

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

FINANCIAL REPORT WITH  
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2025

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

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## INDEPENDENT AUDITOR'S REPORT

July 21, 2025

To the Township Board  
Charter Township of Tallmadge  
Ottawa County, Michigan

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of Tallmadge (the Township), as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Campbell Auditing CPA, PLC*

CAMPBELL AUDITING CPA, PLC

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2025

The Management's Discussion and Analysis report of the Charter Township of Tallmadge covers the Township's financial performance during the year ended March 31, 2025.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net position at March 31, 2025, totaled \$12,217,644.61 for governmental activities.

Overall revenues were \$3,801,589.57 from governmental activities. Governmental activities had a \$1,362,948.01 increase in net position.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net position includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net position and how it has changed. Net position is the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net position are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, the Special Revenue Funds, the Capital Projects Fund, the Current Tax Collection Fund and the Agency Fund.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

CONDENSED FINANCIAL INFORMATION  
For the year ended March 31, 2025

	<u>Total</u>	<u>Total</u>
	Governmental Activities 2024	Governmental Activities 2025
Current Assets	9 199 163	10 205 659
Capital Assets	1 995 841	2 019 887
Total Assets	11 195 004	12 225 546
Current Liabilities	340 407	7 901
Non-current Liabilities	-	-
Total Liabilities	340 407	7 901
Net Position:		
Invested in Capital		
Assets	1 995 841	2 019 887
Restricted	3 055 392	2 512 476
Unrestricted	5 803 464	7 685 282
Total Net Position	10 854 697	12 217 645
	<u>Total</u>	<u>Total</u>
	Governmental Activities 2024	Governmental Activities 2025
Program Revenues:		
Fees and Charges for Services	935 361	811 641
General Revenues:		
Property Taxes	1 305 782	1 424 333
Federal revenue	525 999	319 936
State Revenue Sharing	1 001 881	992 885
Interest	112 439	184 746
Miscellaneous	26 669	68 049
Total Revenues	3 908 131	3 801 590
Program Expenses:		
Legislative	235 287	220 593
General Government	478 423	633 768
Public Safety	1 174 777	1 133 486
Public Works	68 264	173 110
Recreation and Culture	221 552	277 685
Total Expenses	2 178 303	2 438 642
Change in Net Position	1 729 828	1 362 948
Net Position, April 1	9 124 869	10 854 697
Net Position, March 31	10 854 697	12 217 645

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2025

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Special Revenue Funds, and the Capital Projects Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position was \$12,217,644.61 at March 31, 2025, which is an increase of \$1,362,948.01 from the prior year. The change was due in part to increased property tax revenue.

Refer to Page 4 for a summary of the Township's financial activity and change in net position.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$1,682,864.44. Fund balance increased by \$878,452.24 in the General Fund, to total \$6,681,916.07, due to the recognition of ARPA revenue.

BUDGETARY HIGHLIGHTS

The Township's budget was compiled and adopted prior to the beginning of the fiscal year. Amendments were made during the year to bring budgeted items closer to economic reality. Revenues were \$382,616.68 over budget due in part to federal revenue being higher than anticipated. Expenses were \$495,335.56 under budget due in part to expenditures for Capital outlay being lower than expected.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$245,758.53 in capital assets.

Refer to Note 4 for a summary of the Township's capital asset activity.

The Township does not have any long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income. We continue to grow in taxable values with little demand for infrastructure, except good roads and water, where available.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or Township Treasurer at 616-677-1248.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET POSITION  
March 31, 2025

	Governmental Activities
ASSETS:	
CURRENT ASSETS:	
Cash in bank	9 159 960 17
Taxes receivable	42 332 56
Prepaid expense	1 003 366 00
Total Current Assets	10 205 658 73
NON-CURRENT ASSETS:	
Capital Assets	13 177 080 61
Less: Accumulated Depreciation	(11 157 193 19)
Total Non-current Assets	2 019 887 42
TOTAL ASSETS	12 225 546 15
LIABILITIES AND NET POSITION:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	7 901 54
Total Current Liabilities	7 901 54
NON-CURRENT LIABILITIES	-
Total Non-current Liabilities	-
Total Liabilities	7 901 54
NET POSITION:	
Invested in Capital Assets, Net of Related Debt	2 019 887 42
Restricted	2 512 475 12
Unrestricted	7 685 282 07
Total Net Position	12 217 644 61
TOTAL LIABILITIES AND NET POSITION	12 225 546 15

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

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
Year ended March 31, 2025

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<b>FUNCTIONS/PROGRAMS</b>			
Governmental Activities:			
Legislative	220 592 78	-	(220 592 78)
General government	633 768 06	260 717 16	(373 050 90)
Public safety	1 133 486 01	517 111 94	(616 374 07)
Public works	173 110 29	33 812 16	(139 298 13)
Culture and recreation	<u>277 684 42</u>	<u>-</u>	<u>(277 684 42)</u>
<b>Total Governmental Activities</b>	<u><u>2 438 641 56</u></u>	<u><u>811 641 26</u></u>	<u><u>(1 627 000 30)</u></u>
<b>General Revenues:</b>			
Property taxes			1 424 333 05
Federal revenue			319 935 37
State revenue sharing			992 885 23
Interest			184 745 54
Miscellaneous			<u>68 049 12</u>
<b>Total General Revenues</b>			<u><u>2 989 948 31</u></u>
<b>Change in net position</b>			1 362 948 01
<b>Net position, beginning of year</b>			<u>10 854 696 60</u>
<b>Net Position, End of Year</b>			<u><u>12 217 644 61</u></u>

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

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS  
Year ended March 31, 2025

	General	Fire Operating	Fire Capital Improvement	2006 Bond Construction	Total
<u>Assets</u>					
Cash in bank	6 587 173 12	1 294 158 99	834 991 46	370 650 27	9 086 973 84
Taxes receivable	21 756 62	17 219 97	3 355 97	-	42 332 56
Due from other funds	72 986 33	-	-	-	72 986 33
Prepaid expense	-	-	1 003 366 00	-	1 003 366 00
	<u>6 681 916 07</u>	<u>1 311 378 96</u>	<u>1 841 713 43</u>	<u>370 650 27</u>	<u>10 205 658 73</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts payable	-	7 901 54	-	-	7 901 54
Total liabilities	<u>-</u>	<u>7 901 54</u>	<u>-</u>	<u>-</u>	<u>7 901 54</u>
Fund balance:					
Fund balances:					
Nonspendable	-	-	1 003 366 00	-	1 003 366 00
Restricted	-	1 303 477 42	838 347 43	370 650 27	2 512 475 12
Unassigned	6 681 916 07	-	-	-	6 681 916 07
Total fund balances	<u>6 681 916 07</u>	<u>1 303 477 42</u>	<u>1 841 713 43</u>	<u>370 650 27</u>	<u>10 197 757 19</u>
Total Liabilities and Fund Balance	<u>6 681 916 07</u>	<u>1 311 378 96</u>	<u>1 841 713 43</u>	<u>370 650 27</u>	<u>10 205 658 73</u>

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

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

March 31, 2025

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	10 197 757 19
Amounts reported for governmental activities in the statement of net position are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	13 177 080 61
Accumulated depreciation	<u>(11 157 193 19)</u>
TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES	<u><u>12 217 644 61</u></u>

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

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
GOVERNMENTAL FUNDS  
Year ended March 31, 2025

	General	Fire Operating	Fire Capital Improvement	2006 Bond Construction	Total
Revenues:					
Property taxes	663 895 21	636 403 75	124 034 09	-	1 424 333 05
Licenses and permits	210 395 17	-	-	-	210 395 17
Federal revenue	319 935 37	-	-	-	319 935 37
State revenue sharing	992 885 23	-	-	-	992 885 23
Charges for services:					
Property tax administration	172 139 09	-	-	-	172 139 09
Fire protection	-	219 835 00	167 825 94	-	387 660 94
Other	3 610 90	-	-	4 023 00	7 633 90
Interest	143 760 77	10 390 81	28 171 33	2 422 63	184 745 54
Special assessments	33 812 16	-	-	-	33 812 16
Miscellaneous	55 882 78	564 00	11 602 34	-	68 049 12
<b>Total revenues</b>	<b>2 596 316 68</b>	<b>867 193 56</b>	<b>331 633 70</b>	<b>6 445 63</b>	<b>3 801 589 57</b>
Expenditures:					
Legislative:					
Township Board	220 592 78	-	-	-	220 592 78
General government:					
Supervisor	52 992 97	-	-	-	52 992 97
Elections	24 106 73	-	-	-	24 106 73
Assessor	88 201 52	-	-	-	88 201 52
Clerk	68 052 67	-	-	-	68 052 67
Board of Review	1 225 00	-	-	-	1 225 00
Treasurer	68 731 95	-	-	-	68 731 95
Building and grounds	205 523 42	-	-	-	205 523 42
Cemetery	20 995 54	-	-	-	20 995 54
Unallocated	41 050 49	-	-	-	41 050 49
Public safety:					
Fire protection	-	592 904 17	98 766 09	-	691 670 26
Police protection	-	88 153 62	-	-	88 153 62
Planning and zoning	146 282 03	-	-	-	146 282 03
Building inspection	112 999 86	-	-	-	112 999 86
Public works:					
Highways and streets	13 545 00	-	-	-	13 545 00
Street lights	16 855 89	-	-	-	16 855 89
Weed control	28 795 00	-	-	-	28 795 00
Drains	112 450 00	-	-	-	112 450 00
Culture and recreation:					
Parks and recreation	61 984 33	-	-	-	61 984 33
Library	152 720 73	-	-	-	152 720 73
Capital outlay	245 758 53	-	-	-	245 758 53
<b>Total expenditures</b>	<b>1 682 864 44</b>	<b>681 057 79</b>	<b>98 766 09</b>	<b>-</b>	<b>2 462 688 32</b>

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

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
GOVERNMENTAL FUNDS  
Year ended March 31, 2025

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Capital Improvement</u>	<u>2006 Bond Construction</u>	<u>Total</u>
Excess (deficiency) of revenues over expenditures	913 452 24	186 135 77	232 867 61	6 445 63	1 338 901 25
Other financing sources (uses):					
Transfers in	-	-	35 000 00	-	35 000 00
Transfers out	(35 000 00)	-	-	-	(35 000 00)
Total other financing sources (uses)	(35 000 00)	-	35 000 00	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	878 452 24	186 135 77	267 867 61	6 445 63	1 338 901 25
Fund balances, April 1, 2024	5 803 463 83	1 117 341 65	1 573 845 82	364 204 64	8 858 855 94
Fund Balances, March 31, 2025	6 681 916 07	1 303 477 42	1 841 713 43	370 650 27	10 197 757 19

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

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2025

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 1 338 901 25

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

Depreciation Expense	(221 711 77)
Capital Outlay	<u>245 758 53</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 1 362 948 01

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

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

FIDUCIARY FUNDS-STATEMENT OF NET POSITION  
March 31, 2025

	<u>Total Custodial Funds</u>
<u>Assets</u>	
Cash in bank	<u>320 245 80</u>
Total Assets	<u>320 245 80</u>
<u>Liabilities and Net Position</u>	
Liabilities:	
Due to other funds	72 986 33
Due to other units	<u>247 259 47</u>
Total liabilities	<u>320 245 80</u>
Net Position:	<u>-</u>
Total net position	<u>-</u>
Total Liabilities and Net Position	<u>320 245 80</u>

The accompanying notes are an integral part of these financial statements

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

FIDUCIARY FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
Year ended March 31, 2025

	<u>Total Custodial Funds</u>
Additions:	
Property tax collected for other governments	<u>14 885 852 43</u>
Total additions	<u>14 885 852 43</u>
Deductions:	
Property taxes distributed to other governments	<u>14 885 852 43</u>
Total deductions	<u>14 885 852 43</u>
Net Change in Fiduciary Net Position	-
Net Position – Beginning of Year	<u>-</u>
Net Position – End of Year	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Tallmadge, Ottawa County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Charter Township of Tallmadge. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally 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. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function 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, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

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. 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. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, restricted resources are applied first.

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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds

These funds are used to record the funding and payment of principal and interest on long-term debt.

Capital Projects Funds

These funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary fund operations and special assessments.

Fiduciary Funds

The Current Tax Collection Fund and Agency Fund are used to account for assets held as an agent for others.

Assets, Liabilities and Net Position or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2024 tax roll millage rate was 2.7856 mills, and the taxable value was \$515,782,173.00.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	10-40 years
Furniture, vehicles and equipment	4-25 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay. The State of Michigan passed the Earned Sick Time Act (ESTA) effective February 21, 2025.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.

The proposed budgets include expenditures as well as the methods of financing them.

Public hearings are held to obtain taxpayer comments.

The budgets are adopted at the activity level by a majority vote of the Township Board.

The budgets are adopted on the modified accrual basis of accounting.

The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.

The adopted budgets are used as a management control device during the year for all budgetary funds.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

Note 2 – Budgets and Budgetary Accounting – (continued)

Budget appropriations lapse at the end of each fiscal year.

The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; 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; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date 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. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated four financial institutions for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>9 407 219 64</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	1 250 000 00
Uninsured and Uncollateralized	<u>8 200 646 66</u>
Total Deposits	<u>9 450 646 66</u>

The Township did not have any investments as of March 31, 2025.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

Note 3 – Deposits and Investments (continued)

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance</u> <u>4/1/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>3/31/25</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	73 000 00	-	-	73 000 00
Subtotal	<u>73 000 00</u>	<u>-</u>	<u>-</u>	<u>73 000 00</u>
Capital assets being depreciated:				
Land improvements	1 790 401 06	132 013 53	-	1 922 414 59
Buildings	662 580 84	113 745 00	-	776 325 84
Equipment	1 984 555 69	-	(77 047 08)	1 907 508 61
Infrastructure	8 497 831 57	-	-	8 497 831 57
Subtotal	<u>12 935 369 16</u>	<u>245 758 53</u>	<u>(77 047 08)</u>	<u>13 104 080 61</u>
Total	<u>13 008 369 16</u>	<u>245 758 53</u>	<u>(77 047 08)</u>	<u>13 177 080 61</u>
Accumulated Depreciation:				
Land Improvements	(659 684 34)	(100 197 88)	-	(759 882 22)
Buildings	(376 379 97)	(26 071 24)	-	(402 451 21)
Equipment	(1 512 313 82)	(93 978 25)	77 047 08	(1 529 244 99)
Infrastructure	(8 464 150 37)	(1 464 40)	-	(8 465 614 77)
Total	<u>(11 012 528 50)</u>	<u>(221 711 77)</u>	<u>77 047 08</u>	<u>(11 157 193 19)</u>
Net Capital Assets	<u>1 995 840 66</u>	<u>24 046 76</u>	<u>-</u>	<u>2 019 887 42</u>
Depreciation expense was charged to the following activities:				
General government	62 887 77			
Public safety	94 380 24			
Public works	1 464 40			
Culture and recreation	<u>62 979 36</u>			
	<u>221 711 77</u>			

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

Note 5 – Pension Plan

The Township provide a defined contribution pension plan, which provides pension benefits to qualified employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township’s contribution for employees eligible to participate in the plan vests immediately upon date of hire. The Township contributes a percentage of the participant’s salary to the plan. Township contributions are 7.5% of salary, while participants are not required to contribute. Township contributions to the plan were \$44,798.92 and participant contributions to the plan were \$0. The plan provisions and contribution amounts were established by the Township Board and may be amended by the Board. The plans are administered as noted above.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers’ compensation). The Township has purchased commercial insurance for property loss, torts and workers’ compensation 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 8 – Building Permits

For the year ended March 31, 2025, the Township had building permit revenues of \$125,451.00 and building permit expenses of \$112,999.86.

Note 9 – Transfers In and Transfers Out

For the fiscal year ended March 31, 2025, the Township made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Fire Capital Improvement	35 000 00	General	35 000 00
Total	<u>35 000 00</u>	Total	<u>35 000 00</u>

The interfund transfers listed above were used to fund current year operations in their respective funds.

Note 10 – Interfund Receivables and Payables

As of March 31, 2025, the Township had the following interfund balances:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	45 778 65	Agency	45 778 65
General	<u>27 207 68</u>	Current Tax Collection	<u>27 207 68</u>
Total	<u>72 986 33</u>	Total	<u>72 986 33</u>

The above amounts reflect various taxes that were not paid out from the Current Tax Collection Fund and the Agency Fund during the year.

Note 10 – Budget Variances

During the fiscal year ended March 31, 2025, Township expenditures exceeded the budgeted amounts in the following activities:

<u>Fund/Activity</u>	<u>Final Budget</u>	<u>Actuals</u>	<u>Budget Variance</u>
General:			
Building and grounds	111 200 00	205 523 42	94 323 42
Fire Capital Improvement:			
Fire protection	79 300 00	98 766 09	19 466 09

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
Year ended March 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	663 350 00	663 350 00	663 895 21	545 21
Licenses and permits	281 850 00	281 850 00	210 395 17	(71 454 83)
Federal revenue	-	-	319 935 37	319 935 37
State revenue sharing	1 008 000 00	1 008 000 00	992 885 23	(15 114 77)
Charges for services:				
Property tax administration	157 900 00	157 900 00	172 139 09	14 239 09
Other	7 000 00	7 000 00	3 610 90	(3 389 10)
Interest	40 000 00	40 000 00	143 760 77	103 760 77
Rent	5 000 00	5 000 00	-	(5 000 00)
Special assessments	22 000 00	22 000 00	33 812 16	11 812 16
Miscellaneous	28 600 00	28 600 00	55 882 78	27 282 78
<b>Total revenues</b>	<b>2 213 700 00</b>	<b>2 213 700 00</b>	<b>2 596 316 68</b>	<b>382 616 68</b>
Expenditures:				
Legislative:				
Township Board	316 600 00	316 600 00	220 592 78	(96 007 22)
General government:				
Supervisor	56 750 00	56 750 00	52 992 97	(3 757 03)
Elections	45 000 00	41 900 00	24 106 73	(17 793 27)
Assessor	92 750 00	92 750 00	88 201 52	(4 548 48)
Clerk	67 500 00	70 600 00	68 052 67	(2 547 33)
Board of Review	2 600 00	2 600 00	1 225 00	(1 375 00)
Treasurer	73 750 00	73 500 00	68 731 95	(4 768 05)
Building and grounds	111 200 00	111 200 00	205 523 42	94 323 42
Cemetery	36 000 00	36 000 00	20 995 54	(15 004 46)
Unallocated	57 000 00	56 750 00	41 050 49	(15 699 51)
Public safety:				
Planning and zoning	167 875 00	167 875 00	146 282 03	(21 592 97)
Building inspection	199 500 00	199 500 00	112 999 86	(86 500 14)
Public works:				
Highways and streets	144 875 00	67 425 00	13 545 00	(53 880 00)
Street lights	21 000 00	21 000 00	16 855 89	(4 144 11)
Weed control	28 800 00	28 800 00	28 795 00	(5 00)
Drains	35 000 00	112 450 00	112 450 00	-
Culture and recreation:				
Parks and recreation	42 500 00	68 500 00	61 984 33	(6 515 67)
Library	155 000 00	155 000 00	152 720 73	(2 279 27)
Capital outlay	525 000 00	499 000 00	245 758 53	(253 241 47)
<b>Total expenditures</b>	<b>2 178 700 00</b>	<b>2 178 200 00</b>	<b>1 682 864 44</b>	<b>(495 335 56)</b>
Excess (deficiency) of revenues over expenditures	35 000 00	35 500 00	913 452 24	877 952 24
Other financing sources (uses):				
Transfers out	(35 000 00)	(35 000 00)	(35 000 00)	-
<b>Total other financing sources (uses)</b>	<b>(35 000 00)</b>	<b>(35 000 00)</b>	<b>(35 000 00)</b>	<b>-</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	500 00	878 452 24	877 952 24
Fund balance, April 1, 2024	-	-	5 803 463 83	5 803 463 83
<b>Fund Balance, March 31, 2025</b>	<b>-</b>	<b>500 00</b>	<b>6 681 916 07</b>	<b>6 681 416 07</b>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE OPERATING FUND  
Year ended March 31, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	558 265 00	558 265 00	636 403 75	78 138 75
Charges for services:				
Fire protection	219 835 00	219 835 00	219 835 00	-
Interest	2 000 00	2 000 00	10 390 81	8 390 81
Miscellaneous	<u>1 600 00</u>	<u>1 600 00</u>	<u>564 00</u>	<u>(1 036 00)</u>
Total revenues	<u>781 700 00</u>	<u>781 700 00</u>	<u>867 193 56</u>	<u>85 493 56</u>
Expenditures:				
Public safety:				
Fire protection	<u>693 100 00</u>	<u>843 100 00</u>	<u>681 057 79</u>	<u>(162 042 21)</u>
Total expenditures	<u>693 100 00</u>	<u>843 100 00</u>	<u>681 057 79</u>	<u>(162 042 21)</u>
Excess (deficiency) of revenues over expenditures	<u>88 600 00</u>	<u>(61 400 00)</u>	<u>186 135 77</u>	<u>247 535 77</u>
Other financing sources (uses):				
Transfers out	<u>65 000 00</u>	<u>65 000 00</u>	<u>-</u>	<u>(65 000 00)</u>
Total other financing sources (uses)	<u>65 000 00</u>	<u>65 000 00</u>	<u>-</u>	<u>(65 000 00)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	153 600 00	3 600 00	186 135 77	182 535 77
Fund balance, April 1, 2024	<u>-</u>	<u>-</u>	<u>1 117 341 65</u>	<u>1 117 341 65</u>
Fund Balance, March 31, 2025	<u><u>153 600 00</u></u>	<u><u>3 600 00</u></u>	<u><u>1 303 477 42</u></u>	<u><u>1 299 877 42</u></u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE CAPITAL IMPROVEMENT FUND  
Year ended March 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	122 556 00	122 556 00	124 034 09	1 478 09
Charges for services:				
Fire protection	156 624 00	156 624 00	167 825 94	11 201 94
Interest	1 600 00	1 600 00	28 171 33	26 571 33
Miscellaneous	-	-	11 602 34	11 602 34
	<u>280 780 00</u>	<u>280 780 00</u>	<u>331 633 70</u>	<u>50 853 70</u>
Total revenues				
Expenditures:				
Public safety:				
Fire protection	63 300 00	79 300 00	98 766 09	19 466 09
Capital outlay	16 000 00	-	-	-
	<u>79 300 00</u>	<u>79 300 00</u>	<u>98 766 09</u>	<u>19 466 09</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>201 480 00</u>	<u>201 480 00</u>	<u>232 867 61</u>	<u>31 387 61</u>
Other Financing Sources (uses):				
Transfers in	35 000 00	35 000 00	35 000 00	-
Total other financing sources (uses)	<u>35 000 00</u>	<u>35 000 00</u>	<u>35 000 00</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>236 480 00</u>	<u>236 480 00</u>	<u>267 867 61</u>	<u>31 387 61</u>
Fund balance, April 1, 2024	<u>-</u>	<u>-</u>	<u>1 573 845 82</u>	<u>1 573 845 82</u>
Fund Balance, March 31, 2025	<u>236 480 00</u>	<u>236 480 00</u>	<u>1 841 713 43</u>	<u>1 605 233 43</u>

# CAMPBELL AUDITING CPA, PLC

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## AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 21, 2025

To the Township Board  
Charter Township of Tallmadge  
Ottawa County, Michigan

We have audited the financial statements of the Charter Township of Tallmadge for the year ended March 31, 2025. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Charter Township of Tallmadge in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board  
Charter Township of Tallmadge  
Ottawa County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

#### **PREPARATION OF FINANCIAL STATEMENTS**

Government units are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Responsibility for the financial statements of the governmental unit rests with the governmental unit's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal accounting records), and (2) reporting government-wide and fund financial statements, including the related note disclosures (i.e., external financial reporting).

It has historically been common for many governmental units to rely on the independent auditors to assist in the preparation of the government-wide and fund financial statements, as well as the related notes to the financial statements, as part of its external financial reporting process. As a result, a government's ability to prepare financial statements in accordance with GAAP has typically been based, in part, on its reliance on the independent auditors. By definition, independent auditors cannot be part of the government's internal control.

To the Township Board  
Charter Township of Tallmadge  
Ottawa County, Michigan

**COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**  
(cont.)

PREPARATION OF FINANCIAL STATEMENTS (cont.)

The cause for this condition is simply because it is more cost effective to outsource the preparation of its annual financial statements to the independent auditors than to incur the time and expense of having the employees and/or management obtain the necessary training and expertise required to perform this task internally.

As a result of this condition, the employees and/or management do not possess the qualifications necessary to prepare the governmental unit's annual financial statements and notes to the financial statements in accordance with GAAP. The governmental unit relies, in part, on the independent auditors for assistance with the preparation of annual financial statements and related notes to the financial statements in accordance with GAAP.

We do not recommend any changes to this situation at this time and we communicate this as required by professional standards.

BUDGET VARIANCES

For the year ended March 31, 2025, the Township exceeded the amounts budgeted for two activities. We recommend the Township amend the budget as necessary to comply with state law.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements for the year ended March 31, 2025.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

*Campbell Auditing CPA, PLC*

CAMPBELL AUDITING CPA, PLC