

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

FINANCIAL STATEMENTS

Year ended December 31, 2022



Vredeveld Haefner LLC
CPAs and Consultants

	<i>Page</i>
INDEPENDENT AUDITOR'S REPORT	3 - 5
MANAGEMENT'S DISCUSSION AND ANALYSIS	6 - 12
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 - 33
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	34 - 35
Fire Operating Fund	36
Library Fund	37
Road Fund	38
Fire Capital Fund	39
SUPPLEMENTARY INFORMATION	
Combining balance sheet - nonmajor governmental funds	40
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	41
Balance sheet - component unit	42
Statement of revenues, expenditures, and changes in fund balances - component unit	43
SINGLE AUDIT SCHEDULES AND REPORTS	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44 - 45
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Require by the Uniform Guidance	46 - 47
Schedule of expenditures of federal awards	48
Notes to schedule of expenditures of federal awards	49
Schedule of Findings and Questioned costs	50
Corrective Action Plan	51

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

May 19, 2023

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, 2022, 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, 2022 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 12 and the budgetary comparison schedules on pages 34 through 39 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 and schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and schedules and the schedule of expenditures of federal awards are 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 May 19, 2023 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Uradaxeld 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, 2022. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$2,229,364 (12 percent) as a result of this year's activities.
- Of the \$21,201,040 total net position reported, \$1,842,913 (9 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 \$738,483, 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 2022 and 2021 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 \$21,201,040. Of this total, \$14,639,694 is invested in capital assets (net of related debt) and \$4,718,433 is restricted for various purposes. Consequently, unrestricted net position was \$1,842,913, which represents 9 percent of the total.

Condensed financial information

Net position

	<i>Governmental activities</i>	
	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 15,663,582	\$ 14,107,703
Capital assets	<u>15,108,182</u>	<u>14,587,236</u>
Total assets	<u>30,771,764</u>	<u>28,694,939</u>
Current and other liabilities	1,405,706	1,562,521
Long-term debt	<u>530,582</u>	<u>1,137,192</u>
Total liabilities	<u>1,936,288</u>	<u>2,699,713</u>
Deferred inflows of resources	<u>7,634,436</u>	<u>7,023,550</u>
Net position:		
Net investment in capital assets	14,639,694	13,502,225
Restricted	4,718,433	4,032,199
Unrestricted	<u>1,842,913</u>	<u>1,437,252</u>
Total net position	<u>\$ 21,201,040</u>	<u>\$ 18,971,676</u>

Changes in net position

The Township's total revenues are \$11,414,560. For 2022, 46 percent of the Township's revenues comes from charges for services, 28 percent comes from property taxes, and 15 percent comes from state grants.

The total cost of the Township's programs and services was \$9,185,196. Approximately 41 percent of the Township's costs are related to public safety activities. General government costs are 16 percent of the total, culture and recreation costs account for 14 percent, and public works costs are 19 percent of total expenses.

*Condensed financial information
Changes in net position*

	<u>Governmental activities</u>	
	<u>2022</u>	<u>2021</u>
Program revenues:		
Charges for services	\$ 5,241,686	\$ 4,811,384
Operating grants and contributions	160,066	198,478
Capital grants and contributions	910,008	121,051
General revenues:		
Property taxes	3,227,608	2,515,069
State grants	1,740,827	1,592,720
Franchise fees	115,306	115,005
Investment income	19,059	372
	<u>11,414,560</u>	<u>9,354,079</u>
Total revenues		
Expenses:		
General government	1,491,009	1,504,644
Public safety	3,796,831	3,375,170
Public works	1,709,224	1,319,041
Community and economic development	228,756	241,543
Health and welfare	593,578	574,404
Culture and recreation	1,319,975	1,243,919
Interest	45,823	34,745
	<u>9,185,196</u>	<u>8,293,466</u>
Total expenses		
Changes in net position	<u>2,229,364</u>	<u>1,060,613</u>
Net position, end of year	<u>\$ 21,201,040</u>	<u>\$ 18,971,676</u>

Governmental activities

Net position increased by \$2,229,364 for 2022, compared to a \$1,060,613 increase in net position for 2021. Revenues were \$2,060,481 higher in 2022, primarily due to an increase in millage rates in property taxes and capital grants. Total governmental expenses increased by \$891,730. The increase in public safety can be primarily attributed to increased salaries and fringe benefits in the fire fund and the increase in public works relates to increased road projects from the previous year.

The total cost of governmental activities this year was \$9,185,196. After subtracting the direct charges to those who directly benefited from the programs (\$5,241,686) and operating and capital grants (\$1,070,074), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$2,873,436.

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 \$6,562,693, an increase of \$1,253,790 from the prior year.

The General Fund is the primary operating fund of the Township. Its fund balance increased by \$483,723 during the year, as revenues of \$4,162,894 were higher than expenditures out of \$3,679,171. Year-end fund balance totals \$1,769,373.

The Fire Operating Fund experienced a decrease in fund balance of \$22,106, as revenues of \$2,738,449 were higher than expenditures of \$2,760,555. Fund balance at the end of the year totals \$258,301.

The Library Fund's \$133,786 increase in fund balance was the result of revenues of \$941,546 exceeding expenditures of \$807,760. Fund balance at the end of the year totals \$1,256,068.

The Road Fund's \$77,731 increase in fund balance was the result of revenues of \$595,006 exceeding expenditures of \$517,275. Fund balance at the end of the year totals \$114,807.

The Fire Capital Fund experienced an increase in fund balance of \$37,555, as revenues of \$1,132,953 were higher than expenditures of \$1,095,398. Fund balance at the end of the year totals \$392,088.

The Sewer and Water Improvement Fund experienced an \$239,663 increase in fund balance, which reflects the excess of revenues of \$426,552 over expenditures of \$186,889 for the year. The fund balance at the end of the year is \$2,065,701.

General Fund budgetary highlights

Expenditure budgets were amended during the year. The final expenditure budget totals were increased by \$2,617,507 over the original budget. Budget amendments were made among several activities within the General Fund with the most significant increases in capital outlay.

Total actual revenues were lower than budgeted amounts by \$574,256, as federal grant revenue was less than budgeted. Total expenditures were \$1,504,736 less than budgeted amounts. The largest variance was in capital outlay, primarily due to delayed projects. In total, these conditions resulted in a \$935,480 positive budget variance and a \$483,723 increase in fund balance compared to a budgeted decrease of \$451,757.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of December 31, 2022, amounts to \$15,108,182 (net of accumulated depreciation). This investment includes buildings and improvements, fire equipment and vehicles, and sewer and water infrastructure. The \$520,946 increase in the Township's investment in capital assets for the current fiscal year reflects capital additions of \$1,682,885 net of depreciation of \$1,161,939.

Major capital asset acquisitions during the current year include:

- \$93,430 for library materials and building improvements
- \$49,482 for park improvements
- \$986,121 for the purchase of building site for new township hall
- \$63,243 for the purchase of a fire equipment
- \$41,446 for fire station improvements
- \$195,201 for the purchase and improvements of three fire trucks

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 total long-term debt outstanding in the amount of \$468,488, which represents a reduction of \$616,523 from the previous year. The Township's debt issues are backed by the full faith and credit of the Township.

\$62,094 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
6138 King Highway
Comstock, MI 49041-0449

Phone: (269) 381-2360

BASIC FINANCIAL STATEMENTS

Charter Township of Comstock

STATEMENT OF NET POSITION

December 31, 2022

	<u>Primary government</u>	<u>Component unit</u>
	<u>Governmental activities</u>	<u>Downtown Development Authority</u>
ASSETS		
Current assets:		
Cash	\$ 5,716,817	\$ 200,233
Investments	2,953,098	-
Prepays	158,235	-
Receivables, net	6,780,165	2,200
Total current assets	<u>15,608,315</u>	<u>202,433</u>
Noncurrent assets:		
Receivables, net	55,267	-
Capital assets not being depreciated	615,710	-
Capital assets, net of accumulated depreciation	14,492,472	27,905
Total noncurrent assets	<u>15,163,449</u>	<u>27,905</u>
Total assets	<u>30,771,764</u>	<u>230,338</u>
LIABILITIES		
Current liabilities:		
Payables	351,627	125
Unearned grant revenue	1,054,079	-
Current portion of long-term obligations	468,488	-
Total current liabilities	1,874,194	125
Noncurrent liabilities: - long-term obligations		
Compensated absences	62,094	-
Total liabilities	<u>1,936,288</u>	<u>125</u>
DEFERRED INFLOWS OF RESOURCES		
Lease revenue	160,576	-
Property tax revenues levied for the subsequent year	3,459,269	7,229
Assessments levied for the subsequent year	4,014,591	-
Total deferred inflows of resources	<u>7,634,436</u>	<u>7,229</u>
NET POSITION		
Net investment in capital assets	14,639,694	-
Restricted for:		
Public safety	1,233,226	-
Public works	2,242,024	-
Culture and recreation	1,243,183	-
Unrestricted	1,842,913	222,984
Total net position	<u>\$ 21,201,040</u>	<u>\$ 222,984</u>

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

	<u>Expenses</u>	<u>Program revenues</u>		<u>Governmental activities</u>	<u>Net (expenses) revenues and change in net position</u>	<u>Component unit</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>		<u>Capital grants and contributions</u>	
Functions/Programs						
Governmental activities:						
General government	\$ 1,491,009	\$ 380,899	\$ 3,404	\$ 819,917	\$ (286,789)	
Public safety	3,796,831	3,913,387	15,589	-	132,145	
Public works	1,709,224	820,335	13,377	90,091	(785,421)	
Community and economic development	228,756	-	98,817	-	(129,939)	
Health and welfare	593,578	-	-	-	(593,578)	
Culture and recreation	1,319,975	127,065	28,879	-	(1,164,031)	
Interest on long-term debt	45,823	-	-	-	(45,823)	
Total governmental activities	<u>\$ 9,185,196</u>	<u>\$ 5,241,686</u>	<u>\$ 160,066</u>	<u>\$ 910,008</u>	<u>\$ (2,873,436)</u>	
Component unit:						
Downtown Development Authority	<u>\$ 54,047</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ -</u>		<u>\$ 20,953</u>
General revenues:						
Property taxes:						
					583,683	9,435
					590,048	-
					875,024	-
					589,092	-
					589,761	-
					115,306	-
					1,740,827	-
					19,059	454
					<u>5,102,800</u>	<u>9,889</u>
					2,229,364	30,842
					<u>18,971,676</u>	<u>192,142</u>
					<u>\$ 21,201,040</u>	<u>\$ 222,984</u>

BALANCE SHEET - governmental funds

December 31, 2022

	<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>
ASSETS								
Cash	\$ 2,127,749	\$ 742,481	\$ 920,772	\$ 34,314	\$ 613,085	\$ 674,259	\$ 604,157	\$ 5,716,817
Investments	315,608	-	507,160	204,659	-	1,515,590	410,081	2,953,098
Receivables, net	1,092,830	2,485,402	749,648	508,824	975,845	183,320	839,563	6,835,432
Prepays	59,131	85,009	14,095	-	-	-	-	158,235
Total assets	\$ 3,595,318	\$ 3,312,892	\$ 2,191,675	\$ 747,797	\$ 1,588,930	\$ 2,373,169	\$ 1,853,801	\$ 15,663,582
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Payables	\$ 107,114	\$ 68,925	\$ 21,150	\$ 12,304	\$ 7,341	\$ 10,710	\$ 123,314	\$ 350,858
Unearned grant revenue	818,837	-	-	-	-	235,242	-	1,054,079
Total liabilities	925,951	68,925	21,150	12,304	7,341	245,952	123,314	1,404,937
Deferred inflows of resources:								
Property tax revenues levied for the subsequent year	899,994	-	914,457	620,686	-	-	1,024,132	3,459,269
Assessments levied for the subsequent year	-	2,825,090	-	-	1,189,501	-	-	4,014,591
Lease revenue	-	160,576	-	-	-	-	-	160,576
Unavailable special assessment	-	-	-	-	-	61,516	-	61,516
Total deferred inflows of resources	899,994	2,985,666	914,457	620,686	1,189,501	61,516	1,024,132	7,695,952
Fund balances:								
Nonspendable - prepaids	59,131	85,009	14,095	-	-	-	-	158,235
Restricted for:								
Fire capital	-	-	-	-	392,088	-	-	392,088
Fire operating	-	173,292	-	-	-	-	-	173,292
Police protection	-	-	-	-	-	-	610,084	610,084
Roads	-	-	-	114,807	-	-	-	114,807
Library operating	-	-	1,241,973	-	-	-	-	1,241,973
Sewer and water improvements	-	-	-	-	-	2,065,701	-	2,065,701
Assigned for:								
Capital projects	971,759	-	-	-	-	-	-	971,759
Street lighting	-	-	-	-	-	-	96,271	96,271
Unassigned	738,483	-	-	-	-	-	-	738,483
Total fund balances	1,769,373	258,301	1,256,068	114,807	392,088	2,065,701	706,355	6,562,693
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,595,318	\$ 3,312,892	\$ 2,191,675	\$ 747,797	\$ 1,588,930	\$ 2,373,169	\$ 1,853,801	\$ 15,663,582

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

Total fund balance - total governmental funds (page 14)	\$ 6,562,693
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.	15,108,182
Special assessments receivable and other receivables are not available to pay for the current period's expenditures and are deferred in the funds.	61,516
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.	(530,582)
Interest related to long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(769)</u>
Net position of <i>governmental activities</i>	<u>\$ 21,201,040</u>

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

Year ended December 31, 2022

	<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	\$ 600,196	\$ -	\$ 875,024	\$ 590,048	\$ -	\$ -	\$ 1,178,853	\$ 3,244,121
Licenses and permits	117,218	-	-	-	-	-	-	117,218
Intergovernmental	-	-	-	-	-	32,133	-	32,133
State grants	2,035,323	-	28,879	-	-	-	4,010	2,068,212
Federal grants	819,917	1,261	-	-	-	-	-	821,178
Charges for services	499,501	-	4,698	-	-	464,673	-	968,872
Fines and forfeitures	36,842	631	20,662	-	-	-	-	58,135
Interest and rentals	19,057	32,057	11,199	4,958	6,115	(110,034)	9,662	(26,986)
Other	34,840	2,704,500	1,084	-	1,126,838	39,780	377,888	4,284,930
Total revenues	<u>4,162,894</u>	<u>2,738,449</u>	<u>941,546</u>	<u>595,006</u>	<u>1,132,953</u>	<u>426,552</u>	<u>1,570,413</u>	<u>11,567,813</u>
EXPENDITURES								
Current:								
General government	1,444,174	-	-	-	-	-	-	1,444,174
Public safety	148,304	2,737,723	-	-	-	-	390,726	3,276,753
Public works	370,981	-	-	517,275	-	186,889	282,671	1,357,816
Community and economic development	228,975	-	-	-	-	-	-	228,975
Health and welfare	-	-	-	-	-	-	593,578	593,578
Culture and recreation	456,660	-	795,588	-	-	-	-	1,252,248
Capital outlay	1,030,077	22,832	12,172	-	431,781	-	-	1,496,862
Debt service:								
Principal	-	-	-	-	616,523	-	-	616,523
Interest	-	-	-	-	47,094	-	-	47,094
Total expenditures	<u>3,679,171</u>	<u>2,760,555</u>	<u>807,760</u>	<u>517,275</u>	<u>1,095,398</u>	<u>186,889</u>	<u>1,266,975</u>	<u>10,314,023</u>
NET CHANGES IN FUND BALANCES	483,723	(22,106)	133,786	77,731	37,555	239,663	303,438	1,253,790
FUND BALANCES - BEGINNING	<u>1,285,650</u>	<u>280,407</u>	<u>1,122,282</u>	<u>37,076</u>	<u>354,533</u>	<u>1,826,038</u>	<u>402,917</u>	<u>5,308,903</u>
FUND BALANCES - ENDING	<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>

Charter Township of Comstock

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

Year ended December 31, 2022

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)	\$ 1,253,790
Amounts reported for <i>governmental activities</i> in the statement of activities (page 13) are different because:	
Capital assets:	
Assets acquired	1,682,885
Provision for depreciation	(1,161,939)
Long-term debt:	
Principal repayments	616,523
Deferred inflows of resources - net decrease in unavailable revenue	(153,253)
Changes in other assets/liabilities:	
Net increase in accrued interest expense	1,271
Net decrease in compensated absences	(9,913)
Change in net position of <i>governmental activities</i>	<u>\$ 2,229,364</u>

Charter Township of Comstock

STATEMENT OF FIDUCIARY NET POSITION - *custodial funds*

December 31, 2022

	<u>Tax</u>	<u>Custodial</u>
ASSETS		
Cash	\$ 851,126	\$ 17,262
LIABILITIES		
Due to others	<u>851,126</u>	<u>17,262</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 POSTION - *custodial funds*

December 31, 2022

	<u><i>Tax</i></u>	<u><i>Custodial</i></u>
ADDITIONS		
Property taxes collected for other governments	\$ 20,809,468	\$ 31,643
Collection of county fees	-	1,930
Collection of other deposits	-	20,744
Collection of fire escrows	-	-
	<hr/>	<hr/>
Total additions	20,809,468	54,317
DEDUCTIONS		
Property taxes distributed to other governments	20,809,468	31,643
Distributions to county	-	1,930
Distributions individuals	-	47,028
	<hr/>	<hr/>
Total deductions	20,809,468	80,601
NET CHANGE IN FIDUCIARY NET POSITION	-	(26,284)
NET POSITION - BEGINNING	<hr/>	<hr/>
	-	26,284
NET POSTION - 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 government-wide financial statements. The Township follows the purchases 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 three items that are included in this category: property taxes and special assessments and unavailable grant revenue. 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 and unavailable grant revenues, 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 only reportable budget variation was as follows:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public works	Solid waste compactor	\$ 202,250	\$ 203,120	\$ 870
Fire fund	Capital outlay	Capital outlay	20,000	22,832	2,832

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	\$ 5,715,117	\$ 868,388	\$ 200,233	\$ 6,783,738
Investments	2,953,098	-	-	2,953,098
Cash on hand	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>1,700</u>
Total cash	<u>\$ 8,669,915</u>	<u>\$ 868,388</u>	<u>\$ 200,233</u>	<u>\$ 9,738,536</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, 2022, \$6,090,135 of the Township’s bank balances of \$7,140,516 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, all of the below investment securities were uninsured and unregistered and held by the same broker-dealer (counterparty) that purchased the securities for the Township.

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, 2043	Aaa		\$ 22,815	0.7%
Federal Home Loan Mortgage Corp.	June 15, 2042	Aaa		39,687	1.2%
Governmental National Mortgage Association	March 20, 2047	Aaa		6,375	0.2%
Federal Home Loan Mortgage Corp.	September 15, 2032	Aaa		13,432	0.4%
Federal Home Loan Mortgage Corp.	March 25, 2052	Aaa		229,119	7.2%
Governmental National Mortgage Association	October 20, 2051	Aaa		321,497	10.0%
Federated governmental reserves (included in cash above)		Aaa		250,963	7.8%
Municipal Bonds:					
Morgan Stanley Private Bank CD	January 27, 2024	AAA		238,980	7.5%
Bloomfield Charter Twp - Oakland Cnty MI	April 1, 2023	AAA		104,183	3.3%
Michigan Class investment pool			AAAm	<u>1,977,010</u>	61.7%
Total investments				<u>\$3,204,061</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, 2022:

- Michigan Class, with a balance of \$1,977,010 at December 31, 2022, which is valued using net asset value (Level 1).
- U.S. government and agency securities are valued using observable fair values of similar assets (Level 2).

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2022, 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	\$ 66,271	\$ 737,793	\$ -	\$ -	\$ 288,766	\$ 1,092,830
Fire Operating	7,173	-	160,576	2,317,653	-	2,485,402
Library	-	749,648	-	-	-	749,648
Roads	-	508,824	-	-	-	508,824
Fire Capital	-	-	-	975,845	-	975,845
Sewer and Water Improvement	-	-	-	63,847	119,473	183,320
Nonmajor	-	839,563	-	-	-	839,563
Total governmental	<u>\$ 73,444</u>	<u>\$ 2,835,828</u>	<u>\$ 160,576</u>	<u>\$ 3,357,345</u>	<u>\$ 408,239</u>	<u>\$ 6,835,432</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,267</u>	<u>\$ -</u>	<u>\$ 55,267</u>
Component unit - DDA	<u>\$ -</u>	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,200</u>

All receivables are considered to be fully collectible.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, 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	\$ 450,544	\$ 90,074	\$ -	\$ -	\$ 540,618
Construction in progress	<u>4,185</u>	<u>75,092</u>	<u>(4,185)</u>	<u>-</u>	<u>75,092</u>
Subtotal	<u>454,729</u>	<u>165,166</u>	<u>(4,185)</u>	<u>-</u>	<u>615,710</u>
Capital assets being depreciated:					
Buildings and improvements	6,058,184	960,549	-	-	7,018,733
Equipment	4,143,760	196,277	-	(118,954)	4,221,083
Vehicles	4,514,534	365,078	-	-	4,879,612
Infrastructure	<u>15,843,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,843,062</u>
Subtotal	<u>30,559,540</u>	<u>1,521,904</u>	<u>-</u>	<u>(118,954)</u>	<u>31,962,490</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,135,286)	(379,739)	-	-	(3,515,025)
Equipment	(2,534,425)	(289,332)	-	118,954	(2,704,803)
Vehicles	(2,111,196)	(271,915)	-	-	(2,383,111)
Infrastructure	<u>(8,646,126)</u>	<u>(220,953)</u>	<u>-</u>	<u>-</u>	<u>(8,867,079)</u>
Subtotal	<u>(16,427,033)</u>	<u>(1,161,939)</u>	<u>-</u>	<u>118,954</u>	<u>(17,470,018)</u>
Total capital assets being depreciated, net	<u>14,132,507</u>	<u>359,965</u>	<u>-</u>	<u>-</u>	<u>14,492,472</u>
Governmental activities capital assets, net	<u>\$14,587,236</u>	<u>\$ 525,131</u>	<u>\$ (4,185)</u>	<u>\$ -</u>	<u>\$15,108,182</u>

NOTE 5 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 90,962
Public safety	491,255
Public works	380,802
Culture and recreation	<u>198,920</u>
 Total governmental activities	 <u>\$ 1,161,939</u>

NOTE 6 - PAYABLES

Payables as of December 31, 2022, 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	\$ 84,370	\$ 22,744	\$ -	\$ 107,114
Road	-	-	12,304	12,304
Fire Operating	32,224	36,701	-	68,925
Library	11,070	10,080	-	21,150
Fire capital	7,341	-	-	7,341
Sewer and Water Improvement	10,710	-	-	10,710
Nonmajor	<u>27,042</u>	<u>-</u>	<u>96,272</u>	<u>123,314</u>
 Total governmental	 <u>\$ 172,757</u>	 <u>\$ 69,525</u>	 <u>\$ 108,576</u>	 <u>\$ 350,858</u>

NOTE 7 - PROPERTY TAXES

The 2021 taxable valuation of the Township \$597,248,000, on which ad valorem taxes levied consisted of 0.9740 mills for operating purposes, 1.4817 mills for library operations, 1.4500 mills for senior services, 0.9976 mills for road patrol and 1.0000 for roads, raising approximately \$582,000 for operating purposes, \$885,000 for library operations, \$596,000 for senior services, \$596,000 for road patrol, and \$597,000 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 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 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. The abatements may be granted to any business located within or promising to relocate to the Township.

For the fiscal year ended December 31, 2022, the Township abated property taxes totaling \$68,803 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 \$12,000.
- A 50% property tax abatement to SIR Kalamazoo. The abatement amounted to approximately \$6,600.

NOTE 9 - LONG-TERM OBLIGATIONS

At December 31, 2022, long-term obligations are comprised of the following:

Governmental activities:

Installment purchase agreement:

\$800,000 Chemical Bank loan, due in quarterly installments of \$22,933, including interest of 6.85% through May 2024	\$ -
\$1,378,488 PNC Bank loan, due in quarterly installments of \$477,718, including interest of 1.95% through November 2023	468,488

Compensated absences	<u>62,094</u>
----------------------	---------------

Total governmental activities long-term obligations	<u>\$ 530,582</u>
---	-------------------

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

Long-term obligation activity for the year ended December 31, 2022, 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:						
2014 installment purchase agreement	\$ 157,085	\$ -	\$ -	\$ (157,085)	\$ -	\$ -
2021 installment purchase agreement	<u>927,926</u>	<u>-</u>	<u>-</u>	<u>(459,438)</u>	<u>468,488</u>	<u>468,488</u>
Total bonds and notes	1,085,011	-	-	(616,523)	468,488	468,488
Compensated absences	<u>52,181</u>	<u>-</u>	<u>9,913</u>	<u>-</u>	<u>62,094</u>	<u>-</u>
Total governmental activities long-term obligations	<u>\$ 1,137,192</u>	<u>\$ -</u>	<u>\$ 9,913</u>	<u>\$ (616,523)</u>	<u>\$ 530,582</u>	<u>\$ 468,488</u>

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

At December 31, 2022, debt service requirements, excluding compensated absences, were as follows:

<i>Year ended</i> <u>December 31:</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 468,488	\$ 9,229

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.

GASB 87 was implemented in 2022, the Township recognized a new deferred inflow and corresponding lease receivable of \$160,576 with the adoption of this accounting standard. For the year ended December 31, 2022, the City received \$13,051 in lease revenue and \$7,517 in lease interest revenue.

Future MAG payments due to the Township under the lease agreement are as follows for the years ending December 31:

<i>Year ended</i> <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2023	\$ 16,524	\$ 4,817	\$ 144,052
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
2028-2030	<u>66,054</u>	<u>3,854</u>	<u>-</u>
Totals	\$ <u>160,576</u>	\$ <u>22,635</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, 2022, the Township and eligible employees made contributions of \$287,026 and \$24,903, respectively. At December 31, 2022, the Township reported \$6,213 accrued liability 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, 2022, 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 – AMERICAN RESCUE PLAN ACT of 2022

On March 11, 2022, the United States executed the American Rescue Plan Act of 2022 (ARPA), which included \$362 billion in funds to be awarded as economic assistance to state and local units to prepare for and respond to COVID-19. Under the American Rescue Plan Act, the Township, was awarded approximately \$1,600,000 in federal Coronavirus Local Fiscal Recovery Funds ("ARPA Funds"). The Township received half of the ARPA Funds in September 2021, with the second half received in June 2022. The Township is subject to rules issued by the U.S. Treasury Department regarding the use of ARPA Funds and has identified the following allowable uses: support public health expenditures, address negative economic impacts caused by the COVID-19 public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure. The Township expects to spend the awarded funds under the applicable federal guidelines.

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE

For 2022, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB 101, *Compensated Absences*, replaces GASB 16, *Accounting Compensated Absences*. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. These changes were incorporated in the Township’s 2022 financial statements and had no effect on the beginning fund balance or net position any Fund.

NOTE 17 – CORRECTION OF AN ERROR

A prior period adjustment has been recorded in fiscal year 2022 to correct errors related to understating of payables and understating of grant receivable and deferred inflows related to the grant receivable that resulted in a restatement of opening fund balance of the general fund. Net position and fund balance, as of December 31, 2021, included in the financial statements, represents restated balances, as presented below.

	<u>General fund</u>	<u>Governmental activities</u>
Fund balance/net position, beginning of year, as previously reported	\$ 1,457,081	\$ 18,971,676
Understated payables	(171,431)	(171,431)
Understated receivable	171,431	171,431
Understated deferred inflows	<u>(171,431)</u>	<u>-</u>
Fund balance/net position, beginning of year, after effect of the accounting change	<u>\$ 1,285,650</u>	<u>\$ 18,971,676</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2022

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Taxes	\$ 599,555	\$ 599,555	\$ 600,196	\$ 641
Licenses and permits - franchise fees	112,500	112,500	117,218	4,718
Federal grants	-	1,635,487	819,917	(815,570)
State grants:				
State shared revenues	1,441,408	1,441,408	1,737,010	295,602
Local community stabilization revenue	13,800	13,800	16,781	2,981
Economic development	-	360,000	270,248	(89,752)
Other	-	-	11,284	11,284
Total state grants	<u>1,455,208</u>	<u>1,815,208</u>	<u>2,035,323</u>	<u>220,115</u>
Charges for services:				
Tax collection fees	290,000	290,000	296,085	6,085
Park and recreation fees	112,350	112,350	89,422	(22,928)
Cemetery charges	20,000	20,000	41,235	21,235
Other	105,100	105,100	72,759	(32,341)
Total charges for services	<u>527,450</u>	<u>527,450</u>	<u>499,501</u>	<u>(27,949)</u>
Fines and forfeitures:				
Other	39,800	39,800	36,842	(2,958)
Interest and rentals	2,000	2,150	19,057	16,907
Other	5,000	5,000	34,840	29,840
Total revenues	<u>2,741,513</u>	<u>4,737,150</u>	<u>4,162,894</u>	<u>(574,256)</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2022

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES				
General government:				
Legislative	\$ 32,700	\$ 38,200	\$ 29,617	\$ 8,583
Supervisor	242,600	249,600	236,212	13,388
Elections	67,650	87,650	80,986	6,664
Assessor	149,650	151,150	147,706	3,444
Clerk	178,550	185,550	178,080	7,470
Board of review	5,500	5,500	4,271	1,229
Treasurer	183,900	204,700	196,105	8,595
Data processing	-	89,250	51,341	37,909
Building and grounds	173,050	189,900	162,168	27,732
Other	<u>339,600</u>	<u>480,619</u>	<u>357,688</u>	<u>122,931</u>
Total general government	<u>1,373,200</u>	<u>1,682,119</u>	<u>1,444,174</u>	<u>237,945</u>
Public safety - police protection	<u>167,550</u>	<u>198,601</u>	<u>148,304</u>	<u>50,297</u>
Public works:				
Other	75,000	75,000	75,000	-
Cemetery	62,000	93,000	92,861	139
Solid waste compactor	<u>167,250</u>	<u>202,250</u>	<u>203,120</u>	<u>(870)</u>
Total public works	<u>304,250</u>	<u>370,250</u>	<u>370,981</u>	<u>(731)</u>
Community and economic development - planning	<u>243,300</u>	<u>532,350</u>	<u>228,975</u>	<u>303,375</u>
Culture and recreation - parks and recreation	<u>469,100</u>	<u>555,100</u>	<u>456,660</u>	<u>98,440</u>
Capital outlay	<u>14,000</u>	<u>1,850,487</u>	<u>1,030,077</u>	<u>820,410</u>
Total expenditures	<u>2,571,400</u>	<u>5,188,907</u>	<u>3,679,171</u>	<u>1,509,736</u>
NET CHANGES IN FUND BALANCES	170,113	(451,757)	483,723	935,480
FUND BALANCES - BEGINNING	<u>1,285,650</u>	<u>1,285,650</u>	<u>1,285,650</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,455,763</u>	<u>\$ 833,893</u>	<u>\$ 1,769,373</u>	<u>\$ 935,480</u>

Charter Township of Comstock

BUDGETARY COMPARISON SCHEDULE - Fire Operating Fund

Year ended December 31, 2022

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Fines and forfeitures	\$ 100	\$ 100	\$ 631	\$ 531
Federal grants	-	-	1,261	1,261
Interest and rentals	22,065	22,065	32,057	9,992
Other	<u>2,686,518</u>	<u>2,686,518</u>	<u>2,704,500</u>	<u>17,982</u>
Total revenues	<u>2,708,683</u>	<u>2,708,683</u>	<u>2,738,449</u>	<u>29,766</u>
EXPENDITURES				
Public safety	2,935,666	3,012,650	2,737,723	274,927
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>22,832</u>	<u>(2,832)</u>
Total expenditures	<u>2,955,666</u>	<u>3,032,650</u>	<u>2,760,555</u>	<u>272,095</u>
NET CHANGES IN FUND BALANCES	(246,983)	(323,967)	(22,106)	301,861
FUND BALANCES - BEGINNING (as restated)	<u>280,407</u>	<u>280,407</u>	<u>280,407</u>	-
FUND BALANCES - ENDING	<u>\$ 33,424</u>	<u>\$ (43,560)</u>	<u>\$ 258,301</u>	<u>\$ 301,861</u>

Charter Township of Comstock

BUDGETARY COMPARISON SCHEDULE - Library Fund

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Taxes	\$ 877,127	\$ 877,127	\$ 875,024	\$ (2,103)
State grants	38,000	38,000	28,879	(9,121)
Charges for services	1,500	1,500	4,698	3,198
Fines and forfeitures:				
County shared penal fines	15,000	15,000	17,638	2,638
Book fines	250	250	3,024	2,774
Total fines and forfeitures	15,250	15,250	20,662	5,412
Interest	1,650	1,650	11,199	9,549
Other	150	150	1,084	934
Total revenues	933,677	933,677	941,546	7,869
EXPENDITURES				
Culture and recreation:				
Legislative	18,500	18,500	3,629	14,871
Administrative	389,100	389,100	329,036	60,064
Adult services	307,400	307,400	281,103	26,297
Books and materials	197,800	197,800	181,820	15,980
Total culture and recreation	912,800	912,800	795,588	117,212
Capital outlay	21,028	21,028	12,172	8,856
Total expenditures	933,828	933,828	807,760	126,068
NET CHANGES IN FUND BALANCES	(151)	(151)	133,786	133,937
FUND BALANCES - BEGINNING	1,122,282	1,122,282	1,122,282	-
FUND BALANCES - ENDING	\$ 1,122,131	\$ 1,122,131	\$ 1,256,068	\$ 133,937

Charter Township of Comstock

BUDGETARY COMPARISON SCHEDULE - Road Operating Fund

Year ended December 31, 2022

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Taxes	\$ 591,260	\$ 591,260	\$ 590,048	\$ (1,212)
Interest and rentals	<u>50</u>	<u>50</u>	<u>4,958</u>	<u>4,908</u>
Total revenues	<u>591,310</u>	<u>591,310</u>	<u>595,006</u>	<u>3,696</u>
EXPENDITURES				
Public works	<u>550,000</u>	<u>550,000</u>	<u>517,275</u>	<u>32,725</u>
NET CHANGES IN FUND BALANCES	41,310	41,310	77,731	36,421
FUND BALANCES - BEGINNING	<u>37,076</u>	<u>37,076</u>	<u>37,076</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 78,386</u>	<u>\$ 78,386</u>	<u>\$ 114,807</u>	<u>\$ 36,421</u>

Charter Township of Comstock

BUDGETARY COMPARISON SCHEDULE - Fire Capital Fund

Year ended December 31, 2022

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Interest and rentals	\$ 1,000	\$ 1,000	\$ 6,115	\$ 5,115
Other	<u>1,127,375</u>	<u>1,127,375</u>	<u>1,126,838</u>	<u>(537)</u>
Total revenues	<u>1,128,375</u>	<u>1,128,375</u>	<u>1,132,953</u>	<u>4,578</u>
EXPENDITURES				
Debt services				
Principal	77,500	616,600	616,523	77
Interest	18,500	47,900	47,094	806
Capital outlay	<u>928,365</u>	<u>575,704</u>	<u>431,781</u>	<u>143,923</u>
Total expenditures	<u>1,024,365</u>	<u>1,240,204</u>	<u>1,095,398</u>	<u>144,806</u>
NET CHANGES IN FUND BALANCES	104,010	(111,829)	37,555	4,655
FUND BALANCES - BEGINNING	<u>354,533</u>	<u>354,533</u>	<u>354,533</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 458,543</u>	<u>\$ 242,704</u>	<u>\$ 392,088</u>	<u>\$ 4,655</u>

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - nonmajor governmental funds

December 31, 2022

	<i>Special revenue funds</i>			<i>Totals</i>
	<i>Street Lighting</i>	<i>Road Patrol</i>	<i>Senior Services</i>	
ASSETS				
Cash	\$ 118,230	\$ 368,983	\$ 116,944	\$ 604,157
Investments	-	410,081	-	410,081
Receivables, net	-	330,739	508,824	839,563
	<u>118,230</u>	<u>1,109,803</u>	<u>625,768</u>	<u>1,853,801</u>
Total assets	<u>\$ 118,230</u>	<u>\$ 1,109,803</u>	<u>\$ 625,768</u>	<u>\$ 1,853,801</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 21,959	\$ 96,273	\$ 5,082	\$ 123,314
Deferred inflows of resources:				
Property tax revenues levied for the subsequent year	-	403,446	620,686	1,024,132
Fund balances:				
Restricted for:				
Police protection	-	610,084	-	610,084
Assigned for:				
Street lighting	96,271	-	-	96,271
	<u>96,271</u>	<u>610,084</u>	<u>-</u>	<u>706,355</u>
Total fund balances	<u>96,271</u>	<u>610,084</u>	<u>-</u>	<u>706,355</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 118,230</u>	<u>\$ 1,109,803</u>	<u>\$ 625,768</u>	<u>\$ 1,853,801</u>

Charter Township of Comstock

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

Year ended December 31, 2022

	<i>Special revenue funds</i>			<i>Totals</i>
	<i>Street Lighting</i>	<i>Road Patrol</i>	<i>Senior Services</i>	
REVENUES				
Taxes	\$ -	\$ 589,092	\$ 589,761	\$ 1,178,853
State grants	-	193	3,817	4,010
Interest and rentals	406	9,256	-	9,662
Other	377,888	-	-	377,888
Total revenues	<u>378,294</u>	<u>598,541</u>	<u>593,578</u>	<u>1,570,413</u>
EXPENDITURES				
Current:				
Public safety	-	390,726	-	390,726
Public works	282,671	-	-	282,671
Health and welfare	-	-	593,578	593,578
Total expenditures	<u>282,671</u>	<u>390,726</u>	<u>593,578</u>	<u>1,266,975</u>
NET CHANGES IN FUND BALANCES	95,623	207,815	-	303,438
FUND BALANCES - BEGINNING	<u>648</u>	<u>402,269</u>	<u>-</u>	<u>402,917</u>
FUND BALANCES - ENDING	<u>\$ 96,271</u>	<u>\$ 610,084</u>	<u>\$ -</u>	<u>\$ 706,355</u>

Charter Township of Comstock

BALANCE SHEET - Component Unit

December 31, 2022

	<u>Downtown Development Authority</u>
ASSETS	
Cash	\$ 200,233
Receivables	<u>2,200</u>
Total assets	<u><u>\$ 202,433</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities - payables	<u>\$ 125</u>
Deferred inflows of resources - property tax revenues levied for the subsequent year	<u>7,229</u>
Fund balance - unassigned	<u>195,079</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 202,433</u></u>
Reconciliation of the balance sheet to the statement of net position:	
Total fund balances - <i>component units</i>	\$ 195,079
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>27,905</u>
Net position of <i>component units</i>	<u><u>\$ 222,984</u></u>

Charter Township of Comstock

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - *Component Unit*

Year ended December 31, 2022

	<u><i>Downtown Development Authority</i></u>
REVENUES	
Property taxes	\$ 9,435
Intergovernmental	75,000
Interest	<u>454</u>
Total revenues	<u>84,889</u>
EXPENDITURES	
Current - public works	52,833
Capital outlay	<u>29,119</u>
Total expenditures	<u>81,952</u>
NET CHANGES IN FUND BALANCES	2,937
FUND BALANCES - BEGINNING	<u>192,142</u>
FUND BALANCES - ENDING	<u><u>\$ 195,079</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>	\$ 2,937
Amounts reported for the <i>component units</i> in the statement of activities (page 12) are different because:	
Capital assets:	
Asset acquisitions	29,118
Depreciation provision	<u>(1,213)</u>
Decrease in deferred revenue	
Changes in net position of <i>component units</i>	<u><u>\$ 30,842</u></u>

SINGLE AUDIT SECTION



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 ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

May 19, 2023

Members of the Board
Charter Township of Comstock
Kalamazoo County, Michigan

We have audited, in accordance with the 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, the 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, Michigan, (the "Township") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 19, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ordevel Haefner LLC



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 AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

May 19, 2023

Members of the Board
Charter Township of Comstock
Kalamazoo County, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Charter Township of Comstock, Michigan's (the Township) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Township's major federal programs for the year ended December 31, 2022. The Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Charter Township of Comstock, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Township's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Uredaxeld Haefner LLC

CHARTER TOWNSHIP OF COMSTOCK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass- through Grantor's Number	Expenditures
U.S. Department of Treasury/Michigan Department of Treasury Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 819,917
U.S. Department of Homeland Security Assistance to Firefighters Grant	97.044		<u>1,261</u>
Total Federal Awards			<u>\$ 821,178</u>

Notes to the Schedule of Expenditures of Federal Awards

1. This schedule is presented on the accrual basis of accounting.
2. Expenditures in this schedule are in agreement with amounts reported in the financial statements.

CHARTER TOWNSHIP OF COMSTOCK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting except as noted below
2. Reconciliation of revenues from federal sources per financial statements and expenditures per the Schedule of Expenditures of Federal Awards:

Federal revenue reported in governmental funds Capital grant	\$ 821,178
---	------------

Expenditures reported on the schedule of expenditure of federal awards	\$ <u>821,178</u>
--	-------------------

3. The City did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.

CHARTER TOWNSHIP OF COMSTOCK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<u> X </u> yes	_____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	CARES Act
Dollar threshold used to distinguish between Type A and B programs:	<u> \$750,000 </u>
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-01

Condition and Criteria: The Township's written policies and procedures provide for vendor certification of suspension and debarment status or Township review of vendor suspension and debarment status on the SAM.gov website before applicable purchases.

Cause: The Township policy for compliance with suspension and debarment requirements did not provide for specific action necessary to document compliance.

Effect: The Township made a purchase from a vendor before the vendor suspension and debarment status was documented. This vendor is not suspended or debarred per review of the SAM.gov website.

Recommendation: The Township should modify current policies and procedures to require documentation of vendor certification of suspension and debarment status or Township review of vendor suspension and debarment status on the SAM.gov website before applicable purchases

Management Response: Management will modify policies and procedures to require document of vendor suspension and debarment status for all federally funded purchase.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

None

Randy L. Thompson, Supervisor
Nicole Beauchamp, Clerk
Bret Padgett, Treasurer



Jerry T. Amos, Trustee
Clyde (Bub) Sherwood, Trustee
Terrance G. McIver, Trustee
Jason Knight, Trustee

CORRECTIVE ACTION PLAN

May 9, 2023

US Department of Treasury/Michigan Department of Treasury:

The Charter Township of Comstock agrees with the findings related to the documentation for the Federal Award and submits the Corrective Action Plan for the Year 2023.

Charter Township of Comstock current Policy and procedures for compliance of Federal Awards does not address the documentation needed to verify compliance with suspension and debarment per review of the SAM.gov website.

Charter Township of Comstock will modify its policy to require that all documentation of vendor certification of suspension and debarment status or the Township review of vendor suspension and debarment status on the SAM.gov website, be recorded, prior to all federal funded purchases.

The corrective action plan will be implemented by the end of the 2nd Quarter of 2023 by Scott Hess Township Superintendent.

Scott Hess
Township Superintendent
Charter Township of Comstock
shess@comstockmi.gov
(269) 381-2360