

**CHARTER TOWNSHIP OF ALPENA  
BOARD OF TRUSTEES**

**REGULAR MEETING – September 27, 2021 – 6:00 PM**

**CALL TO ORDER  
PLEDGE OF ALLEGIANCE  
ROLL CALL  
ADOPTION OF AGENDA  
PUBLIC COMMENT  
PAYMENT OF BILLS**

**MINUTES – September 14, 2021 (Regular)**

**CORRESPONDENCE**

**OLD BUSINESS**

- A. Fire Department Update
- B. Mac LLC

**NEW BUSINESS**

1. Straley, Lamp & Kraenzlein, P.C. Audit Report
2. F & V Operations – Maintenance Allowance Reports 2020-2021
3. Disposal of Fixed Assets List – Turnout Gear
4. Kevin Pauly – Contract for Building Official Services
5. 1010 Technology Quote – Encrypted Email
6. TimeClock Plus
7. Fortinet Fire Wall Quote
8. C & S Carriers Inc. Invoice
9. CIP Committee

**PUBLIC COMMENT  
DISCUSSION  
ADJOURNMENT**

**Zoom Meeting:  
1-646-558-8656**

<https://uso6web.zoom.us/j/83755730743?pwd=U2o3bHBBdnoxUHdMQ2hicmZmZ1VuUTog>

Meeting ID: 837 5573 0743

Passcode: 092721

N. Skibbe  
M. Palevich  
L. Ellery-Somers  
C. Kroll  
S. Lappan  
N. Poli  
R. Rhynard

T. Gulden

Alpena News  
Bay 108  
WATZ  
WBKB - TV

**Recorded meetings will be available within 7 days of the meeting at: [Charter Township of Alpena - YouTube](#)**

## **PUBLIC MEETING PARTICIPATION RULES**

1. Please wait for the Supervisor to acknowledge you before you speak.
2. Begin by clearly stating your name for the record.
3. Give us your comments or opinions on the issue being discussed.
4. To ensure that everyone has time to speak and that we can address other items on the agenda, we may limit an individual's speaking time to 3 minutes. If time permits, we may allow you one additional time period to provide new information.
5. Please be respectful of the board, speakers, and your neighbors.

Again, thank you for attending.

Nathan Skibbe  
Supervisor

**OFFICIAL PROCEEDINGS  
OF  
THE CHARTER TOWNSHIP OF ALPENA-BOARD OF TRUSTEES  
September 14, 2021 –11:00 a.m.  
REGULAR MINUTES**

The Charter Township of Alpena Board of Trustees met in Regular session on Tuesday, September 14, 2021 at 11:00 a.m. at the Charter Township of Alpena Offices, 4385 US 23 North, Alpena, MI 49707.

Present: Supervisor Nathan Skibbe  
Clerk Michele Palevich  
Treasurer Laura Ellery-Somers  
Trustee Norm Poli  
Trustee Russ Rhynard  
Trustee Steve Lappan

Absent: Trustee Cash Kroll (Excused)

Others present: Attorney Tim Gulden

Supervisor Nathan Skibbe called the meeting to order at 11:00 a.m., followed by the Pledge of Allegiance.

**ROLL CALL**

Roll call was taken. The following board members were present: Trustee Norm Poli, Trustee Steve Lappan, Clerk Michele Palevich, Treasurer Laura Ellery-Somers, Trustee Russ Rhynard and Supervisor Nathan Skibbe. Absent: Trustee Cash Kroll

**AGENDA**

Moved by Trustee Steve Lappan and supported by Clerk Michele Palevich to approve the agenda as presented with moving Brownfield Redevelopment Authority to #1 under new business. Voice Vote. Motion carried by unanimous voice vote.

**PUBLIC COMMENT**

None.

**PAYMENT OF BILLS**

Moved by Trustee Steve Lappan and supported by Trustee Russ Rhynard to approve the payment of bills as presented. Roll call vote was taken. AYES: Clerk Michele Palevich, Treasurer Laura Ellery-Somers, Trustee Russ Rhynard, Trustee Norm Poli, Trustee Steve Lappan and Supervisor Nathan Skibbe. NAYES: None. Absent: Trustee Cash Kroll. Motion carried unanimously.

**MINUTES**

**August 23, 2021 (Regular)**

Moved by Treasurer Laura Ellery-Somers and supported by Trustee Russ Rhynard to approve the meeting minutes as presented. Voice Vote. Motion carried by unanimous voice vote.

## **CORRESPONDENCE**

Correspondence included: Alpena Power Company – Hearing Notice, Planning Commission – Minutes August 30, 2021, F&V Operations – Maintenance Agreement 2021 Annual Compensation. Moved by Trustee Steve Lappan and supported by Clerk Michele Palevich to receive and file correspondence. Voice Vote. Motion carried by unanimous voice vote.

## **FIRE REPORT – RYNO SCHOLTZ**

Ryno Scholtz presented the Organizational Development Intervention Report he had written which consisted of the history of the department through the perspective of the fire department and a diagnosis of where it is today. Mr. Scholtz answered questions from the Board the Trustees and offered his services to work with the Township Board on the rebuilding of the fire department.

## **FIRE CHIEF EMPLOYMENT AGREEMENT**

Moved by Clerk Michele Palevich and supported by Trustee Steve Lappan to approve the Fire Chief Employment Agreement as presented with the following changes: in Section 2. Term remove -year and add an s to (3) years., under Compensation and Benefits E IV after the Township add, in concert or agreement with the insurance carrier and Section 5 Other Provisions C remove the work The after Supervision/Annual Evaluation. Roll call vote was taken. AYES: Trustee Russ Rhynard, Trustee Norm Poli, Trustee Steve Lappan, Clerk Michele Palevich, Treasurer Laura Ellery-Somers and Supervisor Nathan Skibbe. NAYES: None. Absent: Trustee Cash Kroll. Motion carried unanimously.

## **FIREFIGHTER/MFR**

Chief Mark Hansen recommended the hiring of James Bolanowski as a Firefighter/Medical First Responder. Moved by Treasurer Laura Ellery-Somers and supported by Clerk Michele Palevich to extend an offer of employment as a full-time firefighter/Medical Fire Responder contingent upon passing the physical, drug screening, background check, agility test and receipt of required certifications. Roll call vote was taken. AYES: Trustee Norm Poli, Trustee Steve Lappan, Clerk Michele Palevich, Treasurer Laura Ellery-Somers, Trustee Russ Rhynard and Supervisor Nathan Skibbe. NAYES: None. Absent: Trustee Cash Kroll. Motion carried unanimously.

## **COUNTY WIDE PAGER PURCHASE**

Chief Mark Hansen advised the Township Board that Alpena County is offering a partnership with the townships and city for the purchase of either 2 portable radios or 6 pagers. Chief Mark Hansen recommended the purchase of 6 pagers. Moved by Trustee Steve Lappan and supported by Trustee Russ Rhynard to move forward with the purchase of 6 pagers through the Alpena County program at a cost not to exceed \$2,000.00 to be paid from GL #205-336-956.000. Roll call vote was taken. AYES: Trustee Steve Lappan, Clerk Michele Palevich, Treasurer Laura Ellery-Somers, Trustee Russ Rhynard, Trustee Norm Poli and Supervisor Nathan Skibbe. NAYES: None. Absent: Trustee Cash Kroll. Motion carried unanimously.

## **FIRE DEPARTMENT UPDATE**

Chief Mark Hansen informed the Township Board that he has met with Mike Gambos from Par Plan regarding Standard Operating Procedures and Standard Operating Guidelines and is working on CPR/AED training for all employees of the Township. From August 23, 2021, through September 13, 2021 the Fire Department has responded to 48 medical calls, 8 vehicle accidents, 11 service calls, 5 hazardous calls and 5 fires. James Bolanowski and Matt Benedict will be attending Isolation and Quarantine for Rural Communities and ICS 300 and ICS 400 training in Gaylord. Supervisor Nathan Skibbe acknowledged that he received communication from the City of Alpena regarding Luke Meisner, Jeremy Jones, Matt Klimczak and Kevin Ginter's professional response to a medical call helped save a life and that the Township should be proud. Chief Mark Hansen advised the Township Board that the engines are not equipped with monitor nozzles and he is working on options to fund the purchase. Trustee Steve Lappan suggested grant opportunities. The Personnel Committee is meeting to discuss costs associated with the fire department on September 16, 2021.

## **BUDGET ADJUSTMENTS**

Supervisor Nathan Skibbe presented the Township Board with budget adjustments. Moved by Treasurer Laura Ellery-Somers and supported by Trustee Russ Rhynard to approve the budget adjustments as presented. Roll call vote was taken. AYES: Clerk Michele Palevich, Treasurer Laura Ellery-Somers, Trustee Russ Rhynard, Trustee Norm Poli, Trustee Steve Lappan and Supervisor Nathan Skibbe. NAYES: None. Absent: Trustee Cash Kroll. Motion carried unanimously.

## **BROWNFIELD REDEVELOPMENT AUTHORITY**

Julie Lowe, the Brownfield Coordinator from EGLE for our district, discussed the Brownfield Redevelopment Authority and redevelopment of the bus garage property where there is ground water and soil contamination that must be addressed. The Brownfield Redevelopment Authority needs to discuss grant application and the Brownfield plan, which will cover state and local tax capture. The money captured is used to reimburse the developer for costs. Julie Lowe recommended reviewing and updating the bylaws.

## **BROWNFIELD REDEVELOPEMENT AUTHORITY APPOINTMENTS**

Supervisor Nathan Skibbe recommended the following people to be appointed to the Brownfield Redevelopment Authority Board: Mike Mahler, Michelle Woodruff, Nick Montie, Robert Young and Nathan W. Skibbe. Moved by Trustee Russ Rhynard and supported by Trustee Norm Poli to appoint Mike Mahler, Michelle Woodruff, Nick Montie, Robert Young and Nathan W. Skibbe to 3-year terms beginning September 14, 2021 as members of Brownfield Redevelopment Authority. Roll call vote was taken. AYES: Treasurer Laura Ellery-Somers, Trustee Russ Rhynard, Trustee Norm Poli, Trustee Steve Lappan, Clerk Michele Palevich and Supervisor Nathan Skibbe. NAYES: None. Absent: Trustee Cash Kroll. Motion carried unanimously.

## **MAC CONSULTING SERVICE, LLC**

Moved by Trustee Norm Poli and supported Trustee Steve Lappan to approve the proposal with Mac Consulting Services LLC to consult on the Aldi project not to exceed \$12,100.00. Trustee Norm Poli withdrew his motion and Trustee Lappan withdrew his support. Moved by Trustee Norm Poli and supported by Trustee Russ Rhynard to table the proposal from Mac Consulting Service, LLC. Voice Vote. Motion carried by unanimous voice vote.

## **R & R FIRE TRUCK REPAIR INC. INVOICES**

Moved by Trustee Russ Rhynard and supported by Trustee Steve Lappan to approve the invoices from R & R Fire Truck Repair Inc. for a total of \$3,880.85 to be paid from GL #205-336-981.000, Vehicle Maintenance. Roll call vote was taken. AYES: Trustee Norm Poli, Trustee Steve Lappan, Clerk Michele Palevich, Treasurer Laura Ellery-Somers, Trustee Russ Rhynard and Supervisor Nathan Skibbe. NAYES: None. Absent: Trustee Cash Kroll. Motion carried unanimously.

## **F & V OPERATIONS – MICHIGAN LIFT STATION PUMP #2**

The Township Board was presented with a proposal from F & V Operations for the replacement of pump #2 at the Michigan lift station. Moved by Trustee Russ Rhynard and supported Trustee Steve Lappan to approve the purchase of a new pump #2 for Michigan Lift Station for a cost of \$29,283.00 including installation to be paid for GL #592-100-754.000 Maintenance of System. Roll call vote was taken. AYES: Trustee Steve Lappan, Clerk Michele Palevich, Treasurer Laura Ellery-Somers, Trustee Russ Rhynard, Trustee Norm Poli and Supervisor Nathan Skibbe. NAYES: None. Absent: Trustee Cash Kroll. Motion carried unanimously.

## **PIPER ROAD TOWER ADDITIONAL REPAIRS**

Mark Bratschi from F & V Operations updated the Township Board on the status of the painting and repairs for the Piper Road tower and advised the project will take about 4 weeks. Mark Bratschi informed the Township Board of additional repairs in the amount \$6,050.00 that were discovered once the project began. Moved by Treasurer Laura Ellery-Somers and supported by Trustee Steve Lappan to approve the repairs for the Piper Road Tower in the amount of \$6,050.00 by L & T Painting to be paid from GL #592-100-759.000 Water Tower Maintenance and to amend the budget to transfer \$1,550.00 from GL #592-100-754.000 Maintenance on System to GL #592-100-759.000 Water Tower Maintenance. Roll call vote was taken. AYES: Clerk Michele Palevich, Treasurer Laura Ellery-Somers, Trustee Russ Rhynard, Trustee Norm Poli, Trustee Steve Lappan and Supervisor Nathan Skibbe. NAYES: None. Absent: Trustee Cash Kroll. Motion carried unanimously.

## **GILMET CONSTRUCTION SERVICES**

Moved by Clerk Michele Palevich and supported by Trustee Norm Poli to approve the Contract for Building Department Management effective October 1, 2021, through December 31, 2021, with Donald H. Gilmet as presented. Roll call vote was taken. AYES: Treasurer Laura Ellery-Somers, Trustee Russ Rhynard, Trustee Norm Poli, Trustee Steve Lappan, Clerk Michele Palevich and Supervisor Nathan Skibbe. NAYES: None. Absent: Trustee Cash Kroll. Motion carried unanimously.

## **WATER & SEWER LAWN CARE BIDS FOR 2022**

The Township Board was presented with 3 bids for lawn care for 2022 for the water towers and lift stations. Moved by Trustee Steve Lappan and supported by Treasurer Laura Ellery-Somers to accept the bid from 2 Old Farts Lawn Care Service contingent that they have not less than \$1,000,000.00 in liability coverage and add the Township as an additional insured. Roll call vote was taken. AYES: Trustee Russ Rhynard, Trustee Norm Poli, Trustee Steve Lappan, Clerk Michele Palevich and Treasurer Laura Ellery-Somers. NAYES: Supervisor Nathan Skibbe. Absent: Trustee Cash Kroll. Motion carried.

**PUBLIC COMMENT**

Ryno Scholtz commented on having public relations person.

Chief Mark Hansen informed the Township Board that Firefighter/EMT Tom Tolen received the Tunnel to Towers Follow the Footsteps award.

**DISCUSSION**

Trustee Norm Poli requested the first meeting of every month the Township Board will receive department reports from the Supervisor, Treasurer and Clerk. Treasurer Laura Ellery-Somers requested that trustee's give a report also. Clerk Michele Palevich requested monthly department reports from all departments to include the Assessing, Building, Water & Sewer and Fire Departments.

Trustee Norm Poli would like copies of resumes of candidates recommended for hire be reviewed by the Township Board.

**ADJOURNMENT**

Moved by Trustee Steve Lappan and supported by Clerk Michele Palevich to adjourn. Voice Vote. Motion carried unanimously. Meeting adjourned at 1:37 p.m.

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Clerk Michele Palevich

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Supervisor Nathan Skibbe

9.27.2021

Parties agree to extend LOA to December 31, 2021.



LETTER OF AGREEMENT  
between  
Charter TOWNSHIP OF ALPENA  
and  
LOCAL 1859 OF THE INTERNATIONAL ASSOCIATION  
OF FIRE FIGHTERS

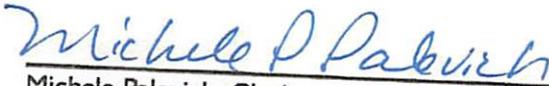
This Agreement is entered between the Charter Township of Alpena ("Township") and Local 1859 of the International Association of Fire Fighters, AFL-CIO, CLC ("Union") who are parties to a current labor agreement extended through June 30, 2021. In recognition of an acute staffing shortage, the parties agree to the following until June 30, 2021:

1. Article VIII (Overtime), Section 6 First Right of Refusal is suspended until the parties agree, in writing, to reinstate, amend, or otherwise address the provision.
2. The Chief retains the right to assign assignments, responsibilities, shifts, tasks, etc. as he or she deems reasonable and necessary, in his or her sole discretion. In addition, not by limitation, Chief is specifically authorized to fill shifts or permit shifts to be filled by on call staff or others.
3. Article XXIV (Scheduling), Sections B-G are suspended until the parties agree, in writing, to reinstate, amend, or otherwise address the provision.
4. Pursuant to Article XXII (Medical Response Services), the Township reserves the right to discontinue the provision of extra vacation days due to its discontinuance of transport services effective January 1, 2021.

AGREED:

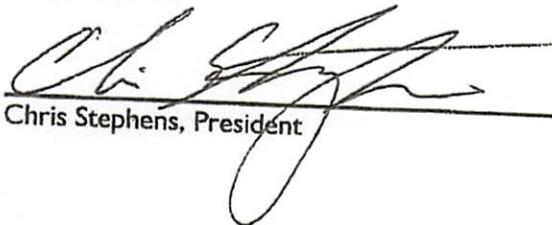
  
Nathan Skibbe, Supervisor

Date: 3.3.2021

  
Michele Palevich, Clerk

Date: 3-3-2021

LOCAL 1859 OF THE INTERNATIONAL  
ASSOCIATION OF FIRE FIGHTERS,  
AFL-CIO, CLC

  
Chris Stephens, President

Date: 2/25/2021

Parties agreed to extend LOA to September 30, 2021.



michele P Palevich

## **Michele Palevich**

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**From:** Nathan Skibbe  
**Sent:** Monday, September 27, 2021 8:08 AM  
**To:** Michele Palevich; Laura Ellery-Somers  
**Subject:** FW: Services

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**From:** mactc@charter.net <mactc@charter.net>  
**Sent:** Friday, September 24, 2021 5:09 PM  
**To:** Nathan Skibbe <skibben@alpenatownship.com>  
**Subject:** RE: Services

Nathan:

Thank for your contact and conversation today regarding the Aldi development. I apologize, but evidently I misunderstood that a Brownfield Plan was being pursued in my previous proposal, rather than an EGLE Brownfield Grant.

As I understand, you are asking me to provide Third Party review under an EGLE Brownfield Grant for the redevelopment of Alpena School Transportation Facility. As background, I have implemented 25 EGLE Brownfield Grants and/or Loans totaling over \$13 million, including grant management services and provided Third Party oversight for the Sault Ste. Marie Brownfield Redevelopment Authority for the Lake Superior State University Center for Freshwater Research and Education \$1 million EGLE Brownfield Grant and \$1 million EGLE Brownfield Loan.

Third Party Review consists of two primary activities: Technical Review, Administrative Services.

- Technical Review include review of work plans prepared by the developer's environmental consultant for authorization to incur EGLE Grant/Loan expenses, review of reports, invoices and documentation, reports to the Brownfield Authority and/or Township Board, as well as meetings, communications and site inspections as necessary.
- Administration Services include support to the Authority or Township for quarterly reports, facilitation of Development Agreement approvals, and other documentation required by the EGLE Brownfield Grant/Loan contract, as well as other tasks necessary to represent the Authority or Township in implementing and meeting the EGLE Brownfield Grant/Loan contract requirements.

The level of effort and cost is dependent upon the complexity of work plans and environmental response activities, level of communication desired by the Authority or Township, and effectiveness of the developer's environmental consultant. In this case, ASTI is a highly qualified environmental firm with significant EGLE Brownfield Grant experience, so effort for technical review and documentation should be at the lower end.

Costs would be billed on a time and material basis, with documentation of staff/date/hours and task description. Hourly rate is \$120 per hour, mileage at the approved IRS rate (currently \$0.56 per mile). Supplies are not anticipated and no other expenses are anticipated.

I am certain that the total costs will be well under the budgeted amount in the EGLE Grant for Third Party review.

I hope this provides a reasonable outline for Third Party review service. Thank you for your consideration.

Please contact me if you have questions or would like additional information.

Thanks. Mac

Mac McClelland  
Mac Consulting Service LLC  
231.633.6303  
[mactc@charter.net](mailto:mactc@charter.net)

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**From:** Nathan Skibbe <[skibben@alpenatownship.com](mailto:skibben@alpenatownship.com)>  
**Sent:** Thursday, September 23, 2021 10:20 AM  
**To:** [mactc@charter.net](mailto:mactc@charter.net)  
**Subject:** Services

Mac,

For the Aldi site that is first on our docket what we need is an environmental/incentives professional to do the grant reporting and environmental oversight. All the other aspects for this site have been prepared by ASTI. With that being said, what costs would you bill us? I have included the maximum admin costs to the grant that is being completed by ASTI which is more than adequate to encompass your fees for the above. Please let me know your thoughts because I want to have this portion addressed at our Board meeting on the 27<sup>th</sup>.

Thanks,

Nathan W. Skibbe, Supervisor  
Charter Township of Alpena  
[skibben@alpenatownship.com](mailto:skibben@alpenatownship.com)  
Office 989.356.0297 ext. 7  
Cell 989.464.0029

*Charter Township of*



**THE CHARTER  
TOWNSHIP OF ALPENA**

Audited Financial Statements

Year Ended March 31, 2021

**STRALEY LAMP & KRAENZLEIN P.C.**

**The Charter Township of Alpena**

**Board of Trustees**

**Supervisor**  
Nathan Skibbe

**Clerk**  
Michele Palevich

**Treasurer**  
Laura Ellery-Somers

**Trustee**  
Norman Poli

**Trustee**  
Steven Lappan

**Trustee**  
Cash Kroll

**Trustee**  
Russ Rhynard

**Independent Auditors**  
Straley Lamp & Kraenzlein P.C.

**Legal Counsel**  
Gillard, Bauer, Mazrum, Florip, Smigelski & Gulden  
Fahey, Schultz, Burzych, Rhodes

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## INDEPENDENT AUDITOR'S REPORT

Members of the Township Board  
The Charter Township of Alpena  
Alpena Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Charter Township of Alpena, Michigan (the Township), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Township'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Summary of Opinions

| <u>Opinion Unit</u>                  | <u>Type of Opinion</u> |
|--------------------------------------|------------------------|
| Governmental Activities              | Unmodified             |
| Business-Type Activities             | Qualified              |
| General Fund                         | Unmodified             |
| Public Safety Fund                   | Unmodified             |
| Business-Type Fund                   | Qualified              |
| Aggregate Remaining Fund Information | Unmodified             |

### Basis for Qualified Opinion on Business-Type Activities and Business-Type Fund

Management has not been able to produce detailed records of the capital assets in the business-type fund. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which may change the assets, net position, and expenses of the business-type activities and business-type fund. The amount by which this departure would affect the assets, net position, and expenses of the business-type fund has not been determined.

### Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Business-Type Activities and Business-Type Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and business-type fund of The Charter Township of Alpena, Michigan, as of March 31, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Unmodified Opinions

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 other than the business-type fund, and the aggregate remaining fund information of The Charter Township of Alpena, Michigan, as of March 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management 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 operation, economic, or historical contexts. 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 procedure does not provide us with sufficient evidence to express an opinion or provide any assurance.

*Straley Lamp & Kraenzlein P.C.*

Alpena, Michigan  
September 21, 2021

# The Charter Township of Alpena

## Management's Discussion and Analysis

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As management of The Charter Township of Alpena (the "Township") we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2021. Please read it in conjunction with the Township's financial statements.

### Financial Highlights

- The Township's total net position increased \$161,033 as a result of this year's operations.
- The Township assets of \$17,458,249 exceeded its liabilities and deferred inflows of resources of \$6,218,760 by \$11,239,489.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$1,100,009, which represents 75% of the actual total General Fund expenditures and other financing uses for the fiscal year.
- The Township's Water and Sewer Fund net position decreased \$305,349. Revenues and expenses remained relatively consistent with the prior year, increasing \$39,974 and \$14,759, respectively.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Township's basic financial statements. The Township'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 Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township of Alpena 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township of Alpena 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 activities of the Township of Alpena include general government, public safety, public works, social services, recreation and cultural, and interest on long-term debt.

The business-type activities of the Township of Alpena include the Water and Sewer Fund.

# The Charter Township of Alpena

## Management's Discussion and Analysis

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**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 Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in 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 Township maintains two individual governmental funds, the General Fund and the Public Safety fund, both of which are considered to be major funds.

**Proprietary funds.** The Township maintains one proprietary fund, an enterprise fund, for the water and sewer activities. The Township utilizes an *Enterprise fund* to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for the General Fund and major governmental fund budget comparisons.

## The Charter Township of Alpena

### Management's Discussion and Analysis

#### Financial Analysis of The Township as A Whole

##### Summary of net position:

|                                     | Governmental activities |             | Business-type activities |              | Totals        |               |
|-------------------------------------|-------------------------|-------------|--------------------------|--------------|---------------|---------------|
|                                     | 2021                    | 2020        | 2021                     | 2020         | 2021          | 2020          |
| Current and other assets            | \$2,250,677             | \$1,884,296 | \$ 6,105,207             | \$ 6,511,138 | \$ 8,355,884  | \$ 8,395,434  |
| Capital assets, net of depreciation | 2,516,703               | 2,582,904   | 6,585,662                | 6,782,845    | 9,102,365     | 9,365,749     |
| North Pointe Shores Road            | 4,767,380               | 4,467,200   | 12,690,869               | 13,293,983   | 17,458,249    | 17,761,183    |
| Current liabilities                 | 398,817                 | 495,204     | 4,314,631                | 4,355,390    | 4,713,448     | 4,850,594     |
| Non-current liabilities             | 73,142                  | 111,895     | 790,593                  | 988,712      | 863,735       | 1,100,607     |
|                                     |                         |             | (36,161)                 | (36,161)     | 37,027        |               |
| Total liabilities                   | 471,959                 | 607,099     | 5,069,063                | 5,307,941    | 5,614,210     | 5,951,201     |
| Deferred inflows of resources       | 50,588                  | 81,650      | 590,989                  | 649,876      | 641,577       | 731,526       |
| Net position:                       |                         |             |                          |              |               |               |
| Net investment in capital assets    | 2,404,807               | 2,283,957   | 5,595,069                | 5,594,133    | 7,999,876     | 7,878,090     |
| Restricted                          | 291,428                 | 281,587     | -                        | -            | 291,428       | 281,587       |
| Unrestricted                        | 1,548,598               | 1,212,907   | 1,399,587                | 1,705,872    | 2,948,185     | 2,918,779     |
|                                     | \$4,244,833             | \$3,778,451 | \$ 6,994,656             | \$ 7,300,005 | \$ 11,239,489 | \$ 11,078,456 |

#### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The total net position at the end of the fiscal year was \$11,239,489. Of this total, \$7,999,876 (71%) is invested in capital assets (e.g., land, buildings and equipment); less any outstanding debt used to acquire those assets. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional \$291,428 (3%) represents resources that have restrictions on how they may be used. The remaining portion of net position is unrestricted net position with a balance of \$2,948,185 (26%) at March 31, 2021.

## The Charter Township of Alpena

### Management's Discussion and Analysis

#### Summary of Changes in Net Position:

|                                      | Governmental activities |                     | Business-type activities |                     | Totals               |                      |
|--------------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|                                      | 2021                    | 2020                | 2021                     | 2020                | 2021                 | 2020                 |
| Program revenues:                    |                         |                     |                          |                     |                      |                      |
| Charges for services                 | \$ 586,294              | \$ 765,402          | \$ 2,449,076             | \$ 2,422,757        | \$ 3,035,370         | \$ 3,188,159         |
| Operating grants and contributions   | 86,957                  | -                   | -                        | -                   | 86,957               | -                    |
| General revenues:                    |                         |                     |                          |                     |                      |                      |
| North Pointe Shores Road             | 1,140,120               | 1,107,665           | -                        | -                   | 1,140,120            | 1,107,665            |
| State share revenue                  | 846,083                 | 879,996             | -                        | -                   | 846,083              | 879,996              |
| Investment income                    | 13,396                  | 10,091              | 9,837                    | 18,074              | 23,233               | 28,165               |
| Other taxes                          | 34,087                  | 24,850              | 189,953                  | 167,080             | 224,040              | 191,930              |
| Proceeds from loss recoveries        | -                       | -                   | (36,161)                 | (36,161)            | 37,027               | (36,161)             |
| Miscellaneous                        | 67                      | 2,150               | -                        | -                   | 67                   | 2,150                |
| Gain on sale of asset                | -                       | -                   | (981)                    | -                   | (981)                | -                    |
| <b>Total revenues</b>                | <b>2,707,004</b>        | <b>2,790,154</b>    | <b>2,611,724</b>         | <b>2,571,750</b>    | <b>5,318,728</b>     | <b>5,361,904</b>     |
| Expenses:                            |                         |                     |                          |                     |                      |                      |
| General government                   | 774,242                 | 805,115             | -                        | -                   | 774,242              | 805,115              |
| Public safety                        | 1,188,191               | 1,352,494           | -                        | -                   | 1,188,191            | 1,352,494            |
| Public works                         | 193,519                 | 301,264             | 2,953,234                | 2,928,019           | 3,146,753            | 3,229,283            |
| Health and welfare                   | 54,401                  | 41,366              | -                        | -                   | 54,401               | 41,366               |
| Recreation and culture               | 24,226                  | 15,588              | -                        | -                   | 24,226               | 15,588               |
| Interest on long-term debt           | 6,043                   | 3,567               | -                        | -                   | 6,043                | 3,567                |
| <b>Total expenses</b>                | <b>2,240,622</b>        | <b>2,519,394</b>    | <b>2,953,234</b>         | <b>2,928,019</b>    | <b>5,193,856</b>     | <b>5,447,413</b>     |
| Changes in position                  | 466,382                 | 270,760             | (341,510)                | (356,269)           | 124,872              | (85,509)             |
| Net position - beginning of the year | 3,778,451               | 3,507,691           | 7,300,005                | 7,620,113           | 11,078,456           | 11,127,804           |
| Net position - end of the year       | <u>\$ 4,244,833</u>     | <u>\$ 3,778,451</u> | <u>\$ 6,958,495</u>      | <u>\$ 7,263,844</u> | <u>\$ 11,203,328</u> | <u>\$ 11,042,295</u> |

#### Governmental activities

Governmental activities increased the Township's net position by \$466,382 in 2021 compared to a \$270,760 in 2020. Revenue remained relatively consistent with 2020 amounts, with an overall decrease of \$83,150. The overall decrease was primarily due to the decrease in charges for services of \$179,108 and an increase in operating grants and contributions of \$86,957. Total governmental expenses were \$278,772 less in 2021 compared to 2020. The difference is primarily due to a decrease of \$164,303 in public safety expenses and a \$107,745 decrease in public works expenses.

The total cost of governmental activities this year was \$2,240,622. After subtracting the direct charges to those who directly benefited from the programs of \$586,294, the "public benefit" portion covered by property taxes, state revenue sharing, and other revenues was \$1,654,328 in 2021.

#### Business type activities

The net position of the Township's business-type activities decreased by \$305,349 in 2021 compared to a \$320,108 decrease in 2020. Both revenue and expenses were relatively consistent in 2021, increasing from the 2020 amounts by \$39,974 and \$25,215, respectively.

# The Charter Township of Alpena

## Management's Discussion and Analysis

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### Financial Analysis of The Township's Funds

At March 31, 2021, the Township's governmental funds reported a combined fund balance of \$1,857,475, an increase of \$328,626 over the prior year. As of March 31, 2021, there was total of \$1,100,009 (59%) of fund balance that constitutes as unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is categorized as follows: \$291,428 (16%) is restricted to indicate that it is for a specific purpose of the fund, \$466,038 (25%) was committed by a board of trustees action.

The General Fund's fund balance increased \$239,271 from the prior year. Overall revenues increased slightly by \$9,019 over the prior year, with most revenues remaining consistent with the prior year. There was a decrease of \$33,913 in state revenue and an increase of \$12,646 in charges for services, with other revenue line items staying relatively consistent with the prior year. Overall expenditures decreased \$138,183. This was mainly attributable to a large decrease of \$107,745 in public works, which was a result of decreased contributions to the Alpena County Road Commission for various road projects within the Township. Other financing sources, which consists of a transfer to the public safety fund decreased \$107,149 from the prior fiscal year.

### General Fund Budgetary Highlights

Actual revenues exceeded the budget by \$148,044. The majority of this was due to state revenue exceeding the budget by \$128,333, charges for services exceeding the budget by \$92,745, and licenses and permits and special assessment income falling short of budgeted amounts by \$34,410 and \$22,413, respectively. State revenue was decreased from the original budget to the amended budget by about \$147,000. There were no other revenue budget amendments.

Overall expenditures were \$167,201 less than budgeted. The majority of the expenditure budget amendments were not significant other than one amendment for buildings and grounds, a general government function, where the original budget was decreased by \$65,000. See Note 2 to the financial statements for further information related to the budget.

### Capital Assets and Debt Administration

#### Capital assets

At March 31, 2021, the Township had invested, net of depreciation, in various capital assets, including its land, buildings, equipment, and infrastructure. The Township's net investment in capital assets amounted to \$9,102,365 at March 31, 2021. During the year ended March 31, 2021 the Township had an overall decrease of \$66,201 in governmental activities and \$177,702 in business type activities, as a result of capital asset depreciation exceeding additions.

More detailed information about the Township's capital assets is presented in Note 4 of the notes to the basic financial statements.

#### Debt administration

At the end of the fiscal year, the Township had total debt outstanding in the amount of \$1,136,156 a decrease of \$428,491.

Long-term debt obligations consisted of a liability for compensated absences of \$24,260, water project bond of \$1,000,000, installment loan of \$110,169 and a capital copier lease of \$1,727.

## **The Charter Township of Alpena**

### **Management's Discussion and Analysis**

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More detailed information about the Township's long-term debt is presented in Note 7 of the notes to the basic financial statements.

#### **Economic Factors and Next Year's Budgets And Rates**

As the Township moves into fiscal year 2021-2022 the Township will continue to monitor and improve the internal control structure. Now that the Township is on the fifth year of utilizing the BS&A accounting software, there have been tremendous improvements in utilizing the system which will continue into the new fiscal year. We have also expanded the modules within the BS&A software to include both special assessments and delinquent personal property to best track revenue streams.

The Township is expecting to see an increase of approximately \$10,000,000 in taxable values on which a millage (1.0136 mills) is assessed; this figure does not take into effect a sizable increase in new construction which will lead to an increase in property tax revenue. The Township's CPI has dropped below 1 (.9995) which will have a negative impact on our millage rate (1.0130) starting in 2022. The Public Safety Fund is into its third year of 1.5 mills for operating and .65 mills for equipment (the equipment millage terminate in two years). The Township's Board continues to improve the budget and work through quarterly budget amendments. This will improve the budget and transparency for the citizens of the Township. State revenue funds have remained consistent through the ongoing pandemic. The Township anticipates receiving \$915,536 through the Coronavirus Local Fiscal Recovery Fund (CLFRF) which is part of the American Rescue Plan Act (ARPA).

#### **Contacting the Township's Financial Management**

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

The Charter Township of Alpena

Township Clerk  
4385 US 23 North  
Alpena, MI 49707

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**BASIC FINANCIAL STATEMENTS**

**The Charter Township of Alpena**

Statement of Net Position

March 31, 2021

|   | Primary Government         |                             |               |
|---|----------------------------|-----------------------------|---------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total         |
| <b>Assets</b>                             |                            |                             |               |
| Cash and cash equivalents                 | \$ 1,895,858               | \$ 1,107,001                | \$ 3,002,859  |
| Restricted cash                           | -                          | 3,956,253                   | 3,956,253     |
| Accounts receivable                       | 5,415                      | 98,376                      | 103,791       |
| Unbilled receivables                      | -                          | 360,603                     | 360,603       |
| Due from other governments                | 123,290                    | -                           | 123,290       |
| Special assessments receivable            | 76,592                     | 162,500                     | 239,092       |
| Internal balances                         | 8,015                      | (8,015)                     | -             |
| Noncurrent assets:                        |                            |                             |               |
| Special assessments receivable            | 141,507                    | 428,489                     | 569,996       |
| Capital assets not being depreciated      | 2,002,111                  | 17,030                      | 2,019,141     |
| Capital assets being depreciated, net     | 514,592                    | 6,568,632                   | 7,083,224     |
| Total assets                              | 4,767,380                  | 12,690,869                  | 17,458,249    |
| <b>Liabilities</b>                        |                            |                             |               |
| Accounts payable                          | 29,778                     | 128,823                     | 158,601       |
| Accrued liabilities                       | 61,939                     | 7,422                       | 69,361        |
| Accrued interest payable                  | -                          | 16,667                      | 16,667        |
| Due to other governments                  | 246,612                    | -                           | 246,612       |
| Other claims (Note 11)                    | -                          | 3,959,193                   | 3,959,193     |
| Noncurrent liabilities:                   |                            |                             |               |
| Due within one year                       |                            |                             |               |
| Bonds and loans payable                   | 38,754                     | 200,000                     | 238,754       |
| Compensated absences                      | 21,734                     | 2,526                       | 24,260        |
| Due in more than one year                 |                            |                             |               |
| Bonds and loans payable                   | 73,142                     | 790,593                     | 863,735       |
| Total liabilities                         | 471,959                    | 5,105,224                   | 5,577,183     |
| <b>Deferred Inflows of Resources</b>      |                            |                             |               |
| Unavailable revenue - special assessments | 50,588                     | 590,989                     | 641,577       |
| <b>Net Position</b>                       |                            |                             |               |
| Net investment in capital assets          | 2,404,807                  | 5,595,069                   | 7,999,876     |
| Restricted for:                           |                            |                             |               |
| Fire equipment                            | 259,815                    | -                           | 259,815       |
| North Pointe Shores Road                  | 31,613                     | -                           | 31,613        |
| Unrestricted                              | 1,548,598                  | 1,399,587                   | 2,948,185     |
| Total net position                        | \$ 4,244,833               | \$ 6,994,656                | \$ 11,239,489 |

**The Charter Township of Alpena**

Statement of Activities

For the Year Ended March 31, 2021

|                                | Expenses            | Program Revenues                      |                                    |
|--------------------------------|---------------------|---------------------------------------|------------------------------------|
|                                |                     | Charges for Services                  | Operating Grants and Contributions |
| <b>Functions/Programs:</b>     |                     |                                       |                                    |
| <b>Primary Government:</b>     |                     |                                       |                                    |
| Governmental activities        |                     |                                       |                                    |
| General government             | \$ 774,242          | \$ 396,778                            | \$ 8,299                           |
| Public safety                  | 1,188,191           | 151,321                               | 78,658                             |
| Public works                   | 193,519             | 38,195                                | -                                  |
| Health and welfare             | 54,401              | -                                     | -                                  |
| Recreation and culture         | 24,226              | -                                     | -                                  |
| Interest on long-term debt     | 6,043               | -                                     | -                                  |
| Total governmental activities  | <u>2,240,622</u>    | <u>586,294</u>                        | <u>86,957</u>                      |
| Business-type activities:      |                     |                                       |                                    |
| Water and sewer                | <u>2,953,234</u>    | <u>2,449,076</u>                      | <u>-</u>                           |
| Total business-type activities | <u>2,953,234</u>    | <u>2,449,076</u>                      | <u>-</u>                           |
| Total primary government       | <u>\$ 5,193,856</u> | <u>\$ 3,035,370</u>                   | <u>\$ 86,957</u>                   |
|                                |                     | General revenues:                     |                                    |
|                                |                     | Property taxes                        |                                    |
|                                |                     | State shared revenue                  |                                    |
|                                |                     | Investment earnings                   |                                    |
|                                |                     | Other taxes and assessments           |                                    |
|                                |                     | Other miscellaneous income            |                                    |
|                                |                     | Gain (loss) on sale of capital assets |                                    |
|                                |                     | Total general revenues                |                                    |
|                                |                     | Change in net position                |                                    |
|                                |                     | Net position, beginning of the year   |                                    |
|                                |                     | Net position, end of the year         |                                    |

| Net (Expense) Revenue and Changes in Net Position |                             |                      |
|---|-----------------------------|----------------------|
| Primary Government                                |                             |                      |
| Governmental<br>Activities                        | Business-type<br>Activities | Total                |
| \$ (369,165)                                      | \$ -                        | \$ (369,165)         |
| (958,212)   | -                           | (958,212)            |
| (155,324)   | -                           | (155,324)            |
| (54,401)  | -                           | (54,401)             |
| (24,226)  | -                           | (24,226)             |
| (6,043)   | -                           | (6,043)              |
| <u>(1,567,371)</u>                                | <u>-</u>                    | <u>(1,567,371)</u>   |
| -   | (504,158)                   | (504,158)            |
| -   | (504,158)                   | (504,158)            |
| <u>(1,567,371)</u>                                | <u>(504,158)</u>            | <u>(2,071,529)</u>   |
| 1,140,120   | -                           | 1,140,120            |
| 846,083   | -                           | 846,083              |
| 13,396  | 9,837                       | 23,233               |
| 34,087  | 189,953                     | 224,040              |
| 67  | -                           | 67                   |
| -   | (981)                       | (981)                |
| <u>2,033,753</u>                                  | <u>198,809</u>              | <u>2,233,543</u>     |
| 466,382   | (305,349)                   | 161,033              |
| <u>3,778,451</u>                                  | <u>7,300,005</u>            | <u>11,078,456</u>    |
| <u>\$ 4,244,833</u>                               | <u>\$ 6,994,656</u>         | <u>\$ 11,239,489</u> |

## The Charter Township of Alpena

### Governmental Funds - Balance Sheet

March 31, 2021

|   | General Fund        | Public Safety     | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------|--------------------------------|
| <b>Assets</b>   |                     |                   |                                |
| Cash and cash equivalents   | \$ 1,114,729        | \$ 781,129        | \$ 1,895,858                   |
| Accounts receivable, net  | 1,000               | 4,415             | 5,415                          |
| Special assessment receivable   | 218,099             | -                 | 218,099                        |
| Due from other governments  | 123,290             | -                 | 123,290                        |
| Due from other funds  | 38,672              | 313               | 38,985                         |
|   | <b>\$ 1,495,790</b> | <b>\$ 785,857</b> | <b>\$ 2,281,647</b>            |
| <b>Liabilities</b>  |                     |                   |                                |
| Accounts payable  | \$ 27,736           | \$ 2,042          | \$ 29,778                      |
| Accrued liabilities   | 38,919              | 23,020            | 61,939                         |
| Due to other funds  | 313                 | 30,657            | 30,970                         |
| Due to other governments  | 246,612             | -                 | 246,612                        |
|   | <b>313,580</b>      | <b>55,719</b>     | <b>369,299</b>                 |
| <b>Deferred Inflows of Resources</b>                                  |                     |                   |                                |
| Unavailable revenue - special assessments                             | 50,588              | 4,285             | 54,873                         |
| <b>Fund Balances</b>  |                     |                   |                                |
| Restricted  | 31,613              | 259,815           | 291,428                        |
| Committed   | -                   | 466,038           | 466,038                        |
| Unassigned  | 1,100,009           | -                 | 1,100,009                      |
|   | <b>1,131,622</b>    | <b>725,853</b>    | <b>1,857,475</b>               |
| Total liabilities, deferred inflows of<br>resources and fund balances | <b>\$ 1,495,790</b> | <b>\$ 785,857</b> | <b>\$ 2,281,647</b>            |

# The Charter Township of Alpena

## Governmental Funds - Reconciliation of the Balance Sheet to the Statement of Net Position

March 31, 2021

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|  |    |                    |                         |
|--|----|--------------------|-------------------------|
| Fund balances - total governmental funds   |    | \$                 | 1,857,475               |
| 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 not reported in the governmental funds. |    |                    |                         |
| Governmental capital assets  | \$ | 4,935,335          |                         |
| Less accumulated depreciation  |    | <u>(2,418,632)</u> |                         |
|  |    |                    | 2,516,703               |
| Unavailable revenue - the governmental funds are susceptible to full accrual on the Statement of Net Position                    |    |                    |                         |
| Unavailable revenue - nonemergency transfers   |    |                    | 4,285                   |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.    |    |                    |                         |
| Notes payable  |    | (111,896)          |                         |
| Compensated absences   |    | <u>(21,734)</u>    |                         |
|  |    |                    | <u>(133,630)</u>        |
| Total net position - governmental activities   |    | \$                 | <u><u>4,244,833</u></u> |

**The Charter Township of Alpena**

Governmental Funds -  
Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended March 31, 2021

|   | General Fund        | Public Safety     | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------|--------------------------------|
| <b>Revenues</b>                             |                     |                   |                                |
| Property taxes                              | \$ 362,063          | \$ 759,111        | \$ 1,121,174                   |
| Other taxes                                 | 16,617              | -                 | 16,617                         |
| Special assessment income                   | 34,087              | -                 | 34,087                         |
| Licenses and permits                        | 124,490             | -                 | 124,490                        |
| Federal revenue                             | 8,299               | 68,908            | 77,207                         |
| State revenue                               | 846,083             | -                 | 846,083                        |
| Other intergovernmental revenue             | -                   | 9,750             | 9,750                          |
| Charges for services                        | 270,345             | 173,553           | 443,898                        |
| Investment income                           | 6,876               | 6,520             | 13,396                         |
| Special assessment income                   | 38,195              | -                 | 38,195                         |
| Other revenue                               | 4,339               | -                 | 4,339                          |
| <b>Total revenues</b>                       | <b>1,711,394</b>    | <b>1,017,842</b>  | <b>2,729,236</b>               |
| <b>Expenditures</b>                         |                     |                   |                                |
| Current                                     |                     |                   |                                |
| General government                          | 769,372             | -                 | 769,372                        |
| Public safety                               | 189,836             | 1,127,051         | 1,316,887                      |
| Public works                                | 193,519             | -                 | 193,519                        |
| Health and welfare                          | 54,401              | -                 | 54,401                         |
| Recreation and culture                      | 24,226              | -                 | 24,226                         |
| Debt service                                |                     |                   |                                |
| Principal                                   | -                   | 35,367            | 35,367                         |
| Interest                                    | -                   | 6,838             | 6,838                          |
| <b>Total expenditures</b>                   | <b>1,231,354</b>    | <b>1,169,256</b>  | <b>2,400,610</b>               |
| <b>Other Financing Sources (Uses)</b>       |                     |                   |                                |
| Transfers in                                | -                   | 240,769           | 240,769                        |
| Transfers out                               | (240,769)           | -                 | (240,769)                      |
| <b>Total other financing sources (uses)</b> | <b>(240,769)</b>    | <b>240,769</b>    | <b>-</b>                       |
| <b>Net Change in Fund Balances</b>          | <b>239,271</b>      | <b>89,355</b>     | <b>328,626</b>                 |
| <b>Fund Balance, beginning of the year</b>  | <b>892,351</b>      | <b>636,498</b>    | <b>1,528,849</b>               |
| <b>Fund Balance, end of the year</b>        | <b>\$ 1,131,622</b> | <b>\$ 725,853</b> | <b>\$ 1,857,475</b>            |

**The Charter Township of Alpena**

Governmental Funds - Reconciliation of the Statement of  
Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Year Ended March 31, 2021

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Net change in fund balances - Total governmental funds \$ 328,626

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

|                      |               |          |
|----------------------|---------------|----------|
| Depreciation Expense | \$ (125,728)  |          |
| Capital Outlay       | <u>59,527</u> |          |
|                      |               | (66,201) |

Some revenues reported in the statement of activities do not provide the use of current financial resources and therefore are not reported as revenues in governmental funds.

|                     |  |          |
|---------------------|--|----------|
| Unavailable revenue |  | (22,233) |
|---------------------|--|----------|

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

|  |               |                |
|--|---------------|----------------|
| Principal payments on long-term debt     | 187,051       |                |
| Change in accrued interest payable       | 4,241         |                |
| Change in long-term compensated absences | <u>34,898</u> |                |
|  |               | <u>226,190</u> |

|   |  |                          |
|---|--|--------------------------|
| Change in net position of governmental activities |  | <u><u>\$ 466,382</u></u> |
|---|--|--------------------------|

# The Charter Township of Alpena

## Proprietary Fund - Statement of Net Position

March 31, 2021

|   | <u>Water and<br/>Sewer Fund</u> |
|---|---------------------------------|
| <b>Assets</b>                             |                                 |
| Current assets                            |                                 |
| Cash and cash equivalents                 | \$ 1,107,001                    |
| Restricted cash                           | 3,956,253                       |
| Accounts receivable                       | 98,376                          |
| Unbilled receivables                      | 360,603                         |
| Special assessments receivable            | 162,500                         |
| Due from other funds                      | 25,000                          |
| Total current assets                      | <u>5,709,733</u>                |
| Noncurrent assets                         |                                 |
| Capital assets not being depreciated      | 17,030                          |
| Capital assets being depreciated, net     | 6,568,632                       |
| Special assessments receivable            | 428,489                         |
| Total noncurrent assets                   | <u>7,014,151</u>                |
| Total assets                              | <u>12,723,884</u>               |
| <b>Liabilities</b>                        |                                 |
| Current liabilities                       |                                 |
| Accounts payable                          | 128,823                         |
| Accrued payroll                           | 1,219                           |
| Accrued interest payable                  | 16,667                          |
| Other accrued liabilities                 | 6,203                           |
| Due to other funds                        | 33,015                          |
| Bonds payable, current portion            | 200,000                         |
| Other claims (Note 11)                    | 3,959,193                       |
| Total current liabilities                 | <u>4,345,120</u>                |
| Noncurrent liabilities                    |                                 |
| Bonds payable, net of discount            | 790,593                         |
| Compensated absences                      | 2,526                           |
| Total noncurrent liabilities              | <u>793,119</u>                  |
| Total liabilities                         | <u>5,138,239</u>                |
| <b>Deferred Inflows of Resources</b>      |                                 |
| Unavailable revenue - special assessments | <u>590,989</u>                  |
| <b>Net Position</b>                       |                                 |
| Net investment in capital assets          | 5,595,069                       |
| Unrestricted                              | 1,399,587                       |
| Total net position                        | <u>\$ 6,994,656</u>             |

The accompanying notes to financial statements are an integral part of this statement.

**The Charter Township of Alpena**

Proprietary Fund -  
Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended March 31, 2021

|   | <u>Water and<br/>Sewer Fund</u> |
|---|---------------------------------|
| <b>Operating Revenues</b>                   |                                 |
| Charges for services                        | \$ 2,397,034                    |
| Miscellaneous                               | <u>52,042</u>                   |
| Total operating revenues                    | <u>2,449,076</u>                |
| <b>Operating Expenses</b>                   |                                 |
| Salaries and wages                          | 83,818                          |
| Employee benefits                           | 27,460                          |
| Cost of water and sewer                     | 1,619,429                       |
| Repairs and maintenance                     | 245,924                         |
| Utilities                                   | 31,806                          |
| Supplies and durable goods                  | 18,750                          |
| Occupancy                                   | 28,272                          |
| Professional services                       | 628,249                         |
| Miscellaneous                               | 8,050                           |
| Depreciation                                | <u>217,728</u>                  |
| Total operating expenses                    | <u>2,909,486</u>                |
| <b>Operating Income (Loss)</b>              | <u>(460,410)</u>                |
| <b>Nonoperating Revenues (Expenses)</b>     |                                 |
| Special assessments                         | 189,953                         |
| Interest income                             | 9,837                           |
| Interest expense                            | (43,748)                        |
| Gain (loss) on sale of capital asset        | <u>(981)</u>                    |
| Total nonoperating revenues (expenses)      | <u>155,061</u>                  |
| <b>Change in Net Position</b>               | (305,349)                       |
| <b>Net Position</b> , beginning of the year | <u>7,300,005</u>                |
| <b>Net Position</b> , end of the year       | <u><u>\$ 6,994,656</u></u>      |

# The Charter Township of Alpena

## Proprietary Fund - Statement of Cash Flows

March 31, 2021

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|  | <u>Water and<br/>Sewer Fund</u> |
|--|---------------------------------|
| <b>Cash Flows from Operating Activities</b>                          |                                 |
| Receipts from customers and users                                    | \$ 2,460,409                    |
| Payments to suppliers  | (2,634,372)                     |
| Payments to employees  | (93,314)                        |
| Internal activity - payments to other funds                          | 35,000                          |
| Net cash provided (used) by operating activities                     | <u>(232,277)</u>                |
| <b>Cash Flows from Capital and Related Financing Activities</b>      |                                 |
| Proceeds from special assessments                                    | 189,953                         |
| Acquisition of capital assets  | (40,026)                        |
| Proceeds from sale of capital assets                                 | 18,500                          |
| Principal paid on capital debt                                       | (200,000)                       |
| Interest paid on capital debt  | (45,200)                        |
| Net cash provided (used) by capital and related financing activities | <u>(76,773)</u>                 |
| <b>Cash Flows from Investing Activities</b>                          |                                 |
| Interest received  | <u>9,837</u>                    |
| Net cash provided (used) by investing activities                     | <u>9,837</u>                    |
| Net increase (decrease) in cash and cash equivalents                 | (299,213)                       |
| <b>Cash and Cash Equivalents,</b><br>beginning of the year           | <u>5,362,467</u>                |
| <b>Cash and Cash Equivalents,</b><br>end of the year                 | <u>\$ 5,063,254</u>             |

## The Charter Township of Alpena

### Proprietary Fund - (continued) Statement of Cash Flows

March 31, 2021

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|  |                     |
|--|---------------------|
| Reconciliation of operating income to net cash provided (used in) operating activities:        |                     |
| Operating income (loss)  | \$ (460,410)        |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |                     |
| Depreciation   | 217,728             |
| Net changes in assets and liabilities:   |                     |
| (Increase) decrease in accounts receivable   | 15,129              |
| (Increase) decrease in unbilled receivables  | (3,793)             |
| (Increase) decrease in special assessments receivable  | 58,887              |
| (Increase) decrease in prepaid expense   | 1,495               |
| Increase (decrease) in accounts payable  | (33,927)            |
| Increase (decrease) in accrued payroll   | (2,957)             |
| Increase (decrease) in unearned revenue  | (58,887)            |
| Increase (decrease) in interfund activity  | 35,000              |
| Increase (decrease) in other accrued liabilities   | <u>(542)</u>        |
| Net cash provided by (used in) operating activities  | <u>\$ (232,277)</u> |

**The Charter Township of Alpena**

Fiduciary Fund -  
Statement of Fiduciary Net Position

March 31, 2021

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|                           | <u>Tax Collection<br/>Fund</u> |
|---------------------------|--------------------------------|
| <b>Assets</b>             |                                |
| Cash and cash equivalents | \$ 7,635                       |
| Total assets              | <u>\$ 7,635</u>                |
| <b>Liabilities</b>        |                                |
| Due to other governments  | \$ 4,453                       |
| Accounts payable          | <u>3,182</u>                   |
| Total liabilities         | <u>\$ 7,635</u>                |

**The Charter Township of Alpena**

Fiduciary Fund -  
Statement of Changes in Fiduciary Net Position

For the Year Ended March 31, 2021

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|   | <u>Tax Collection<br/>Fund</u> |
|---|--------------------------------|
| <b>Additions</b>                            |                                |
| Property taxes collected                    | \$ 11,134,566                  |
| <b>Deductions</b>                           |                                |
| Property taxes distributed                  | <u>11,134,566</u>              |
| <b>Change in Net Position</b>               | -                              |
| <b>Net Position</b> , beginning of the year | <u>-</u>                       |
| <b>Net Position</b> , end of the year       | <u><u>\$ -</u></u>             |

# The Charter Township of Alpena

## Notes to the Financial Statements

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### **Note 1 – Summary of Significant Policies**

The accounting policies of The Charter Township of Alpena, Alpena Township, Michigan (the “Township”), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

#### **A. Township Operations.**

The Township is governed by an elected seven-member board. As required by generally accepted accounting principles, these financial statements present only the Township, as there are no other entities for which the Township is considered to be financially accountable.

#### **B. Reporting Entity.**

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Township are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

In addition, the primary government is also financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. The Township does not have any component units.

#### **C. Basis of 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, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

# The Charter Township of Alpena

## Notes to the Financial Statements

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### Note 1 – Summary of Significant Policies *(continued)*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Township.

**Government-Wide Financial Statements.** The government-wide financial statements, (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Township. 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.

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 with operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenue.

**Fund Financial Statements.** The Township reports the following governmental funds:

**General Fund.** The 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 for legal, regulatory or administrative purposes.

The only special revenue fund the Township has is the Public Safety Fund. The Public Safety Fund accounts for the activities related to the fire department.

**Proprietary Fund.** Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for services. The enterprise funds also recognize as operating revenues the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The only proprietary fund of the Township is the Water and Sewer Fund. The Water and Sewer Fund accounts for the activities related to water distribution, the collection of wastewater and the billings for these activities.

**Fiduciary Fund.** The current tax collection fund is used to account for assets held as an agent for individuals, private organizations, and other governments. Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

# The Charter Township of Alpena

## Notes to the Financial Statements

---

### Note 1 – Summary of Significant Policies *(continued)*

#### **D. Basis of Accounting.**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual.** Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual.** The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied, provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

#### **E. Financial Statement Amounts.**

**Cash and Cash Equivalents.** Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

**Receivables.** Receivables have been recognized for all significant amounts due to the Township. All receivables are net of estimated uncollectible accounts. Receivables are recognized to the extent the amounts are determined material and substantiated, not only by supporting documentation but also by a reasonable systematic method of determining their existence, completeness, valuation and collectability.

The allowance for doubtful accounts at March 31, 2021 was \$4,222.

**Special Assessment Receivables.** The Township has five special assessment levies that are recorded as a special assessment receivable in the General Fund consisting of \$166,180 at March 31, 2021. These levies are collected on behalf of another governmental unit, consequently, there is a due to other government recorded for a total amount of \$246,612 at March 31, 2021, consisting of the \$166,180 receivable and the amount of collections that have yet to be distributed of \$80,432. These special assessments are not considered revenue to the Township and there is no debt pertaining to these special assessments.

The Township has another special assessment levy for which they have a special assessment receivable of \$51,919 at March 31, 2021. During the year ended March 31, 2021, the Township recognized \$34,087 of revenue pertaining to this special assessment. There is no debt pertaining to this special assessment.

# The Charter Township of Alpena

## Notes to the Financial Statements

---

### Note 1 – Summary of Significant Policies *(continued)*

**Interfund Receivables and Payables.** On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “due from/to other funds”. Interfund balances within governmental activities are eliminated on the government-wide statement of net position. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

**Capital Assets.** Capital assets are defined by the Township as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. 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 and building improvements | 15-50 years |
| Equipment                           | 3-10 years  |
| Water and sewer lines               | 50 years    |

**Accrued Liabilities and Long-Term Obligations.** All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements at the time they are incurred, to the extent that they will be paid from current, expendable, financial resources. However, bonds and other long-term obligations, compensated absences, claims and judgements, contractually required pension contributions and special termination benefits that are paid from the governmental funds are recognized as liabilities in the fund financial statements only to the extent that they are due for payment during the current year.

**Compensated Absences.** After 90 days of employment, Township employees are granted paid time off in varying amounts based on length of service and other contractual provisions, other than the Local 1859 Union employees who begin to accrue paid time off immediately upon employment. Paid time off is fully vested when earned, other than Local 1859 Union employees whose paid time off is not fully vested until one year of employment. Employees can rollover up to 160 hours of paid time off with any paid time off in excess of 160 hours being paid out to the employee at 50% of the employees’ hourly rate on March 31<sup>st</sup> of each year, other than Local 1859 Union employees who can rollover up to 600 hours with any paid time off in excess of 600 hours being paid out to the employee at varying amounts.

**Net Position.** The net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed for a particular purpose. Restrictions are imposed by external organizations, creditors, grantors or laws and regulations of other governments. 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 Township.

The Township’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

# The Charter Township of Alpena

## Notes to the Financial Statements

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### Note 1 – Summary of Significant Policies *(continued)*

**Fund Balance.** The Township has implemented GASB Statement 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” The statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe fund balance categories and the relative strength of the spending constraints placed on the purposes for which resources can be used.

- *Nonspendable fund balance* – amounts that are not in a spendable form (such as prepaid expenditures) or are required to be maintained intact;
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- *Committed fund balance* – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- *Assigned fund balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- *Unassigned fund balance* – amounts that are available for any purpose; positive amounts are reported on in the General Fund.

The Township has not established a policy for its use of unrestricted fund balance amounts. Therefore, in accordance with GASB Statement 54, committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Property Tax Revenue.** Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are due on February 28 of the following year and are considered delinquent on March 1, at which time penalties and interest are assessed.

The Township’s 2020 tax is levied and collectible on December 1, 2020 and is recognized as revenue in the year ended March 31, 2021 when the proceeds of the levy are budgeted and available for the financing of operations.

The Township annually sells its delinquent real property taxes to the County of Alpena (the “County”), which then becomes responsible for collecting the taxes and taking any uncollected tax parcels through the tax reversion process. The County purchases these taxes at 100 percent of face value, and in return, the County is allowed to retain all interest and penalties it collects. The estimated present value of future delinquent collections to the County is less than the face value that has been received because of the time value of money; however, the net present value to the County is greater than this amount because of the statutory provision that allows the County to retain all penalties and interest. During the current year, the Township received \$25,376 from this sale. At the end of the tax reversion process (approximately three years), the County charges the Township back for any uncollected taxes. Historically, this amount has not been significant.

# The Charter Township of Alpena

## Notes to the Financial Statements

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### Note 1 – Summary of Significant Policies *(continued)*

**Use of Estimates.** The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**New Accounting Standard.** The Township adopted Government Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in the current year. There was no restatement to fund balance or net position related to the implementation of the new accounting standard. The new accounting standard changed the statement requirements related to fiduciary activities beginning with year ended March 31, 2021 to include a statement of changes in fiduciary net position.

The Township adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in the current year. There was no restatement to fund balance or net position related to the implementation of the new accounting standard. The new accounting standard changed the requirements for the note disclosures related to debt of the Township beginning with year ended March 31, 2021.

**Reclassifications.** Certain items reported in the March 31, 2020, financial statements may have been reclassified to conform to the presentation for the current year.

### Note 2 – Stewardship, Compliance and Accountability

**Budgetary Information.** Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are prepared and adopted for all required governmental fund types.

**Budgets and Budgetary Accounting.** The Charter Township of Alpena normally follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to December 1<sup>st</sup>, the Township Supervisor must submit a proposed budget to the Michigan Department of Treasury for the purpose of revenue sharing. The Township Supervisor submits a proposed operating budget for the fiscal year commencing April 1<sup>st</sup>, prior to March 31<sup>st</sup>. This operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at the governmental center to obtain taxpayer comments.
- Prior to April 1, the budget is legally enacted through passage of an ordinance.
- All budget appropriations lapse at year-end. Budgetary amounts reported herein are as originally adopted, and as amended by the Township Board throughout the operating year.

**Excess of Expenditures Over Appropriations in Budgeted Funds.** The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq.), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. During the year, the Township incurred expenditures in certain budgeted funds, which were in excess of the functional amounts appropriated. Budgetary comparison schedules and violations are noted in the relevant fund financial statements as follows:

**The Charter Township of Alpena**

Notes to the Financial Statements

**Note 2 – Stewardship, Compliance and Accountability** *(continued)*

| Budget Item                    | Final<br>Appropriation | Expended  | Variance  |
|--------------------------------|------------------------|-----------|-----------|
| <b>General Fund</b>            |                        |           |           |
| General government             |                        |           |           |
| Other                          | \$ 1,500               | \$ 2,123  | \$ (623)  |
| Public safety                  |                        |           |           |
| Other inspections              | 44,500                 | 47,095    | (2,595)   |
| Health and welfare             | 47,501                 | 54,401    | (6,900)   |
| Other financing sources (uses) |                        |           |           |
| Transfers out                  | 133,767                | 240,769   | (107,002) |
| <b>Public Safety Fund</b>      |                        |           |           |
| Public safety                  |                        |           |           |
| Fire protection                | 1,069,375              | 1,127,051 | (57,676)  |
| Debt service                   | 41,000                 | 42,205    | (1,205)   |

**Note 3 – Deposits and Investments**

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

|                           | Governmental<br>Activities | Business-type<br>Activities | Fiduciary<br>Activities | Total Primary<br>Government |
|---------------------------|----------------------------|-----------------------------|-------------------------|-----------------------------|
| Cash and cash equivalents | \$ 1,895,858               | \$ 1,107,001                | \$ 7,635                | \$ 3,010,494                |
| Restricted cash           | -                          | 3,956,253                   | -                       | 3,956,253                   |
| Total                     | <u>\$ 1,895,858</u>        | <u>\$ 5,063,254</u>         | <u>\$ 7,635</u>         | <u>\$ 6,966,747</u>         |

**Restricted Cash.** At March 31, 2021, a total of \$3,956,253 has been placed into an escrow savings account at a local financial institution by a court order. The account assures that the Township will have sufficient funds for the potential litigation liability pertaining to the water and sewer dispute with the City of Alpena. The Charter Township of Alpena and the City of Alpena both must approve any disbursements from the account. The Township has the sole responsibility for contributing funds into this account.

**Fair Value Measurements.** Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which required an entity to maximize the use of observable and minimize the use of unobservable inputs.

# The Charter Township of Alpena

## Notes to the Financial Statements

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### Note 3 – Deposits and Investments *(continued)*

There are three (3) levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

The Township maintains cash and cash equivalents which are stated at fair value. The Township does not have any investment balances.

**Interest Rate Risk.** In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

**Credit Risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of March 31, 2020, the Township did not have any investments with ratings below prime.

**Concentration of Credit Risk.** The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial Credit Risk – Deposits.** In the case of deposits, this is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2021, \$5,744,544 of the Township's bank balance of \$6,994,626 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Foreign Currency Risk.** The Township is not authorized to invest in investments which have this type of risk.

**The Charter Township of Alpena**

Notes to the Financial Statements

**Note 4 – Capital Assets**

Capital assets activity of the Township’s governmental activities for the current year are as follows:

|   | Balance<br>04/01/2020 | Additions   | Adjustments &<br>Retirements | Balance<br>03/31/2021 |
|---|-----------------------|-------------|------------------------------|-----------------------|
| <b>Governmental activities:</b>             |                       |             |                              |                       |
| Capital assets, not depreciated             |                       |             |                              |                       |
| Land  | \$ 2,002,111          | \$ -        | \$ -                         | \$ 2,002,111          |
|   | 2,002,111             | -           | -                            | 2,002,111             |
| Capital assets being depreciated            |                       |             |                              |                       |
| Buildings and improvements                  | 1,441,472             | 12,898      | -                            | 1,454,370             |
| Equipment                                   | 1,432,225             | 46,629      | -                            | 1,478,854             |
|   | 2,873,697             | 59,527      | -                            | 2,933,224             |
| Less accumulated depreciation               |                       |             |                              |                       |
| Buildings and improvements                  | (1,401,839)           | (4,278)     | -                            | (1,406,117)           |
| Equipment                                   | (891,065)             | (121,450)   | -                            | (1,012,515)           |
|   | (2,292,904)           | (125,728)   | -                            | (2,418,632)           |
| Governmental activities capital assets, net | \$ 2,582,904          | \$ (66,201) | \$ -                         | \$ 2,516,703          |

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

|                          |            |
|--------------------------|------------|
| Governmental activities: |            |
| General government       | \$ 19,307  |
| Public safety            | 106,421    |
|                          | \$ 125,728 |

**The Charter Township of Alpena**

Notes to the Financial Statements

**Note 4 – Capital Assets (continued)**

|                                       | <u>Balance<br/>04/01/2020</u> | <u>Additions</u>    | <u>Adjustments &amp;<br/>Retirements</u> | <u>Balance<br/>03/31/2021</u> |
|---------------------------------------|-------------------------------|---------------------|--|-------------------------------|
| <b>Business-type activities:</b>      |                               |                     |  |                               |
| Capital assets, not depreciated       |                               |                     |  |                               |
| Land                                  | \$ 17,030                     | \$ -                | \$ -                                     | \$ 17,030                     |
|                                       | <u>17,030</u>                 | <u>-</u>            | <u>-</u>                                 | <u>17,030</u>                 |
| Capital assets, being depreciated     |                               |                     |  |                               |
| Plant, property, & equipment          | 12,798,374                    | 40,026              | (24,065)                                 | 12,814,335                    |
|                                       | <u>12,798,374</u>             | <u>40,026</u>       | <u>(24,065)</u>                          | <u>12,814,335</u>             |
| Less accumulated depreciation         |                               |                     |  |                               |
| Plant, property, & equipment          | (6,032,559)                   | (217,728)           | 4,584                                    | (6,245,703)                   |
|                                       | <u>(6,032,559)</u>            | <u>(217,728)</u>    | <u>4,584</u>                             | <u>(6,245,703)</u>            |
| Business-type activities capital, net | <u>\$ 6,782,845</u>           | <u>\$ (177,702)</u> | <u>\$ (19,481)</u>                       | <u>\$ 6,585,662</u>           |

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

|                           |                   |
|---------------------------|-------------------|
| Business-type activities: |                   |
| Public works              | <u>\$ 217,728</u> |

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property and tangible personal property located in the Township. 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 Township tax rolls. For the current year, the taxable value for properties located within the Township was \$352,743,472 on which ad valorem taxes levied for the Township general operating purposes was 1.0136 mills. The Township also has special purpose tax levies. The tax rates for these levies were 1.5000 mills for fire protection and .6500 mills for apparatus and equipment for fire protection.

# The Charter Township of Alpena

## Notes to the Financial Statements

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### Note 6 – Pension Plan

The Township provides pension benefits to its elected officials and other qualified employees through the Township's Governmental Non-ERISA Retirement Plan administered by John Hancock and a Money Purchase Retirement Plan administered by Brighthouse Financial. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All elected officials and full-time union employees are eligible to participate in the Governmental Non-ERISA Retirement Plan. Other employees are eligible to participate in the Money Purchase Retirement Plan after one year of service.

The Township's contributions for each employee are fully vested immediately for both plans. Employees enrolled in the Governmental Non-ERISA Retirement Plan have mandatory after-tax contributions of .5% of compensation and may make voluntary contributions up to 25% of compensation. As established by board resolution, the Township contributes 9.5% of employees' compensation to the Governmental Non-ERISA Retirement Plan and 6.5% (not to exceed 25%) of employee compensation to the Money Purchase Retirement Plan. In accordance with plan requirements, the Township contributed \$61,058 and \$3,763 to the Governmental Non-ERISA Retirement Plan and Money Purchase Retirement Plan during the current year, respectively.

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**The Charter Township of Alpena**

Notes to the Financial Statements

**Note 7 – Long-Term Debt**

Long-term debt of the Township’s governmental and business-type activities for the current year were as follows:

|  | <u>Balances,</u><br><u>04/01/2020</u> | <u>Additions</u> | <u>Deductions</u>   | <u>Balances,</u><br><u>03/31/2021</u> | <u>Due Within</u><br><u>One Year</u> |
|--|---------------------------------------|------------------|---------------------|---------------------------------------|--------------------------------------|
| <b>Governmental activities:</b>                  |                                       |                  |                     |                                       |                                      |
| Direct borrowings and direct placements:         |                                       |                  |                     |                                       |                                      |
| Installment purchase agreement                   |                                       |                  |                     |                                       |                                      |
| North Pointe Shores Road                         |                                       |                  |                     |                                       |                                      |
| Amount of issue: \$342,000                       |                                       |                  |                     |                                       |                                      |
| Interest rate: 2.390%                            |                                       |                  |                     |                                       |                                      |
| Principal maturity range                         |                                       |                  |                     |                                       |                                      |
| \$30,681 - \$37,948                              |                                       |                  |                     |                                       |                                      |
|  | \$ 146,330                            | \$ -             | \$ (36,161)         | \$ 110,169                            | \$ 37,027                            |
|  |                                       |                  |                     |                                       |                                      |
| Capital lease - Konica-Minolta                   |                                       |                  |                     |                                       |                                      |
| Bizhub Copier                                    |                                       |                  |                     |                                       |                                      |
| Dated 03/20/2017                                 |                                       |                  |                     |                                       |                                      |
| Amount of issue: \$6,950                         |                                       |                  |                     |                                       |                                      |
| Interest rate: 11.587%                           |                                       |                  |                     |                                       |                                      |
| Principal maturity range                         |                                       |                  |                     |                                       |                                      |
| \$1,090 - \$1,727                                |                                       |                  |                     |                                       |                                      |
|  | 3,266                                 | -                | (1,539)             | 1,727                                 | 1,727                                |
|  |                                       |                  |                     |                                       |                                      |
| Installment purchase agreement                   |                                       |                  |                     |                                       |                                      |
| Dated 06/11/2019                                 |                                       |                  |                     |                                       |                                      |
| Amount of issue: \$297,702                       |                                       |                  |                     |                                       |                                      |
| Interest rate: 3.500%                            |                                       |                  |                     |                                       |                                      |
| Principal maturity range                         |                                       |                  |                     |                                       |                                      |
| \$148,351 - \$149,351                            |                                       |                  |                     |                                       |                                      |
|  | <u>149,351</u>                        | <u>-</u>         | <u>(149,351)</u>    | <u>-</u>                              | <u>-</u>                             |
|  |                                       |                  |                     |                                       |                                      |
| Total direct borrowings and<br>direct placements | 298,947                               | -                | (187,051)           | 111,896                               | 38,754                               |
|  |                                       |                  |                     |                                       |                                      |
| Compensated absences                             | <u>56,632</u>                         | <u>-</u>         | <u>(34,898)</u>     | <u>21,734</u>                         | <u>21,734</u>                        |
|  |                                       |                  |                     |                                       |                                      |
| Total governmental activities                    | <u>\$ 355,579</u>                     | <u>\$ -</u>      | <u>\$ (221,949)</u> | <u>\$ 133,630</u>                     | <u>\$ 60,488</u>                     |

All governmental direct borrowings and direct placements are collateralized by the asset that the debt was issued to purchase.

**The Charter Township of Alpena**

Notes to the Financial Statements

**Note 7 – Long-Term Debt** *(continued)*

|  | Balances,<br>04/01/2020 | Additions   | Deductions          | Balances,<br>03/31/2021 | Due Within<br>One Year |
|--|-------------------------|-------------|---------------------|-------------------------|------------------------|
| <b>Business-type activities:</b>               |                         |             |                     |                         |                        |
| Other debt - special assessment bonds:         |                         |             |                     |                         |                        |
| Alpena Township Water Project                  |                         |             |                     |                         |                        |
| Special Assessment Bonds                       |                         |             |                     |                         |                        |
| Amount of issue: \$3,915,000                   |                         |             |                     |                         |                        |
| Maturing through 2025                          |                         |             |                     |                         |                        |
| Interest rate ranges: 3.25%-4.25%              |                         |             |                     |                         |                        |
| Principal maturity range \$115,000 - \$200,000 |                         |             |                     |                         |                        |
|  | \$ 1,200,000            | \$ -        | \$ (200,000)        | \$ 1,000,000            | \$ 200,000             |
| Total other debt                               | 1,200,000               | -           | (200,000)           | 1,000,000               | 200,000                |
| Compensated absences                           | 9,068                   | -           | (6,542)             | 2,526                   | 2,526                  |
| Total business-type activities                 | <u>\$ 1,209,068</u>     | <u>\$ -</u> | <u>\$ (206,542)</u> | <u>\$ 1,002,526</u>     | <u>\$ 202,526</u>      |

**Bond discount.** The bond has a discount outstanding of \$9,407 as of March 31, 2021. This discount will be amortized on a straight-line basis over the life of the bonds.

**Special assessment bonds.** The special assessment debt was issued to finance water improvements in the US South Water Project Special Assessment District within the Township of Alpena. The debt will be repaid wholly from special assessments levied against benefited property owners. This activity is recorded within the Water and Sewer Fund. As additional security for the debt, the Township has pledged its limited tax full faith and credit for the payment of principal and interest thereon. During the year, special assessment revenue was \$189,953 compared to the debt service requirements of \$244,000. Any delinquent special assessments are purchased by the County of Alpena per the agreement between the Township and the County, as previously disclosed in Note 1. Consequently, delinquent special assessment receivables were \$0 as of March 31, 2021.

**The Charter Township of Alpena**

Notes to the Financial Statements

**Note 7 – Long-Term Debt** *(continued)*

The annual principal and interest requirements are as follows:

| Year Ended March 31, | Governmental Activities                 |          | Business-type Activities |           |
|----------------------|---|----------|--------------------------|-----------|
|                      | Direct borrowings and direct placements |          | Other debt               |           |
|                      | Principal                               | Interest | Principal                | Interest  |
| 2022                 | \$ 38,754                               | \$ 1,939 | \$ 200,000               | 33,000    |
| 2023                 | 37,911                                  | 944      | 200,000                  | 25,283    |
| 2024                 | 35,231                                  | 869      | 200,000                  | 17,250    |
| 2025                 | -                                       | -        | 200,000                  | 9,100     |
| 2026                 | -                                       | -        | 200,000                  | 700       |
|                      | \$ 111,896                              | \$ 3,752 | \$ 1,000,000             | \$ 85,333 |

**Note 8 – Tax Abatement**

The Township may enter into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within the Township. Each agreement would be negotiated under a state law, which would allow local units to abate property taxes for a variety of economic development purposes. The abatements may be granted to local businesses located within the Township or promising to relocate within the Township. Depending on the statute referenced for a particular abatement, the Township may grant abatements of up to 50% of annual property taxes through a direct reduction of the entity's property tax bill or not tax the entity on improvements to a property for a period of time, not to exceed twelve years. Depending on the terms of the agreement and state law, abated taxes may be subject to recapture upon default of the entity. The Township has not entered into any tax abatement agreements as of March 31, 2021. The Township is not subject to any tax abatement agreements entered into by other governmental entities.

**Note 9 – Risk Management**

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

**The Charter Township of Alpena**

Notes to the Financial Statements

**Note 10 – Interfund Receivables, Payables and Transfers**

Permanent reallocation of resources between funds of the reporting entity is classified as inter-fund transfers. For the purpose of the statement of activities, all inter-fund transfers between individual governmental and enterprise funds have been eliminated. The inter-fund transfer from the General Fund to the Public Safety Fund was a reallocation of resources to subsidize the fund.

|                    | Transfers<br>In | Transfers<br>Out |
|--------------------|-----------------|------------------|
| Public Safety Fund | \$ 240,769      |                  |
| General Fund       |                 | \$ 240,769       |

The amount of interfund receivables and payables at March 31, 2021, is as follows:

|                                  |           |
|----------------------------------|-----------|
| Due to General Fund from         |           |
| Public Safety Fund               | \$ 5,657  |
| Water and Sewer Fund             | 33,015    |
|                                  | \$ 38,672 |
| Due to Public Safety Fund from   |           |
| General Fund                     | \$ 313    |
| Due to Water and Sewer Fund from |           |
| Public Safety Fund               | \$ 25,000 |

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Note 11 – Contingencies and Claims**

The Charter Township of Alpena has been involved in litigation since 2014 with the City of Alpena regarding protested sewage and water rates charged by the City to the Township from June 2014 through the date of issuance of these financial statements. The Township has recorded a liability of \$3,959,193 (through March 31, 2021), which has been recorded as “Other claims” on the face of the financial statements in the Water and Sewer Fund. In addition, the City of Alpena has been seeking late charges of approximately \$6,490,205. The Township had not historically recognized these late charges as a liability. During the litigation, the Court ordered a joint escrow account be established and the disputed difference in rates be deposited into the account. The Township believes the liability booked adequately covers their potential loss contingency, however the estimated range for the possible loss is unknown at this time.

A bench trial commenced February 27, 2018. Settlement negotiations occurred, and the Township’s position is that a settlement was reached. However, the City disagreed. The Circuit Court thereafter entered a judgment. Both the Township and the City disagreed with the details of the judgment, and both parties filed claims of appeal with the Michigan Court of Appeals.

# The Charter Township of Alpena

## Notes to the Financial Statements

### Note 11 – Contingencies and Claims *(continued)*

On March 17, 2020, the Michigan Court of Appeals ruled that the parties had not reached a settlement, even on the rates through 2018 that the Circuit Court had previously issued, and the Court of Appeals sent the case back to the Circuit Court to continue the trial. Subsequent to the ruling, the Township requested reconsideration, which was denied on July 9, 2020. The Township appealed the case to the Michigan Supreme Court who denied the request to hear the case. The case was then sent back to the Circuit Court in Alpena.

### Note 12 – Governmental Fund Balances

The detail of the various components of governmental fund balances is as follows:

|                          | General<br>Fund     | Public Safety<br>Fund | Total               |
|--------------------------|---------------------|-----------------------|---------------------|
| Fund balances:           |                     |                       |                     |
| Restricted for:          |                     |                       |                     |
| North Pointe Shores Road | \$ 31,613           | \$ -                  | \$ 31,613           |
| Equipment                | -                   | 259,815               | 259,815             |
|                          | <u>31,613</u>       | <u>259,815</u>        | <u>291,428</u>      |
| Committed for:           |                     |                       |                     |
| Public safety            | -                   | 466,038               | 466,038             |
| Unassigned               | <u>1,100,009</u>    | -                     | <u>1,100,009</u>    |
| Total governmental funds | <u>\$ 1,131,622</u> | <u>\$ 725,853</u>     | <u>\$ 1,857,475</u> |

### Note 13 – Subsequent Events

Management has evaluated subsequent event through September 21, 2021 the date on which the final statements were made available to be issued.

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the Township's operational and financial performance will depend on various developments, including the duration of the spread of the outbreak and its impact on customers, employees and vendors, all of which cannot be reasonably predicted at this time. Management currently does not know the impact COVID-19 will have on the Township's financial position, change in financial position, and the timing and amounts of cash flows. The related financial consequences and duration are highly uncertain.

In May 2021, the Township entered into an installment purchase agreement for a new fire truck in the amount of \$450,904.

The Township was awarded \$915,536 in federal funding through the American Rescue Plan Act.

**REQUIRED SUPPLEMENTAL INFORMATION**

**The Charter Township of Alpena**

Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund - Budget and Actual

For the Year Ended March 31, 2021

|                                 | Budgeted Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---------------------------------|------------------|------------------|-------------------|---|
|                                 | Original         | Final            |                   |   |
| <b>Revenues</b>                 |                  |                  |                   |   |
| Property taxes                  | \$ 378,300       | \$ 378,300       | \$ 362,063        | \$ (16,237)   |
| Other taxes                     | 17,000           | 17,000           | 16,617            | (383)   |
| Special assessment income       | 56,500           | 56,500           | 34,087            | (22,413)  |
| Licenses and permits            | 158,900          | 158,900          | 124,490           | (34,410)  |
| Federal revenue                 | -                | -                | 8,299             | 8,299   |
| State revenue                   | 865,188          | 717,750          | 846,083           | 128,333   |
| Charges for services            | 177,600          | 177,600          | 270,345           | 92,745  |
| Investment income               | 3,700            | 3,700            | 6,876             | 3,176   |
| North Pointe Shores assessment  | 39,000           | 39,000           | 38,195            | (805)   |
| Other revenue                   | 14,600           | 14,600           | 4,339             | (10,261)  |
| <b>Total revenues</b>           | <b>1,710,788</b> | <b>1,563,350</b> | <b>1,711,394</b>  | <b>148,044</b>  |
| <b>Expenditures</b>             |                  |                  |                   |   |
| General government              |                  |                  |                   |   |
| Board of trustees               | 120,147          | 113,797          | 112,513           | 1,284   |
| Supervisor                      | 97,219           | 86,619           | 79,075            | 7,544   |
| Treasurer                       | 159,782          | 152,982          | 145,888           | 7,094   |
| Clerk                           | 143,263          | 137,648          | 130,335           | 7,313   |
| Assessor                        | 206,295          | 192,232          | 177,183           | 15,049  |
| Elections                       | 44,525           | 50,545           | 48,966            | 1,579   |
| Board of review                 | 5,971            | 5,971            | 2,322             | 3,649   |
| Buildings and grounds           | 167,667          | 102,667          | 70,967            | 31,700  |
| Other                           | 1,500            | 1,500            | 2,123             | (623)   |
| <b>Total general government</b> | <b>946,369</b>   | <b>843,961</b>   | <b>769,372</b>    | <b>74,589</b>   |
| Public safety                   |                  |                  |                   |   |
| Liquor law enforcement          | 25,417           | 24,417           | 20,695            | 3,722   |
| Building inspection             | 147,877          | 128,879          | 109,726           | 19,153  |
| Other inspections               | 37,500           | 44,500           | 47,095            | (2,595)   |
| Planning and zoning             | 19,359           | 15,359           | 12,320            | 3,039   |
| <b>Total public safety</b>      | <b>230,153</b>   | <b>213,155</b>   | <b>189,836</b>    | <b>23,319</b>   |

(continued)

**The Charter Township of Alpena**

Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund - Budget and Actual

For the Year Ended March 31, 2021

|   | Budgeted Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|------------------|------------|-------------------|---|
|   | Original         | Final      |                   |   |
| <b>Expenditures</b> (continued)             |                  |            |                   |   |
| Public works                                |                  |            |                   |   |
| Highway and streets                         | \$ 300,000       | \$ 269,938 | \$ 193,519        | \$ 76,419   |
| Health and welfare                          | 47,501           | 47,501     | 54,401            | (6,900)   |
| Recreation and culture                      |                  |            |                   |   |
| Parks and recreation development            | 25,000           | 25,000     | 24,226            | 774   |
| Total expenditures                          | 1,549,023        | 1,399,555  | 1,231,354         | 168,201   |
| <b>Other Financing Sources (Uses)</b>       |                  |            |                   |   |
| Transfers out                               | (133,767)        | (133,767)  | (240,769)         | (107,002)   |
| <b>Net Change in Fund Balances</b>          | 27,998           | 30,028     | 239,271           | 209,243   |
| <b>Fund Balance, beginning of the year,</b> | 892,351          | 892,351    | 892,351           | -   |
| <b>Fund Balance, end of year</b>            | \$ 920,349       | \$ 922,379 | \$ 1,131,622      | \$ 209,243  |

**The Charter Township of Alpena**

Statement of Revenues, Expenditures and Changes in Fund Balances  
Public Safety Fund - Budget and Actual

For the Year Ended March 31, 2021

|  | Budgeted Amounts         |                          | Actual<br>Amounts        | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|--------------------------|--------------------------|--------------------------|---|
|  | Original                 | Final                    |                          |   |
| <b>Revenues</b>                            |                          |                          |                          |   |
| Property taxes                             | \$ 737,000               | \$ 737,000               | \$ 759,111               | \$ 22,111   |
| Federal revenue                            | -                        | -                        | 68,908                   | 68,908  |
| Other intergovernmental revenue            | -                        | -                        | 9,750                    | 9,750   |
| Charges for services                       | 162,500                  | 162,500                  | 173,553                  | 11,053  |
| Licenses and permits                       | 18,000                   | 1,200                    | -                        | (1,200)   |
| Investment income                          | -                        | -                        | 6,520                    | 6,520   |
| Other revenue                              | 500                      | 500                      | -                        | (500)   |
| <b>Total revenues</b>                      | <u>918,000</u>           | <u>901,200</u>           | <u>1,017,842</u>         | <u>116,642</u>  |
| <b>Expenditures</b>                        |                          |                          |                          |   |
| Public safety                              |                          |                          |                          |   |
| Fire protection                            | <u>1,087,125</u>         | <u>1,069,375</u>         | <u>1,127,051</u>         | <u>(57,676)</u>   |
| Debt service                               | <u>41,000</u>            | <u>41,000</u>            | <u>42,205</u>            | <u>(1,205)</u>  |
| <b>Total expenditures</b>                  | <u>1,128,125</u>         | <u>1,110,375</u>         | <u>1,169,256</u>         | <u>(58,881)</u>   |
| <b>Other Financing Sources (Uses)</b>      |                          |                          |                          |   |
| Transfers in                               | <u>133,767</u>           | <u>133,767</u>           | <u>240,769</u>           | <u>107,002</u>  |
| <b>Net Change in Fund Balances</b>         | <u>(76,358)</u>          | <u>(75,408)</u>          | <u>89,355</u>            | <u>164,763</u>  |
| <b>Fund Balance, beginning of the year</b> | <u>636,498</u>           | <u>636,498</u>           | <u>636,498</u>           | <u>-</u>  |
| <b>Fund Balance, end of the year</b>       | <u><u>\$ 560,140</u></u> | <u><u>\$ 561,090</u></u> | <u><u>\$ 725,853</u></u> | <u><u>\$ 164,763</u></u>                                    |

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Trustees and Management  
The Charter Township of Alpena  
Alpena, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Charter Township of Alpena, Michigan (the "Township") for the year ended March 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in a letter dated May 21, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Township changed accounting policies related to fiduciary funds by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in 2021. There were no effects on the financial statements as a result of implementing the new accounting changes. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

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

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the potential claim regarding litigation in the water and sewer fund.
- Management's estimate of the allowance for doubtful accounts.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosure affecting the financial statements was:

- The disclosure of contingencies and claims in Note 11 to the financial statements which describes the water and sewer litigation between the Township and the City.

The financial statement disclosures are neutral, consistent, and clear.

### **Difficulties Encountered in Performing the Audit**

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

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Adjustments, some of which were material to the financial statements, that were identified during the audit have been approved by management and recorded in the audited financial statements.

### **Disagreements with Management**

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

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated September 21, 2021.

### **Management Consultations with Other Independent Accountants**

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

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. We have issued a separate letter identified as Matters for Management's Consideration identifying our findings.

### **Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis and Budgetary Comparison Schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### **Recent Pronouncements.**

The Governmental Accounting Standards Board and Michigan Department of Treasury, in its continuing process of updating the accounting principles that all governments must adhere to, has issued the following recent pronouncements that will have an impact on the way the Township maintains its financial records:

### **Upcoming GASB Statements that will impact The Charter Township of Alpena:**

- A. GASB Statement No. 87 – Leases.** The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government leasing activities.

*GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the implementation date for GASB Statement No. 87 to periods beginning after June 15, 2021 (the Township's March 31, 2023 fiscal year).

- B. GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period.** This statement establishes requirements for interest costs incurred before the end of a construction period. The statement improves the relevance and comparability of information related to capital assets and the cost of borrowing for a reporting period. In addition, this statement simplifies the accounting for interest cost incurred before the end of a construction period. Under this statement, the cost of interest that is incurred prior to the end of the construction period will be an expense in the period in which the cost is incurred for financial statements prepared under the economic resources measurement focus.

*GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the implementation date for GASB Statement No. 89 to periods beginning after December 15, 2020 (the Township's March 31, 2022 fiscal year).

- C. GASB Statement No. 91 – Conduit Debt Obligations.** This statement defines "conduit debt obligations", where a government issues debt whose proceeds are received and repaid by a third-party obligor without the issuer being primarily liable. This statement establishes requirements for issuers to disclose conduit debt obligations, but not to record a liability unless it is more likely than not that a commitment made by the issuer will require it to support one or more debt payments for conduit debt obligation.

*GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the implementation date for GASB Statement No. 91 to periods beginning after December 15, 2021 (the Township's March 31, 2023 fiscal year).

**Restriction on Use**

This information is intended solely for the information and use of the Board of Trustees and Management of the Township, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to thank the staff of the Township for their assistance during the audit.

We appreciate the opportunity to serve the Township. If you have any questions, or if we can be of further service, please do not hesitate to contact us.

Very truly yours,

*Straley Lamp & Kraenzlein P.C.*

September 21, 2021

## ALPENA TOWNSHIP MAINTENANCE CAP SPENDING 2020-2021

|                          |                        |
|--------------------------|------------------------|
| Contract Year 2020-2021: | \$ 250,000.00          |
| Beginning Total:         | \$ 250,000.00          |
| Total Spent:             | \$ <b>401,550.65</b>   |
| Remaining Fund:          | \$ <b>(151,550.65)</b> |

### August 17-31, 2020

|                        |   |    |                    |
|------------------------|---|----|--------------------|
| Fitzpatrick Hardware   | Replacement screwdriver for service truck           | \$ | 13.77              |
| Harbor Freight         | Wire wheels - prep booster station for resealing    | \$ | 10.59              |
| Alpena Supply          | Blue Monster tape, weatherhead drain valve          | \$ | 6.79               |
| Home Depot             | Materials to seal leak at booster station           | \$ | 38.08              |
| John's Electric        | Generator and control repairs water booster station | \$ | 1,230.00           |
| MacArthur Construction | Water service replacement 2163 M-32                 | \$ | 4,350.00           |
| <b>Total August</b>    |   |    | <b>\$ 5,649.23</b> |

### September 2020

|                        |   |    |                     |
|------------------------|---|----|---------------------|
| Core & Main            | Water meter couplings                           | \$ | 145.38              |
| Core & Main            | Water service repair/replacement materials      | \$ | 1,157.16            |
| Core & Main            | Water service repair/replacement materials      | \$ | 1,388.18            |
| USA Bluebook           | Miss Dig flags and paint                        | \$ | 166.45              |
| MacArthur Construction | Water service replacement 1073/1074 Memory Lane | \$ | 3,350.00            |
| MacArthur Construction | Water service replacement 130 Channel Road 2    | \$ | 16,574.00           |
| <b>Total September</b> |   |    | <b>\$ 22,781.17</b> |

### October 2020

|                        |   |    |                     |
|------------------------|---|----|---------------------|
| Alpena Power           | Power pole support - water service replacement Channel Rd 2 | \$ | 3,185.36            |
| USA Bluebook           | Miss Dig paint  | \$ | 32.11               |
| Core & Main            | Curb stop nuts  | \$ | 122.00              |
| Ferguson Enterprises   | Shut off rods, stationary rods for curb stops               | \$ | 265.70              |
| Ferguson Enterprises   | K-copper tubing for water service leads                     | \$ | 293.00              |
| Fitzpatrick Hardware   | Fuse puller, blue paint curb stops, caulk & caulk gun       | \$ | 51.33               |
| Fitzpatrick Hardware   | Utility heater for Island lift station                      | \$ | 26.49               |
| Standard Electric      | Generator phase monitor for booster station                 | \$ | 120.00              |
| Alpena Power           | Power pole support - water service replacement Wilke Rd     | \$ | 548.77              |
| Bedrock Contracting    | Water service replacement 2123 & 2124 W. Pine Drive         | \$ | 9,986.40            |
| Bedrock Contracting    | Water service replacement 2415 Timber Lane                  | \$ | 2,439.91            |
| UIS SCADA, Inc.        | Troubleshoot phase monitor, pump alternator booster station | \$ | 1,082.43            |
| Harbor Freight         | Hydrant pump  | \$ | 68.89               |
| Home Depot             | Parts for hydrant pump                                      | \$ | 7.18                |
| Alpena Supply          | Piping and parts for Princeton lift station repair          | \$ | 495.80              |
| Alpena Supply          | Credit unused parts Princeton lift station                  | \$ | (141.52)            |
| Bedrock Contracting    | Site restoration 2123 & 2124 W. Pine Drive                  | \$ | 2,200.90            |
| Bedrock Contracting    | Site restoration 2415 Timber Lane                           | \$ | 1,901.55            |
| MacArthur Construction | Water service replacement 1121 Wilke                        | \$ | 8,590.00            |
| MacArthur Construction | Water service repair 2725 Pearl Road                        | \$ | 3,350.00            |
| <b>Total October</b>   |   |    | <b>\$ 34,626.30</b> |

## ALPENA TOWNSHIP MAINTENANCE CAP SPENDING 2020-2021

|                          |                 |
|--------------------------|-----------------|
| Contract Year 2020-2021: | \$ 250,000.00   |
| Beginning Total:         | \$ 250,000.00   |
| Total Spent:             | \$ 401,550.65   |
| Remaining Fund:          | \$ (151,550.65) |

| November 2020          |   |    |                     |
|------------------------|---|----|---------------------|
| Ferguson Enterprises   | K-copper tubing for water service leads                   | \$ | 293.00              |
| Ferguson Enterprises   | 3/4-inch couplings  | \$ | 210.01              |
| Ferguson Enterprises   | K-copper tubing for water service leads                   | \$ | 586.00              |
| Ferguson Enterprises   | K-copper tubing for water service leads                   | \$ | 790.00              |
| Ferguson Enterprises   | K-copper tubing for water service leads                   | \$ | 395.00              |
| Ferguson Enterprises   | Water meters  | \$ | 2,620.60            |
| Ferguson Enterprises   | Water curb stops  | \$ | 467.70              |
| Ferguson Enterprises   | Water bushings, 10 rolls K-copper for water service leads | \$ | 2,815.88            |
| Pollard Water          | Lay lift station replacement floats                       | \$ | 149.53              |
| Fitzpatrick Hardware   | Ball valve and clips 1103 Wilke repair                    | \$ | 25.21               |
| Alpena Septic          | Sewage hauling for Princeton lift station repairs         | \$ | 2,450.00            |
| Bedrock Contracting    | Directional bore service lead 21269 Long Rapids           | \$ | 1,491.25            |
| Bedrock Contracting    | Water service lead replacement 1103 Wilke                 | \$ | 7,098.48            |
| Bedrock Contracting    | Water service lead replacements 1124 / 1125 Hinckley      | \$ | 6,398.77            |
| Bedrock Contracting    | Site restoration 1103 Wilke                               | \$ | 3,182.50            |
| Bedrock Contracting    | Site restoration 1124 / 1125 Hinckley                     | \$ | 1,836.25            |
| MacArthur Construction | Water service replacement 1269 Long Rapids Road           | \$ | 5,350.00            |
| MacArthur Construction | Water service leak capped 3531 Piper Road                 | \$ | 1,350.00            |
| MacArthur Construction | Water service replacement 1424 Ferncliff Drive            | \$ | 1,850.00            |
| MacArthur Construction | Water service replacement 1064 Greenhaven Lane            | \$ | 3,550.00            |
| MacArthur Construction | Water service replacement 985 Greenhaven Lane             | \$ | 3,800.00            |
| MacArthur Construction | Excavation site cleanup four (4) sites                    | \$ | 6,400.00            |
| SUEZ                   | Vactor services Princeton Ave. lift station               | \$ | 220.00              |
| Goodrich Paving        | Pavement restoration eight (8) water service repair sites | \$ | 8,284.00            |
| <b>Total November</b>  |   |    | <b>\$ 61,614.18</b> |

| December 2020          |   |    |                     |
|------------------------|---|----|---------------------|
| USA Bluebook           | Fire hydrant hex nipple for hydrant meter                 | \$ | 84.63               |
| Ferguson Enterprises   | 3/4 inch K copper tubing for water services               | \$ | 3,399.10            |
| Ferguson Enterprises   | Water service repair parts                                | \$ | 2,029.87            |
| Hall's Serv All        | Water jet 3 manholes by Paad Court and US-23, remove sand | \$ | 662.50              |
| Bedrock Contracting    | Water service replacement 2388 / 2389 Werth Road          | \$ | 9,989.68            |
| L&S Transit Mix        | Flowable fill for 2388 Werth Road                         | \$ | 543.25              |
| Alpena Power           | Utility pole service 2389 Werth Road                      | \$ | 682.14              |
| Bedrock Contracting    | Water service replacement 1527 Lakeview Drive             | \$ | 6,079.82            |
| Bedrock Contracting    | Water service replacement 2163 W. Pine Drive              | \$ | 5,381.78            |
| Bedrock Contracting    | Water service replacement 233 Hobbs Drive                 | \$ | 13,816.57           |
| MacArthur Construction | Water service replacement 3279 Piper Road                 | \$ | 2,850.00            |
| <b>Total December</b>  |   |    | <b>\$ 45,519.34</b> |

## ALPENA TOWNSHIP MAINTENANCE CAP SPENDING 2020-2021

|                          |                        |
|--------------------------|------------------------|
| Contract Year 2020-2021: | \$ 250,000.00          |
| Beginning Total:         | \$ 250,000.00          |
| Total Spent:             | <b>\$ 401,550.65</b>   |
| Remaining Fund:          | <b>\$ (151,550.65)</b> |

### January 2021

|                        |  |    |                     |
|------------------------|--|----|---------------------|
| Ferguson Enterprises   | Meter couplings                                    | \$ | 208.58              |
| MacArthur Construction | Water service replacement 1484 Lake View Drive     | \$ | 2,350.00            |
| Fitzpatrick Hardware   | Pliers (2) and wire strippers for service vehicles | \$ | 46.08               |
| Fitzpatrick Hardware   | Nuts and bolts for stock                           | \$ | 12.99               |
| Harbor Freight         | Tire pressure gauge                                | \$ | 14.83               |
| EJ USA, Inc.           | Parts for fire hydrant repairs                     | \$ | 335.57              |
| Fitzpatrick Hardware   | Heater and parts for Piper water tower             | \$ | 204.86              |
| Alpena Supply Co.      | Plumbing parts for Piper water tower               | \$ | 61.84               |
| Fitzpatrick Hardware   | Parts for Michigan lift station repairs            | \$ | 57.70               |
| Fitzpatrick Hardware   | Credit parts return Michigan lift station          | \$ | (24.42)             |
| Alcona Septic          | Clean French Road pump station                     | \$ | 450.00              |
| Alpena Electric Motor  | Repair Michigan lift station pump motor shaft      | \$ | 681.58              |
| Bedrock Contracting    | Water service replacement 1407 Long Rapids         | \$ | 6,302.66            |
| Bedrock Contracting    | Water service replacement 1491 M-32                | \$ | 13,251.85           |
| MacArthur Construction | Replace water service 1041 Hinckley                | \$ | 5,050.00            |
| Kendall Electric       | Fuses (10)   | \$ | 10.55               |
| <b>Total January</b>   |  |    | <b>\$ 29,014.67</b> |

### February 2021

|                        |   |    |                     |
|------------------------|---|----|---------------------|
| USA Bluebook           | Replacement magnetic locators (3)                                 | \$ | 2,437.00            |
| Fitzpatrick Hardware   | Parts booster station   | \$ | 29.12               |
| Fitzpatrick Hardware   | Parts new jail water meter touchpad install                       | \$ | 30.28               |
| Fitzpatrick Hardware   | Parts for lift station hatches, correct safety issues             | \$ | 106.75              |
| Fitzpatrick Hardware   | Miscellaneous nuts, bolts, screws for equipment maintenance       | \$ | 34.41               |
| W G Benjey Inc.        | Retaining clip for Island lift station lid                        | \$ | 125.00              |
| Home Depot             | Shop vac for cleaning out curb boxes                              | \$ | 105.97              |
| Alcona Septic          | Clean out Critten Drive, Townsend Drive, and Island lift stations | \$ | 750.00              |
| Bedrock Contracting    | Water service replacement 2418 Werth Road                         | \$ | 9,259.75            |
| MacArthur Construction | Water main break 1050 Meyers                                      | \$ | 4,400.00            |
| <b>Total February</b>  |   |    | <b>\$ 17,278.28</b> |

## ALPENA TOWNSHIP MAINTENANCE CAP SPENDING 2020-2021

|                             |              |
|-----------------------------|--------------|
| Contract Year 2020-2021: \$ | 250,000.00   |
| Beginning Total: \$         | 250,000.00   |
| Total Spent: \$             | 401,550.65   |
| Remaining Fund: \$          | (151,550.65) |

| March 2021            |   |           |                  |
|-----------------------|---|-----------|------------------|
| USA Bluebook          | Replacement chlorine residual analyzers & standards         | \$        | 1,759.23         |
| USA Bluebook          | Meter coupling gaskets                                      | \$        | 58.30            |
| Home Depot            | Propane for torches   | \$        | 12.63            |
| Boat House Marine     | Anchor to hook and remove debris in lift station wetwells   | \$        | 13.77            |
| Standard Electric     | Contactor for Critten Drive pump station                    | \$        | 171.33           |
| Kendall Electric      | Butt connectors meter touchpads                             | \$        | 15.79            |
| Kendall Electric      | Split bolts for winch on blue truck                         | \$        | 13.45            |
| Ferguson Enterprises  | Water service parts, curb stops, corporations, repair clamp | \$        | 7,039.11         |
| Ferguson Enterprises  | Water meter gaskets   | \$        | 56.34            |
| Fitzpatrick Hardware  | Nuts and bolts for meter touchpads                          | \$        | 1.11             |
| Fitzpatrick Hardware  | Replacement sump pump Piper water tower                     | \$        | 132.49           |
| Kerr Pump & Supply    | Replacement pump Critten Drive lift station                 | \$        | 5,688.00         |
| Alcona Septic         | Pump station cleaning                                       | \$        | 450.00           |
| Bedrock Contracting   | Water curb box replacement 1171 Dow Road                    | \$        | 2,452.48         |
| Goodrich Paving       | Pavement repair 2478 Diamond Drive                          | \$        | 375.00           |
| Oudbier Instrument    | Calibration of lift station flow meters                     | \$        | 950.00           |
| Cliff Anschuetz Chevy | Inspection Township's crane truck                           | \$        | 44.00            |
| Smith & Loveless      | Seal filters for pump stations                              | \$        | 200.84           |
| Fitzpatrick Hardware  | Tape and maintenance supplies                               | \$        | 15.61            |
| Fitzpatrick Hardware  | Meter installation supplies                                 | \$        | 49.32            |
| Fitzpatrick Hardware  | Credit for return   | \$        | (0.82)           |
| Fitzpatrick Hardware  | Screws for lift station repairs                             | \$        | 7.48             |
| Fitzpatrick Hardware  | Repair parts light Island Drive pump station                | \$        | 9.53             |
| Fitzpatrick Hardware  | Meter installation supplies                                 | \$        | 26.01            |
| Bedrock Contracting   | Restoration 2415 Timber Lane                                | \$        | 815.00           |
| <b>Total March</b>    |   | <b>\$</b> | <b>20,356.00</b> |

## ALPENA TOWNSHIP MAINTENANCE CAP SPENDING 2020-2021

|                          |                        |
|--------------------------|------------------------|
| Contract Year 2020-2021: | \$ 250,000.00          |
| Beginning Total:         | \$ 250,000.00          |
| Total Spent:             | \$ <b>401,550.65</b>   |
| Remaining Fund:          | \$ <b>(151,550.65)</b> |

### April 2021

|                      |   |    |                     |
|----------------------|---|----|---------------------|
| Ferguson Enterprises | Credit for 3/4 CTS                                  | \$ | (271.40)            |
| Fitzpatrick Hardware | Lift station maintenance supplies                   | \$ | 63.57               |
| Fitzpatrick Hardware | Parts for Harbor lift station                       | \$ | 22.17               |
| Alcona Septic        | Remove rags and debris from several pump stations   | \$ | 525.00              |
| Ferguson Enterprises | Stationary curb stop rods (48)                      | \$ | 283.00              |
| Ferguson Enterprises | Water meter couplings                               | \$ | 536.46              |
| Fitzpatrick Hardware | Credit for return                                   | \$ | (3.13)              |
| Fitzpatrick Hardware | 12-inch measuring wheel for Miss Digs               | \$ | 72.07               |
| Fitzpatrick Hardware | 12-inch pipe wrench                                 | \$ | 41.33               |
| Fitzpatrick Hardware | Combination wrench - remove pump at booster station | \$ | 158.99              |
| Fitzpatrick Hardware | Paint for booster station pump base                 | \$ | 33.91               |
| Hall's Serv-All      | Sewer jetting US-23 at Alpena Mall area             | \$ | 596.25              |
| Bedrock Contracting  | Access driveway Henry Street pump station           | \$ | 1,650.00            |
| Henry Heating        | Replace failed water meter couplings                | \$ | 90.00               |
| US Postal Service    | Ship water meter for testing                        | \$ | 12.00               |
| M.E. Simpson         | Test residential water meter                        | \$ | 60.17               |
| Bedrock Contracting  | Restoration 134 Bear Point                          | \$ | 1,330.00            |
| Bedrock Contracting  | Restoration 2233 Hobbs                              | \$ | 2,096.25            |
| Bedrock Contracting  | Restoration 2380 Werth Road                         | \$ | 2,197.50            |
| Bedrock Contracting  | Restoration 1171 Dow Drive                          | \$ | 857.50              |
| Bedrock Contracting  | Restoration 1407 Long Rapids                        | \$ | 2,332.50            |
| Bedrock Contracting  | Water service replacement 1125 Elizabeth            | \$ | 4,692.21            |
| <b>Total April</b>   |   |    | <b>\$ 17,376.35</b> |

### May 2021

|                      |  |    |                     |
|----------------------|--|----|---------------------|
| USA Bluebook         | Miss Dig flags                                     | \$ | 103.05              |
| Harbor Freight       | Demolition hammer                                  | \$ | 510.86              |
| Standard Electric    | Fuse   | \$ | 3.51                |
| Ferguson Enterprises | Flange adapters                                    | \$ | 112.73              |
| Fitzpatrick Hardware | Booster station grease                             | \$ | 19.89               |
| Fitzpatrick Hardware | Asphalt patching material Long Rapids Road         | \$ | 43.85               |
| Fitzpatrick Hardware | Booster pump paint                                 | \$ | 12.71               |
| Alcona Septic        | Pump and haul Princeton Ave. lift station blockage | \$ | 790.00              |
| Johnson & Wood, LLC  | Emergency repair Princeton Ave. lift station       | \$ | 468.88              |
| HD Supply            | Tool retrieving magnet                             | \$ | 36.88               |
| Weinkauf Plumbing    | Water meter coupling 2389 Werth                    | \$ | 62.85               |
| SUEZ                 | Vactor manholes on Noralin Drive                   | \$ | 400.00              |
| Bedrock Contracting  | Repair water service and restoration 1491 M-32     | \$ | 4,266.65            |
| Bedrock Contracting  | Restoration 2163 Pine W. Pine                      | \$ | 1,997.65            |
| Bedrock Contracting  | Repair water service 474 Marywood                  | \$ | 6,564.17            |
| Bedrock Contracting  | Restoration 2418 Werth Road                        | \$ | 1,655.00            |
| Bedrock Contracting  | Restoration 474 Marywood                           | \$ | 2,320.00            |
| <b>Total May</b>     |  |    | <b>\$ 19,368.68</b> |

## ALPENA TOWNSHIP MAINTENANCE CAP SPENDING 2020-2021

|                          |                        |
|--------------------------|------------------------|
| Contract Year 2020-2021: | \$ 250,000.00          |
| Beginning Total:         | \$ 250,000.00          |
| Total Spent:             | \$ <b>401,550.65</b>   |
| Remaining Fund:          | \$ <b>(151,550.65)</b> |

| June 2021              |  |    |                     |
|------------------------|--|----|---------------------|
| Ferguson Enterprises   | Water meter washers  | \$ | 15.00               |
| Ferguson Enterprises   | Water meter couplings (various sizes)                          | \$ | 2,456.18            |
| Fitzpatrick Hardware   | Site restoration materials                                     | \$ | 105.73              |
| Fitzpatrick Hardware   | File, saw blades for curb stops                                | \$ | 46.93               |
| Fitzpatrick Hardware   | Replacement shovel   | \$ | 37.09               |
| Kerr Pump & Supply     | Water booster station emergency pump repair                    | \$ | 5,396.00            |
| Hall's Serv-All        | Manhole cleaning on Genshaw                                    | \$ | 397.50              |
| Prattscape Landscaping | Site restoration at 5 sites on Wilke & Piper Road              | \$ | 2,610.00            |
| Standard Electric      | Electrical components Critten Drive lift station control panel | \$ | 118.15              |
| Home Depot             | Parts Critten Drive lift station control panel                 | \$ | 11.42               |
| Frank's Key and Lock   | Replacement padlocks (3) water towers                          | \$ | 55.97               |
| USA Bluebook           | Diehead 1 <sup>1</sup> / <sub>4</sub> inch pipe thread         | \$ | 176.97              |
| Alpena Electric Motor  | Townsend Drive (Autozone) lift station replacement pump        | \$ | 3,512.00            |
| Bedrock Contracting    | Restoration 1527 Lakeview                                      | \$ | 2,265.65            |
| Bedrock Contracting    | Restoration 1484 Lakeview                                      | \$ | 1,811.25            |
| Bedrock Contracting    | Restoration 1041 Hinckley                                      | \$ | 3,333.90            |
| Bedrock Contracting    | Repair water service 115 Highland Road                         | \$ | 4,027.49            |
| Bedrock Contracting    | Restoration 3987 S. Partridge Point                            | \$ | 2,521.85            |
| Bedrock Contracting    | Replace water service 2360 Sandy Lane                          | \$ | 11,190.68           |
| Bedrock Contracting    | Replace water service 970 Hilton Drive                         | \$ | 4,847.60            |
| Bedrock Contracting    | Curb box repair 404 Michigan                                   | \$ | 442.50              |
| <b>Total June</b>      |  |    | <b>\$ 45,379.86</b> |

## ALPENA TOWNSHIP MAINTENANCE CAP SPENDING 2020-2021

|                          |                 |
|--------------------------|-----------------|
| Contract Year 2020-2021: | \$ 250,000.00   |
| Beginning Total:         | \$ 250,000.00   |
| Total Spent:             | \$ 401,550.65   |
| Remaining Fund:          | \$ (151,550.65) |

### July 2021

|                      |   |    |                     |
|----------------------|---|----|---------------------|
| Fitzpatrick Hardware | Water meter touchpad wire   | \$ | 105.99              |
| Fitzpatrick Hardware | Replacement plugs   | \$ | 15.23               |
| USA Bluebook         | Replacement curb box cover and curb stop keys   | \$ | 360.26              |
| Alcona Septic        | Emergency sewer cleaning on Sunset (behind Perch's IGA)   | \$ | 300.00              |
| Ferguson Enterprises | Water meters  | \$ | 1,416.11            |
| Ferguson Enterprises | Water meter couplings   | \$ | 307.94              |
| Kerr Pump & Supply   | Install new pump Michigan lift station and remove 2nd pump  | \$ | 4,410.00            |
| PRATTscape           | Restoration 100 Channel Rd. #2, 980/985 Greenhaven, 1424 Ferncliff,<br>1064 Greenhaven, 114 Woodhaven, 702 Mac Ave. | \$ | 2,770.00            |
| Fitzpatrick Hardware | 4-inch couplings  | \$ | 2.43                |
| Fitzpatrick Hardware | Materials for tapping water services  | \$ | 49.80               |
| Bedrock Contracting  | Restoration 1269 Long Rapids  | \$ | 4,155.30            |
| Bedrock Contracting  | Restoration 1050 Meyers Road  | \$ | 2,356.55            |
| Bedrock Contracting  | Replace water service 2376 Hobbs  | \$ | 7,715.51            |
| Bedrock Contracting  | Replace water service 103 Arizona   | \$ | 4,651.58            |
| Bedrock Contracting  | Replace water service 1120 Pine Road  | \$ | 14,372.88           |
| Bedrock Contracting  | Replace water service 1030 Pine Road  | \$ | 17,468.40           |
| Goodrich Paving      | Pavement repairs 1527 Lakeview, 2163 W. Pine, 1491 M-32, 1041<br>Hinckley, 1053 Myer, 134 Bear Pt.                  | \$ | 3,092.00            |
| Goodrich Paving      | Complete pavement repairs Hinckley Boulevard  | \$ | 1,900.00            |
| Harbor Freight       | Anti-fatigue mats for lift stations   | \$ | 29.64               |
| Harbor Freight       | Wire connectors for lift stations   | \$ | 21.17               |
| Bedrock Contracting  | Redig water service 1030 Pine Street due to suspected leak  | \$ | 4,846.95            |
| <b>Total July</b>    |   |    | <b>\$ 70,347.74</b> |

### August 2021

|                      |  |    |                     |
|----------------------|--|----|---------------------|
| USA Bluebook         | Fire hydrant paint                               | \$ | 81.44               |
| Ferguson Enterprises | Water meters and touchpads (20)                  | \$ | 3,398.53            |
| Ferguson Enterprises | Water service curb boxes and copper service line | \$ | 5,973.27            |
| Ferguson Enterprises | Water meters (10)                                | \$ | 2,655.60            |
| Fitzpatrick Hardware | Piper water tower plumbing tee                   | \$ | 16.08               |
| Fitzpatrick Hardware | Piper water tower plumbing nipple                | \$ | 7.94                |
| Fitzpatrick Hardware | Water meter touchpad wire                        | \$ | 105.99              |
| <b>Total August</b>  |  |    | <b>\$ 12,238.85</b> |

## ALPENA TOWNSHIP MAINTENANCE CAP 2020-2021

| WATER SERVICE REPAIRS / REPLACEMENTS |  |    |                      |
|--------------------------------------|--|----|----------------------|
| Bedrock Contracting                  | Water service replacement 2123 & 2124 W. Pine Drive        | \$ | 9,986.40             |
| Bedrock Contracting                  | Water service replacement 2415 Timber Lane                 | \$ | 2,439.91             |
| Bedrock Contracting                  | Site restoration 2123 & 2124 W. Pine Drive                 | \$ | 2,200.90             |
| Bedrock Contracting                  | Site restoration 2415 Timber Lane                          | \$ | 1,901.55             |
| Bedrock Contracting                  | Directional bore service lead 21269 Long Rapids            | \$ | 1,491.25             |
| Bedrock Contracting                  | Water service lead replacement 1103 Wilke                  | \$ | 7,098.48             |
| Bedrock Contracting                  | Water service lead replacements 1124 / 1125 Hinckley       | \$ | 6,398.77             |
| Bedrock Contracting                  | Site restoration 1103 Wilke                                | \$ | 3,182.50             |
| Bedrock Contracting                  | Site restoration 1124 / 1125 Hinckley                      | \$ | 1,836.25             |
| Bedrock Contracting                  | Water service replacement 2388 / 2389 Werth Road           | \$ | 9,989.68             |
| Bedrock Contracting                  | Water service replacement 1527 Lakeview Drive              | \$ | 6,079.82             |
| Bedrock Contracting                  | Water service replacement 2163 W. Pine Drive               | \$ | 5,381.78             |
| Bedrock Contracting                  | Water service replacement 233 Hobbs Drive                  | \$ | 13,816.57            |
| Bedrock Contracting                  | Water service replacement 1407 Long Rapids                 | \$ | 6,302.66             |
| Bedrock Contracting                  | Water service replacement 1491 M-32                        | \$ | 13,251.85            |
| Bedrock Contracting                  | Water service replacement 2418 Werth Road                  | \$ | 9,259.75             |
| Bedrock Contracting                  | Water curb box replacement 1171 Dow Road                   | \$ | 2,452.48             |
| Bedrock Contracting                  | Restoration 2415 Timber Lane                               | \$ | 815.00               |
| Bedrock Contracting                  | Access driveway Henry Street pump station                  | \$ | 1,650.00             |
| Bedrock Contracting                  | Restoration 134 Bear Point                                 | \$ | 1,330.00             |
| Bedrock Contracting                  | Restoration 2233 Hobbs                                     | \$ | 2,096.25             |
| Bedrock Contracting                  | Restoration 2380 Werth Road                                | \$ | 2,197.50             |
| Bedrock Contracting                  | Restoration 1171 Dow Drive                                 | \$ | 857.50               |
| Bedrock Contracting                  | Restoration 1407 Long Rapids                               | \$ | 2,332.50             |
| Bedrock Contracting                  | Water service replacement 1125 Elizabeth                   | \$ | 4,692.21             |
| Bedrock Contracting                  | Repair water service and restoration 1491 M-32             | \$ | 4,266.65             |
| Bedrock Contracting                  | Restoration 2163 Pine W. Pine                              | \$ | 1,997.65             |
| Bedrock Contracting                  | Repair water service 474 Marywood                          | \$ | 6,564.17             |
| Bedrock Contracting                  | Restoration 2418 Werth Road                                | \$ | 1,655.00             |
| Bedrock Contracting                  | Restoration 474 Marywood                                   | \$ | 2,320.00             |
| Bedrock Contracting                  | Restoration 1527 Lakeview                                  | \$ | 2,265.65             |
| Bedrock Contracting                  | Restoration 1484 Lakeview                                  | \$ | 1,811.25             |
| Bedrock Contracting                  | Restoration 1041 Hinckley                                  | \$ | 3,333.90             |
| Bedrock Contracting                  | Repair water service 115 Highland Road                     | \$ | 4,027.49             |
| Bedrock Contracting                  | Restoration 3987 S. Partridge Point                        | \$ | 2,521.85             |
| Bedrock Contracting                  | Replace water service 2360 Sandy Lane                      | \$ | 11,190.68            |
| Bedrock Contracting                  | Replace water service 970 Hilton Drive                     | \$ | 4,847.60             |
| Bedrock Contracting                  | Curb box repair 404 Michigan                               | \$ | 442.50               |
| Bedrock Contracting                  | Restoration 1269 Long Rapids                               | \$ | 4,155.30             |
| Bedrock Contracting                  | Restoration 1050 Meyers Road                               | \$ | 2,356.55             |
| Bedrock Contracting                  | Replace water service 2376 Hobbs                           | \$ | 7,715.51             |
| Bedrock Contracting                  | Replace water service 103 Arizona                          | \$ | 4,651.58             |
| Bedrock Contracting                  | Replace water service 1120 Pine Road                       | \$ | 14,372.88            |
| Bedrock Contracting                  | Replace water service 1030 Pine Road                       | \$ | 17,468.40            |
| Bedrock Contracting                  | Redig water service 1030 Pine Street due to suspected leak | \$ | 4,846.95             |
| <b>SUBTOTAL</b>                      |  |    | <b>\$ 221,853.12</b> |

## ALPENA TOWNSHIP MAINTENANCE CAP 2020-2021

| WATER SERVICE REPAIRS / REPLACEMENTS            |  |                 |                     |
|---|--|-----------------|---------------------|
| MacArthur Construction                          | Water service replacement 2163 M-32  | \$              | 4,350.00            |
| MacArthur Construction                          | Water service replacement 1073/1074 Memory Lane  | \$              | 3,350.00            |
| MacArthur Construction                          | Water service replacement 130 Channel Road 2   | \$              | 16,574.00           |
| MacArthur Construction                          | Water service replacement 1121 Wilke   | \$              | 8,590.00            |
| MacArthur Construction                          | Water service repair 2725 Pearl Road   | \$              | 3,350.00            |
| MacArthur Construction                          | Water service replacement 1269 Long Rapids Road  | \$              | 5,350.00            |
| MacArthur Construction                          | Water service leak capped 3531 Piper Road  | \$              | 1,350.00            |
| MacArthur Construction                          | Water service replacement 1424 Ferncliff Drive   | \$              | 1,850.00            |
| MacArthur Construction                          | Water service replacement 1064 Greenhaven Lane   | \$              | 3,550.00            |
| MacArthur Construction                          | Water service replacement 985 Greenhaven Lane  | \$              | 3,800.00            |
| MacArthur Construction                          | Excavation site cleanup four (4) sites   | \$              | 6,400.00            |
| MacArthur Construction                          | Water service replacement 3279 Piper Road  | \$              | 2,850.00            |
| MacArthur Construction                          | Water service replacement 1484 Lake View Drive   | \$              | 2,350.00            |
| MacArthur Construction                          | Replace water service 1041 Hinckley  | \$              | 5,050.00            |
| MacArthur Construction                          | Water main break 1050 Meyers   | \$              | 4,400.00            |
|   |  | <b>SUBTOTAL</b> | <b>\$ 73,164.00</b> |
| Goodrich Paving                                 | Pavement restoration eight (8) water service repair sites  | \$              | 8,284.00            |
| Goodrich Paving                                 | Pavement repair 2478 Diamond Drive   | \$              | 375.00              |
| Goodrich Paving                                 | Pavement repairs 1527 Lakeview, 2163 W. Pine, 1491 M-32, 1041 Hinckley, 1053 Myer, 134 Bear Pt.                  | \$              | 3,092.00            |
| Goodrich Paving                                 | Complete pavement repairs Hinckley Boulevard   | \$              | 1,900.00            |
| L&S Transit Mix                                 | Flowable fill for 2388 Werth Road  | \$              | 543.25              |
|   |  | <b>SUBTOTAL</b> | <b>\$ 14,194.25</b> |
| PRATTscape                                      | Restoration 100 Channel Rd. #2, 980/985 Greenhaven, 1424 Ferncliff, 1064 Greenhaven, 114 Woodhaven, 702 Mac Ave. | \$              | 2,770.00            |
| Prattscape Landscaping                          | Site restoration at 5 sites on Wilke & Piper Road  | \$              | 2,610.00            |
|   |  | <b>SUBTOTAL</b> | <b>\$ 5,380.00</b>  |
| Alpena Power                                    | Power pole support - water service replacement Channel Rd 2  | \$              | 3,185.36            |
| Alpena Power                                    | Power pole support - water service replacement Wilke Rd  | \$              | 548.77              |
| Alpena Power                                    | Utility pole service 2389 Werth Road   | \$              | 682.14              |
|   |  | <b>SUBTOTAL</b> | <b>\$ 4,416.27</b>  |
| <b>WATER SERVICE REPAIR / REPLACEMENT TOTAL</b> |  | <b>\$</b>       | <b>319,007.64</b>   |

## ALPENA TOWNSHIP MAINTENANCE CAP 2020-2021

| WATER SERVICE REPAIR PARTS / WATER METERS              |   |           |                     |
|--|---|-----------|---------------------|
| Core & Main  | Water meter couplings                                       | \$        | 145.38              |
| Core & Main  | Water service repair/replacement materials                  | \$        | 1,157.16            |
| Core & Main  | Water service repair/replacement materials                  | \$        | 1,388.18            |
| Core & Main  | Curb stop nuts  | \$        | 122.00              |
|  | <b>SUBTOTAL</b>   | <b>\$</b> | <b>2,812.72</b>     |
| Ferguson Enterprises                                   | Shut off rods, stationary rods for curb stops               | \$        | 265.70              |
| Ferguson Enterprises                                   | K-copper tubing for water service leads                     | \$        | 293.00              |
| Ferguson Enterprises                                   | K-copper tubing for water service leads                     | \$        | 293.00              |
| Ferguson Enterprises                                   | 3/4-inch couplings  | \$        | 210.01              |
| Ferguson Enterprises                                   | K-copper tubing for water service leads                     | \$        | 586.00              |
| Ferguson Enterprises                                   | K-copper tubing for water service leads                     | \$        | 790.00              |
| Ferguson Enterprises                                   | K-copper tubing for water service leads                     | \$        | 395.00              |
| Ferguson Enterprises                                   | Water meters  | \$        | 2,620.60            |
| Ferguson Enterprises                                   | Water curb stops  | \$        | 467.70              |
| Ferguson Enterprises                                   | Water bushings, 10 rolls K-copper for water service leads   | \$        | 2,815.88            |
| Ferguson Enterprises                                   | 3/4 inch K copper tubing for water services                 | \$        | 3,399.10            |
| Ferguson Enterprises                                   | Water service repair parts                                  | \$        | 2,029.87            |
| Ferguson Enterprises                                   | Meter couplings   | \$        | 208.58              |
| Ferguson Enterprises                                   | Water service parts, curb stops, corporations, repair clamp | \$        | 7,039.11            |
| Ferguson Enterprises                                   | Water meter gaskets   | \$        | 56.34               |
| Ferguson Enterprises                                   | Credit for 3/4 CTS  | \$        | (271.40)            |
| Ferguson Enterprises                                   | Stationary curb stop rods (48)                              | \$        | 283.00              |
| Ferguson Enterprises                                   | Water meter couplings                                       | \$        | 536.46              |
| Ferguson Enterprises                                   | Flange adapters   | \$        | 112.73              |
| Ferguson Enterprises                                   | Water meter washers   | \$        | 15.00               |
| Ferguson Enterprises                                   | Water meter couplings (various sizes)                       | \$        | 2,456.18            |
| Ferguson Enterprises                                   | Water meters  | \$        | 1,416.11            |
| Ferguson Enterprises                                   | Water meter couplings                                       | \$        | 307.94              |
| Ferguson Enterprises                                   | Water meters and touchpads (20)                             | \$        | 3,398.53            |
| Ferguson Enterprises                                   | Water service curb boxes and copper service line            | \$        | 5,973.27            |
| Ferguson Enterprises                                   | Water meters (10)   | \$        | 2,655.60            |
|  | <b>SUBTOTAL</b>   | <b>\$</b> | <b>38,353.31</b>    |
| <b>WATER SERVICE REPAIR PARTS / WATER METERS TOTAL</b> |   |           | <b>\$ 41,166.03</b> |

## ALPENA TOWNSHIP MAINTENANCE CAP 2020-2021

| LIFT STATION / SEWER MAINTENANCE AND REPAIRS              |   |           |                  |
|---|---|-----------|------------------|
| Alcona Septic   | Clean French Road pump station                                    | \$        | 450.00           |
| Alcona Septic   | Clean out Critten Drive, Townsend Drive, and Island lift stations | \$        | 750.00           |
| Alcona Septic   | Pump station cleaning   | \$        | 450.00           |
| Alcona Septic   | Remove rags and debris from several pump stations                 | \$        | 525.00           |
| Alcona Septic   | Pump and haul Princeton Ave. lift station blockage                | \$        | 790.00           |
| Alcona Septic   | Emergency sewer cleaning on Sunset (behind Perch's IGA)           | \$        | 300.00           |
| Alpena Septic   | Sewage hauling for Princeton lift station repairs                 | \$        | 2,450.00         |
| Alpena Electric Motor                                     | Repair Michigan lift station pump motor shaft                     | \$        | 681.58           |
| Alpena Electric Motor                                     | Townsend Drive (Autozone) lift station replacement pump           | \$        | 3,512.00         |
| Alpena Supply   | Piping and parts for Princeton lift station repair                | \$        | 495.80           |
| Alpena Supply   | Credit unused parts Princeton lift station                        | \$        | (141.52)         |
| Hall's Serv All   | Water jet 3 manholes by Paad Court and US-23, remove sand         | \$        | 662.50           |
| Hall's Serv-All   | Sewer jetting US-23 at Alpena Mall area                           | \$        | 596.25           |
| Hall's Serv-All   | Manhole cleaning on Genshaw                                       | \$        | 397.50           |
| Johnson & Wood, LLC                                       | Emergency repair Princeton Ave. lift station                      | \$        | 468.88           |
| Kendall Electric  | Fuses (10)  | \$        | 10.55            |
| Kendall Electric  | Butt connectors meter touchpads                                   | \$        | 15.79            |
| Kendall Electric  | Split bolts for winch on blue truck                               | \$        | 13.45            |
| Kerr Pump & Supply  | Replacement pump Critten Drive lift station                       | \$        | 5,688.00         |
| Kerr Pump & Supply  | Install new pump Michigan lift station and remove 2nd pump        | \$        | 4,410.00         |
| Oudbier Instrument  | Calibration of lift station flow meters                           | \$        | 950.00           |
| Pollard Water   | Lay lift station replacement floats                               | \$        | 149.53           |
| Smith & Loveless  | Seal filters for pump stations                                    | \$        | 200.84           |
| Standard Electric   | Contactora for Critten Drive pump station                         | \$        | 171.33           |
| Standard Electric   | Fuse  | \$        | 3.51             |
| Standard Electric   | Electrical components Critten Drive lift station control panel    | \$        | 118.15           |
| SUEZ  | Vactor services Princeton Ave. lift station                       | \$        | 220.00           |
| SUEZ  | Vactor manholes on Noralin Drive                                  | \$        | 400.00           |
| W G Benjey Inc.   | Retaining clip for Island lift station lid                        | \$        | 125.00           |
| <b>LIFT STATION / SEWER MAINTENANCE AND REPAIRS TOTAL</b> |   | <b>\$</b> | <b>24,864.14</b> |

| BOOSTER STATION MAINTENANCE AND REPAIRS              |   |           |                 |
|--|---|-----------|-----------------|
| Kerr Pump & Supply                                   | Water booster station emergency pump repair                 | \$        | 5,396.00        |
| John's Electric                                      | Generator and control repairs water booster station         | \$        | 1,230.00        |
| Standard Electric                                    | Generator phase monitor for booster station                 | \$        | 120.00          |
| UIS SCADA, Inc.                                      | Troubleshoot phase monitor, pump alternator booster station | \$        | 1,082.43        |
| <b>BOOSTER STATION MAINTENANCE AND REPAIRS TOTAL</b> |   | <b>\$</b> | <b>7,828.43</b> |

## ALPENA TOWNSHIP MAINTENANCE CAP 2020-2021

| TOOLS, REPAIR PARTS, MISCELLANEOUS |   |    |         |
|------------------------------------|---|----|---------|
| Alpena Supply                      | Blue Monster tape, weatherhead drain valve                  | \$ | 6.79    |
| Alpena Supply Co.                  | Plumbing parts for Piper water tower                        | \$ | 61.84   |
| Boat House Marine                  | Anchor to hook and remove debris in lift station wetwells   | \$ | 13.77   |
| Cliff Anschuetz Chevy              | Inspection Township's crane truck                           | \$ | 44.00   |
| EJ USA, Inc.                       | Parts for fire hydrant repairs                              | \$ | 335.57  |
| Fitzpatrick Hardware               | Replacement screwdriver for service truck                   | \$ | 13.77   |
| Fitzpatrick Hardware               | Fuse puller, blue paint curb stops, caulk & caulk gun       | \$ | 51.33   |
| Fitzpatrick Hardware               | Utility heater for Island lift station                      | \$ | 26.49   |
| Fitzpatrick Hardware               | Ball valve and clips 1103 Wilke repair                      | \$ | 25.21   |
| Fitzpatrick Hardware               | Pliers (2) and wire strippers for service vehicles          | \$ | 46.08   |
| Fitzpatrick Hardware               | Nuts and bolts for stock                                    | \$ | 12.99   |
| Fitzpatrick Hardware               | Heater and parts for Piper water tower                      | \$ | 204.86  |
| Fitzpatrick Hardware               | Parts for Michigan lift station repairs                     | \$ | 57.70   |
| Fitzpatrick Hardware               | Credit parts return Michigan lift station                   | \$ | (24.42) |
| Fitzpatrick Hardware               | Parts booster station                                       | \$ | 29.12   |
| Fitzpatrick Hardware               | Parts new jail water meter touchpad install                 | \$ | 30.28   |
| Fitzpatrick Hardware               | Parts for lift station hatches, correct safety issues       | \$ | 106.75  |
| Fitzpatrick Hardware               | Miscellaneous nuts, bolts, screws for equipment maintenance | \$ | 34.41   |
| Fitzpatrick Hardware               | Nuts and bolts for meter touchpads                          | \$ | 1.11    |
| Fitzpatrick Hardware               | Replacement sump pump Piper water tower                     | \$ | 132.49  |
| Fitzpatrick Hardware               | Tape and maintenance supplies                               | \$ | 15.61   |
| Fitzpatrick Hardware               | Meter installation supplies                                 | \$ | 49.32   |
| Fitzpatrick Hardware               | Credit for return   | \$ | (0.82)  |
| Fitzpatrick Hardware               | Screws for lift station repairs                             | \$ | 7.48    |
| Fitzpatrick Hardware               | Repair parts light Island Drive pump station                | \$ | 9.53    |
| Fitzpatrick Hardware               | Meter installation supplies                                 | \$ | 26.01   |
| Fitzpatrick Hardware               | Lift station maintenance supplies                           | \$ | 63.57   |
| Fitzpatrick Hardware               | Parts for Harbor lift station                               | \$ | 22.17   |
| Fitzpatrick Hardware               | Credit for return   | \$ | (3.13)  |
| Fitzpatrick Hardware               | 12-inch measuring wheel for Miss Digs                       | \$ | 72.07   |
| Fitzpatrick Hardware               | 12-inch pipe wrench   | \$ | 41.33   |
| Fitzpatrick Hardware               | Combination wrench - remove pump at booster station         | \$ | 158.99  |
| Fitzpatrick Hardware               | Paint for booster station pump base                         | \$ | 33.91   |
| Fitzpatrick Hardware               | Booster station grease                                      | \$ | 19.89   |
| Fitzpatrick Hardware               | Asphalt patching material Long Rapids Road                  | \$ | 43.85   |
| Fitzpatrick Hardware               | Booster pump paint  | \$ | 12.71   |
| Fitzpatrick Hardware               | Site restoration materials                                  | \$ | 105.73  |
| Fitzpatrick Hardware               | File, saw blades for curb stops                             | \$ | 46.93   |
| Fitzpatrick Hardware               | Replacement shovel  | \$ | 37.09   |
| Fitzpatrick Hardware               | Water meter touchpad wire                                   | \$ | 105.99  |
| Fitzpatrick Hardware               | Replacement plugs   | \$ | 15.23   |
| Fitzpatrick Hardware               | 4-inch couplings  | \$ | 2.43    |
| Fitzpatrick Hardware               | Materials for tapping water services                        | \$ | 49.80   |
| Fitzpatrick Hardware               | Piper water tower plumbing tee                              | \$ | 16.08   |
| Fitzpatrick Hardware               | Piper water tower plumbing nipple                           | \$ | 7.94    |

## ALPENA TOWNSHIP MAINTENANCE CAP 2020-2021

| TOOLS, REPAIR PARTS, MISCELLANEOUS                 |  |           |                   |
|--|--|-----------|-------------------|
| Fitzpatrick's Hardware                             | Water meter touchpad wire                              | \$        | 105.99            |
| Frank's Key and Lock                               | Replacement padlocks (3) water towers                  | \$        | 55.97             |
| Harbor Freight                                     | Wire wheels - prep booster station for resealing       | \$        | 10.59             |
| Harbor Freight                                     | Hydrant pump   | \$        | 68.89             |
| Harbor Freight                                     | Tire pressure gauge                                    | \$        | 14.83             |
| Harbor Freight                                     | Demolition hammer                                      | \$        | 510.86            |
| Harbor Freight                                     | Anti-fatigue mats for lift stations                    | \$        | 29.64             |
| Harbor Freight                                     | Wire connectors for lift stations                      | \$        | 21.17             |
| HD Supply  | Tool retrieving magnet                                 | \$        | 36.88             |
| Henry Heating                                      | Replace failed water meter couplings                   | \$        | 90.00             |
| Home Depot   | Materials to seal leak at booster station              | \$        | 38.08             |
| Home Depot   | Parts for hydrant pump                                 | \$        | 7.18              |
| Home Depot   | Shop vac for cleaning out curb boxes                   | \$        | 105.97            |
| Home Depot   | Propane for torches                                    | \$        | 12.63             |
| Home Depot   | Parts Critten Drive lift station control panel         | \$        | 11.42             |
| M.E. Simpson                                       | Test residential water meter                           | \$        | 60.17             |
| US Postal Service                                  | Ship water meter for testing                           | \$        | 12.00             |
| USA Bluebook                                       | Miss Dig flags and paint                               | \$        | 166.45            |
| USA Bluebook                                       | Miss Dig paint   | \$        | 32.11             |
| USA Bluebook                                       | Fire hydrant hex nipple for hydrant meter              | \$        | 84.63             |
| USA Bluebook                                       | Replacement magnetic locators (3)                      | \$        | 2,437.00          |
| USA Bluebook                                       | Replacement chlorine residual analyzers & standards    | \$        | 1,759.23          |
| USA Bluebook                                       | Meter coupling gaskets                                 | \$        | 58.30             |
| USA Bluebook                                       | Miss Dig flags   | \$        | 103.05            |
| USA Bluebook                                       | Diehead 1 <sup>1</sup> / <sub>4</sub> inch pipe thread | \$        | 176.97            |
| USA Bluebook                                       | Replacement curb box cover and curb stop keys          | \$        | 360.26            |
| USA Bluebook                                       | Fire hydrant paint                                     | \$        | 81.44             |
| Weinkauf Plumbing                                  | Water meter coupling 2389 Werth                        | \$        | 62.85             |
| <b>TOOLS, REPAIR PARTS, MISCELLANEOUS TOTAL</b>    |  | <b>\$</b> | <b>8,684.41</b>   |
| <b>ALPENA TOWNSHIP MAINTENANCE ALLOWANCE TOTAL</b> |  | <b>\$</b> | <b>401,550.65</b> |

# **DISPOSAL OF FIXED ASSETS LIST**

1. Fire Department Turnout Gear – Honeycutt & Piper

## CONTRACT FOR BUILDING OFFICAL SERVICES

### CHARTER TOWNSHIP OF ALPENA

This contract is between the Charter Township of Alpena ("the Township"), a Michigan municipal corporation, with an address of 4385 US-23 North, Alpena, Michigan 49707, and Kevin J. Pauly ("the Building Official"), with an address of 1060 Trowbridge Drive, Alpena, Michigan 49707, for Building Inspector services. The Building Official is retained by the Township pursuant to this contract as an independent contractor to perform construction plan reviews, building permit issuance, building inspection services, and the services described below, as follows.

#### BUILDING OFFICAL SERVICES

1. The Building Official will perform Building Official services for the Township as an independent contractor. The Building Official will perform such services under the Building Official license held by Donald H. Gilmet until the Building Official obtains his own Building Official license from the state of Michigan.
2. Building Official services will include, but will not be limited to, ensuring that the Township is in compliance with Michigan Public Act 230 of 1972 (the Act) as it applies to governmental entities enforcing the State Construction Code and related rules and regulations.
3. In addition, the Building Official will keep the Township Board informed of any relevant information required for the Township to stay in compliance with the Act.
4. In addition, the Building Official will develop and follow Building Department procedures and rules to ensure compliance with the Act as required.
5. In addition, monthly Township Board Building Department reports will be completed by Township staff as currently done.
6. In addition, the Building Official will attend Township Board or other meetings as required.
7. In addition, the Building Official will assist the Township Clerk in developing budgets for the Building Department as needed.
8. In addition, the Building Official will assist the Township with ordinance language to be approved by the Township Board in regard to adopting the most current state building codes.

9. In addition, the Building Official will work with the Township Zoning Administrator to ensure compliance with the Township Zoning Ordinance prior to the issuance of building permits.
10. In addition, the Building Official will ensure that the Township Building Board of Appeals is in compliance with the Act.
11. Zoning enforcement.
12. In addition, the Building Official will perform the following duties as required:

#### PLAN REVIEWS, BUILDING PERMITS, AND INSPECTIONS

- a. The Building Official will perform construction plan reviews, issue building permits through the Township Building Department staff, and perform all required construction inspections in accordance with the applicable state building codes.
- b. 171e Building Official will handle all complaints and settle disputes between contractors and clients as much as possible when issues with the work being performed arise.

#### ADDITIONAL TERMS

The Building Official will perform its duties in exchange for a flat monthly fee of \$3,000.00. All expenses for vehicle and fuel are included in this amount. The Building Official will invoice the Township monthly for payment of this fee.

The Building Official will be responsible for all fees associated with registrations of personnel, training for registration in accordance with Michigan Public Act 407 of 2016. and professional memberships.

The Building Official will be afforded coverage for wrongful acts or omissions under the insurance policy of the Township during the entire term of this contract, provided the Building Official is acting on behalf of, in the interest of. and within the scope of the Building Official's duties for the Township.

The Building Official will carry applicable insurance relative to any service that the Building Official performs for the township, with limits of liability not less than SI per occurrence. with an aggregate limit of liability not less than \$2,000,000 during the entire term of this contact. It is further agreed and understood that the Building Official will name the Township as an additional insured. In addition. the Building Official will carry automobile liability insurance with limits of liability not less than \$1,000,000 per

occurrence. In addition, where applicable, the Building Official will comply with the State of Michigan Worker's Compensation Act.

The Building Official shall indemnify and hold harmless the Township and the Township's board of trustees, employees, agents, and underwriters from any damages, claims, liabilities, and costs, including reasonable attorney's fees, and losses of any kind or nature whatsoever ("loss"), which may in any way arise from the services performed by the Building Official hereunder, the work of employees or agents of the Building Official while performing the services of the Building Official hereunder, or any breach or alleged breach by the Building Official of this contract, including but not limited to the warranties set forth herein. The Township shall retain control over the defense of, and any resolution or settlement relating to, such Loss. The Building Official will cooperate with the Township and provide reasonable assistance in defending any such Loss and any claims.

Township will be responsible for paying MADCAD subscription fees for on-line code access as it currently does.

This contract may be terminated with ninety (90) days' written notice for any reason by either party. Further, this contract may be terminated by the Township immediately for just cause.

THE BUILDING OFFICIAL

\_\_\_\_\_  
Kevin J. Pauly

\_\_\_\_\_  
Dated:

CHARTER TOWNSHIP OF ALPENA

\_\_\_\_\_  
Nathan Skibbe, Township Supervisor

\_\_\_\_\_  
Dated:

\_\_\_\_\_  
Michele Palevich, Township Clerk

\_\_\_\_\_  
Dated:

# 1010 TECHNOLOGY CENTER, INC.

**Alpena Township Clerk**

ATTN: Michele Palevich/Clerk  
Alpena, 49707 Michigan

**1010 Technology Center Inc.**

1010 US 23 N  
Alpena, Michigan 49707  
Telephone 989-358-6060  
Fax 989-356-3064

Valid Until Date: 09-30-2021

**Quote No QUO14098**

| Pos                             | Qty  | Text  | List Price | Sub Total | Discount | Net Price | Tax (%) | Tax (USD) | Total         |
|---------------------------------|------|---|------------|-----------|----------|-----------|---------|-----------|---------------|
| 1                               | 3.00 | LABOR - STANDARD<br>1-3 hours to configure encrypted email service for Michele & Haley. The township purchases their own 365 licenses & Michele & Haley's will change from \$4.00 per month to \$20.00 per month. | 95.00      | 285.00    | 0.00     | 285.00    | 0.00    | 0.00      | 285.00        |
| Total                           |      |   |            |           |          |           |         |           | 285.00        |
| Discount                        |      |   |            |           |          |           |         |           | 0.00          |
| Net Total                       |      |   |            |           |          |           |         |           | 285.00        |
| Tax % of 285.00                 |      |   |            |           |          |           |         |           | 0.00          |
| Total with TAX                  |      |   |            |           |          |           |         |           | 285.00        |
| Shipping & Handling Charges     |      |   |            |           |          |           |         |           | 0.00          |
| Taxes For Shipping and Handling |      |   |            |           |          |           |         |           | 0.00          |
| Adjustment                      |      |   |            |           |          |           |         |           | 0.00          |
| Grand Total (USD)               |      |   |            |           |          |           |         |           | <b>285.00</b> |

\*\* Price and availability is subject to change \*\*  
\*\* 50% due on project acceptance \*\*

*Additional annual charge*

*+ 384.00*  

---

*\$1669.00*

Labor estimate at \$95.00 per hour - we will bill actual time only:  
Low - 1hrs  
High - 3hrs

Travel time billed @ \$50/hr., plus mileage @ \$0.56/mile

Invoices paid after the due date will incur a 1.5% finance charge.

Any applicable shipping and handling charges will be added to the invoice.

We accept VISA, MasterCard, American Express and Discover credit cards.  
There is a 3% processing fee to pay by credit card

Your signature below according to the above terms, will authorize 1010 Technology Center, Inc. to schedule your project and order the necessary equipment. Applicable taxes and freight extra.

Name: Doug Chroninger Digitally signed by Doug Chroninger  
Date: 2021.09.23 14:01:44 -04'00' Date: \_\_\_\_\_

Title: \_\_\_\_\_ P.O.# \_\_\_\_\_

Sincerely,

Aaron Flick

TimeClock Plus  
 PO Box 913377  
 Denver, CO 80291-3377  
 325 223-9500 800 749-8463  
 sales@timeclockplus.com

| Quote  | Customer | Quote Date |
|--------|----------|------------|
| 511670 | 324046   | 09/20/2021 |

| CUSTOMER   |
|--|
| Alpena Township<br>Michele Palevich (989) 356-0297<br>4385 US 23 North<br>Alpena, MI 49707 |

| Rep        | Entry      | Method of Shipment | Method of Payment    |
|------------|------------|--------------------|----------------------|
| DDIMARTINO | DDIMARTINO | N/A                | Purchase Order Net30 |

| Stock No.  | Ordered | Description   | Unit Cost | Total    |
|--|---------|---|-----------|----------|
| Annual TCP Cloud Software (3 Yr. Contract): (\$788.80) |         |   |           |          |
| 3002-201   | 1       | Professional Plan   | 0.00      | 0.00     |
| 3002-231   | 17      | Professional Employee License   | 58.00     | 986.00   |
|  |         | - 20% off First year - End of Summer sale - Discount expires 9/30/2021                  | (10.00)   | (170.00) |
|  |         | - Mobile  |           |          |
|  |         | - 20% off First year - End of Summer sale - Discount expires 9/30/2021                  | (0.80)    | (13.60)  |
|  |         | - Advanced Overtime Management  |           |          |
|  |         | - 20% off First year - End of Summer sale - Discount expires 9/30/2021                  | (0.80)    | (13.60)  |
| One Time Implementation Fee: (\$734.40)                |         |   |           |          |
| 3004-350   | 1       | Implementation Services (Flat Fee)  | 918.00    | 918.00   |
|  |         | - 20% off - End of Summer sale - Discount expires 9/30/2021                             | (183.60)  | (183.60) |
|  |         | License cost includes unlimited support, updates, and BS&A Export at no additional cost |           |          |

Valid for 7 days. Expires 09/27/2021.



Product Total: 1,904.00  
 Discount: (380.80)  
 Subtotal: 1,523.20  
 S & H: 0.00  
 Total: 1,523.20



**TIMECLOCK PLUS, LLC  
MASTER SERVICE ORDER FORM  
MASTER LICENSING AGREEMENT**

**CONTRACT START DATE:** \_\_\_\_\_

**CLIENT INFORMATION**

|  |                         |
|--|-------------------------|
| Bill To: Alpena Township                                   | Contract Contact Name:  |
| Billing Address: 4385 US 23 North<br>Alpena Michigan 49707 | Contract Contact Email: |
| Billing Contact Name:                                      | Support Contact Name:   |
| Billing Contact Email:                                     | Support Contact Email:  |
| Billing Contact Phone:                                     | Support Contact Phone:  |

**BILLING TERMS**

| INITIAL SERVICE TERM | BILLING CYCLE | PAYMENT TERMS | PAYMENT METHOD | START DAY OF WEEK |
|----------------------|---------------|---------------|----------------|-------------------|
| 3 Years              | Annually      | Net 30        | Net Terms / PO | Sunday            |

**For Credit Card or Bank Draft Payment complete one of the following:**

| CARD TYPE             | CARD NUMBER    | EXPIRATION DATE |              |
|-----------------------|----------------|-----------------|--------------|
|                       |                |                 |              |
| FINANCIAL INSTITUTION | ACCOUNT NUMBER | ROUTING NUMBER  | CITY & STATE |
|                       |                |                 |              |

**Credit Card and Bank Draft Billing Terms:**

Client hereby authorize TimeClock Plus, LLC ("TCP") to draft from the indicated account or charge the indicated credit card for TimeClock Plus Services and other applicable fees. Client agrees that this is one-time or, as applicable, a recurring charge that will be made according to the billing cycle selected, and that to terminate any recurring billing process Client must either cancel this Agreement under the terms outlined herein, or arrange for an alternative method of payment prior to the next billing cycle.

Client understands that cancellations must be made in writing as outlined in the TimeClock Plus Licensing Agreement. Client further understands that Services rendered are not refundable.

If utilizing recurring bank draft, Client acknowledges that the origination of ACH transactions from Client's account must comply with the provisions of U.S. law. This authority will remain in effect until Client has cancelled it in writing.

Recurring payments will be initiated by TCP within 3 business days from the invoice date stated on your monthly invoice. If a charge is rejected for any reason, TCP will initiate another charge in the same amount, on the invoice due date. If the second draft is rejected and no other provision is made for payment on or before the invoice due date, your payment will be considered delinquent.

**Net Payment Terms:**

The balance of outstanding invoices shall be due and payable in accordance with the payment terms selected in the Billing section of this Agreement. Client agree to pay TCP for products and services at our offices at 1 Time Clock Drive, San Angelo, TX 76904.

## SERVICE TERMS & CONDITIONS

TimeClock Plus, LLC ("TCP"), a Delaware limited liability company, will provide Client and its authorized Employees and Users access to the Services during the Initial Service Term. TCP shall make Services available to Client twenty-four (24) hours a day, seven (7) days a week except for interruptions by reason of maintenance or downtime beyond TCP's reasonable control. Client will be responsible for all equipment and software required for Client to access the Internet including, without limitation, a web browser compatible with the Services. Client agrees to comply with all applicable data protection laws and to act as Data Controller, and appoint TCP as Data Processor, of Personal Data and information entered into TimeClock Plus by Client's Employees and Users. Client acknowledges that TCP is not responsible for any use or misuse of the Services by Client or its employees or contractors or for ensuring Client's adherence to applicable laws. Client understands and agrees that your use of and access to TimeClock Plus Services is subject to the complete terms and conditions (Licensing Agreement) found at:

Terms and Conditions: <https://www.timeclockplus.com/terms/on-demand>

Data Processing Terms: <https://www.tcpsoftware.com/agreements/dpa>

Supplemental Support & Maintenance Terms: <https://www.timeclockplus.com/agreements/hardware-support> (As Applicable)

Client shall pay all fees or charges in accordance with those outlined on the Invoice placed at the time of purchase. Payments will be made in advance of the Service being provided and may be made annually, quarterly or monthly, or as otherwise mutually agreed on this Master Service Order Form. Charges will be equal to the number of total employees multiplied by the applicable Monthly Employee Fee as defined in the Licensing Agreement. Total employees each month are defined as the total number of Employees who are made Active at any time and for any duration during any calendar month. Client may add additional Employees as desired each month by paying the Monthly Employee Fees, prorated through the end of the Term, for those added.

The Term of this Agreement will commence the day the web site interface for the Services is made accessible to you via the Internet or on the Contract Start Date, whichever is later, and will continue for the Initial Service Term. Thereafter this Agreement will automatically renew for successive periods of the same duration as the Initial Service Term unless either party gives the other party thirty (30) days' notice of its intent not to renew. Pricing of subsequent Terms may be subject to the renewal pricing set forth in the notes section of the TCP Invoice. Client hereby acknowledges that special pricing offered for initial Terms may not be valid at the time of renewal.

By signing this Master Service Order Form for TimeClock Plus Services, you represent, warrant and certify that (a) you are 18 years of age or older; (b) you are authorized to bind the company or organization named above under this Agreement, (c) you are authorized to use the payment method specified to engage in transactions relating to TimeClock Plus Services, including any recurring payment information, and (d) you have read, understand and agree to the terms and conditions of this Agreement.

### Accepted by:

**Client**

**TimeClock Plus, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



# TCP Cloud

Our SaaS environment for TCP Cloud is hosted within industry-leading United States data centers. These secure facilities offer environmental protection, advanced network security, and both the processes and appliances to maintain the highest levels of data security.

Employees perform time clock operations and self-service functions through our WebClock. Managers can log into TimeClock Manager to access vital employee information, in real-time, needed to control labor costs, job tracking, and overtime.

TCP Cloud includes a variety of labor management tools such as the Employee Status list, which offers management a real-time snapshot of current labor operations.

## TCP Cloud Benefits

- Free software updates and upgrades - new versions of TCP Cloud are deployed right away, which means you are always on the latest version
- Rapid implementation
- 100% Web-based browser allows managers or employees to log in from anywhere at anytime with the right security credentials
- Live phone and chat support and free email support

## SaaS Environment

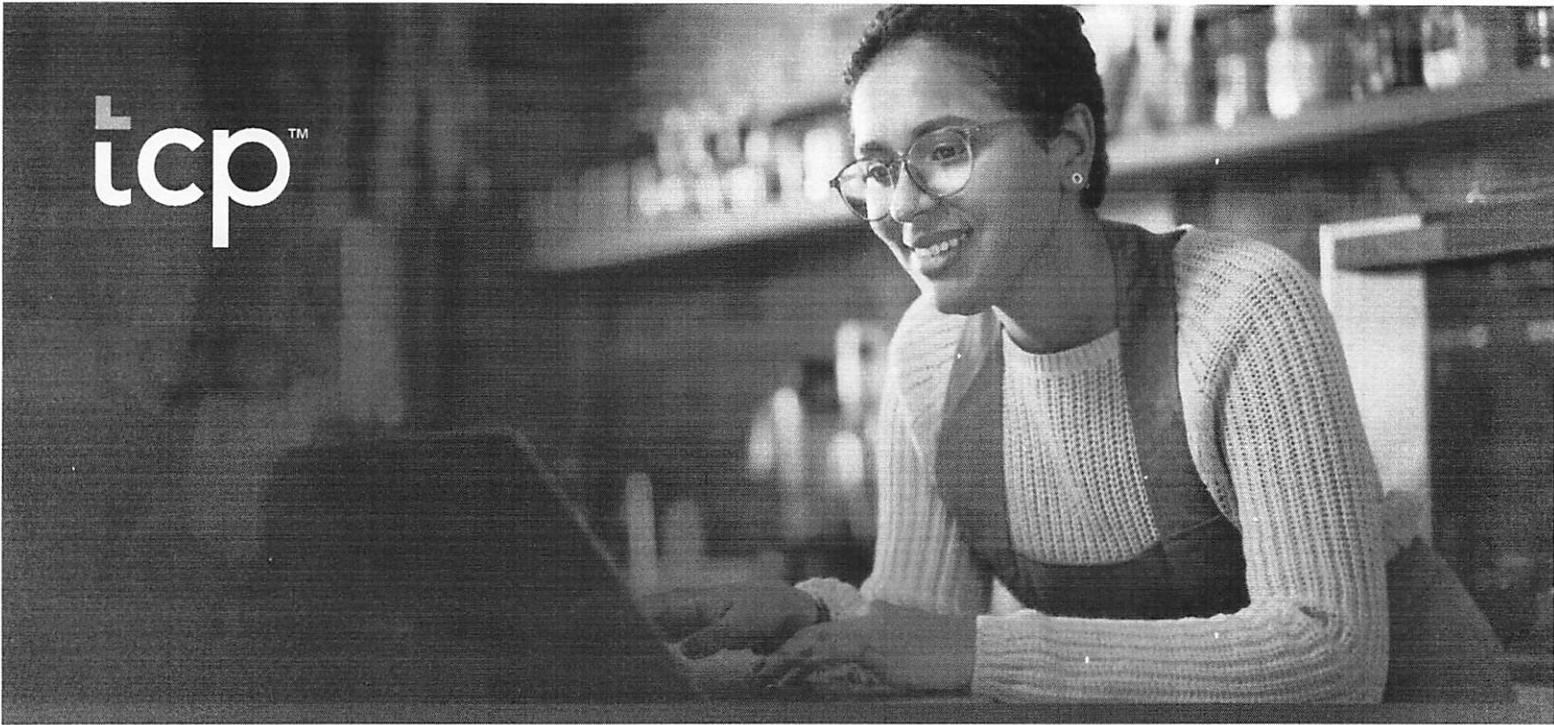
- Secure SSAE 16 Data Center
- 24x7x365 availability
- Encrypted and secured web sessions, data storage and data transmission
- Full protection of personally identifiable information
- Daily managed backups
- Multi-tenant architecture allows for high scalability and faster innovation



**Interested in TCP Cloud? Let's talk.**

800.749.8463 | [www.tcpsoftware.com](http://www.tcpsoftware.com) | **Your Workforce Ally**

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# WebClock

## A simple and secure clock solution

Conveniently accessed through your web browser, WebClock is a web-based time clock that allows employees to perform clocking operations and self-service actions directly from a computer, tablet, or other device. Through our web time clock, employees can quickly clock in and out, leave on break, change departments or cost codes, submit time off requests and even create time sheets in one, easy-to-use interface.

### WebClock functionalities

Whether clocking in and out, filling out a time sheet or checking a schedule, employees can perform multiple transactions and self-service functions in one window.

- Clock In / Clock Out
- Change Job Code
- Leave / Return from Break
- Request Time Off
- View Weekly Schedule
- Approve Hours

The customizable dashboard widgets give the employee a quick snapshot of their hours worked, messages, accruals, leave requests and more!



**Want to learn more? Let's talk.**

800.749.8463 | [www.tcpsoftware.com](http://www.tcpsoftware.com) | **Your Workforce Ally**

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# TimeClock Plus Manager

## Helping Managers Focus On What Matters Most

### What Is It?

TimeClock Plus Manager is a comprehensive tool that aggregates employee time and attendance data for users to better manage employee labor, reduce compliance risk and easily manage the workforce, all in real-time. TCP provides the tools and technology to let you focus on what matters most—your business.

### Request Manager

Easily approve or deny employee leave requests from our calendar or list view.

### Employee Status

View a snapshot of who is currently clocked in, clocked out, on break, on leave and absent to receive a real-time view into your workforce to make real-time decisions.

### Group Hours

Review, edit and approve time all in a comprehensive view with live data.

### Payroll Reports

Run over 70 pre-built reports or customize your own to fit your specific needs. Our software integrates with 300+ payroll softwares, and we can custom build an integration for you.



### Manager Dashboard

With the Manager Dashboard feature, you can customize different widgets to approve hours, check leave requests, monitor overtime and more, all with a few simple clicks.



Want to learn more? Let's talk.

800.749.8463 | [www.tcpsoftware.com](http://www.tcpsoftware.com) | Your Workforce Ally

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# Leave & Absence Management

## What is it?

Every organization, whether large or small, has to consistently manage employee leave. This means tracking how employees accrue time off, providing a system for inputting requests, monitoring accrual balances and more. At the end of the day, this can result in a lot of time, energy and money wasted by management on these daily occurrences. TCP's Leave and Absence Management features provide a modern, automated way to streamline your organization's leave management processes.

## The Manager Experience

With TCP's Absence and Leave Management you can benefit from an easy, modern interface and the integration of other key areas of workforce management like Employee Scheduling and Time and Attendance.

### **The manager's experience includes:**

- Real-time requests viewable either in a calendar or filterable list.
- Notifications through email or our TimeClock Plus software.
- Approvals via the manager's dashboard, Request Manager or directly from the email notification.
- Automatic updates to employee schedules and hours after approving a request.



## The Employee Experience

For employees, the Absence and Leave Management capabilities are accessed through the same portal as their other daily operations, consolidating systems and removing unnecessary time and confusion.

### The employee's experience includes:

- Viewing a live calendar for pending, approved and denied requests.
- Notifications for requests that are approved or denied via email or our TimeClock Plus software.
- Viewing of accrual balances and forecasting for future accrual balances based on requests and accrued hours.
- An efficient request submission process that can even be simplified to a few clicks.



### "Easy Time Entry and Tracking"

It replaced a manual system for submitting hours worked and paid time off hours. We can request time off through the system and approved requests are automatically populated on the time sheets.

— HRIS Manager  
Mid-Market (51-1000 emp.)  
*G2 Review | Mar 16, 2021*



Want to learn more? Let's talk.

800.749.8463 | [www.tcpssoftware.com](http://www.tcpssoftware.com) | Your Workforce Ally

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# Introducing TCP's MobileClock App

## Designed with Today's Mobile Workforce In Mind

Many organizations have more remote and mobile employees than ever before, which creates new challenges in workforce management. Enter TCP MobileClock, the newest app in the TCP Mobile solution. It provides a secure, reliable and accurate way to enable employees to navigate and perform daily operations with ease. It's highly configurable and delivers key workforce management tasks at your fingertips.

### Who Needs TCP MobileClock?

- Any organization with mobile and remote employees who can't clock in via a traditional time clock or without access to WebClock.
- Organizations looking to eliminate shared use of devices or employees congregating around a single device.
- Organizations looking to create a customized experience for users, departments or other groups.

TCP MobileClock simplifies and streamlines clock operations for every member of your workforce with enhanced dashboard widgets. Interested in deploying this easy-to-implement solution? Contact your TCP Sales Manager to learn more or schedule a consultation or demo at [www.tcpsoftware.com/demo](http://www.tcpsoftware.com/demo).



# Key MobileClock Features

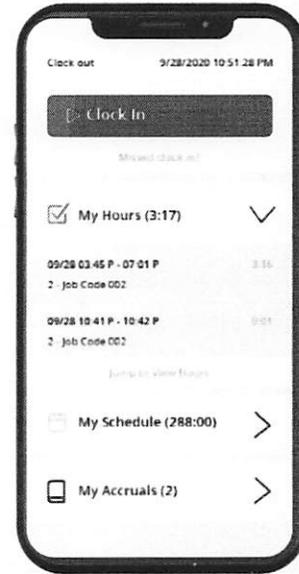
## Customize Your Experience

### Flexible Configuration

Tailor the experience and permissions in MobileClock to specific employees, department or your organization.

### Location-Based Permissions

Set access and permissions within MobileClock per location using Geofencing and Geolocation.



## Enhance Your Visibility

### Map-Based Location Reporting

View your workforce operations on a map for comprehensive location visibility.

### Accurate and Compliant Use

Guarantee employee app usage is compliant with organizational protocols.



## Key MobileClock Features

### Deploy Your Solution

#### Mobile or Remote Operations

Offline mode allows you to use MobileClock in remote locations.

#### Safe, Single-User Devices

Eliminate shared use of common surfaces and deploy MobileClock to on-site employees for a safe, in-pocket solution.



### Optimize Your Workforce

#### Increase Employee Efficiency

Get rid of long lines at the clock and streamline the employee clock operation process.

#### Reimagine Employee Experience

Take advantage of the mobile device and deploy a versatile solution to your workforce.



**Interested in MobileClock? Let's talk.**

866.783.9890 | [www.tcpsoftware.com](http://www.tcpsoftware.com) | **Your Workforce Ally**

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# Security Overview

## 1. Our Company & Products

TCP is an industry leading time and attendance solution provider. In time and attendance, accuracy is everything. Anything less can result in problems with payroll, upset employees, ruined credibility with HR and the C-suite, and even wage-and-labor noncompliance penalties. Accurate time and attendance demands technology that ensures compliance and captures every process, rule, and exception. It also requires flexibility and personalization to account for your unique needs. It demands a partner with not only the expertise, but also a shared desire to make your entire payroll system work flawlessly — for you and your people. Since 1988, TCP has been on a mission to take care of people — not businesses, not time clocks, not even payroll. People. We go above and beyond because we want to protect our people, our customers, and anyone who's impacted by our business. Today, thousands of customers in more than a dozen countries use TCP's software, hardware, services, and support to transform the way they track employee time and attendance.

The TCP products are offered as Software-as-a-Service (SaaS) solutions, hosted in the TCP Cloud. These solutions are available to customers through purpose-built web applications, application programming interfaces (APIs), hardware terminals, and mobile applications.

## 2. TCP Security & Risk Governance

TCP's primary security focus is to safeguard our customers' and users' data. This is the reason that TCP has invested in the appropriate resources, controls, and independent oversight to protect and service our customers around the world. This investment includes the implementation of a dedicated Security Team and Data Protection Officer (DPO). The Security Team and DPO are responsible for TCP's comprehensive security and risk management program and the governance process. The Security Team is focused on defining new and refining existing controls in accordance with industry best practices, implementing and managing the TCP security framework, maintaining legal compliance for our business and our customers, as well as providing a support structure to facilitate effective risk management. Our Data Protection Officer, who reports to the Vice President of Operations, oversees the Security Team.

## 3. Our Security & Risk Management Objectives

TCP has developed a security framework using industry best practices and widely adopted security principles. Our key objectives are:

- Trust and Data Protection – consistently deliver superior products and service to our customers while protecting the privacy and confidentiality of their data.
- Availability and Continuity of Service – ensure ongoing availability of the service and data to all authorized users and proactively minimize the security risks threatening service continuity.
- Compliance – implement process and controls to align with regulatory guidelines and industry best practices. We have designed our TCP Cloud security program around best-of-breed guidelines for cloud security. In particular, we leverage standards like SOC 2 Type II, Center for Internet Security (CIS), the EU General Data Protection Regulation (GDPR), and the California Consumer Protection Act (CCPA).

## 4. TCP Security Controls

In order to ensure we protect data entrusted to us, we have implemented an array of security controls. TCP's security controls are designed to allow for a high level of employee efficiency without artificial roadblocks, while minimizing risk.

### **TCP Product Infrastructure - Data Center Security**

TCP outsources hosting of its TCP Cloud infrastructure to leading cloud infrastructure providers. TCP products leverage Amazon Web Services (AWS) for SaaS infrastructure hosting. These solutions are secure by design and provide high levels of physical and network security.



At present, TCP's AWS cloud server and instances reside only in US locations. Both providers maintain an audited security program, including SOC 2, NIST, ISO and FedRAMP compliance. TCP does not host any production software systems within its corporate offices. This world-class infrastructure provider leverages the most advanced facilities infrastructure such as power, networking, and security. Facilities uptime is guaranteed between 99.95% and 100%, and the facilities ensure a minimum of N+1 redundancy to all power, network, and HVAC services. Access to these providers' sites is highly restricted to both physical access as well as electronic access through public (internet) and private (intranet) networks in order to eliminate any unwanted interruptions in our service to our customers. The physical, environmental, and infrastructure security protections, including continuity and recovery plans, have been independently validated as part of their SOC 2 Type II certifications. More information and certificates are available at the AWS compliance and security site.

### **[Amazon Compliance SOC 2 FAQs](#)**

### **[Amazon Compliance Data Center Controls](#)**

#### **Network Security & Perimeter Protection**

The TCP Cloud infrastructure is built with internet-scale security protections in mind. In particular, network security protections are designed to prevent unauthorized network access to and within the internal product infrastructure. These security controls include enterprise-grade routing and network access control lists (firewalling). Network-level access control lists are implemented in AWS Virtual Private Cloud (VPC) security groups which applies port- and address-level protections to each of the server instances in the infrastructure. This allows for finely grained control for network traffic from a public network as well as between server instances on the interior of the infrastructure. Within the infrastructure, internal network restrictions allow a many-tiered approach to ensuring only the appropriate types of devices can communicate. Changes in the network security model are actively monitored, and controlled by standard change control processes. Rogue wireless access points are detected and reported continuously through the Wireless LAN controller deployed through the TCP offices. All existing rules and changes are evaluated for security risk by our Security Team, and captured appropriately.

#### **Configuration Management**

Automation drives TCP's ability to scale with our customers' needs. The TCP Cloud infrastructure is a highly automated environment that flexibly expands capacity and capability as needed. Server instances rely on configuration management utilities, meaning that every server's configuration is tightly controlled from spin-up through deprovisioning. All server type configurations are defined as attributes within environmental variables or bootstraps. Server-level configuration management is handled using these configuration scripts when the server is built.

Changes to the configuration are managed through a controlled change. Each server role includes its own hardened configuration, depending on the deployment of the instance. Patch management and configuration control is typically handled by removing server instances that are no longer compliant with the expected baseline and provisioning a replacement instance in its place. Rigorous and automated configuration management is baked into our day-to-day infrastructure processing.

### **Alerting & Monitoring**

Not only does TCP fully automate its build procedures, we invest heavily in automated monitoring, alerting and response technologies to continuously address potential issues. The TCP Cloud infrastructure is instrumented to alert DevOps Engineers and SysOps Technicians when anomalies occur. In particular, error rates, server, outages, resource spikes, abuse scenarios, application attacks, and other anomalies trigger automatic responses and alerts to the appropriate teams for response, investigation, and correction. As unexpected or malicious activities occur, systems bring in the right people to ensure that the issue is rapidly addressed. Many automated triggers are also designed into the system to immediately respond to foreseen situations. Traffic blocking, quarantine, process termination, auto-scaling, and similar functions kick in at pre-defined thresholds to ensure that the TCP Cloud can protect itself against a wide variety of undesirable situations. The power behind TCP's ability to detect and respond to anomalies is our 24x7x365 monitoring program and extensive logging. Our systems capture and store logs that include all the technologies that comprise our products. At the application layer, all logins, operations, modifications, and other access to TCP databases are also logged. The production servers are configured to forward security events and syslogs to a Log Collection Appliance and onto a Security Operation Center(s) which monitors via a combination of AI and heuristic learning to trigger escalations as needed. In the infrastructure back-end, we log authentication attempts, horizontal and vertical permission changes, infrastructure health, and requests performed. Infrastructure and application events are monitored and categorized in real-time based on risk and the TCP team has access to online reporting including alerts and security event data to identify intrusion-behavior on the TCP production platform. Issues are escalated immediately at any hour of the day to developers, security professionals, and engineers to take appropriate action.

### **Infrastructure Access**

Entire categories of potential security events are prevented with a stringent, consistent, and well-designed access control model. Along those lines, access to TCP's systems is strictly controlled. TCP employees are only granted access to product infrastructure based on their jobs, using a role-based access control model. For access to infrastructure tools, servers, and similar services, access is minimized to only the individuals whose jobs require it.

Additionally, connections to product infrastructure devices over SSH, RDP, or similar protocols is prohibited. Engineers are required to authenticate first through a centralized multi-factor authentication solution which grants a Single Sign On experience into the production Access Management Utility. The Access Management Utility then generates a short-lived certificate to the server to leverage certificate-based authentication in which all traffic is proxied through a bastion host.

#### **Application Protection - Web Application Defenses**

As part of its commitment to protecting customer data and websites, TCP implemented an industry recognized Web Application Firewall (WAF). The WAF automatically identifies and protects against attacks aimed at the TCP products hosted in the TCP Cloud. The rules used to detect and block malicious traffic are aligned to the best practice guidelines documented by the Open Web Application Security Project (OWASP) in the OWASP Top 10 and similar recommendations. Protections from Distributed Denial of Service (DDoS) attacks are also incorporated, helping to ensure that applications hosted in the TCP cloud are available continuously. The WAF is configured with a combination of industry standard and custom real-time traffic inspection rules. These rules are capable of detecting and automatically blocking malicious behavior based on behavior type and rate.

#### **Development & Release Management**

One of TCP's greatest advantages is a rapidly advancing feature set, and we provide constantly improving products through a modern, continuous delivery approach to software development. New code is promoted, tested, certified, and deployed monthly. Code reviews and quality assurance are performed, both manually and via automations, by specialized teams of engineers with intimate knowledge of the TCP product. Automated testing is performed on daily builds to ensure that bugs are identified well before a monthly release. Testing and certification are strictly controlled by quality assurance management under SOC 2 principles. Once certified, code is submitted to TCP's SaaS Team where additional testing occurs. If all passes, the new code is deployed in phases across all TCP Cloud environments. All code deployments create archives of existing production-grade code and full database backups in case failures are detected post-deployment. The SaaS Team manages notifications regarding the health of the applications. If a failure occurs, a roll-back is immediately engaged. Major feature changes, are communicated on our [Knowledgebase](#), via email and through in-app messages and/or product update posts. Customers and users can sign up to receive updates notifications in advance.

#### **Vulnerability Scanning, Penetration Testing**

The TCP Security team manages a multi-layered approach to vulnerability scanning, using a variety of industry-recognized tools to ensure comprehensive coverage of our technology stack. We perform hundreds of vulnerability scanning and penetration testing activities against ourselves on a continuous basis. We perform vulnerability scanning against our internal networks, applications, and corporate infrastructure. Network-based and application-level vulnerability scans run at least daily to ensure that



we detect and respond to the latest vulnerabilities. Static code analysis automatically reviews the most current code to detect potential security flaws early in the development lifecycle. Web Application scans are conducted and reviewed prior to every version release as part of the validation process. Also, continually running scans, adaptive scanning inclusion lists, and continuously updating vulnerability signatures help TCP stay ahead of many security threats.

For a second opinion about our ability to identify and respond to security risks, we bring in industry-recognized third parties to perform regular penetration tests and security audits. The goal of these programs is to iteratively identify flaws that present security risks and rapidly address any issues. Penetration tests are performed against the application layers and network layers of the TCP technology stack, and penetration testers are given internal access to the TCP product and/or corporate networks in order to maximize the kinds of potential vectors that should be evaluated.

### **Customer Data Protection - TCP Products**

TCP products are designed to process vast amounts of Personal Data. We process the personal data of our customers' employees and our business contacts. In order to provide the highest level of data protection, TCP has adopted the provisions of our Global Data Privacy Policy (Privacy Policy) for processing customers' employee data. The information collected by our products is gathered directly from customers and users. TCP's products allow customers to define the type of information to be collected and processed on their behalf via our data-collection tools. Per the TimeClock Plus Service/Licensing Agreements, our customers ensure that they capture only appropriate information to support their business processes and do so in compliance with applicable data privacy regulations. The TCP products are not used to collect or capture sensitive data such as credit or debit card numbers or personal financial account information.

Please review the full [Global Data Privacy Policy here](#)

### **Encryption In-Transit & At-Rest**

All sensitive interactions with the TCP products (e.g., API calls, login, authenticated sessions to the customer's portal, etc.) are encrypted in-transit with TLS 1.2 and 2,048 bit keys or better. TCP leverages several technologies to ensure stored data is encrypted at rest. The physical and virtualized hard drives used by TCP product server instances as well as long-term storage solutions use AES-256 encryption. Additionally, certain databases or field-level information is encrypted, based on the sensitivity of the information. For instance, user passwords are hashed and certain email features work by providing an additional level of both at-rest and in-transit encryption.



### **User Authentication & Authorization**

The TCP products enforce a user-defined password policy that can be customized to match the client's existing security standards. TCP's TimeClockPlus software provides integrations with external Authentication services such as Active Directory and LDAP. The products compatibility with Identity Federation mechanisms such as SAML2 and CAS provide a Single Sign On experience for organizations who want to extend their security domain to the cloud-based Time and Attendance solution.

Customers can assign finely grained permissions to the users in their portals and limit access to the portal's content and features.

### **Privacy**

The privacy of our customers' data is one of TCP's primary considerations. As described in our Privacy Policy, we never sell your Personal data to any third parties. The protections described in this document and other protections that we have been implemented are designed to ensure that your data stays private and unaltered. The TCP products are designed and built with customer needs and privacy considerations in the forefront. Our privacy program incorporates best practices, customers' and their employees' needs, as well as regulatory requirements. Along those lines, TCP is certified under the EU-US and Swiss-US Privacy Shield Frameworks and is a member of the U.S. Department of Commerce Privacy Shield. More information about our certification is available on the [Privacy Shield site](#).

Please review the full [Global Data Privacy Policy here](#)

### **Data Retention Policy**

Customer data is retained for as long as you remain a customer. Former customers' data is removed from live databases upon a customer's written request or after an established period following the termination of all customer agreements. In general, former customers' data, including information stored in replicas, snapshots, and backups, is purged 30 days after all customer relationships are terminated.

Please review the full [Data Retention Policy here](#)



### **Privacy Program Management**

TCP's DPO, Legal, Security, and several other teams collaborate to ensure an effective and consistently implemented privacy program. Information about our commitment to the privacy of your data is described in greater detail in our Privacy Policy and Data Processing Agreements.

How to contact our DPO or lodge a complaint:

#### **By Email:**

Data Protection Officer  
[DPO@tcpsoftware.com](mailto:DPO@tcpsoftware.com)

#### **By Mail:**

Data Management, Inc.  
Attn: Data Protection Officer  
1 Time Clock Dr.  
San Angelo, TX 76904; USA

### **Business Continuity & Disaster Recovery**

TCP maintains business continuity and disaster recovery plans focusing both on preventing outage through redundancy of telecommunications, systems and business operations, and on rapid recovery strategies in the event of an availability or performance issue. Whenever customer-impacting situations occur, TCP's goal is to quickly and transparently isolate and address the issue. Identified issues are published on TCP's status site and are subsequently updated until the issue is resolved.

### **System Resiliency & Recovery**

Business continuity testing is part of TCP normal processing. TCP recovery processes are validated continuously through normal maintenance and support processes. We follow a monthly deployment lifecycle, and create or destroy many server instances as part of our regular daily maintenance and growth. We also use those procedures to recover from impaired instances and other failures, allowing us to practice our recovery process every day. TCP primarily relies on infrastructure redundancy, real time replication across multi-availability zones, and backups. All TCP product services are built with full redundancy. Server infrastructure is strategically distributed across multiple distinct availability zones and virtual private cloud networks within our infrastructure providers, and all web, application, and database components are deployed with a minimum of n+1 supporting server instances or containers.

### **Backup Strategy**

TCP ensures data is replicated and backed up daily in multiple durable data-stores. The retention period of backups depends on the nature of the data, however customer database backups are stored for no less than 30 days. Customer database backups also replicated across availability zones and regions in order to provide fault-tolerance as well as scalability and responsive recovery, when necessary. In addition, the following policies have been implemented and enforced for data resilience:

- Customer (production) data is backed up at least daily. Thirty days' worth of backups are kept for any database in a way that ensures restoration can occur easily. Snapshots are taken and stored to a secondary service no less often than daily and where practicable, real time replication is used. All production data sets are stored on a distributed file storage facility like Amazon's S3.
- Because we leverage cloud services for hosting, backup and recovery, TCP does not implement physical infrastructure or physical storage media within its products. TCP does not generally produce or use other kinds of hard copy media (e.g., paper, tape, etc.) as part of making our products available to our customers.
- By default, all backups will be protected through access control restrictions on TCP product infrastructure networks, access control lists on the file systems storing the backup files and/or through database security protections.
- The fundamental Availability goal for the SaaS environment to provide an SLA of 99.9 (Historically it has been higher) outside of maintenance windows and if database loss occurs provide a recovery time objective of 24 hours and a recovery point objective of 24 hours.

### **TCP Corporate Security - Employee Authentication & Authorization**

TCP enforces an industry-standard corporate password policy. That policy requires changing passwords at least every 180 days with corporate network perimeter access requiring multi-factor authentication. It also requires a minimum password length of 10 characters and complexity requirements including special characters, upper and lower case characters, numbers and enforcing greater complexity for accounts with administrator level access. TCP prohibits account and password sharing by multiple employees. Employees generally authenticate to TCP product infrastructure using SSH keys. Additionally, many of the capabilities we use to build the TCP products leverage multi-factor authentication or are protected by single sign on solutions.



### **Access Management**

TCP has regimented and automated authentication and authorization procedures for employee access to TCP corporate and production systems. All access is logged. Most frequently, access is granted based on a role-based access control model. We built an extensive set of support systems and procedures to streamline and automate our security management and compliance activities. In addition to many other functions, our team sweeps our product and corporate infrastructure regularly to ensure that permission grants are appropriate, to manage employee events, to revoke accounts and access where needed, to compile logs of access requests, and to capture compliance evidence for each of our technology security controls.

### **Background Checks**

TCP employees undergo an extensive 3rd party background check prior to formal employment offers. In particular, employment, education, and criminal checks are performed for all potential employees. Reference verification is performed at the hiring manager's discretion. All employees receive security training within the first week of employment as part of the TCP security program along with role-specific follow-up training. All employees must comply with Non-Disclosure Agreements and an Acceptable Use Policy as part of access to corporate and production networks.

### **Vendor Management**

We leverage a small number of 3rd party service providers who augment the TCP products' ability to meet your needs. We maintain a vendor management program to ensure that appropriate security and privacy controls are in place. The program includes inventorying, tracking, and reviewing the security programs of the vendors who support TCP. Vendors must adhere to privacy policies no less restrictive than those adopted by TCP. Additionally, vendors must provide a certificate of insurance in accordance with the services being provided. Vendor employees must pass background checks and comply with Non-Disclosure Agreements and an Acceptable Use Policy to perform work on behalf of TCP. Vendor access to facilities and systems is granted in accordance the service being provided and the type of data being accessed. Ongoing compliance with expected protections is managed as part of our contractual relationship with them. Our Security team, Legal Department, and the business unit who owns each contract coordinate unique considerations for our providers as part of contract management.



### **Security Awareness & Security Policies**

To help keep all our software engineers, support technicians, and other employees on the same page with regard to protecting your data, TCP developed and maintains an Information Security Policy and administers regular online and in-person security training. The policy covers data handling requirements, privacy considerations, and responses to violations, among many other topics. With this policy and the myriad of protections and standards in place, we also ensure TCP employees are well-trained for their roles. Multiple levels of security training are provided to TCP employees based on their roles and resulting access. General security awareness training is offered to all new employees and covers TCP security requirements. After initial training, different training tracks are available based on an employee's role. Developer-specific training is provided by and tailored to TCP's software engineering teams. In general, training sessions are held weekly, a portion of which include security materials. Recurring training is provided through regular updates, notices, and internal publications.

For more information about our training programs, contact [training@tcpsoftware.com](mailto:training@tcpsoftware.com).

### **Incident Management**

TCP provides 24x7x365 coverage to respond quickly to all security and privacy events. TCP's Incident Response Team (IRT) is responsible for triaging critical tickets, engaging the proper resources to correct an issue, and formulating a Root Cause/Correct Action report (RCCA). Pre-defined incident severity types are leveraged to facilitate timely incident tracking, consistent task assignment, escalation, and communication. Many automated processes feed into the incident response process, including malicious activity or anomaly alerts, vendor alerts, customer requests, privacy events, and others. In responding to any incident, we first confirm the exposure of the information and determine the source of the security problem, if possible. We communicate back to the customer (and any other affected customers) via email or phone (if email is not sufficient). We provide periodic updates as needed to ensure appropriate resolution of the incident. Our Chief Technology Officer and Security Team review all security-related incidents, either suspected or proven, and we coordinate with affected customers using the most appropriate means, depending on the nature of the incident and applicable disclosure regulations.

TCP utilizes 3rd party forensics and breach notification vendors to ensure that proper notice is given in accordance with applicable breach notification regulations. Additionally, these 3rd party services offer an additional layer of transparency to our customers.



## 5. Third Party Audits & Certifications Of TCP Security Controls

TCP is SOC 2 Type II certified and maintains compliance with the EU-US Privacy Shield. Our services are housed in the US with world-class cloud infrastructure providers Amazon Web Services. All TCP infrastructure providers are SOC 2 Type II, ISO 27001, NIST, and FedRAMP certified and maintain facilities secured against electronic and physical intrusion.

## 6. Document Scope & Use

TCP values transparency in the ways we provide solutions to our customers. This document is designed with that transparency in mind. We are continuously improving the protections that have been implemented and, along those lines, the information and data in this document (including any related communications) are not intended to create a binding or contractual obligation between TCP and any parties, or to amend, alter or revise any existing agreements between the parties.



**Want to learn more about TCP? Let's talk.**

866.783.9890 | [www.tcpsoftware.com](http://www.tcpsoftware.com) | **Your Workforce Ally**

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## Fortinet Firewall Renewal

**Quote #033011 v1**

Prepared For:

**Charter Township of Alpena**

Michelle Palevich  
4385 US 23 North  
Alpena, MI 49707

P: (989) 356-0297

E: palevichm@alpenatownship.com

Prepared By:

**Yeo & Yeo Computer Consulting, LLC**

Joe Malott  
5300 Bay Road Suite 200  
Saginaw, MI 48604

P: (989) 797- 4075

E: joemal@yeoandyeo.com

Date Issued:

**09.17.2021**

Expires:

**10.16.2021**

| Renewal               |  | Price      | Qty | Ext. Price        |
|-----------------------|--|------------|-----|-------------------|
| FC-10-00116-950-02-12 | <b>Renewal - Fortinet FortiCare 24x7 Unified Threat Protection Bundle - 1 Year</b><br>for - FortiGate 100D - firewall<br>SN - FG100D3G16839935<br>Start Date - 10/4/2021 End Date - 10/3/2022<br>Expiration of Current Support - 10/3/2021 | \$1,299.00 | 1   | \$1,299.00        |
| Subtotal              |  |            |     | <b>\$1,299.00</b> |

| Quote Summary | Amount            |
|---------------|-------------------|
| Renewal       | \$1,299.00        |
| <b>Total:</b> | <b>\$1,299.00</b> |

Due to vendors applying tariff charges, prices listed on quote are subject to change and will be monitored for accuracy at the time of order. Any changes to prices, other than listed above, will be submitted to you for your review before the order is authorized.

By signing this quote, I agree that I am authorized to act on behalf of the Organization listed on this quote to purchase products and/or services as listed herein. Upon invoicing of products and/or services, the Organization agrees to pay all invoices issued based on this purchase agreement within the net terms as defined by Yeo & Yeo Computer Consulting, LLC (YYCC). Invoices paid after the due date may incur a 1.5% finance charge.

Taxes, shipping, handling and other fees may apply. YYCC reserves the right to cancel orders arising from pricing variance or other errors.

### Acceptance

**Yeo & Yeo Computer Consulting, LLC**

**Charter Township of Alpena**

Joe Malott

Signature / Name

09/17/2021

Date

Signature / Name

Initials

Date

C & S CARRIERS INC

P.O. Box 155  
3224 US 23 South  
Alpena, MI 49707

592-100-756.000



# Invoice

|               |             |
|---------------|-------------|
| Invoice Date: | Invoice #:  |
| 7/18/2021     | Alpena Town |

|   |
|---|
| Bill To:  |
| Alpena Township<br>Attn: Nate Skibbe<br>4385 N US-23<br>Alpena, MI 499707 |

|              |          |
|--------------|----------|
| P.O. Number: | Project: |
|              |          |

| Item   | Description                    | Amount |
|--|--------------------------------|--------|
| Dust Control   | 430 Gallons for road in Alanon | 537.50 |
| Dust Control   | DNR M-32 512 Gallons           | 640.00 |
| <p><b>RECEIVED</b></p> <p>SEP 13 2021</p> <p>ALPENA TOWNSHIP<br/>CLERK</p> |                                |        |

Any questions, please call 989-356-4264. Thank you for your business.

|                         |            |
|-------------------------|------------|
| <b>Total</b>            | \$1,177.50 |
| <b>Payments/Credits</b> | \$0.00     |
| <b>Balance Due</b>      | \$1,177.50 |