

***Charter Township of Comstock
Kalamazoo County, Michigan***

FINANCIAL STATEMENTS

Year ended December 31, 2023



Vredeveld Haefner LLC
CPAs and Consultants

CONTENTS

	<i>Page</i>
INDEPENDENT AUDITOR'S REPORT	3 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 11
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net position	13
Statement of activities	14
Fund financial statements:	
Balance sheet - governmental funds	15 - 16
Statement of revenues, expenditures, and changes in fund balances - governmental funds	17 - 18
Statement of fiduciary net position - custodial funds	19
Statement of changes in fiduciary net position - custodial funds	20
Notes to financial statements	21 - 32
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	33 - 34
Fire Operating Fund	35
Library Fund	36
Road Operating Fund	37
Fire Capital Fund	38
SUPPLEMENTARY INFORMATION	
Combining balance sheet - nonmajor governmental funds	39
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	40
Balance sheet - component unit	41
Statement of revenues, expenditures, and changes in fund balances - component unit	42

INDEPENDENT AUDITOR'S REPORT



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

June 5, 2024

Members of Board
Charter Township of Comstock
Kalamazoo County, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities the discretely presented component unit, each major fund and the aggregate remaining fund information of the Charter Township of Comstock, MI (the Township) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Townships basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Township, as of December 31, 2023 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 11 and the budgetary comparison schedules on pages 33 through 38 be presented to supplement the basic financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund and component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund and component unit financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Uredaxeld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Charter Township of Comstock's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$4,052,320 (19 percent) as a result of this year's activities.
- Of the \$25,253,360 total net position reported, \$655,310 (3 percent) is available to be used to meet the Township's ongoing obligations to its citizens and customers, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$912,265, which is 20 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental funds statements explain how government services, like general government, public safety, and parks and library, were financed in the short-term, as well as what remains for future spending.
 - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as a custodian for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2023 and 2022 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets, and liabilities and deferred inflows of resources) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements are divided into two categories:

- *Governmental activities* - Most of the Township's basic services are included here, such as police, fire, and general government activities. Property taxes, assessments, and state grants finance most of these activities.
- *Component unit* - The Township includes one other entity in its report - the Downtown Development Authority. Although legally separate, the "component unit" is important because the Township is financially accountable for the Authority.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain other revenues.

The Township has two types of funds:

- *Governmental funds*. Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Fiduciary funds*. These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances and activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$25,253,360. Of this total, \$19,472,136 is invested in capital assets (net of related debt) and \$5,125,914 is restricted for various purposes. Consequently, unrestricted net position was \$655,310, which represents 3 percent of the total.

Condensed financial information
Net position

	<i>Governmental activities</i>	
	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 15,743,307	\$ 15,663,582
Capital assets	<u>19,472,136</u>	<u>15,108,182</u>
Total assets	<u>35,215,443</u>	<u>30,771,764</u>
Current and other liabilities	1,502,337	1,405,706
Long-term debt	<u>79,080</u>	<u>530,582</u>
Total liabilities	<u>1,581,417</u>	<u>1,936,288</u>
Deferred inflows of resources	<u>8,380,666</u>	<u>7,634,436</u>
Net position:		
Net investment in capital assets	19,472,136	14,639,694
Restricted	5,125,914	4,718,433
Unrestricted	<u>655,310</u>	<u>1,842,913</u>
Total net position	<u>\$ 25,253,360</u>	<u>\$ 21,201,040</u>

Changes in net position

The Township's total revenues are \$13,956,033. For 2023, 42 percent of the Township's revenues comes from charges for services, 25 percent comes from property taxes, and 12 percent comes from state grants.

The total cost of the Township's programs and services was \$9,903,713. Approximately 42 percent of the Township's costs are related to public safety activities. General government costs are 17 percent of the total, culture and recreation costs account for 15 percent, and public works costs are 17 percent of total expenses.

*Condensed financial information
Changes in net position*

	<i>Governmental activities</i>	
	<u>2023</u>	<u>2022</u>
Program revenues:		
Charges for services	\$ 5,820,771	\$ 5,241,686
Operating grants and contributions	217,678	160,066
Capital grants and contributions	2,566,486	910,008
General revenues:		
Property taxes	3,478,367	3,227,608
State grants	1,702,689	1,740,827
Franchise fees	106,431	115,306
Investment income	63,611	19,059
Total revenues	<u>13,956,033</u>	<u>11,414,560</u>
Expenses:		
General government	1,715,801	1,491,009
Public safety	4,117,723	3,796,831
Public works	1,695,761	1,709,224
Community and economic development	205,175	228,756
Health and welfare	632,498	593,578
Culture and recreation	1,528,295	1,319,975
Interest	8,460	45,823
Total expenses	<u>9,903,713</u>	<u>9,185,196</u>
Changes in net position	<u>4,052,320</u>	<u>2,229,364</u>
Net position, end of year	<u>\$ 25,253,360</u>	<u>\$ 21,201,040</u>

Governmental activities

Net position increased by \$4,052,320 for 2023, compared to a \$2,229,364 increase in net position for 2022. Revenues were \$2,541,473 higher in 2023, primarily due to an increase in millage rates in property taxes and capital grants. Total governmental expenses increased by \$718,517. The increase in public safety can be primarily attributed to increased salaries and fringe benefits in the fire fund.

The total cost of governmental activities this year was \$9,903,713. After subtracting the direct charges to those who directly benefited from the programs (\$5,820,771) and operating and capital grants (\$2,784,164), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$1,298,778.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$5,806,802, a decrease of \$755,891 from the prior year.

The General Fund is the primary operating fund of the Township. Its fund balance decreased by \$775,222 during the year, as revenues of \$3,786,102 were lower than expenditures out of \$4,561,324. Year-end fund balance totals \$994,151.

The Fire Operating Fund experienced a decrease in fund balance of \$42,303, as revenues of \$3,072,542 were lower than expenditures of \$3,114,845. Fund balance at the end of the year totals \$215,998.

The Library Fund's \$182,215 increase in fund balance was the result of revenues of \$1,046,439 exceeding expenditures of \$864,224. Fund balance at the end of the year totals \$1,438,283.

The Road Fund's \$52,367 decrease in fund balance was the result of revenues of \$646,561 being exceeded by expenditures of \$698,928. Fund balance at the end of the year totals \$62,440.

The Fire Capital Fund experienced an increase in fund balance of \$361,317, as revenues of \$1,230,815 were higher than expenditures of \$869,498. Fund balance at the end of the year totals \$753,405.

The Sewer and Water Improvement Fund experienced a \$359,135 decrease in fund balance, which reflects the excess of expenditures of \$3,465,093 over revenues of \$3,105,958 for the year. The fund balance at the end of the year is \$1,706,566.

General Fund budgetary highlights

Expenditure budgets were amended during the year. The final expenditure budget totals were increased by \$1,078,945 over the original budget. Budget amendments were made among several activities within the General Fund with the most significant increases in capital outlay and general governmental activities.

Total actual revenues were lower than budgeted amounts by \$12,603. Total expenditures were \$994,701 less than budgeted amounts. The largest variance was in capital outlay, primarily due to delayed projects. In total, these conditions resulted in a \$982,098 positive budget variance and a \$775,222 decrease in fund balance compared to a budgeted decrease of \$1,757,320.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of December 31, 2023, amounts to \$19,472,136 (net of accumulated depreciation). This investment includes buildings and improvements, fire equipment and vehicles, and sewer and water infrastructure. The \$4,363,954 increase in the Township's investment in capital assets for the current fiscal year reflects capital additions of \$5,547,586 net of depreciation of \$1,183,632.

Major capital asset acquisitions during the current year include:

- \$83,147 for library materials and building improvements
- \$132,128 for park improvements
- \$990,417 for the remodel of the new township hall
- \$384,481 for the purchase of a fire equipment
- \$206,535 for cemetery improvements
- \$3,519,416 for sewer system improvements

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

Debt

At the end of the fiscal year, the Township had no long-term debt outstanding, which represents a reduction of \$468,488 from the previous year. The Township's debt issues are backed by the full faith and credit of the Township.

\$79,080 of long-term liabilities represents accrued compensated absences.

More detailed information about the Township's long-term obligations is presented in Note 9 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

There are no significant planned changes in the types of ongoing services to be provided or in related levels of expenditures for ongoing operations during the upcoming fiscal year.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

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

Scott Hess, Township Superintendent
Charter Township of Comstock
P.O. Box 449
5858 King Highway
Comstock, MI 49041-0449

Phone: (269) 381-2360

(This page left intentionally blank)

BASIC FINANCIAL STATEMENTS

Charter Township of Comstock
STATEMENT OF NET POSITION
December 31, 2023

	<u>Primary government</u>	<u>Component unit</u>
	<u>Governmental activities</u>	<u>Downtown Development Authority</u>
ASSETS		
Current assets:		
Cash	\$ 8,239,867	\$ 261,436
Investments	2,114,718	-
Prepays	173,360	-
Receivables, net	<u>5,040,210</u>	<u>1,383</u>
Total current assets	<u>15,568,155</u>	<u>262,819</u>
Noncurrent assets:		
Receivables, net	175,152	-
Capital assets not being depreciated	1,545,557	-
Capital assets, net of accumulated depreciation	<u>17,926,579</u>	<u>24,993</u>
Total noncurrent assets	<u>19,647,288</u>	<u>24,993</u>
Total assets	<u>35,215,443</u>	<u>287,812</u>
LIABILITIES		
Current liabilities:		
Payables	1,045,979	5,398
Unearned grant revenue	<u>456,358</u>	<u>-</u>
Total current liabilities	1,502,337	5,398
Noncurrent liabilities: - long-term obligations		
Compensated absences	<u>79,080</u>	<u>-</u>
Total liabilities	<u>1,581,417</u>	<u>5,398</u>
DEFERRED INFLOWS OF RESOURCES		
Lease revenue	144,052	-
Property tax revenues levied for the subsequent year	3,819,130	7,731
Assessments levied for the subsequent year	<u>4,417,484</u>	<u>-</u>
Total deferred inflows of resources	<u>8,380,666</u>	<u>7,731</u>
NET POSITION		
Net investment in capital assets	19,472,136	24,993
Restricted for:		
Public safety	1,575,684	-
Public works	2,130,566	-
Culture and recreation	1,419,664	-
Unrestricted	<u>655,310</u>	<u>249,690</u>
Total net position	<u>\$ 25,253,360</u>	<u>\$ 274,683</u>

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2023

Functions/Programs	Expenses	Program revenues		Governmental activities	Net (expenses) revenues and change in net position	Component unit
		Charges for services	Operating grants and contributions		Capital grants and contributions	
Governmental activities:						
General government	\$ 1,715,801	\$ 441,494	\$ 9,225	\$ 320,308	\$ (944,774)	
Public safety	4,117,723	4,213,197	112,831	52,500	260,805	
Public works	1,695,761	989,410	28,055	2,193,678	1,515,382	
Community and economic development	205,175	-	29,778	-	(175,397)	
Health and welfare	632,498	-	-	-	(632,498)	
Culture and recreation	1,528,295	176,670	37,789	-	(1,313,836)	
Interest on long-term debt	8,460	-	-	-	(8,460)	
Total governmental activities	<u>\$ 9,903,713</u>	<u>\$ 5,820,771</u>	<u>\$ 217,678</u>	<u>\$ 2,566,486</u>	<u>\$ (1,298,778)</u>	
Component unit:						
Downtown Development Authority	<u>\$ 69,376</u>	<u>\$ -</u>	<u>\$ 107,550</u>	<u>\$ -</u>		<u>\$ 38,174</u>
General revenues:						
Property taxes:						
Operating				915,989		11,392
Roads				621,172		-
Library				915,199		-
Road patrol				403,760		-
Seniors				622,247		-
Franchise fees				106,431		-
State shared revenue				1,702,689		-
Investment income				63,611		2,133
Total general revenues				<u>5,351,098</u>		<u>13,525</u>
Change in net position				4,052,320		51,699
Net position - beginning				<u>21,201,040</u>		<u>222,984</u>
Net position - ending				<u>\$ 25,253,360</u>		<u>\$ 274,683</u>

Charter Township of Comstock

BALANCE SHEET - governmental funds

December 31, 2023

	<i>General</i>	<i>Fire Operating</i>	<i>Library</i>	<i>Roads</i>	<i>Fire Capital</i>	<i>Sewer and Water Improvement</i>	<i>Nonmajor funds</i>	<i>Total governmental funds</i>
ASSETS								
Cash	\$ 1,597,368	\$ 1,699,191	\$ 1,473,334	\$ 428,808	\$ 1,530,123	\$ 629,877	\$ 881,166	\$ 8,239,867
Investments	-	-	400,318	-	-	1,379,853	334,547	2,114,718
Receivables, net	894,257	1,735,011	534,887	453,427	703,982	313,400	580,398	5,215,362
Prepays	73,675	84,379	15,306	-	-	-	-	173,360
Total assets	<u>\$ 2,565,300</u>	<u>\$ 3,518,581</u>	<u>\$ 2,423,845</u>	<u>\$ 882,235</u>	<u>\$ 2,234,105</u>	<u>\$ 2,323,130</u>	<u>\$ 1,796,111</u>	<u>\$ 15,743,307</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Payables	\$ 131,037	\$ 111,974	\$ 19,319	\$ -	\$ 109,773	\$ 563,062	\$ 110,814	\$ 1,045,979
Unearned grant revenue	456,358	-	-	-	-	-	-	456,358
Total liabilities	<u>587,395</u>	<u>111,974</u>	<u>19,319</u>	<u>-</u>	<u>109,773</u>	<u>563,062</u>	<u>110,814</u>	<u>1,502,337</u>
Deferred inflows of resources:								
Property tax revenues levied for the subsequent year	983,754	-	966,243	819,795	-	-	1,049,338	3,819,130
Assessments levied for the subsequent year	-	3,046,557	-	-	1,370,927	-	-	4,417,484
Lease revenue	-	144,052	-	-	-	-	-	144,052
Unavailable special assessment	-	-	-	-	-	53,502	-	53,502
Total deferred inflows of resources	<u>983,754</u>	<u>3,190,609</u>	<u>966,243</u>	<u>819,795</u>	<u>1,370,927</u>	<u>53,502</u>	<u>1,049,338</u>	<u>8,434,168</u>
Fund balances:								
Nonspendable - prepaids	73,675	84,379	15,306	-	-	-	-	173,360
Restricted for:								
Fire capital	-	-	-	-	753,405	-	-	753,405
Fire operating	-	131,619	-	-	-	-	-	131,619
Police protection	-	-	-	-	-	-	634,958	634,958
Roads	-	-	-	62,440	-	-	-	62,440
Library operating	-	-	1,422,977	-	-	-	-	1,422,977
Sewer and water improvements	-	-	-	-	-	1,706,566	-	1,706,566
Assigned for:								
Capital projects	8,211	-	-	-	-	-	-	8,211
Street lighting	-	-	-	-	-	-	1,001	1,001
Unassigned	912,265	-	-	-	-	-	-	912,265
Total fund balances	<u>994,151</u>	<u>215,998</u>	<u>1,438,283</u>	<u>62,440</u>	<u>753,405</u>	<u>1,706,566</u>	<u>635,959</u>	<u>5,806,802</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,565,300</u>	<u>\$ 3,518,581</u>	<u>\$ 2,423,845</u>	<u>\$ 882,235</u>	<u>\$ 2,234,105</u>	<u>\$ 2,323,130</u>	<u>\$ 1,796,111</u>	<u>\$ 15,743,307</u>

See notes to financial statements

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - total governmental funds (page 14)	\$ 5,806,802
Amounts reported for <i>governmental activities</i> in the statement of net position (page 12) are different because:	
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	19,472,136
Special assessments receivable and other receivables are not available to pay for the current period's expenditures and are deferred in the funds.	53,502
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(79,080)</u>
Net position of <i>governmental activities</i>	<u>\$ 25,253,360</u>

Charter Township of Comstock

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended December 31, 2023

	<u>General</u>	<u>Fire Operating</u>	<u>Library</u>	<u>Roads</u>	<u>Fire Capital</u>	<u>Sewer and Water Improvement</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
REVENUES								
Taxes	\$ 1,311,912	\$ -	\$ 915,199	\$ 621,172	\$ -	\$ -	\$ 1,026,007	\$ 3,874,290
Special assessment	-	2,825,033	-	-	1,189,477	21,232	-	4,035,742
Licenses and permits	109,096	-	-	-	-	-	-	109,096
Intergovernmental	-	-	-	-	-	2,068,711	-	2,068,711
State grants	1,770,167	-	37,789	10,276	-	-	11,749	1,829,981
Federal grants	320,308	142,886	-	-	-	-	-	463,194
Charges for services	172,319	-	5,091	-	-	809,694	-	987,104
Fines and forfeitures	13,144	604	19,640	-	-	-	-	33,388
Interest and rentals	63,611	62,766	66,129	15,113	36,169	95,854	37,874	377,516
Other	25,545	41,253	2,591	-	5,169	110,467	-	185,025
Total revenues	<u>3,786,102</u>	<u>3,072,542</u>	<u>1,046,439</u>	<u>646,561</u>	<u>1,230,815</u>	<u>3,105,958</u>	<u>1,075,630</u>	<u>13,964,047</u>
EXPENDITURES								
Current:								
General government	2,558,165	-	-	-	-	-	-	2,558,165
Public safety	194,227	3,062,345	-	-	-	-	418,116	3,674,688
Public works	780,450	-	-	698,928	-	3,465,093	95,412	5,039,883
Community and economic development	206,696	-	-	-	-	-	-	206,696
Health and welfare	-	-	-	-	-	-	632,498	632,498
Culture and recreation	496,257	-	804,501	-	-	-	-	1,300,758
Capital outlay	325,529	52,500	59,723	-	391,781	-	-	829,533
Debt service:								
Principal	-	-	-	-	468,488	-	-	468,488
Interest	-	-	-	-	9,229	-	-	9,229
Total expenditures	<u>4,561,324</u>	<u>3,114,845</u>	<u>864,224</u>	<u>698,928</u>	<u>869,498</u>	<u>3,465,093</u>	<u>1,146,026</u>	<u>14,719,938</u>
NET CHANGES IN FUND BALANCES	(775,222)	(42,303)	182,215	(52,367)	361,317	(359,135)	(70,396)	(755,891)
FUND BALANCES - BEGINNING	<u>1,769,373</u>	<u>258,301</u>	<u>1,256,068</u>	<u>114,807</u>	<u>392,088</u>	<u>2,065,701</u>	<u>706,355</u>	<u>6,562,693</u>
FUND BALANCES - ENDING	<u>\$ 994,151</u>	<u>\$ 215,998</u>	<u>\$ 1,438,283</u>	<u>\$ 62,440</u>	<u>\$ 753,405</u>	<u>\$ 1,706,566</u>	<u>\$ 635,959</u>	<u>\$ 5,806,802</u>

See notes to financial statements

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - *governmental funds* (Continued)

Year ended December 31, 2023

Reconciliation of the statement of revenues, expenditures, and changes
in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 16) \$ (755,891)

Amounts reported for *governmental activities* in the statement
of activities (page 13) are different because:

Capital assets:

Assets acquired 5,547,586
Provision for depreciation (1,183,632)

Long-term debt:

Principal repayments 468,488

Deferred inflows of resources - net decrease in unavailable revenue (8,014)

Changes in other assets/liabilities:

Net decrease in accrued interest expense 769
Net increase in compensated absences (16,986)

Change in net position of *governmental activities* \$ 4,052,320

Charter Township of Comstock

STATEMENT OF FIDUCIARY NET POSITION - *custodial funds*

December 31, 2023

	<u><i>Tax</i></u>	<u><i>Custodial</i></u>
ASSETS		
Cash	\$ 3,581,761	\$ 1,540
LIABILITIES		
Due to others	<u>3,581,761</u>	<u>1,540</u>
NET POSITION		
Fire escrows help for disbursement	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

Charter Township of Comstock

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - *custodial funds*

December 31, 2023

	<u><i>Tax</i></u>	<u><i>Custodial</i></u>
ADDITIONS		
Property taxes collected for other governments	\$ 27,080,045	\$ 10,514
Collection of county fees	-	1,820
Collection of other deposits	-	98,584
Collection of fire escrows	-	-
	<hr/>	<hr/>
Total additions	27,080,045	110,918
 DEDUCTIONS		
Property taxes distributed to other governments	27,080,045	109,098
Distributions to county	-	1,820
Distributions individuals	-	-
	<hr/>	<hr/>
Total deductions	27,080,045	110,918
 NET CHANGE IN FIDUCIARY NET POSITION	-	-
 NET POSITION - BEGINNING	<hr/>	<hr/>
	-	-
 NET POSITION - ENDING	<hr/> <hr/>	<hr/> <hr/>
	\$ -	\$ -

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity:

As required by generally accepted accounting principles, these financial statements present the Township and the Downtown Development Area (located in Kalamazoo County), as there are no other entities for which the Township is considered to be financially accountable.

Discretely presented component unit:

Downtown Development Authority - The Authority was established pursuant to Public Act 197 of 1975, as amended, to correct and prevent deterioration and promote economic growth within the downtown district. The Township appoints the voting majority of the board and is financially accountable for the Authority.

Government-wide and fund financial statements:

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 Township. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Operating Fund accounts for financial resources used for the operational costs of the Township's fire protection. Revenues are primarily derived from special assessments.

The Library Fund accounts for financial resources used for the operational costs of the Township's library. Revenues are primarily derived from property taxes.

The Road Fund accounts for financial resources used for road projects. Revenues are primarily derived from property taxes.

The Fire Capital Fund accounts for financial resources used for capital purchases of the Township's fire department. Revenues are primarily derived from special assessments.

The Sewer and Water Improvement Fund accounts for financial resources used for the improvement and maintenance of utility lines within the Township. Revenues are primarily derived from special assessments and connection fees.

The Township also reports nonmajor special revenue funds used to account for the resources legally restricted for a specific purpose.

The Township also reports fiduciary funds, which account for assets held by the Township as an agent for individuals, private organizations, and other governments. The Township currently reports the following fiduciary fund types:

The Custodial Funds (Tax and Custodial) account for the collection and disbursement of taxes and other monies due to other units of government and individuals.

Amounts reported as program revenues include: (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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Assets, liabilities, deferred inflows of resources, and equity:

Cash - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled investment income is proportionately allocated to all funds.

Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the fund and government-wide financial statements. The Township follows the consumption method for prepaid items for the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, liabilities, deferred inflows of resources, and equity (continued):

Capital assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., trails and sewer and water infrastructure), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$2,000 (\$10,000 for infrastructure assets) 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 acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning January 1, 2004.

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

Buildings and improvements	20 - 40 years
Equipment	5 - 10 years
Vehicles	10 - 20 years
Infrastructure	20 - 50 years

Compensated absences - It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vested compensated absences are accrued when earned in the government-wide financial statements.

Unearned revenue - Unearned revenue represents resources related to grant revenue and operating assessments, which have not yet been earned.

Deferred inflows of resources - The statement of net position and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. The Township has four items that are included in this category: property taxes, special assessments, unavailable grant revenue, and leases. Property tax revenues and certain operating special assessments, which are levied to finance the following period's budget, are deferred and recognized as an inflow of resources in the period that it was intended to finance. Other special assessment, unavailable grant revenues, and leases, which are not recognized until available (collected not later than 60 days after the end of the Township's fiscal year) are deferred and recognized as an inflow of resources in the period that the assessments become available.

Net position - Net position represents the difference between assets, and liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, liabilities, deferred inflows of resources, and equity (continued):

Net position flow assumption - Sometimes, the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide 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 equity - Governmental funds report restricted fund balance when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Township Board retains the authority to assign fund balances as to purpose. Unassigned fund balances are amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted or assigned to those purposes. Unassigned fund balance is the residual classification for the General Fund. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, at which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the subsequent year.

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. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township's general and special revenue funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year. The reportable budget variances were as follows:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
General	General government	Other	\$ 1,279,600	\$ 1,391,898	\$ 112,298
Senior services	Health and Welfare	Health and Welfare	623,427	632,498	9,071

The Township budgeted for an end of year deficit in the Fire Fund of \$27,856 and the Road fund of \$10,666. State statute does not permit a local unit to budget for an end of year deficit. The actual end of year fund balances were \$215,998 and \$62,440 respectively.

NOTE 3 - CASH AND INVESTMENTS

The Township’s deposits and cash on hand were reported in the basic financial statements as follows:

	<u>Governmental activities</u>	<u>Fiduciary activity</u>	<u>DDA</u>	<u>Totals</u>
Deposits	\$ 8,238,167	\$ 3,583,301	\$ 261,436	\$ 12,082,904
Investments	2,114,718	-	-	2,114,718
Cash on hand	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>1,700</u>
Total cash	<u>\$ 10,354,585</u>	<u>\$ 3,583,301</u>	<u>\$ 261,436</u>	<u>\$ 14,199,322</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township’s investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township’s deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township’s investment policy does not specifically address custodial credit risk for deposits. At December 31, 2023, \$10,972,997 of the Township’s bank balances of \$12,343,003 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments - State statutes and the Township’s investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two (2) highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers’ acceptances; and e) mutual funds composed of otherwise legal investments. The Township’s investments are reported at fair market value. The Township’s investments are in accordance with statutory authority.

Custodial credit risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Township’s investment policy does not contain requirements that would limit the exposure to custodial credit risk for investments. At year end, custodial credit risk for the Michigan Class investment cannot be determined as this investment does not consist of specific securities while all other investment securities listed below were uninsured and unregistered and held by the same broker-dealer (counterparty) that purchased the securities for the Township.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS (Continued)

The Township's holdings consist of the following:

<u>Investment type</u>	<u>Maturity</u>	<u>Moody Rating</u>	<u>S&P Rating</u>	<u>Value</u>	<u>Percent of total</u>
U.S. government mortgage backed securities:					
Federal Home Loan Mortgage Corp.	September 15, 2032	Aaa		\$ 5,380	0.3%
Federal Home Loan Mortgage Corp.	June 15, 2042	Aaa		17,631	0.8%
Governmental National Mortgage Association	March 20, 2047	Aaa		5,744	0.3%
Federal Home Loan Mortgage Corp.	September 15, 2032	Aaa		19,498	0.9%
Federal Home Loan Mortgage Corp.	March 25, 2052	Aaa		205,440	9.7%
Governmental National Mortgage Association	October 20, 2051	Aaa		291,765	13.8%
Municipal Bonds:					
Morgan Stanley Private Bank CD	January 27, 2024	AAA		249,060	11.8%
Bloomfield Charter Twp - Oakland Cnty MI	April 1, 2023	AAA		247,345	11.7%
Certificates of deposit					
St Louis Mich Pub Schs Taxable Ref Bds	May 1, 2025	AA		61,784	2.9%
Greenville Mich Pub Schs Taxable Unltd Bds	November 2, 2025	AA		74,095	3.5%
Michigan Class investment pool			AAAm	<u>936,976</u>	44.3%
Total investments				<u>\$ 2,114,718</u>	

Interest rate risk. Interest rate risk is the risk that the value of an investment will decrease as a result of an increase in market interest rates. Generally, longer investment maturities generate more sensitivity to changes in an investment's fair value due to changes in market interest rates. The Township's investment policy has no specific limitations with respect to maturities of investments.

Credit risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally-recognized statistical rating organization. The Township's investment policy does not contain requirements that would limit the exposure to credit risk for investments. Obligations of the U.S. government are not considered to have credit risk.

Concentration of credit risk. The Township's investment policy places no limitations on the amount that can be invested in any one issuer.

Fair value measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2023:

- Michigan Class, with a balance of \$936,976 at December 31, 2023, which is valued using net asset value (Level 1).
- All other investments are valued using observable fair values of similar assets (Level 2).

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2023, for the Township’s individual major funds and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>leases receivable</u>	<u>Special assessments</u>	<u>Intergovernmental</u>	<u>Totals</u>
Governmental:						
General	\$ 35,949	\$ 544,110	\$ -	\$ -	\$ 314,198	\$ 894,257
Fire Operating	9,984	-	144,052	1,564,428	16,547	1,735,011
Library	459	534,428	-	-	-	534,887
Roads	-	453,427	-	-	-	453,427
Fire Capital	-	-	-	703,982	-	703,982
Sewer and Water Improvement	84,279	-	-	54,366	174,755	313,400
Nonmajor	-	580,398	-	-	-	580,398
Total governmental	<u>\$ 130,671</u>	<u>\$ 2,112,363</u>	<u>\$ 144,052</u>	<u>\$ 2,322,776</u>	<u>\$ 505,500</u>	<u>\$ 5,215,362</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,392</u>	<u>\$ 48,760</u>	<u>\$ -</u>	<u>\$ 175,152</u>
Component unit - DDA	<u>\$ -</u>	<u>\$ 1,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,383</u>

All receivables are considered to be fully collectible.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Reallocate</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 540,618	\$ 36,144	\$ -	\$ -	\$ 576,762
Construction in progress	<u>75,092</u>	<u>968,795</u>	<u>(75,092)</u>	<u>-</u>	<u>968,795</u>
Subtotal	<u>615,710</u>	<u>1,004,939</u>	<u>(75,092)</u>	<u>-</u>	<u>1,545,557</u>
Capital assets being depreciated:					
Buildings and improvements	7,018,733	-	-	-	7,018,733
Equipment	4,221,083	316,233	-	(127,838)	4,409,478
Vehicles	4,879,612	197,763	-	(40,629)	5,036,746
Infrastructure	<u>15,843,062</u>	<u>4,028,651</u>	<u>75,092</u>	<u>-</u>	<u>19,946,805</u>
Subtotal	<u>31,962,490</u>	<u>4,542,647</u>	<u>75,092</u>	<u>(168,467)</u>	<u>36,411,762</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,515,025)	(224,445)	-	-	(3,739,470)
Equipment	(2,704,803)	(210,173)	-	127,838	(2,787,138)
Vehicles	(2,383,111)	(276,885)	-	40,629	(2,619,367)
Infrastructure	<u>(8,867,079)</u>	<u>(472,129)</u>	<u>-</u>	<u>-</u>	<u>(9,339,208)</u>
Subtotal	<u>(17,470,018)</u>	<u>(1,183,632)</u>	<u>-</u>	<u>168,467</u>	<u>(18,485,183)</u>
Total capital assets being depreciated, net	<u>14,492,472</u>	<u>3,359,015</u>	<u>75,092</u>	<u>-</u>	<u>17,926,579</u>
Governmental activities capital assets, net	<u>\$ 15,108,182</u>	<u>\$ 4,363,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,472,136</u>

NOTE 5 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 91,667
Public safety	510,520
Public works	380,579
Culture and recreation	<u>200,866</u>
 Total governmental activities	 <u>\$ 1,183,632</u>

NOTE 6 - PAYABLES

Payables as of December 31, 2023, for the Township’s individual major funds and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Intergovern- mental</u>	<u>Totals</u>
Governmental:				
General	\$ 106,972	\$ 24,065	\$ -	\$ 131,037
Road	-	-	-	-
Fire Operating	63,759	48,215	-	111,974
Library	10,088	9,231	-	19,319
Fire capital	109,773	-	-	109,773
Sewer and Water Improvement	563,062	-	-	563,062
Nonmajor	<u>-</u>	<u>-</u>	<u>110,814</u>	<u>110,814</u>
 Total governmental	 <u>\$ 853,654</u>	 <u>\$ 81,511</u>	 <u>\$ 110,814</u>	 <u>\$ 1,045,979</u>

NOTE 7 - PROPERTY TAXES

The 2022 taxable valuation of the Township approximated \$630,725,000, on which ad valorem taxes levied consisted of 0.9740 mills for operating purposes, 1.4733 mills for library operations, 1.0000 mills for senior services, 0.6500 mills for road patrol and 1.0000 for roads, raising approximately \$915,000 for operating purposes, \$929,000 for library operations, \$631,000 for senior services, \$410,000 for road patrol, and \$631,000 for roads. These amounts are recognized in the respective fund financial statements as property tax revenue, though they are reduced by tax captures by the Township’s component units.

The 2023 taxable valuation of the Township approximated \$662,489,000, on which ad valorem taxes levied consisted of 1.5000 mills for operating purposes, 1.4733 mills for library operations, 1.0000 mills for senior services, 0.6000 mills for road patrol and 1.2500 for roads, raising approximately \$984,000 for operating purposes, \$966,000 for library operations, \$656,000 for senior services, \$393,000 for road patrol, and \$820,000 for roads. These amounts are recognized in the respective fund financial statements as deferred inflows of resources, though they are reduced by tax captures by the Township’s component units, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

NOTE 8 - TAX ABATEMENTS

The Township enters into property tax abatement agreements with local businesses under the State Act 198 of 1974 IFTs. Under the Acts, localities may grant property tax abatements of up to 50 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. Abatements may be granted to any business located within or promising to relocate to the Township.

For the fiscal year ended December 31, 2023, the Township abated property taxes totaling \$62,752 under this program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 50% property tax abatement to Bell’s Brewing. The abatement amounted to approximately \$11,000.
- A 50% property tax abatement to SIR Kalamazoo. The abatement amounted to approximately \$7,900.

NOTE 9 - LONG-TERM OBLIGATIONS

At December 31, 2023, long-term obligations are comprised of the following:

Governmental activities:	
Compensated absences	<u>\$ 79,080</u>

All debt is secured by the full faith and credit of the Township.

Long-term obligation activity for the year ended December 31, 2023, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Net Change</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:						
Bonds and notes:						
2021 installment purchase agreement	\$ 468,488	\$ -	\$ -	\$ (468,488)	\$ -	\$ -
Compensated absences	<u>62,094</u>	<u>-</u>	<u>16,986</u>	<u>-</u>	<u>79,080</u>	<u>-</u>
Total governmental activities long-term obligations	<u>\$ 530,582</u>	<u>\$ -</u>	<u>\$ 16,986</u>	<u>\$ (468,488)</u>	<u>\$ 79,080</u>	<u>\$ -</u>

NOTE 10 - LEASES

The Township entered into an agreement with a corporation to lease certain property on the Township tower. The terms of this agreement include a fixed minimum annual guaranteed (MAG) payment of \$1,100 per month increased by 3% on the anniversary date to the Township. This lease commenced on July 17, 2006 with a 25 year term.

For the year ended December 31, 2023, the Township received \$16,524 in lease revenue and \$4,817 in lease interest revenue.

Future MAG payments due to the Township under the lease agreement are as follows:

<i>Year ended</i>			
<u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2024	17,660	4,322	\$ 126,392
2025	18,849	3,792	107,543
2026	20,093	3,226	87,450
2027	21,396	2,624	66,054
2028	22,758	1,982	43,296
2029-2030	<u>43,296</u>	<u>1,872</u>	<u>22,758</u>
Totals	<u>\$ 144,052</u>	<u>\$ 17,818</u>	<u>\$ -</u>

NOTE 11 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers’ compensation). The risks of loss arising from general liability up to \$7,000,000, property and casualty, and workers’ compensation are managed through purchased commercial insurance.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN

The Township and its full-time employees contribute to the Charter Township of Comstock 401(A) DC Pension Plan, a defined contribution pension plan, which is administered by a third-party administrator.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Full-time employees are eligible to participate at the date of employment. The Township contributes 13% of the employee’s base salary each month. Employees are permitted to make contributions to the Plan, up to applicable Internal Revenue Code limits. For the year ended December 31, 2023, the Township and eligible employees made contributions of \$311,718 and \$23,887, respectively. At December 31, 2023, the Township reported an accrued liability of \$7,345 as part of the contributions to the plan.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN (Continued)

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Township contributions and earnings on Township contributions after completion of six (6) 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 pension plan's administrative expenses. For the year ended December 31, 2023, there were no forfeitures that reduced the Township's pension expense.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

NOTE 13 - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plan were held in trust (custodial account or annuity contract), as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Township's financial statements.

NOTE 14 - JOINT VENTURE

The Township is a member of the Kalamazoo Area Building Authority (the Authority), which is a joint venture of the Charter Townships of Comstock and Kalamazoo. The administrative board of the Authority consists of two members appointed by each participating unit and a member-at-large. The Authority was established to administer and enforce the Michigan State Construction Code within its constituent municipalities. Complete audited financial statements for the Authority can be obtained by contacting the Authority at 2322 Nazareth Road, Kalamazoo, MI 49048.

The Township does not expect to receive residual equity from the joint venture. The Township is unaware of any indication that the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the Township in the near future.

NOTE 15 - SUBSEQUENT EVENT

The Township ordered a fire truck at a cost of \$1,484,801 that will be financed over 3 years with annual payments due of \$514,074 anticipated delivery in 2026.

NOTE 16 - PENDING ACCOUNTING PRONOUNCEMENT

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Comstock

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2023

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Taxes	\$ 1,242,859	\$ 1,242,859	\$ 1,311,912	\$ 69,053
Licenses and permits - franchise fees	113,500	113,500	109,096	(4,404)
Federal grants	-	400,000	320,308	(79,692)
State grants:				
State shared revenues	1,610,266	1,610,266	1,702,688	92,422
Local community stabilization revenue	1,300	1,300	9,226	7,926
Economic development	30,000	110,000	29,778	(80,222)
Other	200,500	13,000	28,475	15,475
Total state grants	1,842,066	1,734,566	1,770,167	35,601
Charges for services:				
Park and recreation fees	91,000	91,000	83,219	(7,781)
Cemetery charges	25,000	25,000	29,527	4,527
Other	74,000	74,000	59,573	(14,427)
Total charges for services	190,000	190,000	172,319	(17,681)
Fines and forfeitures:				
Other	41,700	41,700	13,144	(28,556)
Interest and rentals	8,080	8,080	63,611	55,531
Other	68,000	68,000	25,545	(42,455)
Total revenues	3,506,205	3,798,705	3,786,102	(12,603)

Charter Township of Comstock

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2023

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
EXPENDITURES				
General government:				
Legislative	\$ 30,700	\$ 30,700	\$ 29,483	\$ 1,217
Supervisor	247,850	263,350	263,899	(549)
Elections	46,600	52,600	52,762	(162)
Assessor	156,000	212,000	206,669	5,331
Clerk	190,650	215,650	202,689	12,961
Board of review	4,410	4,410	2,099	2,311
Treasurer	212,650	212,650	200,449	12,201
Data processing	74,400	74,400	65,956	8,444
Building and grounds	170,450	170,450	142,261	28,189
Other	296,600	1,279,600	1,391,898	(112,298)
Total general government	<u>1,430,310</u>	<u>2,515,810</u>	<u>2,558,165</u>	<u>(42,355)</u>
Public safety - police protection	<u>306,000</u>	<u>229,958</u>	<u>194,227</u>	<u>35,731</u>
Public works:				
Street lights	225,000	217,000	196,433	20,567
Cemetery	343,250	312,250	291,147	21,103
Other	100,000	100,000	100,000	-
Solid waste compactor	176,250	206,250	192,870	13,380
Total public works	<u>844,500</u>	<u>835,500</u>	<u>780,450</u>	<u>55,050</u>
Community and economic development - planning	<u>221,150</u>	<u>301,150</u>	<u>206,696</u>	<u>94,454</u>
Culture and recreation - parks and recreation	<u>787,800</u>	<u>557,100</u>	<u>496,257</u>	<u>60,843</u>
Capital outlay	<u>887,320</u>	<u>1,116,507</u>	<u>325,529</u>	<u>790,978</u>
Total expenditures	<u>4,477,080</u>	<u>5,556,025</u>	<u>4,561,324</u>	<u>994,701</u>
NET CHANGES IN FUND BALANCES	(970,875)	(1,757,320)	(775,222)	982,098
FUND BALANCES - BEGINNING	<u>1,769,373</u>	<u>1,769,373</u>	<u>1,769,373</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 798,498</u>	<u>\$ 12,053</u>	<u>\$ 994,151</u>	<u>\$ 982,098</u>

Charter Township of Comstock

BUDGETARY COMPARISON SCHEDULE - Fire Operating Fund

Year ended December 31, 2023

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Special assessments	\$ 2,828,481	\$ 2,828,481	\$ 2,825,033	\$ (3,448)
Fines and forfeitures	100	100	604	504
Federal grants	-	69,500	142,886	73,386
Interest and rentals	28,682	28,682	62,766	34,084
Other	<u>8,500</u>	<u>8,500</u>	<u>41,253</u>	<u>32,753</u>
Total revenues	<u>2,865,763</u>	<u>2,935,263</u>	<u>3,072,542</u>	<u>137,279</u>
EXPENDITURES				
Public safety	3,037,920	3,134,920	3,062,345	72,575
Capital outlay	<u>34,000</u>	<u>86,500</u>	<u>52,500</u>	<u>34,000</u>
Total expenditures	<u>3,071,920</u>	<u>3,221,420</u>	<u>3,114,845</u>	<u>106,575</u>
NET CHANGES IN FUND BALANCES	(206,157)	(286,157)	(42,303)	243,854
FUND BALANCES - BEGINNING	<u>258,301</u>	<u>258,301</u>	<u>258,301</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 52,144</u>	<u>\$ (27,856)</u>	<u>\$ 215,998</u>	<u>\$ 243,854</u>

Charter Township of Comstock

BUDGETARY COMPARISON SCHEDULE - Library Fund

Year ended December 31, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Taxes	\$ 916,477	\$ 916,477	\$ 915,199	\$ (1,278)
State grants	13,000	13,000	37,789	24,789
Charges for services	1,500	1,500	5,091	3,591
Fines and forfeitures:				
County shared penal fines	15,000	15,000	16,375	1,375
Book fines	500	500	3,265	2,765
Total fines and forfeitures	15,500	15,500	19,640	4,140
Interest	2,150	2,150	66,129	63,979
Other	300	300	2,591	2,291
Total revenues	948,927	948,927	1,046,439	97,512
EXPENDITURES				
Culture and recreation:				
Legislative	14,000	14,000	2,177	11,823
Administrative	401,415	401,415	367,573	33,842
Adult services	316,500	316,500	284,893	31,607
Books and materials	206,100	206,100	149,858	56,242
Total culture and recreation	938,015	938,015	804,501	133,514
Capital outlay	-	59,723	59,723	-
Total expenditures	938,015	997,738	864,224	133,514
NET CHANGES IN FUND BALANCES	10,912	(48,811)	182,215	231,026
FUND BALANCES - BEGINNING	1,256,068	1,256,068	1,256,068	-
FUND BALANCES - ENDING	<u>\$ 1,266,980</u>	<u>\$ 1,207,257</u>	<u>\$ 1,438,283</u>	<u>\$ 231,026</u>

Charter Township of Comstock

BUDGETARY COMPARISON SCHEDULE - Road Operating Fund

Year ended December 31, 2023

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Taxes	\$ 622,027	\$ 622,027	\$ 621,172	\$ (855)
State grants	-	-	10,276	10,276
Interest and rentals	2,500	2,500	15,113	12,613
Total revenues	<u>624,527</u>	<u>624,527</u>	<u>646,561</u>	<u>22,034</u>
EXPENDITURES				
Public works	<u>650,000</u>	<u>750,000</u>	<u>698,928</u>	<u>51,072</u>
NET CHANGES IN FUND BALANCES	(25,473)	(125,473)	(52,367)	73,106
FUND BALANCES - BEGINNING	<u>114,807</u>	<u>114,807</u>	<u>114,807</u>	-
FUND BALANCES - ENDING	<u>\$ 89,334</u>	<u>\$ (10,666)</u>	<u>\$ 62,440</u>	<u>\$ 73,106</u>

BUDGETARY COMPARISON SCHEDULE - Fire Capital Fund

Year ended December 31, 2023

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Special assessments	\$ 1,190,928	\$ 1,190,928	\$ 1,189,477	\$ (1,451)
Interest and rentals	5,000	5,000	36,169	31,169
Other	-	-	5,169	5,169
Total revenues	<u>1,195,928</u>	<u>1,195,928</u>	<u>1,230,815</u>	<u>34,887</u>
EXPENDITURES				
Debt services				
Principal	468,488	468,488	468,488	-
Interest	9,229	9,229	9,229	-
Capital outlay	<u>718,211</u>	<u>718,211</u>	<u>391,781</u>	<u>326,430</u>
Total expenditures	<u>1,195,928</u>	<u>1,195,928</u>	<u>869,498</u>	<u>326,430</u>
NET CHANGES IN FUND BALANCES	-	-	361,317	361,317
FUND BALANCES - BEGINNING	<u>392,088</u>	<u>392,088</u>	<u>392,088</u>	-
FUND BALANCES - ENDING	<u>\$ 392,088</u>	<u>\$ 392,088</u>	<u>\$ 753,405</u>	<u>\$ 361,317</u>

SUPPLEMENTARY INFORMATION

Charter Township of Comstock

COMBINING BALANCE SHEET - nonmajor governmental funds

December 31, 2023

	<i>Special revenue funds</i>			<i>Totals</i>
	<i>Street Lighting</i>	<i>Road Patrol</i>	<i>Senior Services</i>	
ASSETS				
Cash	\$ 1,001	\$ 570,058	\$ 310,107	\$ 881,166
Investments	-	334,547	-	334,547
Receivables, net	-	217,654	362,744	580,398
Total assets	<u>\$ 1,001</u>	<u>\$ 1,122,259</u>	<u>\$ 672,851</u>	<u>\$ 1,796,111</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 93,799	\$ 17,015	\$ 110,814
Deferred inflows of resources:				
Property tax revenues levied for the subsequent year	-	393,502	655,836	1,049,338
Fund balances:				
Restricted for:				
Police protection	-	634,958	-	634,958
Assigned for:				
Street lighting	1,001	-	-	1,001
Total fund balances	<u>1,001</u>	<u>634,958</u>	<u>-</u>	<u>635,959</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,001</u>	<u>\$ 1,122,259</u>	<u>\$ 672,851</u>	<u>\$ 1,796,111</u>

Charter Township of Comstock

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - nonmajor governmental funds**

Year ended December 31, 2023

	<i>Special revenue funds</i>			<i>Totals</i>
	<i>Street Lighting</i>	<i>Road Patrol</i>	<i>Senior Services</i>	
REVENUES				
Taxes	\$ -	\$ 403,760	\$ 622,247	\$ 1,026,007
State grants	-	1,498	10,251	11,749
Interest and rentals	142	37,732	-	37,874
Other	-	-	-	-
	<u>142</u>	<u>442,990</u>	<u>632,498</u>	<u>1,075,630</u>
Total revenues				
EXPENDITURES				
Current:				
Public safety	-	418,116	-	418,116
Public works	95,412	-	-	95,412
Health and welfare	-	-	632,498	632,498
	<u>95,412</u>	<u>418,116</u>	<u>632,498</u>	<u>1,146,026</u>
Total expenditures				
NET CHANGES IN FUND BALANCES	(95,270)	24,874	-	(70,396)
FUND BALANCES - BEGINNING	<u>96,271</u>	<u>610,084</u>	<u>-</u>	<u>706,355</u>
FUND BALANCES - ENDING	<u>\$ 1,001</u>	<u>\$ 634,958</u>	<u>\$ -</u>	<u>\$ 635,959</u>

BALANCE SHEET - Component Unit

December 31, 2023

	<u>Downtown Development Authority</u>
ASSETS	
Cash	\$ 261,436
Receivables	<u>1,383</u>
Total assets	<u><u>\$ 262,819</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities - payables	<u>\$ 5,398</u>
Deferred inflows of resources - property tax revenues levied for the subsequent year	<u>7,731</u>
Fund balance - unassigned	<u>249,690</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 262,819</u></u>
Reconciliation of the balance sheet to the statement of net position:	
Total fund balances - <i>component units</i>	\$ 249,690
Amounts reported for the <i>component units</i> in the statement of net position (page 11) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>24,993</u>
Net position of <i>component units</i>	<u><u>\$ 274,683</u></u>

Charter Township of Comstock

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - Component Unit

Year ended December 31, 2023

	<u>Downtown Development Authority</u>
REVENUES	
Property taxes	\$ 11,392
State grant	7,500
Intergovernmental	100,000
Interest	2,133
Other	<u>50</u>
Total revenues	<u>121,075</u>
EXPENDITURES	
Current - public works	63,792
Capital outlay	<u>2,672</u>
Total expenditures	<u>66,464</u>
NET CHANGES IN FUND BALANCES	54,611
FUND BALANCES - BEGINNING	<u>195,079</u>
FUND BALANCES - ENDING	<u><u>\$ 249,690</u></u>
Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:	
Net changes in fund balances - <i>component units</i>	\$ 54,611
Amounts reported for the <i>component units</i> in the statement of activities (page 12) are different because:	
Capital assets:	
Asset acquisitions	-
Depreciation provision	<u>(2,912)</u>
Changes in net position of <i>component units</i>	<u><u>\$ 51,699</u></u>