



**FREMONT COMMUNITY RECREATION AUTHORITY  
NEWAYGO COUNTY, MICHIGAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2020**

# FREMONT COMMUNITY RECREATION AUTHORITY

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## Independent Auditor's Report

Authority Board  
Fremont Community Recreation Authority  
Fremont, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and major fund of Fremont Community Recreation Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority'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 Authority'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 major fund of Fremont Community Recreation Authority as of December 31, 2020, and the respective changes in financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 the financial reporting for placing the basic financial statements in an appropriate operation, 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 the 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.

*H & S Companies, P.C.*

H & S Companies, P.C.  
Reed City, Michigan  
June 25, 2021

**FREMONT COMMUNITY RECREATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

As management of Fremont Community Recreation Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2020. Please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

1. The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$3,688,728 (net position). This represents an investment in capital assets of \$3,582,897 and an unrestricted net position of \$105,831.
2. As of the close of the current fiscal year, the Authority's governmental fund reported an ending fund balance of \$93,960. The deficit was eliminated during the year due to a decrease in expenditures mainly from utilities and wages.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to Fremont Community Recreation Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activity of the Authority is recreation and culture. Fremont Community Recreation Authority does not have any business-type activities.

**FUND FINANCIAL STATEMENTS**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority utilizes a single governmental fund (general fund).

**FREMONT COMMUNITY RECREATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

*Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with this budget.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Fremont Community Recreation Authority, assets exceeded liabilities by \$3,688,728 at December 31, 2020.

The majority of the Authority's net position is represented by its investment in fixed assets \$3,582,897.

The following table illustrates and summarizes the net position for the Authority. This condensed information was derived from the government-wide statement of net position:

	Governmental Activities	
	2020	2019
Current Assets	\$ 142,158	\$ 58,008
Noncurrent Assets	3,582,897	3,681,502
Total Assets	3,725,055	3,739,510
Current Liabilities	36,327	79,988
Deferred Inflows	11,871	-
Net Position		
Net Investment in Capital Assets	3,582,897	3,681,502
Unrestricted	105,831	(21,980)
Total Net Position	\$ 3,688,728	\$ 3,659,522

**FREMONT COMMUNITY RECREATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

The following table illustrates and summarizes the results of the changes in the net position for the Authority. The condensed information was derived from the government-wide statement of activities:

	Governmental	
	Activities	
	2020	2019
Program Revenues		
Charges for Services	\$ 62,771	\$ 35,491
Operating grants and contributions	100	11,550
General Revenues		
Property Taxes	171,178	124,670
Rents	47,433	78,766
Other	-	464
Total Revenues	281,482	250,941
Expenses		
Recreation & Culture	252,276	327,694
Total Expenses	252,276	327,694
Change in Net Position	\$ 29,206	\$ (76,753)

**GOVERNMENTAL ACTIVITIES**

Governmental activities increased the Authority's net position by \$29,206 in this fiscal year, which is an indicator of financial gain mainly due to decrease in payroll.

The revenue from taxes amounted to \$171,178. The Authority levied .5000 mills for operating purposes.

The cost of the Authority's programs for the current fiscal year totaled \$252,276. All of the expenses related to culture and recreation services.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

**Governmental Funds**

The focus of the Authority's governmental fund (general fund) is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Authority's governmental fund reported ending fund balance of \$93,960, unassigned fund balance of \$86,409, and assigned fund balance of \$5,200. The remainder of fund balance, \$2,351, is not available for new spending because it is classified as non-spendable at the end of the fiscal year.

**General Fund**

The General Fund had an increase in fund balance of \$115,940 bringing the total fund balance to \$93,960.

General fund expenditures decreased during the year, the most notable change was related to wages which decreased \$39,996 during 2020.

**FREMONT COMMUNITY RECREATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Authority did not find it necessary to amend the general fund budget during the year.

By year-end, the Authority was favorable against budget by \$95,640. Property tax revenue exceeded the budgeted amount by \$24,307 and membership fees fell short by \$28,587. Contracted Services were over budget by \$1,608 and Repairs & Maintenance by \$248. Salaries and Wages were under budget by \$58,636, and utilities by \$18,191.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Authority's investment in capital assets for its governmental activities as of December 31, 2020, amounted to \$3,582,897 (net of accumulated depreciation).

Capital assets summarized below include any items purchased with a cost greater than \$1,000 individually and that have a useful life greater than three years:

	<b>12/31/2020</b>	<b>12/31/2019</b>
Land	\$ 200,000	\$ 200,000
Buildings & Improvements	3,812,072	3,812,072
General Equipment	9,095	9,095
	4,021,167	4,021,167
Less Accumulated Depreciation	(438,270)	(339,665)
Net Capital Assets	<b>\$ 3,582,897</b>	<b>\$ 3,681,502</b>

**Amount due to other Governments**

At the end of the current fiscal year, the Authority owed \$30,000 to the City of Fremont for startup funds, due in \$10,000 increments annually.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Authority's General Fund is comprised of four major revenue sources, property taxes, program fees, membership fees and rental income. Those four sources comprised 99% of the General Fund's revenue sources. In the next fiscal year, the Authority expects these four revenue sources to decrease by approximately \$16,300. The authority also expects expenditures to increase by \$500 with decreases to Wages, Supplies, and Professional Fees and increases to Utilities, Lease, and Maintenance.

**REQUESTS FOR INFORMATION**

This financial report is intended to provide a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Authority Board Treasurer John Grimes at 201 E Maple St, Fremont, MI 49412; or 231-924-3750.

**FREMONT COMMUNITY RECREATION AUTHORITY**  
**GOVERNMENTAL-WIDE STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2020**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 68,838
Taxes Receivable	70,969
Prepays	2,351
Land	200,000
Property and Equipment	3,821,167
Accumulated Depreciation	<u>(438,270)</u>
Total Assets	<u>3,725,055</u>
 <b>Liabilities</b>	
Accounts Payable	5,902
Due to Other Governments	30,000
Accrued Payroll Liabilities	<u>425</u>
Total Liabilities	<u>36,327</u>
 <b>Net Position</b>	
Net Investment in Capital Assets	3,582,897
Unrestricted	<u>105,831</u>
Total Net Position	<u><u>\$ 3,688,728</u></u>

See Independent Auditor's Report and accompanying notes to financial statements.

**FREMONT COMMUNITY RECREATION AUTHORITY**

**GOVERNMENTAL-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Primary Government</b>				
Recreation and Culture	\$ 252,276	\$ 62,771	\$ 100	\$ (189,405)
 General Revenues				
Property Taxes				171,178
Rental Income				47,433
Total General Revenues				218,611
Change in Net Position				29,206
Net Position - Beginning of Year				3,659,522
Net Position - End of Year				\$ 3,688,728

See Independent Auditor's Report and accompanying notes to financial statements.

**FREMONT COMMUNITY RECREATION AUTHORITY**

**GOVERNMENTAL FUND BALANCE SHEET**

**DECEMBER 31, 2020**

	General Fund
<b>Assets</b>	
Cash	\$ 68,838
Taxes Receivable	70,969
Prepays	<u>2,351</u>
Total Assets	<u>\$ 142,158</u>
<b>Liabilities</b>	
Accounts Payable	\$ 5,902
Due to Other Governments	30,000
Accrued Payroll Liabilities	<u>425</u>
Total Liabilities	36,327
<b>Deferred Inflows</b>	
Unavailable Revenue	<u>11,871</u>
<b>Fund Balances</b>	
Assigned	5,200
Nonspendable	2,351
Unassigned	<u>86,409</u>
Total Fund Balances	<u>93,960</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 142,158</u>

See Independent Auditor's Report and accompanying notes to financial statements.

**FREMONT COMMUNITY RECREATION AUTHORITY**

**RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Total Governmental Fund Balances \$ 93,960

Total net position reported for governmental activities in the statement of net position are different from the amount reported as total governmental funds fund balance because:

Deferred Inflows of resources, related to property taxes are not available to pay current period expenditures.

Unavailable Revenue 11,871

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of Net Position:

Governmental Capital Asset	4,021,167
Governmental Accumulated Depreciation	<u>(438,270)</u>

Total Net Position - Governmental Activities \$ 3,688,728

**FREMONT COMMUNITY RECREATION AUTHORITY**

**GOVERNMENTAL FUND STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General Fund</u>
<b>Revenues</b>	
Property Taxes	\$ 159,307
Contributions	100
Program Fees	24,727
Membership Fees	36,413
Rental Income	47,433
Sales	<u>1,631</u>
 Total Revenues	 269,611
 <b>Expenditures</b>	
Culture and Recreation	<u>153,671</u>
 Excess Revenue Over Expenditures	 115,940
 Fund Balances - Beginning of Year	 <u>(21,980)</u>
 Fund Balances - End of Year	 <u><u>\$ 93,960</u></u>

See Independent Auditor's Report and accompanying notes to financial statements.

FREMONT COMMUNITY RECREATION AUTHORITY

RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 115,940

Amounts reported for governmental activities in the statement of activities are different because:

Certain assets used in *governmental activities* are not available to pay current-period expenditures and, therefore, are deferred in the funds.

Increase in unavailable property tax revenues 11,871

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense

Depreciation expense reported in the statement of activities (98,605) (98,605)

Changes in Net Position - Governmental Activities \$ 29,206

**FREMONT COMMUNITY RECREATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fremont Community Recreation Authority provides a broad spectrum of quality recreational sport and wellness programs and services to the Fremont Community and surrounding communities that encourages healthy lifestyles and enhance personal development through participation and leadership opportunities. They are governed by a council of 9 representatives from the City of Fremont, Sheridan and Dayton Townships, and the surrounding communities.

The accounting policies of Fremont Community Recreation Authority (the "Authority") conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to governmental units. The following is a summary of the significant policies used by the Authority.

Reporting Entity

As required by U.S. GAAP, the financial statements of the reporting entity include those of the Authority. There are no component units to be included.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all activities of the primary government. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported in total. The Authority has no business-type or fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function 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. Other items not properly included among program revenues are reported instead as general revenue.

The Authority maintains only one fund, the general fund, which is reported as a major governmental fund and is used to account for all financial resources of the Authority.

**FREMONT COMMUNITY RECREATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 except expenditure-driven grants which must be collected within one year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Revenues are recognized in the accounting period in which they become susceptible to accrual that is when they become both measurable and available to finance expenditures of the fiscal period.

Assets, Liabilities, and Fund Balance

*Bank Deposits and Investments* - Cash is considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund based on the cash balance in each fund.

*Receivables* - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Prepaid Items* - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both government-wide and fund financial statements.

*Capital Assets* - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend lives is not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against operations in the government-wide statements. Accumulated depreciation is reported on the government-wide statement of net position.

**FREMONT COMMUNITY RECREATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Buildings	20 to 60 years
Building Improvements	15 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
General Equipment	5 to 10 years

*Property Taxes* - Property taxes are levied on December 1st based on the taxable valuation of the property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year. The Townships and City bill and collect the property taxes. The Authority levied .5 mill for July 1 and December 31, 2020. They received a total income from taxes of \$159,307 in 2020.

*Unearned Revenue* - During the course of normal operations, the Authority receives payment for future services. These amounts collected are classified as unearned revenues.

*Due to/Due From Other Governments* - Through June 30, 2016, the City of Fremont, Michigan (the "City"), as fiduciary for the Authority, made disbursements on behalf of the Authority for general operating expenditures. When operations were turned over to the Authority at the end of June 2016, the City loaned the Authority \$60,000 to cover operating expenses and provide start-up cash. The balance outstanding as of December 31, 2020, was \$30,000.

*Net Position* - Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. The Authority reports three categories of net position, as follows: (1) Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets, and increases by balances of deferred outflows of resources related to those assets; (2) Restricted net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Authority's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) Unrestricted net position consists of all other net position that does not meet the definition of the above components and is available for general use by the Authority.

*Fund Balance* - In the fund financial statements, governmental funds report the following classifications of fund balance:

*Nonspendable* - Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

*Restricted* - Includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

*Committed* - Includes amounts that can only be used for specific purposes determined by a formal action by Board resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (Board resolution) that was employed when the funds were initially committed.

**FREMONT COMMUNITY RECREATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

*Assigned* - Includes amounts a government intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.

*Unassigned* - Includes amounts that are available for any purpose. Positive amounts are only reported in the General Fund.

When the Authority incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

As of December 31, 2020, fund balances are composed of the following:

	General Fund
Nonspendable:	
Prepays	\$ 2,351
Assigned:	
Pickleball	5,200
Unassigned	86,409
Total Fund Balances	\$ 93,960

**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end. The Authority approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Authority does not utilize encumbrance accounting.

Excess of Expenditures over Appropriations in Budgeted Funds - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Budget appropriations are considered to be spent once the goods are delivered or services rendered. The following expenditures were in excess of the amounts appropriated:

	Budget	Actual	Over Expenditure
Capital Outlay	\$ -	\$ 248	\$ 248
Contracted Services	11,000	12,608	1,608

**FREMONT COMMUNITY RECREATION AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE C- CASH AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Authority is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; 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 of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds, securities, and other obligations of the United States government, bank accounts and CD's, of United States banks, money market mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 USC 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation and authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share, investment pools, and repurchase agreements listed above, but not the remainder of State statutory authority as listed above.

The Authority's deposits were reported in the basic financial statements in the following categories:

	Governmental
	<u>Activities</u>
Cash	<u>\$ 68,838</u>

Custodial credit risk - The risk that, in the event of the failure of a financial institution, the Authority will not be able to recover its deposits. The Authority's investment policy addresses the risk by limiting investments to the safest types of securities; pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the Authority does business with; and diversifying the investment portfolio so that potential losses on individual securities will be minimized. At December 31, 2020, none of the Authority's bank balances of \$72,010 was exposed to custodial credit risk.

**NOTE D - RECEIVABLES**

Receivables as of December 31, 2020 consist of \$70,969 due from property tax assessments for the Authority's General Fund of which \$11,871 relates to property taxes not available to pay current period expenditures. All property tax amounts are considered fully collectible therefore no allowance for uncollectible considered.

**FREMONT COMMUNITY RECREATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE E - CAPITAL ASSETS**

Capital asset activity of the primary government of the current year was as follows:

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being depreciated				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Capital Assets Being Depreciated				
Buildings & Improvements	3,812,072	-	-	3,812,072
General Equipment	9,095	-	-	9,095
Subtotal	<u>3,821,167</u>	<u>-</u>	<u>-</u>	<u>3,821,167</u>
Less Accumulated Depreciation for				
Buildings & Improvements	330,570	98,605	-	429,175
General Equipment	9,095	-	-	9,095
Subtotal	<u>339,665</u>	<u>98,605</u>	<u>-</u>	<u>438,270</u>
Net Capital Assets being depreciated	<u>3,481,502</u>	<u>(98,605)</u>	<u>-</u>	<u>3,382,897</u>
Total Governmental Activities Capital Capital Assets - Net of Depreciation	<u>\$3,681,502</u>	<u>\$ (98,605)</u>	<u>\$ -</u>	<u>\$3,582,897</u>

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

Governmental Activities	
Recreation & Culture	<u>\$ 98,605</u>

**NOTE F - LEASES - AS LESSOR**

*Lease Agreement* – Newaygo County Mental Health

On July 1, 2019 the Authority entered into a five-year lease agreement with Newaygo County Mental Health for office space in the Recreation building. The monthly rent of \$850 is due the 1st of each month.

Annual Rental income on the Newaygo County Mental Health lease is as follows:

	<u>Year Ending December 31,</u>
2021	\$10,200
2022	10,200
2023	10,200
2024	<u>5,100</u>
	<u>\$35,700</u>

**FREMONT COMMUNITY RECREATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE G - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; injuries to employees; and natural disasters for which the Authority carries commercial insurance. The Authority has no settled claims resulting from these risks that exceeded its commercial coverage.

**NOTE H - SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2020, the most recent balance sheet presented herein, through June 25, 2021, the date these financial statements were available to be issued. No items were noted.

**NOTE I – UNCERTAINTY**

The COVID-19 pandemic, whose effects first became known in January 2020 is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the curation and spread of the outbreak and its impacts on the Organization's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

**FREMONT COMMUNITY RECREATION AUTHORITY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE FOR GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance to Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 135,000	\$ 135,000	\$ 159,307	\$ 24,307
Contributions	-	-	100	100
Program Fees	22,500	22,500	24,727	2,227
Membership Fees	65,000	65,000	36,413	(28,587)
Rental Income	33,100	33,100	47,433	14,333
Sales	1,500	1,500	1,631	131
Total Revenues	257,100	257,100	269,611	12,511
<b>Expenditures</b>				
Culture and Recreation				
Salaries and Wages	89,000	89,000	30,364	58,636
Supplies	20,000	20,000	18,041	1,959
Repairs and Maintenance	14,500	14,500	13,617	883
Contracted Services	11,000	11,000	12,608	(1,608)
Insurance and services	10,500	10,500	10,479	21
Cost of Goods Sold	2,800	2,800	688	2,112
Utilities	85,000	85,000	66,809	18,191
Other	3,000	3,000	817	2,183
Capital Outlay	-	-	248	(248)
Transfer Out - FPS	1,000	1,000	-	1,000
Total Expenditures	236,800	236,800	153,671	83,129
Excess Revenues (Under)				
Over Expenditures	20,300	20,300	115,940	(95,640)
Fund Balance - Beginning of Year	(21,980)	(21,980)	(21,980)	-
Fund Balance - End of Year	\$ (1,680)	\$ (1,680)	\$ 93,960	\$ 95,640