

Charter Township of Garfield

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Members of Township Board of Trustees and Township Supervisor
Charter Township of Garfield
Traverse City, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Garfield, (the "Township"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Charter Township of Garfield, 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 business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 - Combining Financial Statements

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

Dennis, Gartland & Niergarth

Certified Public Accountants
Traverse City, Michigan

June 20, 2023

The Charter Township of Garfield

Management's Discussion and Analysis

As the Township Board of the Charter Township of Garfield, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of The Charter Township of Garfield for the fiscal year ended December 31, 2022.

Financial Highlights

The assets of The Charter Township of Garfield exceeded its liabilities at the close of the most recent fiscal year by \$68,863,245. Of this amount, \$32,465,706 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$12,452,843 an increase of \$786,883 in comparison with the prior year. Approximately 84% of the total amount, \$10,453,064, is available for spending at the Township's discretion.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,453,064 or 258% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to The Charter Township of Garfield's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Township include: general government, public safety, road projects, sanitation, and recreation. The business-type activities of the Township include the sewer and water system.

The government-wide financial statements can be found on pages 12 and 13 of this report. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter Township of Garfield, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds:

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Charter Township of Garfield maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund and Fire Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund, special revenue funds and debt service fund. Budgetary comparison statements have been provided for the general fund and other governmental funds to demonstrate compliance with these budgets.

Proprietary funds: The Charter Township of Garfield maintains a single proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its water and sewer activity.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 41 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of The Charter Township of Garfield, assets exceeded liabilities by \$68,863,246 at the close of the most recent fiscal year.

Township's Net Position

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 19,248,675	\$ 23,702,162	\$ 42,950,837	\$ 17,051,788	\$ 21,677,250	\$ 38,729,038
Capital assets	7,565,732	27,075,083	34,640,815	7,798,909	27,328,299	35,127,208
Total assets	26,814,407	50,777,245	77,591,652	24,850,697	49,005,549	73,856,246
Long-term liabilities	-	235,000	235,000	-	270,000	270,000
Other liabilities	1,948,659	1,097,104	3,045,763	1,050,689	753,540	1,804,229
Total liabilities	1,948,659	1,332,104	3,280,763	1,050,689	1,023,540	2,074,229
Deferred inflow of resources	4,881,469	566,174	5,447,643	4,376,949	-	4,376,949
Net Position						
Invested in capital assets	7,565,732	27,371,257	34,936,989	7,798,909	27,023,299	34,822,208
Restricted	1,460,551	-	1,460,551	1,525,461	-	1,525,461
Unrestricted						
Undesignated	10,957,996	13,766,810	24,724,806	10,098,689	13,959,711	24,058,400
Designated	-	7,740,900	7,740,900	-	6,998,999	6,998,999
Total net position	\$ 19,984,279	\$ 48,878,967	\$ 68,863,246	\$ 19,423,059	\$ 47,982,009	\$ 67,405,068

By far the most significant portion of the Township's net position, 51%, reflects its investment in capital assets such as land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's position, 11%, represents resources designated by the Board for maintenance and replacement. The remaining balance of unrestricted net position, \$24,724,806, may be used to meet the Township's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Program revenues						
Charges for services	\$ 903,948	\$ 6,143,332	\$ 7,047,280	\$ 784,480	\$ 5,763,660	\$ 6,548,140
Operating contributions	-	-	-	-	-	-
Capital grants and contributions	22,704	76,081	98,785	22,744	-	22,744
General revenues						
Property taxes	4,422,097	-	4,422,097	4,072,678	-	4,072,678
State grants	2,391,568	-	2,391,568	2,034,057	-	2,034,057
Investment earnings (losses)	(456,751)	(1,861,783)	(2,318,534)	1,821	(447,939)	(446,118)
Other	385,292	427	385,719	27,798	305	28,103
Total revenues	7,668,858	4,358,057	12,026,915	6,943,578	5,316,026	12,259,604
Program expenses						
Legislative	193,690	-	193,690	181,479	-	181,479
General government	2,098,725	-	2,098,725	1,537,441	-	1,537,441
Public safety	4,222,877	-	4,222,877	3,851,223	-	3,851,223
Public works	175,168	3,461,099	3,636,267	209,906	5,630,232	5,840,138
Health and welfare	132,306	-	132,306	906,028	-	906,028
Recreation and cultural	284,872	-	284,872	279,355	-	279,355
Total expenses	7,107,638	3,461,099	10,568,737	6,965,432	5,630,232	12,595,664
Change in net position	561,220	896,958	1,458,178	(21,854)	(314,206)	(336,060)
Net position, beginning of year	19,423,059	47,982,009	67,405,068	19,444,913	48,296,215	67,741,128
Net position, end of year	\$ 19,984,279	\$ 48,878,967	\$ 68,863,246	\$ 19,423,059	\$ 47,982,009	\$ 67,405,068

Governmental activities: Governmental activities increased the Township's net position by \$561,220.

Township revenues and expenses were consistent between the two years. Charges for services increased by approximately \$345,600 due to additional building permit fees and increased water and sewer usage. State revenue sharing (included in state grants) increased by approximately \$361,000 from the prior year partially due to an additional census population adjustment payment.

Business-type activities: Business-type activities increased the Township's net position by \$896,958.

The Township adopts an annual appropriated budget for its general fund, special revenue funds and debt service fund. The Township budgets conservatively. Revenues are budgeted based on historic trends.

Expenditures are budgeted based on the previous years' actual expenditures, and adjusted throughout the year based on actual expenditures.

The Township receives financial statements at their monthly board meetings. Budget amendments are voted and approved at these monthly meetings, if necessary. General fund revenues exceeded the budget by \$170,385. Expenditures were lower than budget by \$601,038.

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$12,452,843, an increase of \$796,883 in comparison with the prior year.

Approximately 84% of the total amount, \$10,453,064, constitutes unassigned fund balance, which is available for spending at the Township's discretion. The remainder of fund balance is restricted and committed to indicate that it is not available for new spending because it has already been committed for a variety of other restricted purposes.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,453,064 and the total fund balance was \$10,576,033. Unassigned fund balance represents 258% of total general fund expenditures. The fund balance of the Township's general fund increased by \$586,038 during the current fiscal year.

Proprietary funds: The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted undesignated net position of the Water and Sewer Fund at the end of the year amounted to \$13,766,810. The total increase in net position was \$896,958. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

Capital Asset and Debt Administration

Capital assets: The Township's investment in capital assets for its governmental and business type activities as of December 31, 2022, amounts to \$34,640,815 (net of accumulated depreciation). This investment in capital assets includes: (land, building and improvements, sewer and water systems, machinery and equipment, park facilities, etc.). The Township added improvements to its parks and water lines to its capital assets in the current year.

Details of the Township's capital assets are contained in the notes to the financial statements on pages 36 and 37.

Long-term debt: At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$270,000. This debt is backed by the full faith and credit of the government.

Additional information on the Township's long-term debt can be found in the notes on page 38.

Economic Factors and Next Year's Budgets

The Township has budgeted 2023 revenues equal to expenditures, primarily due to economic conditions. This is due to conservative projections that property tax and state sales tax revenue sharing will remain flat. The Board of Trustees maintains a strong commitment to maintain a balanced budget whereby current year revenues match or exceed current year operating results.

Requests for Information

This financial report is designed to provide a general overview of the Charter Township of Garfield's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor, Treasurer, or Clerk of the Charter Township of Garfield, 3848 Veterans Drive, Traverse City, Michigan 49684 or you may phone us at 231-941-1620.

Charter Township of Garfield

STATEMENT OF NET POSITION

December 31, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and equivalents	\$ 6,523,611	\$ 5,481,982	\$ 12,005,593
Investments	7,843,668	16,395,797	24,239,465
Receivables			
Taxes receivable	2,929,131	-	2,929,131
Special assessments	41,114	-	41,114
Accounts receivable	440,641	880,325	1,320,966
Current portion leases receivable	-	86,657	86,657
Due from fiduciary funds	1,323,464	-	1,323,464
Due from other governments	20	10,951	10,971
Prepaid expenses	122,969	-	122,969
Total current assets	<u>19,224,618</u>	<u>22,855,712</u>	<u>42,080,330</u>
Non-current assets			
Long-term advances	-	366,933	366,933
Capital assets, net of depreciation	7,565,732	27,075,083	34,640,815
Lease receivable	-	479,517	479,517
Special assessments receivable	24,057	-	24,057
Total non-current assets	<u>7,589,789</u>	<u>27,921,533</u>	<u>35,511,322</u>
Total assets	<u>\$ 26,814,407</u>	<u>\$ 50,777,245</u>	<u>\$ 77,591,652</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 22,555	\$ 1,062,104	\$ 1,084,659
Accrued expenses	61,830	-	61,830
Unearned revenue	1,864,274	-	1,864,274
Current portion of revenue bonds	-	35,000	35,000
Total current liabilities	<u>1,948,659</u>	<u>1,097,104</u>	<u>3,045,763</u>
Non-current liabilities			
Bonds payable, net	-	235,000	235,000
Total liabilities	<u>1,948,659</u>	<u>1,332,104</u>	<u>3,280,763</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenues levied for the subsequent year	4,881,469	-	4,881,469
Deferred inflows for lease receivable	-	566,174	566,174
Total deferred inflows of resources	<u>4,881,469</u>	<u>566,174</u>	<u>5,447,643</u>
NET POSITION			
Net investment in capital assets	7,565,732	27,371,257	34,936,989
Restricted	1,460,551	-	1,460,551
Unrestricted			
Undesignated	10,957,996	13,766,810	24,724,806
Designated	-	7,740,900	7,740,900
Total net position	<u>19,984,279</u>	<u>48,878,967</u>	<u>68,863,246</u>
Total liabilities and net position	<u>\$ 26,814,407</u>	<u>\$ 50,777,245</u>	<u>\$ 77,591,652</u>

The accompanying notes are an integral part of these financial statements.

Charter Township of Garfield

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

Functions/Program	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges For Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities						
Legislative	\$ 193,690	\$ -	\$ -	\$ (193,690)	\$ -	\$ (193,690)
General government	2,098,725	355,873	-	(1,742,852)	-	(1,742,852)
Public safety	4,222,877	-	-	(4,222,877)	-	(4,222,877)
Public works	175,168	548,075	22,704	395,611	-	395,611
Health and welfare	132,306	-	-	(132,306)	-	(132,306)
Recreation and cultural	284,872	-	-	(284,872)	-	(284,872)
Total governmental activities	7,107,638	903,948	22,704	(6,180,986)	-	(6,180,986)
Business-type activities						
Water and sewer	3,461,099	6,143,332	-	-	2,682,233	2,682,233
Total	<u>\$ 10,568,737</u>	<u>\$ 7,047,280</u>	<u>\$ 22,704</u>	<u>(6,180,986)</u>	<u>2,682,233</u>	<u>(3,498,753)</u>
General revenues						
Property taxes				4,422,097	-	4,422,097
State shared revenue				2,391,568	-	2,391,568
Investment earnings (losses)				(456,751)	(1,785,702)	(2,242,453)
Other				385,292	427	385,719
Total general revenues				6,742,206	(1,785,275)	4,956,931
Change in net position				561,220	896,958	1,458,178
Net position, beginning of year				19,423,059	47,982,009	67,405,068
Net position, end of year				<u>\$ 19,984,279</u>	<u>\$ 48,878,967</u>	<u>\$ 68,863,246</u>

Charter Township of Garfield

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2022

	General Fund	Fire Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 4,943,687	\$ 526,141	\$ 1,053,783	\$ 6,523,611
Investments	7,240,202	519,846	83,620	7,843,668
Accounts receivable	440,641	-	-	440,641
Taxes receivable - current	1,364,438	1,564,694	-	2,929,132
Special assessments receivable:				
Current	-	-	41,114	41,114
Deferred	-	-	24,057	24,057
Due from other funds	602,040	725,222	51,438	1,378,700
Prepaid expenditures	122,969	-	-	122,969
Due from other governments	-	-	20	20
	<u>14,713,977</u>	<u>3,335,903</u>	<u>1,254,032</u>	<u>19,303,912</u>
Total assets	<u>\$ 14,713,977</u>	<u>\$ 3,335,903</u>	<u>\$ 1,254,032</u>	<u>\$ 19,303,912</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 15,426	\$ -	\$ 7,129	\$ 22,555
Accrued payroll	26,062	-	1,472	27,534
Unearned revenue	1,864,274	-	-	1,864,274
Due to other funds	-	-	55,237	55,237
	<u>1,905,762</u>	<u>-</u>	<u>63,838</u>	<u>1,969,600</u>
Total liabilities	<u>1,905,762</u>	<u>-</u>	<u>63,838</u>	<u>1,969,600</u>
DEFERRED INFLOWS OF RESOURCES				
Property tax revenues levied for subsequent year	<u>2,232,182</u>	<u>2,649,287</u>	<u>-</u>	<u>4,881,469</u>
FUND BALANCES				
Nonspendable				
Prepaid expenditures	122,969	-	-	122,969
Restricted				
Fund use	-	686,616	773,935	1,460,551
Committed				
Fund use	-	-	416,259	416,259
Unassigned	<u>10,453,064</u>	<u>-</u>	<u>-</u>	<u>10,453,064</u>
Total fund balances	<u>10,576,033</u>	<u>686,616</u>	<u>1,190,194</u>	<u>12,452,843</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,713,977</u>	<u>\$ 3,335,903</u>	<u>\$ 1,254,032</u>	<u>\$ 19,303,912</u>

The accompanying notes are an integral part of these financial statements.

Charter Township of Garfield

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2022

Total Fund Balance - Governmental Funds	\$ 12,452,843
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position, these assets are capitalized and depreciated over their useful lives.

Governmental capital assets	12,980,868
Accumulated depreciation	(5,415,136)

Compensated absences (vacation leave) are not due and payable in the current period and therefore, are not reported in the governmental funds' balance sheets.

(34,296)

Net Position of Governmental Activities	<u><u>\$ 19,984,279</u></u>
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Charter Township of Garfield

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

Year ended December 31, 2022

	General Fund	Fire Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,138,482	\$ 2,283,615	\$ -	\$ 4,422,097
Licenses and permits	503,166	-	6,685	509,851
State grants and revenues	2,391,568	-	22,704	2,414,272
Charges for services	308,564	47,309	38,223	394,096
Interest and investment earnings (losses)	(397,313)	(60,877)	1,439	(456,751)
Other	381,345	-	3,948	385,293
	<u>5,325,812</u>	<u>2,270,047</u>	<u>72,999</u>	<u>7,668,858</u>
Total revenues				
EXPENDITURES				
Legislative	193,342	-	-	193,342
General government	1,482,444	-	-	1,482,444
Public safety	1,727,797	2,493,883	-	4,221,680
Public works	53,230	-	46,953	100,183
Health and welfare	132,306	-	-	132,306
Recreational and cultural	-	-	128,583	128,583
Other	3,289	-	-	3,289
Capital outlay	456,139	-	154,009	610,148
	<u>4,048,547</u>	<u>2,493,883</u>	<u>329,545</u>	<u>6,871,975</u>
Total expenditures				
REVENUES OVER (UNDER) EXPENDITURES	<u>1,277,265</u>	<u>(223,836)</u>	<u>(256,546)</u>	<u>796,883</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	141,750	549,477	691,227
Operating transfers out	(691,227)	-	-	(691,227)
	<u>(691,227)</u>	<u>141,750</u>	<u>549,477</u>	<u>-</u>
Total other financing sources (uses)				
NET CHANGE IN FUND BALANCES	586,038	(82,086)	292,931	796,883
Fund balance, beginning of year	<u>9,989,995</u>	<u>768,702</u>	<u>897,263</u>	<u>11,655,960</u>
Fund balance, end of year	<u>\$ 10,576,033</u>	<u>\$ 686,616</u>	<u>\$ 1,190,194</u>	<u>\$ 12,452,843</u>

The accompanying notes are an integral part of these financial statements.

Charter Township of Garfield

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

Year ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 796,883
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their useful lives as depreciation.

Expenditures for capital assets	122,459
Current year depreciation and amortization	(355,636)

Liabilities for accrued vacation are not reported in governmental funds given their long-term nature, however, the costs of these liabilities are reported in the statement of activities.

<u>(2,486)</u>

Change in Net Position of Governmental Activities	<u><u>\$ 561,220</u></u>
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Charter Township of Garfield

STATEMENT OF NET POSITION - PROPRIETARY FUND

December 31, 2022

	<u>Sewer and Water</u>
ASSETS	
Current assets	
Cash and equivalents	\$ 5,481,982
Investments	16,395,797
Accounts receivable	880,325
Due from other governments	10,951
Lease receivable, current portion	<u>86,657</u>
Total current assets	<u>22,855,712</u>
Non-current assets	
Long-term advances	366,933
Capital assets, net of depreciation	27,075,083
Lease receivable	<u>479,517</u>
Total non-current assets	<u>27,921,533</u>
Total assets	<u><u>\$50,777,245</u></u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	\$ 1,062,104
Current portion of revenue bonds	<u>35,000</u>
Total current liabilities	1,097,104
NON-CURRENT LIABILITIES	
Revenue bonds, net of current portion	<u>235,000</u>
Total liabilities	<u>1,332,104</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow for lease receivable	<u>566,174</u>
NET POSITION	
Net investment in capital assets	27,371,257
Unrestricted	
Designated for maintenance and replacement - Sewer	3,812,586
Designated for maintenance and replacement - Water	3,928,314
Undesignated - Sewer	6,941,041
Undesignated - Water	<u>6,825,769</u>
Total net position	<u>48,878,967</u>
Total liabilities, deferred inflows, and net position	<u><u>\$50,777,245</u></u>

The accompanying notes are an integral part of these financial statements.

Charter Township of Garfield

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND

Year ended December 31, 2022

	<u>Sewer and Water</u>
Operating revenue	
Charges for services	\$ 6,143,332
Other	<u>427</u>
Total operating revenue	<u>6,143,759</u>
Operating expenses	
Contractual services	39,271
Depreciation	1,182,677
Capacity lease	1,633,485
Debt service	
Interest and fees	7,188
Contractual payments on joint venture	<u>598,478</u>
Total operating expenses	<u>3,461,099</u>
OPERATING INCOME	2,682,660
Non-operating revenues (expenses)	
Interest and investment earnings (losses)	(1,861,783)
State grant	<u>76,081</u>
Total non-operating revenues	<u>(1,785,702)</u>
CHANGE IN NET POSITION	896,958
Net position, beginning of year	<u>47,982,009</u>
Net position, end of year	<u><u>\$48,878,967</u></u>

Charter Township of Garfield

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year ended December 31, 2022

Sewer and
Water

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 5,677,800
Cash payments for services and supplies	<u>(1,934,856)</u>

Net cash from operating activities	<u>3,742,944</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Receipts from investment in septage plant	33,552
Joint venture payments	(35,000)
Receipts from capital grants	<u>65,130</u>

Net cash from capital and related financing activities	<u>63,682</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Sale (purchase) of investments, net	(295,946)
Earnings (losses) on investments	(1,861,783)
(Purchase) of capital assets	<u>(929,462)</u>

Net cash from investing activities	<u>(3,087,191)</u>
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NET CHANGE IN CASH

719,435

Cash and equivalents, beginning of year	<u>4,762,547</u>
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Cash and equivalents, end of year	<u><u>\$ 5,481,982</u></u>
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Reconciliation of operating income to net cash provided by operating activities

Operating income	<u>\$ 2,682,660</u>
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Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	1,182,677
(Increase) decrease in accounts receivable	(465,958)
Increase (decrease) in accounts payable	<u>343,565</u>

Total adjustments	<u>1,060,284</u>
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Net cash provided by operating activities	<u><u>\$ 3,742,944</u></u>
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The accompanying notes are an integral part of these financial statements.

Charter Township of Garfield
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2022

	<u>Custodial Funds</u>	<u>Employee Benefit Trust Funds</u>	<u>Total</u>
ASSETS			
Cash and equivalents	\$ 3,019,085	\$ 145,289	\$ 3,164,374
Total assets	<u>\$ 3,019,085</u>	<u>\$ 145,289</u>	<u>\$ 3,164,374</u>
LIABILITIES AND NET POSITION			
Escrow deposits	\$ 361,125	\$ -	\$ 361,125
Due to local governments	1,334,497	-	1,334,497
Due to other funds	<u>1,323,463</u>	<u>-</u>	<u>1,323,463</u>
Total liabilities	<u>3,019,085</u>	<u>-</u>	<u>3,019,085</u>
NET POSITION			
Restricted for:			
Health benefits	<u>-</u>	<u>145,289</u>	<u>145,289</u>
Total net position	<u>-</u>	<u>145,289</u>	<u>145,289</u>
Total liabilities and net position	<u>\$ 3,019,085</u>	<u>\$ 145,289</u>	<u>\$ 3,164,374</u>

The accompanying notes are an integral part of these financial statements.

Charter Township of Garfield

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year ended December 31, 2022

	Custodial Funds	Employee Benefit Trust Funds	Total
ADDITIONS TO NET POSITION			
Contributions			
Employer	\$ -	\$ 3,000	\$ 3,000
Employee	<u>-</u>	<u>103,620</u>	<u>103,620</u>
Total contributions	-	106,620	106,620
Net investment earnings			
Interest and unrealized gains	3,389	328	3,717
Property tax collections for other governments	<u>40,266,115</u>	<u>-</u>	<u>40,266,115</u>
Total additions	<u>40,269,504</u>	<u>106,948</u>	<u>40,376,452</u>
DEDUCTIONS FROM NET POSITION			
Medical expenses	-	103,620	103,620
Distributions/transfers out	<u>40,269,504</u>	<u>357,959</u>	<u>40,627,463</u>
Total deductions	<u>40,269,504</u>	<u>461,579</u>	<u>40,731,083</u>
NET CHANGE IN NET POSITION	-	(354,631)	(354,631)
Net position, beginning of year	<u>-</u>	<u>499,920</u>	<u>499,920</u>
Net position, end of year	<u><u>\$ -</u></u>	<u><u>\$ 145,289</u></u>	<u><u>\$ 145,289</u></u>

The accompanying notes are an integral part of these financial statements.

Charter Township of Garfield

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Charter Township of Garfield (the "Township") was incorporated in 1976 and is located in Grand Traverse County, Michigan.

The Financial Reporting Entity

The Township's financial statements include the accounts of all Township operations. In accordance with generally accepted accounting principles and Governmental Accounting Standards Board ("GASB") Statement No. 14, as amended, *The Financial Reporting Entity*, the Township is financially accountable if it appoints a voting majority of an organization's governing board and (1) it is able to impose its will on the organization and (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Township. Additionally, the Township is required to consider other organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. Based on this criteria, the Township has recognized the activity of two fiduciary component units as employee benefit trust funds. There are no other organizations included in these financial statements.

Sewer and Water System Operations

The Grand Traverse County Board of Public Works operates, maintains and administers the Township's sewage disposal and water systems. The original construction and subsequent extensions were administered by the County and financed in part through bonds backed by the full faith and credit pledges of the Township.

The County collects all user fees which are remitted to the Township, accounts for direct and allocated operating expenses which are billed to and paid by the Township, remits debt payments and maintains capital project and debt service funds. The Township's administration reviews DPW operations on behalf of the Township, establishes special assessment districts, approves construction expenditures, collects special assessment levies, which are remitted to the County for debt retirement, and maintains special assessment tax rolls.

The arrangement between the County and Township was established to enable more favorable interest rates and borrowing limits and to achieve overall efficiency in operating these public services to the community. The County is acting as an agent for the Township and the Township retains significant control and responsibility over operations of the sewer and water systems.

Government-Wide and Fund Financial Statements

The Charter Township of Garfield's basic financial statements include both government-wide (reporting the Township as a whole) and the fund financial statements (reporting the Township's major funds). Both the government-wide and the fund financial statements categorize primary government activities as either governmental or business-type. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-Wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity such as overhead costs, has been eliminated from these statements. The government-wide focus is more on operational efficiency, the sustainability of the Township as an entity and the change in the Township's net position resulting from the current year's activities. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

In the government-wide statement of net position, both the governmental and business-type activities are presented on a consolidated basis. Due to the full accrual, economic resource basis, all long-term assets and receivables, as well as long-term debt and obligations, are recognized. The Township's net position are reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. This statement reduces gross expenses (including depreciation) by related program revenues, which include charges for services, operating grants and capital grants.

The program revenues must be directly associated with the function or segment. 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 or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue.

Fund Financial Statements

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. The focus of the fund financial statements is upon the determination of financial position and changes in financial position (sources, uses and balances of resources).

NOTES TO FINANCIAL STATEMENTS - Continued

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The balance sheets; statements of revenues, expenditures/expenses and changes in fund balances/net position; and statements of cash flows (i.e., fund financial statements) for the Township's governmental, proprietary and fiduciary funds display information about the major and aggregated non-major funds for the various fund types. Major funds are generally those that represent 10% or more of the respective fund type's fixed assets, liabilities, revenues or expenses/expenditures.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Township are prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). The Township applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements.

Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the full accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. Revenue is 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 revenue in the year for which they are budgeted and available for operations. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental funds use a financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the financial resources measurement focus, only current assets and current liabilities are generally included on governmental fund balance sheets. An exception to this general rule is long-term interfund advances payable. The governmental fund operating statements present a summary of sources and uses of available, spendable resources. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (generally 60 days). Grants are recognized when grantor eligibility requirements are met. Current expenditures are generally recorded when the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on long-term debt, which is recognized when due, and accrued vacation leave, which is recorded when payable from current available financial resources.

Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable 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 and available only when cash is received by the government.

The proprietary funds use the accrual basis of accounting and are accounted for on a cost-of-service or "capital maintenance" measurement focus. Under the capital maintenance measurement focus, all assets and liabilities associated with the fund's activities are included on its balance sheet. Under the accrual basis, revenues are recognized when earned and expenses are recognized when they are incurred.

NOTES TO FINANCIAL STATEMENTS - Continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal ongoing operating revenues of the sewer and water enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fiduciary funds are generally maintained on the accrual basis of accounting which is consistent with the accounting measurement objectives of the funds.

Fund Types and Major Funds

Activities in Major Funds

Governmental Funds

General Fund - The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those accounted for in another fund.

Fire Fund - The Fire Fund accounts for the separate voted millage and related operation of the fire department.

Proprietary (Enterprise) Funds

Sewer and Water Fund - The Sewer and Water Fund accounts for the activities of the Township's water distribution system and sewage disposal and treatment system.

Activities in Non-Major Funds

Governmental Funds

Special Revenue Funds - These funds are used to account for specific revenue (other than general special assessments, expendable trusts or major capital projects) derived from State and Federal grants, restricted or committed to be used for specific purposes, and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

Debt Service Funds - These funds are used to record revenues which are restricted or otherwise provided for the payment of principal and interest on general long-term debt.

Fiduciary Funds

Custodial and Trust Funds - These funds account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Budgets and Budgetary Accounting

Budgets are adopted by the Board of Trustees for the Township's General and Special Revenue Funds. The budget basis of accounting does not differ significantly from the modified accrual basis used to reflect actual revenues and expenditures for these funds. The budget is adopted at the functional level and control is exercised at the fund level.

The Township does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year-end.

Cash and Equivalents and Investments

For the purpose of the statement of cash flows, the Township considers all highly liquid investments, including all certificates of deposit and all restricted investments, with a maturity of 90 days or less, to be cash equivalents.

Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Property Taxes

Property taxes that are both measurable and available for use to finance operations are recorded as revenue when levied.

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2021 tax is levied and collectible on December 1, 2021 and is recognized as revenue in the year ended December 31, 2022, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2021 taxable valuation of the Township totaled \$1,031 million, on which taxes levied consisted of 2.0000 mills for operating purposes and 2.4500 mills for public safety. This resulted in approximately \$2,085,000 for operating and \$2,283,600 for public safety. These amounts are recognized in the respective General and Fire Funds financial statements as property tax revenues.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items, if applicable.

NOTES TO FINANCIAL STATEMENTS - Continued

Interfund Transactions and Balances

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Due to/from other funds are short-term interfund balances that occur in the normal course of operations. Advances to/from other funds are long-term interfund financing arrangements. Outstanding balances on the government-wide statement of net position are captioned "internal balances".

Capital Assets

Capital assets, which include property, buildings, equipment and water and sewer systems are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded by the Township when the initial individual cost is greater than \$5,000 and have an estimated useful life greater than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's lives are expensed.

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

Property, buildings and equipment are depreciated using the straight-line method over the following useful lives:

Water and sewer lines	40 - 50 years
Buildings and improvements	15 - 30 years
Vehicles	5 - 10 years
Furniture and equipment	5 - 7 years
Road improvements	10 - 25 years

Unearned Revenue

Unearned revenue arises when resources are received by the Township before it has legal claim to them. In subsequent periods, when revenue recognition criteria are met or when the government has a legal claim to the resources, revenue is recognized.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are expensed as incurred. Gains or losses on debt refunding are deferred and amortized over the life of the bonds, and shown as deferred outflows or inflows of resources, as applicable, in the government-wide and proprietary fund financial statements.

NOTES TO FINANCIAL STATEMENTS - Continued

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period in which the bonds were issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the government-wide and proprietary fund statements of net position and governmental funds balance sheet will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township recognized unavailable property taxes as deferred inflows of resources in the governmental fund financial statements, and leases receivable as deferred inflows of resources in the proprietary fund and government wide financial statements.

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors or contributors, or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Township Board through approval of resolutions. Assigned fund balance is a limitation imposed by the Township Supervisor as a designee of the Township Board, or unrestricted and unclassified balances held in governmental funds other than the General Fund. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Spending Policy

When both restricted and unrestricted fund balances are available for use, it is the Township's policy to use the restricted fund balance first, then the unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, 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 revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS - Continued

Subsequent Events

The Township has evaluated subsequent events and transactions for potential recognition and disclosure through June 20, 2023, the date the financial statements were available to be issued.

NOTE B - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2022, the Township implemented GASB Statement No. 87, *Leases*, which established criteria for identifying, and requires recognition of, certain lease assets and lease liabilities for leases that previously were classified as operating leases. For contracts that meet the definition of a lease under the standard, GASB 87 requires governmental entities to report lease assets and lease liabilities in the statement of net position. The addition of lease receivables is offset by deferred inflows of resources at the implementation of the standard, for a zero net impact on the statement of net position, as follows:

	Business Type Activities <u>Statement of Net Position</u>	Water and Sewer Fund <u>Balance Sheet</u>
Lease receivable at January 1, 2021	\$ 717,296	\$ 717,296
Deferred inflow of resources at January 1, 2021	<u>(717,296)</u>	<u>(717,296)</u>
Impact on net position and fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NOTE C - BUDGETARY COMPLIANCE

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended December 31, 2022, the following function incurred total expenditures in excess of amounts appropriated for expenditures:

<u>Fund</u>	<u>Final Budget</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
Community promotions	\$ 130,050	\$ 132,306	\$ 2,256
Fire Fund			
Contracted services	2,456,999	2,493,883	36,884

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE D - DEPOSITS AND INVESTMENTS

The funds of the Township are deposited and invested as permitted under Act 20 P.A. 1943, as amended by Act 196 P.A. 1997.

At December 31, 2022, the Township's cash and investments include the following (carrying amounts):

	Primary Government		Fiduciary Funds		Total
	Deposits	Investments	Deposits	Investments	
Carrying amounts					
Cash and equivalents	\$11,371,815	\$ 633,778	\$ 3,164,374	\$ -	\$15,169,967
Investments	<u>3,534,991</u>	<u>20,704,474</u>	<u>-</u>	<u>-</u>	<u>24,239,465</u>
	<u>\$14,906,806</u>	<u>\$21,338,252</u>	<u>\$ 3,164,374</u>	<u>\$ -</u>	<u>\$39,409,432</u>

Deposits

Michigan law permits the Township to deposit in the accounts of Federally insured banks, credit unions and savings and loans associations located in Michigan.

	Carrying Amounts
Bank balances	
Deposits	\$18,071,030
Cash on hand	<u>150</u>
Total	<u>\$18,071,180</u>

Custodial Credit Risk

In the event of bank failure, the Township's uninsured deposits may not be returned to it. As of December 31, 2022, \$11,411,933 of the Township's deposits of \$17,554,499 (including certificates of deposit) were exposed to custodial credit risk because they were uninsured and collateralized.

NOTES TO FINANCIAL STATEMENTS - Continued

Investments

Michigan law permits the Township to invest in the following vehicles (except pension trust funds, which have much greater flexibility):

1. Bonds and other obligations of the United States Government.
2. Certificates of deposit, savings, deposit and money market accounts.
3. Certain commercial paper.
4. United States Government repurchase agreements.
5. Banker's acceptance of United States banks.
6. Certain obligations of the State of Michigan or its political subdivisions.
7. Certain mutual funds.
8. Certain investment pools.

Investments are recorded at fair market value and money market funds are recorded at amortized cost. At December 31, 2022, the Township's investments, with maturity dates, consisted of the following:

Investment Type	1-5 Years	6-10 Years	>10	Total
U.S. Treasury Bills	\$ 596,604	\$ -	\$ -	\$ 596,604
Federal Home Loan Mortgage Corporation Bonds	8,993,689	5,633,472	1,589,700	16,216,861
Federal Farm Credit Bank Bonds	<u>865,460</u>	<u>-</u>	<u>-</u>	<u>865,460</u>
	<u>\$10,455,753</u>	<u>\$ 5,633,472</u>	<u>\$ 1,589,700</u>	17,678,925
Investment Pools				3,025,549
Money Market Mutual Funds				<u>633,778</u>
Total portfolio				<u>\$21,338,252</u>

Credit Risk and Custodial Credit Risk - Investments

The Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by: limiting investments to the type of securities allowed by law and pre-qualifying the financial institution, broker/dealers, intermediaries and advisors with which the Township will do business.

The Township's policy does not further limit its investment choices. The Township's investment in money market mutual funds is uncategorized as to credit risk. The Township's investments in federal bonds are rated AA+ by Standard and Poors. The Township's investments in MI Class investment pools are rated AAAM by Standard and Poors. State law does not require and the Township does not have a policy for investment custodial credit risk. As of December 31, 2022, \$633,778 of the Township's investments were collateralized by securities held by the pledging institution and \$20,704,474 were collateralized by securities held by the pledging institutions trust department. Investments of \$500,000 were insured by the Securities Investor Protection Corporation.

NOTES TO FINANCIAL STATEMENTS - Continued

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. As of December 31, 2022, the Township held no investments not guaranteed by the U.S. Government and not invested in diversified mutual funds that were more than 5% of the Township's total investments.

Interest Rate Risk

The Township has a formal investment policy that limits certificate of deposit maturities to a maximum of five years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment return on these investments consisted of the following as of December 31, 2022:

Interest and dividends	\$ 230,039
Unrealized gains (losses)	<u>(2,626,455)</u>
Investment income	<u><u>\$ (2,396,416)</u></u>

NOTE E - FAIR VALUE OF INVESTMENTS

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Township has the following recurring fair value measurements as of December 31, 2022:

Investments by Fair Value Level	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Government Bonds	\$ -	\$ 17,678,925	\$ -	\$ 17,678,925
Investment pools	-	3,025,549	-	3,025,549
Money market mutual funds	<u>-</u>	<u>633,778</u>	<u>-</u>	<u>633,778</u>
Total investments by fair market value	<u><u>\$ -</u></u>	<u><u>\$ 21,338,252</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,338,252</u></u>

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis.

NOTES TO FINANCIAL STATEMENTS - Continued

There have been no changes in the methodologies used at December 31, 2022.

U.S. Government Bonds: Valued at fair value using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investment pools: Valued at amortized cost which approximates fair value.

Money Market Mutual Funds: Valued at amortized cost which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Township believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE F - RECEIVABLES

Receivables in the primary government are as follows at December 31, 2022:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Taxes receivable	\$ 2,929,132	\$ -
Special assessments:		
Due within one year	41,114	-
Due in more than one year	24,057	-
Accounts receivable	440,641	880,325
Lease receivable:		
Due within one year	-	86,657
Due in more than one year	-	479,517
	<u> </u>	<u> </u>
Total	<u><u>\$ 3,434,944</u></u>	<u><u>\$ 1,446,499</u></u>

NOTE G - LEASE RECEIVABLE

The Township as a lessor, has entered into lease agreements for the purpose of constructing and operating a cell tower. The Township leases one cell tower with monthly rentals of \$6,987 to \$7,725, under an agreement expiring July 1, 2028. Known annual rental increases are included in the measurement of leases receivable.

NOTES TO FINANCIAL STATEMENTS - Continued

The total amount of inflows of resources, including lease revenue and interest revenue, recognized during the year ended December 31, 2022, was \$88,274 and is included in charges for services and investment earnings on the statement of activities. At December 31, 2022, the outstanding lease receivable and corresponding deferred inflows of resources was \$566,174.

The future lease payments and deferred inflow of resources under the lease agreement are as follows:

Years Ending December 31,	Lease Receivable			Deferred Inflow of Resources	Total Revenue
	Principal	Interest Revenue	Total	Lease Revenue	
2023	\$ 86,657	\$ 7,970	\$ 94,627	\$ 86,657	\$ 94,627
2024	92,740	6,618	99,358	92,740	99,358
2025	99,154	5,172	104,326	99,154	104,326
2026	105,915	3,627	109,542	105,915	109,542
2027	113,043	1,977	115,020	113,043	115,020
2028	<u>68,665</u>	<u>347</u>	<u>69,012</u>	<u>68,665</u>	<u>69,012</u>
	<u>\$ 566,174</u>	<u>\$ 25,711</u>	<u>\$ 591,885</u>	<u>\$ 566,174</u>	<u>\$ 591,885</u>

NOTE H - TAX ABATEMENTS

The Township had estimated tax abatements of approximately \$53,000 for properties remitting payments in lieu of taxes for the year ended December 31, 2022.

NOTE I - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables are as follows at December 31, 2022:

	Interfund Receivables	Interfund Payables
General Fund	\$ 602,040	\$ -
Fire Fund	725,222	-
Other Nonmajor Governmental Funds	51,438	55,237
Fiduciary Funds - Custodial Funds	<u>-</u>	<u>1,323,463</u>
Total	<u>\$ 1,378,700</u>	<u>\$ 1,378,700</u>

The interfund balances are mainly for property taxes and special assessments.

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE J - INTERFUND TRANSFERS

Operating transfers are as follows at December 31, 2022:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 691,227
Fire Fund	141,750	-
Other Nonmajor Governmental Funds	<u>549,477</u>	<u>-</u>
Total	<u>\$ 691,227</u>	<u>\$ 691,227</u>

Operating transfers are mainly for capital improvement projects.

NOTE K - CAPITAL ASSETS

Investment in capital assets changed as follows during the year ended December 31, 2022:

Governmental Activities

	Beginning Balance	Additions	Disposals and Transfers	Ending Balance
Capital assets not being depreciated				
Construction in progress	\$ 54,040	\$ 52,423	\$ (54,040)	\$ 52,423
Land	<u>4,467,793</u>	<u>-</u>	<u>-</u>	<u>4,467,793</u>
Subtotal	<u>4,521,833</u>	<u>52,423</u>	<u>(54,040)</u>	<u>4,520,216</u>
Capital assets being depreciated				
Buildings and improvements	6,472,417	53,197	54,040	6,579,654
Vehicles	209,760	-	-	209,760
Furniture and equipment	389,208	16,839	-	406,047
Road improvements	<u>1,265,191</u>	<u>-</u>	<u>-</u>	<u>1,265,191</u>
Subtotal	<u>8,336,576</u>	<u>70,036</u>	<u>54,040</u>	<u>8,460,652</u>
Less accumulated depreciation				
Buildings and improvements	(3,833,627)	(253,004)	-	(4,086,631)
Vehicles	(185,704)	(7,252)	-	(192,956)
Furniture and equipment	(342,930)	(20,396)	-	(363,326)
Road improvements	<u>(697,239)</u>	<u>(74,984)</u>	<u>-</u>	<u>(772,223)</u>
Subtotal	<u>(5,059,500)</u>	<u>(355,636)</u>	<u>-</u>	<u>(5,415,136)</u>
Net capital assets being depreciated	<u>3,277,076</u>	<u>(285,600)</u>	<u>54,040</u>	<u>3,045,516</u>
Governmental activities net capital assets	<u>\$ 7,798,909</u>	<u>\$ (233,177)</u>	<u>\$ -</u>	<u>\$ 7,565,732</u>

NOTES TO FINANCIAL STATEMENTS - Continued

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 107,714	\$ -	\$ 107,714
Land	<u>157,468</u>	<u>-</u>	<u>-</u>	<u>157,468</u>
Subtotal	<u>157,468</u>	<u>107,714</u>	<u>-</u>	<u>265,182</u>
Capital assets being depreciated				
Sewer and water systems	59,094,654	821,748	-	59,916,402
Less accumulated depreciation				
Sewer and water systems	<u>(31,923,824)</u>	<u>(1,182,677)</u>	<u>-</u>	<u>(33,106,501)</u>
Net capital assets being depreciated	<u>27,170,830</u>	<u>(360,929)</u>	<u>-</u>	<u>26,809,901</u>
Business-type activities net capital assets	<u>\$ 27,328,298</u>	<u>\$ (253,215)</u>	<u>\$ -</u>	<u>\$ 27,075,083</u>

Depreciation expense was charged to programs of the primary government, as of December 31, 2022, as follows:

Governmental activities

General government	\$ 124,362
Public works	74,984
Recreation and cultural	<u>156,290</u>
Total depreciation expense - governmental activities	<u>\$ 355,636</u>

Business-type activities

Water and sewer	<u>\$ 1,182,677</u>
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NOTES TO FINANCIAL STATEMENTS - Continued

NOTE L - LONG-TERM DEBT

The following is a summary of the Township's long-term debt transactions for the year ended December 31, 2022:

	Beginning Balance	New Debt	Payments	Ending Balance	Current Portion
Governmental activities					
Compensated absences	<u>\$ 31,810</u>	<u>\$ -</u>	<u>\$ 2,486</u>	<u>\$ 34,296</u>	<u>\$ -</u>
Business-type activities					
2009 Water and Sewer bonds	<u>\$ 305,000</u>	<u>\$ -</u>	<u>\$ (35,000)</u>	<u>\$ 270,000</u>	<u>\$ 35,000</u>

Bonds payable at December 31, 2022 is composed of the following individual issue:

Revenue Obligation (Business-type Activities)

\$990,267, 2009 Water and Sewer improvements projects; remaining annual installments of \$35,000 to \$40,000 through 2029; interest rate of 2.50%. \$ 270,000

The annual requirements to amortize the revenue obligation bond outstanding, as of December 31, 2022, is as follows:

<u>Years Ending</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 35,000	\$ 4,121
2024	35,000	3,246
2025	40,000	2,308
2026	40,000	1,308
2027	40,000	308
2028-2029	<u>80,000</u>	<u>(1,288)</u>
Total	<u>\$ 270,000</u>	<u>\$ 10,003</u>

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE M - BOARD-DESIGNATED NET POSITION

Business-type activities net position is board-designated for the following at December 31, 2022:

	<u>Water and Sewer System Fund</u>
Designated for:	
Operations and maintenance - Sewer	\$ 3,662,586
Operations and maintenance - Water	3,778,314
Replacement - Sewer	150,000
Replacement - Water	<u>150,000</u>
Total designated net position	<u><u>\$ 7,740,900</u></u>

NOTE N - DEFINED CONTRIBUTION RETIREMENT PLAN

The Township participates in a defined contribution pension plan for Michigan Township employees with the John Hancock Life Insurance Company, to provide benefits at retirement to eligible employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Eligible employees are those 18 to 60 years of age, have been employed by the Township for more than 90 days and are elected officials or full-time employees working 40 hours or more per week. The Township's contributions for each employee (and interest allocated to each employee's account) are fully vested after one year of employment is completed.

The Township pays 100% of the required annual contribution, which amounts to 10% of annual compensation. Compensation is determined by the basic annual rate of compensation in effect at the beginning of the plan year. Eligible employees may make voluntary contributions through payroll withholdings in amounts ranging from 1-10% of compensation. Plan provisions and contribution requirements are established and may be amended by the Township Board.

For the year ended December 31, 2022, the Township contributed \$109,805, which was equal to the required contribution. Covered payroll for the year was \$1,137,160. The plan was funded at the required contribution amount.

NOTE O - COMMITMENTS AND CONTINGENCIES

Revenue Bond Contingencies

The Township is contingently liable in connection with bonds issued to construct and operate a waste water treatment septage plant in Grand Traverse County. If the facility begins to operate at a deficit, the Township and other guarantors would be required to fund the operating deficit. The advance receivable from the County related to these bonds is \$366,933 at December 31, 2022. The Township has provided funding in the form of a loan with repayment provisions.

Joint Venture

The Township entered into a master sewer agreement effective July 1, 1987, amended and restated through 2017, with the City of Traverse City, the Townships of Peninsula, East Bay, and Acme in Grand Traverse County, the Township of Elmwood in Leelanau County and with Grand Traverse County. This master sewer agreement defines the allocation of costs and establishes certain rights and responsibilities with respect to the Wastewater Treatment Plant. Grand Traverse County is the owner of the Treatment Plant and the City of Traverse City is the owner of all the multi-user facilities. Ownership of the Treatment Plant will revert to the City of Traverse City when certain bonds issued by Grand Traverse County are retired.

The City of Traverse City is the exclusive manager of the plant for the benefit of itself and the Townships. As the exclusive manager, the City of Traverse City has the obligation to fully inform and advise the Townships as to the Treatment Plant's operations and the Townships shall have the right to comment on all matters connected with the administration of the plant. Prior to June 30, the City of Traverse City shall submit a proposed budget for the operations of the Treatment Plant for the year commencing July 1. The Townships have thirty days in which to comment on the proposed budget.

Each of the parties of the agreement is entitled to make use of a portion of the Treatment Plant's capacity. The Township's percentage for 2022 was 26.920%.

Each participant in the joint venture pays an amount sufficient to cover their pro rata share of the treatment plant costs. Each participant's pro rata share is determined by their volume of sewage treated in relation to total sewage treated at the plant. The principal amount paid in the current year for the Township was \$591,498 and the interest was \$6,980.

Commitment of Fire Truck Purchase

The Township ordered a new fire truck that is expected to be completed and delivered in 2026. The truck will be debt financed with loan payments beginning April 2024.

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE P - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township has purchased commercial insurance through Municipal Underwriters of Michigan. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Garfield

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

Year ended December 31, 2022

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Taxes	\$ 2,099,517	\$ 2,099,517	\$ 2,138,482	\$ -	\$ 38,965
Licenses and permits	184,050	184,050	503,166	-	319,116
Federal grants	922,410	922,410	-	-	(922,410)
State grants	1,584,600	1,584,600	2,391,568	-	806,968
Charges for services	303,600	303,600	308,564	-	4,964
Interest and rents	40,000	40,000	(397,313)	-	(437,313)
Other	21,250	21,250	381,345	-	360,095
Total revenues	<u>5,155,427</u>	<u>5,155,427</u>	<u>5,325,812</u>	<u>-</u>	<u>170,385</u>
EXPENDITURES					
Legislative					
Township board	232,685	232,685	193,342	-	39,343
General government					
Township supervisor and assessor	352,909	352,909	335,900	-	17,009
Elections	115,500	115,500	98,484	-	17,016
Clerk	154,876	154,876	148,717	-	6,159
Board of review	6,200	6,200	2,125	-	4,075
Treasurer	164,476	164,476	154,515	-	9,961
Computer support	45,000	45,000	40,872	-	4,128
Township hall and grounds	136,080	136,080	87,278	-	48,802
Employee benefits and insurance	656,000	656,000	614,553	-	41,447
Health and welfare					
Community promotions	125,050	130,050	132,306	(5,000)	(2,256)
Public safety					
Police contract	1,400,000	1,400,000	1,278,394	-	121,606
Building inspector	139,947	139,947	137,621	-	2,326
Planning commission	59,400	59,400	26,042	-	33,358
Township planner	165,173	165,173	160,239	-	4,934
Zoning board of appeals	20,000	20,000	2,260	-	17,740
Zoning administrator	131,491	131,491	123,241	-	8,250
Public works					
Street lighting	96,000	96,000	53,230	-	42,770
Other					
Township vehicles	4,500	4,500	3,289	-	1,211
Contingencies	11,863	11,863	-	-	11,863
Capital outlay	<u>447,050</u>	<u>457,050</u>	<u>456,139</u>	<u>(10,000)</u>	<u>911</u>
Total expenditures	<u>4,464,200</u>	<u>4,479,200</u>	<u>4,048,547</u>	<u>(15,000)</u>	<u>430,653</u>
REVENUES OVER (UNDER) EXPENDITURES	691,227	676,227	1,277,265	(15,000)	601,038
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	15,000	-	15,000	(15,000)
Operating transfers out	<u>(691,227)</u>	<u>(691,227)</u>	<u>(691,227)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	586,038	<u>\$ -</u>	<u>\$ 586,038</u>
Fund balance, beginning of year			<u>9,989,995</u>		
Fund balance, end of year			<u>\$ 10,576,033</u>		

Charter Township of Garfield

BUDGETARY COMPARISON SCHEDULE FOR THE FIRE FUND

Year ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances - Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
REVENUES					
Taxes:					
Current taxes	\$ 2,456,999	\$ 2,456,999	\$ 2,283,615	\$ -	\$ (173,384)
Charges for services	-	-	47,309	-	47,309
Interest and rents	-	-	(60,877)	-	(60,877)
Total revenues	2,456,999	2,456,999	2,270,047	-	(186,952)
EXPENDITURES					
Contracted services	2,456,999	2,456,999	2,493,883	-	(36,884)
REVENUES OVER EXPENDITURES	-	-	(223,836)	-	(223,836)
OTHER FINANCING SOURCES					
Operating transfers in	-	-	141,750	-	141,750
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(82,086)	<u>\$ -</u>	<u>\$ (82,086)</u>
Fund balance, beginning of year			768,702		
Fund balance, end of year			<u>\$ 686,616</u>		

COMBINING FINANCIAL STATEMENTS

Charter Township of Garfield

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2022

	Special Revenue Funds										Debt Service Fund	Total Non-Major Funds
	Public Improvement	Budget Stabilization	Park	Street Lighting	Eaglehurst Road	Milfoil	Forestlane Road	Oak Terrace Road	Heritage Estate Road	Total Special Revenue	Public Works	
ASSETS												
Current assets												
Cash and equivalents	\$ 450,125	\$ -	\$ 424,860	\$ 10,830	\$ 3,688	\$ 29,286	\$ 2,991	\$ 13,740	\$ 1,323	\$ 936,843	\$ 116,940	\$ 1,053,783
Investments	-	83,620	-	-	-	-	-	-	-	83,620	-	83,620
Special assessments receivable												
Current	-	-	-	16,470	988	8,714	3,960	9,863	1,119	41,114	-	41,114
Deferred	-	-	-	-	2,597	-	-	18,143	3,317	24,057	-	24,057
Due from other funds	29,206	-	-	-	-	-	-	-	22,232	51,438	-	51,438
Due from other governments	-	-	-	-	-	-	-	-	20	20	-	20
Total assets	<u>\$ 479,331</u>	<u>\$ 83,620</u>	<u>\$ 424,860</u>	<u>\$ 27,300</u>	<u>\$ 7,273</u>	<u>\$ 38,000</u>	<u>\$ 6,951</u>	<u>\$ 41,746</u>	<u>\$ 28,011</u>	<u>\$ 1,137,092</u>	<u>\$ 116,940</u>	<u>\$ 1,254,032</u>
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accounts payable	\$ -	\$ -	\$ 7,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,129	\$ -	\$ 7,129
Accrued payroll	-	-	1,472	-	-	-	-	-	-	1,472	-	1,472
Due to other funds	<u>22,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,094</u>	<u>3,800</u>	<u>(1,826)</u>	<u>24,937</u>	<u>-</u>	<u>55,237</u>	<u>-</u>	<u>55,237</u>
Total liabilities	<u>22,232</u>	<u>-</u>	<u>8,601</u>	<u>-</u>	<u>6,094</u>	<u>3,800</u>	<u>(1,826)</u>	<u>24,937</u>	<u>-</u>	<u>63,838</u>	<u>-</u>	<u>63,838</u>
FUND BALANCES												
Non-spendable												
Restricted												
Fund use	457,099	83,620	-	27,300	1,179	34,200	8,777	16,809	28,011	656,995	116,940	773,935
Committed												
Fund use	<u>-</u>	<u>-</u>	<u>416,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>416,259</u>	<u>-</u>	<u>416,259</u>
Total fund balances	<u>457,099</u>	<u>83,620</u>	<u>416,259</u>	<u>27,300</u>	<u>1,179</u>	<u>34,200</u>	<u>8,777</u>	<u>16,809</u>	<u>28,011</u>	<u>1,073,254</u>	<u>116,940</u>	<u>1,190,194</u>
Total liabilities and fund balances	<u>\$ 479,331</u>	<u>\$ 83,620</u>	<u>\$ 424,860</u>	<u>\$ 27,300</u>	<u>\$ 7,273</u>	<u>\$ 38,000</u>	<u>\$ 6,951</u>	<u>\$ 41,746</u>	<u>\$ 28,011</u>	<u>\$ 1,137,092</u>	<u>\$ 116,940</u>	<u>\$ 1,254,032</u>

Charter Township of Garfield

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

Year ended December 31, 2022

	Special Revenue Funds									Debt Service Fund	Total Non-Major Funds	
	Public Improvement	Budget Stabilization	Park	Street Lighting	Eaglehurst Road	Milfoil	Forestlane Road	Oak Terrace Road	Heritage Estate Road	Total Special Revenue		Public Works
REVENUES												
Licenses and permits	\$ -	\$ -	\$ 6,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,685	\$ -	\$ 6,685
State sources	22,704	-	-	-	-	-	-	-	-	22,704	-	22,704
Charges for services	-	-	-	30,725	(8,549)	17,100	(515)	(405)	(133)	38,223	-	38,223
Interest	-	53	-	-	-	-	88	-	-	141	1,298	1,439
Other	-	-	3,935	-	-	-	1	-	12	3,948	-	3,948
Total revenues	22,704	53	10,620	30,725	(8,549)	17,100	(426)	(405)	(121)	71,701	1,298	72,999
EXPENDITURES												
Public works	-	-	-	37,134	-	9,819	-	-	-	46,953	-	46,953
Recreation and culture	-	-	128,583	-	-	-	-	-	-	128,583	-	128,583
Capital outlay	-	-	154,009	-	-	-	-	-	-	154,009	-	154,009
Total expenditures	-	-	282,592	37,134	-	9,819	-	-	-	329,545	-	329,545
REVENUES OVER (UNDER) EXPENDITURES												
	22,704	53	(271,972)	(6,409)	(8,549)	7,281	(426)	(405)	(121)	(257,844)	1,298	(256,546)
OTHER FINANCING SOURCES												
Operating transfers in	-	-	549,477	-	-	-	-	-	-	549,477	-	549,477
NET CHANGE IN FUND BALANCE	22,704	53	277,505	(6,409)	(8,549)	7,281	(426)	(405)	(121)	291,633	1,298	292,931
Fund balance, beginning of year	434,395	83,567	138,754	33,709	9,728	26,919	9,203	17,214	28,132	781,621	115,642	897,263
Fund balance, end of year	\$ 457,099	\$ 83,620	\$ 416,259	\$ 27,300	\$ 1,179	\$ 34,200	\$ 8,777	\$ 16,809	\$ 28,011	\$1,073,254	\$ 116,940	\$1,190,194