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# Charter Township of Commerce

Oakland County, Michigan

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**Financial Report**  
**with Supplementary Information**  
**December 31, 2022**

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## **Independent Auditor's Report**

To the Board of Trustees  
Charter Township of Commerce

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented 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, 2022 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of December 31, 2022 and the respective changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As discussed in Note 1 to the financial statements, in 2022, the Township adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Trustees  
Charter Township of Commerce

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Trustees  
Charter Township of Commerce

***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Commerce's basic financial statements. The other supplementary 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. Such 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. The 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2023 on our consideration of the Charter Township of Commerce's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter Township of Commerce's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Township of Commerce's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

June 7, 2023

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, 2022.

### ***Financial Highlights***

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 approximately \$10 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 revenue began with the 2011 budget and was renewed by voters in November 2018. The renewed special assessment for fire protection services is in effect through 2028 with a maximum of 2.8 mills. The renewed special assessment for sheriff protection services is in effect through 2030 with a maximum of 2.9 mills. The millage charged on the 2021 tax bills to fund 2022 services was 2.6 mills for fire and 2.622 mills for sheriff.

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 last of 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 and 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***

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 \$201,252,962 at the close of the most recent fiscal year. This total net position includes \$98,450,603 related to governmental activities and \$102,802,359 related to business-type activities.

# Charter Township of Commerce

## Management's Discussion and Analysis (Continued)

### The Township's Net Position

	Governmental Activities		
	2021	2022	Change
<b>Assets</b>			
Current and other assets:			
Cash and investments	\$ 57,974,040	\$ 66,694,375	\$ 8,720,335
Receivables	10,845,169	12,722,130	1,876,961
Other assets	21,600,518	25,761,797	4,161,279
Capital assets	40,675,178	41,553,533	878,355
Total assets	131,094,905	146,731,835	15,636,930
<b>Liabilities</b>			
Current liabilities	7,514,453	11,276,744	3,762,291
Noncurrent liabilities	21,665,968	12,190,706	(9,475,262)
Total liabilities	29,180,421	23,467,450	(5,712,971)
<b>Deferred Inflows of Resources</b>	21,301,284	24,813,782	3,512,498
<b>Net Position</b>			
Net investment in capital assets	39,328,358	39,936,019	607,661
Restricted	10,878,390	11,954,184	1,075,794
Unrestricted	30,406,452	46,560,400	16,153,948
Total net position	<b>\$ 80,613,200</b>	<b>\$ 98,450,603</b>	<b>\$ 17,837,403</b>

	Business-type Activities		
	2021	2022	Change
<b>Assets</b>			
Current and other assets:			
Cash and investments	\$ 30,906,270	\$ 33,504,259	\$ 2,597,989
Receivables	4,815,729	7,643,099	2,827,370
Other assets	55,861	61,815	5,954
Capital assets	100,809,248	99,005,318	(1,803,930)
Total assets	136,587,108	140,214,491	3,627,383
<b>Deferred Outflows of Resources</b>	777,894	729,635	(48,259)
<b>Liabilities</b>			
Current liabilities	1,788,813	2,145,950	357,137
Noncurrent liabilities	37,473,581	35,995,817	(1,477,764)
Total liabilities	39,262,394	38,141,767	(1,120,627)
<b>Net Position</b>			
Net investment in capital assets	64,113,561	63,739,136	(374,425)
Unrestricted	33,989,047	39,063,223	5,074,176
Total net position	<b>\$ 98,102,608</b>	<b>\$ 102,802,359</b>	<b>\$ 4,699,751</b>

# 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:

### The Township's Changes in Net Position

	Governmental Activities		
	2021	2022	Change
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 4,941,351	\$ 5,407,577	\$ 466,226
Operating grants	782,780	442,858	(339,922)
Capital grants	459,519	1,814,117	1,354,598
General revenue:			
Taxes	16,708,679	17,835,269	1,126,590
Intergovernmental	4,149,331	4,433,795	284,464
Investment earnings	338,308	638,449	300,141
Other revenue:			
Cable franchise fees	629,149	627,925	(1,224)
Sale of capital assets	11,400	478,678	467,278
Change in financial estimates	8,048,512	9,793,963	1,745,451
Other miscellaneous revenue	644,731	617,142	(27,589)
Total revenue	36,713,760	42,089,773	5,376,013
<b>Expenses</b>			
General government	2,346,513	2,685,630	339,117
Public safety	11,840,175	14,081,081	2,240,906
Public works	3,753,101	3,694,988	(58,113)
Community and economic development	282,399	390,072	107,673
Recreation and culture	3,354,663	3,137,329	(217,334)
Interest	34,972	263,270	228,298
Total expenses	21,611,823	24,252,370	2,640,547
<b>Change in Net Position</b>	15,101,937	17,837,403	2,735,466
<b>Net Position - Beginning of year</b>	65,511,263	80,613,200	15,101,937
<b>Net Position - End of year</b>	<b>\$ 80,613,200</b>	<b>\$ 98,450,603</b>	<b>\$ 17,837,403</b>
<b>Business-type Activities</b>			
	2021	2022	Change
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 15,992,418	\$ 18,264,652	\$ 2,272,234
Capital grants	1,966,688	3,471,855	1,505,167
General revenue	175,447	295,874	120,427
Total revenue	18,134,553	22,032,381	3,897,828
<b>Expenses</b>			
Sewer Fund	11,500,238	10,543,386	(956,852)
Water Fund	6,402,264	6,789,244	386,980
Total expenses	17,902,502	17,332,630	(569,872)
<b>Change in Net Position</b>	232,051	4,699,751	4,467,700
<b>Net Position - Beginning of year, as adjusted</b>	97,870,557	98,102,608	232,051
<b>Net Position - End of year</b>	<b>\$ 98,102,608</b>	<b>\$ 102,802,359</b>	<b>\$ 4,699,751</b>



# Charter Township of Commerce

## Management's Discussion and Analysis (Continued)

In 2022, total primary government revenue exceeded expenses by approximately \$22.5 million. Governmental activities net position increased by \$17.8 million, and business-type activities net position increased by \$4.7 million. For governmental activities, assets increased by \$15.6 million, including significant increases to cash and investments, and advance to the DDA. During 2022, the Township advanced an additional \$4.0 million to the DDA. It is anticipated that, after the last of 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, including interest.

### ***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.

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

### ***General Fund Budgetary Highlights***

During 2022, the General Fund budget did not require significant amendments, other than to increase anticipated other revenue. During the year, actual revenue was \$510,090 less than budgetary estimates largely due to other revenue falling short of expectations. Expenditures were less than budget by \$255,973. The fund balance, on a budgetary basis, increased by \$3,643,007.

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

At the end of 2022, the Township had \$140.6 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 2022, the governmental activities added approximately \$3.6 million of capital assets, and the business-type activities added approximately \$2.8 million.

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

Overall real property taxable value has continued to increase. This is due largely to significant building and development within the Township, as well as significant resale activity resulting in uncapping of lower taxable values. Accordingly, we expect an increase in our special assessment revenue for fire and police services and DDA capture.

Looking to the future, and keen to the challenges of balancing potential development with the desire for a country-like atmosphere, the Township has been researching traffic flows and the impact any new or expanding development might have in already congested areas. This includes the development of a downtown area along the M-5 corridor, which is moving forward. The developer is hopeful to have more visible progress made by the end of 2025.

Additionally, the Township is adding a process to our award-winning Waste Water Treatment Plant (WWTP) that will greatly reduce the environmental footprint generated by such facilities. The Township currently hauls away the sludge from the WWTP to dump in landfills. The new Lystek system will, through a sophisticated process, transform the sludge into an injectable Class A homogenous biosolid liquid fertilizer. This will significantly reduce the amount of waste put into the landfill, the costs associated with hauling the waste, and the carbon emissions caused by hauling. This system is expected to be operational by late 2023.

## Charter Township of Commerce

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

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#### ***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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 66,694,375	\$ 33,504,259	\$ 100,198,634	\$ 1,397,197
Receivables (Note 4)	12,722,130	5,830,334	18,552,464	679,786
Internal balances	(1,812,765)	1,812,765	-	-
Prepaid expenses	220,584	61,815	282,399	10,691
Land held for resale	-	-	-	8,426,980
Capital assets: (Note 5)				
Assets not subject to depreciation	19,885,301	3,505,850	23,391,151	2,059,867
Assets subject to depreciation - Net	21,668,232	95,499,468	117,167,700	-
Long-term advance to component unit (including interest) (Notes 6 and 8)	25,541,213	-	25,541,213	-
Total assets	144,919,070	140,214,491	285,133,561	12,574,521
<b>Deferred Outflows of Resources</b> - Deferred charge on bond refunding	-	729,635	729,635	-
<b>Liabilities</b>				
Accounts payable	1,697,259	1,992,538	3,689,797	3,046
Due to primary government (Notes 6 and 8)	-	-	-	25,541,213
Refundable deposits, bonds, etc.	5,420,137	-	5,420,137	-
Accrued liabilities and other	102,269	123,662	225,931	426,454
Unearned revenue	2,244,314	29,750	2,274,064	-
Noncurrent liabilities: (Note 7)				
Due within one year	473,730	1,445,000	1,918,730	4,590,000
Due in more than one year	11,716,976	34,550,817	46,267,793	39,923,302
Total liabilities	21,654,685	38,141,767	59,796,452	70,484,015
<b>Deferred Inflows of Resources</b>				
Taxes and assessments levied for the following year	22,933,036	-	22,933,036	976,748
Deferred inflows from leases	1,880,746	-	1,880,746	-
Total deferred inflows of resources	24,813,782	-	24,813,782	976,748
<b>Net Position (Deficit)</b>				
Net investment in capital assets	39,936,019	63,739,136	103,675,155	-
Restricted:				
Sheriff	2,533,412	-	2,533,412	-
Fire	1,084,087	-	1,084,087	-
Building inspections (Note 2)	1,934,969	-	1,934,969	-
Library	3,849,115	-	3,849,115	-
Other restrictions (Note 10)	2,552,601	-	2,552,601	-
Unrestricted	46,560,400	39,063,223	85,623,623	(58,886,242)
Total net position (deficit)	<u>\$ 98,450,603</u>	<u>\$ 102,802,359</u>	<u>\$ 201,252,962</u>	<u>\$ (58,886,242)</u>

# Charter Township of Commerce

Functions/Programs	Program Revenue			Capital Grants and Contributions
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 2,685,630	\$ 2,248,026	\$ 43,542	\$ 1,840
Public safety	14,081,081	2,400	317,981	1,516,818
Public works	3,694,988	3,135,234	60,812	95,459
Community and economic development	390,072	-	-	-
Recreation and culture	3,137,329	21,917	20,523	200,000
Interest on long-term debt	263,270	-	-	-
Total governmental activities	<u>24,252,370</u>	<u>5,407,577</u>	<u>442,858</u>	<u>1,814,117</u>
Business-type activities:				
Sewer Fund	10,543,386	9,652,065	-	3,071,159
Water Fund	6,789,244	8,612,587	-	400,696
Total business-type activities	<u>17,332,630</u>	<u>18,264,652</u>	<u>-</u>	<u>3,471,855</u>
Total primary government	<u><b>\$ 41,585,000</b></u>	<u><b>\$ 23,672,229</b></u>	<u><b>\$ 442,858</b></u>	<u><b>\$ 5,285,972</b></u>
Component units - DDA	<u><b>\$ 2,180,181</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>

General revenue:

- Property taxes and voter-approved assessments
- Unrestricted state-shared revenue
- Unrestricted investment income
- Cable franchise fees
- Gain on sale of capital assets
- Reduction in estimated debt guarantee
- 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, 2022

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (392,222)	\$ -	\$ (392,222)	\$ -
(12,243,882)	-	(12,243,882)	-
(403,483)	-	(403,483)	-
(390,072)	-	(390,072)	-
(2,894,889)	-	(2,894,889)	-
(263,270)	-	(263,270)	-
(16,587,818)	-	(16,587,818)	-
-	2,179,838	2,179,838	-
-	2,224,039	2,224,039	-
-	4,403,877	4,403,877	-
(16,587,818)	4,403,877	(12,183,941)	-
-	-	-	(2,180,181)
17,835,269	-	17,835,269	1,847,276
4,433,795	-	4,433,795	148,272
638,449	295,874	934,323	10,060
627,925	-	627,925	-
478,678	-	478,678	-
9,793,963	-	9,793,963	-
617,142	-	617,142	496,954
34,425,221	295,874	34,721,095	2,502,562
17,837,403	4,699,751	22,537,154	322,381
80,613,200	98,102,608	178,715,808	(59,208,623)
<b>\$ 98,450,603</b>	<b>\$ 102,802,359</b>	<b>\$ 201,252,962</b>	<b>\$ (58,886,242)</b>

# Charter Township of Commerce

## Governmental Funds Balance Sheet

December 31, 2022

	General Fund	Fire Fund	Sheriff Fund	Improvement and Building Fund	Debt Sinking Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments (Note 3)	\$ 35,941,586	\$ 6,406,510	\$ 7,116,198	\$ 3,791,126	\$ 5,242,765	\$ 8,196,190	\$ 66,694,375
Receivables (Note 4)	4,320,910	2,895,428	2,870,672	1,123,108	-	1,512,012	12,722,130
Due from other funds (Note 6)	-	-	-	-	-	16,000	16,000
Advances to other funds (Note 6)	1,500,000	-	-	-	-	-	1,500,000
Prepaid expenses	134,544	78,964	-	-	-	7,076	220,584
Long-term advance to component unit (including interest) (Note 6)	25,541,213	-	-	-	-	-	25,541,213
<b>Total assets</b>	<b>\$ 67,438,253</b>	<b>\$ 9,380,902</b>	<b>\$ 9,986,870</b>	<b>\$ 4,914,234</b>	<b>\$ 5,242,765</b>	<b>\$ 9,731,278</b>	<b>\$ 106,694,302</b>
<b>Liabilities</b>							
Accounts payable	\$ 245,510	\$ 47,427	\$ 1,040,636	\$ 249,293	\$ -	\$ 114,393	\$ 1,697,259
Due to other funds (Note 6)	1,828,765	-	-	-	-	-	1,828,765
Advances from other funds (Note 6)	-	1,500,000	-	-	-	-	1,500,000
Refundable deposits, bonds, etc.	5,420,137	-	-	-	-	-	5,420,137
Accrued liabilities and other	30,923	59,996	-	-	-	11,350	102,269
Unearned revenue	2,244,314	-	-	-	-	-	2,244,314
<b>Total liabilities</b>	<b>9,769,649</b>	<b>1,607,423</b>	<b>1,040,636</b>	<b>249,293</b>	<b>-</b>	<b>125,743</b>	<b>12,792,744</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	25,588,267	72,021	-	-	-	-	25,660,288
Taxes and assessments levied for the following year	3,395,237	6,689,392	6,412,822	3,173,222	-	3,262,363	22,933,036
Deferred inflows from leases	1,880,746	-	-	-	-	-	1,880,746
<b>Total deferred inflows of resources</b>	<b>30,864,250</b>	<b>6,761,413</b>	<b>6,412,822</b>	<b>3,173,222</b>	<b>-</b>	<b>3,262,363</b>	<b>50,474,070</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>40,633,899</b>	<b>8,368,836</b>	<b>7,453,458</b>	<b>3,422,515</b>	<b>-</b>	<b>3,388,106</b>	<b>63,266,814</b>
<b>Fund Balances (Note 9)</b>							
Nonspendable	1,634,544	78,964	-	-	-	7,076	1,720,584
Restricted	1,943,778	933,102	2,533,412	-	-	6,336,096	11,746,388
Committed	1,377,552	-	-	1,491,719	-	-	2,869,271
Assigned	1,184,053	-	-	-	5,242,765	-	6,426,818
Unassigned	20,664,427	-	-	-	-	-	20,664,427
<b>Total fund balances</b>	<b>26,804,354</b>	<b>1,012,066</b>	<b>2,533,412</b>	<b>1,491,719</b>	<b>5,242,765</b>	<b>6,343,172</b>	<b>43,427,488</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 67,438,253</b>	<b>\$ 9,380,902</b>	<b>\$ 9,986,870</b>	<b>\$ 4,914,234</b>	<b>\$ 5,242,765</b>	<b>\$ 9,731,278</b>	<b>\$ 106,694,302</b>

# Charter Township of Commerce

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

December 31, 2022

<b>Fund Balances Reported in Governmental Funds</b>	\$ 43,427,488
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	41,553,533
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	25,660,288
Long-term debt is not due and payable in the current period and is not reported in the funds	(1,617,514)
Nonexchange financial guarantee is not due and payable in the current period and is not reported in the funds	(10,219,131)
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	(354,061)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 98,450,603</u></b>

# Charter Township of Commerce

## Governmental Funds

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

**Year Ended December 31, 2022**

	General Fund	Fire Fund	Sheriff Fund	Improvement and Building Fund	Debt Sinking Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>							
Property taxes and voter-approved assessments	\$ 3,165,197	\$ 5,820,895	\$ 6,010,084	\$ -	\$ -	\$ 2,839,093	\$ 17,835,269
Special assessments	-	-	-	-	-	95,459	95,459
Intergovernmental	4,850,407	1,864,929	36,075	-	-	232,887	6,984,298
Charges for services	273,378	2,400	-	3,105,816	-	19,023	3,400,617
Fines and forfeitures	95,415	-	-	-	-	15,034	110,449
Licenses and permits	2,167,982	-	-	-	-	106,659	2,274,641
Interest and rentals	698,770	26,576	35,280	26,552	43,967	59,812	890,957
Other revenue	207,691	130,942	266,404	6,800	-	16,651	628,488
<b>Total revenue</b>	<b>11,458,840</b>	<b>7,845,742</b>	<b>6,347,843</b>	<b>3,139,168</b>	<b>43,967</b>	<b>3,384,618</b>	<b>32,220,178</b>
<b>Expenditures</b>							
Current services:							
General government	2,826,601	-	-	-	-	-	2,826,601
Public safety	1,576,377	6,164,207	6,096,842	-	-	-	13,837,426
Public works	447,866	-	-	3,156,893	-	58,564	3,663,323
Community and economic development	390,072	-	-	-	4,000,000	-	4,390,072
Recreation and culture	503,336	-	-	-	-	1,946,031	2,449,367
Capital outlay	365,000	925,191	65,699	21,889	-	1,352,526	2,730,305
Debt service:							
Principal	-	313,310	-	-	-	78,000	391,310
Interest	-	43,920	-	-	-	8,531	52,451
<b>Total expenditures</b>	<b>6,109,252</b>	<b>7,446,628</b>	<b>6,162,541</b>	<b>3,178,782</b>	<b>4,000,000</b>	<b>3,443,652</b>	<b>30,340,855</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>5,349,588</b>	<b>399,114</b>	<b>185,302</b>	<b>(39,614)</b>	<b>(3,956,033)</b>	<b>(59,034)</b>	<b>1,879,323</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in (Note 6)	-	-	-	200,000	2,500,000	65,677	2,765,677
Transfers out (Note 6)	(2,735,000)	-	-	-	-	(30,677)	(2,765,677)
New debt issued	-	662,004	-	-	-	-	662,004
Sale of capital assets	1,134,200	6,998	-	-	-	-	1,141,198
<b>Total other financing (uses) sources</b>	<b>(1,600,800)</b>	<b>669,002</b>	<b>-</b>	<b>200,000</b>	<b>2,500,000</b>	<b>35,000</b>	<b>1,803,202</b>
<b>Net Change in Fund Balances</b>	<b>3,748,788</b>	<b>1,068,116</b>	<b>185,302</b>	<b>160,386</b>	<b>(1,456,033)</b>	<b>(24,034)</b>	<b>3,682,525</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>23,055,566</b>	<b>(56,050)</b>	<b>2,348,110</b>	<b>1,331,333</b>	<b>6,698,798</b>	<b>6,367,206</b>	<b>39,744,963</b>
<b>Fund Balances - End of year</b>	<b>\$ 26,804,354</b>	<b>\$ 1,012,066</b>	<b>\$ 2,533,412</b>	<b>\$ 1,491,719</b>	<b>\$ 5,242,765</b>	<b>\$ 6,343,172</b>	<b>\$ 43,427,488</b>



# Charter Township of Commerce

## Governmental Funds

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

**Year Ended December 31, 2022**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 3,682,525</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	3,555,832
Depreciation expense	(2,014,957)
Net book value of asset disposals	(662,520)
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	3,801,261
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(662,004)
Change in nonexchange financial guarantee does not require current financial resources and is not reported in the governmental funds	9,793,963
Payments on long-term debt are expenditures in the governmental funds but not in the statement of activities (where they reduce long-term debt)	391,310
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	(48,007)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 17,837,403</u></b>

# Charter Township of Commerce

## Proprietary Funds Statement of Net Position

December 31, 2022

	Sewer Fund	Water Fund	Total Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 13,473,456	\$ 20,030,803	\$ 33,504,259
Receivables (Note 4)	2,594,130	2,840,363	5,434,493
Due from other funds (Note 6)	1,812,765	-	1,812,765
Prepaid expenses	47,687	14,128	61,815
Total current assets	17,928,038	22,885,294	40,813,332
Noncurrent assets:			
Special assessment receivables - Greater than one year (Note 4)	395,841	-	395,841
Capital assets: (Note 5)			
Assets not subject to depreciation	3,164,507	341,343	3,505,850
Assets subject to depreciation - Net	72,133,860	23,365,608	95,499,468
Total noncurrent assets	75,694,208	23,706,951	99,401,159
Total assets	93,622,246	46,592,245	140,214,491
<b>Deferred Outflows of Resources</b> - Deferred charge on bond refunding	729,635	-	729,635
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	956,875	1,035,663	1,992,538
Accrued liabilities and other	123,662	-	123,662
Unearned revenue	-	29,750	29,750
Current portion of bonds payable (Note 7)	1,445,000	-	1,445,000
Total current liabilities	2,525,537	1,065,413	3,590,950
Noncurrent liabilities - Bonds payable (Note 7)	34,550,817	-	34,550,817
Total liabilities	37,076,354	1,065,413	38,141,767
<b>Net Position</b>			
Net investment in capital assets	40,032,185	23,706,951	63,739,136
Unrestricted	17,243,342	21,819,881	39,063,223
Total net position	<b>\$ 57,275,527</b>	<b>\$ 45,526,832</b>	<b>\$ 102,802,359</b>

# Charter Township of Commerce

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

**Year Ended December 31, 2022**

	Sewer Fund	Water Fund	Total Enterprise Funds
<b>Operating Revenue</b>			
Sale of water	\$ -	\$ 8,612,587	\$ 8,612,587
Sewage disposal charges	9,157,358	-	9,157,358
Installation fees	474,957	-	474,957
Other income	19,750	-	19,750
Total operating revenue	<u>9,652,065</u>	<u>8,612,587</u>	<u>18,264,652</u>
<b>Operating Expenses</b>			
Cost of water	-	5,393,940	5,393,940
Cost of sewage treatment	3,868,996	-	3,868,996
Other operating and maintenance costs	1,690,952	277,087	1,968,039
Depreciation	3,519,899	1,118,217	4,638,116
Total operating expenses	<u>9,079,847</u>	<u>6,789,244</u>	<u>15,869,091</u>
<b>Operating Income</b>	572,218	1,823,343	2,395,561
<b>Nonoperating Revenue (Expense)</b>			
Investment income	137,916	157,958	295,874
Interest expense	(1,463,539)	-	(1,463,539)
Total nonoperating (expense) revenue	<u>(1,325,623)</u>	<u>157,958</u>	<u>(1,167,665)</u>
<b>(Loss) Income - Before capital contributions</b>	(753,405)	1,981,301	1,227,896
<b>Capital Contributions</b>			
Capital grants	1,812,765	-	1,812,765
Special assessments	-	29,750	29,750
Benefit fees	1,258,394	370,946	1,629,340
Total capital contributions	<u>3,071,159</u>	<u>400,696</u>	<u>3,471,855</u>
<b>Change in Net Position</b>	2,317,754	2,381,997	4,699,751
<b>Net Position - Beginning of year</b>	<u>54,957,773</u>	<u>43,144,835</u>	<u>98,102,608</u>
<b>Net Position - End of year</b>	<u><u>\$ 57,275,527</u></u>	<u><u>\$ 45,526,832</u></u>	<u><u>\$ 102,802,359</u></u>

## Charter Township of Commerce

### Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2022

	Sewer Fund	Water Fund	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 9,204,184	\$ 8,136,377	\$ 17,340,561
Payments to suppliers	(5,157,297)	(5,688,036)	(10,845,333)
Net cash and cash equivalents provided by operating activities	4,046,887	2,448,341	6,495,228
<b>Cash Flows from Capital and Related Financing Activities</b>			
Special assessment collections	-	29,750	29,750
Benefit fees	1,138,129	370,946	1,509,075
Purchase of capital assets	(2,765,107)	(69,079)	(2,834,186)
Principal and interest paid on capital debt	(2,897,752)	-	(2,897,752)
Net cash and cash equivalents (used in) provided by capital and related financing activities	(4,524,730)	331,617	(4,193,113)
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	137,916	157,958	295,874
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(339,927)	2,937,916	2,597,989
<b>Cash and Cash Equivalents - Beginning of year</b>	13,813,383	17,092,887	30,906,270
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 13,473,456</b>	<b>\$ 20,030,803</b>	<b>\$ 33,504,259</b>
<b>Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities</b>			
Operating income	\$ 572,218	\$ 1,823,343	\$ 2,395,561
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities:			
Depreciation	3,519,899	1,118,217	4,638,116
Changes in assets and liabilities:			
Receivables	(447,881)	(476,210)	(924,091)
Prepaid and other assets	(114)	(5,840)	(5,954)
Accounts payable	402,765	(11,169)	391,596
Total adjustments	3,474,669	624,998	4,099,667
Net cash and cash equivalents provided by operating activities	<b>\$ 4,046,887</b>	<b>\$ 2,448,341</b>	<b>\$ 6,495,228</b>

**Charter Township of Commerce**

**Fiduciary Funds  
Statement of Fiduciary Net Position**

**December 31, 2022**

	Other Employee Benefit Trust Fund - Retirement Health Funding Vehicle	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 1,760,541	\$ 1,760,541
Interest in investment pool	394,830	-	394,830
Property tax receivables	-	2,786,387	2,786,387
Total assets	394,830	4,546,928	4,941,758
<b>Liabilities</b> - Due to other governments	-	1,760,541	1,760,541
<b>Deferred Inflows of Resources</b> - Taxes levied for the following year	-	2,786,387	2,786,387
<b>Net Position</b> - Restricted - Postemployment benefits other than pension	<b>\$ 394,830</b>	<b>\$ -</b>	<b>\$ 394,830</b>

**Charter Township of Commerce**

**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**

**Year Ended December 31, 2022**

	Other Employee Benefit Trust Fund - Retirement Health Funding Vehicle	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
<b>Additions</b>			
Investment loss:			
Net decrease in fair value of investments	\$ (46,540)	\$ -	\$ (46,540)
Investment costs	(733)	-	(733)
Net investment loss	(47,273)	-	(47,273)
Property tax collections	-	61,919,637	61,919,637
Total additions	(47,273)	61,919,637	61,872,364
<b>Deductions</b>			
Benefit payments	4,750	-	4,750
Property tax disbursements	-	61,919,637	61,919,637
Total deductions	4,750	61,919,637	61,924,387
<b>Net Decrease in Fiduciary Net Position</b>	(52,023)	-	(52,023)
<b>Net Position - Beginning of year</b>	446,853	-	446,853
<b>Net Position - End of year</b>	<b>\$ 394,830</b>	<b>\$ -</b>	<b>\$ 394,830</b>

**Note 1 - Significant Accounting Policies**

***Accounting and Reporting Principles***

The Charter Township of Commerce (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 (GASB). 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**

The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and 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.

**Fiduciary Component Unit**

The retiree health care plan is governed by the township board. Although the retiree health care plan is legally separate from the Township, it is reported as a fiduciary component unit because the township board serves as the plan's board and the plan imposes a financial burden on the Township.

***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 health care-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, Michigan sheriff's department.
- The Improvement and Building Fund accounts for the major improvements within the Township, garbage collection, and other assessments, including weed and dust control, snow removal, and street lighting.
- The Debt Sinking Fund accounts for resources set aside to fund the financial guarantee of the Downtown Development Authority's debt.



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

**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. The Township reports the following fiduciary funds:

- The Retirement Health Funding Vehicle Fund accumulates resources for future retiree health care payments to retirees.
- The Tax Collection Fund collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities).

**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.

**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.

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

**Capital Assets**

Capital assets are reported in the applicable governmental, business-type, and component unit columns 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.

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

<u>Capital Asset Class</u>	<u>Depreciable Life - Years</u>
Land	10-20
Land improvements	10-40
Buildings	5-20
Equipment	3-20
Vehicles	10-40
Books and materials	5-7

**Unearned Revenue**

Unearned revenue represents money received that does not yet meet the criteria for revenue recognition. As of December 31, 2022, the General Fund balance of unearned revenue relates to American Rescue Plan Act cash received in advance of eligibility criteria being met. Unearned amounts are reported as liabilities.

**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 and/or balance sheet 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 and/or balance sheet 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.

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

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

	Outflows	Inflows
Unavailable revenue (revenue 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		✓
Deferred lease revenue		✓

**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.

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

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 exist only 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.

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 20 percent of the most recent General Fund budget (or average of the five most recent amended 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, 2022 of the Budget Stabilization Fund, which is reported in the General Fund, is \$1,377,552.

**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, 2021 and is recognized as revenue in the year ended December 31, 2022 when the proceeds of the levy are budgeted and available for the financing of operations.

The taxable valuation of the Township totaled \$2.3 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	Revenue
General operating		2.0100 \$	4,285,000
Fire township-wide special assessment		2.6000	5,821,000
Police township-wide special assessment		2.6220	5,371,000
Library extra voted		0.6601	1,409,000
Open space extra voted		0.3711	791,000

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 \$227.30 per parcel for garbage collection, which is reported in these financial statements as charges for services.

**Leases**

The Township is a lessor for noncancelable leases of cell tower space and building space. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

Key estimates and judgments include how the Township determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts. The Township uses the actual rate charged to lessees as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**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 is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**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 May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. 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, 2023.

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

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2024.

**Adoption of New Accounting Pronouncement**

During the current year, the Township adopted GASB Statement No. 87, *Leases*. As a result, the General Fund now includes receivables for the presented value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 14.

**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.

Cumulative surplus at January 1, 2022	\$ 1,998,629
Current year permit revenue	1,454,657
Related expenses - Direct costs	<u>1,518,317</u>
Current year deficiency	<u>(63,660)</u>
Cumulative surplus December 31, 2022	<u>\$ 1,934,969</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 that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 authorized nine 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.

December 31, 2022

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

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 bank deposits of \$33,285,534 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township also reports approximately \$28 million of Sewer Fund and Water Fund cash held by Oakland County, Michigan that is not included in the calculation of uninsured deposits. The Township believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits.

**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	\$ 26,660,824	1.53
U.S. government agency securities	117,666	1.73
Negotiable certificates of deposit	523,578	3.73
Total	<u>\$ 27,302,068</u>	

**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, 2022, 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	\$ 26,660,824	NR	N/A
U.S. government agency securities	117,666	AA+	S&P
Bank investment pool	3,671,535	AAAm	S&P
Negotiable certificates of deposit	523,578	NR	N/A
Total	<u>\$ 30,973,603</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 40 percent. The LGIP is not registered with the Securities and Exchange Commission (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.

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

***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, and 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 where 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, 2022:

- The Township's investments in the Oakland County LGIP (\$26,660,824) and Michigan CLASS (\$3,671,535) are measured at net asset value (NAV).
- Negotiable certificates of deposit of \$523,578 and U.S. government agency securities of \$117,666 are valued using a matrix pricing model (Level 2 inputs).

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

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

The Township holds shares or interests in investment pools where 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, 2022, 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
<b>Primary Government</b>				
Oakland County Local Government Investment Pool	\$ 26,660,824	\$ -	No restrictions	None
Michigan CLASS investment pool	3,671,535	-	No restrictions	None
<b>Fiduciary Funds</b>				
MERS Total Market Fund	\$ 394,830	\$ -	No restrictions	None

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.



**December 31, 2022**

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

The MERS Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. The Municipal Employees' Retirement System (MERS) manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio.

**Note 4 - Receivables**

Receivables as of December 31, 2022 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	\$ 1,396,523	\$ 5,550,560	\$ 1,257,121	\$ -	\$ -	\$ 8,204,204
Special assessments receivable	-	1,123,108	245,895	395,841	29,750	1,794,594
Customer receivables	-	-	-	2,463,194	2,805,020	5,268,214
Leases receivable	1,943,499	-	-	-	-	1,943,499
Other receivables	231,169	141,263	8,996	11,371	-	392,799
Due from other governments	749,719	74,277	-	119,565	5,593	949,154
<b>Total receivables</b>	<b>\$ 4,320,910</b>	<b>\$ 6,889,208</b>	<b>\$ 1,512,012</b>	<b>\$ 2,989,971</b>	<b>\$ 2,840,363</b>	<b>\$ 18,552,464</b>

December 31, 2022

**Note 5 - Capital Assets**

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

**Governmental Activities**

	Balance January 1, 2022	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated:				
Land	\$ 13,201,623	\$ 365,000	\$ (662,520)	\$ 12,904,103
Construction in progress	5,609,078	1,372,120	-	6,981,198
Subtotal	18,810,701	1,737,120	(662,520)	19,885,301
Capital assets being depreciated:				
Buildings	19,863,112	94,672	-	19,957,784
Improvements	6,961,887	245,393	-	7,207,280
Machinery and equipment	8,679,014	1,296,628	(386,522)	9,589,120
Books and materials	1,470,520	182,019	-	1,652,539
Subtotal	36,974,533	1,818,712	(386,522)	38,406,723
Accumulated depreciation:				
Buildings	6,036,835	616,127	-	6,652,962
Improvements	2,046,472	349,396	-	2,395,868
Machinery and equipment	6,025,826	900,045	(386,522)	6,539,349
Books and materials	1,000,923	149,389	-	1,150,312
Subtotal	15,110,056	2,014,957	(386,522)	16,738,491
Net capital assets being depreciated	21,864,477	(196,245)	-	21,668,232
Net governmental activities capital assets	<u>\$ 40,675,178</u>	<u>\$ 1,540,875</u>	<u>\$ (662,520)</u>	<u>\$ 41,553,533</u>

**Business-type Activities**

	Balance January 1, 2022	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated:				
Land	\$ 438,993	\$ -	\$ -	\$ 438,993
Construction in progress	910,483	2,156,374	-	3,066,857
Subtotal	1,349,476	2,156,374	-	3,505,850
Capital assets being depreciated -				
Buildings and infrastructure	180,470,416	677,812	-	181,148,228
Accumulated depreciation -				
Buildings and infrastructure	81,010,644	4,638,116	-	85,648,760
Net capital assets being depreciated	99,459,772	(3,960,304)	-	95,499,468
Net business-type activities capital assets	<u>\$ 100,809,248</u>	<u>\$ (1,803,930)</u>	<u>\$ -</u>	<u>\$ 99,005,318</u>

**December 31, 2022**

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

**Component Unit**

	Balance January 1, 2022	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated - Land	\$ 2,059,867	\$ -	\$ -	\$ 2,059,867

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

Governmental activities:			
General government			\$ 205,913
Public safety			707,712
Public works			9,776
Recreation and culture			<u>1,091,556</u>
Total governmental activities			<u>\$ 2,014,957</u>
Business-type activities:			
Sewer			\$ 3,519,899
Water			<u>1,118,217</u>
Total business-type activities			<u>\$ 4,638,116</u>

**Construction Commitments**

The Township has multiple significant active construction projects at year end. The approximate amount spent to date and remaining commitment on those active construction projects is as follows:

	Spent to Date	Remaining Commitment
Lystek system implementation	\$ 2,050,000	\$ 4,230,000
Benstein water main phase 1	330,000	2,900,000
Richardson center improvements	830,000	305,000
Hickory Glen park project	<u>475,000</u>	<u>43,000</u>
Total	<u>\$ 3,685,000</u>	<u>\$ 7,478,000</u>

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

The General Fund has made a long-term advance to the Fire Fund. The \$1,500,000 outstanding is expected to be repaid in 2024. Additionally, there are short-term amounts due from the General Fund to the Sewer Fund (\$1,812,765) and nonmajor governmental funds (\$16,000) related to the transfer of cash for grant proceeds spent out of the Sewer Fund and nonmajor governmental funds.

The balance of amounts loaned to the discretely presented component unit, including \$4 million loaned in 2022 and accrued interest, is as follows:

Receivable	Payable	Amount
General Fund	Downtown Development Authority	\$ 25,541,213

The loan from the Township to the DDA was in connection with the financial guarantee, as discussed in Note 8.

December 31, 2022

**Note 6 - Interfund Receivables, Payables, and Transfers (Continued)**

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	\$ 2,500,000
	Improvement and Building Fund	200,000
	Nonmajor governmental funds	35,000
Nonmajor governmental funds	Nonmajor governmental funds	<u>30,677</u>
	Total General Fund	<u>\$ 2,765,677</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. The transfer between nonmajor governmental funds represents the transfer of special assessment proceeds to be used to pay related debt.

**Note 7 - Long-term Debt**

Long-term debt activity for the year ended December 31, 2022 can be summarized as follows:

**Governmental Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation special assessment bonds - Direct borrowing	\$ 676,000	\$ -	\$ (78,000)	\$ 598,000	\$ 78,000
Installment purchases - Direct borrowings	670,820	662,004	(313,310)	1,019,514	328,171
Compensated absences	306,054	375,045	(327,038)	354,061	67,559
Nonexchange financial guarantee (Note 8)	<u>20,013,094</u>	<u>-</u>	<u>(9,793,963)</u>	<u>10,219,131</u>	<u>-</u>
Total governmental activities long-term debt	<u>\$ 21,665,968</u>	<u>\$ 1,037,049</u>	<u>\$ (10,512,311)</u>	<u>\$ 12,190,706</u>	<u>\$ 473,730</u>

December 31, 2022

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

***Business-type Activities***

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt:					
2016 Capital Improvement Refunding Bonds	\$ 21,965,000	\$ -	\$ (885,000)	\$ 21,080,000	\$ 925,000
2017 Capital Improvement Refunding Bonds	9,130,000	-	(25,000)	9,105,000	25,000
2019 Capital Improvement Refunding Bonds	4,025,000	-	(420,000)	3,605,000	440,000
Total other debt outstanding	35,120,000	-	(1,330,000)	33,790,000	1,390,000
Direct borrowings and direct placements - Clean Water State Revolving Funds	729,804	-	(55,000)	674,804	55,000
Unamortized bond premiums	1,623,777	-	(92,764)	1,531,013	-
Total business-type activities long-term debt	<u>\$ 37,473,581</u>	<u>\$ -</u>	<u>\$ (1,477,764)</u>	<u>\$ 35,995,817</u>	<u>\$ 1,445,000</u>

***Component Unit***

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt:					
2016 Downtown Development Authority Limited Tax General Obligation Bonds Series 2016-A	\$ 17,255,000	\$ -	\$ (2,025,000)	\$ 15,230,000	\$ 2,160,000
2016 Downtown Development Authority Limited Tax General Obligation Bonds Series 2016-B	1,380,000	-	(580,000)	800,000	510,000
2019 Downtown Development Authority Limited Tax General Obligation Bonds Series 2019	29,280,000	-	(1,870,000)	27,410,000	1,920,000
Total other debt principal outstanding	47,915,000	-	(4,475,000)	43,440,000	4,590,000
Unamortized bond premiums	1,216,010	-	(142,708)	1,073,302	-
Total component unit long-term debt	<u>\$ 49,131,010</u>	<u>\$ -</u>	<u>\$ (4,617,708)</u>	<u>\$ 44,513,302</u>	<u>\$ 4,590,000</u>

The Township had deferred outflows of \$729,635 related to deferred charges on bond refundings at December 31, 2022.

December 31, 2022

**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, 2022 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
<b>Governmental Activities</b>				
Special assessment bonds	2020	1.55%	2030	\$ 598,000
<b>Business-type Activities</b>				
Clean Water State Revolving Funds (direct borrowing)	2013	2.0%	2033	\$ 674,804
Capital improvement refunding bonds (other debt)	2016	3.0 - 5.0%	2038	21,080,000
Capital improvement refunding bonds (other debt)	2017	4.0%	2039	9,105,000
Capital improvement refunding bonds (other debt)	2019	4.0%	2029	3,605,000
Total business-type activities				\$ 34,464,804
<b>Component Unit</b>				
Series 2016-A LTGO bonds	2016	5.0%	2028	\$ 15,230,000
Series 2016-B LTGO bonds	2016	2.48 - 2.63%	2024	800,000
Series 2019 LTGO bonds	2019	2.74 - 3.85%	2034	27,410,000
Total component unit				\$ 43,440,000

**Other Long-term Liabilities**

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

The Township has entered into agreements for financing the purchase of fire apparatuses. Payments are due through 2024 and agreements include interest rates of 2.7 to 3.0 percent.

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

**Debt Service Requirements to Maturity**

Annual debt service requirements to maturity for the above bonds, note obligations, and present value of capital lease obligations are as follows:

Years Ending December 31	Governmental Activities		
	Direct Borrowings		
	Principal	Interest	Total
2023	\$ 406,171	\$ 38,327	\$ 444,498
2024	768,343	28,009	796,352
2025	76,000	6,867	82,867
2026	74,000	5,689	79,689
2027	74,000	4,542	78,542
2028-2032	219,000	6,758	225,758
2033-2037	-	-	-
2038-2039	-	-	-
<b>Total</b>	<b>\$ 1,617,514</b>	<b>\$ 90,192</b>	<b>\$ 1,707,706</b>

Years Ending December 31	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2023	\$ 55,000	\$ 13,496	\$ 1,390,000	\$ 1,443,456	\$ 2,901,952
2024	55,000	12,396	1,455,000	1,387,856	2,910,252
2025	60,000	11,296	1,530,000	1,320,006	2,921,302
2026	60,000	10,096	1,620,000	1,248,606	2,938,702
2027	60,000	8,896	1,700,000	1,173,006	2,941,902
2028-2032	315,000	26,180	10,000,000	4,627,681	14,968,861
2033-2037	69,804	1,396	12,250,000	2,518,256	14,839,456
2038-2039	-	-	3,845,000	214,200	4,059,200
<b>Total</b>	<b>\$ 674,804</b>	<b>\$ 83,756</b>	<b>\$ 33,790,000</b>	<b>\$ 13,933,067</b>	<b>\$ 48,481,627</b>

Years Ending December 31	Component Unit Activities		
	Other Debt		
	Principal	Interest	Total
2023	\$ 4,590,000	\$ 1,651,814	\$ 6,241,814
2024	4,600,000	1,474,019	6,074,019
2025	4,585,000	1,287,905	5,872,905
2026	4,730,000	1,097,901	5,827,901
2027	4,915,000	898,912	5,813,912
2028-2032	14,645,000	2,401,515	17,046,515
2033-2037	5,375,000	311,353	5,686,353
2038-2039	-	-	-
<b>Total</b>	<b>\$ 43,440,000</b>	<b>\$ 9,123,419</b>	<b>\$ 52,563,419</b>

**December 31, 2022**

**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 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 \$24,150,000 to the DDA, plus \$1,391,213 of accrued interest, resulting in a receivable owed to the Township of \$25,541,213. 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, 2022, the Township has recorded an estimated liability for this financial guarantee of \$10,219,131. This reflects a decrease of \$9,793,963 as a result of \$4,000,000 being advanced to the DDA in 2022, as well as an increase in projected DDA captures in future years.



**December 31, 2022**

**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 Fund	Debt Sinking Fund	Nonmajor Funds	Total
<b>Nonspendable:</b>							
Prepays	\$ 134,544	\$ 78,964	\$ -	\$ -	\$ -	\$ 7,076	\$ 220,584
Long-term advance	1,500,000	-	-	-	-	-	1,500,000
<b>Total nonspendable</b>	<b>1,634,544</b>	<b>78,964</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,076</b>	<b>1,720,584</b>
<b>Restricted:</b>							
Sheriff	-	-	2,533,412	-	-	-	2,533,412
Fire	-	933,102	-	-	-	-	933,102
Building inspections	1,932,288	-	-	-	-	-	1,932,288
Library	-	-	-	-	-	3,842,039	3,842,039
Open space acquisitions, maintenance, and improvements	-	-	-	-	-	1,618,862	1,618,862
Museum	-	-	-	-	-	176,100	176,100
Cemetery	-	-	-	-	-	316,499	316,499
Special assessments	-	-	-	-	-	382,596	382,596
Opioid settlement	11,490	-	-	-	-	-	11,490
<b>Total restricted</b>	<b>1,943,778</b>	<b>933,102</b>	<b>2,533,412</b>	<b>-</b>	<b>-</b>	<b>6,336,096</b>	<b>11,746,388</b>
<b>Committed:</b>							
Budget stabilization	1,377,552	-	-	-	-	-	1,377,552
Improvement and building	-	-	-	1,491,719	-	-	1,491,719
<b>Total committed</b>	<b>1,377,552</b>	<b>-</b>	<b>-</b>	<b>1,491,719</b>	<b>-</b>	<b>-</b>	<b>2,869,271</b>
<b>Assigned:</b>							
DDA debt support	-	-	-	-	5,242,765	-	5,242,765
Road improvements	1,184,045	-	-	-	-	-	1,184,045
Retiree health care	8	-	-	-	-	-	8
<b>Total assigned</b>	<b>1,184,053</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,242,765</b>	<b>-</b>	<b>6,426,818</b>
<b>Unassigned</b>	<b>20,664,427</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,664,427</b>
<b>Total fund balance</b>	<b>\$ 26,804,354</b>	<b>\$ 1,012,066</b>	<b>\$ 2,533,412</b>	<b>\$ 1,491,719</b>	<b>\$ 5,242,765</b>	<b>\$ 6,343,172</b>	<b>\$ 43,427,488</b>

**Note 10 - Net Position Restrictions**

The detail of the various components of other restrictions in the governmental activities per the statement of net position is as follows:

Open space acquisitions, maintenance, and improvements	\$ 1,618,862
Museum	176,100
Cemetery	316,499
Special assessment	382,596
Opioid settlement	58,544
<b>Total other restrictions</b>	<b>\$ 2,552,601</b>

**Note 11 - 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, 2022, expense was approximately \$468,000. This did not include any forfeitures; at year end, there was no liability to the pension plan.

**Note 12 - 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 health care 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, 2022, there were no retirees eligible for health insurance benefits, and \$4,750 was paid in stipends to eligible firefighters. There are approximately 50 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 \$394,830 at December 31, 2022. The plan does not issue a separate financial report and is included in the Township's basic financial statements in fiduciary funds statements.

**Note 13 - 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 14 - Leases**

The Township leases cell tower space and building space to various third parties. Payments are generally due annually based on a fixed payment schedule that includes annual increases.

During the year ended December 31, 2022, the Township recognized the following related to its lessor agreements:

Lease revenue	\$	93,287
Interest income related to its leases		53,525

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## Required Supplementary Information

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# Charter Township of Commerce

## Required Supplementary Information Budgetary Comparison Schedule General Fund

**Year Ended December 31, 2022**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 3,143,067	\$ 3,165,037	\$ 3,165,197	\$ 160
Intergovernmental:				
Federal grants	72,000	127,861	79,601	(48,260)
State sources:				
State-shared revenue	3,454,178	3,454,257	4,684,188	1,229,931
Local Community Stabilization Authority	40,000	76,091	45,289	(30,802)
Other state aid	9,600	9,600	9,808	208
Local grants and contributions	36,564	30,062	31,521	1,459
Charges for services	259,500	265,860	273,378	7,518
Fines and forfeitures	50,000	80,500	95,415	14,915
Licenses and permits	521,500	586,700	713,325	126,625
Interest and rentals	315,000	477,108	691,544	214,436
Other revenue	48,000	2,227,398	201,118	(2,026,280)
<b>Total revenue</b>	<b>7,949,409</b>	<b>10,500,474</b>	<b>9,990,384</b>	<b>(510,090)</b>
<b>Expenditures</b>				
Current services:				
General government:				
Governing body	34,000	39,415	39,285	130
Supervisor	147,283	147,283	140,873	6,410
Finance/Human resources	244,033	170,613	165,504	5,109
Information technology	135,608	140,618	131,410	9,208
Treasurer	391,552	372,813	364,332	8,481
Assessing	355,200	355,200	350,073	5,127
Board of review	4,406	5,400	5,288	112
Clerk	443,028	423,691	400,297	23,394
Building and grounds maintenance	276,200	276,200	238,542	37,658
Attorney	300,000	300,000	268,976	31,024
Elections	138,000	139,450	135,565	3,885
Township hall - General services	276,628	350,128	348,305	1,823
Other	139,647	167,386	231,513	(64,127)
Public safety - Ordinance enforcement	62,779	64,779	58,060	6,719
Public works:				
Street lighting	21,600	26,000	25,438	562
Maintenance department	492,119	396,264	302,153	94,111
Transportation services	84,000	122,000	120,275	1,725
Community and economic development:				
Planning	321,315	313,053	296,644	16,409
CDBG	68,000	95,000	93,428	1,572
Recreation and culture - Parks and recreation	547,457	569,977	503,336	66,641
Capital outlay	350,000	365,000	365,000	-
<b>Total expenditures</b>	<b>4,832,855</b>	<b>4,840,270</b>	<b>4,584,297</b>	<b>255,973</b>

**Charter Township of Commerce**

Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund (Continued)

**Year Ended December 31, 2022**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Excess of Revenue Over Expenditures</b>	\$ 3,116,554	\$ 5,660,204	\$ 5,406,087	\$ (254,117)
<b>Other Financing (Uses) Sources</b>				
Transfers out	(2,835,000)	(2,989,280)	(2,897,280)	92,000
Sale of capital assets	-	1,052,320	1,134,200	81,880
Total other financing uses	<u>(2,835,000)</u>	<u>(1,936,960)</u>	<u>(1,763,080)</u>	<u>173,880</u>
<b>Net Change in Fund Balance</b>	281,554	3,723,244	3,643,007	(80,237)
<b>Fund Balance - Beginning of year</b>	<u>18,664,773</u>	<u>18,664,773</u>	<u>18,664,773</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 18,946,327</b></u>	<u><b>\$ 22,388,017</b></u>	<u><b>\$ 22,307,780</b></u>	<u><b>\$ (80,237)</b></u>

**Charter Township of Commerce**

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

**Year Ended December 31, 2022**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 5,805,690	\$ 5,820,706	\$ 5,820,895	\$ 189
Intergovernmental	245,179	1,864,930	1,864,929	(1)
Charges for services	1,000	2,000	2,400	400
Interest and rentals	18,000	20,000	26,576	6,576
Other revenue	108,000	107,000	130,942	23,942
Total revenue	6,177,869	7,814,636	7,845,742	31,106
<b>Expenditures</b>				
Public safety	4,815,138	6,318,492	6,164,207	154,285
Capital outlay	235,000	540,500	925,191	(384,691)
Debt service	122,549	122,549	357,230	(234,681)
Total expenditures	5,172,687	6,981,541	7,446,628	(465,087)
<b>Excess of Revenue Over Expenses</b>	1,005,182	833,095	399,114	(433,981)
<b>Other Financing Sources</b>				
Transfers in	-	92,000	-	(92,000)
New debt issued	-	-	662,004	662,004
Sale of capital assets	15,000	7,000	6,998	(2)
Total other financing sources	15,000	99,000	669,002	570,002
<b>Net Change in Fund Balance</b>	1,020,182	932,095	1,068,116	136,021
<b>Fund Balance (Deficit) - Beginning of year</b>	(56,050)	(56,050)	(56,050)	-
<b>Fund Balance - End of year</b>	<u>\$ 964,132</u>	<u>\$ 876,045</u>	<u>\$ 1,012,066</u>	<u>\$ 136,021</u>

## Charter Township of Commerce

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

**Year Ended December 31, 2022**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 6,051,057	\$ 6,051,057	\$ 6,010,084	\$ (40,973)
Intergovernmental	-	-	36,075	36,075
Interest and rentals	18,000	18,000	35,280	17,280
Other revenue	324,830	324,830	266,404	(58,426)
Total revenue	6,393,887	6,393,887	6,347,843	(46,044)
<b>Expenditures</b>				
Public safety	6,310,433	6,304,134	6,096,842	207,292
Capital outlay	-	75,000	65,699	9,301
Total expenditures	6,310,433	6,379,134	6,162,541	216,593
<b>Net Change in Fund Balance</b>	83,454	14,753	185,302	170,549
<b>Fund Balance - Beginning of year</b>	2,348,110	2,348,110	2,348,110	-
<b>Fund Balance - End of year</b>	<b>\$ 2,431,564</b>	<b>\$ 2,362,863</b>	<b>\$ 2,533,412</b>	<b>\$ 170,549</b>

## Charter Township of Commerce

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

**Year Ended December 31, 2022**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Charges for services	\$ 3,088,873	\$ 3,102,451	\$ 3,105,816	\$ 3,365
Interest and rentals	17,400	26,100	26,552	452
Other revenue	-	6,800	6,800	-
Total revenue	3,106,273	3,135,351	3,139,168	3,817
<b>Expenditures</b>				
Public works	3,088,873	3,161,732	3,156,893	4,839
Capital outlay	16,500	25,000	21,889	3,111
Total expenditures	3,105,373	3,186,732	3,178,782	7,950
<b>Excess of Revenue Over (Under) Expenditures</b>				
	900	(51,381)	(39,614)	11,767
<b>Other Financing Sources - Transfers in</b>				
	200,000	200,000	200,000	-
<b>Net Change in Fund Balance</b>				
	200,900	148,619	160,386	11,767
<b>Fund Balance - Beginning of year</b>				
	1,331,333	1,331,333	1,331,333	-
<b>Fund Balance - End of year</b>				
	<b>\$ 1,532,233</b>	<b>\$ 1,479,952</b>	<b>\$ 1,491,719</b>	<b>\$ 11,767</b>



# Charter Township of Commerce

## Notes to Required Supplementary Information

December 31, 2022

### 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, in the budget, 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 revenue, expenditures, and changes in fund balances is as follows:

	Total Revenue	Total Expenditures	Fund Balance	Other Financing Uses
Amounts per operating statement	\$ 11,458,840	\$ 6,109,252	\$ 26,804,354	\$ (1,600,800)
Building and Inspection Fund	(1,454,657)	(1,518,317)	(1,934,969)	-
Road Improvements Fund	(7,226)	-	(1,184,045)	(100,000)
Retiree Health Care Plan	(6,573)	(6,638)	(8)	-
Budget Stabilization Fund	-	-	(1,377,552)	(62,280)
Amounts per budget statement	<u>\$ 9,990,384</u>	<u>\$ 4,584,297</u>	<u>\$ 22,307,780</u>	<u>\$ (1,763,080)</u>

### Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township incurred expenditures that were in excess of amounts budgeted, as follows:

	Budget	Actual	Variance
General Fund - General government - Other	\$ 167,386	\$ 231,513	\$ (64,127)
Fire Fund - Capital outlay	540,500	925,191	(384,691)
Fire Fund - Debt service	122,549	357,230	(234,681)

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## Other Supplementary Information

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# Charter Township of Commerce

## Other Supplementary Information Combining Balance Sheet General Fund

**December 31, 2022**

	General Fund, as Budgeted	Building and Inspection Fund	Road Improvements Fund	Retiree Health Care Plan	Budget Stabilization Fund	Trust and Agency Fund	Total
<b>Assets</b>							
Cash and investments	\$ 26,121,350	\$ 2,041,177	\$ 1,184,045	\$ 8	\$ 1,377,552	\$ 5,217,454	\$ 35,941,586
Receivables:							
Property taxes receivable	1,396,523	-	-	-	-	-	1,396,523
Leases receivable	1,943,499	-	-	-	-	-	1,943,499
Other receivables	231,169	-	-	-	-	-	231,169
Due from other governments	749,719	-	-	-	-	-	749,719
Advances to other funds	1,500,000	-	-	-	-	-	1,500,000
Prepaid expenses	131,863	2,681	-	-	-	-	134,544
Long-term advance to component unit (including interest)	25,541,213	-	-	-	-	-	25,541,213
Total assets	<u>\$ 57,615,336</u>	<u>\$ 2,043,858</u>	<u>\$ 1,184,045</u>	<u>\$ 8</u>	<u>\$ 1,377,552</u>	<u>\$ 5,217,454</u>	<u>\$ 67,438,253</u>
<b>Liabilities</b>							
Accounts payable	\$ 137,439	\$ 108,071	\$ -	\$ -	\$ -	\$ -	\$ 245,510
Due to other funds	1,828,765	-	-	-	-	-	1,828,765
Refundable deposits	202,683	-	-	-	-	5,217,454	5,420,137
Accrued liabilities and other	30,105	818	-	-	-	-	30,923
Unearned revenue	2,244,314	-	-	-	-	-	2,244,314
Total liabilities	4,443,306	108,889	-	-	-	5,217,454	9,769,649
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	25,588,267	-	-	-	-	-	25,588,267
Taxes and assessments levied for the following year	3,395,237	-	-	-	-	-	3,395,237
Deferred inflows from leases	1,880,746	-	-	-	-	-	1,880,746
Total deferred inflows of resources	30,864,250	-	-	-	-	-	30,864,250
Total liabilities and deferred inflows of resources	35,307,556	108,889	-	-	-	5,217,454	40,633,899
<b>Fund Balances</b>							
Nonspendable	1,631,863	2,681	-	-	-	-	1,634,544
Restricted	11,490	1,932,288	-	-	-	-	1,943,778
Committed	-	-	-	-	1,377,552	-	1,377,552
Assigned	-	-	1,184,045	8	-	-	1,184,053
Unassigned	20,664,427	-	-	-	-	-	20,664,427
Total fund balances	22,307,780	1,934,969	1,184,045	8	1,377,552	-	26,804,354
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,615,336</u>	<u>\$ 2,043,858</u>	<u>\$ 1,184,045</u>	<u>\$ 8</u>	<u>\$ 1,377,552</u>	<u>\$ 5,217,454</u>	<u>\$ 67,438,253</u>

# Charter Township of Commerce

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

**Year Ended December 31, 2022**

	General Fund, as Budgeted	Building and Inspection Fund	Road Improvements Fund	Retiree Health Care Plan	Budget Stabilization Fund	Trust and Agency Fund	Total
<b>Revenue</b>							
Property taxes and voter-approved assessments	\$ 3,165,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,165,197
Intergovernmental:							
Federal grants	79,601	-	-	-	-	-	79,601
State sources:							
State-shared revenue	4,684,188	-	-	-	-	-	4,684,188
Local Community Stabilization Authority	45,289	-	-	-	-	-	45,289
Other state aid	9,808	-	-	-	-	-	9,808
Local grants and contributions	31,521	-	-	-	-	-	31,521
Charges for services	273,378	-	-	-	-	-	273,378
Fines and forfeitures	95,415	-	-	-	-	-	95,415
Licenses and permits	713,325	1,454,657	-	-	-	-	2,167,982
Interest and rentals	691,544	-	7,226	-	-	-	698,770
Other revenue	201,118	-	-	6,573	-	-	207,691
<b>Total revenue</b>	<b>9,990,384</b>	<b>1,454,657</b>	<b>7,226</b>	<b>6,573</b>	<b>-</b>	<b>-</b>	<b>11,458,840</b>
<b>Expenditures</b>							
Current services:							
General government	2,819,963	-	-	6,638	-	-	2,826,601
Public safety	58,060	1,518,317	-	-	-	-	1,576,377
Public works	447,866	-	-	-	-	-	447,866
Community and economic development	390,072	-	-	-	-	-	390,072
Recreation and culture	503,336	-	-	-	-	-	503,336
Capital outlay	365,000	-	-	-	-	-	365,000
<b>Total expenditures</b>	<b>4,584,297</b>	<b>1,518,317</b>	<b>-</b>	<b>6,638</b>	<b>-</b>	<b>-</b>	<b>6,109,252</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>5,406,087</b>	<b>(63,660)</b>	<b>7,226</b>	<b>(65)</b>	<b>-</b>	<b>-</b>	<b>5,349,588</b>
<b>Other Financing (Uses) Sources</b>							
Transfers (out) in	(2,897,280)	-	100,000	-	62,280	-	(2,735,000)
Sale of capital assets	1,134,200	-	-	-	-	-	1,134,200
<b>Total other financing (uses) sources</b>	<b>(1,763,080)</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>62,280</b>	<b>-</b>	<b>(1,600,800)</b>
<b>Net Change in Fund Balances</b>	<b>3,643,007</b>	<b>(63,660)</b>	<b>107,226</b>	<b>(65)</b>	<b>62,280</b>	<b>-</b>	<b>3,748,788</b>
<b>Fund Balances - Beginning of year</b>	<b>18,664,773</b>	<b>1,998,629</b>	<b>1,076,819</b>	<b>73</b>	<b>1,315,272</b>	<b>-</b>	<b>23,055,566</b>
<b>Fund Balances - End of year</b>	<b>\$ 22,307,780</b>	<b>\$ 1,934,969</b>	<b>\$ 1,184,045</b>	<b>\$ 8</b>	<b>\$ 1,377,552</b>	<b>\$ -</b>	<b>\$ 26,804,354</b>

**Charter Township of Commerce**

**Other Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds**

**December 31, 2022**

	Special Revenue Funds				Debt Service Fund	Capital Project Fund	Total
	Open Space Fund	Museum Fund	Cemetery Fund	Library Fund	Special Assessment Debt Fund	Peninsular Park Paving SAD	
<b>Assets</b>							
Cash and investments	\$ 2,164,603	\$ 176,100	\$ 316,499	\$ 5,149,775	\$ 389,213	\$ -	\$ 8,196,190
Receivables	349,133	-	-	915,293	247,586	-	1,512,012
Due from other funds	-	-	-	16,000	-	-	16,000
Prepaid expenses	-	-	-	7,076	-	-	7,076
<b>Total assets</b>	<b>\$ 2,513,736</b>	<b>\$ 176,100</b>	<b>\$ 316,499</b>	<b>\$ 6,088,144</b>	<b>\$ 636,799</b>	<b>\$ -</b>	<b>\$ 9,731,278</b>
<b>Liabilities</b>							
Accounts payable	\$ 63,893	\$ -	\$ -	\$ 50,500	\$ -	\$ -	\$ 114,393
Accrued liabilities and other	-	-	-	9,805	1,545	-	11,350
<b>Total liabilities</b>	<b>63,893</b>	<b>-</b>	<b>-</b>	<b>60,305</b>	<b>1,545</b>	<b>-</b>	<b>125,743</b>
<b>Deferred Inflows of Resources - Taxes levied for the following year</b>	<b>830,981</b>	<b>-</b>	<b>-</b>	<b>2,178,724</b>	<b>252,658</b>	<b>-</b>	<b>3,262,363</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>894,874</b>	<b>-</b>	<b>-</b>	<b>2,239,029</b>	<b>254,203</b>	<b>-</b>	<b>3,388,106</b>
<b>Fund Balances</b>							
Nonspendable	-	-	-	7,076	-	-	7,076
Restricted	1,618,862	176,100	316,499	3,842,039	382,596	-	6,336,096
<b>Total fund balances</b>	<b>1,618,862</b>	<b>176,100</b>	<b>316,499</b>	<b>3,849,115</b>	<b>382,596</b>	<b>-</b>	<b>6,343,172</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,513,736</b>	<b>\$ 176,100</b>	<b>\$ 316,499</b>	<b>\$ 6,088,144</b>	<b>\$ 636,799</b>	<b>\$ -</b>	<b>\$ 9,731,278</b>

# Charter Township of Commerce

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

**Year Ended December 31, 2022**

	Special Revenue Funds				Debt Service Fund	Capital Project Fund	Total
	Open Space Fund	Museum Fund	Cemetery Fund	Library Fund	Special Assessment Debt Fund	Peninsular Park Paving SAD	
<b>Revenue</b>							
Property taxes and voter-approved assessments	\$ 791,442	\$ -	\$ -	\$ 2,047,651	\$ -	\$ -	\$ 2,839,093
Special assessments	-	-	-	-	95,459	-	95,459
Intergovernmental	204,621	330	-	27,936	-	-	232,887
Charges for services	-	-	12,140	6,883	-	-	19,023
Fines and forfeitures	-	-	-	15,034	-	-	15,034
Licenses and permits	-	-	-	106,659	-	-	106,659
Interest and rentals	15,229	1,202	2,079	29,843	11,356	103	59,812
Other revenue	-	-	5,465	11,186	-	-	16,651
<b>Total revenue</b>	<b>1,011,292</b>	<b>1,532</b>	<b>19,684</b>	<b>2,245,192</b>	<b>106,815</b>	<b>103</b>	<b>3,384,618</b>
<b>Expenditures</b>							
Current services:							
Public works	-	-	48,564	-	-	10,000	58,564
Recreation and culture	135,760	-	-	1,810,271	-	-	1,946,031
Capital outlay	1,342,176	-	-	10,350	-	-	1,352,526
Debt service:							
Principal	-	-	-	-	78,000	-	78,000
Interest	-	-	-	-	8,531	-	8,531
<b>Total expenditures</b>	<b>1,477,936</b>	<b>-</b>	<b>48,564</b>	<b>1,820,621</b>	<b>86,531</b>	<b>10,000</b>	<b>3,443,652</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(466,644)</b>	<b>1,532</b>	<b>(28,880)</b>	<b>424,571</b>	<b>20,284</b>	<b>(9,897)</b>	<b>(59,034)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	-	35,000	-	30,677	-	65,677
Transfers out	-	-	-	-	-	(30,677)	(30,677)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>-</b>	<b>30,677</b>	<b>(30,677)</b>	<b>35,000</b>
<b>Net Change in Fund Balances</b>	<b>(466,644)</b>	<b>1,532</b>	<b>6,120</b>	<b>424,571</b>	<b>50,961</b>	<b>(40,574)</b>	<b>(24,034)</b>
<b>Fund Balances - Beginning of year</b>	<b>2,085,506</b>	<b>174,568</b>	<b>310,379</b>	<b>3,424,544</b>	<b>331,635</b>	<b>40,574</b>	<b>6,367,206</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,618,862</b>	<b>\$ 176,100</b>	<b>\$ 316,499</b>	<b>\$ 3,849,115</b>	<b>\$ 382,596</b>	<b>\$ -</b>	<b>\$ 6,343,172</b>