,867,606	

The notes are an integral part of the statements.

Township of Atlas
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Position
For The Fiscal Year Ended March 31, 2022

Total Fund Balances for Governmental Funds \$ 5,293,827

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Special Assessment Receivables are not available to pay for current period expenditures, and therefore are deferred in the funds. 20,088

Long-term bonds payable are not due and payable in the current period and are not reported in the funds. -

Capital assets used in Governmental Activities are not financial resources and are not reported in the funds. 2,308,767

Net Position of Governmental Activities \$ 7,622,683

The notes are an integral part of the statements.

Township of Atlas

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For The Fiscal Year Ended March 31, 2022

	Special Revenue Funds							Total	
	General Fund	Fire Protection Fund	Garbage Collection Fund	Police Fund	Thread River Paving Fund	Nonmajor Governmental Funds		Total Governmental Funds	
		Fund	Fund	Fund	Fund	Fund	Fund		
Revenues									
Property Taxes	\$ 426,825	\$ 372,372	\$ -	\$ 781,992	\$ -	\$ 45,011	\$ 1,626,201		
Special Assessments	-	-	291,472	-	3,308	21,687	316,467		
Intergovernmental Revenues	663,553	-	-	-	-	-	663,553		
Franchise Fees	47,591	-	-	-	-	-	47,591		
Charges for Services	70,588	-	-	-	-	61,983	132,571		
Interest Earnings	(9,809)	575	56	704	82	627	(7,766)		
Other Revenues	59,727	2,159	-	4,988	-	225	67,099		
Total Revenues	1,258,475	375,106	291,528	787,684	3,390	129,533	2,845,715		
Expenditures									
General Government	470,160	-	-	-	-	-	470,160		
Public Safety	120,124	154,637	-	544,575	-	-	819,337		
Public Works	102,589	-	274,692	-	-	118,824	496,105		
Recreation & Culture	24,231	-	-	-	-	-	24,231		
Capital Outlay	35,424	27,796	-	-	-	-	63,220		
Debt Service - Principal	116,131	-	-	-	-	-	116,131		
Debt Service - Interest	1,941	-	-	-	-	-	1,941		
Total Expenditures	870,599	182,433	274,692	544,575	-	118,824	1,991,123		
Excess of Revenues Over (Under) Expenditures	387,876	192,673	16,836	243,109	3,390	10,708	854,592		
Other Financing Sources (Uses)									
Sale of Fixed Assets	-	1,838	-	-	-	-	1,838		
Loan Proceeds	-	-	-	-	-	-	-		
Operating Transfers In (Out)	(477,117)	-	222,601	-	-	254,517	-		
Net Change in Fund Balances	(89,241)	194,510	239,437	243,109	3,390	265,225	856,430		
Fund Balances - Beginning of Year	2,469,828	707,773	-	786,898	(19,474)	492,373	4,437,397		
Fund Balances - End of Year	\$ 2,380,587	\$ 902,283	\$ 239,437	\$ 1,030,007	\$ (16,084)	\$ 757,598	\$ 5,293,827		

The notes are an integral part of the statements.

Township of Atlas
 Governmental Funds
 Reconciliation of Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For The Fiscal Year Ended March 31, 2022

Net Change in Fund Balances - Total Governmental Funds	\$	856,430
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Loan proceeds are not reported as financing sources on the Statement of Activities.</p>		-
<p>Special Assessment Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.</p>		(2,004)
<p>Repayment of loan principal is an expenditure in the Governmental Funds, but not in the Statement of Activities (where it reduces long-term debt).</p>		116,131
<p>Governmental Funds report capital outlays as expenditures. In the Statement of Activities, these costs are capitalized and allocated over their estimated useful lives as depreciation.</p>		63,220
<p>Depreciation is an expenditure for the Statement of Activities, but is not reported in the Governmental Funds.</p>		<u>(208,367)</u>
Change in Net Position of Governmental Activities	\$	<u>825,410</u>

The notes are an integral part of the statements.

Township of Atlas
 Fiduciary Funds
 Statement of Fiduciary Net Position - Custodial Fund
 March 31, 2022

	Fiduciary Fund Types
	Custodial Fund
	Current Tax Collection Fund
<u>Assets</u>	
Cash & Cash Equivalents	\$ -
<u>Total Assets</u>	\$ -
<u>Liabilities</u>	
Due To Other Governments	\$ -
<u>Total Liabilities</u>	\$ -

Fiduciary Funds
 Statement of Changes in Fiduciary Net Position - Custodial Fund
 For the Fiscal Year Ended March 31, 2022

	Fiduciary Fund Types
	Custodial Fund
	Current Tax Collection Fund
<u>Additions</u>	
Tax Collections for Other Governments	\$ 12,912,381
<u>Deductions</u>	
Tax Collections Disbursed to Other Governments	12,912,381
Change in Net Position	-
Net Position at Beginning of Year	-
Net Position at End of Year	\$ -

The notes are an integral part of the statements.

Township of Atlas
Notes to the Financial Statements
For the Fiscal Year Ended March 31, 2022

1. Summary of Significant Accounting Policies

The accounting policies of the **Township of Atlas**, Genesee County, Michigan (the “Township”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the **Township of Atlas**, Genesee County, Michigan.

Financial Reporting Entity

The **Township of Atlas** was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the **Township of Atlas** (the primary government) and. The Township of Atlas’s Board of Trustees is the primary government which has oversight responsibility and control over all activities related to sanitation, public improvements, planning and zoning, and general administrative services within the Township. In evaluating how to define the Township for financial purposes, management has considered all potential component units. The decision to include a potential component unit of the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America, currently GASB Statement #14, *The Financial Reporting Entity* and GASB Statement #39, *Determining Whether Certain Organizations are Component Units*.

Based upon the application of this criteria, the basic financial statements of the Township contain all the funds controlled by the Township Board of Officials, as no other entity meets the criteria to be considered a blended component unit or a discretely presented component unit of the Township.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The township does not report any business-type activities.

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

Separate financial statements are provided for governmental funds and 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 are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Township of Atlas
Notes to the Financial Statements
For the Fiscal Year Ended March 31, 2022

1. Summary of Significant Accounting Policies – Continued

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 judgements, are recorded only when payment is due.

Property taxes, other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

Fire Protection Fund – The Fire Protection Fund is used to account for the activities related to the Township for providing fire protection to the citizens.

Garbage Collection Fund - This fund is set up for the collection of Township garbage. It is primarily funded through the collection of a special assessment.

Police Fund – The Police Fund is used to account for activities related to the Township’s policing agreement with the Genesee County Sherriff’s Department.

Thread Lake Paving – Thread Lake Paving Fund is used to account for the activities related to the Thread Lake Special Assessment District.

Additionally, the Township reports the following:

Nonmajor Special Revenue and Capital Projects Funds – The nonmajor special revenue and capital projects funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

Fiduciary Fund Type – used to account for resources held for the benefit of parties outside the Township:

Custodial Fund (Current Tax Collection Fund) - The Current Tax Collection Fund accounts for taxes collected by the Township for other governmental units.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Township of Atlas
Notes to the Financial Statements
For the Fiscal Year Ended March 31, 2022

1. Summary of Significant Accounting Policies – Continued

Assets, Liabilities, and Net Position or Equity

Deposits – 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 - Investments, including certificate of deposits are stated at fair value based on quoted market prices.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.”

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

Property Tax Revenues - Property taxes are levied on each December 31st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The Township’s 2021 tax is levied and collectible on July 1, 2021, and is recognized as revenue in the fiscal year ended March 31, 2022, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2021 taxable valuation of the Township totaled about \$373 million, on which taxes levied consisted of 0.7151 mills for operating purposes, 2.1000 mills for police, 1.0000 mills for fire protection, and 0.1209 mills for recreational pathways. This resulted in approximately \$279,000 for operating, \$782,000 for police, \$372,000 for fire protection, and \$45,000 for recreational pathways. These amounts are recognized in the General Fund, Police Fund, Fire Fund, and Recreational Pathway Fund financial statements as tax revenue. The Township also collects special assessments for Aquaweeds, Meadow Septic, Willow Septic, Thread River Paving, Blight, and Delinquent Culverts, which are recognized in the General Fund, Aqua Weed Treatment Fund, Atlas Meadow Septic Fund, Willowgate, Crossing Fund, and Thread River Paving Fund financial statements.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements

Capital Assets – Capital assets, which include property taxes, vehicles and equipment, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of 2 years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the day of its donations.

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

Buildings	20 to 50 years
Building Improvements	5 to 7 years
Vehicles	5 to 15 years
Office and computer equipment	5 to 7 years

Township of Atlas
Notes to the Financial Statements
For the Fiscal Year Ended March 31, 2022

1. Summary of Significant Accounting Policies – Continued

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the Township’s highest level of decision making, its Board. A fund balance commitment may be established, modified, or resinded by a resolution of the Township Board.

Assigned – amounts intended to be used for specific purposed, as determined by Township management. The Township Board has granted the management authority to commit funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Township’s policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Township’s policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2. Stewardship, Compliance and Accountability

Budgetary Information

The Township is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year-end.

The Township Supervisor submits to the Township Board a proposed operating budget for the commencing fiscal year prior to its start each year. The operating budget includes proposed expenditures and the means to finance them. Budgets are prepared on a basis consistent with the accounting basis utilized by the fund. Public hearings are conducted to obtain taxpayer comments. Prior to March 31, the budget is legally enacted through passage of a resolution.

The budget document presents information by fund, activity, department and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township supervisor is authorized to transfer amounts between departments within any fund with subsequent Board ratification. Any revisions altering the total expenditures of a particular fund must be approved. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

Township of Atlas
Notes to the Financial Statements
For the Fiscal Year Ended March 31, 2022

2. Stewardship, Compliance and Accountability – Continued

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

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
None			

3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit 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 obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated several banks for the deposit of Township funds. The investment policy adopted by the Board is in accordance with Public Act 196 of 1997. The Board has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Township's deposits are in accordance with statutory authority and the Township does have an investment policy. All cash deposits and investments of the Township are held by the Township in the Township's name.

At the fiscal year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	<u>\$ 5,505,353</u>	<u>\$ -</u>	<u>\$ 5,505,353</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking & Savings Accounts, CDs)	<u>\$ 5,505,353</u>

The bank balance of the primary government's deposits is \$5,505,353 of which \$1,189,320 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

Township of Atlas
Notes to the Financial Statements
For the Fiscal Year Ended March 31, 2022

3. Cash and Investments – Continued

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township has a deposit policy for custodial credit risk. At the fiscal year end, the Township had approximately \$4,316,033 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

At the fiscal year end, the deposits and investments were reported in the basic financial statements in the following categories:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Investment Pools	\$ 475,052	AAAm	Standard & Poor's

4. Capital Assets

Capital assets activity of the Township's governmental activities was as follows:

	<u>Balance April 1, 2021</u>	<u>Additions</u>	<u>Disposals & Adjustments</u>	<u>Balance March 31, 2022</u>
Governmental Activities:				
Capital Assets Not Being Depreciated - Land	\$ 81,601	\$ -	\$ -	\$ 81,601
Capital Assets Being Depreciated:				
Buildings & Improvements	2,329,541	31,729	-	2,361,270
Machinery & Equipment	600,581	31,491	-	632,072
Vehicles	1,483,792	-	-	1,483,792
Total Capital Assets Being Depreciated	<u>4,413,915</u>	<u>63,220</u>	<u>-</u>	<u>4,477,134</u>
Accumulated Depreciation:				
Buildings & Improvements	805,869	84,676	-	890,545
Machinery & Equipment	510,458	31,825	-	542,283
Vehicles	725,275	91,866	-	817,140
Total Accumulated Depreciation	<u>2,041,601</u>	<u>208,367</u>	<u>-</u>	<u>2,249,968</u>
Governmental Activities Capital Assets - Net	<u>\$ 2,453,914</u>	<u>\$ (145,147)</u>	<u>\$ -</u>	<u>\$ 2,308,767</u>

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

Governmental Activities:	
General Government	\$ 68,795
Public Safety	135,637
Recreation & Culture	3,936
Total Governmental Activities	<u>\$ 208,367</u>

Township of Atlas
Notes to the Financial Statements
For the Fiscal Year Ended March 31, 2022

5. Long-Term Debt

	<u>Interest Rate Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Mortgage & Note Payables					
Genesee Co. Drain Commission	1.65% -				
Maturing through 2025	2.60%	\$ 116,131	\$ (116,131)	\$ -	\$ -
Total Primary Government		<u>\$ 116,131</u>	<u>\$ (116,131)</u>	<u>\$ -</u>	<u>\$ -</u>

6. Interfund Receivables, Payables and Transfers

The composition of advances is as follows:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
General Fund	\$ 59	Fire Protection Fund	\$ 59
General Fund	655	Police Fund	655
General Fund	1,316	Aqua Weed Treatment Fund	1,316
General Fund	<u>90,000</u>	Thread River Paving Fund	<u>90,000</u>
Total	<u>\$ 92,030</u>		<u>\$ 92,030</u>

The balance payable to the General Fund from Thread River Paving is due to amounts advanced by the General Fund to cover paving and related costs for the road special assessments. The General Fund will be reimbursed as special assessments are collected.

The details for interfund transfers are as follows:

None

7. Subsequent Events

As of July 20, 2022, there were no subsequent events which would have a material impact on the financial statements.

Township of Atlas
Notes to the Financial Statements
For the Fiscal Year Ended March 31, 2022

8. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

9. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

There is a deficit Fund Balance in the Thread River Paving Fund of \$16,084. This deficit is caused by a timing issue with the payment of the paving work in this special assessment versus when the money will be collected from the residents of that district. This deficit fund balance will slowly recover over the 10-year life of the assessment.

10. Tax Abatements

For the year ended March 31, 2022, the Township does not have any tax abatement programs.

Required Supplemental Information

Township of Atlas
 Required Supplemental Information
 Budgetary Comparison Schedule
 General Fund
 For The Fiscal Year Ended March 31, 2022

	General Fund			Variance with Amended Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Property Taxes	\$ 416,000	\$ 416,000	\$ 426,825	\$ 10,825
Special Assessment	10,950	10,950	-	(10,950)
Intergovernmental Revenue	565,001	565,001	663,553	98,552
Franchise Fees	55,000	55,000	47,591	(7,409)
Charges for Services	61,500	61,500	70,588	9,088
Interest Earnings	8,301	8,301	(9,809)	(18,110)
Other Revenues	32,202	32,202	59,727	27,525
Total Revenues	<u>1,148,954</u>	<u>1,148,954</u>	<u>1,258,475</u>	<u>109,521</u>
Expenditures				
General Government				
Township Board	205,313	205,313	144,089	61,224
Supervisor	54,881	54,881	49,638	5,243
Elections	28,175	28,175	13,755	14,420
Assessor	52,558	52,558	48,670	3,888
Clerk & Deputy Clerk	86,231	86,231	82,448	3,783
Board of Review	3,639	3,639	3,606	33
Treasurer & Deputy Treasurer	96,243	96,243	88,037	8,206
Building & Grounds	49,000	49,000	36,787	12,213
Cemetery	5,000	5,000	3,129	1,871
Total General Government	<u>581,040</u>	<u>581,040</u>	<u>470,160</u>	<u>110,880</u>
Public Safety				
Street Lighting	15,000	15,000	13,893	1,107
Building Department	71,960	71,960	71,812	148
Planning & Zoning	36,047	36,047	34,420	1,627
Total Public Safety	<u>123,007</u>	<u>123,007</u>	<u>120,124</u>	<u>2,883</u>
Public Works				
Roads & Drains	310,601	310,601	102,589	208,013
Total Public Works	<u>310,601</u>	<u>310,601</u>	<u>102,589</u>	<u>208,013</u>
Recreation & Culture				
Capital Outlay	24,306	24,306	24,231	75
Debt Service - Principal	37,000	37,000	35,424	1,576
Debt Service - Interest	117,000	117,000	116,131	869
Total Expenditures	<u>1,194,954</u>	<u>1,194,954</u>	<u>870,599</u>	<u>324,355</u>
Excess of Revenues Over (Under) Expenditures	(46,000)	(46,000)	387,876	433,876
Other Financing Sources (Uses)				
Loan Proceeds	-	-	-	-
Operating Transfers In (Out)	46,000	46,000	(477,117)	(523,117)
Excess of Revenues & Operating Transfers Over (Under) Expenditures & Operating Transfers Out	-	-	(89,241)	(89,241)
Fund Balance - Beginning of Year	2,015,624	2,469,828	2,469,828	0
Fund Balance - End of Year	<u>\$ 2,015,624</u>	<u>\$ 2,469,828</u>	<u>\$ 2,380,587</u>	<u>\$ (89,241)</u>

Township of Atlas
 Required Supplemental Information
 Budgetary Comparison Schedule
 Fire Protection Fund
 For The Fiscal Year Ended March 31, 2022

	Fire Protection Fund			Variance with Amended Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Property Taxes	\$ 372,000	\$ 372,000	\$ 372,372	\$ 372
Interest Earnings	1,000	1,000	575	(425)
Other Revenue	1,701	1,701	2,159	458
Total Revenues	374,701	374,701	375,106	405
Expenditures				
Public Safety	328,701	328,701	154,637	174,064
Capital Outlay	46,000	46,000	27,796	18,204
Total Expenditures	374,701	374,701	182,433	192,268
Excess of Revenues Over (Under) Expenditures	-	-	192,673	192,673
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	-	1,838	1,838
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues & Operating Transfers Over (Under) Expenditures & Operating Transfers Out	-	-	194,510	194,510
Fund Balance - Beginning of Year	1,068,455	707,773	707,773	-
Fund Balance - End of Year	\$ 1,068,455	\$ 707,773	\$ 902,283	\$ 194,510

Township of Atlas
 Required Supplemental Information
 Budgetary Comparison Schedule
 Garbage Collection Fund
 For The Fiscal Year Ended March 31, 2022

	Garbage Collection Fund			Variance with Amended Budget
	Original Budget	Amended Budget	Actual	
<u>Revenues</u>				
Special Assessments	\$ 286,125	\$ 286,125	\$ 291,472	\$ 5,347
Interest Earnings	-	-	56	56
Other Revenues	-	-	-	-
<u>Total Revenues</u>	286,125	286,125	291,528	5,403
<u>Expenditures</u>				
Public Works	286,125	286,125	274,692	11,433
<u>Total Expenditures</u>	286,125	286,125	274,692	11,433
Excess of Revenues Over (Under) Expenditures	-	-	16,836	16,836
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	-	-	222,601	222,601
Excess of Revenues & Operating Transfers Over (Under) Expenditures & Operating Transfers Out	-	-	239,437	239,437
<u>Fund Balance - Beginning of Year</u>	-	-	-	-
<u>Fund Balance - End of Year</u>	\$ -	\$ -	\$ 239,437	\$ 239,437

Township of Atlas
 Required Supplemental Information
 Budgetary Comparison Schedule
 Police Fund
 For The Fiscal Year Ended March 31, 2022

	Police Fund			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Property Taxes	\$ 772,800	\$ 772,800	\$ 781,992	\$ 9,192
Interest Earnings	-	-	704	704
Other Revenues	-	-	4,988	4,988
Total Revenues	<u>772,800</u>	<u>772,800</u>	<u>787,684</u>	<u>14,884</u>
<u>Expenditures</u>				
Public Safety	<u>772,800</u>	<u>772,800</u>	<u>544,575</u>	<u>228,225</u>
Total Expenditures	<u>772,800</u>	<u>772,800</u>	<u>544,575</u>	<u>228,225</u>
Excess of Revenues Over (Under) Expenditures	-	-	243,109	243,109
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues & Operating Transfers Over (Under) Expenditures & Operating Transfers Out	-	-	243,109	243,109
Fund Balance - Beginning of Year	<u>677,625</u>	<u>786,898</u>	<u>786,898</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 677,625</u>	<u>\$ 786,898</u>	<u>\$ 1,030,007</u>	<u>\$ 243,109</u>

Township of Atlas
 Required Supplemental Information
 Budgetary Comparison Schedule
 Thread River Paving Fund
 For The Fiscal Year Ended March 31, 2022

	Thread River Paving Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Special Assessments	\$ 3,504	\$ 3,504	\$ 3,308	\$ -
Interest Earnings	-	-	82	82
Total Revenues	3,504	3,504	3,390	82
Expenditures				
Public Works	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	3,504	3,504	3,390	82
Other Financing Sources (Uses)				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues & Operating Transfers Over (Under) Expenditures & Operating Transfers Out	3,504	3,504	3,390	82
Fund Balance - Beginning of Year	-	(19,474)	(19,474)	-
Fund Balance - End of Year	\$ 3,504	\$ (15,970)	\$ (16,084)	\$ 82

Other Supplemental Information

Township of Atlas

Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
March 31, 2022

	Special Revenue Funds					Capital Projects Fund		Total Nonmajor Governmental Funds
	Aqua Weed Treatment Fund	Sewer Receiving Fund	Atlas Meadows Septic Fund	Willow Gate Fund	Recreational Pathways Fund	Gale Lake Assessment Fund	Sewer Capital Projects Fund	
Assets								
Cash & Cash Equivalents	\$ 211,325	\$ 46,685	\$ 16,130	\$ 19,887	\$ 282,984	\$ -	\$ 171,950	\$ 749,161
Accounts Receivable	90	11,550	770	-	1,808	-	-	14,218
Total Assets	\$ 211,615	\$ 58,235	\$ 16,900	\$ 19,887	\$ 284,792	\$ -	\$ 171,950	\$ 763,379
Liabilities & Fund Balances								
Liabilities								
Accounts Payable	-	\$ 4,465	-	-	-	-	-	\$ 4,465
Due To Other Funds	1,316	-	-	-	-	-	-	1,316
Total Liabilities	1,316	4,465	-	-	-	-	-	5,781
Fund Balances								
Restricted For:								
Sewer Improvements & Operations	-	53,770	16,900	19,887	-	-	171,950	262,507
Recreational Pathways	-	-	-	-	284,792	-	-	284,792
Aquatic Weed Treatment	210,298	-	-	-	-	-	-	210,298
Total Fund Balances	210,298	53,770	16,900	19,887	284,792	-	171,950	757,598
Total Liabilities & Fund Balances	\$ 211,615	\$ 58,235	\$ 16,900	\$ 19,887	\$ 284,792	\$ -	\$ 171,950	\$ 763,379

Township of Atlas
 Other Supplemental Information
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For The Fiscal Year Ended March 31, 2022

	Special Revenue Funds										Capital Projects Fund		Total Nonmajor Governmental Funds
	Aqua Weed Treatment Fund	Sewer Receiving Fund	Atlas Meadows Septic Fund	Willow Gate Fund	Recreational Pathways Fund	Gale Lake Assessment Fund	Sewer Capital Projects Fund		Total				
							Sewer Receiving Fund	Capital Projects Fund					
Revenues													
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 45,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,011
Special Assessments	2,040	-	10,395	9,252	-	-	-	-	-	-	-	-	21,687
Charges for Services	-	55,983	-	-	-	-	-	6,000	-	-	-	-	61,983
Interest Earnings	59	-	-	-	368	1	-	198	-	-	-	-	627
Other Revenues	225	-	-	-	-	-	-	-	-	-	-	-	225
Total Revenues	2,324	55,983	10,395	9,252	45,379	1	6,198	6,198	1	6,198	6,198	129,533	
Expenditures													
Public Works	46,889	50,043	7,449	8,410	-	6,034	-	-	-	-	-	-	118,824
Total Expenditures	46,889	50,043	7,449	8,410	-	6,034	-	-	-	-	-	118,824	
Excess of Revenues Over (Under) Expenditures	(44,565)	5,940	2,946	842	45,379	(6,033)	6,198	6,198	6,198	6,198	6,198	10,708	
Other Financing Sources (Uses)													
Transfers In (Out)	254,863	-	-	-	-	(346)	-	-	-	-	-	-	254,517
Net Change in Fund Balances	210,298	5,940	2,946	842	45,379	(6,379)	6,198	6,198	6,198	6,198	6,198	265,225	
Fund Balances - Beginning of Year	-	47,830	13,954	19,045	239,413	6,379	165,752	165,752	165,752	165,752	165,752	492,373	
Fund Balances - End of Year	\$ 210,298	\$ 53,770	\$ 16,900	\$ 19,887	\$ 284,792	\$ -	\$ -	\$ 171,950	\$ -	\$ 171,950	\$ 171,950	\$ 757,598	

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Fax 810-519-1332

July 20, 2022

Township of Atlas
PO Box 277
Goodrich, MI 48438

To the Members of the Board:

In planning and performing our audit of the financial statements of the governmental activities and each major fund, as of and for the fiscal year ended March 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the **Township of Atlas's** internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses; however, material weaknesses may exist that we have not identified.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the **Township of Atlas's** internal control to be a significant deficiency:

Segregation of Duties – Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance to maintain the best control possible. We recommend the Township segregate duties whenever possible.

This information is intended solely for the information and use of management, **Township of Atlas**, and others within the organization, and is not intended to be, nor should it be used by anyone other than these specified parties.

Sincerely,

King & King CPAs LLC
KING & KING CPAs LLC

KING & KING CPAs LLC

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July 20, 2022

Township of Atlas
PO Box 277
Goodrich, MI 48438

To the Members of the Board:

We have audited the financial statements of the governmental activities and each major fund of the **Township of Atlas** for the fiscal year ended March 31, 2022, and have issued our report thereon dated July 20, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 29, 2021, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted auditing standards. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of auditing standards and their application. The significant accounting policies used by the **Township of Atlas** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended March 31, 2022. We noted no transactions entered into by the governmental unit during the fiscal year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Difficulties Encountered in Performing the Audit

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

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Audit Adjustments (Corrected and Uncorrected Misstatements)

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 20, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Restriction on Use

This information is intended solely for the information and use of management, the Board of the Township of Atlas, and Federal and State agencies and is not intended to be, nor should it be used by anyone other than these specified parties.

Sincerely,

King & King CPAs LLC
KING & KING CPAs LLC