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# Charter Township of Commerce

Oakland County, Michigan

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**Financial Report**  
**with Supplemental Information**  
**December 31, 2018**

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## **Independent Auditor's Report**

To the Board of Trustees  
Charter Township of Commerce

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce (the "Township") as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Charter Township of Commerce'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 audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of December 31, 2018 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As discussed in Note 13 to the basic financial statements, the Township is now reporting the Building and Inspection Fund as part of the General Fund, as opposed to a nonmajor special revenue fund as was done previously. As a result, the beginning of year net position in the General Fund has been restated to incorporate the Building and Inspection Fund's fund balance as of December 31, 2017. The Township is also no longer recording the activity of the Pension Trust as a fiduciary fund, as the Township does not have a fiduciary responsibility for the activity of the plan. Our opinion is not modified with respect to this matter.

To the Board of Trustees  
Charter Township of Commerce

**Other Matters**

**Required Supplemental Information**

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

**Other Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of Commerce's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moran, PLLC*

May 20, 2019

As management of the Charter Township of Commerce (the "Township"), we offer readers this narrative overview and analysis of the financial activities for the year ended December 31, 2018.

### **Financial Highlights**

The Township is in a very strong financial position when viewed from the "current financial resources" perspective. Its governmental funds ended 2018 with a \$36.6 million fund balance, which represents 18 months of governmental revenue (22 months of expenditures). However, from the longer-term "total economic resources" perspective, the Township has an obligation to support the debt service requirements of the Downtown Development Authority (a discretely presented component unit) (the "DDA"). As discussed in further detail below, the DDA has incurred debt that the Township has guaranteed; the Township has recorded a liability of \$19.9 million as the present value of the estimated outflows it currently expects to make to support this debt.

In planning for this financial obligation, the Township requested additional funding from its residents for sheriff and fire protection services in order to free up sufficient resources in the General Fund to support the DDA debt. The voters approved a special assessment of 2.7 mills for sheriff and up to 2.0 mills for fire services. This new revenue began with the 2011 budget and expires with the 2020 budget. These special assessments were renewed by voters in November 2018. The renewed special assessments take effect for budget years 2021 through 2030, inclusive. The new voted maximums are 2.9 and 2.8 mills for sheriff and fire protection services, respectively.

The Township continues to monitor the estimated sell-off of the land holdings, as well as the DDA expenditures, and feels that it has an adequate plan in place to manage the long-term commitment through 2034 when the DDA debt matures. Subsequent to that, the Township anticipates the DDA will continue to capture taxes sufficient to repay the Township for its advances related to the debt service.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

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

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$156,527,905 at the close of the most recent fiscal year.

# Charter Township of Commerce

## Management's Discussion and Analysis (Continued)

### Township's Net Position

	Governmental Activities				
	2016	2017	2018	Change	Percent Change
<b>Assets</b>					
Current and other assets:					
Cash and investments	\$ 29,967,657	\$ 32,673,862	\$ 46,775,997	\$ 14,102,135	43.2
Receivables	13,679,582	14,420,295	7,928,965	(6,491,330)	(45.0)
Other assets	8,755,097	9,907,638	11,310,262	1,402,624	14.2
Capital assets	30,617,272	32,897,771	32,401,209	(496,562)	(1.5)
Total assets	83,019,608	89,899,566	98,416,433	8,516,867	9.5
<b>Liabilities</b>					
Current liabilities	1,487,136	1,093,687	1,008,330	(85,357)	(7.8)
Noncurrent liabilities	24,882,223	19,094,643	20,164,458	1,069,815	5.6
Total liabilities	26,369,359	20,188,330	21,172,788	984,458	4.9
<b>Deferred Inflows of Resources</b>	12,883,593	13,973,008	17,205,292	3,232,284	23.1
<b>Net Position</b>					
Net investment in capital assets	30,022,272	32,897,771	32,401,209	(496,562)	(1.5)
Restricted	9,223,112	8,524,374	10,064,956	1,540,582	18.1
Unrestricted	4,521,272	14,316,083	17,572,188	3,256,105	22.7
Total net position	<u>\$ 43,766,656</u>	<u>\$ 55,738,228</u>	<u>\$ 60,038,353</u>	<u>\$ 4,300,125</u>	7.7

	Business-type Activities				
	2016	2017	2018	Change	Percent Change
<b>Assets</b>					
Current and other assets:					
Cash and investments	\$ 19,628,614	\$ 21,645,757	\$ 23,063,864	\$ 1,418,107	6.6
Receivables	4,665,816	5,943,339	5,871,647	(71,692)	(1.2)
Other assets	44,590	53,190	60,218	7,028	13.2
Capital assets	116,121,459	113,439,692	109,236,187	(4,203,505)	(3.7)
Total assets	140,460,479	141,081,978	138,231,916	(2,850,062)	(2.0)
<b>Deferred Outflows of Resources</b>	-	865,954	826,444	(39,510)	(4.6)
<b>Liabilities</b>					
Current liabilities	1,414,861	1,383,560	1,232,316	(151,244)	(10.9)
Noncurrent liabilities	43,016,509	42,559,474	41,336,492	(1,222,982)	(2.9)
Total liabilities	44,431,370	43,943,034	42,568,808	(1,374,226)	(3.1)
<b>Net Position</b>					
Net investment in capital assets	73,104,950	71,746,172	68,726,139	(3,020,033)	(4.2)
Unrestricted	22,924,159	26,258,726	27,763,413	1,504,687	5.7
Total net position	<u>\$ 96,029,109</u>	<u>\$ 98,004,898</u>	<u>\$ 96,489,552</u>	<u>\$ (1,515,346)</u>	(1.5)

# Charter Township of Commerce

## Management's Discussion and Analysis (Continued)

The following table shows the current year's change in net position compared to the prior year amounts:

### Township's Changes in Net Position

	Governmental Activities				
	2016	2017	2018	Change	Percent Change
<b>Revenue</b>					
Program revenue:					
Charges for services	\$ 4,416,991	\$ 4,824,786	\$ 4,531,270	\$ (293,516)	(6.1)
Operating grants	504,401	165,994	217,473	51,479	31.0
Capital grants	17,674	2,198	-	(2,198)	(100.0)
General revenue:					
Taxes	12,351,171	12,526,150	13,627,315	1,101,165	8.8
Intergovernmental	2,832,858	3,080,338	3,707,929	627,591	20.4
Investment earnings	285,301	447,808	729,378	281,570	62.9
Other revenue:					
Changes in financial estimates	3,759,820	5,202,316	-	(5,202,316)	(100.0)
Other miscellaneous revenue	890,970	1,199,843	1,097,625	(102,218)	(8.5)
Total revenue	25,059,186	27,449,433	23,910,990	(3,538,443)	(12.9)
<b>Expenses</b>					
General government	2,597,564	2,109,849	2,839,074	729,225	34.6
Public safety:					
Sheriff contract	4,770,464	4,826,129	5,328,095	501,966	10.4
Fire	2,447,786	2,556,016	2,999,312	443,296	17.3
Building Inspection	523,889	947,675	1,031,367	83,692	8.8
Ordinance enforcement	47,991	49,236	49,208	(28)	(0.1)
Public works:					
Road improvements	(17,897)	235,785	283,928	48,143	20.4
Rubbish disposal	2,387,972	2,435,353	2,491,212	55,859	2.3
M-5 pedestrian bridge	97,799	202,601	765,484	562,883	277.8
Street lighting	112,228	91,033	89,331	(1,702)	(1.9)
Weed control	72,492	80,300	71,580	(8,720)	(10.9)
Other public works	1,164,365	46,342	52,687	6,345	13.7
SMART bus	18,775	18,600	18,482	(118)	(0.6)
CDBG	28,440	24,978	11,303	(13,675)	(54.7)
Community and economic development	181,610	175,398	200,608	25,210	14.4
Recreation and culture	1,838,286	1,663,941	2,477,447	813,506	48.9
Changes in financial estimates	-	-	901,747	901,747	-
Debt service	26,185	13,859	-	(13,859)	(100.0)
Total expenses	16,297,949	15,477,095	19,610,865	4,133,770	26.7
<b>Transfers</b>	-	(763)	-	763	(100.0)
<b>Change in Net Position</b>	<b>\$ 8,761,237</b>	<b>\$ 11,971,575</b>	<b>\$ 4,300,125</b>	<b>\$ (7,671,450)</b>	<b>(64.1)</b>

## Charter Township of Commerce

### Management's Discussion and Analysis (Continued)

	Business-type Activities				
	2016	2017	2018	Change	Percent Change
<b>Revenue</b>					
Program revenue:					
Charges for services	\$ 14,749,317	\$ 15,599,441	\$ 14,619,318	\$ (980,123)	(6.3)
Capital contributions	3,922,504	2,673,564	1,675,787	(997,777)	(37.3)
General revenue	55,979	63,513	371,336	307,823	484.7
Total revenue	18,727,800	18,336,518	16,666,441	(1,670,077)	(9.1)
<b>Expenses</b>					
Sewer Fund	11,893,445	9,342,699	11,270,516	1,927,817	20.6
Water Fund	6,938,618	7,470,107	6,911,271	(558,836)	(7.5)
Total expenses	18,832,063	16,812,806	18,181,787	1,368,981	8.1
<b>Transfers</b>	-	763	-	(763)	(100.0)
<b>Change in Net Position</b>	<b>\$ (104,263)</b>	<b>\$ 1,524,475</b>	<b>\$ (1,515,346)</b>	<b>\$ (3,039,821)</b>	<b>(199.4)</b>

In 2018, total primary government revenue exceeded expenses by \$4.3 million. Along with the increase in net position, total assets increased by \$5.7 million. The Township spent approximately \$900,000 on governmental activities capital asset additions. During 2018, the Township advanced an additional \$1.5 million to the DDA. It is anticipated that after the DDA's debt matures in 2034, the DDA will continue to capture taxes sufficient to repay the Township for its advances related to the debt service.

#### Financial Analysis of Individual Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for discretionary use, as it represents the portion of the fund balance that has not yet been limited to use for a particular purpose by an external party. Uncommitted or unassigned fund balance provides further information about the resources that have not been constrained by either the board of trustees or a group or individual that has been delegated authority to assign resources for use for particular purposes by the board of trustees.

Our analysis of the Township's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as a special property tax millage. The Township's major governmental-type funds for 2018 include the General Fund, the Fire Fund, the Sheriff Fund, and the Improvement and Building Fund. The major business-type funds are the Sewer Fund and the Water Fund.

Within these governmental funds, the General, Fire, Sheriff, and Improvement and Building Funds are the most significant to understanding the Township's financial activities. In addition, the Water and Sewer Funds are a significant enterprise activity for the Township. A brief analysis of each of those funds is presented below:

#### General Fund Budgetary Highlights

During 2018, the General Fund budget did not require significant amendments. During the year, actual revenue was \$1,474,152 greater than budgetary estimates largely due to state revenue sharing and investment income exceeding expectations. Expenditures were less than budget by \$59,523. Following transfers out, the fund balance increased \$1.5 million.

## **Charter Township of Commerce**

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### **Management's Discussion and Analysis (Continued)**

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#### **Capital Assets and Debt Administration**

At the end of 2018, the Township had \$141.6 million invested in a broad range of capital assets net of depreciation, including buildings, office equipment, fire vehicles and equipment, a wastewater treatment plant, and water and sewer lines. During 2018, the business-type activities expended \$212,701 for capital asset improvements.

Business-type activity debt is \$41.3 million, which will be repaid from a combination of tap-in fees (much of which has already been collected as customers tapped in) and future user charges.

As discussed in the "financial highlights" section, the Township is also obligated to assist the Downtown Development Authority (a discretely presented component unit) in its debt service obligations. The DDA has incurred \$58.9 million of long-term debt that was used to acquire property and construct Martin Parkway. The intent was to resell the land to be developed, and the land sale proceeds would have serviced the debt. However, the recession of 2008-2010 has reduced the fair market value of the land, and current projections estimate the land may ultimately sell for significantly less than this amount. The future DDA tax captures will make up much of this difference, but the Township has begun making advances to the DDA in order to enable it to make its scheduled debt service payments.

The Charter Township of Commerce's most recent debt issuances (done in 2017) received ratings of AA+ from Standard & Poor's and Aa1 from Moody's.

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

Overall real property taxable value has increased more than 5 percent from 2017 taxable levels. This is due largely to significant building and development within the Township. Accordingly, we expect an increase in our special assessment revenue for fire and police services, state-shared revenue, and DDA capture.

The Township finished a renovation and expansion of its Community Center, which acts as the location for all senior services we provide, as well as a venue the township residents and others can rent for private functions. The renovations included a 5,000-square-foot ballroom addition; complete re-engineering of the electrical, mechanical, and HVAC services; and reconfiguring the previously existing structure to make it more A.D.A. compliant and senior friendly. The total cost of the renovation and expansion was \$2.1 million, which was fully funded without issuing debt. The Community Center reopened for services in April 2018. Senior services continued during construction by using the Library as an alternative site.

Commerce Township, along with the cities of Walled Lake and Wixom, Michigan, is a member of the Commerce, Walled Lake and Wixom Trailway Management Council. Construction of a nonmotorized bridge over M-5 was completed in 2018. The bridge was built by MDOT at its cost of \$3.5 million. The Township has designated funds for this project to enhance the bridge's appearance.

In 2018, construction plans were launched for a barrier-free playground within the boundaries of the Township's Dodge Park V. Scarlet's Smile, a 501(c)3 not-for-profit organization, selected Commerce Township for the location of this recreational area where children of all abilities can play together. Commerce Township will be assisting with the grant funding process and common areas, such as parking lots and facilities.

In early 2018, First & Main senior housing opened a new location in Commerce Township, addressing the growing need for this service in our area. Its expansion into memory care and senior independent living services is scheduled to commence in 2019.

In April 2018, the Downtown Development Authority sold land to a developer to build an early child care/daycare facility. The construction is in progress, and the facility is scheduled to open in late 2018.

#### **Requests for Further Information**

This financial report is intended to provide a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Office of the Supervisor at 2009 Township Drive, Commerce Township, MI 48390. This report, township budgets, and other financial information are available on the Township's website at [www.commercetwp.com](http://www.commercetwp.com).

# Charter Township of Commerce

## Statement of Net Position

December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 46,775,997	\$ 23,063,864	\$ 69,839,861	\$ 736,111
Receivables (Note 4)	7,928,965	5,871,647	13,800,612	482,466
Prepaid expenses	92,215	60,218	152,433	3,613
Land held for resale	-	-	-	17,124,345
Capital assets: (Note 5)				
Assets not subject to depreciation	12,579,982	498,069	13,078,051	-
Assets subject to depreciation - Net	19,821,227	108,738,118	128,559,345	-
Long-term advance to component unit (including interest) (Notes 6 and 8)	11,218,047	-	11,218,047	-
Total assets	98,416,433	138,231,916	236,648,349	18,346,535
<b>Deferred Outflows of Resources - Deferred charge on bond refunding</b>				
	-	826,444	826,444	-
<b>Liabilities</b>				
Accounts payable	854,381	771,013	1,625,394	16,912
Due to other governmental units	-	150,284	150,284	-
Due to primary government (Notes 6 and 8)	-	-	-	11,218,047
Accrued liabilities and other	153,949	142,674	296,623	273,889
Unearned revenue	-	168,345	168,345	-
Noncurrent liabilities: (Note 7)				
Due within one year	41,947	1,255,000	1,296,947	2,925,000
Due in more than one year	20,122,511	40,081,492	60,204,003	57,513,541
Total liabilities	21,172,788	42,568,808	63,741,596	71,947,389
<b>Deferred Inflows of Resources - Taxes and assessments levied for the following year</b>				
	17,205,292	-	17,205,292	605,441
<b>Net Position (Deficit)</b>				
Net investment in capital assets	32,401,209	68,726,139	101,127,348	-
Restricted:				
Sheriff	1,414,964	-	1,414,964	-
Fire	3,752,562	-	3,752,562	-
Building inspections (Note 2)	1,824,421	-	1,824,421	-
Library	1,781,087	-	1,781,087	-
Other restrictions	1,291,922	-	1,291,922	-
Unrestricted	17,572,188	27,763,413	45,335,601	(54,206,295)
Total net position (deficit)	<u>\$ 60,038,353</u>	<u>\$ 96,489,552</u>	<u>\$ 156,527,905</u>	<u>\$ (54,206,295)</u>

# Charter Township of Commerce

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 2,839,074	\$ 715,174	\$ 31,504	\$ -
Public safety	9,407,982	3,000	34,861	-
Public works	3,772,704	2,740,454	70,500	-
Health and welfare	11,303	-	11,303	-
Community and economic development	1,102,355	1,045,653	-	-
Recreation and culture	2,477,447	26,989	69,305	-
Total governmental activities	19,610,865	4,531,270	217,473	-
Business-type activities:				
Sewer Fund	11,270,516	7,936,731	-	1,385,971
Water Fund	6,911,271	6,682,587	-	289,816
Total business-type activities	18,181,787	14,619,318	-	1,675,787
Total primary government	<u>\$ 37,792,652</u>	<u>\$ 19,150,588</u>	<u>\$ 217,473</u>	<u>\$ 1,675,787</u>
Component units - DDA	<u>\$ 3,966,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,422</u>

General revenue:

- Taxes
- Unrestricted state-shared revenue
- Unrestricted investment income
- Cable franchise fees
- (Loss) gain on sale of capital assets
- Other miscellaneous income

Total general revenue

**Change in Net Position**

**Net Position (Deficit) - Beginning of year**

**Net Position (Deficit) - End of year**

## Statement of Activities

Year Ended December 31, 2018

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (2,092,396)	\$ -	\$ (2,092,396)	\$ -
(9,370,121)	-	(9,370,121)	-
(961,750)	-	(961,750)	-
-	-	-	-
(56,702)	-	(56,702)	-
<u>(2,381,153)</u>	<u>-</u>	<u>(2,381,153)</u>	<u>-</u>
(14,862,122)	-	(14,862,122)	-
-	(1,947,814)	(1,947,814)	-
-	61,132	61,132	-
<u>-</u>	<u>(1,886,682)</u>	<u>(1,886,682)</u>	<u>-</u>
(14,862,122)	(1,886,682)	(16,748,804)	-
-	-	-	(3,636,979)
13,627,315	-	13,627,315	1,484,356
3,707,929	-	3,707,929	72,040
729,378	371,336	1,100,714	5,692
635,260	-	635,260	-
(256,934)	-	(256,934)	57,495
719,299	-	719,299	1,611,457
<u>19,162,247</u>	<u>371,336</u>	<u>19,533,583</u>	<u>3,231,040</u>
4,300,125	(1,515,346)	2,784,779	(405,939)
<u>55,738,228</u>	<u>98,004,898</u>	<u>153,743,126</u>	<u>(53,800,356)</u>
<b><u>\$ 60,038,353</u></b>	<b><u>\$ 96,489,552</u></b>	<b><u>\$ 156,527,905</u></b>	<b><u>\$ (54,206,295)</u></b>

# Charter Township of Commerce

## Governmental Funds Balance Sheet

December 31, 2018

	General Fund	Fire Fund	Sheriff Fund	Improvement and Building	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments (Note 3)	\$ 18,442,410	\$ 6,056,101	\$ 4,825,072	\$ 3,040,072	\$ 14,412,342	\$ 46,775,997
Receivables (Note 4)	1,886,465	1,652,894	2,227,614	1,062,022	1,099,970	7,928,965
Prepaid expenses	28,674	52,830	-	-	10,711	92,215
Long-term advance to component unit (including interest)	11,218,047	-	-	-	-	11,218,047
<b>Total assets</b>	<b>\$ 31,575,596</b>	<b>\$ 7,761,825</b>	<b>\$ 7,052,686</b>	<b>\$ 4,102,094</b>	<b>\$ 15,523,023</b>	<b>\$ 66,015,224</b>
<b>Liabilities</b>						
Accounts payable	\$ 149,387	\$ 44,615	\$ 410,627	\$ 206,365	\$ 43,387	\$ 854,381
Accrued liabilities and other	53,412	73,392	-	-	27,145	153,949
<b>Total liabilities</b>	<b>202,799</b>	<b>118,007</b>	<b>410,627</b>	<b>206,365</b>	<b>70,532</b>	<b>1,008,330</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	11,218,047	-	-	-	-	11,218,047
Taxes and assessments levied for the following year	2,632,428	3,891,256	5,227,095	2,890,100	2,564,413	17,205,292
<b>Total deferred inflows of resources</b>	<b>13,850,475</b>	<b>3,891,256</b>	<b>5,227,095</b>	<b>2,890,100</b>	<b>2,564,413</b>	<b>28,423,339</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>14,053,274</b>	<b>4,009,263</b>	<b>5,637,722</b>	<b>3,096,465</b>	<b>2,634,945</b>	<b>29,431,669</b>
<b>Fund Balances (Note 9)</b>						
Nonspendable	28,674	52,830	-	-	10,711	92,215
Restricted	1,824,421	3,699,732	1,414,964	-	3,062,298	10,001,415
Committed	1,329,119	-	-	1,005,629	-	2,334,748
Assigned	859,153	-	-	-	9,815,069	10,674,222
Unassigned	13,480,955	-	-	-	-	13,480,955
<b>Total fund balances</b>	<b>17,522,322</b>	<b>3,752,562</b>	<b>1,414,964</b>	<b>1,005,629</b>	<b>12,888,078</b>	<b>36,583,555</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 31,575,596</b>	<b>\$ 7,761,825</b>	<b>\$ 7,052,686</b>	<b>\$ 4,102,094</b>	<b>\$ 15,523,023</b>	<b>\$ 66,015,224</b>

# Charter Township of Commerce

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

December 31, 2018

<b>Fund Balances Reported in Governmental Funds</b>	\$ 36,583,555
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 are not reported in the funds	32,401,209
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	11,218,047
Nonexchange financial guarantee is not due and payable in the current period and is not reported in the funds	(19,941,751)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	<u>(222,707)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 60,038,353</u></u></b>

# Charter Township of Commerce

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended December 31, 2018**

	General Fund	Fire Fund	Sheriff Fund	Improvement and Building	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>						
Property taxes and voter-approved assessments	\$ 2,631,437	\$ 3,672,585	\$ 4,907,698	\$ -	\$ 2,415,595	\$ 13,627,315
Special assessments	-	-	-	-	42,749	42,749
Intergovernmental	3,785,001	-	28,611	-	34,470	3,848,082
Charges for services	1,333,382	1,600	-	2,700,633	19,429	4,055,044
Fines and forfeitures	135,570	1,400	-	-	23,480	160,450
Licenses and permits	720,803	-	-	-	113,503	834,306
Interest and rentals	570,846	65,282	38,578	54,930	200,788	930,424
Other revenue	330,367	44,937	282,492	57,495	9,798	725,089
Total revenue	9,507,406	3,785,804	5,257,379	2,813,058	2,859,812	24,223,459
<b>Expenditures</b>						
Current services:						
General government	2,439,944	-	-	-	-	2,439,944
Public safety	1,080,575	3,213,531	4,931,624	-	-	9,225,730
Public works	321,726	-	-	3,417,490	33,488	3,772,704
CDBG	-	-	-	-	11,303	11,303
Community and economic development	200,608	-	-	-	1,500,000	1,700,608
Recreation and culture	443,443	-	-	-	1,522,659	1,966,102
Capital outlay	-	-	-	-	558,329	558,329
Total expenditures	4,486,296	3,213,531	4,931,624	3,417,490	3,625,779	19,674,720
<b>Excess of Revenue Over (Under) Expenditures</b>	5,021,110	572,273	325,755	(604,432)	(765,967)	4,548,739
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	799,286	2,010,000	2,809,286
Transfers out	(2,809,286)	-	-	-	-	(2,809,286)
Sale of capital assets	-	5,000	-	500	100	5,600
Total other financing (uses) sources	(2,809,286)	5,000	-	799,786	2,010,100	5,600
<b>Net Change in Fund Balances</b>	2,211,824	577,273	325,755	195,354	1,244,133	4,554,339
<b>Fund Balances - Beginning of year (as restated) (Note 13)</b>	15,310,498	3,175,289	1,089,209	810,275	11,643,945	32,029,216
<b>Fund Balances - End of year</b>	<b>\$17,522,322</b>	<b>\$ 3,752,562</b>	<b>\$ 1,414,964</b>	<b>\$ 1,005,629</b>	<b>\$12,888,078</b>	<b>\$ 36,583,555</b>

## Charter Township of Commerce

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### Governmental Funds

### Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

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**Year Ended December 31, 2018**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 4,554,339</b>
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, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	925,408
Depreciation expense	(1,159,436)
Net book value of assets disposed of	(262,534)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	1,602,297
Change in nonexchange financial guarantee does not require current financial resources and is not reported in the governmental funds	(901,747)
The cost of compensated absences does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds	<u>(458,202)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 4,300,125</u></u></b>

# Charter Township of Commerce

## Proprietary Funds Statement of Net Position

December 31, 2018

	Sewer Fund	Water Fund	Total Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 14,862,658	\$ 8,201,206	\$ 23,063,864
Receivables (Note 4)	2,670,737	2,712,252	5,382,989
Due from other funds (Note 6)	-	201,077	201,077
Prepaid expenses	36,131	24,087	60,218
Total current assets	17,569,526	11,138,622	28,708,148
Noncurrent assets:			
Special assessment receivables - Greater than one year (Note 4)	488,658	-	488,658
Capital assets: (Note 5)			
Assets not subject to depreciation	498,069	-	498,069
Assets subject to depreciation - Net	80,891,782	27,846,336	108,738,118
Total noncurrent assets	81,878,509	27,846,336	109,724,845
Total assets	99,448,035	38,984,958	138,432,993
<b>Deferred Outflows of Resources</b> - Bond refunding	826,444	-	826,444
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	187,404	583,609	771,013
Due to other governmental units	150,284	-	150,284
Due to other funds (Note 6)	201,077	-	201,077
Accrued liabilities and other	142,674	-	142,674
Unearned revenue	-	168,345	168,345
Current portion of bonds payable (Note 7)	1,255,000	-	1,255,000
Total current liabilities	1,936,439	751,954	2,688,393
Noncurrent liabilities - Bonds payable (Note 7)	40,081,492	-	40,081,492
Total liabilities	42,017,931	751,954	42,769,885
<b>Net Position</b>			
Net investment in capital assets	40,879,803	27,846,336	68,726,139
Unrestricted	17,376,745	10,386,668	27,763,413
Total net position	<b>\$ 58,256,548</b>	<b>\$ 38,233,004</b>	<b>\$ 96,489,552</b>

## Charter Township of Commerce

### Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2018

	Sewer Fund	Water Fund	Total Enterprise Funds
<b>Operating Revenue</b>			
Sale of water	\$ -	\$ 6,674,413	\$ 6,674,413
Sewage disposal charges	7,460,576	-	7,460,576
Installation fees	453,814	-	453,814
Other income	22,341	8,174	30,515
Total operating revenue	7,936,731	6,682,587	14,619,318
<b>Operating Expenses</b>			
Cost of water	-	5,466,766	5,466,766
Cost of sewage treatment	3,722,314	-	3,722,314
Other operating and maintenance costs	2,542,040	327,278	2,869,318
Depreciation	3,298,980	1,117,227	4,416,207
Total operating expenses	9,563,334	6,911,271	16,474,605
<b>Operating Loss</b>	(1,626,603)	(228,684)	(1,855,287)
<b>Nonoperating Revenue (Expense)</b>			
Investment income	261,074	110,262	371,336
Interest expense	(1,707,182)	-	(1,707,182)
Total nonoperating (expense) revenue	(1,446,108)	110,262	(1,335,846)
<b>Loss - Before capital contributions</b>	(3,072,711)	(118,422)	(3,191,133)
<b>Capital Contributions</b>			
Special assessments	145,424	60,612	206,036
Benefit fees	1,240,547	229,204	1,469,751
Total capital contributions	1,385,971	289,816	1,675,787
<b>Change in Net Position</b>	(1,686,740)	171,394	(1,515,346)
<b>Net Position - Beginning of year</b>	59,943,288	38,061,610	98,004,898
<b>Net Position - End of year</b>	<b>\$ 58,256,548</b>	<b>\$ 38,233,004</b>	<b>\$ 96,489,552</b>

## Charter Township of Commerce

### Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2018

	Sewer Fund	Water Fund	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 7,906,412	\$ 6,942,476	\$ 14,848,888
Payments to suppliers	(6,342,654)	(6,033,960)	(12,376,614)
Other payments	(3,434)	155,734	152,300
	<u>1,560,324</u>	<u>1,064,250</u>	<u>2,624,574</u>
Net cash and cash equivalents provided by operating activities	1,560,324	1,064,250	2,624,574
<b>Cash Flows Provided by Noncapital Financing Activities</b>			
- Transfers from other funds	2,769	20,274	23,043
<b>Cash Flows from Capital and Related Financing Activities</b>			
Special assessment collections	145,424	(97,373)	48,051
Benefit fees	1,240,547	229,204	1,469,751
Purchase of capital assets	(212,702)	-	(212,702)
Principal and interest paid on capital debt	(2,895,586)	-	(2,895,586)
	<u>(1,722,317)</u>	<u>131,831</u>	<u>(1,590,486)</u>
Net cash and cash equivalents (used in) provided by capital and related financing activities	(1,722,317)	131,831	(1,590,486)
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	261,074	99,902	360,976
<b>Net Increase in Cash and Cash Equivalents</b>	101,850	1,316,257	1,418,107
<b>Cash and Cash Equivalents - Beginning of year</b>	14,760,808	6,884,949	21,645,757
<b>Cash and Cash Equivalents - End of year</b>	<u><u>\$ 14,862,658</u></u>	<u><u>\$ 8,201,206</u></u>	<u><u>\$ 23,063,864</u></u>
<b>Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities</b>			
Operating loss	\$ (1,626,603)	\$ (228,684)	\$ (1,855,287)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:			
Depreciation and amortization	3,298,980	1,117,227	4,416,207
Changes in assets and liabilities:			
Receivables	(33,753)	415,623	381,870
Prepaid and other assets	(6,067)	(961)	(7,028)
Accounts payable	(72,233)	(238,955)	(311,188)
	<u>3,186,927</u>	<u>1,292,934</u>	<u>4,479,861</u>
Total adjustments	3,186,927	1,292,934	4,479,861
Net cash and cash equivalents provided by operating activities	<u><u>\$ 1,560,324</u></u>	<u><u>\$ 1,064,250</u></u>	<u><u>\$ 2,624,574</u></u>

**Charter Township of Commerce**

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**Fiduciary Funds**  
**Statement of Fiduciary Assets and Liabilities**

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**December 31, 2018**

	<u>Agency</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 854,012
Investments	<u>1,000,000</u>
Total assets	<b><u>\$ 1,854,012</u></b>
<b>Liabilities</b>	
Accounts payable	\$ 86,084
Due to other governmental units	114,961
Refundable deposits, bonds, etc.	<u>1,652,967</u>
Total liabilities	<b><u>\$ 1,854,012</u></b>

**Note 1 - Significant Accounting Policies**

***Accounting and Reporting Principles***

The Township follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Township:

***Reporting Entity***

The Township is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component unit, an entity for which the Township is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township.

***Discretely Presented Component Unit***

***Downtown Development Authority***

The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The DDA's governing body, which consists of seven individuals, is selected by the Township board. In addition, the Authority's budget is subject to approval by the Township board. Complete financial reports can be obtained at their administrative offices at 2009 Township Drive, Commerce Township, MI 48390.

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the Township's water and sewer function and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Note 1 - Significant Accounting Policies (Continued)**

***Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Township has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

Proprietary funds use the economic resources measurement focus and the full 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.

***Fund Accounting***

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Township to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The Township reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Fire Fund reports the proceeds of a township-wide special assessment for fire services.
- The Sheriff Fund reports the proceeds of a township-wide special assessment for police services, which are currently provided by the Oakland County Sheriff's department.
- The Improvement and Building Fund accounts for the major improvements within the Township, refuse collection, and other assessments, including weed and dust control, snow removal, and street lighting.

Additionally, the Township reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. These include the Open Space Fund (which accounts for the proceeds of a special millage for open space acquisition), Community Development Block Grant Fund, Museum Fund, Cemetery Fund, and Library Fund.

**Note 1 - Significant Accounting Policies (Continued)**

- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt. These include the Debt Sinking Fund (which accounts for resources set aside to fund the financial guarantee of the DDA's debt) and the Special Assessment Debt Fund, which accounts for the collection of the various 10-year special assessments that are used to repay the related debt. As of this time, all special assessment debt has been paid off.

**Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township has no internal service funds; it reports the following funds as "major" enterprise funds:

- The Sewer Fund disposes of sanitary sewage in exchange for quarterly user charges. The system is managed by the Oakland County Water Resources Commission.
- The Water Fund provides water to customers in exchange for quarterly usage charges. The system is managed by the Oakland County Water Resources Commission.

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the Township's programs. Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Township reports the following fiduciary funds:

- The Tax Collection Fund, which collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities)
- The Trust and Agency Fund, which accounts for the various building performance bonds and escrow accounts.

**Interfund Activity**

During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

***Specific Balances and Transactions***

**Cash and Investments**

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

**Note 1 - Significant Accounting Policies (Continued)**

**Inventories and Prepaid Items**

Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Depreciable Life - Years
Land	-
Land improvements	10-20
Buildings	10-40
Equipment	5-20
Vehicles	3-20
Utility systems	10-40
Books and materials	5-7

**Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as "other financing sources" and bond discounts as "other financing uses." The debt sinking fund will be used to liquidate the DDA nonexchange financial guarantee.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Township reports the following deferred outflows of resources and deferred inflows of resources:

	Outflows	Inflows
Unavailable revenue (that not collected within the period of availability) - Reported only at the modified accrual level		✓
Deferred charge on bond refunding	✓	
Property taxes levied for the following year		✓

**Note 1 - Significant Accounting Policies (Continued)**

**Net Position**

Net position of the Township is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of investment in capital or restricted.

**Net Position Flow Assumption**

The Township will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

The Township will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The Township itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the Township that can, by resolution prior to the end of the fiscal year, commit fund balance. Once committed, the limitation imposed by the board of trustees remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The board of trustees may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Note 1 - Significant Accounting Policies (Continued)**

The board of trustees has adopted, by ordinance, a Budget Stabilization Fund under Michigan's Public Act 30 of 1978. The board of trustees may, with a two-thirds vote, set aside General Fund surplus, up to a maximum of 15 percent of the most recent General Fund budget (or average of the five most recent budgets, if less). An appropriation from the Budget Stabilization Fund, which also requires a two-thirds vote of the board of trustees, may only occur to correct a budget shortfall or to compensate in the case of a natural disaster. The balance at December 31, 2018 of the Budget Stabilization Fund, which is reported in the General Fund, is \$1,329,119.

**Property Tax Revenue**

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's property tax revenue was levied and collectible on December 1, 2017 and is recognized as revenue in the year ended December 31, 2018 when the proceeds of the levy are budgeted and available for the financing of operations.

The taxable valuation of the Township totaled \$1.9 billion (a portion of which is abated and a portion of which is captured by the DDA). Taxes were levied as follows:

Millage	Millage Rate
General operating	2.0100
Fire township-wide special assessment	2.0000
Police township-wide special assessment	2.6000
Library extra voted	0.6818
Open space extra voted	0.3834

Note that the Township allocates 0.3 of its general operating mills to both the Library Fund and the Sheriff Fund, leaving 1.41 mills to be allocated to the General Fund.

In addition, the Township assessed \$191.65 per parcel for garbage collection, which is reported in these financial statements as charges for services.

**Pension**

The Township offers a defined contribution pension plan to its employees. The Township contributes to the pension system and has no further financial obligation.

**Compensated Absences (Vacation and Sick Leave)**

It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the Township will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of proprietary funds are charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services, administrative expenses, and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Note 1 - Significant Accounting Policies (Continued)**

**Use of Estimates**

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

**Upcoming Accounting Pronouncements**

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires 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 liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2020.

**Note 2 - Stewardship, Compliance, and Accountability**

**Construction Code Fees**

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. The Township utilizes a separate fund for budgetary and compliance purposes. This fund is rolled into the General Fund for reporting purposes, but the separate budgetary fund allows the fund balance to be maintained separately, and any fund balance is reported in these financial statements as legally restricted for building inspections.

Surplus at January 1, 2018	\$ 1,810,135
Current year permit revenue	1,045,653
Related expenses - Direct costs	<u>1,031,367</u>
Current year surplus	<u>14,286</u>
Cumulative surplus December 31, 2018	<u><u>\$ 1,824,421</u></u>

**Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated five banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Township's deposits and investments are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$22,613,373 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township has no investment policy that would further limit its investment choices.

At year end, the Township had the following investments:

Investment	Fair Value	Weighted- average Maturity (Years)
<b>Primary Government</b>		
Local Government Investment Pool	\$ 31,624,233	0.92
U.S. government bonds	489,630	1.53
Bank investment pool	<u>2,527,003</u>	0.14
Total	<u>\$ 34,640,866</u>	

**Note 3 - Deposits and Investments (Continued)**

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of December 31, 2018, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
Local Government Investment Pool	\$ 31,624,233	NR	N/A
U.S. government bonds	489,630	AA+	S&P
Bank investment pool	2,527,003	AAAm	S&P
Total	<u>\$ 34,640,866</u>		

**Concentration of Credit Risk**

The Township places no limit on the amount it may invest in any one issuer. More than 5 percent of the Township's investments are in the Oakland County Local Government Investment Pool (the "LGIP") at 91 percent. The LGIP is not registered with the SEC and does not issue a separate report. The LGIP is managed as a 2(a)(7) fund, with its net asset value maintained at \$1. Fair value of the position in the pool is the same as the value of the pool shares.

**External Investment Pool**

The Township has \$31,624,233 invested with the Oakland County Local Government Investment Pool. The LGIP reports its investments at fair value and is not registered with the SEC. For withdrawal purposes, shares of the LGIP will be redeemed at original cost. There are no limitations or restrictions on withdrawals. The LGIP adheres to the investment policy of the Township.

**Fair Value Measurements**

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Township has the following recurring fair value measurements as of December 31, 2018:

- The Township's investments in the Oakland County LGIP (\$31,624,233) and Michigan CLASS (\$2,527,003) are measured at net asset value (NAV).
- U.S. government bonds of \$489,630 are valued using a matrix pricing model (Level 2 inputs).

The fair value of U.S. government bonds at December 31, 2018 was determined primarily based on Level 2 inputs. The Township estimates fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

December 31, 2018

**Note 3 - Deposits and Investments (Continued)**

The valuation method for investments measured at net asset value per share (or its equivalent) is presented on the table below.

**Investments in Entities that Calculate Net Asset Value per Share**

The Township holds shares or interests in investment pools whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At December 31, 2018, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 31,624,233	\$ -	No restrictions	None
Michigan CLASS investment pool	2,527,003	-	No restrictions	None
Total	<u>\$ 34,151,236</u>	<u>\$ -</u>		

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The Oakland County Local Government Investment Pool is not registered with the SEC and does not issue a separate report. The pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares, because the pool redeems shares at \$1 per share, regardless of current fair value.

**Note 4 - Receivables**

Receivables as of December 31, 2018 for the Township's general fund and other major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			Business-type Activities		Total
	General Fund	Other Major Funds	Nonmajor Funds	Sewer Fund	Water Fund	
Receivables:						
Property taxes receivable	\$ 1,111,034	\$ 3,880,508	\$ 1,072,443	\$ -	\$ -	\$ 6,063,985
Special assessments receivable	-	1,062,022	23,438	488,658	168,345	1,742,463
Customer receivables	-	-	-	2,444,691	2,532,634	4,977,325
Accrued interest receivable	2,600	-	4,089	-	-	6,689
Other receivables	213,723	-	-	-	-	213,723
Due from other governments	559,108	-	-	226,046	11,273	796,427
Net receivables	<u>\$ 1,886,465</u>	<u>\$ 4,942,530</u>	<u>\$ 1,099,970</u>	<u>\$ 3,159,395</u>	<u>\$ 2,712,252</u>	<u>\$ 13,800,612</u>

December 31, 2018

**Note 5 - Capital Assets**

Capital asset activity of the Township's governmental and business-type activities was as follows:

**Governmental Activities**

	Balance January 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2018
Capital assets not being depreciated - Land	\$ 12,551,492	\$ -	\$ 28,490	\$ -	\$ 12,579,982
Capital assets being depreciated:					
Buildings	19,861,969	(1,585,674)	-	-	18,276,295
Improvements	3,735,152	1,574,674	429,964	(264,869)	5,474,921
Machinery and equipment	5,738,738	11,000	323,541	(226,713)	5,846,566
Books and materials	753,637	-	143,413	-	897,050
Subtotal	30,089,496	-	896,918	(491,582)	30,494,832
Accumulated depreciation:					
Buildings	4,158,561	-	440,094	-	4,598,655
Improvements	1,000,643	-	204,073	(2,335)	1,202,381
Machinery and equipment	4,123,084	-	386,898	(226,713)	4,283,269
Books and materials	460,929	-	128,371	-	589,300
Subtotal	9,743,217	-	1,159,436	(229,048)	10,673,605
Net capital assets being depreciated	20,346,279	-	(262,518)	(262,534)	19,821,227
Net governmental activities capital assets	\$ 32,897,771	\$ -	\$ (234,028)	\$ (262,534)	\$ 32,401,209

**Business-type Activities**

	Balance January 1, 2018	Additions	Disposals and Adjustments	Balance December 31, 2018
Capital assets not being depreciated - Land	\$ 498,069	\$ -	\$ -	\$ 498,069
Capital assets being depreciated - Buildings and infrastructure	176,040,544	212,701	-	176,253,245
Accumulated depreciation - Buildings and infrastructure	63,098,920	4,416,207	-	67,515,127
Net capital assets being depreciated	112,941,624	(4,203,506)	-	108,738,118
Net business-type activity capital assets	\$ 113,439,693	\$ (4,203,506)	\$ -	\$ 109,236,187

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

Governmental activities:	
General government	\$ 136,965
Public safety	396,471
Recreation and culture	626,000
Total governmental activities	\$ 1,159,436

**December 31, 2018**

**Note 5 - Capital Assets (Continued)**

Business-type activities:		
Sewer		\$ 3,298,980
Water		<u>1,117,227</u>
Total business-type activities		<u>\$ 4,416,207</u>

**Note 6 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Water Fund	Sewer Fund	\$ 201,077

The balance of amounts loaned to the discretely presented component unit is as follows:

Receivable	Payable	Amount
General Fund	Downtown Development Authority	\$ 11,218,047

The interfund balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. The loan from the Township to the DDA was in connection with the financial guarantee, as discussed in Note 8.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Debt Sinking Fund	\$ 2,000,000
	Improvement and Building Fund	799,286
	Cemetery Fund	<u>10,000</u>
	Total General Fund	<u>\$ 2,809,286</u>

The transfers from the General Fund to the other funds represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations.

**Note 7 - Long-term Debt**

Long-term debt activity for the year ended December 31, 2018 can be summarized as follows:

**Governmental Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	\$ 54,639	\$ 367,643	\$ (199,575)	\$ 222,707	\$ 41,947
Nonexchange financial guarantee (Note 8)	<u>19,040,004</u>	<u>2,071,200</u>	<u>(1,169,453)</u>	<u>19,941,751</u>	<u>-</u>
Total governmental activities long-term debt	<u>\$ 19,094,643</u>	<u>\$ 2,438,843</u>	<u>\$ (1,369,028)</u>	<u>\$ 20,164,458</u>	<u>\$ 41,947</u>

December 31, 2018

**Note 7 - Long-term Debt (Continued)**

***Business-type Activities***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds and contracts payable:					
2009 Sewer Plant Expansion, Series A	\$ 275,000	\$ -	\$ (275,000)	\$ -	\$ -
2009 Sewer Plant Expansion, Series B	435,000	-	(435,000)	-	-
Capital Improvement Bonds, Series 2010-A	6,180,000	-	(385,000)	5,795,000	405,000
Clean Water State Revolving Funds	934,804	-	(50,000)	884,804	50,000
2016 Capital Improvement Refunding Bonds	24,380,000	-	-	24,380,000	775,000
2017 Capital Improvement Refunding Bonds	9,230,000	-	(25,000)	9,205,000	25,000
Total principal outstanding	41,434,804	-	(1,170,000)	40,264,804	1,255,000
Unamortized bond premiums	1,124,670	-	(52,982)	1,071,688	-
Total business-type activities long-term debt	<u>\$ 42,559,474</u>	<u>\$ -</u>	<u>\$ (1,222,982)</u>	<u>\$ 41,336,492</u>	<u>\$ 1,255,000</u>

***Component Unit***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds and contracts payable:					
2008 Downtown Development Authority Limited Tax General Refunding Obligation Bonds	\$ 34,245,000	\$ -	\$ (100,000)	\$ 34,145,000	\$ 1,000,000
2008 Downtown Development Authority Limited Tax General Obligation Bonds	100,000	-	(100,000)	-	-
2008 Downtown Development Authority Limited Tax General Obligation Bonds Series 2008-A	300,000	-	(300,000)	-	-
2016 Downtown Development Authority Limited Tax General Obligation Bonds Series 2016-A	21,335,000	-	-	21,335,000	1,205,000
2016 Downtown Development Authority Limited Tax General Obligation Bonds Series 2016-B	3,575,000	-	(120,000)	3,455,000	720,000
2008 Downtown Development Authority Limited Tax General Obligation Bonds Series 2008-B	500,000	-	(500,000)	-	-
Total principal outstanding	60,055,000	-	(1,120,000)	58,935,000	2,925,000
Unamortized bond premiums	1,657,750	-	(154,209)	1,503,541	-
Total component unit long-term debt	<u>\$ 61,712,750</u>	<u>\$ -</u>	<u>\$ (1,274,209)</u>	<u>\$ 60,438,541</u>	<u>\$ 2,925,000</u>

The Township had deferred outflows of \$826,444 related to deferred charges on bond refundings at December 31, 2018.

December 31, 2018

**Note 7 - Long-term Debt (Continued)**

**General Obligation Bonds and Contracts**

The Township issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. General obligations outstanding at December 31, 2018 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
<b>Business-type Activities</b>				
Capital improvement bonds	2010	3.0-4.75%	2039	\$ 5,795,000
Clean water state revolving funds	2013	2.0%	2033	884,804
Capital improvement refunding bonds	2016	2.0-5.0%	2038	24,380,000
Capital improvement refunding bonds	2017	2.0-4.0%	2039	9,205,000
Total business-type activities				<u>\$ 40,264,804</u>
<b>Component Unit</b>				
Series 2008 refunding bonds	2008	Variable	2034	\$ 34,145,000
Series 2016-A LTGO bonds	2016	4.0-5.0%	2028	21,335,000
Series 2016-B LTGO bonds	2016	1.10-2.63%	2024	3,455,000
Total component unit				<u>\$ 58,935,000</u>

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities will be liquidated primarily by the General and Fire funds.

**Debt Service Requirements to Maturity**

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,255,000	\$ 1,676,697	\$ 2,931,697	\$ 2,925,000	\$ 2,198,239	\$ 5,123,239
2020	1,300,000	1,643,497	2,943,497	2,985,000	2,104,583	5,089,583
2021	1,370,000	1,592,997	2,962,997	3,245,000	2,001,801	5,246,801
2022	1,435,000	1,539,297	2,974,297	3,605,000	1,873,409	5,478,409
2023	1,500,000	1,482,997	2,982,997	3,670,000	1,722,560	5,392,560
2024-2028	8,690,000	6,363,889	15,053,889	18,610,000	6,172,552	24,782,552
2029-2033	10,894,804	4,243,377	15,138,181	20,000,000	2,622,675	22,622,675
2034-2038	12,745,000	2,006,000	14,751,000	3,895,000	128,535	4,023,535
Thereafter	1,075,000	43,002	1,118,002	-	-	-
Total	<u>\$ 40,264,804</u>	<u>\$ 20,591,753</u>	<u>\$ 60,856,557</u>	<u>\$ 58,935,000</u>	<u>\$ 18,824,354</u>	<u>\$ 77,759,354</u>

December 31, 2018

**Note 8 - Nonexchange Financial Guarantee**

During the period from 2001 through 2006, the Downtown Development Authority issued debt that was used to purchase land for development and for the construction of Martin Parkway. The purpose of the program was to ease congestion on Haggerty Road, create an entrance to the Township from the south, and to better control the development of that property. The intent was to resell much of the land in a controlled manner and to use the proceeds of such sales along with captured taxes (the DDA captures the taxes on the incremental growth of taxable value within the DDA) to pay off the indebtedness. All debt of the DDA has been guaranteed by the Township.

The economic downturn of 2008-2011 resulted in a decline of the DDA's captured taxes, as well as property sales that were delayed and with lower prices than anticipated. The Township reacted promptly by asking the voters to increase their taxes and by setting aside any excess funds in the Debt Sinking Fund to be used in the future to support any debt shortfalls by the DDA. To date, the Township has advanced \$10,650,000 to the DDA, plus \$568,047 of accrued interest, resulting in a receivable owed to the Township of \$11,218,047. The DDA has the ability to continue capturing taxes into the future, which can be used to repay this advance. Therefore, the Township considers this to be fully collectible.

The Township also estimates the additional amount it expects to pay in future years to support the DDA's debt. As of December 31, 2018, the Township has recorded an estimated liability for this financial guarantee of \$19,941,751.

**Note 9 - Fund Balance Constraints**

The detail of the various components of fund balance is as follows:

	General Fund	Fire Fund	Sheriff Fund	Improvement and Building	Nonmajor Funds	Total
Nonspendable - Prepays	\$ 28,674	\$ 52,830	\$ -	\$ -	\$ 10,711	\$ 92,215
Restricted:						
Police/Sheriff	-	-	1,414,964	-	-	1,414,964
Fire	-	3,699,732	-	-	-	3,699,732
Building inspections	1,824,421	-	-	-	-	1,824,421
Library	-	-	-	-	1,770,376	1,770,376
Open space acquisitions, maintenance, and improvements	-	-	-	-	705,096	705,096
Museum	-	-	-	-	171,147	171,147
Cemetery	-	-	-	-	310,409	310,409
SAD	-	-	-	-	105,270	105,270
Total restricted	1,824,421	3,699,732	1,414,964	-	3,062,298	10,001,415
Committed:						
Budget stabilization	1,329,119	-	-	-	-	1,329,119
Improvement and building	-	-	-	1,005,629	-	1,005,629
Total committed	1,329,119	-	-	1,005,629	-	2,334,748
Assigned:						
DDA debt support	-	-	-	-	9,815,069	9,815,069
Road improvements	859,153	-	-	-	-	859,153
Total assigned	859,153	-	-	-	9,815,069	10,674,222
Unassigned	13,480,955	-	-	-	-	13,480,955
Total fund balance	\$ 17,522,322	\$ 3,752,562	\$ 1,414,964	\$ 1,005,629	\$ 12,888,078	\$ 36,583,555

**Note 10 - Pension Plan**

***Plan Description***

The Charter Township of Commerce contributes to the Commerce Township Defined Contribution Plan, a defined contribution pension plan, for certain employees who meet the eligibility requirements. The benefits are administered by John Hancock.

***Benefits Provided***

Benefit terms, including contribution requirements, for the Commerce Township Defined Contribution Plan are established and may be amended by the board of trustees. For each employee in the pension plan, the Township is required to contribute 13 percent of each employee's base salary to an individual employee account. Employees are not permitted to make contributions to the pension plan. Employees become vested in township contributions and earnings after completion of 48 months of creditable service with the Township. Nonvested township contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plan's administrative expenses.

***Pension Expense***

During the year ended December 31, 2018, expense was approximately \$393,000. This did not include any forfeitures; at year end, there was no liability to the pension plan.

**Note 11 - Other Postemployment Benefits**

The Township offers postemployment health insurance benefits to its employees. For eligible retirees, the Township will pay 25 to 100 percent (depending on employee group) of the retiree's healthcare premium from his or her retirement until age 65. After age 65, only firefighters are eligible for a monthly stipend. During the year ended December 31, 2018, there were no retirees eligible for health insurance benefits, and \$2,580 was paid in stipends to eligible firefighters. There are 49 active employees who may become eligible for OPEB. Because the potential liability is not material, the Township has elected not to account for this plan in accordance with GASB Statement No. 75. The Township has established a trust with the Municipal Employees' Retirement System of Michigan. The trust has a balance of \$381,748 at December 31, 2018. The plan does not issue a separate financial report.

**Note 12 - Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for all claims other than workers' compensation. The Township participates in the MML Workers' Compensation Fund, a shared-risk program for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**Note 13 - Changes in Reporting**

The Township is now reporting the Building and Inspection Fund as part of the General Fund as opposed to a nonmajor special revenue fund as it has in the past. As a result, the beginning of year net position in the General Fund has been restated to \$15,310,498 to incorporate the Building and Inspection Fund's fund balance as of December 31, 2017 of \$1,812,152.

The Township is no longer recording the activity of the Pension Trust as a fiduciary fund, as the Township does not have a fiduciary responsibility for the activity of the plan.

**December 31, 2018**

**Note 14 - Subsequent Events**

Subsequent to year end, the Downtown Development Authority (DDA) issued \$34,465,000 in general obligation bonds with an average interest rate of 3.17 percent. The proceeds of these bonds were used to advance refund \$34,145,000 of outstanding 2008 Taxable Adjustable Rate Downtown Development Refunding Bonds (Limited Tax General Obligation). The net proceeds of \$34,145,000 (after payment of \$320,000 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the full call of all outstanding bonds, which have been paid in full as of April 8, 2019. The original bonds will be removed from the DDA's statement of net position.

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## Required Supplemental Information

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**Charter Township of Commerce**

Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund

**Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 2,609,550	\$ 2,609,550	\$ 2,631,437	\$ 21,887
Intergovernmental:				
State sources:				
State-shared revenue	3,000,835	3,000,835	3,684,319	683,484
Local Community Stabilization Authority	18,000	18,000	70,043	52,043
Other state aid	5,000	5,000	11,820	6,820
Local grants and contributions	19,632	19,632	18,819	(813)
Charges for services	317,300	317,300	287,729	(29,571)
Fines and forfeitures	75,000	75,000	135,570	60,570
Licenses and permits	545,000	545,000	720,803	175,803
Interest and rentals	117,000	117,000	539,646	422,646
Other revenue	22,500	22,500	103,783	81,283
<b>Total revenue</b>	<b>6,729,817</b>	<b>6,729,817</b>	<b>8,203,969</b>	<b>1,474,152</b>
<b>Expenditures</b>				
Current services:				
General government	3,068,358	2,431,520	2,427,507	4,013
Public safety	42,000	50,700	49,208	1,492
Public works	38,632	39,482	37,798	1,684
Community and economic development	225,272	220,669	200,608	20,061
Recreation and culture	514,207	475,716	443,443	32,273
<b>Total expenditures</b>	<b>3,888,469</b>	<b>3,218,087</b>	<b>3,158,564</b>	<b>59,523</b>
<b>Excess of Revenue Over Expenditures</b>	<b>2,841,348</b>	<b>3,511,730</b>	<b>5,045,405</b>	<b>1,533,675</b>
<b>Other Financing Uses - Transfers out</b>	<b>(2,909,286)</b>	<b>(2,921,286)</b>	<b>(2,909,286)</b>	<b>12,000</b>
<b>Net Change in Fund Balance</b>	<b>(67,938)</b>	<b>590,444</b>	<b>2,136,119</b>	<b>1,545,675</b>
<b>Fund Balance - Beginning of year</b>	<b>11,374,576</b>	<b>11,374,576</b>	<b>11,374,576</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 11,306,638</b>	<b>\$ 11,965,020</b>	<b>\$ 13,510,695</b>	<b>\$ 1,545,675</b>

## Charter Township of Commerce

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund

**Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 3,669,985	\$ 3,672,485	\$ 3,672,585	\$ 100
Charges for services	1,000	1,000	1,600	600
Fines and forfeitures	100	1,400	1,400	-
Interest and rentals	25,000	59,000	65,282	6,282
Other revenue	30,000	33,766	44,937	11,171
Total revenue	3,726,085	3,767,651	3,785,804	18,153
<b>Expenditures - Public safety</b>	4,044,407	3,715,294	3,213,531	501,763
<b>Excess of Revenue (Under) Over Expenditures</b>	(318,322)	52,357	572,273	519,916
<b>Other Financing Sources - Sale of capital assets</b>	-	5,000	5,000	-
<b>Net Change in Fund Balance</b>	(318,322)	57,357	577,273	519,916
<b>Fund Balance - Beginning of year</b>	3,175,289	3,175,289	3,175,289	-
<b>Fund Balance - End of year</b>	<b>\$ 2,856,967</b>	<b>\$ 3,232,646</b>	<b>\$ 3,752,562</b>	<b>\$ 519,916</b>

**Charter Township of Commerce**

Required Supplemental Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)  
 Sheriff Fund

**Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Property taxes	\$ 4,885,483	\$ 4,885,483	\$ 4,907,698	\$ 22,215
Intergovernmental	-	-	28,611	28,611
Interest and rentals	10,000	10,000	38,578	28,578
Other revenue	<u>269,426</u>	<u>269,426</u>	<u>282,492</u>	<u>13,066</u>
Total revenue	5,164,909	5,164,909	5,257,379	92,470
<b>Expenditures - Public safety</b>	<u>5,131,553</u>	<u>5,131,553</u>	<u>4,931,624</u>	<u>199,929</u>
<b>Net Change in Fund Balance</b>	33,356	33,356	325,755	292,399
<b>Fund Balance - Beginning of year</b>	<u>1,089,209</u>	<u>1,089,209</u>	<u>1,089,209</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 1,122,565</b></u>	<u><b>\$ 1,122,565</b></u>	<u><b>\$ 1,414,964</b></u>	<u><b>\$ 292,399</b></u>

## Charter Township of Commerce

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Improvement and Building

**Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Charges for services	\$ 2,670,598	\$ 2,700,463	\$ 2,700,633	\$ 170
Interest and rentals	56,100	61,200	54,930	(6,270)
Other revenue	-	-	57,495	57,495
Total revenue	2,726,698	2,761,663	2,813,058	51,395
<b>Expenditures - Public works</b>	3,806,170	3,838,664	3,417,490	421,174
<b>Excess of Expenditures Over Revenue</b>	(1,079,472)	(1,077,001)	(604,432)	472,569
<b>Other Financing Sources</b>				
Transfers in	799,286	799,286	799,286	-
Sale of capital assets	-	57,995	500	(57,495)
Total other financing sources	799,286	857,281	799,786	(57,495)
<b>Net Change in Fund Balance</b>	(280,186)	(219,720)	195,354	415,074
<b>Fund Balance - Beginning of year</b>	810,275	810,275	810,275	-
<b>Fund Balance - End of year</b>	<b>\$ 530,089</b>	<b>\$ 590,555</b>	<b>\$ 1,005,629</b>	<b>\$ 415,074</b>

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)." All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations).

For budgetary purposes, the Township maintains separate general ledgers/budgets for certain funds that are reported within the General Fund in the basic financial statements. As a result, the General Fund, as budgeted, excludes those separate activities. A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Fund Balance</u>
Amounts per operating statement	\$ 9,507,406	\$ 4,486,296	\$ 17,522,322
Building and Inspection fund	(1,045,653)	(1,031,367)	(1,826,438)
Road improvements fund	(225,777)	(283,928)	(859,153)
Retiree health care plan	(10,440)	(12,437)	3,083
Budget stabilization fund	(21,567)	-	(1,329,119)
Amounts per budget statement	<u>\$ 8,203,969</u>	<u>\$ 3,158,564</u>	<u>\$ 13,510,695</u>

The Township did not have significant expenditure budget variances.

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## Other Supplemental Information

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# Charter Township of Commerce

## Other Supplemental Information Combining Balance Sheet General Fund

**December 31, 2018**

	General Fund, as Budgeted	Building and Inspection	Road Improvements Fund	Retiree Health Care Plan	Budget Stabilization Fund	Total
<b>Assets</b>						
Cash and investments	\$ 14,362,974	\$ 1,891,780	\$ 861,620	\$ (3,083)	\$ 1,329,119	\$ 18,442,410
Receivables:						
Property taxes receivable	1,111,034	-	-	-	-	1,111,034
Accrued interest receivable	-	-	2,600	-	-	2,600
Other receivables	213,723	-	-	-	-	213,723
Due from other governments	559,108	-	-	-	-	559,108
Prepaid expenses	26,657	2,017	-	-	-	28,674
Long-term advance to component unit (including interest)	11,218,047	-	-	-	-	11,218,047
<b>Total assets</b>	<b>\$ 27,491,543</b>	<b>\$ 1,893,797</b>	<b>\$ 864,220</b>	<b>\$ (3,083)</b>	<b>\$ 1,329,119</b>	<b>\$ 31,575,596</b>
<b>Liabilities</b>						
Accounts payable	\$ 78,481	\$ 65,839	\$ 5,067	\$ -	\$ -	\$ 149,387
Accrued liabilities and other	51,892	1,520	-	-	-	53,412
<b>Total liabilities</b>	<b>130,373</b>	<b>67,359</b>	<b>5,067</b>	<b>-</b>	<b>-</b>	<b>202,799</b>
<b>Deferred Inflows of Resources</b> - Property taxes levied for the following year	13,850,475	-	-	-	-	13,850,475
<b>Total liabilities and deferred inflows of resources</b>	<b>13,980,848</b>	<b>67,359</b>	<b>5,067</b>	<b>-</b>	<b>-</b>	<b>14,053,274</b>
<b>Fund Balances</b>						
Nonspendable	26,657	2,017	-	-	-	28,674
Restricted	-	1,824,421	-	-	-	1,824,421
Committed	-	-	-	-	1,329,119	1,329,119
Assigned	-	-	859,153	-	-	859,153
Unassigned	13,484,038	-	-	(3,083)	-	13,480,955
<b>Total fund balances</b>	<b>13,510,695</b>	<b>1,826,438</b>	<b>859,153</b>	<b>(3,083)</b>	<b>1,329,119</b>	<b>17,522,322</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 27,491,543</b>	<b>\$ 1,893,797</b>	<b>\$ 864,220</b>	<b>\$ (3,083)</b>	<b>\$ 1,329,119</b>	<b>\$ 31,575,596</b>

# Charter Township of Commerce

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balance General Fund

**Year Ended December 31, 2018**

	General Fund, as Budgeted	Building and Inspection	Road Improvements Fund	Retiree Health Care Plan	Budget Stabilization Fund	Total
<b>Revenue</b>						
Property taxes and voter-approved assessments	\$ 2,631,437	\$ -	\$ -	\$ -	\$ -	\$ 2,631,437
Intergovernmental:						
State sources:						
State-shared revenue	3,684,319	-	-	-	-	3,684,319
Local Community Stabilization Authority	70,043	-	-	-	-	70,043
Other state aid	11,820	-	-	-	-	11,820
Local grants and contributions	18,819	-	-	-	-	18,819
Charges for services	287,729	1,045,653	-	-	-	1,333,382
Fines and forfeitures	135,570	-	-	-	-	135,570
Licenses and permits	720,803	-	-	-	-	720,803
Interest and rentals	539,646	-	9,331	302	21,567	570,846
Other revenue	103,783	-	216,446	10,138	-	330,367
<b>Total revenue</b>	<b>8,203,969</b>	<b>1,045,653</b>	<b>225,777</b>	<b>10,440</b>	<b>21,567</b>	<b>9,507,406</b>
<b>Expenditures</b>						
Current services:						
General government	2,427,507	-	-	12,437	-	2,439,944
Public safety	49,208	1,031,367	-	-	-	1,080,575
Public works	37,798	-	283,928	-	-	321,726
Community and economic development	200,608	-	-	-	-	200,608
Recreation and culture	443,443	-	-	-	-	443,443
<b>Total expenditures</b>	<b>3,158,564</b>	<b>1,031,367</b>	<b>283,928</b>	<b>12,437</b>	<b>-</b>	<b>4,486,296</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>5,045,405</b>	<b>14,286</b>	<b>(58,151)</b>	<b>(1,997)</b>	<b>21,567</b>	<b>5,021,110</b>
<b>Other Financing (Uses) Sources - Transfers</b>	<b>(2,909,286)</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>(2,809,286)</b>
<b>Net Change in Fund Balance</b>	<b>2,136,119</b>	<b>14,286</b>	<b>41,849</b>	<b>(1,997)</b>	<b>21,567</b>	<b>2,211,824</b>
<b>Fund Balance - Beginning of year</b>	<b>11,374,576</b>	<b>1,812,152</b>	<b>817,304</b>	<b>(1,086)</b>	<b>1,307,552</b>	<b>15,310,498</b>
<b>Fund Balance - End of year</b>	<b>\$ 13,510,695</b>	<b>\$ 1,826,438</b>	<b>\$ 859,153</b>	<b>\$ (3,083)</b>	<b>\$ 1,329,119</b>	<b>\$ 17,522,322</b>

# Charter Township of Commerce

	Special Revenue Funds				
	Open Space Fund	Community Development Block Grant Fund	Museum Fund	Cemetery Fund	Library Fund
<b>Assets</b>					
Cash and investments	\$ 1,138,672	\$ -	\$ 170,497	\$ 308,939	\$ 2,873,895
Receivables	300,902	-	650	1,470	773,510
Prepaid expenses	-	-	-	-	10,711
<b>Total assets</b>	<b>\$ 1,439,574</b>	<b>\$ -</b>	<b>\$ 171,147</b>	<b>\$ 310,409</b>	<b>\$ 3,658,116</b>
<b>Liabilities</b>					
Accounts payable	\$ 21,542	\$ -	\$ -	\$ -	\$ 21,845
Accrued liabilities and other	-	-	-	-	27,145
<b>Total liabilities</b>	<b>21,542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,990</b>
<b>Deferred Inflows of Resources - Taxes and assessments levied for the following year</b>					
	712,936	-	-	-	1,828,039
<b>Total liabilities and deferred inflows of resources</b>	<b>734,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,877,029</b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	10,711
Restricted	705,096	-	171,147	310,409	1,770,376
Assigned	-	-	-	-	-
<b>Total fund balances</b>	<b>705,096</b>	<b>-</b>	<b>171,147</b>	<b>310,409</b>	<b>1,781,087</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,439,574</b>	<b>\$ -</b>	<b>\$ 171,147</b>	<b>\$ 310,409</b>	<b>\$ 3,658,116</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

**December 31, 2018**

<u>Debt Service Funds</u>		
<u>Debt Sinking Fund</u>	<u>Special Assessment Debt Fund</u>	<u>Total</u>
\$ 9,815,069	\$ 105,270	\$ 14,412,342
-	23,438	1,099,970
-	-	10,711
<b><u>\$ 9,815,069</u></b>	<b><u>\$ 128,708</u></b>	<b><u>\$ 15,523,023</u></b>
-	-	43,387
-	-	27,145
-	-	70,532
-	23,438	2,564,413
-	23,438	2,634,945
-	-	10,711
-	105,270	3,062,298
9,815,069	-	9,815,069
<u>9,815,069</u>	<u>105,270</u>	<u>12,888,078</u>
<b><u>\$ 9,815,069</u></b>	<b><u>\$ 128,708</u></b>	<b><u>\$ 15,523,023</u></b>

# Charter Township of Commerce

	Special Revenue Funds				
	Open Space Fund	Community Development Block Grant Fund	Museum Fund	Cemetery Fund	Library Fund
<b>Revenue</b>					
Property taxes and voter-approved assessments	\$ 678,374	\$ -	\$ -	\$ -	\$ 1,737,221
Special assessments	-	-	-	-	-
Intergovernmental	6,497	11,303	168	-	16,502
Charges for services	-	-	-	15,920	3,509
Fines and forfeitures	-	-	-	-	23,480
Licenses and permits	-	-	-	-	113,503
Interest and rentals	7,696	-	2,100	4,376	29,936
Other revenue	5,433	-	-	-	4,365
<b>Total revenue</b>	<b>698,000</b>	<b>11,303</b>	<b>2,268</b>	<b>20,296</b>	<b>1,928,516</b>
<b>Expenditures</b>					
Current services:					
Public works	-	-	-	33,488	-
CDBG	-	11,303	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	52,228	-	-	-	1,470,431
Capital outlay	543,023	-	4,320	-	10,986
<b>Total expenditures</b>	<b>595,251</b>	<b>11,303</b>	<b>4,320</b>	<b>33,488</b>	<b>1,481,417</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>102,749</b>	<b>-</b>	<b>(2,052)</b>	<b>(13,192)</b>	<b>447,099</b>
<b>Other Financing Sources</b>					
Transfers in	-	-	-	10,000	-
Sale of capital assets	-	-	-	-	100
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>100</b>
<b>Net Change in Fund Balances</b>	<b>102,749</b>	<b>-</b>	<b>(2,052)</b>	<b>(3,192)</b>	<b>447,199</b>
<b>Fund Balances - Beginning of year</b>	<b>602,347</b>	<b>-</b>	<b>173,199</b>	<b>313,601</b>	<b>1,333,888</b>
<b>Fund Balances - End of year</b>	<b>\$ 705,096</b>	<b>\$ -</b>	<b>\$ 171,147</b>	<b>\$ 310,409</b>	<b>\$ 1,781,087</b>

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds

**Year Ended December 31, 2018**

<u>Debt Service Funds</u>		
<u>Debt Sinking Fund</u>	<u>Special Assessment Debt Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 2,415,595
-	42,749	42,749
-	-	34,470
-	-	19,429
-	-	23,480
-	-	113,503
154,693	1,987	200,788
-	-	9,798
154,693	44,736	2,859,812
-	-	33,488
-	-	11,303
1,500,000	-	1,500,000
-	-	1,522,659
-	-	558,329
1,500,000	-	3,625,779
(1,345,307)	44,736	(765,967)
2,000,000	-	2,010,000
-	-	100
2,000,000	-	2,010,100
654,693	44,736	1,244,133
9,160,376	60,534	11,643,945
<b>\$ 9,815,069</b>	<b>\$ 105,270</b>	<b>\$ 12,888,078</b>

# Charter Township of Commerce

## Other Supplemental Information Combining Statement of Fiduciary Assets and Liabilities Agency Funds

December 31, 2018

	<u>Trust and Agency Fund</u>	<u>Tax Collection Fund</u>	<u>Total Agency Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 652,967	\$ 201,045	\$ 854,012
Investments	1,000,000	-	1,000,000
Total assets	<u>\$ 1,652,967</u>	<u>\$ 201,045</u>	<u>\$ 1,854,012</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 86,084	\$ 86,084
Due to other governmental units	-	114,961	114,961
Refundable deposits, bonds, etc.	1,652,967	-	1,652,967
Total liabilities	<u>\$ 1,652,967</u>	<u>\$ 201,045</u>	<u>\$ 1,854,012</u>