



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE  
AT THE CONCLUSION OF THE AUDIT

To the Township Board  
Banks Township  
Antrim County  
Ellsworth, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Banks Township for the year ended March 31, 2025. 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 in our letter to you dated June 25, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Banks Township are described in Note I to the financial statements. During the fiscal year, the Township adopted GASB Statement No. 101 *Compensated Absences*, which requires changes to how the subscription-based arrangements are reported. The application of existing policies was not changed during 2024-2025. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements 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 governmental activities, each major fund, and the aggregate remaining information of Banks 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. We evaluated the key factors and assumptions used to develop the estimate in determining that they are reasonable in relation to the financial statements taken as a whole.

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. Management has corrected all such misstatements. We detected various material misstatements as a result of our audit procedures that were corrected by management. The material adjustments made were a result of converting the entity's financial records from cash basis to modified accrual basis of accounting and providing client assistance as the client knew the adjustment was necessary but requested our assistance.

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 21, 2025.

### *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 Banks 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 Banks 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.

During the course of our audit of the basic financial statements of Banks Township for the year ended March 31, 2025, we noted the following items which we feel deserve comment:

#### Controls Over Information Technology

In the current technological environment, cyberattacks on governments and not for profit entities are becoming more prevalent and are resulting in increasing losses. This is a very common issue many organizations are tasked with addressing. We recommend developing formal IT policies and controls while also exercising extreme caution when using work devices and work networks. Adopting such policies, ensuring increased IT controls, and exercising caution related to IT in the workplace will improve security and protection against such attacks as well as reducing the risk of unauthorized access to your network and records.

#### Earned Sick Time Act

The Michigan Earned Sick Time Act went into effect on February 21, 2025. We believe the Township has employees that fall under this law. We recommend that the Township consult their attorney on the new sick time requirements.

#### Untimely Disbursement of Property Tax Collections

During the course of our audit, we noticed that property tax collections were not being disbursed in accordance with state law. Per the Uniform Accounting Procedures Manual distribution of tax collections must occur within 10 days after the 1<sup>st</sup> and 15<sup>th</sup> of each month. We noted instances where tax collections were not distributed within this time frame to the Township Funds.

#### Reimbursing Sales Tax and Documentation

During the audit it was noticed that the credit card usage had sales tax paid on items. The State of Michigan does not allow the government to reimburse or pay sales tax for purchases. It was also noticed that there was documentation missing from credit card transactions. This support must be provided with any reimbursement or credit card account payable checks are being written to avoid any delays in audit fieldwork.

#### Interest Rates and Return on Investments

The Township should look into opportunities to increase its interest income. The Township's general accounts are currently earning no interest. We recommend the Township try to invest at near market rates to improve interest earnings.

#### Budgeting

Expenditures exceeded appropriated amounts in the Fire Fund and three line items in the General Fund. The Township should continue to monitor its budgets and make budget amendments prior to incurring expenditures in excess of budgeted amounts.

#### Other Matters

We applied certain limited procedures to the Management Discussion and Analysis and the Budgetary Comparison Schedule, 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 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.

#### Restriction on Use

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

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, with "LLP" in a smaller, sans-serif font to the right.

Cadillac, Michigan

July 21, 2025