CHARTER TOWNSHIP OF SUPERIOR

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

CHARTER TOWNSHIP OF SUPERIOR

TOWNSHIP OFFICIALS

Supervisor - Kenneth Schwartz
Clerk - Lynette Findley
Treasurer – Lisa Lewis

BOARD OF TRUSTEES

Kenneth Schwartz
Lynette Findley
Lisa A. Lewis
Bill Secrest
Nancy Caviston
Bernice Lindke
Rhonda McGill

LEGAL COUNSEL

Castlebury & Lucas Law

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

June 4, 2024

To the Board of Trustees
Charter Township of Superior
3040 North Prospect
Ypsilanti, MI 48198

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Superior, Michigan, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Superior, Michigan, as of December 31, 2023, 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 (GAAS). 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, 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, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 accompanying supplementary information such as the combining and individual 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 fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Within this section of the Charter Township of Superior's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended December 31, 2023. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Township-wide statement of position presenting information that includes all the Township's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township, as a whole, is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities, which reports how the Township's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and public works departments. Business-type activities include water & sewer utility operations. Fiduciary activities (such as tax collection) are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units). The Township had no component units.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data is provided in the combining statements later in this report.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Proprietary funds are reported in the financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes details by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for nonmajor funds are presented in a subsequent section of this report.

Financial analysis of the Township as a whole

The Township's net position included under governmental activities increased by $607,092 and the net position included under business type activities increased by $1,154,350.

The Township's total net position at the end of the year was $36,110,350. This is a $1,761,442 increase over last year's net position of $34,348,908.

The following tables provide a summary of the Township's financial activities and changes in net position:

CHARTER TOWNSHIP OF SUPERIOR

SUMMARY OF NET POSITION
DECEMBER 31, 2023 AND 2022

	Governmental Activities			Business Type Activities			Totals		
	12/31/2023	12/31/2022	Increase (Decrease)	12/31/2023	12/31/2022	Increase (Decrease)	12/31/2023	12/31/2022	Increase (Decrease)
ASSETS									
Current and other assets	$ 17,248,694	$ 17,296,746	$ (48,052)	$ 5,928,593	$ 5,609,144	$ 319,449	$ 23,177,287	$ 22,905,890	$ 271,397
Capital assets	9,159,421	9,040,135	119,286	21,254,157	18,662,206	2,591,951	30,413,578	27,702,341	2,711,237
Total assets	26,408,115	26,336,881	71,234	27,182,750	24,271,350	2,911,400	53,590,865	50,608,231	2,982,634
DEFERRED OUTFLOWS OF RESOURCES									
Pension investment activities	1,121,134	1,567,342	(446,208)				1,121,134	1,567,342	(446,208)
LIABILITIES									
Other liabilities	5,407,052	6,434,224	(1,027,172)	1,084,631	349,640	734,991	6,491,683	6,783,864	(292,181)
Unearned revenues	1,520,667	1,781,247	(260,580)				1,520,667	1,781,247	(260,580)
Long-term liabilities	2,010,703	2,126,249	(115,546)	2,649,319	1,627,260	1,022,059	4,660,022	3,753,509	906,513
Total liabilities	8,938,422	10,341,720	(1,403,298)	3,733,950	1,976,900	1,757,050	12,672,372	12,318,620	353,752
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	5,913,898	5,508,045	405,853				5,913,898	5,508,045	405,853
NET POSITION									
Net investment in capital assets	7,038,718	6,777,271	261,447	18,464,838	17,034,946	1,429,892	25,503,556	23,812,217	1,691,339
Restricted	5,676,838	5,003,589	673,249				5,676,838	5,003,589	673,249
Unrestricted	(38,627)	273,598	(312,225)	4,983,962	5,259,504	(275,542)	4,945,335	5,533,102	(587,767)
Total net position	$ 12,676,929	$ 12,054,458	$ 622,471	$ 23,448,800	$ 22,294,450	$ 1,154,350	$ 36,125,729	$ 34,348,908	$ 1,776,821

CHARTER TOWNSHIP OF SUPERIOR

SUMMARY OF CHANGES IN NET POSITION
FOR THE YEARS ENDING DECEMBER 31, 2023 AND 2022

	Governmental Activities			Business Type Activities			Totals		
	12/31/2023	12/31/2022	Increase (Decrease)	12/31/2023	12/31/2022	Increase (Decrease)	12/31/2023	12/31/2022	Increase (Decrease)
REVENUES									
Program revenues									
Charges for services	$ 956,341	$ 970,224	$ (13,883)	$ 4,784,626	$ 4,524,436	$ 260,190	$ 5,740,967	$ 5,494,660	$ 246,307
Capital/operating grants and contributions	336,676	359,017	(22,341)	1,495,128	1,633,187	(138,059)	1,831,804	1,992,204	(160,400)
General revenues									
Taxes	5,598,094	5,180,888	417,206				5,598,094	5,180,888	417,206
Special assessments	110,929	105,229	5,700				110,929	105,229	5,700
Licenses and permits	186,715	198,063	(11,348)				186,715	198,063	(11,348)
State grants	1,741,998	1,927,788	(185,790)				1,741,998	1,927,788	(185,790)
Interest and rents	408,771	109,159	299,612	110,078	32,699	77,379	518,849	141,858	376,991
Other revenue	320,098	52,054	268,044	11,716	6,096	5,620	331,814	58,150	273,664
Gain (loss) on sale of assets				(167,625)	(18,665)	(148,960)	(167,625)	(18,665)	(148,960)
Total revenues	9,659,622	8,902,422	757,200	6,233,923	6,177,753	56,170	15,893,545	15,080,175	813,370
EXPENSES									
General government	1,755,535	1,724,255	31,280				1,755,535	1,724,255	31,280
Public safety	5,121,841	4,891,883	229,958				5,121,841	4,891,883	229,958
Public works	681,959	741,681	(59,722)				681,959	741,681	(59,722)
Community and economic development	831,312	816,102	15,210				831,312	816,102	15,210
Recreation and culture	567,921	339,820	228,101				567,921	339,820	228,101
Interest on long-term debt	78,583	46,578	32,005				78,583	46,578	32,005
Utility system				5,079,573	5,230,190	(150,617)	5,079,573	5,230,190	(150,617)
Total expenses	9,037,151	8,560,319	476,832	5,079,573	5,230,190	(150,617)	14,116,724	13,790,509	326,215
CHANGE IN NET POSITION	622,471	342,103	280,368	1,154,350	947,563	206,787	1,776,821	1,289,666	487,155
BEGINNING NET POSITION	12,054,458	11,712,355	342,103	22,294,450	21,346,887	947,563	34,348,908	33,059,242	1,289,666
ENDING NET POSITION	$ 12,676,929	$ 12,054,458	$ 622,471	$ 23,448,800	$ 22,294,450	$ 1,154,350	$ 36,125,729	$ 34,348,908	$ 1,776,821

Financial Analysis of the Township's Major Funds

For the year ended December 31, 2023, there were four major funds:

1. **General Fund** - In compliance with GASB Standards, the Parks and Recreation Fund and the Trust and Agency Fund have been consolidated with the General Fund. Overall, the General Fund continues to be strong financially. Its fund balance increased by $136,444. This was primarily due to decreases in various expense line items such as Public Works.

2. **Fire Operating Fund** - The operations of the Fire Fund resulted in a decrease in its fund balance of $323,351. Increases in all revenue sources were offset by increases in expenditures, including capital outlay.

3. **Law Enforcement Fund** - The Law Fund increased its fund balance by $791,945. Interest income was a significant contributor.

4. **American Rescue Plan Act Fund (ARPA Fund)** - The ARPA Fund increased its fund balance by $6,972. In the near future, the Township expects large amounts of federal grant revenue to be recognized in this fund, as well as large expenditures relating to approved projects.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000. Expenditures are budgeted by activity.

Capital Asset and Debt Administration

There were $148,172 in depreciable capital asset additions under governmental activities this year. These purchases included a fire vehicle, fire equipment, a new furnace and bathroom renovations for Fire Station #2 and a new sign for the Oakbrook community.

There were six projects in process at the beginning of the fiscal year. The Township incurred $291,747 in additional costs for these projects as well as three new projects. The 2022 Sidewalk Repair Program was put in service and capitalized during the fiscal year with a total cost of $14,500. For a detailed listing of construction in progress projects see Note 4.

The Township received proceeds of $2,000 on the disposal of fully depreciated assets including a pick-up truck, a dump trailer, and a lawn mower.

The business-type activities added a snowplow ($9,408) for the fiscal year ended December 31, 2023. There was $1,242,000 added in utility infrastructure by developers throughout the Township.

Disposals for inactive assets were recorded after management's review of the asset listing.

The business-type activities began the year with $2,484,668 of construction in progress, incurred another $2,274,015 in costs, placed two of the projects in service, and ended with a balance of $39,055. Construction in progress activity (by project) is described in Note 4 of the Notes to Financial Statements.

The 2013 Refunding Capital Improvement Bonds used for the Fire Department and Utility operations made payments of $102,864 for Fire activities and $137,136 for Utility operations. This debt was totally extinguished as of December 31, 2023.

New bonds were issued in 2020 from the Michigan Finance Authority's State Revolving Fund. Total bond proceeds available are $3,230,000. The outstanding balance as of December 31, 2022, was $1,490,124. The Township utilized an additional $1,434,195, and made a principal payment of $135,000, leaving a balance of $2,789,319 at December 31, 2023. Draws are requested to reimburse the Utility Fund for approved upgrades to the current water and sewer systems as incurred.

In 2022, the Township purchased land in the amount of $2,408,280 through a land contract payable. Subsequently, the Township issued refunding bonds in the amount of $2,160,000, with a bond premium of $83,415 to pay off the land contract. See Note 5 for additional details related to the transaction.

Economic Conditions and Future Activities

There was a moderate increase in tax revenues for the Township's general and public safety operations, due to increasing taxable values. No taxes were levied for legal defense during the December 31, 2023 fiscal year.

The Township was able to fulfill the requirement of CVTRS (City, Village and Township Revenue Sharing) as it has done for several years with the State of Michigan Department of Treasury to receive additional state shared revenues. Management has and will keep reviewing costs in all areas of the Township to maintain services at minimal costs.

State and federal grants were received during the year, adding relief to the Township and its various activities.

Overall, the Township's financial position remains strong and healthy.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information, please contact the Charter Township of Superior at 3040 North Prospect, Ypsilanti, Michigan, 48198.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR

STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 10,659,663	$ 4,798,681	$ 15,458,344
Receivables:			
Taxes	5,552,358		5,552,358
Special assessments	110,929		110,929
State shared revenues	272,949		272,949
Accounts	515,659	1,018,657	1,534,316
Intergovernmental balances	33	(33)	
Inventory		38,602	38,602
Prepaid expenditures	137,030	72,580	209,610
Capital assets			
Assets not being depreciated	4,597,501	249,518	4,847,019
Assets, net of depreciation	4,561,920	21,004,639	25,566,559
Total assets	26,408,042	27,182,644	53,590,686
DEFERRED OUTFLOWS OF RESOURCES			
Pension related activities	1,121,134		1,121,134
LIABILITIES			
Accounts payable	501,312	784,583	1,285,895
Accrued wages	99,132	31,622	130,754
Accrued compensated absences	587,107	117,008	704,115
Accrued interest	13,300	11,312	24,612
Unearned revenues	1,520,667		1,520,667
Net pension liability	4,096,128		4,096,128
Long-term obligations			
Other due within one year	110,000	140,000	250,000
Other due in more than one year	2,010,703	2,649,319	4,660,022
Total liabilities	8,938,349	3,733,844	12,672,193
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	5,913,898		5,913,898
NET POSITION			
Invested in capital assets, net of related debt	7,038,718	18,464,838	25,503,556
Restricted for:			
Fire protection	2,322,615		2,322,615
Police protection	2,789,319		2,789,319
Public works	377,502		377,502
Legal defense	187,402		187,402
Unrestricted	(38,627)	4,983,962	4,945,335
Total net position	$ 12,676,929	$ 23,448,800	$ 36,125,729

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

CHARTER TOWNSHIP OF SUPERIOR

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Business-type Activities	Net (Expenses) Revenue and Changes in Net Position: Total
Governmental activities						
General government	$ (1,755,535)	$ 340,803	$ 177,912	$ (1,236,820)	$	$ (1,236,820)
Public safety - fire	(3,319,543)		158,294	(3,161,249)		(3,161,249)
Public safety - police	(1,802,298)	318,716		(1,483,582)		(1,483,582)
Public works	(681,959)			(681,959)		(681,959)
Community and economic development	(831,312)	296,822		(534,490)		(534,490)
Recreation and culture	(567,921)		470	(567,451)		(567,451)
Interest on long-term debt	(78,583)			(78,583)		(78,583)
Total governmental activities	(9,037,151)	956,341	336,676	(7,744,134)		(7,744,134)
Business-type activities						
Utility fund	(5,079,573)	4,784,626	1,495,128		1,200,181	1,200,181
Total	$ (14,116,724)	$ 5,740,967	$ 1,831,804	(7,744,134)	1,200,181	(6,543,953)
	General revenues					
	Taxes			5,598,094		5,598,094
	Special assessments			110,929		110,929
	Licenses and permits			186,715		186,715
	State grants			1,741,998		1,741,998
	Fines and forfeits			13,225		13,225
	Interest and rents			408,771	110,078	518,849
	Other revenue			306,873	11,716	318,589
	Gain/(loss) on disposal of assets				(167,625)	(167,625)
	Total general revenues			8,366,605	(45,831)	8,320,774
	Changes in net position			622,471	1,154,350	1,776,821
	Net position, January 1, 2023			12,054,458	22,294,450	34,348,908
	Net position, December 31, 2023			$ 12,676,929	$ 23,448,800	$ 36,125,729

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

FUND FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Fire Fund	Law Enforcement Fund	ARPA Fund	Nonmajor Funds	Totals
ASSETS						
Cash and cash equivalents	$ 2,599,223	$ 2,751,399	$ 2,869,894	$ 1,330,127	$ 1,109,020	$ 10,659,663
Receivables:						
Taxes	617,887	2,711,958	2,130,816			5,460,661
Special assessments					110,929	110,929
State grants	272,949					272,949
Due from other funds	143,817	8	33,849			177,674
Other	485,759	4,778	66,126			556,663
Other current assets:						
Prepaid expenditures	40,117	94,794	1,200		919	137,030
Total assets	$ 4,159,752	$ 5,562,937	$ 5,101,885	$ 1,330,127	$ 1,220,868	$ 17,375,569
LIABILITIES						
Accounts payable	$ 409,402	$ 77,748	$ 3,734	$	$ 10,428	$ 501,312
Accrued wages	33,043	58,806			7,283	99,132
Accrued interest	13,300					13,300
Accrued compensated absences	4,304	43,841			1,042	49,187
Unearned revenue	175,447			1,321,703	23,517	1,520,667
Due to other funds	15,250	28,136			83,562	126,948
Total liabilities	650,746	208,531	3,734	1,321,703	125,832	2,310,546
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	669,269	2,936,997	2,307,632			5,913,898
FUND BALANCE						
Nonspendable for prepaids	40,117	94,794	1,200		919	137,030
Restricted for:						
Fire Protection		2,322,615				2,322,615
Police Protection			2,789,319			2,789,319
Tree preservaton fund	247,500				130,002	377,502
Legal defense					187,402	187,402
Committed for:						
Building reserve	401,731					401,731
Capital improvement	2,550			8,424		10,974
Compensated absences	80,599				6,570	87,169
Non-motorized trails	30,659					30,659
Ordinance enforcement					626,068	626,068
Right of Way	18,195					18,195
Assigned for future budget deficits	504,773				144,075	648,848
Unassigned	1,513,613					1,513,613
Total fund equity	2,839,737	2,417,409	2,790,519	8,424	1,095,036	9,151,125
Total liabilities, deferred inflows of resources and fund balance	$ 4,159,752	$ 5,562,937	$ 5,101,885	$ 1,330,127	$ 1,220,868	$ 17,375,569

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

CHARTER TOWNSHIP OF SUPERIOR

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2023

Total governmental fund balance per balance sheet		$ 9,151,125
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Historical cost	$ 14,346,779	
Depreciation	(5,187,358)	
Capital assets net of depreciation		9,159,421
Pension related activities are not a consumption of current resources and therefore are reported as deferred outflows of resources in the Statement of Net Position:		1,121,134
Pension liabilities, net of pension plan fiduciary net position, are not due and payable in the current period and are not reported in the fund financial statements:		
Net pension liability		(4,096,128)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. This includes:		
Bonds payable	(2,050,000)	
Bond premium	(70,703)	
Compensated absences	(537,920)	
Total		(2,658,623)
Net position of governmental activities		$ 12,676,929

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

CHARTER TOWNSHIP OF SUPERIOR

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Fire Fund	Law Enforcement Fund	ARPA Fund	Nonmajor Funds	Totals
REVENUES						
Taxes	$ 726,256	$ 2,728,216	$ 2,143,622	$	$	$ 5,598,094
Licenses and permits	186,715					186,715
Special assessments					110,929	110,929
Federal grants	470	158,294		169,935		328,699
State grants	1,737,686	2,139	2,173			1,741,998
Contributions from local units	7,977					7,977
Charges for services	340,803		318,716		296,822	956,341
Fines and forfeits			13,225			13,225
Interest and rents	123,378	118,347	114,125	7,327	45,594	408,771
Other revenue	286,046	20,786			41	306,873
Total revenues	3,409,331	3,027,782	2,591,861	177,262	453,386	9,659,622
EXPENDITURES						
General government	1,517,055			55	15,399	1,532,509
Public safety		3,060,192	1,799,916			4,860,108
Public works	593,141				88,818	681,959
Community and economic development	408,216				419,972	828,188
Recreation and culture	391,917			139,769		531,686
Capital outlay						
General government	192,405				30,000	222,405
Fire protection		187,048		30,466		217,514
Debt Service						
Debt - principal	110,000	102,864				212,864
Debt - interest	97,500	1,029				98,529
Total expenditures	3,310,234	3,351,133	1,799,916	170,290	554,189	9,185,762
Net changes in fund balances	99,097	(323,351)	791,945	6,972	(100,803)	473,860
FUND BALANCE, JANUARY 1, 2023	2,740,640	2,740,760	1,998,574	1,452	1,195,839	8,677,265
FUND BALANCE, DECEMBER 31, 2023	$ 2,839,737	$ 2,417,409	$ 2,790,519	$ 8,424	$ 1,095,036	$ 9,151,125

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

CHARTER TOWNSHIP OF SUPERIOR

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - governmental funds		$ 473,860
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their useful lives as depreciation expense. The amount by which capital outlay exceeded depreciation is as follows:		
Capital outlay	$ 439,919	
Depreciation expense	(320,633)	
Net change		119,286
Repayment of bond and contract payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Repayment of bonds payable	212,864	
Accrued interest	14,400	
Bond premium amortization	5,546	
Net change		232,810
Accrued absences for vacation and sick time for the employees is recorded on the Statement of Net Position:		40,569
Some pension contributions in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Fund:		
Change in net pension activity		(244,054)
Change in net position		$ 622,471

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

CHARTER TOWNSHIP OF SUPERIOR

PROPRIETARY FUND - UTILITY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2023

CURRENT ASSETS		
Cash and investments	$ 4,798,681	
Receivables:		
Due from other funds	73	
Accounts	878,355	
Other	140,302	
Inventory	38,602	
Prepaid expenses	72,580	
Total current assets		$ 5,928,593
PROPERTY, PLANT AND EQUIPMENT		
Capital assets, not depreciated	249,518	
Capital assets, depreciated, net	21,004,639	
Property, plant and equipment		21,254,157
Total assets		$ 27,182,750
CURRENT LIABILITIES		
Accounts payable	$ 775,152	
Accrued interest	11,312	
Accrued wages	31,622	
Accrued sick and vacation	117,008	
Due to other funds	9,537	
Bonds payable	140,000	
Total current liabilities		$ 1,084,631
LONG-TERM OBLIGATIONS		
Bonds payable		2,649,319
Total liabilities		3,733,950
NET POSITION		
Invested in capital assets, net of related debt	18,464,838	
Unrestricted	4,983,962	
Total net position		$ 23,448,800

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

CHARTER TOWNSHIP OF SUPERIOR

PROPRIETARY FUND - UTILITY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES	
Charges for services	$ 4,764,419
Meter sales	20,207
Total operating revenues	4,784,626
OPERATING EXPENSES	
Water and sewer purchases	2,660,474
Salaries	699,597
Taxable benefits	72,483
Payroll taxes	50,159
Insurance benefits	160,658
Pension expense	91,428
Repairs and maintenance - administration building	9,372
Computer services and supplies	15,488
Supplies	4,686
Utilities	7,379
Telecommunications	13,991
Leased equipment	11,283
Cleaning services	5,844
Lift and booster station expense	39,460
Maintenance facility expense	102,675
System repairs and maintenance	75,474
Professional fees	23,898
Employee expense	11,185
Meters and supplies	118,433
Fuel	10,426
Insurance and bonds	43,458
Bad debt expense	12,877
Depreciation	765,847
Postage	19,627
Printing and publishing	11,041
Membership and dues	7,797
Miscellaneous	831
Total operating expenses	5,045,871
OPERATING (LOSS)	(261,245)
NON-OPERATING REVENUES AND (EXPENSES)	
(Loss) on disposal of assets	(167,625)
Interest income - operations	110,078
Interest expense - debt	(33,702)
Tap-in fees	237,200
New customer installation fees	15,928
Contributed capital - developers	1,242,000
Other income	11,716
Total non-operating revenues and (expenses)	1,415,595
Change in net position	1,154,350
NET POSITION, JANUARY 1, 2023	22,294,450
NET POSITION, DECEMBER 31, 2023	$ 23,448,800

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

CHARTER TOWNSHIP OF SUPERIOR

PROPRIETARY FUND - UTILITY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Cash receipts from customers	$ 4,824,500	
Cash payments to employees for services	(718,434)	
Cash payments to suppliers of goods and services	(2,994,953)	
Net cash from operating activities		$ 1,111,113
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from bonds	1,434,195	
Principal payments on bonds payable	(272,136)	
Interest payments on debt	(29,857)	
Acquisition of fixed assets	(2,283,423)	
Tap-in fees	237,200	
New customer installation fees	15,928	
Other income	11,716	
Net cash (used in) capital and related financing activities		(886,377)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and cash equivalents		110,078
Net increase in cash and cash equivalents		334,814
CASH AND CASH EQUIVALENTS, JANUARY 1, 2023		4,463,867
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2023		$ 4,798,681
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FROM (USED IN) OPERATING ACTIVITIES:		
Operating loss		$ (261,245)
Adjustments to reconcile operating income to net cash from (used in) operating activities:		
Depreciation		765,847
Changes in assets and liabilities		
Decrease in accounts receivable		39,874
(Increase) in prepaid expenses		(17,304)
(Increase) in inventory		(7,202)
(Decrease) in due to other funds		(758)
Increase in accounts payable		488,096
Increase in accrued wages		31,622
Increase in accrued compensated absences		72,183
Net cash from operating activities		$ 1,111,113

NONCASH ACTIVITY

The proprietary fund received noncash developer contributions in the amount of $1,242,000 which had no impact on this Statement of Cash Flows.

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

CHARTER TOWNSHIP OF SUPERIOR

FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2023

ASSETS		
Cash and investments	$	6,131,749
Due from other funds		55,472
Total assets	$	6,187,221
LIABILITIES		
Due to others	$	6,090,487
Due to other funds		96,734
Total liabilities	$	6,187,221

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Superior was incorporated February 26, 1979, under the provision of Public Act 90 of 1976, as amended. The policies of the Charter Township of Superior conform to generally accepted accounting principles as applicable to governmental units.

The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statements, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets and deferred outflows of resources less liabilities and deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. Net positions not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are the fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Standards. Although GASB Standards sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

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 general government, except those required to be accounted for in another fund.
- The **Fire Fund** accounts for the activities related to operating fire protection services. This fund is primarily supported through the collection of property taxes.
- The **Law Enforcement Fund** accounts for the activities related to operating police protection services. This fund is primarily supported through the collection of property taxes and charges for services.
- The **American Rescue Plan Act Fund (ARPA Fund)** accounts for receiving and spending the federal grants applicable to the American Rescue Plan Act.

The Township reports the following major proprietary fund:

- The **Utility Fund** accounts for all the activity associated with the operations and maintenance of operating the sewer and water systems of the Township.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond/debt proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and is also the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliations are provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds' financial statements are prepared on the same basis (economic resources, measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements but are included in the fund columns in the proprietary funds financial statements.

Proprietary funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges. Under standards set by GASB, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and enterprise funds reported on the proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989, for its business-type activities.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township approves budgets for the general, special revenue and debt service funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis.

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2022 levy (which reflects tax revenues for the December 31, 2023 fiscal year) was assessed at the adjusted taxable value shown below. Taxes are due and payable by February 28. Delinquent real and personal property taxes are returned to the County Treasurer for collection. The 2023 levy (which reflects tax revenues for the December 31, 2022 fiscal year) is also shown for comparative purposes below.

Taxable Value	**2022**	**2023**
General Township	$ 786,619,251	$ 838,384,598

Millage Rates	**2022**	**2023**
General township operations	0.7990	0.7990
Police	2.7146	2.7146
Fire	3.4549	3.4549
Total millage	6.9685	6.9685

E. CAPITAL ASSETS

Under GASB standards, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds' financial statements.

Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. 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 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

H. DEFINED PENSION BENEFIT PLAN

For purposes of measuring the Net Pension Liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. FUND EQUITY

Under Governmental Accounting Standards Board (GASB) standards in the fund financial statements, governmental funds report the following components of fund balance:

- Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed - Amounts that have been formally set aside by the Township board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township Board.
- Assigned - Intent to spend resources on specific purposes expressed by the Township Board; or Supervisor, Clerk, and Treasurer; who are authorized by policy approved by the Township Board to make assignments. All current year assignments have been made by the Township Board.
- Unassigned - Amounts that do not fall into any other aforementioned category. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes 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, committed, or assigned to those purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. DEFERRED OUTFLOWS AND DEFERRED INFLOWS

Under GASB standards, the Township is reporting two sections in the Statement of Net Position (Government Wide Statement) and in the Balance Sheet (Fund Statement), which are called *deferred outflows* (previously called *assets*) and *deferred inflows* (previously called *liabilities*).

These separate financial statement elements, which meet the definition of deferred outflows and inflows, are no longer considered assets or liabilities.

Deferred outflows of resources represent a consumption of net position that applies to a future period. The element will not be recognized as an expense and (or) expenditure until the time restriction is met.

For the year ended December 31, 2023, the Township records deferred outflows of resources on the Statement of Net Position relating to the Defined Benefit Pension plan net pension liability. Total deferred outflows of resources are shown below, with detailed activity available in Footnote # 9.

Deferred Outflows of Resources	
Pension related activities	$ 1,121,134

Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future period. The element will not be recognized as revenue until the time restriction is met.

For the year ended December 31, 2023, the Township records deferred inflows of resources on the Statement of Net Position relating to property taxes received or reported as receivables before the period in which the levy was to apply and differences in investment expectations versus actual. Property taxes levied in December 2023 will not be recognized as revenue until the year 2024. This type of transaction is listed on both the Statement of Net Position as well as the Balance Sheets under Fund Accounting:

Deferred Inflows of Resources	
Unavailable revenues - taxes	$ 5,913,898

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) standards, all funds, agencies, and activities of the Charter Township of Superior as the primary government have been included in the financial statements.

NOTE 3 - INTERFUND BALANCES AND TRANSFERS

All interfund balances are short-term in character. Interfund balances will be disbursed and collected during the next reporting period. These amounts are reported as current assets and current liabilities in the governmental balance sheets. The amounts of interfund receivables and payables are as follows:

Fund	Interfund Receivables	Fund	Interfund Payables	Purpose
General Fund	$ 296	Fire Fund	$ 296	Reimbursement between funds
General Fund	80,538	Legal Defense Fund	80,538	Reimbursement between funds
General Fund	16	Parks Fund	16	Reimbursement between funds
General Fund	106	Utility Fund	106	Reimbursement between funds
General Fund	5,029	Payroll Fund	5,029	Reimbursement between funds
Fire Fund	8	Payroll Fund	8	Reimbursement between funds
Payroll Fund	13,295	General Fund	13,295	Reimbursement between funds
Payroll Fund	27,840	Fire Fund	27,840	Reimbursement between funds
Payroll Fund	3,024	Building Fund	3,024	Reimbursement between funds
Payroll Fund	1,882	Parks Fund	1,882	Reimbursement between funds
Payroll Fund	9,431	Utility Fund	9,431	Reimbursement between funds
Payroll Fund	20	General Fund	20	Reimbursement between funds
Utility Fund	53	Parks Fund	53	Reimbursement between funds
Total	$ 141,538	**Total**	$ 141,538	

NOTE 4 - GOVERNMENTAL AND PROPRIETARY CAPITAL ASSETS

A summary of changes in governmental activity capital assets is as follows:

	Balance 1/1/2023	Additions	Deletions	Reclassifications	Balance 12/31/2023
Capital Assets Not Being Depreciated					
Land	$ 3,995,116	$	$	$	$ 3,995,116
Conservation easement	134,196				134,196
Construction in progress	190,942	291,747		(14,500)	468,189
Total non-depreciable	4,320,254	291,747		(14,500)	4,597,501
Capital Assets Being Depreciated					
Non-motorized Trails					
Harris road trail	238,169				238,169
Geddes #1 trail	581,411				581,411
Prospect pathway	432,384				432,384
Structures					
Parks	89,755				89,755
Buildings					
General	1,998,164	35,320		14,500	2,047,984
Fire	2,522,627	13,950			2,536,577
Law	70,195				70,195
Building Department	128,111				128,111
Parks	88,050				88,050
Vehicles					
General	24,163				24,163
Fire	2,588,805	52,048	(38,960)		2,601,893
Building Department	34,806				34,806
Parks	114,849				114,849
Equipment					
General	126,216				126,216
Fire	274,890	46,854			321,744
Law	5,945				5,945
Building Department	31,634				31,634
Parks	302,063		(26,671)		275,392
Total depreciable	9,652,237	148,172	(65,631)	14,500	9,749,278
Total capital assets	13,972,491	439,919	(65,631)		14,346,779
Accumulated depreciation	(4,932,356)	(320,633)	65,631		(5,187,358)
Governmental Funds Capital Assets, Net	$ 9,040,135	$ 119,286	$	$	9,159,421
Related long term debt outstanding at December 31, 2023					(2,050,000)
Capital assets, net related long term debt					$ 7,109,421

Depreciation expense is being recorded in the government-wide statement of activities based upon the activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. Depreciation expense was distributed to the various activities as follows:

General	$ 74,068
Fire	205,080
Law	2,382
Building department	10,904
Parks	28,199
Total	$ 320,633

NOTE 4 - GOVERNMENTAL AND PROPRIETARY CAPITAL ASSETS (continued)

Construction in progress for governmental activity is described below:

Project	Project costs as of 1/1/2023	Costs incurred during 12/31/2023 fiscal year	Project completed and placed in service	Construction in progress remaining as of 12/31/2023	% Complete
Plymouth Road Pathway	$ 53,328	$ 63,613	$	$ 116,941	18.00%
Dixboro Schoolhouse Improvements	60,187	14,558		74,745	99.00%
2022 Sidewalk Repair Program	14,500		(14,500)		100.00%
Residential ADA Sidewalk Ramp Improvements	18,235	11,607		29,842	*
Geddes Road Pathway	31,993	59,467		91,460	*
Fire Station No. 1 Concrete Replacement	12,699	74,196		86,895	12.00%
MacArthur Pathway		8,267		8,267	16.00%
Fireman's Park Improvements		52,324		52,324	10.00%
Disconnect for Generator		7,715		7,715	50.00%
Totals	$ 190,942	$ 291,747	$ (14,500)	$ 468,189	

* These projects are in the design phase and as such, total project costs and estimated percent of completion figures are not available

A summary of changes in proprietary activity capital assets and depreciation for the Utility activity is as follows:

	Balance 1/1/2023	Additions	Deletions	Reclassifications	Balance 12/31/2023
Non-depreciable assets					
Land	$ 210,463	$	$	$	$ 210,463
Construction in progress	2,484,669	2,274,015		(4,719,629)	39,055
Total non-depreciable assets	2,695,132	2,274,015		(4,719,629)	249,518
Depreciable assets					
Building	3,434,386				3,434,386
Utility system	23,902,088	1,242,000	(217,838)	4,719,629	29,645,879
Equipment and improvements	294,592				294,592
Office improvements	125,975				125,975
Office equipment	73,300				73,300
Vehicles	665,544	9,408	(27,278)		647,674
Metering program	54,928		(9,008)		45,920
Total depreciable	28,550,813	1,251,408	(254,124)	4,719,629	34,267,726
Total capital assets	31,245,945	3,525,423	(254,124)		34,517,244
Less accumulated depreciation	(12,583,739)	(765,847)	86,499		(13,263,087)
Business type activities Capital assets, net	$ 18,662,206	$ 2,759,576	$ (167,625)	$	$ 21,254,157

Investment in capital assets, net of related debt for the Utility activity was calculated as follows:

Cost	$ 34,517,244
Accumulated depreciation	(13,263,087)
Related debt	(2,789,319)
Investment in capital assets, net of related debt	$ 18,464,838

NOTE 4 - GOVERNMENTAL AND PROPRIETARY CAPITAL ASSETS (continued)

Construction in progress for proprietary activity for the Utility activity is described below:

Project	Project costs as of 1/1/2023	Costs incurred during 12/31/2023 fiscal year	Project completed and placed in service	Construction in progress remaining as of 12/31/2023	% Complete
Clark Road Lift Station	$ 2,427,525	$ 2,207,324	$ (4,634,849)	$	100.00%
Water System Master Plan	57,144	27,636	(84,780)		100.00%
Stamford Water Main Project		39,055		39,055	*
Totals	$ 2,484,669	$ 2,274,015	$ (4,719,629)	$ 39,055	

* This project is in the design phase and as such, total project costs and estimated percent of completion figures are not available

There was $1,242,000 of infrastructure added to the utility system by various developers throughout the Township as well as a snowplow purchased by the Township.

Depreciation for the systems, equipment, improvements, and software is charged as an expense against operations.

Accumulated depreciation is reported on the Proprietary Fund Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility Systems	40 years
System Improvements	30 years
Building	30 years
Office Improvements	15 years
Equipment, Furniture, and Software	7 years

NOTE 5 - LEASES

The Township previously implemented the Governmental Accounting Standards Board (GASB) Standard No. 87, *Leases*, which is intended to improve the accounting and financial reporting of leases by governments.

This standard requires the recognition of lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This standard requires a lessee to recognize a lease liability and right-to-use lease asset and requires a lessor to recognize a lease receivable and a deferred inflow of resources. The Township does not recognize leases with a term of 12 months or less (“short term leases”) on the Statement of Net Position.

The Township has determined that this standard has no material impact on the Township’s financial statement.

NOTE 6 - LONG-TERM OBLIGATIONS

A. GOVERNMENTAL LONG-TERM OBLIGATIONS

- Accrued Compensated Absences – The Township has recorded a liability in the Statement of Net Position for compensated absences of the general, building, and fire funds. The policies regarding compensated absences are outlined in the Township's "Rules of Employment" and the "Township Fire Department Agreement".

- During 2003, the Township sold bonds totaling $3.5M (2003 General Obligation Capital Improvement Bonds), of which $1.5M was used to help finance the construction of a new fire hall and $2.0M was used for various water and sewer projects. The $1.5M was recorded as part of long-term debt under governmental activities. The $2M was recorded as a liability under business-type activities. In 2013, the Township issued refunding bonds to defease the 2003 General Obligation Capital Improvement Bonds. The payoff amount of the original 2003 bonds at time of defeasance was $1,002,857. The refunding bond issued amounted to $936,491 for the fire department. Interest is charged at 1% for years through 2017 and at 2% for years 2018 through 2023.

- During 2022, the Township sold refunding bonds to refund the land contract payable for a land conservation easement known as Rock Properties. The Bond has an initial principal amount of $2,160,000, bearing interest of 4.00% annually. The bond will be repaid in annual installments ranging from $110,000 to $190,000 over 15 years, maturing in the year ending December 31, 2037.

- During 2022, the Township sold refunding bonds with a bond premium of $81,695. The premium will be amortized using a straight-line method of the 15 year term of the related bond at a rate of $5,546 per year.

The following summarizes changes in the Township's governmental activity's long-term debt for 2023:

Description	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023	Due Within One Year
Bonds Payable					
2013 Refunding Bonds Fire	$ 102,864	$	$ (102,864)	$	$
2022 Refunding Bonds Rock Property	2,160,000		(110,000)	2,050,000	110,000
Total bonds payable	2,262,864		(212,864)	2,050,000	110,000
Bond Premium	76,249		(5,546)	70,703	5,546
Accrued Compensated Absences	578,507	8,600		587,107	
Accrued Interest	14,400	13,300	(14,400)	13,300	
Totals	$ 2,932,020	$ 21,900	$ (232,810)	$ 2,721,110	$ 115,546

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The following is a schedule of future required principal and interest due from the Township's governmental activities:

	2022 Refunding Bonds Rock Property		
Year	Total	Principal	Interest
2024	$ 189,800	$ 110,000	$ 79,800
2025	190,300	115,000	75,300
2026	190,600	120,000	70,600
2027	190,700	125,000	65,700
2028	190,600	130,000	60,600
2029	190,300	135,000	55,300
2030	189,800	140,000	49,800
2031	194,000	150,000	44,000
2032	192,900	155,000	37,900
2033	191,600	160,000	31,600
2034	190,100	165,000	25,100
2035	193,300	175,000	18,300
2036	191,200	180,000	11,200
2037	193,800	190,000	3,800
	$ 2,679,000	$ 2,050,000	$ 629,000

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

B. BUSINESS-TYPE LONG-TERM OBLIGATIONS

The Township's business-type activities have two long-term debt obligations, which are as follows:

1. The 2013 Refunding Bonds were issued to pay off 2003 Capital Improvement Bonds used to finance Utility and Fire Department projects. The total cost of $2,185,000 is broken out by department as follows:

Fire Department	$ 936,491	42.86%
Sewer Department	1,248,509	57.14%
Total	$ 2,185,000	100.0%

The bonds were issued under the provisions of (a) Act 34, Public Acts of Michigan 2001, as amended, (b) Act 233 Public Acts of Michigan, 1955, as amended (collectively, the "Acts"). The bonds were issued for the purpose of refunding the Township's 2003 General Obligation Capital Improvement Bonds and paying the costs associated with issuing the bonds. Interest is charged at a rate of 1% in 2017 and 2% for years 2018 through 2023. This debt was completely paid off as of December 31, 2023.

2. The 2020 Capital Improvement Bonds were issued during the December 31, 2020 fiscal year to assist in the funding of Township capital improvement projects. Only $3,059,319 of the future $3,230,000 has been received. Interest will be charged at 2% per annum.

Description	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023	Due Within One Year
2013 Refunding Bonds Utility Payable	$ 137,136	$	$ (137,136)	$	$
2020 Capital Improvement Bonds	1,490,124	1,434,195	(135,000)	2,789,319	140,000
Totals	$ 1,627,260	$ 1,434,195	$ (272,136)	$ 2,789,319	$ 140,000

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The following is a schedule of future required principal and interest due from the Township's business-type activities:

	2020 Capital Improvement Bonds		
Year	Total	Principal	Interest
2024	$ 197,800	$ 140,000	$ 57,800
2025	195,000	140,000	55,000
2026	197,150	145,000	52,150
2027	196,300	150,000	46,300
2028	191,300	145,000	46,300
2029-3033	979,750	795,000	184,750
2034-2038	976,350	875,000	101,350
2039-2041	587,300	570,000	17,300
Totals	$ 3,520,950	$ 2,960,000	$ 560,950

As of December 31, 2023, only $3,059,319 of available bonds have been used for the 2020 improvement project. However, the Utilities department expects to utilize the full available amount of $3,230,00 and has elected to report the full projected future debt schedule.

NOTE 7 - STATEMENT OF CASH FLOWS - ENTERPRISE FUND

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. For purposes of the statement of cash flows, the enterprise fund considers all investments to be cash equivalents due to the highly liquid nature of the investments.

The direct method was utilized to present cash flows from operations. The following is the beginning and ending balances for cash and cash equivalents:

	1/1/2023	12/31/2023
Unrestricted - operations		
Cash and investments	$ 4,463,867	$ 4,798,681

There is no restricted cash as of December 31, 2023.

NOTE 8 - DEFINED CONTRIBUTION PENSION PLAN

History

The Township originally adopted a Defined Contribution Plan with Manulife in October 1967 which has since become John Hancock. The plan was set up as voluntary; however, to join the plan the employee had to contribute 5% of gross pay, the Township would then match with 10%. Eligible employees were all Union Firefighters, full time employees, the Fire Chief, Ordinance Officer, Supervisor, Clerk, Treasurer, Deputy Treasurer, and Trustees (employees also had to be at least 18 years of age). In October 1990, the Union Firefighters were moved into a MERS Defined Benefit pension plan. They were allowed to keep all their years of service and allowed to keep all their accumulated pension monies in the Manulife Plan. Their accounts with Manulife were switched to inactive status, and they can access this money upon separation from service from the Township.

In January 2004, the Township further amended the Defined Contribution Plan with John Hancock, when it approved a second MERS defined benefit plan for the non-union employees. This new MERS defined benefit plan became mandatory for all new hires that work full time. Existing employees as of January 1, 2004, were given the choice to either transfer to the new MERS Plan or remain in the John Hancock Plan (about 50% of the eligible employees moved to the new MERS Plan). The John Hancock employee accounts of the employees who switched to the new MERS Plan were withdrawn from John Hancock and deposited in the MERS Pension Plan. As of January 2004, the Township had three pension plans: the MERS Defined Benefit Plan for the Union firefighters referred to as MERS #1, the MERS Defined Benefit Plan for non-union employees referred to as MERS #2, and the John Hancock Defined Contribution Plan for all part time employees averaging at least 20 hours/week, trustees, and the full-time employees who decided to stay with John Hancock Plan at the January 2004 switchover.

John Hancock - (Adopted October 1967) a defined contribution plan for full-time employees only as defined above, regular part-time employees averaging 20 hours/week (including Fire Chief and Fire Marshall), and Trustees. Participation is voluntary with 5% contribution required to participate, and a 10% matching contribution from the Township. Plan vests after 20 months of plan participation, normal retirement age 55. New employees that opt out of the John Hancock plan, cannot join at a later date. The Fire Chief has a contract for part time services which excludes him from eligibility for any Township benefits.

The following summarizes that activity in the John Hancock defined contribution plan for 2023:

Total value January 1, 2023		$ 785,986
Contributions/Investment returns		
Employee contributions	$ 14,288	
Employer contributions	28,292	
Forfeitures	(2,568)	
Net gain/(loss) for 2023	118,352	
Total contributions/investment returns		158,364
Withdrawals		(133,382)
Total value December 31, 2023		$ 810,968

NOTE 9 - DEFINED BENEFIT PLAN

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com and is available to the public.

Description of Benefits

Benefits Provided

The defined benefit plan is comprised of two divisions, with Division 01 open to all full-time, non-union employees and Division 05 open to all union firefighters. The plan calls for benefits to be paid as 2.25% of the final average compensation with a maximum of 80% for both divisions. Final average compensation is calculated based on the employee's final 3 years wages for Division 01 and the employee's final 5 years wages for Division 05.

For Division 01, the plan has a vesting period of 6 years, with normal retirement at age 60, and early retirement eligible at age 55 with 15 years of service or age 50 with 25 years of service and reduced benefits.

For Division 05, the plan has a vesting period of 10 years, with normal retirement at age 60 and early retirement eligible age 50 with 25 years of service or age 55 with 15 years of service and reduced benefits.

Employees Covered by Benefit Terms

At the December 31, 2022 valuation date, the following employees were covered by the benefit terms:

	Division 01 Non-Union	Division 05 Union Fire
Inactive employees or beneficiaries currently receiving benefits	10	6
Inactive employees entitled to but not yet receiving benefits	8	3
Active employees	20	12
	38	21

Contributions

The Township is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The actuarially determined rate for the year ended December 31, 2023, was 15.78% of eligible wages, with total contributions of $258,410 for Division 01 and 20.28%, with total contributions of $304,020 for Division 05. The Township also requires employees to contribute 5.0% of eligible wages for Division 01 and 6.0% for Division 05 to fund the plan.

NOTE 9 - DEFINED BENEFIT PLAN (continued)

Net Pension Liability

The employer's Net Pension Liability was rolled forward to December 31, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2022.

Actuarial assumptions

The total pension liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%.
Salary Increases: 3.00% in the long term.
Investment rate of return: 7.00%, net of investment and administrative expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with price inflation of 2.5%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2014-2018.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation		Target Allocation Gross Rate of Return		Long-Term Expected Real Rate of Return
Global Equity	60.00%	x	7.00%	=	4.20%
Global Fixed Income	20.00%	x	4.50%	=	0.90%
Private Investments	20.00%	x	9.50%	=	1.90%
					7.00%

Discount Rate

The discount rate used to measure the total pension liability is 7.25% for the 2022 valuation. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - DEFINED BENEFIT PLAN (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2022	$ 11,057,411	$ 6,759,129	$ 4,298,282
Changes for the year			
Service Cost	368,696		368,696
Interest on Total Pension Liability	795,461		795,461
Changes in Benefits			
Difference between expected and actual experience	169,475		169,475
Changes in assumptions			
Employer Contributions		562,430	(562,430)
Employee Contributions		162,043	(162,043)
Net Investment Income		764,924	(764,924)
Benefit payments, including employee refunds	(539,742)	(539,742)	
Administrative expense		(16,181)	16,181
Other Changes	(62,570)		(62,570)
Net Changes	731,320	933,474	(202,154)
Balances as of 12/31/2023	$ 11,788,731	$ 7,692,603	$ 4,096,128

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability at 12/31/2023	$ 4,096,128	$ 4,096,128	$ 4,096,128
Change in Net Pension Liability (NPL) from change in discount rate	1,463,853		(1,219,370)
Calculated NPL	$ 5,559,981	$ 4,096,128	$ 2,876,758

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

NOTE 9 - DEFINED BENEFIT PLAN (continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended December 31, 2023, the Township recognized pension expense of $806,484. The Township reported deferred outflows and deferred inflows related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in investment expectations versus actual	$ 361,053	
Differences in experience	360,202	
Differences in actuarial assumptions	399,879	
Totals	$ 1,121,134	$

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Expense
2024	$ 385,597
2025	362,476
2026	392,920
2027	(19,859)
Total	$ 1,121,134

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Township maintains a proprietary fund which is financed by user charges. Segment information as of December 31, 2023, follows:

	Utility System
Operating revenues	$ 4,784,626
Depreciation	765,847
Operating (loss)	(261,245)
Non-operating revenues and (expenses) net	1,415,595
Changes in net position	1,154,350
Current assets	5,928,593
Current liabilities	1,084,631
Net working capital	4,843,962
Total assets	27,182,750
Total liabilities	3,733,950
Net position	23,448,800

NOTE 11 - POST EMPLOYMENT BENEFITS

In addition to the MERS Health Care Savings Plan described in Note 13, the Township also provides post-employment health care benefits to two (2) firefighters who retired prior to June 30, 2005. These two (2) firefighters are governed under the old retirement health care system as described in the union contracts for the fiscal years in which they retired (Firefighter Winters 2001 and Firefighter Dickinson January 2005). The benefit to these two (2) firefighters are: The Township pays 100% of the premium of whatever health insurance is in effect for the active firefighters and 50% of whatever Vision and Dental benefits are in effect for active firefighters (currently Vision Service Plan and Delta Dental). This is a lifelong benefit for these retired firefighters, and their spouses, if they were married to the spouse at the time of retirement. Firefighters who have retired from the Township after June 30, 2005, are not entitled to this benefit and were offered a legal buy-out for the loss of this benefit, indemnifying the Township of any claims to this benefit.

During 2023, the Township paid for the cost of covering these retirees. During the fiscal year 2023, the net cost of health care benefits for the retirees was $6,397, which was paid directly to the healthcare provider.

NOTE 12 - HSA PLAN

Beginning April 21, 2016, the Charter Township of Superior approved to purchase the Blue Cross Blue Shield Simply Blue HSA plan and the Township will pay a wellness incentive to employees to help offset the plan deductible. Wellness incentives for the year ended December 31, 2023, are $2,000 for individuals or $4,000 for families for non-union employees and $3,000 for individuals or $6,000 for families for union employees.

NOTE 13 - TAX ABATEMENTS

The Governmental Accounting Standards Board (GASB) approved GASB No. 77 “Tax Abatement Disclosures” relating to the required disclosure for tax abatement agreements. This standard requires the disclosure of a description of tax abatement agreements and the gross dollar amount of abated taxes relating to these agreements. The Township has no tax abatement agreements as of December 31, 2023.

NOTE 14 - FUND BALANCE DESIGNATIONS

The following is a summary of all restricted and further broken down to designations of fund balances for all governmental fund types.

	Major Funds				Nonmajor Funds				
	General and Parks Fund	Fire Fund	Law Fund	ARPA Fund	Legal Defense Fund	Streetlight Fund	Side Street Maintenance Fund	Building Fund	Total
Nonspendable for:									
Prepaids	$ 40,117	$ 94,794	$ 1,200	$	$	$	$	919	$ 137,030
Restricted for:									
Fire protection									
General		1,218,982							1,218,982
Compensated absences		496,513							496,513
Truck replacement		12,084							12,084
Debt reserve		123,160							123,160
Building construction		471,876							471,876
Police protection			2,789,319						2,789,319
Public works						115,685	14,317		130,002
Legal defense					187,402				187,402
Tree preservation	247,500								247,500
Committed for:									
Building reserve	401,731								401,731
Capital improvement	2,550			8,424					10,974
Compensated absences	80,599							6,570	87,169
Non-motorized trails	30,659								30,659
Ordinance enforcement								626,068	626,068
Right of Way	18,195								18,195
Assigned for future budget deficits	504,773				5,850			138,225	648,848
Unassigned	1,513,613								1,513,613
Total designated	$ 2,839,737	$ 2,417,409	$ 2,790,519	$ 8,424	$ 193,252	$ 115,685	$ 14,317	$ 771,782	$ 9,151,125

The Fire, Law, SAD, Legal Defense and Side Street Maintenance Funds are all restricted by tax millages, assessments and grants (outside of the Township Board) for the respective fund activity. As shown above various amounts which are restricted to the respective fund activity are further segregated for specific purposes within the fund activity by the Township Board.

NOTE 15 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in all of the investments mentioned in the preceding paragraph.

As of December 31, 2023, cash and investments consist of the following:

	Total	Cash	Investments
Deposits			
Checking accounts	$ 11,325,198	$ 11,325,198	$
Money market accounts	1,298,597		1,298,597
Certificates of deposit	3,611,325	3,611,325	
US Treasury Securities	5,797,017		5,797,017
Total	$ 22,032,137	$ 14,936,523	$ 7,095,614

Cash and investments are presented in the financial statements in the following areas:

Statement of Net Position:	
Cash and investments	$ 15,458,344
Fiduciary Funds:	
Cash and investments	6,131,749
Total cash and investments	$ 21,590,093

The carrying amount of cash and investments is stated at $21,590,093 as of December 31, 2023. The difference between the carrying amounts and amounts mentioned above stem from cash on hand, outstanding checks, and outstanding deposits.

NOTE 15 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Deposits - Custodial Credit Risk

This is the risk that in the event of a bank failure, the Township will be able to recover its deposits. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

As of December 31, 2023, deposits totaled $22,032,137, which was exposed to custodial credit risk as follows:

	Amount	%
Insured by FDIC	$ 1,024,775	5%
Uninsured and uncollateralized in banks	15,210,344	69%
Uninsured and uncollateralized - U.S. Treasury Securities	5,797,017	26%
	$ 22,032,137	100%

The Township's investment policy does not address this risk.

FDIC insurance is limited to the legal maximum of $250,000 per public unit for all time and savings deposits and $250,000 per public unit for all demand deposits.

NOTE 16 - MERS POST EMPLOYMENT HEALTH CARE SAVINGS PROGRAM

The Township adopted the MERS post-employment health care savings plan (HCSP) during 2005. The program is an employer sponsored program that allows employees to save money in an account that can be used for medical expenses and (or) health insurance premiums after termination of service.

All full-time employees (those with an average of 37.5 hours per week), are eligible to participate in the HCSP. The Township contributes to the plan on behalf of the eligible employees and requires the employees to contribute a percentage of pay, as described below. To make up for previous years of service, the Township created a compensation schedule with years of service for 15 - 25 years being weighted heavier than years 1 - 14. Based on this schedule, a lump sum was deposited in each employee's account by the Township. For each employee to receive the lump sum start-up money a signed release and settlement agreement releasing the Township from a previously adopted retirement health care program was completed by each employee.

For 2023, the Township contributed $300 per non-union employee and $400 per union employee per month to individual accounts, a total of $105,131 for all employees.

The Township requires employees to contribute a percentage of wages toward their account based on the employee's employment class. All employees hired prior to November 1, 2011, are in their own individual class. The required contributions range from a minimum of 2% of compensation to a maximum 15% of compensation within the various classes. Employees may choose between three options for wages used to calculate the contribution due; regular pay only, regular and overtime pay, or regular, overtime and longevity pay. Each employee may change the contribution percentage and covered wages once per year.

As of November 1, 2011, all newly hired employees are classified as one uniform employee class for all union new hires and one class for all non-union new hires. These two new classes of employees' contribution percentage will be reviewed annually in November and amended as necessary. Union employees elected to have 3% of all regular, overtime and longevity pay and non-union employees elected to have 3% of regular pay contributed for the year ended December 31, 2023.

NOTE 16 - MERS POST EMPLOYMENT HEALTH CARE SAVINGS PROGRAM (continued)

The Township contribution is subject to a vesting schedule as follows:

Employees service	Vested Percentage
Prior to six (6) years full time employment	0%
Six (6) years but less than nine (9) years full time employment	25%
Nine (9) years but less than twelve (12) years full time employment	50%
Twelve (12) years but less than fifteen (15) years full time employment	75%
Fifteen (15) or more years full time employment	100%

The mandated employee contributions are vested immediately and are withheld as pretax contributions.

All contributions are invested in the MERS portfolio and grow tax free. When an employee retires the savings account is available for tax free reimbursement of medical expenses and (or) health insurance premiums for employees, and spouses and dependents of employees.

NOTE 17 - AMERICAN RESCUE PLAN ACT (ARPA) GRANT ACTIVITY

Under the American Rescue Plan Act (ARPA), the Township has received a total of $1,501,403. These monies are from a pass-through grant from the federal government to the Michigan Department of Treasury. The Michigan Department of Treasury calculated the amounts to be allocated to the various local governments in Michigan. Each local government was required to elect to receive the monies in order to participate. Monies that would have gone to local governments who elected not to receive funds were reallocated to the local governments that chose to participate. The portion reallocated to the Charter Township of Superior was $3,010.

The following is a summary of ARPA activity for the 2021 through 2023 fiscal years:

Federal funds received in 2021	$	747,700
Net interest income and bank fees for 2021		10
Federal funds received in 2022		753,703
Net interest income and bank fees for 2022		1,442
Disbursements for 2022 (Firemen's Park engineering)		(9,765)
Net interest income and bank fees for 2023		7,272
Disbursements for 2023 (Firemen's Park engineering)		(30,466)
Disbursements for 2023 (Youth Arts Alliance)		(79,700)
Disbursements for 2023 (Mightly Oaks CLR Academy)		(59,500)
Disbursements for 2023 (Willow Run Acres)		(569)
Cash balance of ARPA funds as of 12/31/2023	**$**	**1,330,127**

Under Generally Accepted Accounting Principles, the amount of ARPA revenue recognized will be the same as the amount expended in each fiscal year. The remaining monies are considered unearned revenues and recorded as a liability on the balance sheet.

The Township Board has designated the remaining ARPA monies to various projects over the next few years. A list of those projects can be obtained from the Township offices.

NOTE 18 -NEWLY ADOPTED ACCOUNTING STANDARDS

GASB 96 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT

In May 2020, GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The Township implemented this standard for the year ended December 31, 2023, and has determined that it has no materially recognizable SBITAs.

NOTE 19 - UPCOMING GASB PRONOUNCEMENTS

GASB 100 – ACCOUNTING CHANGES AND ERROR CORRECTIONS

In June 2022, the GASB Issued Statement No. 100, *Accounting Changes and Error Corrections, an amendment on GASB Statement No. 62*. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

NOTE 20 - UPCOMING GASB PRONOUNCEMENTS (continued)

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted in the 2025 year.

OTHER GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued other Standards with implementation dates upcoming in subsequent fiscal years. The Township has assessed the impact of these standards and does not believe they will have any material impact on the Township's financial statements.

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 4, 2024, the date the financial statements were available to be issued. Management has determined that the Township does not have any other material recognizable or non-recognizable events.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget Amount			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes	$ 668,722	$ 668,722	$ 726,256	$ 57,534
Licenses and permits	195,000	195,000	186,715	(8,285)
Federal grants			470	470
State grants	1,592,039	1,592,039	1,737,686	145,647
Contributions from local units	100,000	83,000	7,977	(75,023)
Charges for services	25,200	340,023	340,803	780
Interest and rents	33,900	111,000	123,378	12,378
Other revenue	10,250	39,141	286,046	246,905
Total revenues	2,625,111	3,028,925	3,409,331	380,406
EXPENDITURES				
General government				
Township board	19,600	30,800	28,125	2,675
Supervisor	153,689	133,689	134,615	(926)
Treasurer	188,046	200,446	201,695	(1,249)
Clerk	196,524	197,524	197,601	(77)
Assessing equalization	237,887	239,387	249,501	(10,114)
Elections	163,900	3,400	1,731	1,669
Building and Grounds	68,250	65,250	59,840	5,410
Attorney	10,000	20,000	20,450	(450)
Other	625,915	643,744	652,239	(8,495)
Total general government	1,663,811	1,534,240	1,545,797	(11,557)
Public works	474,991	797,884	756,804	41,080
Community and economic development	86,268	406,891	408,216	(1,325)
Recreation and culture				
Administration	129,639	183,226	183,853	(627)
Recreation	25,401	27,501	25,026	2,475
Park maintenance	158,161	189,861	183,038	6,823
Unallocated	34,200	500		500
Total recreation and culture	347,401	401,088	391,917	9,171
Debt service		194,200	207,500	(13,300)
Total expenditures	2,572,471	3,334,303	3,310,234	24,069
Excess (deficiency) revenue over expenditures	52,640	(305,378)	99,097	404,475
OTHER FINANCING SOURCES/(USES)				
Transfers (out)	(53,557)	(23,696)		23,696
Net change in fund balance	(917)	(329,074)	99,097	428,171
FUND BALANCE, JANUARY 1, 2023	2,740,640	2,740,640	2,740,640	
FUND BALANCE, DECEMBER 31, 2023	$ 2,739,723	$ 2,411,566	$ 2,839,737	$ 428,171

CHARTER TOWNSHIP OF SUPERIOR

FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget Amount			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes	$ 2,733,503	$ 2,729,278	$ 2,728,216	$ (1,062)
Federal grants	205,746	158,246	158,294	48
State grants	2,652	2,652	2,139	(513)
Charges for services	1,000	1,000		(1,000)
Interest and rents	3,000	133,100	118,347	(14,753)
Other revenue	1,000	18,000	20,786	2,786
Total revenues	2,946,901	3,042,276	3,027,782	(14,494)
EXPENDITURES				
Public safety	2,519,248	3,133,348	3,247,240	(113,892)
Debt service				
Principal	103,000	103,000	102,864	136
Interest	1,100	1,100	1,029	71
Total expenditues	2,623,348	3,237,448	3,351,133	(113,685)
Net change in fund balance	323,553	(195,172)	(323,351)	(128,179)
FUND BALANCE, JANUARY 1, 2023	2,740,760	2,740,760	2,740,760	
FUND BALANCE, DECEMBER 31, 2023	$ 3,064,313	$ 2,545,588	$ 2,417,409	$ (128,179)

CHARTER TOWNSHIP OF SUPERIOR

LAW ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget Amount			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes	$ 2,146,696	$ 2,144,302	$ 2,143,622	$ (680)
State grants	2,250	2,250	2,173	(77)
Charges for services	318,000	318,000	318,716	716
Fines and forfeits	10,000	12,000	13,225	1,225
Interest and rents	(1,774)	98,226	114,125	15,899
Other revenue	100	100		(100)
Total revenues	2,475,272	2,574,878	2,591,861	16,983
EXPENDITURES				
Public safety	1,965,095	1,912,205	1,799,916	112,289
Net change in fund balance	510,177	662,673	791,945	129,272
FUND BALANCE, JANUARY 1, 2023	1,998,574	1,998,574	1,998,574	
FUND BALANCE, DECEMBER 31, 2023	$ 2,508,751	$ 2,661,247	$ 2,790,519	$ 129,272

CHARTER TOWNSHIP OF SUPERIOR

ARPA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget Amount			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Federal grants	$ 50,000	$ 500,000	$ 169,935	$ (330,065)
Interest and rents	60	60	7,327	7,267
Total revenues	50,060	500,060	177,262	(322,798)
EXPENDITURES				
General government	60	60	55	5
Parks and recereation	50,000	185,000	170,235	14,765
Total expenditures	50,060	185,060	170,290	14,770
Net change in fund balance		315,000	6,972	(308,028)
FUND BALANCE, JANUARY 1, 2023	1,452	1,452	1,452	
FUND BALANCE, DECEMBER 31, 2023	$ 1,452	$ 316,452	$ 8,424	$ (308,028)

CHARTER TOWNSHIP OF SUPERIOR

REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule of Employer Contributions

	For the Plan Year Ended								
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Actuarial determined contributions	$ 562,430	$ 513,605	$ 428,583	$ 343,704	$ 323,064	$ 257,074	$ 243,677	$ 208,778	$ 187,940
Contributions in relation to the actuarial determined contribution	562,430	513,605	428,583	343,704	323,064	257,074	243,677	208,778	187,940
Contribution (deficiency) excess	$	$	$	$	$	$	$	$	$
Covered employee payroll	$ 2,697,179	$ 2,348,774	$ 2,213,530	$ 2,080,582	$ 1,844,614	$ 1,720,936	$ 1,583,227	$ 1,621,846	$ 1,572,197
Contributions as a percentage of covered payroll	20.85 %	21.87 %	19.36 %	16.52 %	17.51 %	14.94 %	15.39 %	12.87 %	11.95 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

Notes to the Schedule of Employer Contributions

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	16 years
Asset valuation method	5 years smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.00%
Retirement age	Division 01: Age 60, early retirement at age 55 with 15 years of service or age 50 with 25 years of service with reduced benefits. Division 05: Age 60, early retirement at age 50 with 25 years of service or age 55 with 15 years of service with reduced benefits.
Mortality	50% Female/50% Male MP-2019 group Annuity Mortality Table

Previous Actuarial Methods and Assumptions

A ten-year smoothed asset valuation method was used for the time period of 2005 through 2015.

CHARTER TOWNSHIP OF SUPERIOR

REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2023

	For the Plan Year Ended								
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
TOTAL PENSION LIABILITY									
Service Cost	$ 368,696	$ 295,839	$ 264,925	$ 248,262	$ 220,760	$ 204,939	$ 187,817	$ 185,852	$ 171,059
Interest	795,461	739,844	690,029	629,872	634,256	597,127	574,515	531,168	505,344
Changes in benefit terms									
Differences between expected and actual experience	169,475	284,586	41,228	186,896	(12,135)	132,291	(60,111)	138,559	
Changes of assumptions		430,356	234,441	239,448				285,083	
Benefit payments, including refunds of employee contributions	(539,742)	(589,080)	(499,436)	(504,709)	(471,235)	(423,572)	(405,961)	(362,555)	(349,525)
Other changes	(62,570)	14,459	(46,376)	(19,181)	(9,078)	(30,745)	(13,371)	(14,343)	(14,745)
Net change in total pension liability	731,320	1,176,004	684,811	780,588	362,568	480,040	282,889	763,764	312,133
TOTAL PENSION LIABILITY - BEGINNING	11,057,411	9,881,407	9,196,596	8,416,008	8,053,440	7,573,400	7,290,511	6,526,747	6,214,614
TOTAL PENSION LIABILITY - ENDING	$ 11,788,731	$ 11,057,411	$ 9,881,407	$ 9,196,596	$ 8,416,008	$ 8,053,440	$ 7,573,400	$ 7,290,511	$ 6,526,747

CHARTER TOWNSHIP OF SUPERIOR

REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	For the Plan Year Ended								
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
PLAN FIDUCIARY NET POSITION									
Contributions - employer	562,430	513,605	428,583	343,703	323,064	257,074	243,677	208,778	187,940
Contributions - employee	162,043	149,519	131,740	117,461	117,023	99,482	97,044	89,336	86,207
Net investment income	764,924	(778,379)	924,013	750,073	701,819	(213,390)	644,352	505,591	(68,734)
Benefit payments, including refunds of employee contributions	(539,742)	(589,080)	(499,436)	(504,709)	(471,235)	(423,572)	(405,961)	(362,555)	(349,525)
Administrative Expenses	(16,181)	(13,967)	(10,599)	(11,724)	(12,098)	(10,555)	(10,196)	(9,975)	(10,063)
Net change in plan fiduciary net position	933,474	(718,302)	974,301	694,804	658,573	(290,961)	568,916	431,175	(154,175)
PLAN FIDUCIARY NET POSITION, BEGINNING	6,759,129	7,477,431	6,503,130	5,808,326	5,149,753	5,440,714	4,871,798	4,440,623	4,594,798
PLAN FIDUCIARY NET POSITION, ENDING	$ 7,692,603	$ 6,759,129	$ 7,477,431	$ 6,503,130	$ 5,808,326	$ 5,149,753	$ 5,440,714	$ 4,871,798	$ 4,440,623
NET PENSION LIABILITY (TOTAL PENSION LIABILITY - PLAN FIDUCIARY NET POSITION)	$ 4,096,128	$ 4,298,282	$ 2,403,976	$ 2,693,466	$ 2,607,682	$ 2,903,687	$ 2,132,686	$ 2,418,713	$ 2,086,124
Plan fiduciary net position as a percentage of the total pension liability	65.25%	61.13%	75.67%	70.71%	69.02%	63.94%	71.84%	66.82%	68.04%
Covered employee payroll	$ 2,697,179	$ 2,348,774	$ 2,213,530	$ 2,080,582	$ 1,844,614	$ 1,720,936	$ 1,583,227	$ 1,621,846	$ 1,572,197
Net pension liability as a percentage of covered employee payroll	151.87%	183.00%	108.60%	129.46%	141.37%	168.73%	134.71%	149.13%	132.69%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR

ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
COMBINING BALANCE SHEET
DECEMBER 31, 2023

	General Fund Pre GASB 54 Consolidation	Parks and Recreation Fund	Trust and Agency Fund	Eliminations	Totals Restated General Fund
ASSETS					
Cash and investments	$ 1,526,035	$ 646,544	$ 426,644	$	$ 2,599,223
Receivables:					
Taxes	617,887				617,887
State shared revenue	272,949				272,949
Due from other funds	143,833			(16)	143,817
Other	485,759				485,759
Prepaid expenditures	29,376	10,741			40,117
Total assets	3,075,839	657,285	426,644	(16)	4,159,752
LIABILITIES					
Accounts payable	146,941	11,264	251,197		409,402
Accrued wages	25,162	7,881			33,043
Accrued interest payable	13,300	325			13,625
Accrued compensated absences	3,979				3,979
Unearned revenues			175,447		175,447
Due to other funds	13,315	1,951		(16)	15,250
Total liabilities	202,697	21,421	426,644	(16)	650,746
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	669,269				669,269
FUND BALANCES					
Nonspendable for prepaids	29,376	10,741			40,117
Restricted	247,500				247,500
Committed:					
Building reserve		401,731			401,731
Capital improvement		2,550			2,550
Compensated absences	61,042	19,557			80,599
Non-motorized trails	30,659				30,659
Right of Way	18,195				18,195
Assigned for future budget deficits	499,773	5,000			504,773
Unassigned	1,317,328	196,285			1,513,613
Total fund balances	2,203,873	635,864			2,839,737
Total liabilities, deferred inflows of resources and fund balances	$ 3,075,839	$ 657,285	$ 426,644	$ (16)	$ 4,159,752

CHARTER TOWNSHIP OF SUPERIOR

ALL NONMAJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2023

	Legal Defense Fund	Streetlight Fund	Side Street Maintenance Fund	Building Fund	Totals
ASSETS					
Cash and investments	$ 274,360	$ 36,577	$ 14,317	$ 783,766	$ 1,109,020
Special assessments receivable		87,412	23,517		110,929
Prepaid expenditures				919	919
Total assets	$ 274,360	$ 123,989	$ 37,834	$ 784,685	$ 1,220,868
LIABILITIES					
Accounts payable	$ 570	$ 8,304	$	$ 1,554	$ 10,428
Accrued wages				7,283	7,283
Accrued compensated absences				1,042	1,042
Unearned revenue			23,517		23,517
Due to other funds	80,538			3,024	83,562
Total liabilities	81,108	8,304	23,517	12,903	125,832
FUND BALANCE					
Nonspendable for:					
Prepaids				919	919
Restricted for:					
Public works		115,685	14,317		130,002
Legal defense	187,402				187,402
Committed for:					
Compensated absences				6,570	6,570
Ordinance enforcement				626,068	626,068
Assigned for future budget deficit	5,850			138,225	144,075
Total fund equity	193,252	115,685	14,317	771,782	1,095,036
Total liabilities and fund equity	$ 274,360	$ 123,989	$ 37,834	$ 784,685	$ 1,220,868

CHARTER TOWNSHIP OF SUPERIOR

ALL AGENCY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2023

	Current Tax Fund	Payroll Fund	Totals
ASSETS			
Cash and investments	$ 6,107,292	$ 24,457	$ 6,131,749
Due from other funds		55,472	55,472
Total assets	$ 6,107,292	$ 79,929	$ 6,187,221
LIABILITIES			
Due to others	$ 6,015,595	$ 74,892	$ 6,090,487
Due to other funds	91,697	5,037	96,734
Total liabilities	$ 6,107,292	$ 79,929	$ 6,187,221

CHARTER TOWNSHIP OF SUPERIOR

ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund Pre GASB 54 Consolidation	Parks and Recreation Fund	Trust and Agency Fund	Eliminations	Total Restated General Fund
REVENUES					
Taxes	$ 726,256	$	$	$	$ 726,256
Licenses and permits	186,715				186,715
Federal grants		470			470
State grants	1,737,686				1,737,686
Contributions from local units	7,977				7,977
Charges for services	25,780		315,023		340,803
Interest and rents	98,953	24,425			123,378
Other revenue	284,477	1,569			286,046
Total revenues	3,067,844	26,464	315,023		3,409,331
EXPENDITURES					
General government	1,517,055				1,517,055
Public works	593,141				593,141
Community and economic development	93,193		315,023		408,216
Recreation and culture		391,917			391,917
Capital outlay					
General government	192,405				192,405
Debt service					
Debt - principal	110,000				110,000
Debt - interest	97,500				97,500
Total expenditures	2,603,294	391,917	315,023		3,310,234
Excess of revenues over (under) expenditures	464,550	(365,453)			99,097
OTHER FINANCING SOURCES (USES)					
Transfers in		401,284		(401,284)	
Transfers (out)	(401,284)			401,284	
Total other financing sources (uses)	(401,284)	401,284			
Net change in fund balance	63,266	35,831			99,097
FUND BALANCE, JANUARY 1, 2023	2,140,607	600,033			2,740,640
FUND BALANCE, DECEMBER 31, 2023	$ 2,203,873	$ 635,864	$	$	$ 2,839,737

CHARTER TOWNSHIP OF SUPERIOR

ALL NONMAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Legal Defense Fund	Streetlight Fund	Side Street Maintenance Fund	Building Fund	Totals
REVENUES					
Special assessments	$	$ 87,412	$ 23,517	$	$ 110,929
Charges for services				296,822	296,822
Interest and rents	12,898	1,073	396	31,227	45,594
Miscellaneous				41	41
Total revenues	12,898	88,485	23,913	328,090	453,386
EXPENDITURES					
General government	15,399				15,399
Public works		88,818			88,818
Community and economic development			24,700	395,272	419,972
Capital outlay:					
General government	30,000				30,000
Total expenditures	45,399	88,818	24,700	395,272	554,189
Net change in fund balance	(32,501)	(333)	(787)	(67,182)	(100,803)
FUND BALANCE, JANUARY 1, 2023	225,753	116,018	15,104	838,964	1,195,839
FUND BALANCE, DECEMBER 31, 2023	$ 193,252	$ 115,685	$ 14,317	$ 771,782	$ 1,095,036

INDIVIDUAL FUNDS

GENERAL FUND

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	$ 668,722	$ 726,256	$ 57,534
Licenses and permits	195,000	186,715	(8,285)
State grants	1,592,039	1,737,686	145,647
Contributions from local units	83,000	7,977	(75,023)
Charges for services	25,000	25,780	780
Interest and rents	90,000	98,953	8,953
Other revenue	36,641	284,477	247,836
Total revenues	2,690,402	3,067,844	377,442
EXPENDITURES			
General government	1,534,240	1,545,797	(11,557)
Public works	797,884	756,804	41,080
Community and economic development	91,868	93,193	(1,325)
Debt service - Principal	110,000	110,000	
Debt service - Interest	84,200	97,500	(13,300)
Total expenditures	2,618,192	2,603,294	14,898
Excess of revenues over (under) expenditures	72,210	464,550	392,340
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(401,284)	(401,284)	
Net change in fund balance	(329,074)	63,266	392,340
FUND BALANCE, JANUARY 1, 2023	2,140,607	2,140,607	
FUND BALANCE, DECEMBER 31, 2023	$ 1,811,533	$ 2,203,873	$ 392,340

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes			
Payment in lieu of taxes	$ 875	$ 873	$ (2)
Trailer home fees	4,500	5,739	1,239
Property taxes	663,347	719,644	56,297
Total taxes	668,722	726,256	57,534
Licenses and permits			
Cable franchise fees	195,000	186,715	(8,285)
State grants			
State shared revenue	1,579,939	1,652,625	72,686
Other state aid grants	12,100	85,061	72,961
Total state grants	1,592,039	1,737,686	145,647
Contributions from local units			
CTAP grant	83,000	7,977	(75,023)
Charges for services			
General charges for services	25,000	25,780	780
Interest and rents			
Interest income	23,000	25,273	2,273
Cell tower	35,000	33,151	(1,849)
Investment earnings	32,000	40,529	8,529
Total interest and rents	90,000	98,953	8,953
Other revenue			
Reimbursements and refunds	23,091	23,186	95
Public contributions	5,500	253,000	247,500
Other income	8,050	8,291	241
Total other revenue	36,641	284,477	247,836
Total revenues	$ 2,690,402	$ 3,067,844	$ 377,442

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
General government			
Township board	$ 30,800	$ 28,125	$ 2,675
Supervisor	133,689	134,615	(926)
Treasurer	200,446	201,695	(1,249)
Clerk	197,524	197,601	(77)
Assessing equalization	239,387	249,501	(10,114)
Elections	3,400	1,731	1,669
Building and grounds	65,250	59,840	5,410
Attorney	20,000	20,450	(450)
All other general government	643,744	652,239	(8,495)
Total general government	1,534,240	1,545,797	(11,557)
Public works			
Infrastructure	674,246	631,181	43,065
Sanitation	23,600	24,136	(536)
Public transportation	100,038	101,487	(1,449)
Total public works	797,884	756,804	41,080
Community and economic development			
Planning and zoning	91,868	93,193	(1,325)
Debt service			
Debt - principal	110,000	110,000	
Debt - interest	84,200	97,500	(13,300)
Total debt service	194,200	207,500	(13,300)
Total expenditures	$ 2,618,192	$ 2,603,294	$ 14,898

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Township board			
Salaries	$ 30,450	$ 28,100	$ 2,350
Training	250	25	225
Professional services	100		100
Total township board	30,800	28,125	2,675
Supervisor			
Salaries	96,505	96,505	
Assistant salary	29,884	30,736	(852)
Taxable benefits	7,300	7,226	74
Supplies		148	(148)
Total supervisor	133,689	134,615	(926)
Treasurer			
Salaries	87,193	87,193	
Other salaries	90,710	89,884	826
Training	4,000	3,299	701
Taxable benefits	15,693	15,650	43
Supplies	1,700	3,711	(2,011)
Printing and publishing	1,000	1,859	(859)
Memberships and dues	150	99	51
Total treasurer	200,446	201,695	(1,249)
Clerk			
Salary	87,193	87,193	
Other salaries	97,884	98,027	(143)
Training	1,500	1,090	410
Taxable benefits	9,447	10,503	(1,056)
Supplies	1,500	788	712
Total clerk	197,524	197,601	(77)

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Assessing equalization			
Salaries	200,833	212,629	(11,796)
Contract services	2,000	1,685	315
Training	500	426	74
Taxable benefits	32,254	32,085	169
Supplies	1,000	449	551
Telephone	600	607	(7)
Transportation	200	9	191
Meals and lodging	500	354	146
Memberships and dues	1,500	1,257	243
Total assessing equalization	239,387	249,501	(10,114)
Elections			
Salaries	400	360	40
Supplies and postage	3,000	1,371	1,629
Total elections	3,400	1,731	1,669
Buildings and grounds			
Contract services	24,250	25,574	(1,324)
Operating supplies	4,000	3,307	693
Utilities	12,000	12,995	(995)
Repairs and maintenance	20,000	19,539	461
Expense allocation	(15,000)	(15,000)	
Building improvements	20,000	13,425	6,575
Total buildings and grounds	65,250	59,840	5,410
Attorney			
Professional services	20,000	20,450	(450)

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
All other general government			
Training		123	(123)
Administration postage	15,000	15,060	(60)
Administration operating supplies	4,000	4,752	(752)
Cemetery upkeep	1,500	1,500	
Professional services	111,230	114,337	(3,107)
Telephone	12,000	11,619	381
Insurance and bonds	17,000	19,110	(2,110)
Transportation	6,000	6,909	(909)
Meals and lodging	1,000	1,428	(428)
Printing and publishing	15,000	15,179	(179)
Expense allocation	(15,000)	(15,000)	
Meals on Wheels	10,000	10,000	
Equipment rental	8,000	7,016	984
Memberships and dues	23,150	23,143	7
Bank charges	2,000	190	1,810
Equipment	8,000	9,676	(1,676)
Miscellaneous	500	85	415
Tax Chargebacks	600	68	532
Accounting Salaries	125,842	129,201	(3,359)
Accounting taxable benefits	8,048	8,047	1
Accounting supplies	2,000	1,497	503
Accounting expense allocation	(46,000)	(46,000)	
Unallocated FICA	77,860	78,619	(759)
Unallocated medical insurance	85,460	84,877	583
Unallocated dental insurance	9,502	9,436	66
Unallocated vision insurance	3,274	2,414	860
Unallocated life insurance	1,730	1,745	(15)
Unallocated HSA administration fees	258	242	16
Unallocated HCSP	19,870	25,021	(5,151)
Unallocated pension expense	135,920	131,945	3,975
Total all other general government	643,744	652,239	(8,495)
TOTAL GENERAL GOVERNMENT	1,534,240	1,545,797	(11,557)

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC WORKS			
Infrastructure			
Master plan revisions	21,000	21,365	(365)
Geddes Ridge drain maintenance	29,650	29,637	13
Special projects	100,000	96,955	3,045
Ypsilanti district library	120,000	115,816	4,184
Pathway	184,000	139,685	44,315
Salaries	6,803	4,329	2,474
Contract services	20,750	18,600	2,150
Supplies	500	64	436
Road maintenance	150,000	167,676	(17,676)
Other maintenance	20,000	17,038	2,962
Streetlights	6,543	6,543	
Drains	15,000	13,473	1,527
Total infrastructure	674,246	631,181	43,065
Sanitation			
Recycling	10,000	10,378	(378)
Garbage and yard waste tags	11,600	11,522	78
Dump usage collection	2,000	2,236	(236)
Total sanitation	23,600	24,136	(536)
Public transportation			
A.A.T.A. contract	63,347	64,326	(979)
Demand response	22,819	23,088	(269)
New buses	13,872	14,073	(201)
Total public transportation	100,038	101,487	(1,449)
TOTAL PUBLIC WORKS	797,884	756,804	41,080

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
COMMUNITY AND ECONOMIC DEVELOPMENT			
Planning and zoning			
Salaries	65,384	66,914	(1,530)
Taxable benefits	9,734	9,926	(192)
Supplies	1,750	794	956
Professional services	15,000	15,559	(559)
Total planning and zoning	91,868	93,193	(1,325)
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	91,868	93,193	(1,325)
DEBT SERVICE			
Debt - principal	110,000	110,000	
Debt - interest	84,200	97,500	(13,300)
TOTAL DEBT SERVICE	194,200	207,500	(13,300)
Total expenditures	$ 2,618,192	$ 2,603,294	$ 14,898

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

PARKS AND RECREATION FUND

CHARTER TOWNSHIP OF SUPERIOR

PARKS AND RECREATION FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal grants	$	$ 470	$ 470
Interest and rents	21,000	24,425	3,425
Other revenue	2,500	1,569	(931)
Total revenues	23,500	26,464	2,964
EXPENDITURES			
Administration	183,226	183,853	(627)
Maintenance and improvement	190,361	183,038	7,323
Recreation	27,501	25,026	2,475
Total expenditures	401,088	391,917	9,171
Excess of revenues over (under) expenditures	(377,588)	(365,453)	12,135
OTHER FINANCING SOURCES (USES)			
Transfers in	401,284	401,284	
Transfers (out)	(23,696)		23,696
Total other financing sources (uses)	377,588	401,284	23,696
Net change in fund balance		35,831	12,135
FUND BALANCE, JANUARY 1, 2023	600,033	600,033	
FUND BALANCE, DECEMBER 31, 2023	$ 600,033	$ 635,864	$ 12,135

This supplementary information shows the Parks and Recreation Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

PARKS AND RECREATION FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
ADMINISTRATION			
Salaries	$ 138,289	$ 142,157	$ (3,868)
Training	1,200	1,686	(486)
Taxable benefits	15,400	15,406	(6)
Supplies	1,100	581	519
Professional services	4,700	3,122	1,578
Telephone	1,500	928	572
Insurance and bonds	11,487	11,011	476
Transportation	1,400	1,524	(124)
Office rent	6,000	6,000	
Printing and publishing	500	410	90
Repairs and maintenance	500	467	33
Membership and dues	650	500	150
Miscellaneous	500	61	439
Total administration	183,226	183,853	(627)
RECREATION			
Salaries	16,241	15,433	808
Taxable benefits	200		200
Supplies	3,500	3,762	(262)
Professional services	5,000	4,571	429
Telephone	660		660
Miscellaneous	1,900	1,260	640
Total recreation	27,501	25,026	2,475
MAINTENANCE AND IMPROVEMENTS			
Salaries	137,908	137,041	867
Training	700	625	75
Taxable benefits	986	985	1
Supplies	5,600	4,386	1,214
Uniforms	1,000	446	554
Fuel and lubricants	6,500	6,167	333
Conrolled burns	4,500	4,500	
Professional services	2,500	1,825	675
Telephone	660	204	456
Utilities	950	466	484
Repair and Maintenance	23,900	21,283	2,617
Equipment	5,157	5,110	47
Total maintenance and improvements	190,361	183,038	7,323
Total expenditures	401,088	391,917	9,171

This supplementary information shows the Parks and Recreation Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

UTILITY FUND

CHARTER TOWNSHIP OF SUPERIOR

UTILITY FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	$ 4,687,500	$ 4,764,419	$ 76,919
Interest income		110,078	110,078
Meter sales	20,000	20,207	207
Tap-in fees		237,200	237,200
New customer installation fees	500	15,928	15,428
Other	7,000	11,716	4,716
Total revenues	4,715,000	5,159,548	444,548
EXPENSES			
Water and sewer purchases	2,702,000	2,660,474	41,526
Salaries	618,927	699,597	(80,670)
Taxable benefits	58,826	72,483	(13,657)
Payroll taxes	51,848	50,159	1,689
Insurance benefits	218,866	160,658	58,208
Pension expense	93,480	91,428	2,052
Repairs and maintenance - administration building	6,550	9,372	(2,822)
Computer services and supplies	30,000	15,488	14,512
Supplies	3,000	4,686	(1,686)
Utilities	6,600	7,379	(779)
Telecommunications	12,000	13,991	(1,991)
Leased equipment	13,000	11,283	1,717
Cleaning services	5,000	5,844	(844)
Lift and booster station expense	47,000	39,460	7,540
Maintenance facility expense	106,300	102,675	3,625
System repairs and maintenance	49,000	75,474	(26,474)
Professional fees	47,050	23,898	23,152
Employee expense	10,450	11,185	(735)
Meters and supplies	100,000	118,433	(18,433)
Fuel	12,000	10,426	1,574
Insurance and bonds	62,000	43,458	18,542
Bad debt expense		12,877	(12,877)
Postage	18,000	19,627	(1,627)
Printing and publishing	10,000	11,041	(1,041)
Membership and dues	15,000	7,797	7,203
Miscellaneous	750	831	(81)
Bond interest expense		33,702	(33,702)
Total expenses	4,297,647	4,313,726	(16,079)
Operating income	417,353	845,822	428,469
OTHER INCOME (EXPENSES)			
(Loss) on disposal of assets		(167,625)	(167,625)
Contributed capital - developers		1,242,000	1,242,000
Transfers in		287,753	287,753
Transfers (out)	(417,353)	(287,753)	129,600
Total other income (expenses)	(417,353)	1,074,375	1,491,728
Change in net assets	$	$ 1,920,197	$ 1,920,197

This schedule is prepared on a budgetary basis for the operating accounts of the enterprise fund and as such does not present the results of operations on the basis of generally accepted accounting principles but is presented for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

UTILITY FUND - COMPARATIVE STATEMENT OF REVENUES AND EXPENSES - OPERATING ACCOUNTS ONLY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, 2021, 2020, 2019, 2018, and 2017

	2023	2022	2021	2020	2019	2018	2017
REVENUES							
Charges for services	$ 4,764,419	$ 4,514,821	$ 4,361,690	$ 4,918,819	$ 4,921,683	$ 4,747,460	$ 4,095,235
Meter sales	20,207	9,615	21,990	21,640	34,570	12,377	17,868
Total revenues	4,784,626	4,524,436	4,383,680	4,940,459	4,956,253	4,759,837	4,113,103
EXPENSES							
Water and sewer purchases	2,660,474	2,791,450	2,516,235	2,396,138	2,334,583	2,857,115	2,292,120
Salaries and wages	699,597	557,312	520,704	514,362	548,268	488,461	373,647
Taxable benefits	72,483	58,107	51,838	52,196	45,150	32,093	48,304
Payroll taxes	50,159	45,924	43,132	41,925	44,221	38,761	33,195
Insurance benefits	160,658	143,668	108,712	82,250	83,784	84,048	68,843
Pension	91,428	88,027	80,019	64,665	67,110	51,942	46,477
Repairs and maintenance	136,952	410,591	87,324	112,385	139,760	206,184	179,585
Computer expenses	36,340	43,744	47,546	17,393	10,870	13,277	5,000
Operating supplies and meters	136,169	88,666	132,471	90,435	217,895	89,886	138,778
Utilities	42,057	41,809	35,267	42,418	52,249	5,204	35,914
Telecommunications	28,401	27,043	25,972	19,387	8,745	9,327	7,457
Lease equipment	11,283	15,357	13,646	9,204	8,891	8,211	6,470
Office expenses	43,767	39,858	38,733	4,595	22,369	11,997	13,943
Professional services	23,898	34,611	11,276	49,909	29,160	22,025	19,570
Health savings expense						7,706	11,935
Insurance and bonds	43,458	34,661	37,479	34,374	35,469	32,796	30,440
Bad debt expense	12,877		3,528	3,934	3,421		3,272
Printing and publishing	11,041	8,785	20,224	21,235	3,604	4,165	4,801
Memberships and dues	7,797	10,475	10,847	15,446	21,133	8,984	8,061
Training and other employee expenses	11,185	7,839	3,647	18,264	8,695	917	5,779
Total expenses	4,280,024	4,447,927	3,788,600	3,590,515	3,685,377	3,973,099	3,333,591
Net revenues over expenses	$ 504,602	$ 76,509	$ 595,080	$ 1,349,944	$ 1,270,876	$ 786,738	$ 779,512

This schedule only includes operating revenues and expenses (excludes connection fees revenue, interest income, depreciation expense, and interest expense) and as such does not present results of operations on the basis of generally accepted accounting principles but is presented for supplementary information.

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Patrick M. Hanniford, C.P.A.
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June 4, 2024

Charter Township of Superior
Honorable Board of Trustees
3040 North Prospect
Ypsilanti, MI 48198

Dear Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Superior as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter Township of Superior's internal control over financial reporting as a basis for designing our auditing procedures 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 Charter Township of Superior's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Township of Superior's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses.

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 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. We consider the following deficiency in the Charter Township of Superior's internal control to be a material weakness:

Establish Control Over the Financial Reporting Process - Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.

At times, management may choose to outsource certain accounting functions due to cost or training considerations. Such accounting functions and service providers must be governed by the control policies and procedures of the Company. Management is as responsible for outsourced functions performed by a service provider as it would be if your personnel performed such functions. Specifically, management is responsible for management decisions and functions for designating an individual with suitable skill knowledge, or experience to oversee any outsourced services; and for evaluating the adequacy and results of those services and accepting responsibility for them.

As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management did not have the accounting expertise to perform a detailed review of the financial statements. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the Township's internal control.

The existence of significant deficiencies or material weaknesses may already be known to management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions.

Response by Management - Management believes the benefit of hiring additional personnel with the qualified experience to draft the financial statements does not outweigh the costs. Management has decided to maintain the current practice of requesting the auditing firm to draft the financial statements. Management has read, reviewed, understands and takes responsibility of the Financial Statements.

OTHER MATTERS

We came across or were informed by Management, Township Board Members, and (or)staff of other matters which we feel should be reported and (or)discussed with you:

1. **Designated Fund Balances**

We noted over the past several years the Township Board has not had much discussion and (or) review of the Township's designated fund balances. We recommend the Township Board include as part of its annual budget approval process a review of the designated fund balances, making adjustments if needed.

2. **Improper Escrow Disbursement**

It was brought to our attention by a Board Member and Management of an improper payment made out of the Township's Escrow Fund for $100,000 in April of 2022 to the wrong entity. The error was caught in 2023. There is an attachment which explains in detail what transpired.

We noted there was no in-depth review, prior to payment, of who rightfully owned the money in the related escrow accounts. A detailed review should have been conducted by the requestor of the funds, (Planning and Zoning Administrator), another review or at least inquiries should have been made by the treasurer (wrote the check), and the signers of the check (deputy treasurer and clerk). It was obvious that the treasurer, deputy treasurer, and clerk were all depending on the Planning and Zoning Administrator.

We suggest an Escrow Policy be developed and added to the Township's Fiscal Policies in order to stop things like this from happening in the future (when we inquired if an escrow policy existed, we were told, "yes", however, a written policy could not be found). The policy should include written procedures where the accountant reconciles the general ledger escrow fund, (individual accounts in the escrow fund) to a report maintained by the person responsible (Planning & Zoning Administrator) for communicating with the developers, builders, others depositing monies into escrow accounts. All agreements between and with developers (especially when developments are being purchased & sold) should be kept on file at the Township as documentation for receipting and disbursing funds from escrow accounts.

We also suggest a check list be compiled and signed off by each individual included as part of the transaction (Planning & Zoning Administrator, individual drawing up the check, signers of the check, and controller). The checklist should list each procedure completed in verifying the amount, payee, and escrow account(s).

Response by Board Members – See individual responses attached.

3. Fraudulent ACH Transfer

It was brought to our attention by the Treasurer, as well as a trustee, a transfer was made to a fraudulent payee in the amount of $8,850 in September 2023. Evidently, the Treasurer received an email from who she believed to be the clerk of the Township requesting an ACH payment be made to an entity for $8,850 for election equipment. No invoice or documentation was obtained prior to making the payment. The payee was fraudulent.

The Township was able to re-coup $6,350 from the insurance company ($8,850 - $2,500 deductible). The Treasurer contacted the bank, IT Company, Law Enforcement (Washtenaw County Sheriff's Office) and Auditors.

In the future, we suggest whenever something like this occurs, communication between Board Members take place as well as adhering to the Township's adopted policies. Under 3-Fiscal Policies, Purchasing Policy, paragraph 2.3 states, "…if purchases are within the approved budget, do not exceed $3,000 and are not an unusual acquisition, they may be approved by the appropriate department head, Township Supervisor, Clerk, or Treasurer and do not require approval by the full Township Board." Since this purchase was over $3,000, paragraph 2.6 states "In the event of emergencies…the supervisor may make or authorize an expenditure exceeding $3,000, after receiving consent of one other member of the Board of Trustees. In the event the Supervisor is not available, the Clerk or Treasurer may authorize such an emergency expenditure exceeding $3,000, after receiving the consent of at least one other member of the Board of Trustees…" Since one could argue, this was not an emergency expenditure, and not a recurring expenditure, the whole Township Board should have approved the disbursement.

4. Adopted Policies of The Superior Township Board of Trustees

The Township has adopted policies which include fiscal policies. The last time these policies were updated was July 1, 2015. We recommend a committee be put together to review the adopted policies and make updates in order to better suit the current Board of Trustees. We noted many of the adopted policies are not being followed as currently written. We also believe based on conversations with Township Board Members, copies of the Adopted Policies have never been distributed to Board Members. Thus, we suggest that procedures be established which would require all current and future Township Board Members receive a copy of the Adopted Policies.

CONCLUSION

Thank you for your assistance and hospitality toward our firm while conducting the audit of the Charter Township of Superior.

If you should have any questions, comments or concerns please do not hesitate to call us.

This report is intended solely for the information and use of the Board of Trustees and management of the Charter Township of Superior and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

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June 4, 2024

Charter Township of Superior
Board of Trustees
3040 North Prospect
Ypsilanti, Michigan 48198

Dear Honorable Board of Trustees:

As you have requested, we spent time during the 2023 audit fieldwork of The Charter Township of Superior reviewing in detail the facts and circumstances related to a check written against the escrow, Woodside development in the amount of $100,000. The check was written in 2022 to the wrong entity. The error was caught in 2023. The check was meant to be a refund of escrow monies held by the Township in order to assure Township residents that the developer would complete all requirements of the development agreement properly.

We reviewed the following documents to gain an understanding of what transpired which led to the event.

1. Superior Charter Township Development Agreement Brookside Site Condominium Phase III dated 10/01/2001. The agreement is between The Township of Superior and Rex and Linda Lanyi, developer.
2. Letter from Lombardo Homes (purchased Brookside Phase 3 from Centex Homes) to the Planning Administrator dated February 9, 2009, explaining Lombardo Homes is giving check for $34,630 to Charter Township of Superior to replace the escrow monies deposited by Centex Homes in same amount. The escrow is for Brookside Phase 3, repair of public utilities, if any should be required.
3. Correspondence from JP Morgan Chase Bank, N.A., Global Trade Services to Charter Township of Superior dated 5/10/2013; The correspondence is an irrevocable standby letter of credit in the Township's favor in the amount of $140,000 from the applicant, S.E. Michigan Land Holding, LLC.
4. Email from Clerk Charter Township of Superior to Jack Nelson dated 1/7/16 showing escrows the Township is holding for Woodside ($140,000 combined surety) and Brookside ($10,000 for street trees and $34,630 for repair of utilities).

5. Letter dated 2/5/16 from Clerk of Charter Township of Superior to DEI Properties, Group that's selling developments of Brookside and Woodside to another development/building group. The letter mentions the escrows at hand, which are 1)Brookside Street Tree, $10,000 cash posted by Lombardo Diverse Real Estate; 2)Brookside Repair of Utilities, $34,630 bond posted by S.E. Michigan Development, LLC; 3)Woodside Umbrella Surety, $140,000 posted by S.E. Michigan Land Holding, LLC. Clerk explains monies will be returned to DEI Properties once the buyer of the properties has made payment of acceptable replacement sureties.
6. Letter dated 2/19/2016 from Treasurer of Charter Township of Superior to DG Residential Sales, LLC noting receipt of a wire transfer credit on 2/18/16 for the $140,000 cash bond for Woodside.
7. Assignment of Successor Owner Rights, In and To Cash Bond Held With Superior Township Dated 11/3/2016; For valuable consideration, the receipt and sufficiency of which are acknowledged, the assignor, DG Residential Sales, LLC hereby assigns to "Equity Trust Company Custodian For Benefit of Robert Mctavish" Assignee, all of assignor's right, title and interest in and to the cash bond held with Superior Township in the amount of $41,200 for the benefit and security for the completion of residential homes on the property described in exhibit "A" (description of Brookside of Superior Township).
8. Memo dated 2/13/18 from the Building /Zoning Official to Treasurer and Accountant explaining his understanding of the history of the escrow account related to DG Residential Homes (Brookside Phase 3 Lots and Woodside Village Development).
9. Memorandum of Understanding (Woodside Village Development, Superior Township, Michigan) between Charter Township of Superior and Infinity Acquisitions, LLC dated November 11/09/2018.
10. Email from Jack Nelson to Treasurer of Charter Township of Superior dated 4/19/2019 explaining he represents DG Residential Sales, LLC who placed cash funds as a performance bond about 3 years ago when DG purchased lots in Woodside Village. He goes on to explain DG subsequently sold lots to Infinity Homes, **but** DG kept ownership of the performance bond. He requests partial release of the bond as Infinity Homes completes the build out of Woodside Village.
11. Memorandum from Planning & Zoning Administrator to Treasurer dated 5/23/22 requesting refund for a cash bond to Infinity Homes.
12. Copy of the cancelled check written to Infinity Homes on 5/24/22 for $100,000 signed by Deputy Treasurer and Clerk.
13. Correspondence – request by Asset Management Consultants of $184,630 dated 9/26/23 from Superior Township, Attn: Laura Bennett. Asset Management Consultants is requesting on behalf of: The DG Group/DG Residential Sales LLC/Maplewood Estates and Affiliated Entities.
14. Email from Laura Bennett to Lynette Findley dated 10/18/23 explaining the chain of events which led to writing the check dated 5/24/22 for $100,000 to the wrong entity.
15. Trial Balance of the Escrow Fund dated 5/31/24 showing the 3 remaining escrow accounts related to the subject matter, DG Residential Escrows.
    Acct #701-000-283.003 DG Residential – Woodside Village Surety Bond $40,000;
    Acct #701-000-283.027 DG Res. (McTavish) Brookside 3 Tree Bond $10,000;
    Acct #701-000-283.028 DG Res. (McTavish)Brookside 3 Util. Bond $34,630;

It appears the interest in the Brookside Development escrows was assigned to the purchaser (Robert McTavish) of the Brookside Development Lots (see #7). However, the purchaser (Infinity Homes) of the Woodside Development Lots was not assigned the escrow rights of Woodside Development. The partial refund of escrow monies ($100,000 of $140,0000) was paid to Infinity Homes, which should have been paid to DG Residential Homes.

Conclusion:
After reviewing the above documents and making inquiries of officials, management, and staff we believe the mistake was made due to a lack of review of the history of the escrows originally set up in prior years.
We noted there was no in-depth review, prior to payment, of who rightfully owned the money in the related escrow accounts. A detailed review should have been conducted by the requestor of the funds, (Planning and Zoning Administrator), another review or at least inquiries should have been made by the treasurer (wrote the check), and the signers of the check (deputy treasurer and clerk). It was obvious that the treasurer, deputy treasurer, and clerk were all depending on the Planning and Zoning Administrator.

Recommendation:
We suggest an Escrow Policy be developed and added to the Township's Fiscal Policies in order to stop things like this from happening in the future (when we inquired if an escrow policy existed, we were told, "yes", however, a written policy could not be found). The policy should include written procedures where the accountant reconciles the general ledger escrow fund, (individual accounts in the escrow fund) to a report maintained by the person responsible (Planning & Zoning Administrator) for communicating with the developers, builders, others depositing monies into escrow accounts. All agreements between and with developers (especially when developments are being purchased & sold) should be kept on file at the Township as documentation for receipting and disbursing funds from escrow accounts.

We also suggest a check list be compiled and signed off by each individual included as part of the transaction (Planning & Zoning Administrator, individual drawing up the check, signers of the check, and controller). The checklist should list each procedure completed in verifying the amount, payee, and escrow account(s).

The aforementioned is meant to give the Board of Trustees more detailed information in regard to this matter and is meant to be a part of our Management Letter which is attached.

If you should have any questions or would like more discussion, please don't hesitate to call.

Sincerely,

Kenneth J. Palka

CHARTER TOWNSHIP OF SUPERIOR
3040 North Prospect Road Ypsilanti, MI 48198
Telephone (734) 482-6099 Fax (734) 482-3842

To: Ken Palka, Auditor

Fr: Lynette Findley, Ph.D., Clerk
Bernice Lindke, Trustee
Superior Charter Township

Date: June 26, 2024

Re: Response to Escrow Audit Review

We are responding, as requested by Kenneth J. Palka, to the findings and conclusions reflected in the escrow review letter dated June 4, 2024 to the Charter Township of Superior. Please send this response, along with your audit letter to the State Audit Division.

The escrow review excluded pertinent information that would have given the Board a more complete and accurate understanding of what precipitated the payment error of $100,000.00 requested by and sent to Infinity Acquisitions, LLC. The review letter also failed to identify the township office primarily responsible for the error. This is important information for the Board as it considers internal controls and policies to prevent such errors in the future.

The treasurer's office had the primary responsibility, authority and duty to stop the check from being sent to Infinity Acquisitions, LLC. Unclear to us is why Mr. Palka was not able to arrive at that conclusion. Further, there are emails from both the township controller and the supervisor that document that the treasurer is the responsible official over these accounts (See #7, #8, and #9). Also, there were no written procedures for any of the officials and staff to follow when processing such a large check.

Missing Documents and Other Information to Assist Review

1. **Agreement Full and Final Release of All Claims between DG Residential Sales, LLC and the Charter Township of Superior** dated by Ken Schwartz on 1-4-24:
   It was this agreement, which Clerk Lynette Findley questioned signing, that led to revealing the "error" in sending $100,000.00 to Infinity Acquisitions. Dr. Findley rightfully brought this issue to the Board's attention. Had she not informed us, the Board may not have been made aware that such a significant error occurred even though we have a fiduciary responsibility to the township.

2. **Superior Charter Township Zoning Ordinance, Administration and Enforcement, Section 1.12 Fees and Performance Guarantees** notes "No action shall be taken on any application or appeal until all applicable fees and escrow deposits have been accepted by the Township Treasurer." **and Section 1.12 B 1: Escrow Deposits for Variable Costs**

and Expenses states "The funds shall be managed by the Township Treasurer, and shall be deposited before the cost or expense is incurred."

3. **Escrow folders** containing original escrow ownership documents and spreadsheets showing amounts deposited, paid out and current balances are part of the treasurer's management, and are physically kept in the treasurer's office.

4. **Memo dated 2/13/18 from the Building/Zoning Official to Treasurer and Accountant explaining his understanding of the history of the escrow account related to DG Residential Homes** Mr. Mayernik's memo highlights an error of $3,430.00in the DG account. The escrow review does not address this error.

5. **Letters of Credit with Bank of Ann Arbor** for account of Infinity/42400 Grand River, LLC dated 8/16/21 and 5/17/22. There is no mention about the existence of these documents, which were placed in the supervisor's report on December 18, 2023. There is still an outstanding question about why he had this information included with his report and how it was related to the escrow situation.

6. **Email from Jack Nelson to Treasurer dated 4/19/19:** While this email was cited in the escrow account audit report, there was a request to the treasurer that was not highlighted. It reads: "Once completed DG would like to make application with you for a partial release of the bond. Can you let me know how to make such application for release?" It isn't clear whether any follow up was done by the treasurer. What is clear, though, is that Mr. Nelson thought that the treasurer was the person responsible for managing the escrow account.

7. **Email from Keith Lockie, Controller, to the Board dated 1/24/24**, which states: "I have NO oversight over the Trust & Agency Fund, and never have had. It has always been under the purview of the Treasurer; with input from the Building Department. Again, I have no input into this fund and have never seen any records regarding the funds kept in trust. If this should be changed, the board will have to make the decision to move it from the Treasurer." Escrow accounts are included under the Trust & Agency Fund.

8. **Email dated 1/26/24 from Ken Schwartz to Bernice Lindke, Lynette Findley and copied to Lisa Lewis and Keith Lockie** noting: "Historically, the Treasurer, the building inspector and an administrative clerk managed the escrow and bond accounts."

CHARTER TOWNSHIP OF SUPERIOR
3040 North Prospect Road Ypsilanti, MI 48198
Telephone (734) 482-6099 Fax (734) 482-3842

9. **Email dated 1/29/24 from Ken Schwartz to Bernice Lindke:** "I meant "Like the Clerk the Supervisor DOES NOT manage the escrow accounts."

10. **Email dated 3/19/24 from Bernice Lindke to Ken Schwartz; copied to Board and Fred Lucas** containing several recommendations to "prevent something like this from occurring the future." These recommendations were:

    a. Draft clear written Policies and Procedures to address escrow account management: who does what, when and who signs off
    b. Tighten up the Pre-Approval Policy for Disbursements, etc.: establish a committee to look at this and make recommendation to the Board
    c. Review other township's treasurer responsibilities for managing escrow accounts and clearly define what that means for our township
    d. Inform the Board when major issues arise. This should be done by the Controller or any other working Official.

The escrow review letter signed by Mr. Palka concludes that the onus of sending the erroneous payment of $100,000.00 to Infinity Acquisitions, LLC, rests with multiple staff and officials. However, a review of the zoning ordinance language, memoranda to/from the treasurer's office and written statements by the controller and supervisor of the township reflect that the **treasurer is the official responsible** for ensuring the ownership and authority over escrow accounts. Attempting to assign the responsibility to multiple parties, minimizes the seriousness of who should have prevented this payment from being issued.

This audit was incomplete and did not provide the Board with a full understanding of the issue. The above information is pertinent to use when drafting internal controls to prevent such "errors" from being made in the future.

From: Lisa Lewis <llewis@superior-twp.org>
Sent: Thursday, June 27, 2024 1:29 PM
To: KENNETH PALKA <KPALKA@PHPCPA.COM>
Subject: escrow letter per 2023 audit

Good afternoon Ken,

I do not agree with all the verbiage in the letter that was sent to you to be attached with the audit.

Yes, the treasurer's office is the "Keeper of the records for Escrows". However, one can only keep what they receive. Also, if two signers are on a check, it seems to me the responsibility would be on both signers.

Additionally, from what I understand, past practice in this township, the Building/Planning/Zoning Departments would verify to whom or if a check could be sent and the responsibility of the treasurer's department was to verify if the amount of money being asked to be sent is available in said account. In my opinion, not all ownness on the treasurer's department!

Regards,

Lisa A. Lewis

Treasurer

Superior Township

(734) 896-3515

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June 4, 2024

Charter Township of Superior
Board of Trustees
3040 North Prospect
Ypsilanti MI 48198

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Superior for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 13, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Charter Township of Superior are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2023, except as discussed in Notes. We noted no transactions entered by the Charter Township of Superior during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

> Management's estimate of the depreciation expense is based on the estimated useful lives and salvage value of capital assets. We evaluated the methods, assumptions, and data used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in aggregate, to each opinion unit’s financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 4, 2024,

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Charter Township of Superior's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We applied certain limited procedures to the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund, Parks and Recreation Fund, and Utility Fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining statements and individual fund statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Township and management of the Charter Township of Superior and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants