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# Charter Township of Commerce

Oakland County, Michigan

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**Financial Report**  
**with Supplemental Information**  
**December 31, 2020**

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## **Independent Auditor's Report**

To the Board of Trustees  
Charter Township of Commerce

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce (the "Township") as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Charter Township of Commerce's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of December 31, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees  
Charter Township of Commerce

**Other Matters**

*Required Supplemental Information*

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

*Other Supplemental Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2021 on our consideration of 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 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 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 Charter Township of Commerce's internal control over financial reporting and compliance.



June 21, 2021

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, 2020.

### ***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 \$28 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 assessments take effect for budget years 2021 through 2030, inclusive. The new voted maximums are 2.9 and 2.8 mills for sheriff and fire protection services, respectively.

The Township continues to monitor the estimated sell-off of the land holdings, as well as the DDA expenditures, and feels that it has an adequate plan in place to manage the long-term commitment through 2034 when the 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 \$163,381,820 at the close of the most recent fiscal year.

# Charter Township of Commerce

## Management's Discussion and Analysis (Continued)

### The Township's Net Position

	Governmental Activities			
	2019	2020	Change	Percent Change
<b>Assets</b>				
Current and other assets:				
Cash and investments	\$ 49,610,834	\$ 55,261,552	\$ 5,650,718	11.4
Receivables	7,869,223	10,383,886	2,514,663	32.0
Other assets	15,617,471	17,030,576	1,413,105	9.0
Capital assets	35,577,779	36,816,485	1,238,706	3.5
Total assets	108,675,307	119,492,499	10,817,192	10.0
<b>Liabilities</b>				
Current liabilities	2,673,613	3,884,784	1,211,171	45.3
Noncurrent liabilities	20,164,619	29,823,816	9,659,197	47.9
Total liabilities	22,838,232	33,708,600	10,870,368	47.6
<b>Deferred Inflows of Resources</b>	18,121,249	20,272,636	2,151,387	11.9
<b>Net Position</b>				
Net investment in capital assets	34,710,818	35,315,150	604,332	1.7
Restricted	11,978,473	13,500,093	1,521,620	12.7
Unrestricted	21,026,535	16,696,020	(4,330,515)	(20.6)
Total net position	<u>\$ 67,715,826</u>	<u>\$ 65,511,263</u>	<u>\$ (2,204,563)</u>	(3.3)

	Business-type Activities			
	2019	2020	Change	Percent Change
<b>Assets</b>				
Current and other assets:				
Cash and investments	\$ 25,956,815	\$ 29,564,782	\$ 3,607,967	13.9
Receivables	5,158,699	6,418,651	1,259,952	24.4
Other assets	59,020	66,110	7,090	12.0
Capital assets	105,146,731	102,105,322	(3,041,409)	(2.9)
Total assets	136,321,265	138,154,865	1,833,600	1.3
<b>Deferred Outflows of Resources</b>	874,412	826,153	(48,259)	(5.5)
<b>Liabilities</b>				
Current liabilities	1,162,128	2,228,574	1,066,446	91.8
Noncurrent liabilities	40,180,432	38,881,887	(1,298,545)	(3.2)
Total liabilities	41,342,560	41,110,461	(232,099)	(0.6)
<b>Net Position</b>				
Net investment in capital assets	65,840,711	64,049,588	(1,791,123)	(2.7)
Unrestricted	30,012,406	33,820,969	3,808,563	12.7
Total net position	<u>\$ 95,853,117</u>	<u>\$ 97,870,557</u>	<u>\$ 2,017,440</u>	2.1

# 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			
	2019	2020	Change	Percent Change
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 4,789,997	\$ 4,827,672	\$ 37,675	0.8
Operating grants	202,417	1,950,336	1,747,919	863.5
Capital grants	557,092	1,012,275	455,183	81.7
General revenue:				
Taxes	14,439,075	15,246,494	807,419	5.6
Intergovernmental	3,293,427	3,323,301	29,874	0.9
Investment earnings	1,084,584	953,902	(130,682)	(12.0)
Other revenue:				
Cable franchise fees	636,112	629,150	(6,962)	(1.1)
Sale of capital assets	1,000	55,042	54,042	5,404.2
Changes in financial estimates	880,011	-	(880,011)	(100.0)
Other miscellaneous revenue	507,303	598,128	90,825	17.9
Total revenue	26,391,018	28,596,300	2,205,282	8.4
<b>Expenses</b>				
General government	2,395,677	2,488,878	93,201	3.9
Public safety	10,300,471	12,125,943	1,825,472	17.7
Public works	3,177,282	4,244,819	1,067,537	33.6
Community and economic development	209,823	9,318,431	9,108,608	4,341.1
Recreation and culture	2,630,292	2,591,309	(38,983)	(1.5)
Interest	-	31,483	31,483	-
Total expenses	18,713,545	30,800,863	12,087,318	64.6
<b>Change in Net Position</b>	<b>\$ 7,677,473</b>	<b>\$ (2,204,563)</b>	<b>\$ (9,882,036)</b>	<b>(128.7)</b>
<b>Business-type Activities</b>				
	2019	2020	Change	Percent Change
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 15,867,977	\$ 17,248,612	\$ 1,380,635	8.7
Capital contributions	1,219,158	1,448,273	229,115	18.8
General revenue	533,203	394,069	(139,134)	(26.1)
Total revenue	17,620,338	19,090,954	1,470,616	8.3
<b>Expenses</b>				
Sewer Fund	12,018,591	10,466,416	(1,552,175)	(12.9)
Water Fund	6,238,182	6,607,098	368,916	5.9
Total expenses	18,256,773	17,073,514	(1,183,259)	(6.5)
<b>Change in Net Position</b>	<b>\$ (636,435)</b>	<b>\$ 2,017,440</b>	<b>\$ 2,653,875</b>	<b>(417.0)</b>

## Charter Township of Commerce

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

In 2020, total primary government expenses exceeded revenue by approximately \$187,000. Governmental activities net position decreased by \$2.2 million given the \$9 million increase in the financial guarantee, whereas business-type activities net position increased by \$2 million. Even though the total net position was relatively flat, total assets increased by \$12.7 million. The Township increased its total cash and investments by \$9.3 million. During 2020, the Township advanced an additional \$1 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.

#### ***Financial Analysis of Individual Funds***

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

Our analysis of the Township's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township's board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as a special property tax millage. The Township's major governmental-type funds for 2020 include the General Fund, the Fire Fund, the Sheriff Fund, the Improvement and Building Fund, and the Debt Sinking Fund. The major business-type funds are the Sewer Fund and the Water Fund.

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

During 2020, the General Fund budget did not require significant amendments, other than to increase anticipated licenses and permits revenue. During the year, actual revenue was \$162,850 less than budgetary estimates largely due to license and permit revenue falling short of expectations. Expenditures were less than budget by \$392,350. The fund balance, on a budgetary basis, increased by \$2,145,510.

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

At the end of 2020, the Township had \$139 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 2020, the governmental activities added \$2.8 million of capital assets and the business-type activities added \$492,000.

Business-type activities debt is \$38.9 million, which will be repaid from a combination of tap-in fees (much of which has already been collected as customers tapped in) and future user charges.

As discussed in the "financial highlights" section, the Township is also obligated to assist the Downtown Development Authority (a discretely presented component unit) in its debt service obligations. The DDA currently has \$53.3 million of long-term debt that was used to acquire property and construct Martin Parkway. The intent was to resell the land to be developed, and the land sale proceeds would have serviced the debt. However, the recession of 2008-2010 reduced the fair market value of the land, and current projections estimate the land may ultimately sell for significantly less than this amount. The future DDA tax captures will make up some of this difference, but the Township has begun making advances to the DDA in order to enable it to make its scheduled debt service payments.

In recent years, the Township has successfully refunded all previously outstanding debt for the Sewer Fund and the DDA without extending the years to maturity. These refundings resulted in net present value savings of \$4.3 million for the Township and \$2.2 million for the DDA.

## Charter Township of Commerce

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

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In 2020, the Township issued \$731,000 of special assessment bonds for the Peninsular Park subdivision paving project. More detailed information concerning the Township's capital assets and long-term debt can be found in Notes 5 and 7 to the financial statements.

#### ***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.

The Township, along with the cities of Walled Lake and Wixom, Michigan, is a member of the Commerce, Walled Lake, and Wixom Trailway Management Council (the "Trailway Council"). The Township supports maintenance of the trail through the Trailway Council.

In 2020, the Township held the grand opening of Scarlet's Smile, a barrier-free playground located in Dodge Park V. This playground, the brainchild of a local family, came to fruition through a series of grants, donations, cooperation with the Michigan Department of Natural Resources, and community involvement. Scarlet's Smile Playground is a unique area that allows children of all abilities to play together on common equipment. The success of this incredible park is piquing interest in enhancements and expansion of the facility.

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 in the next 12 months.

Finally, the Township will be 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 system is expected to be operational by late 2023.

#### ***Current Economic Events***

While the real estate markets continue to improve, it will be important for the Township to keep a watchful eye on expenses, as it is unlikely taxable value increases will be as great as the increases in expenses. Taxable value as of the December 1, 2020 tax billing had increased approximately 4 percent compared to the prior year.

The Township expects to receive American Rescue Plan Act (ARPA) funds, although the amount has not been determined as of the date of this report. These funds could be used to expand water supply lines or sewer infrastructure with respect to our Master Plan, and there are other possibilities as well. Guidance on specific areas where the funds can be spent is being tracked and accumulated, with committees convening to best allocate whatever funding the Township does receive.

#### ***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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 55,261,552	\$ 29,564,782	\$ 84,826,334	\$ 999,932
Receivables (Note 4)	10,383,886	6,418,651	16,802,537	492,545
Prepaid expenses	97,337	66,110	163,447	3,967
Restricted cash (Note 3)	198,730	-	198,730	-
Land held for resale	-	-	-	8,621,367
Capital assets: (Note 5)				
Assets not subject to depreciation	15,105,167	1,783,898	16,889,065	2,059,867
Assets subject to depreciation - Net	21,711,318	100,321,424	122,032,742	-
Long-term advance to component unit (including interest) (Notes 6 and 8)	16,734,509	-	16,734,509	-
Total assets	119,492,499	138,154,865	257,647,364	12,177,678
<b>Deferred Outflows of Resources</b> - Deferred charge on bond refunding	-	826,153	826,153	-
<b>Liabilities</b>				
Accounts payable	2,652,560	1,411,543	4,064,103	8,565
Due to other governmental units	-	594,918	594,918	-
Due to primary government (Notes 6 and 8)	-	-	-	16,734,509
Refundable deposits, bonds, etc.	1,154,145	-	1,154,145	-
Accrued liabilities and other	78,079	132,862	210,941	498,923
Unearned revenue	-	89,251	89,251	-
Noncurrent liabilities: (Note 7)				
Due within one year	207,049	1,320,000	1,527,049	4,065,000
Due in more than one year	29,616,767	37,561,887	67,178,654	49,242,358
Total liabilities	33,708,600	41,110,461	74,819,061	70,549,355
<b>Deferred Inflows of Resources</b> - Taxes and assessments levied for the following year	20,272,636	-	20,272,636	689,480
<b>Net Position (Deficit)</b>				
Net investment in capital assets	35,315,150	64,049,588	99,364,738	-
Restricted:				
Sheriff	2,222,264	-	2,222,264	-
Fire	3,763,626	-	3,763,626	-
Building inspections (Note 2)	2,042,457	-	2,042,457	-
Library	2,931,504	-	2,931,504	-
Other restrictions (Note 10)	2,540,242	-	2,540,242	-
Unrestricted	16,696,020	33,820,969	50,516,989	(59,061,157)
Total net position (deficit)	<u>\$ 65,511,263</u>	<u>\$ 97,870,557</u>	<u>\$ 163,381,820</u>	<u>\$ (59,061,157)</u>

# Charter Township of Commerce

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,488,878	\$ 741,202	\$ 1,929	\$ 699,186
Public safety	12,125,943	-	1,852,032	-
Public works	4,244,819	2,962,596	17,981	170,234
Community and economic development	9,318,431	1,108,284	20,829	-
Recreation and culture	2,591,309	15,590	57,565	142,855
Interest on long-term debt	31,483	-	-	-
Total governmental activities	30,800,863	4,827,672	1,950,336	1,012,275
Business-type activities:				
Sewer Fund	10,466,416	8,537,006	-	1,152,200
Water Fund	6,607,098	8,711,606	-	296,073
Total business-type activities	17,073,514	17,248,612	-	1,448,273
Total primary government	<b>\$ 47,874,377</b>	<b>\$ 22,076,284</b>	<b>\$ 1,950,336</b>	<b>\$ 2,460,548</b>
Component units - DDA	<b>\$ 2,436,224</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

General revenue:

- Property taxes and voter-approved assessments
- Unrestricted state-shared revenue
- Unrestricted investment income
- Cable franchise fees
- Gain on sale of capital assets
- Other miscellaneous income

Total general revenue

**Change in Net Position**

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

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

## Statement of Activities

Year Ended December 31, 2020

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,046,561)	\$ -	\$ (1,046,561)	\$ -
(10,273,911)	-	(10,273,911)	-
(1,094,008)	-	(1,094,008)	-
(8,189,318)	-	(8,189,318)	-
(2,375,299)	-	(2,375,299)	-
(31,483)	-	(31,483)	-
(23,010,580)	-	(23,010,580)	-
-	(777,210)	(777,210)	-
-	2,400,581	2,400,581	-
-	1,623,371	1,623,371	-
(23,010,580)	1,623,371	(21,387,209)	-
-	-	-	(2,436,224)
15,246,494	-	15,246,494	1,656,344
3,323,301	-	3,323,301	122,133
953,902	394,069	1,347,971	16,425
629,150	-	629,150	-
55,042	-	55,042	-
598,128	-	598,128	6,247
20,806,017	394,069	21,200,086	1,801,149
(2,204,563)	2,017,440	(187,123)	(635,075)
67,715,826	95,853,117	163,568,943	(58,426,082)
<b>\$ 65,511,263</b>	<b>\$ 97,870,557</b>	<b>\$ 163,381,820</b>	<b>\$ (59,061,157)</b>

# Charter Township of Commerce

## Governmental Funds Balance Sheet

December 31, 2020

	General Fund	Fire Fund	Sheriff Fund	Improvement and Building	Debt Sinking Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments (Note 3)	\$ 22,451,643	\$ 6,935,511	\$ 6,735,265	\$ 3,061,922	\$ 9,145,727	\$ 6,931,484	\$ 55,261,552
Receivables (Note 4)	2,058,752	2,432,733	2,696,173	1,251,788	-	1,944,440	10,383,886
Prepaid expenses	31,275	54,846	-	-	-	11,216	97,337
Restricted cash	-	-	-	-	-	198,730	198,730
Long-term advance to component unit (including interest) (Note 6)	16,734,509	-	-	-	-	-	16,734,509
<b>Total assets</b>	<b>\$ 41,276,179</b>	<b>\$ 9,423,090</b>	<b>\$ 9,431,438</b>	<b>\$ 4,313,710</b>	<b>\$ 9,145,727</b>	<b>\$ 9,085,870</b>	<b>\$ 82,676,014</b>
<b>Liabilities</b>							
Accounts payable	\$ 202,676	\$ 462,168	\$ 1,435,794	\$ 241,929	\$ -	\$ 309,993	\$ 2,652,560
Refundable deposits, bonds, etc.	1,154,145	-	-	-	-	-	1,154,145
Accrued liabilities and other	27,613	35,651	-	-	-	14,815	78,079
<b>Total liabilities</b>	<b>1,384,434</b>	<b>497,819</b>	<b>1,435,794</b>	<b>241,929</b>	<b>-</b>	<b>324,808</b>	<b>3,884,784</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	16,734,509	52,470	-	-	-	-	16,786,979
Property taxes levied for the following year	3,059,785	5,161,645	5,773,380	2,988,510	-	3,289,316	20,272,636
<b>Total deferred inflows of resources</b>	<b>19,794,294</b>	<b>5,214,115</b>	<b>5,773,380</b>	<b>2,988,510</b>	<b>-</b>	<b>3,289,316</b>	<b>37,059,615</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>21,178,728</b>	<b>5,711,934</b>	<b>7,209,174</b>	<b>3,230,439</b>	<b>-</b>	<b>3,614,124</b>	<b>40,944,399</b>
<b>Fund Balances (Note 9)</b>							
Nonspendable	31,275	54,846	-	-	-	11,216	97,337
Restricted	2,042,457	3,656,310	2,222,264	-	-	5,460,530	13,381,561
Committed	1,315,272	-	-	1,083,271	-	-	2,398,543
Assigned	981,298	-	-	-	9,145,727	-	10,127,025
Unassigned	15,727,149	-	-	-	-	-	15,727,149
<b>Total fund balances</b>	<b>20,097,451</b>	<b>3,711,156</b>	<b>2,222,264</b>	<b>1,083,271</b>	<b>9,145,727</b>	<b>5,471,746</b>	<b>41,731,615</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 41,276,179</b>	<b>\$ 9,423,090</b>	<b>\$ 9,431,438</b>	<b>\$ 4,313,710</b>	<b>\$ 9,145,727</b>	<b>\$ 9,085,870</b>	<b>\$ 82,676,014</b>

# Charter Township of Commerce

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

December 31, 2020

<b>Fund Balances Reported in Governmental Funds</b>	\$ 41,731,615
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	36,816,485
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	16,786,979
Long-term debt is not due and payable in the current period and is not reported in the funds	(1,501,335)
Nonexchange financial guarantee is not due and payable in the current period and is not reported in the funds	(28,061,606)
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	(260,875)
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 65,511,263</u></u></b>

# Charter Township of Commerce

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

**Year Ended December 31, 2020**

	General Fund	Fire Fund	Sheriff Fund	Improvement and Building	Debt Sinking Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>							
Property taxes and voter-approved assessments	\$ 2,934,393	\$ 4,117,956	\$ 5,528,319	\$ -	\$ -	\$ 2,665,826	\$ 15,246,494
Special assessments	-	-	-	-	-	170,234	170,234
Intergovernmental	3,435,805	1,092,747	634,384	-	-	164,539	5,327,475
Charges for services	1,406,239	-	-	2,915,873	-	10,212	4,332,324
Fines and forfeitures	82,106	-	-	-	-	13,388	95,494
Licenses and permits	721,864	-	-	-	-	101,382	823,246
Interest and rentals	575,210	41,799	30,165	40,839	127,741	355,807	1,171,561
Other revenue	118,358	148,737	316,855	-	-	13,891	597,841
<b>Total revenue</b>	<b>9,273,975</b>	<b>5,401,239</b>	<b>6,509,723</b>	<b>2,956,712</b>	<b>127,741</b>	<b>3,495,279</b>	<b>27,764,669</b>
<b>Expenditures</b>							
Current services:							
General government	2,593,065	-	-	-	-	-	2,593,065
Public safety	1,180,102	4,306,140	6,092,305	-	-	-	11,578,547
Public works	410,627	-	-	2,897,584	-	887,287	4,195,498
Community and economic development	318,565	-	-	-	1,000,000	-	1,318,565
Recreation and culture	381,837	-	-	-	-	1,510,240	1,892,077
Capital outlay	87,182	755,847	22,695	40,261	-	998,407	1,904,392
Debt service:							
Principal	-	93,821	-	-	-	-	93,821
Interest	-	28,727	-	-	-	5,561	34,288
<b>Total expenditures</b>	<b>4,971,378</b>	<b>5,184,535</b>	<b>6,115,000</b>	<b>2,937,845</b>	<b>1,000,000</b>	<b>3,401,495</b>	<b>23,610,253</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>4,302,597</b>	<b>216,704</b>	<b>394,723</b>	<b>18,867</b>	<b>(872,259)</b>	<b>93,784</b>	<b>4,154,416</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in (Note 6)	-	-	-	190,622	2,000,000	10,000	2,200,622
Transfers out (Note 6)	(2,200,622)	-	-	-	-	-	(2,200,622)
New debt issued	-	-	-	-	-	731,000	731,000
Sale of capital assets	9,250	380	-	-	-	48,910	58,540
<b>Total other financing (uses) sources</b>	<b>(2,191,372)</b>	<b>380</b>	<b>-</b>	<b>190,622</b>	<b>2,000,000</b>	<b>789,910</b>	<b>789,540</b>
<b>Net Change in Fund Balances</b>	<b>2,111,225</b>	<b>217,084</b>	<b>394,723</b>	<b>209,489</b>	<b>1,127,741</b>	<b>883,694</b>	<b>4,943,956</b>
<b>Fund Balances - Beginning of year</b>	<b>17,986,226</b>	<b>3,494,072</b>	<b>1,827,541</b>	<b>873,782</b>	<b>8,017,986</b>	<b>4,588,052</b>	<b>36,787,659</b>
<b>Fund Balances - End of year</b>	<b>\$ 20,097,451</b>	<b>\$ 3,711,156</b>	<b>\$ 2,222,264</b>	<b>\$ 1,083,271</b>	<b>\$ 9,145,727</b>	<b>\$ 5,471,746</b>	<b>\$ 41,731,615</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, 2020**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 4,943,956</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	2,085,879
Depreciation expense	(1,546,091)
Net book value of assets disposals and adjustments	572
Capital contribution	698,346
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	1,271,972
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(731,000)
Change in nonexchange financial guarantee does not require current financial resources and is not reported in the governmental funds	(8,999,866)
Payments on capital lease obligations are expenditures in the governmental funds but not in the statement of activities (where they reduce long-term debt)	96,626
The cost of compensated absences does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds	<u>(24,957)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (2,204,563)</u></u></b>

# Charter Township of Commerce

## Proprietary Funds Statement of Net Position

December 31, 2020

	Sewer Fund	Water Fund	Total Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 15,215,473	\$ 14,349,309	\$ 29,564,782
Receivables (Note 4)	3,032,632	2,972,109	6,004,741
Prepaid expenses	39,666	26,444	66,110
Total current assets	18,287,771	17,347,862	35,635,633
Noncurrent assets:			
Special assessment receivables - Greater than one year (Note 4)	413,910	-	413,910
Capital assets: (Note 5)			
Assets not subject to depreciation	1,564,083	219,815	1,783,898
Assets subject to depreciation - Net	74,710,084	25,611,340	100,321,424
Total noncurrent assets	76,688,077	25,831,155	102,519,232
Total assets	94,975,848	43,179,017	138,154,865
<b>Deferred Outflows of Resources</b> - Bond refunding	826,153	-	826,153
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	211,599	1,199,944	1,411,543
Due to other governmental units	594,918	-	594,918
Accrued liabilities and other	132,862	-	132,862
Unearned revenue	-	89,251	89,251
Current portion of bonds and contracts payable (Note 7)	1,320,000	-	1,320,000
Total current liabilities	2,259,379	1,289,195	3,548,574
Noncurrent liabilities - Bonds payable (Note 7)	37,561,887	-	37,561,887
Total liabilities	39,821,266	1,289,195	41,110,461
<b>Net Position</b>			
Net investment in capital assets	38,218,433	25,831,155	64,049,588
Unrestricted	17,762,302	16,058,667	33,820,969
Total net position	<b>\$ 55,980,735</b>	<b>\$ 41,889,822</b>	<b>\$ 97,870,557</b>

**Charter Township of Commerce**

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

**Year Ended December 31, 2020**

	Sewer Fund	Water Fund	Total Enterprise Funds
<b>Operating Revenue</b>			
Sale of water	\$ -	\$ 8,711,606	\$ 8,711,606
Sewage disposal charges	8,013,934	-	8,013,934
Installation fees	496,317	-	496,317
Other income	26,755	-	26,755
Total operating revenue	<u>8,537,006</u>	<u>8,711,606</u>	<u>17,248,612</u>
<b>Operating Expenses</b>			
Cost of water	-	5,185,756	5,185,756
Cost of sewage treatment	3,732,485	-	3,732,485
Other operating and maintenance costs	1,768,145	303,125	2,071,270
Depreciation	3,356,097	1,118,217	4,474,314
Total operating expenses	<u>8,856,727</u>	<u>6,607,098</u>	<u>15,463,825</u>
<b>Operating (Loss) Income</b>	(319,721)	2,104,508	1,784,787
<b>Nonoperating Revenue (Expense)</b>			
Investment income	239,456	154,613	394,069
Interest expense	(1,609,689)	-	(1,609,689)
Total nonoperating (expense) revenue	<u>(1,370,233)</u>	<u>154,613</u>	<u>(1,215,620)</u>
<b>(Loss) Income - Before capital contributions</b>	(1,689,954)	2,259,121	569,167
<b>Capital Contributions</b>			
Special assessments	4,000	40,350	44,350
Benefit fees	1,148,200	255,723	1,403,923
Total capital contributions	<u>1,152,200</u>	<u>296,073</u>	<u>1,448,273</u>
<b>Change in Net Position</b>	(537,754)	2,555,194	2,017,440
<b>Net Position - Beginning of year</b>	<u>56,518,489</u>	<u>39,334,628</u>	<u>95,853,117</u>
<b>Net Position - End of year</b>	<u><u>\$ 55,980,735</u></u>	<u><u>\$ 41,889,822</u></u>	<u><u>\$ 97,870,557</u></u>

# Charter Township of Commerce

## Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2020

	Sewer Fund	Water Fund	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 8,478,075	\$ 8,392,081	\$ 16,870,156
(Payments) receipts from interfund services and reimbursements	(27,366)	13,684	(13,682)
Payments to suppliers	(4,977,111)	(4,906,439)	(9,883,550)
Other payments	(644,600)	(97,533)	(742,133)
Net cash and cash equivalents provided by operating activities	2,828,998	3,401,793	6,230,791
<b>Cash Flows from Capital and Related Financing Activities</b>			
Special assessment collections	4,000	40,350	44,350
Benefit fees	982,169	255,723	1,237,892
Purchase of capital assets	(1,287,764)	(145,141)	(1,432,905)
Principal and interest paid on capital debt	(2,866,230)	-	(2,866,230)
Net cash and cash equivalents (used in) provided by capital and related financing activities	(3,167,825)	150,932	(3,016,893)
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	239,456	154,613	394,069
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(99,371)	3,707,338	3,607,967
<b>Cash and Cash Equivalents - Beginning of year</b>	15,314,844	10,641,971	25,956,815
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 15,215,473</u>	<u>\$ 14,349,309</u>	<u>\$ 29,564,782</u>
<b>Reconciliation of Operating (Loss) Income to Net Cash and Cash Equivalents from Operating Activities</b>			
Operating (loss) income	\$ (319,721)	\$ 2,104,508	\$ 1,784,787
Adjustments to reconcile operating (loss) income to net cash and cash equivalents from operating activities:			
Depreciation	3,356,097	1,118,217	4,474,314
Changes in assets and liabilities:			
Receivables	(703,531)	(417,058)	(1,120,589)
Due to and from other funds	(27,366)	13,684	(13,682)
Prepaid and other assets	(10,156)	3,066	(7,090)
Accounts payable	533,675	579,376	1,113,051
Total adjustments	3,148,719	1,297,285	4,446,004
Net cash and cash equivalents provided by operating activities	<u>\$ 2,828,998</u>	<u>\$ 3,401,793</u>	<u>\$ 6,230,791</u>

**Charter Township of Commerce**

**Fiduciary Funds  
Statement of Fiduciary Net Position**

**December 31, 2020**

	<u>Retirement Health Funding Vehicle</u>	<u>Tax Collection Fund</u>	<u>Total Fiduciary Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 171,871	\$ 171,871
Interest in investment pool	<u>434,956</u>	<u>-</u>	<u>434,956</u>
Total assets	434,956	171,871	606,827
<b>Liabilities</b> - Due to other governments	<u>-</u>	<u>171,871</u>	<u>171,871</u>
<b>Net Position</b> - Restricted - Postemployment benefits other than pension	<u>\$ 434,956</u>	<u>\$ -</u>	<u>\$ 434,956</u>

**Charter Township of Commerce**

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

**Year Ended December 31, 2020**

	Retirement Health Funding Vehicle	Tax Collection Fund	Total Fiduciary Funds
<b>Additions</b>			
Investment income (loss):			
Net increase in fair value of investments	\$ 21,264	\$ -	\$ 21,264
Investment costs	(764)	-	(764)
Net investment income	20,500	-	20,500
Property tax collections	-	54,350,060	54,350,060
Total additions	20,500	54,350,060	54,370,560
<b>Deductions</b>			
Benefit payments	4,000	-	4,000
Tax disbursements	-	54,350,060	54,350,060
Total deductions	4,000	54,350,060	54,354,060
<b>Net Increase in Fiduciary Net Position</b>	16,500	-	16,500
<b>Net Position - Beginning of year</b>	418,456	-	418,456
<b>Net Position - End of year</b>	<u><u>\$ 434,956</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 434,956</u></u>

**Note 1 - Significant Accounting Policies**

***Accounting and Reporting Principles***

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

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 Sheriff's department.
- The Improvement and Building Fund accounts for the major improvements within the Township, refuse collection, and other assessments, including weed and dust control, snow removal, and street lighting.
- 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)**

**Restricted Assets**

Restricted cash represents unspent bond proceeds.

**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.

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

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

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

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position 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.

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

	<u>Outflows</u>	<u>Inflows</u>
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		✓

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

**Net Position**

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

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

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

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

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

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

The board of trustees has adopted, by ordinance, a Budget Stabilization Fund under Michigan's Public Act 30 of 1978. The board of trustees may, with a two-thirds vote, set aside General Fund surplus, up to a maximum of 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, 2020 of the Budget Stabilization Fund, which is reported in the General Fund, is \$1,315,272.

**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 31, 2019 and is recognized as revenue in the year ended December 31, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

The taxable valuation of the Township totaled \$2.1 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 \$	2,791,000
Fire township-wide special assessment		2.0000	4,118,000
Police township-wide special assessment		2.6220	5,528,000
Library extra voted		0.6743	1,919,000
Open space extra voted		0.3791	747,000

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 \$208.58 per parcel for garbage collection, which is reported in these financial statements as charges for services.

**Pension**

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

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

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

**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds 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.

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

**Use of Estimates**

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

**Upcoming Accounting Pronouncement**

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Township's financial statements for the year ended December 31, 2020 but were extended to December 31, 2022, with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

**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, 2020	\$ 2,071,569
Current year permit revenue	1,108,284
Related expenses - Direct costs	<u>1,135,021</u>
Current year deficiency	<u>(26,737)</u>
Cumulative surplus December 31, 2020	<u><u>\$ 2,044,832</u></u>

**Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications 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.

December 31, 2020

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

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

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

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$19,545,023 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township also reports \$22 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. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Interest Rate Risk**

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

At year end, the Township had the following investments:

Investment	Fair Value	Weighted- average Maturity (Years)
<b>Primary Government</b>		
Local Government Investment Pool	\$ 38,228,005	0.63
Bank investment pool	5,101,017	0.27
Negotiable certificates of deposit	<u>688,095</u>	5.37
Total	<u>\$ 44,017,117</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, 2020, 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	\$ 38,228,005	NR	N/A
Bank investment pool	5,101,017	AAAm	S&P
Negotiable certificates of deposit	<u>688,095</u>	NR	N/A
Total	<u>\$ 44,017,117</u>		

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

**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 52 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.

**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, 2020:

- The Township's investments in the Oakland County LGIP (\$38,228,005) and Michigan CLASS (\$5,101,017) are measured at net asset value (NAV).
- Negotiable certificates of deposit of \$688,095 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 on the table below.

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

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

At December 31, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Carrying Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
<b>Primary Government</b>				
Oakland County Local Government Investment Pool	\$ 38,228,005	\$ -	No restrictions	None
Michigan CLASS investment pool	<u>5,101,017</u>	<u>-</u>	No restrictions	None
Total	<u>\$ 43,329,022</u>	<u>\$ -</u>		
<b>Fiduciary Funds</b>				
MERS Total Market Fund	\$ 434,956	\$ -	No restrictions	None

December 31, 2020

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

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.

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, 2020 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	\$ 1,332,194	\$ 5,055,928	\$ 1,258,217	\$ -	\$ -	\$ 7,646,339
Special assessments receivable	-	1,251,788	532,345	413,910	89,251	2,287,294
Customer receivables	-	-	-	2,150,515	2,771,374	4,921,889
Accrued interest receivable	-	-	15	-	-	15
Other receivables	185,296	20,508	153,863	-	-	359,667
Due from other governments	541,262	52,470	-	882,117	111,484	1,587,333
<b>Total receivables</b>	<b>\$ 2,058,752</b>	<b>\$ 6,380,694</b>	<b>\$ 1,944,440</b>	<b>\$ 3,446,542</b>	<b>\$ 2,972,109</b>	<b>\$ 16,802,537</b>

December 31, 2020

**Note 5 - Capital Assets**

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

**Governmental Activities**

	Balance January 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated:					
Land	\$ 12,635,751	\$ -	\$ 578,770	\$ (4,098)	\$ 13,210,423
Construction in progress	1,024,406	(557,092)	1,427,430	-	1,894,744
Subtotal	13,660,157	(557,092)	2,006,200	(4,098)	15,105,167
Capital assets being depreciated:					
Buildings	19,865,342	-	-	-	19,865,342
Improvements	5,566,898	-	42,805	4,670	5,614,373
Machinery and equipment	7,485,421	557,092	539,917	(183,253)	8,399,177
Books and materials	1,090,187	-	195,303	-	1,285,490
Subtotal	34,007,848	557,092	778,025	(178,583)	35,164,382
Accumulated depreciation:					
Buildings	5,078,475	-	479,180	-	5,557,655
Improvements	1,460,373	-	259,640	-	1,720,013
Machinery and equipment	4,820,753	-	678,040	(183,253)	5,315,540
Books and materials	730,625	-	129,231	-	859,856
Subtotal	12,090,226	-	1,546,091	(183,253)	13,453,064
Net capital assets being depreciated	21,917,622	557,092	(768,066)	4,670	21,711,318
Net governmental activities capital assets	<u>\$ 35,577,779</u>	<u>\$ -</u>	<u>\$ 1,238,134</u>	<u>\$ 572</u>	<u>\$ 36,816,485</u>

**Business-type Activities**

	Balance January 1, 2020	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated:				
Land	\$ 498,069	\$ -	\$ (59,076)	\$ 438,993
Construction in progress	234,533	1,110,372	-	1,344,905
Subtotal	732,602	1,110,372	(59,076)	1,783,898
Capital assets being depreciated -				
Buildings and infrastructure	176,371,111	381,609	-	176,752,720
Accumulated depreciation -				
Buildings and infrastructure	71,956,982	4,474,314	-	76,431,296
Net capital assets being depreciated	104,414,129	(4,092,705)	-	100,321,424
Net business-type activities capital assets	<u>\$ 105,146,731</u>	<u>\$ (2,982,333)</u>	<u>\$ (59,076)</u>	<u>\$ 102,105,322</u>

**December 31, 2020**

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

**Component Unit**

	Balance January 1, 2020	Additions	Disposals and Adjustments	Balance December 31, 2020
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			\$ 189,179
Public safety			560,753
Public works			9,060
Recreation and culture			787,099
Total governmental activities			<u>\$ 1,546,091</u>
Business-type activities:			
Sewer			\$ 3,356,097
Water			1,118,217
Total business-type activities			<u>\$ 4,474,314</u>

**Construction Commitments**

The Township has one significant active construction project at year end - a sewer force main project for which the Township has spent approximately \$605,000 as of December 31, 2020 and has a remaining commitment of approximately \$1.1 million.

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

The balance of amounts loaned to the discretely presented component unit, including accrued interest, is as follows:

Receivable	Payable	Amount
General Fund	Downtown Development Authority	\$ 16,734,509

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Debt Sinking Fund	\$ 2,000,000
	Improvement and Building Fund	190,622
	Nonmajor governmental funds	10,000
	Total General Fund	<u>\$ 2,200,622</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.

December 31, 2020

**Note 7 - Long-term Debt**

Long-term debt activity for the year ended December 31, 2020 can be summarized as follows:

**Governmental Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation special assessment bonds - Direct borrowing	\$ -	\$ 731,000	\$ -	\$ 731,000	\$ 55,000
Capital leases - Direct borrowings	866,961	-	(96,626)	770,335	99,515
Compensated absences	235,918	237,452	(212,495)	260,875	52,534
Nonexchange financial guarantee (Note 8)	19,061,740	8,999,866	-	28,061,606	-
<b>Total governmental activities long-term debt</b>	<b>\$ 20,164,619</b>	<b>\$ 9,968,318</b>	<b>\$ (309,121)</b>	<b>\$ 29,823,816</b>	<b>\$ 207,049</b>

**Business-type Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt:					
2016 Capital Improvement Refunding Bonds	\$ 23,605,000	\$ -	\$ (800,000)	\$ 22,805,000	\$ 840,000
2017 Capital Improvement Refunding Bonds	9,180,000	-	(25,000)	9,155,000	25,000
2019 Capital Improvement Refunding Bonds	4,770,000	-	(345,000)	4,425,000	400,000
<b>Total other debt outstanding</b>	<b>37,555,000</b>	<b>-</b>	<b>(1,170,000)</b>	<b>36,385,000</b>	<b>1,265,000</b>
Direct borrowings and direct placements - Clean Water State Revolving Funds	834,804	-	(50,000)	784,804	55,000
Unamortized bond premiums	1,790,628	-	(78,545)	1,712,083	-
<b>Total business-type activities long-term debt</b>	<b>\$ 40,180,432</b>	<b>\$ -</b>	<b>\$ (1,298,545)</b>	<b>\$ 38,881,887</b>	<b>\$ 1,320,000</b>

December 31, 2020

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

**Component Unit**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt - Clean Water State Revolving Funds:					
2016 Downtown Development Authority Limited Tax General Obligation Bonds Series 2016-A	\$ 20,130,000	\$ -	\$ (1,295,000)	\$ 18,835,000	\$ 1,580,000
2016 Downtown Development Authority Limited Tax General Obligation Bonds Series 2016-B	2,735,000	-	(690,000)	2,045,000	665,000
2019 Downtown Development Authority Limited Tax General Obligation Bonds Series 2019	32,870,000	-	(1,770,000)	31,100,000	1,820,000
Total other debt principal outstanding	55,735,000	-	(3,755,000)	51,980,000	4,065,000
Unamortized bond premiums	1,418,621	-	(91,263)	1,327,358	-
Total component unit long-term debt	<u>\$ 57,153,621</u>	<u>\$ -</u>	<u>\$ (3,846,263)</u>	<u>\$ 53,307,358</u>	<u>\$ 4,065,000</u>

The Township had deferred outflows of \$826,153 related to deferred charges on bond refundings at December 31, 2020.

December 31, 2020

**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, 2020 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
<b>Governmental Activities</b>				
Special assessment bonds	2020	1.55%	2030	\$ 731,000
<b>Business-type Activities</b>				
Clean Water State Revolving Funds (direct borrowing)	2013	2.0%	2033	\$ 784,804
Capital improvement refunding bonds (other debt)	2016	2.0 - 5.0%	2038	22,805,000
Capital improvement refunding bonds (other debt)	2017	2.0 - 4.0%	2039	9,155,000
Capital improvement refunding bonds (other debt)	2019	2.0 - 4.0%	2029	4,425,000
Total business-type activities				\$ 37,169,804
<b>Capital Improvement Refunding Bonds (Other Debt)</b>				
Series 2016-A LTGO bonds	2016	4.0 - 5.0%	2026	\$ 18,835,000
Series 2016-B LTGO bonds	2016	1.01 - 2.63%	2024	2,045,000
Series 2019 LTGO bonds	2019	2.63 - 3.85%	2034	31,100,000
Total capital improvement refunding bonds (other debt)				\$ 51,980,000

**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 a lease agreement as a lessee for financing the purchase of fire apparatus. This lease qualifies as a capital lease for accounting purposes; therefore, it has been recorded at the present value of the future minimum lease payments as of the inception date. The lease expires in fiscal year 2024 and bears an interest rate of 2.99 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
2021	\$ 154,515	\$ 37,039	\$ 191,554
2022	180,491	30,536	211,027
2023	183,555	26,262	209,817
2024	539,774	13,837	553,611
2025	76,000	6,867	82,867
2026-2030	367,000	16,988	383,988
2031-2035	-	-	-
2036-2040	-	-	-
<b>Total</b>	<b>\$ 1,501,335</b>	<b>\$ 131,529</b>	<b>\$ 1,632,864</b>

Years Ending December 31	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 55,000	\$ 15,696	\$ 1,265,000	\$ 1,547,256	\$ 2,882,952
2022	55,000	14,596	1,330,000	1,496,656	2,896,252
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
2026-2030	305,000	38,480	9,000,000	5,449,581	14,793,061
2031-2035	199,804	8,088	11,375,000	3,412,319	14,995,211
2036-2040	-	-	9,040,000	919,850	9,959,850
<b>Total</b>	<b>\$ 784,804</b>	<b>\$ 114,048</b>	<b>\$ 36,385,000</b>	<b>\$ 16,976,980</b>	<b>\$ 54,260,832</b>

Years Ending December 31	Component Unit Activities		
	Other Debt		
	Principal	Interest	Total
2021	\$ 4,065,000	\$ 1,964,086	\$ 6,029,086
2022	4,475,000	1,820,228	6,295,228
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
2026-2030	19,290,000	3,709,829	22,999,829
2031-2035	10,375,000	999,852	11,374,852
2036-2040	-	-	-
<b>Total</b>	<b>\$ 51,980,000</b>	<b>\$ 12,907,733</b>	<b>\$ 64,887,733</b>

December 31, 2020

**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 \$15,650,000 to the DDA, plus \$1,084,509 of accrued interest, resulting in a receivable owed to the Township of \$16,734,509. 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, 2020, the Township has recorded an estimated liability for this financial guarantee of \$28,061,606.

**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	Debt Sinking Fund	Nonmajor Funds	Total
Nonspendable - Prepaids	\$ 31,275	\$ 54,846	\$ -	\$ -	\$ -	\$ 11,216	\$ 97,337
Restricted:							
Police/Sheriff	-	-	2,222,264	-	-	-	2,222,264
Fire	-	3,656,310	-	-	-	-	3,656,310
Building inspections	2,042,457	-	-	-	-	-	2,042,457
Library	-	-	-	-	-	2,920,288	2,920,288
Open space acquisitions, maintenance, and improvements	-	-	-	-	-	1,533,047	1,533,047
Museum	-	-	-	-	-	174,304	174,304
Cemetery	-	-	-	-	-	326,817	326,817
SAD	-	-	-	-	-	311,156	311,156
Subdivision road paving	-	-	-	-	-	194,918	194,918
Total restricted	2,042,457	3,656,310	2,222,264	-	-	5,460,530	13,381,561
Committed:							
Budget stabilization	1,315,272	-	-	-	-	-	1,315,272
Improvement and building	-	-	-	1,083,271	-	-	1,083,271
Total committed	1,315,272	-	-	1,083,271	-	-	2,398,543
Assigned:							
DDA debt support	-	-	-	-	9,145,727	-	9,145,727
Road improvements	981,298	-	-	-	-	-	981,298
Total assigned	981,298	-	-	-	9,145,727	-	10,127,025
Unassigned	15,727,149	-	-	-	-	-	15,727,149
Total fund balance	<u>\$ 20,097,451</u>	<u>\$ 3,711,156</u>	<u>\$ 2,222,264</u>	<u>\$ 1,083,271</u>	<u>\$ 9,145,727</u>	<u>\$ 5,471,746</u>	<u>\$ 41,731,615</u>

**December 31, 2020**

**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	\$ 1,533,047
Museum	174,304
Cemetery	326,817
SAD	311,156
Subdivision road paving	<u>194,918</u>
Total other restrictions	<u>\$ 2,540,242</u>

**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, 2020, expense was approximately \$521,000. 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, 2020, there were no retirees eligible for health insurance benefits, and \$4,000 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 \$434,956 at December 31, 2020. 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.

**December 31, 2020**

**Note 13 - Risk Management (Continued)**

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.

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## Required Supplemental Information

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# Charter Township of Commerce

## Required Supplemental Information Budgetary Comparison Schedule General Fund

**Year Ended December 31, 2020**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 2,904,048	\$ 2,925,201	\$ 2,934,393	\$ 9,192
Intergovernmental:				
Federal grants	72,000	80,855	88,605	7,750
State sources:				
State-shared revenue	3,278,841	3,283,841	3,285,550	1,709
Local Community Stabilization Authority	38,000	57,946	31,040	(26,906)
Other state aid	12,500	10,060	10,415	355
Local grants and contributions	18,832	20,197	20,195	(2)
Charges for services	265,500	292,500	297,955	5,455
Fines and forfeitures	145,000	76,000	82,106	6,106
Licenses and permits	519,000	875,700	721,864	(153,836)
Interest and rentals	600,000	515,000	560,678	45,678
Other revenue	69,250	171,415	113,064	(58,351)
<b>Total revenue</b>	<b>7,922,971</b>	<b>8,308,715</b>	<b>8,145,865</b>	<b>(162,850)</b>
<b>Expenditures</b>				
Current services:				
General government:				
Governing body	34,000	34,000	32,548	1,452
Supervisor	124,948	124,948	122,605	2,343
Finance/Human resources	134,306	138,775	137,801	974
Information technology	123,790	123,790	122,236	1,554
Treasurer	408,991	408,991	402,542	6,449
Assessing	350,200	343,219	343,226	(7)
Board of review	3,950	4,950	4,816	134
Clerk	441,236	441,236	428,982	12,254
Building and grounds maintenance	418,820	193,850	110,830	83,020
Attorney	300,000	300,000	242,200	57,800
Elections	180,377	238,161	228,540	9,621
Township Hall - General services	268,335	268,335	223,702	44,633
Other	100,439	193,314	187,610	5,704
Public safety - Ordinance enforcement	77,000	47,500	45,081	2,419
Public works:				
Street lighting	14,900	22,000	21,427	573
Maintenance department	341,734	341,734	268,828	72,906
Transportation services	93,482	66,000	53,705	12,295
Community and economic development				
Planning	229,616	229,616	215,892	13,724
CDBG	72,000	103,000	102,673	327
Recreation and culture - Parks and recreation	508,912	445,694	381,837	63,857
Capital outlay	-	87,500	87,182	318
<b>Total expenditures</b>	<b>4,227,036</b>	<b>4,156,613</b>	<b>3,764,263</b>	<b>392,350</b>

**Charter Township of Commerce**

Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund (Continued)

**Year Ended December 31, 2020**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Excess of Revenue Over Expenditures</b>	\$ 3,695,935	\$ 4,152,102	\$ 4,381,602	\$ 229,500
<b>Other Financing (Uses) Sources</b>				
Transfers out	(2,210,000)	(2,245,342)	(2,245,342)	-
Sale of capital assets	1,800,000	9,250	9,250	-
Total other financing uses	(410,000)	(2,236,092)	(2,236,092)	-
<b>Net Change in Fund Balance</b>	3,285,935	1,916,010	2,145,510	229,500
<b>Fund Balance - Beginning of year</b>	13,611,570	13,611,570	13,611,570	-
<b>Fund Balance - End of year</b>	<u><u>\$ 16,897,505</u></u>	<u><u>\$ 15,527,580</u></u>	<u><u>\$ 15,757,080</u></u>	<u><u>\$ 229,500</u></u>

# Charter Township of Commerce

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

**Year Ended December 31, 2020**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 4,102,360	\$ 4,117,902	\$ 4,117,956	\$ 54
Intergovernmental	525,384	1,093,584	1,092,747	(837)
Charges for services	1,000	-	-	-
Fines and forfeitures	100	-	-	-
Interest and rentals	40,000	40,000	41,799	1,799
Other revenue	57,000	150,300	148,737	(1,563)
Total revenue	4,725,844	5,401,786	5,401,239	(547)
<b>Expenditures</b>				
Public safety	4,532,753	4,521,811	4,306,140	215,671
Capital outlay	4,040,000	2,080,000	755,847	1,324,153
Debt service	-	-	122,548	(122,548)
Total expenditures	8,572,753	6,601,811	5,184,535	1,417,276
<b>Excess of Revenue (Under) Over Expenditures</b>	(3,846,909)	(1,200,025)	216,704	1,416,729
<b>Other Financing Sources - Sale of capital assets</b>	-	380	380	-
<b>Net Change in Fund Balance</b>	(3,846,909)	(1,199,645)	217,084	1,416,729
<b>Fund Balance - Beginning of year</b>	3,494,072	3,494,072	3,494,072	-
<b>Fund Balance - End of year</b>	<u>\$ (352,837)</u>	<u>\$ 2,294,427</u>	<u>\$ 3,711,156</u>	<u>\$ 1,416,729</u>

**Charter Township of Commerce**

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

**Year Ended December 31, 2020**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Property taxes	\$ 5,527,987	\$ 5,525,824	\$ 5,528,319	\$ 2,495
Intergovernmental	11,200	30,150	634,384	604,234
Interest and rentals	20,000	30,000	30,165	165
Other revenue	308,133	920,500	316,855	(603,645)
Total revenue	5,867,320	6,506,474	6,509,723	3,249
<b>Expenditures - Public safety</b>	5,779,840	5,779,840	6,115,000	(335,160)
<b>Net Change in Fund Balance</b>	87,480	726,634	394,723	(331,911)
<b>Fund Balance - Beginning of year</b>	1,827,541	1,827,541	1,827,541	-
<b>Fund Balance - End of year</b>	<u>\$ 1,915,021</u>	<u>\$ 2,554,175</u>	<u>\$ 2,222,264</u>	<u>\$ (331,911)</u>

**Charter Township of Commerce**

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

**Year Ended December 31, 2020**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Charges for services	\$ 2,902,233	\$ 2,913,039	\$ 2,915,873	\$ 2,834
Interest and rentals	47,503	43,003	40,839	(2,164)
Total revenue	2,949,736	2,956,042	2,956,712	670
<b>Expenditures - Public works</b>	3,007,233	3,007,233	2,937,845	69,388
<b>Excess of Revenue (Under) Over Expenditures</b>	(57,497)	(51,191)	18,867	70,058
<b>Other Financing Sources - Transfers in</b>	100,000	190,622	190,622	-
<b>Net Change in Fund Balance</b>	42,503	139,431	209,489	70,058
<b>Fund Balance - Beginning of year</b>	873,782	873,782	873,782	-
<b>Fund Balance - End of year</b>	<u>\$ 916,285</u>	<u>\$ 1,013,213</u>	<u>\$ 1,083,271</u>	<u>\$ 70,058</u>

# Charter Township of Commerce

## Notes to Required Supplemental Information

December 31, 2020

### 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	\$ 9,273,975	\$ 4,971,378	\$ 20,097,451	\$ (2,191,372)
Building and Inspection Fund	(1,108,284)	(1,135,021)	(2,044,832)	-
Road Improvements Fund	(2,879)	(66,667)	(981,298)	(100,000)
Retiree Health Care Plan	(5,294)	(5,427)	1,031	-
Budget Stabilization Fund	(11,653)	-	(1,315,272)	55,280
Amounts per budget statement	<u>\$ 8,145,865</u>	<u>\$ 3,764,263</u>	<u>\$ 15,757,080</u>	<u>\$ (2,236,092)</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 - Assessing	\$ 343,219	\$ 343,226	\$ (7)
Fire Fund - Debt service	-	122,548	(122,548)

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## Other Supplemental Information

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# Charter Township of Commerce

## Other Supplemental Information Combining Balance Sheet General Fund

**December 31, 2020**

	General Fund, as Budgeted	Building and Inspection	Road Improvements Fund	Retiree Health Care Plan	Budget Stabilization Fund	Trust and Agency Fund	Total
<b>Assets</b>							
Cash and investments	\$ 17,049,768	\$ 2,156,008	\$ 981,298	\$ (1,031)	\$ 1,315,272	\$ 950,328	\$ 22,451,643
Receivables:							
Property taxes receivable	1,332,194	-	-	-	-	-	1,332,194
Other receivables	185,296	-	-	-	-	-	185,296
Due from other governments	541,262	-	-	-	-	-	541,262
Prepaid expenses	28,900	2,375	-	-	-	-	31,275
Long-term advance to component unit (including interest)	16,734,509	-	-	-	-	-	16,734,509
<b>Total assets</b>	<b>\$ 35,871,929</b>	<b>\$ 2,158,383</b>	<b>\$ 981,298</b>	<b>\$ (1,031)</b>	<b>\$ 1,315,272</b>	<b>\$ 950,328</b>	<b>\$ 41,276,179</b>
<b>Liabilities</b>							
Accounts payable	\$ 89,943	\$ 112,733	\$ -	\$ -	\$ -	\$ -	\$ 202,676
Refundable deposits	203,817	-	-	-	-	950,328	1,154,145
Accrued liabilities and other	26,795	818	-	-	-	-	27,613
<b>Total liabilities</b>	<b>320,555</b>	<b>113,551</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>950,328</b>	<b>1,384,434</b>
<b>Deferred Inflows of Resources - Property taxes levied for the following year</b>							
	19,794,294	-	-	-	-	-	19,794,294
<b>Total liabilities and deferred inflows of resources</b>	<b>20,114,849</b>	<b>113,551</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>950,328</b>	<b>21,178,728</b>
<b>Fund Balances (Deficit)</b>							
Nonspendable	28,900	2,375	-	-	-	-	31,275
Restricted	-	2,042,457	-	-	-	-	2,042,457
Committed	-	-	-	-	1,315,272	-	1,315,272
Assigned	-	-	981,298	-	-	-	981,298
Unassigned	15,728,180	-	-	(1,031)	-	-	15,727,149
<b>Total fund balances (deficit)</b>	<b>15,757,080</b>	<b>2,044,832</b>	<b>981,298</b>	<b>(1,031)</b>	<b>1,315,272</b>	<b>-</b>	<b>20,097,451</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficit)</b>	<b>\$ 35,871,929</b>	<b>\$ 2,158,383</b>	<b>\$ 981,298</b>	<b>\$ (1,031)</b>	<b>\$ 1,315,272</b>	<b>\$ 950,328</b>	<b>\$ 41,276,179</b>

# Charter Township of Commerce

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

**Year Ended December 31, 2020**

	General Fund, as Budgeted	Building and Inspection	Road Improvements Fund	Retiree Health Care Plan	Budget Stabilization Fund	Trust and Agency Fund	Total
<b>Revenue</b>							
Property taxes and voter-approved assessments	\$ 2,934,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,934,393
Intergovernmental:							
Federal grants	88,605	-	-	-	-	-	88,605
State sources:							
State-shared revenue	3,285,550	-	-	-	-	-	3,285,550
Local Community Stabilization Authority	31,040	-	-	-	-	-	31,040
Other state aid	10,415	-	-	-	-	-	10,415
Local grants and contributions	20,195	-	-	-	-	-	20,195
Charges for services	297,955	1,108,284	-	-	-	-	1,406,239
Fines and forfeitures	82,106	-	-	-	-	-	82,106
Licenses and permits	721,864	-	-	-	-	-	721,864
Interest and rentals	560,678	-	2,879	-	11,653	-	575,210
Other revenue	113,064	-	-	5,294	-	-	118,358
<b>Total revenue</b>	<b>8,145,865</b>	<b>1,108,284</b>	<b>2,879</b>	<b>5,294</b>	<b>11,653</b>	<b>-</b>	<b>9,273,975</b>
<b>Expenditures</b>							
Current services:							
General government	2,587,638	-	-	5,427	-	-	2,593,065
Public safety	45,081	1,135,021	-	-	-	-	1,180,102
Public works	343,960	-	66,667	-	-	-	410,627
Community and economic development	318,565	-	-	-	-	-	318,565
Recreation and culture	381,837	-	-	-	-	-	381,837
Capital outlay	87,182	-	-	-	-	-	87,182
<b>Total expenditures</b>	<b>3,764,263</b>	<b>1,135,021</b>	<b>66,667</b>	<b>5,427</b>	<b>-</b>	<b>-</b>	<b>4,971,378</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>4,381,602</b>	<b>(26,737)</b>	<b>(63,788)</b>	<b>(133)</b>	<b>11,653</b>	<b>-</b>	<b>4,302,597</b>
<b>Other Financing (Uses) Sources</b>							
Transfers out	(2,245,342)	-	100,000	-	(55,280)	-	(2,200,622)
Sale of capital assets	9,250	-	-	-	-	-	9,250
<b>Total other financing (uses) sources</b>	<b>(2,236,092)</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>(55,280)</b>	<b>-</b>	<b>(2,191,372)</b>
<b>Net Change in Fund Balances</b>	<b>2,145,510</b>	<b>(26,737)</b>	<b>36,212</b>	<b>(133)</b>	<b>(43,627)</b>	<b>-</b>	<b>2,111,225</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>13,611,570</b>	<b>2,071,569</b>	<b>945,086</b>	<b>(898)</b>	<b>1,358,899</b>	<b>-</b>	<b>17,986,226</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 15,757,080</b>	<b>\$ 2,044,832</b>	<b>\$ 981,298</b>	<b>\$ (1,031)</b>	<b>\$ 1,315,272</b>	<b>\$ -</b>	<b>\$ 20,097,451</b>

# Charter Township of Commerce

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

**December 31, 2020**

	Special Revenue Funds				Debt Service Fund	Capital Project Funds	Total
	Open Space Fund	Museum Fund	Cemetery Fund	Library Fund	Special Assessment Debt Fund	Peninsular Park Paving SAD	
<b>Assets</b>							
Cash and investments	\$ 2,071,223	\$ 174,304	\$ 326,802	\$ 4,034,367	\$ 324,788	\$ -	\$ 6,931,484
Receivables	497,567	-	15	914,513	532,345	-	1,944,440
Prepaid expenses	-	-	-	11,216	-	-	11,216
Restricted cash	-	-	-	-	-	198,730	198,730
Total assets	<b>\$ 2,568,790</b>	<b>\$ 174,304</b>	<b>\$ 326,817</b>	<b>\$ 4,960,096</b>	<b>\$ 857,133</b>	<b>\$ 198,730</b>	<b>\$ 9,085,870</b>
<b>Liabilities</b>							
Accounts payable	\$ 267,523	\$ -	\$ -	\$ 38,658	\$ -	\$ 3,812	\$ 309,993
Accrued liabilities and other	-	-	-	9,254	5,561	-	14,815
Total liabilities	267,523	-	-	47,912	5,561	3,812	324,808
<b>Deferred Inflows of Resources - Taxes levied for the following year</b>	768,220	-	-	1,980,680	540,416	-	3,289,316
Total liabilities and deferred inflows of resources	1,035,743	-	-	2,028,592	545,977	3,812	3,614,124
<b>Fund Balances</b>							
Nonspendable	-	-	-	11,216	-	-	11,216
Restricted	1,533,047	174,304	326,817	2,920,288	311,156	194,918	5,460,530
Total fund balances	1,533,047	174,304	326,817	2,931,504	311,156	194,918	5,471,746
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 2,568,790</b>	<b>\$ 174,304</b>	<b>\$ 326,817</b>	<b>\$ 4,960,096</b>	<b>\$ 857,133</b>	<b>\$ 198,730</b>	<b>\$ 9,085,870</b>

# Charter Township of Commerce

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

**Year Ended December 31, 2020**

	Special Revenue Funds				Debt Service Fund	Capital Project Funds	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	\$ 746,706	\$ -	\$ -	\$ 1,919,120	\$ -	\$ -	\$ 2,665,826
Special assessments	-	-	-	-	170,234	-	170,234
Intergovernmental	142,855	249	-	21,435	-	-	164,539
Charges for services	-	-	8,010	2,202	-	-	10,212
Fines and forfeitures	-	-	-	13,388	-	-	13,388
Licenses and permits	-	-	-	101,382	-	-	101,382
Interest and rentals	14,998	633	1,818	33,365	930	304,063	355,807
Other revenue	-	-	-	13,891	-	-	13,891
<b>Total revenue</b>	<b>904,559</b>	<b>882</b>	<b>9,828</b>	<b>2,104,783</b>	<b>171,164</b>	<b>304,063</b>	<b>3,495,279</b>
<b>Expenditures</b>							
Current services:							
Public works	-	-	47,142	-	-	840,145	887,287
Recreation and culture	12,540	-	-	1,497,700	-	-	1,510,240
Capital outlay	997,208	-	-	1,199	-	-	998,407
Debt service - Interest	-	-	-	-	5,561	-	5,561
<b>Total expenditures</b>	<b>1,009,748</b>	<b>-</b>	<b>47,142</b>	<b>1,498,899</b>	<b>5,561</b>	<b>840,145</b>	<b>3,401,495</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(105,189)</b>	<b>882</b>	<b>(37,314)</b>	<b>605,884</b>	<b>165,603</b>	<b>(536,082)</b>	<b>93,784</b>
<b>Other Financing Sources</b>							
Transfers in	-	-	10,000	-	-	-	10,000
New debt issued	-	-	-	-	-	731,000	731,000
Sale of capital assets	-	-	48,910	-	-	-	48,910
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>58,910</b>	<b>-</b>	<b>-</b>	<b>731,000</b>	<b>789,910</b>
<b>Net Change in Fund Balances</b>	<b>(105,189)</b>	<b>882</b>	<b>21,596</b>	<b>605,884</b>	<b>165,603</b>	<b>194,918</b>	<b>883,694</b>
<b>Fund Balances - Beginning of year</b>	<b>1,638,236</b>	<b>173,422</b>	<b>305,221</b>	<b>2,325,620</b>	<b>145,553</b>	<b>-</b>	<b>4,588,052</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,533,047</b>	<b>\$ 174,304</b>	<b>\$ 326,817</b>	<b>\$ 2,931,504</b>	<b>\$ 311,156</b>	<b>\$ 194,918</b>	<b>\$ 5,471,746</b>