

MONROE CHARTER TOWNSHIP
Monroe County, Michigan

ANNUAL FINANCIAL REPORT
December 31, 2021

MONROE CHARTER TOWNSHIP

Table of Contents
December 31, 2021

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12-13
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	14-15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17-18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Fiduciary Fund:	
Statement of Fiduciary Net Position – Custodial Funds.....	20
Statement of Changes in Fiduciary Net Position – Custodial Funds.....	21
Notes to Financial Statements	22-33
Required Supplemental Information:	
General Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	34-35
Special Revenue Fund - Central Sewer	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	36
Special Revenue Fund – Fire Millage	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	37
Capital Projects Fund - Health and Safety:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	38
Capital Projects Fund - Roads:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	39

MONROE CHARTER TOWNSHIP

Table of Contents (Concluded)
December 31, 2021

Other Supplemental Information:

Nonmajor Governmental Funds:	
Combining Balance Sheet.....	40-41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	42-43
Special Revenue Fund – Street Lights Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual	44
Special Revenue Fund - Water District #69:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual	45
Capital Projects Fund – Township Hall and Technology Improvements:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual	46
Capital Projects Fund – Parks and Recreation:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual	47
Capital Projects Fund – Wry Road and Drainage Project:	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual	48
Index to Central Sewer and Water Districts	49

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Township Board
Monroe Charter Township
Monroe County, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monroe Charter Township, Monroe County, Michigan as of and for the year ended December 31, 2021, 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 Monroe Charter Township, Monroe County, Michigan as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 the 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 Responsibility 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, representations, 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 judgement made by a reasonable user based on the financial statements.

Township Board
Monroe Charter Township

In performing an audit in accordance with GAAS, we

- exercise professional judgement 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 the internal controls 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 judgement, 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 on pages 3 through 10 and 34 through 39, respectively, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 Monroe Charter Township, Monroe County, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Cooley Hehl Sato + Calkins
May 9, 2022

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis Year Ended December 31, 2021

This section of the Monroe Charter Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended December 31, 2021. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Monroe Charter Township financially as a whole. The ***Government-Wide Financial Statements***, which include the Statement of Net Position and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the Township's operations in more detail than the ***Government-Wide Financial Statements*** by providing information about the Township's most significant funds – the General Fund, the Central Sewer Special Revenue Fund, the Fire Millage Special Revenue Fund, the Special Assessment Water District #70 Debt Fund, the Health and Safety Capital Projects Fund, and the Roads Capital Projects Fund. All other funds are presented in one column as nonmajor funds. The remaining statements; the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position, presents financial information about activities for which the Township acts solely as an agent for the benefit of the public. The following summary illustrates how the various parts of this annual report are arranged:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-Wide Financial Statements *Fund Financial Statements*

Notes to the Basic Financial Statements

*Budgetary Information for Major Funds
(Required Supplemental Information)*

Other Supplemental Information

MONROE CHARTER TOWNSHIP

*Management's Discussion and Analysis
Year Ended December 31, 2021*

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities (pages 11-13), which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net position and changes therein. The change in net position provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

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

- Governmental activities which encompasses all of the Township's services, including general government services, public safety, public works, community and economic development, and culture and recreation. Property taxes, state grants, charges for services, and capital contributions finance most of these activities.
- Business-type activities which consists of the joint venture in the Monroe Metropolitan Water Pollution Control System.

Fund Financial Statements

The Township's Fund Financial Statements (pages 14-21) provide detailed information about the most significant or "major" funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

Governmental funds – All of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 16 and 19.

Fiduciary funds – These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside of the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances and activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

MONROE CHARTER TOWNSHIP

*Management's Discussion and Analysis
Year Ended December 31, 2021*

Government-Wide Financial Analysis

The Statement of Net Position provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net position as of December 31, 2021 and 2020:

Table 1:

**Condensed Statement of Net Position
December 31,**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$11,790,049	\$8,985,584	\$0	\$0	\$11,790,049	\$8,985,584
Capital assets	6,081,229	6,438,934	0	0	6,081,229	6,438,934
Investment in joint venture	0	0	7,880,090	6,489,911	7,880,090	6,489,911
Total Assets	17,871,278	15,424,518	7,880,090	6,489,911	25,751,368	21,914,429
Liabilities						
Current and other liabilities	1,215,539	261,456	0	0	1,215,539	261,456
Long-term liabilities	88,331	109,124	0	0	88,331	109,124
Total Liabilities	1,303,870	370,580	0	0	1,303,870	370,580
Deferred Inflows of Resources						
Property taxes levied for subsequent year	2,756,247	1,835,398	0	0	2,756,247	1,835,398
Net Position						
Net investment in capital assets	5,976,229	6,313,934	6,951,651	6,618,232	12,927,880	12,932,166
Restricted for:						
Debt service	105,046	126,973	0	0	105,046	126,973
Public improvements	126,464	665,244	0	0	126,464	665,244
Street lights	79,313	75,313	0	0	79,313	75,313
Roads	1,821,678	2,034,481	0	0	1,821,678	2,034,481
Health and safety	879,438	898,770	0	0	879,438	898,770
Fire millage	861,535	0	0	0	861,535	0
Hall and technology improvements	19,451	26,276	0	0	19,451	26,276
Culture and recreation	218,653	223,653	0	0	218,653	223,653
Drains	22	22	0	0	22	22
Unrestricted	3,723,332	2,853,874	928,439	(128,321)	4,651,771	2,725,553
Total Net Position	\$13,811,161	\$13,218,540	\$7,880,090	\$6,489,911	\$21,691,251	\$19,708,451

As depicted in Table 1, the Township's total net position of *governmental activities* was \$13.8 million at December 31, 2021. Of this amount, a positive \$3.7 million was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted portion is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all our bills *today*, including all of our noncapital liabilities, we could with our current resources. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

MONROE CHARTER TOWNSHIP

*Management's Discussion and Analysis
Year Ended December 31, 2021*

Government-Wide Financial Analysis – Continued

The results of this year's operations for the Township as a whole are reported in the Statement of Activities. Table 2 shows the changes in the net position for the calendar year ended December 31, 2021 and 2020.

Table 2:

**Changes in Net Position
Year Ended December 31,**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$530,789	\$468,229	\$2,508,708	\$2,487,433	\$3,039,497	\$2,955,662
Capital contributions	6,100	7,543	0	0	6,100	7,543
	<u>536,889</u>	<u>475,772</u>	<u>2,508,708</u>	<u>2,487,433</u>	<u>3,045,597</u>	<u>2,963,205</u>
General revenues						
Property taxes	2,688,847	1,763,658	0	0	2,688,847	1,763,658
Grants	1,586,059	1,612,322	0	0	1,586,059	1,612,322
Interest and penalties	56,772	55,390	1,118	13,281	57,890	68,671
Gain on sale of capital asset	0	9,571	30,937	0	30,937	9,571
Other general revenues	138,160	122,978	0	0	138,160	122,978
	<u>4,469,838</u>	<u>3,563,919</u>	<u>32,055</u>	<u>13,281</u>	<u>4,501,893</u>	<u>3,577,200</u>
Total Revenues	5,006,727	4,039,691	2,540,763	2,500,714	7,547,490	6,540,405
Functions/Program Expenses						
Legislative	95,653	96,933	0	0	95,653	96,933
General government	1,464,580	1,472,200	0	0	1,464,580	1,472,200
Public safety	1,388,152	1,508,742	0	0	1,388,152	1,508,742
Public works	1,065,295	554,396	0	0	1,065,295	554,396
Culture and recreation	266,120	210,090	0	0	266,120	210,090
Community and economic development	114,190	98,046	0	0	114,190	98,046
Loss on sale of capital assets	14,050	0	0	0	14,050	0
Interest on long-term debt	6,066	7,017	0	0	6,066	7,017
Water pollution control system	0	0	1,150,584	1,996,671	1,150,584	1,996,671
	<u>4,414,106</u>	<u>3,947,424</u>	<u>1,150,584</u>	<u>1,996,671</u>	<u>5,564,690</u>	<u>5,944,095</u>
Total Expenses	4,414,106	3,947,424	1,150,584	1,996,671	5,564,690	5,944,095
Increase (Decrease) in Net Position	592,621	92,267	1,390,179	504,043	1,982,800	596,310
Net Position - Beginning of Year	<u>13,218,540</u>	<u>13,126,273</u>	<u>6,489,911</u>	<u>5,985,868</u>	<u>19,708,451</u>	<u>19,112,141</u>
Net Position - End of Year	<u>\$13,811,161</u>	<u>\$13,218,540</u>	<u>\$7,880,090</u>	<u>\$6,489,911</u>	<u>\$21,691,251</u>	<u>\$19,708,451</u>

MONROE CHARTER TOWNSHIP

*Management's Discussion and Analysis
Year Ended December 31, 2021*

Government-Wide Financial Analysis – Concluded

As indicated in Table 2, the cost of *all governmental* activities this year was \$4.4 million. Of this amount, \$0.5 million was subsidized with revenue generated from charges for services and other contributions with the remaining costs financed with general revenues. The cost of *business-type* activities this year was \$1.1 million, which was subsidized with revenue generated from charges for services.

The Township's governmental activities experienced an increase in net position of \$592,621. Compared to 2020, revenues increased by \$967,036 and expenses increased by \$466,682. Although general revenues in 2021 were quite similar overall to those in 2020, we did experience increases in property taxes due to a new fire millage and charges for services due to increases in licenses and permits. During 2021, the Township had increased expenses for public works, culture and recreation, community and economic development, and loss on sale of capital assets. The Township had decreased expenses for legislative, public safety, and interest on long-term debt.

Fund Financial Analysis

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Monroe Charter Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

On December 31, 2021, the governmental funds reported a combined fund balance of \$7,682,130, which is an increase of \$1,000,410 from last year. The changes by fund types are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Retirement Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Fund balances - Beginning of year	\$2,707,232	\$735,262	\$56,024	\$3,183,202	\$6,681,720
Increase (decrease)	<u>922,665</u>	<u>329,403</u>	<u>(7,698)</u>	<u>(243,960)</u>	<u>1,000,410</u>
Fund balances - End of year	<u>\$3,629,897</u>	<u>\$1,064,665</u>	<u>\$48,326</u>	<u>\$2,939,242</u>	<u>\$7,682,130</u>

The Township's General Fund balance increase is due to many factors. Revenues increased by 2.5%. This increase is due primarily to increases in property taxes, licenses and permits, and other. General Fund expenditures decreased by 9.6%. The largest decrease was in public safety due to decrease equipment expenditures.

The tables that follow assist in illustrating the financial activities of the General Fund.

MONROE CHARTER TOWNSHIP

*Management's Discussion and Analysis
Year Ended December 31, 2021*

General Fund Financial Analysis

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Percent Change</u>
Revenues			
Property taxes	\$1,827,312	\$1,763,658	3.6%
Licenses and permits	363,039	301,517	20.4%
Grants	1,586,059	1,612,322	(1.6)%
Charges for services	17,322	22,645	(23.5)%
Interest	52,249	46,585	12.2%
Other	<u>110,259</u>	<u>110,394</u>	(0.1)%
Total Revenues	<u><u>\$3,956,240</u></u>	<u><u>\$3,857,121</u></u>	2.6%

The Township's revenues increased from \$3,857,121 in 2020 to \$3,956,240 in 2021. There were increased revenues in property taxes, license and permits, interest, and other. There were decreased revenues in grants and charges for services.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Percent Change</u>
Expenditures			
Legislative	\$81,431	\$81,579	(0.2)%
General government	1,111,953	1,067,027	4.2%
Public safety	966,537	1,292,321	(25.2)%
Public works	39,026	45,895	(15.0)%
Culture and recreation	100,386	60,424	66.1%
Community and economic development	87,371	71,014	23.0%
Other	<u>649,106</u>	<u>741,213</u>	(12.4)%
Total Expenditures	<u><u>\$3,035,810</u></u>	<u><u>\$3,359,473</u></u>	(9.6)%

The Township's expenditures decreased from \$3,359,473 in 2020 to \$3,035,809 in 2021. The increases in expenditures were for general government, culture and recreation, and community and economic development. There were decreases for legislative, public safety, public works, and other.

In 2021, the increase to general governmental was mainly due to increased attorney fees. The decrease in cost for public safety is primarily due to salary increases and maintenance costs. The decrease to public works was mainly due to decreased engineering costs. The decrease in other expenditures was due to decreases in health insurance and general insurance.

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis *Year Ended December 31, 2021*

General Fund Financial Analysis – Concluded

The amounts transferred in decreased \$1,422,558, and the amounts transferred to other funds decreased \$1,432,150 in 2021. See the detail for the interfund transfers in Note 5 to the financial statements.

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>Percent</u> <u>Change</u>
Operating Transfers			
Transfers in	\$539,046	\$1,961,605	(72.5) %
Transfers out	<u>(590,812)</u>	<u>(2,022,962)</u>	(70.8) %
	<u>(\$51,766)</u>	<u>(\$61,357)</u>	(15.6) %

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Charter Township Board to adopt the original budget prior to January 1, the start of the fiscal year. Over the course of the year, the Township revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these statements. Revisions to the General Fund budget were as follows:

Revenues - The original budget of \$4,161,189 was amended to \$4,555,918. There were significant increases to taxes, licenses and permits, grants, and other revenue.

Expenditures – The original budget of \$4,161,189 was amended to \$4,286,058. The main sources of expenditure increases were in elections, general administration, police department, fire department, building department, and parks and recreation.

Capital Assets

On December 31, 2021, the Township had \$12.0 million invested in a broad range of capital assets, including land, land improvements, buildings and building improvements, machinery and equipment, vehicles, water lines, and roads. This amount represents a net decrease (including additions and disposals) of \$339,119 from last year. This year's additions included fire station parking lot improvements and breathing apparatus – air packs. Depreciation for this year totaled \$388,495. Details regarding capital assets are included in Note 6 to the financial statements.

Debt Administration

On December 31, 2021, the Township's debt for special assessment bonds was \$105,000. The special assessment bonds are paid with special assessments. Details regarding long-term debt are included in Note 7 to the financial statements. Other obligations included compensated absences of \$3,331 which are presented in detail in Note 12 to the financial statements.

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis Year Ended December 31, 2021

Development of the 2022 Fiscal Year Budget

The Monroe Charter Township Board considers many factors when setting the 2022 fiscal year budget. The budget is based primarily on the previous year's spending patterns as well as goals set forth by the Township Board. Foresight is given to the uncertainty of state shared revenue which accounted for 37% of the Township's total revenue in 2021. Monroe Charter Township continues to monitor and control the rising cost of governmental services as it plans for the future and assesses the needs, the health and safety, and the desires of its residents. In 2021, Monroe Charter Township expended \$744,036 for local road projects. The 2022 budget allocates monies for the seventh bond payment for the \$725,000 Wry Drain road project. The Township, along with their engineers, will also be looking at 2022-2025 road projects, as identified by the Township Pavement Asset Management Plan and the Pavement Service Evaluation and Rating System (PASER). In 2022, the Township plans to invest over \$2,000,000 in local road projects.

In addition to these road projects, the Township plans to continue moving forward with the Parks and Recreation Master Plan. This includes the continued construction of a new park facility on approximately 37 acres adjacent to the Township Hall. The park currently consists of 12 baseball diamonds, a pavilion/concession area, playground equipment, a playground picnic pavilion, a boundless playground area, a sand volleyball court, a paved hiking/nature trail, nature center, additional paved parking areas, and an overflow parking area. The park plan is being completed in several phases with a portion completed each year, as funds become available. Future construction plans may include additional play area, restrooms facilities, and further extension and improvement of the walking trails. The Township will also consider reapplying for additional grant monies from the Michigan Department of Natural Resources for the purpose of purchasing the property currently sitting between the ball fields and the east side of the park, allowing the park to be combined into one large contiguous parcel. Additionally, the Parks and Recreation committee will continue to seek donation monies from private corporations, and the Township will start the process of updating the 5-year Parks and Recreation Plan.

The Township will continue to assess the needs of the volunteer fire department and the need for additional police protection.

Contacting Monroe Charter Township

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have any questions about this report or need additional information, contact the Monroe Charter Township Clerk, 4925 East Dunbar Road, Monroe, MI 48161.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MONROE CHARTER TOWNSHIP

*Statement of Net Position
December 31, 2021*

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$9,451,052	\$0	\$9,451,052
Certificate of deposit	97,139	0	97,139
Receivables:			
Accounts and accrued interest	64,979	0	64,979
Special assessments	242,885	0	242,885
Tax receivable	1,433,882	0	1,433,882
Contract receivable	0	0	0
Prepaid expenses	500,112	0	500,112
Net investment in Monroe Metropolitan Water Pollution Control System	0	7,880,090	7,880,090
Capital assets, net of depreciation	6,081,229	0	6,081,229
Total Assets	17,871,278	7,880,090	25,751,368
Liabilities			
Accounts payable	134,429	0	134,429
Accrued interest payable	833	0	833
Performance bonds	318,020	0	318,020
Unearned revenue	742,257	0	742,257
Long-term liabilities:			
Due within one year	20,000	0	20,000
Due in more than one year	88,331	0	88,331
Total Liabilities	1,303,870	0	1,303,870
Deferred Inflows of Resources			
Property taxes levied for subsequent year	2,756,247	0	2,756,247
Net Position			
Net investment in capital assets	5,976,229	6,951,651	12,927,880
Restricted for:			
Debt service	105,046	0	105,046
Public improvements	126,464	0	126,464
Streetlights	79,313	0	79,313
Roads	1,821,678	0	1,821,678
Health and safety	879,438	0	879,438
Fire Millage	861,535	0	861,535
Township hall and technology improvements	19,451	0	19,451
Culture and recreation	218,653	0	218,653
Drains	22	0	22
Unrestricted	3,723,332	928,439	4,651,771
Total Net Position	\$13,811,161	\$7,880,090	\$21,691,251

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

*Statement of Activities
Year Ended December 31, 2021*

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary government:				
Governmental activities:				
Legislative	\$95,653	\$0	\$0	\$0
General government	1,464,580	369,557	0	0
Public safety	1,388,152	3,304	0	6,100
Public works	1,065,295	150,428	0	0
Culture and recreation	266,120	0	0	0
Community and economic development	114,190	7,500	0	0
Loss on sale of capital assets	14,050	0	0	0
Interest on long-term debt	6,066	0	0	0
Total governmental activities	<u>4,414,106</u>	<u>530,789</u>	<u>0</u>	<u>6,100</u>
Business-type activities:				
Water pollution control system	<u>1,150,584</u>	<u>2,508,708</u>	<u>0</u>	<u>0</u>
Total primary government	<u><u>\$5,564,690</u></u>	<u><u>\$3,039,497</u></u>	<u><u>\$0</u></u>	<u><u>\$6,100</u></u>

General Revenues:
 Property taxes
 Grants
 Interest and penalties
 Gain on sale of capital assets
 Other

Total General Revenues

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Position
Primary Government

Governmental Activities	Business-type Activities	Total
(\$95,653)	\$0	(\$95,653)
(1,095,023)	0	(1,095,023)
(1,378,748)	0	(1,378,748)
(914,867)	0	(914,867)
(266,120)	0	(266,120)
(106,690)	0	(106,690)
(14,050)	0	(14,050)
(6,066)	0	(6,066)
<u>(3,877,217)</u>	<u>0</u>	<u>(3,877,217)</u>
0	1,358,124	1,358,124
<u>(3,877,217)</u>	<u>1,358,124</u>	<u>(2,519,093)</u>
2,688,847	0	2,688,847
1,586,059	0	1,586,059
56,772	1,118	57,890
0	30,937	30,937
138,160	0	138,160
<u>4,469,838</u>	<u>32,055</u>	<u>4,501,893</u>
592,621	1,390,179	1,982,800
<u>13,218,540</u>	<u>6,489,911</u>	<u>19,708,451</u>
<u>\$13,811,161</u>	<u>\$7,880,090</u>	<u>\$21,691,251</u>

FUND FINANCIAL STATEMENTS

MONROE CHARTER TOWNSHIP

*Governmental Funds
Balance Sheet
December 31, 2021*

	Special Revenue Fund		
	General	Central Sewer	Fire Millage
Assets			
Cash and cash equivalents	\$4,748,015	\$0	\$1,251,255
Certificate of deposit	0	0	0
Receivables:			
Special assessment	96,766	0	0
Accounts and accrued interest	60,545	0	0
Tax receivable	970,215	0	450,375
Prepaid expenditures	33,215	0	0
Total Assets	\$5,908,756	\$0	\$1,701,630
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$120,414	\$0	\$0
Performance bonds	318,020	0	0
Total Liabilities	438,434	0	0
Deferred Inflows of Resources			
Property taxes levied for subsequent year	1,743,659	0	840,095
Special assessments	96,766	0	0
Unearned revenue	0	0	0
Total Deferred Inflows of Resources	1,840,425	0	840,095
Fund Balances			
Non-spendable fund balance:			
Prepaid expenditures	33,215	0	0
Restricted for:			
Debt service	0	0	0
Assigned to:			
Streetlights	0	0	0
Public works	0	0	0
Health and safety	0	0	0
Fire Millage	0	0	861,535
Township hall and technology improvements	0	0	0
Roads	0	0	0
Culture and recreation	0	0	0
Drains	0	0	0
Unassigned fund balance	3,596,682	0	0
Total Fund Balances	3,629,897	0	861,535
Total Liabilities and Fund Balances	\$5,908,756	\$0	\$1,701,630

See accompanying notes to the basic financial statements.

Debt Service Fund	Capital Projects Funds		Other Nonmajor Governmental Funds	Total Governmental Funds
	Health and Safety	Roads		
Special Assessment Water District #70				
\$37,464	\$412,541	\$1,976,103	\$1,025,674	\$9,451,052
0	0	97,139	0	97,139
71,940	0	0	74,179	242,885
4,137	0	29	268	64,979
10,863	0	0	2,429	1,433,882
0	466,897	0	0	500,112
<u>\$124,404</u>	<u>\$879,438</u>	<u>\$2,073,271</u>	<u>\$1,102,550</u>	<u>\$11,790,049</u>
\$0	\$0	\$1,593	\$12,422	\$134,429
0	0	0	0	318,020
0	0	1,593	12,422	452,449
18,525	0	0	153,968	2,756,247
57,553	0	0	2,647	156,966
0	0	250,000	492,257	742,257
<u>76,078</u>	<u>0</u>	<u>250,000</u>	<u>648,872</u>	<u>3,655,470</u>
0	0	0	0	33,215
48,326	0	0	0	48,326
0	0	0	79,313	79,313
0	0	0	123,817	123,817
0	879,438	0	0	879,438
0	0	0	0	861,535
0	0	0	19,451	19,451
0	0	1,821,678	0	1,821,678
0	0	0	218,653	218,653
0	0	0	22	22
0	0	0	0	3,596,682
<u>48,326</u>	<u>879,438</u>	<u>1,821,678</u>	<u>441,256</u>	<u>7,682,130</u>
<u>\$124,404</u>	<u>\$879,438</u>	<u>\$2,073,271</u>	<u>\$1,102,550</u>	<u>\$11,790,049</u>

MONROE CHARTER TOWNSHIP

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

December 31, 2021

Total Fund Balances - Governmental Funds	\$7,682,130
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of the capital assets	\$12,044,002
Accumulated depreciation	<u>(5,962,773)</u>
	6,081,229
Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred revenue in the funds.	
	156,966
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(105,000)
Accrued interest	(833)
Compensated absences	<u>(3,331)</u>
	<u>(109,164)</u>
Total Net Position - Governmental Activities	<u><u>\$13,811,161</u></u>

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2021*

	Special Revenue Fund		
	General	Central Sewer	Fire Millage
Revenues			
Property taxes	\$1,827,312	\$0	\$861,535
Special assessments	0	0	0
Licenses and permits	363,039	0	0
Grants	1,586,059	0	0
Contributions	0	0	0
Charges for services	17,322	0	0
Interest and penalties	52,249	0	0
Sale of capital assets	0	0	0
Other	110,259	0	0
Total Revenues	3,956,240	0	861,535
Expenditures			
Legislative	81,431	0	0
General government	1,111,953	0	0
Public safety	966,537	0	0
Public works	39,026	0	0
Culture and recreation	100,386	0	0
Community and economic development	87,371	0	0
Debt service	0	0	0
Other	649,106	0	0
Total Expenditures	3,035,810	0	0
Excess (Deficiency) of Revenues Over Expenditures	920,430	0	861,535
Other Financing Sources (Uses)			
Operating transfers in	539,047	0	0
Operating transfers out	(590,812)	(539,047)	0
Sale of capital assets	54,000	0	0
Total Other Financing Sources (Uses)	2,235	(539,047)	0
Net Change in Fund Balances	922,665	(539,047)	861,535
Fund Balances - Beginning of year	2,707,232	539,047	0
Fund Balances - End of year	\$3,629,897	\$0	\$861,535

See accompanying notes to the basic financial statements.

Debt Service Fund	Capital Projects Funds		Other Nonmajor Governmental Funds	Total Governmental Funds
	Special Assessment Water District #70	Health and Safety		
\$0	\$0	\$0	\$0	\$2,688,847
14,388	0	0	153,076	167,464
0	0	0	0	363,039
0	0	0	0	1,586,059
0	6,100	0	0	6,100
0	0	0	0	17,322
4,139	0	117	267	56,772
0	0	0	0	0
0	27,901	0	0	138,160
18,527	34,001	117	153,343	5,023,763
0	0	0	0	81,431
0	0	0	6,825	1,118,778
0	58,833	0	0	1,025,370
0	0	744,036	206,124	989,186
0	0	0	5,000	105,386
0	0	0	0	87,371
26,225	0	0	0	26,225
0	0	0	0	649,106
26,225	58,833	744,036	217,949	4,082,853
(7,698)	(24,832)	(743,919)	(64,606)	940,910
0	0	531,116	59,696	1,129,859
0	0	0	0	(1,129,859)
0	5,500	0	0	59,500
0	5,500	531,116	59,696	59,500
(7,698)	(19,332)	(212,803)	(4,910)	1,000,410
56,024	898,770	2,034,481	446,166	6,681,720
\$48,326	\$879,438	\$1,821,678	\$441,256	\$7,682,130

MONROE CHARTER TOWNSHIP

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2021*

Net Change in Fund Balances - Total Governmental Funds		\$1,000,410
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.		
Capital outlay	\$50,340	
Depreciation expense	<u>(388,495)</u>	(338,155)
Changes in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.		793
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.		159
Repayments of long term debt are an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt).		20,000
Net book value of the disposal of capital assets reduces the assets in the statement of activities; but does not affect the governmental funds.		(19,550)
Current installment received for sale of land is recorded as revenue during the fiscal year in the governmental fund financial statements, but is not revenue in the statement of activities.		(54,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		<u>(17,036)</u>
Change in Net Position - Governmental Activities		<u><u>\$592,621</u></u>

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

Custodial Funds
Statement of Fiduciary Net Position
December 31, 2021

	<u>Tax</u>	<u>Custodial</u>	<u>Total</u>
Assets			
Cash	\$451,426	\$4,448	\$455,874
Liabilities			
Due to other governmental units	<u>451,426</u>	<u>4,448</u>	<u>\$455,874</u>
Net Position			
Committed for other governments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

Custodial Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2021

	<u>Tax</u>	<u>Custodial</u>	<u>Total</u>
Additions			
Property taxes collected for other governments	\$13,094,689	\$39,250	\$13,133,939
Deductions			
Property taxes distributed to other governments	<u>13,094,689</u>	<u>39,250</u>	<u>13,133,939</u>
Net increase in net position	0	0	0
Net position committed for other governments:			
Beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
End of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

*Notes to Financial Statements
Year Ended December 31, 2021*

Note 1

Description of the Township and Reporting Entity

The Township operates under a locally elected seven member Board form of government and provides the following services: public safety (fire), highways and streets, culture and recreation, public improvements, planning and zoning, and general administrative services.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township has no component units.

The following entity is a joint venture which is not included in the governmental fund financial statements but is included as a business-type activity in the government-wide financial statements.

Monroe Metropolitan Water Pollution Control System

This is a joint venture between Monroe Charter Township, Frenchtown Charter Township, City of Monroe, and the County of Monroe to provide a wastewater treatment system to these municipalities located within the County of Monroe.

Note 2

Summary of Significant Accounting Policies

The financial statements of Monroe Charter Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following are the more significant of the Township's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely, to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, sales of property, and other items not properly included among program revenues.

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

MONROE CHARTER TOWNSHIP

*Notes to Financial Statements
Year Ended December 31, 2021*

Note 2 Summary of Significant Accounting Policies
Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

On the governmental funds statements, property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

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

The Special Revenue Fund - Central Sewer accounts for the collection of sanitary sewer district special assessments and their disposition.

The Special Revenue Fund – Fire Millage accounts for fire protection expenses and related tax revenue.

The Debt Fund - Special Assessment Water District #70 accounts for the payment of special assessment bond principal and interest from special assessment levies for Hull Road.

The Capital Projects Fund – Health and Safety accounts for monies set aside for the payment of health and safety expenditures.

The Capital Projects Fund – Roads accounts for monies set aside for specific capital projects.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements
Year Ended December 31, 2021

Note 2

Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

The Township reports the following nonmajor governmental funds:

The Special Revenue Fund - Street Lights, Special Revenue Fund - Water District #69, Capital Projects Fund - Township Hall and Technology Improvements, Capital Project Funds - Parks and Recreation, and Capital Projects Fund - Wry Road and Drainage Project.

C. Assets, Liabilities, and Net Position or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 and December 1 of the following year. Summer taxes are considered delinquent September 15, and winter taxes are considered delinquent February 15 of the following year.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The Township maintains a capitalization threshold of five thousand dollars and an estimated useful life in excess of one year. The Township has elected not to retroactively report infrastructure assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land improvements	20 years
Buildings and buildings improvements	10-50 years
Machinery and equipment	3-10 years
Vehicles	5-25 years
Water Lines	50 years
Roads	20 years

MONROE CHARTER TOWNSHIP

Notes to Financial Statements
Year Ended December 31, 2021

Note 2

Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Position or Equity (Continued)

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net position.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds are recognized as an expenditure on the governmental fund financial statements when due.

Net Position - Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The components of net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position is unrestricted when other net position does not meet the definition of net investment in capital assets or is restricted and is available for general use. Restricted resources should be used first, followed by unrestricted amounts.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources until that time.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Non-spendable, Restricted, Committed, Assigned, and Unassigned – The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The township board has the authority to place funds under the committed and assigned categories. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The Township will maintain a minimum unrestricted general fund balance of no less than 15% of annual budgeted expenditures.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements
Year Ended December 31, 2021

Note 2

Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Position or Equity (Concluded)

Compensated Absences - Township employees are granted vacation, personal, and sick days under formulas and conditions in the personnel policy manual. All earned vacation must be taken within the calendar year. Vacation time not used during the year will not accrue and will be lost. Personal days must be used and no accrual is allowed. Full-time employees earn five days of sick leave per calendar year. Part-time regular employees, after ninety days of continuous employment, shall receive prorated sick days according to the number of hours worked. As of December 31, 2003, any sick time became "banked sick days." Banked sick time can only be used after current sick time has been exhausted. Employees will receive a banked sick day compensation payment at one-half rate for the total accumulated sick days with the regular hourly rate in effect at the date of resignation or dismissal. Banked sick days are accrued in the government-wide financial statements. In the fund financial statements, these accounts are reported when paid.

D. Unearned Revenue - Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Township has legal claim to them.

E. Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

F. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2021.

G. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by resolution of the Township Board.

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to October 31, the fiscal officer submits to the Township Board a proposed operating budget for the fiscal year commencing on January 1.
2. A public hearing is conducted during October to obtain taxpayer comments.
3. Prior to October 31, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget are made when deemed necessary.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements
Year Ended December 31, 2021

Note 2 Summary of Significant Accounting Policies (Concluded)
Basis of Presentation (Concluded)
G. Budgetary Policies (Concluded)

6. Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

Note 3 Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

Note 4 Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At December 31, 2021, the Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Board has adopted an investment policy authorizing certain types of investments and authorized these depositories: First Merchants Bank and Fifth Third Bank.

Interest rate risk. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

MONROE CHARTER TOWNSHIP

*Notes to Financial Statements
Year Ended December 31, 2021*

Note 4

Deposits (Concluded)

Credit risk. The Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Township’s investment policy.

Concentration of credit risk. The Township does not place any limits on the amount the Township may deposit or invest in any one issuer.

Custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township’s deposits may not be returned or the Township will not be able to recover the collateral securities in the possession of an outside party. The Township has \$12,166,745 invested in certificates of deposit, checking accounts, and money markets. The Township’s deposits are insured by the FDIC in the amount of \$376,942. In addition, the Township has deposits that are bank collateralized in the amount of \$11,639,495. The Township has uninsured and uncollateralized deposits in the amount of \$150,307. The Township Board approves and designates a list of authorized depository institutions. The Township’s investment policy does not address deposit risk.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

Note 5

Interfund Transfers

Interfund transfers for the year ended December 31, 2021, consisted of the following:

	Transfers Out		Total
	General Fund	Central Sewer Fund	
<u>Transfers In:</u>			
General Fund	\$0	\$539,047	\$539,047
Capital Projects Funds:			
Roads	531,116	0	531,116
Wry Road and Drainage Project	59,696	0	59,696
Total	\$590,812	\$539,047	\$1,129,859

The transfer from the General Fund to the Roads Capital Projects Fund was for construction expenditures and future road projects. The transfer from General Fund to the Wry Road and Drainage Project Capital Projects Fund were for future expenditures. The transfer from the Central Sewer Fund to the General Fund was for tap fees that were recorded in the Central Sewer Fund and should have been recorded in the General Fund.

MONROE CHARTER TOWNSHIP

*Notes to Financial Statements
Year Ended December 31, 2021*

Note 6

Capital Assets

Capital asset activity for the fiscal year ended December 31, 2021, was as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Governmental Activities:				
Assets not being depreciated:				
Land	\$680,777	\$0	\$0	\$680,777
Capital assets being depreciated:				
Land improvements	2,959,004	0	0	2,959,004
Buildings and building improvements	3,150,840	0	0	3,150,840
Machinery and equipment	896,697	14,999	0	911,696
Vehicles	2,557,939	35,341	389,459	2,203,821
Roads	995,544	0	0	995,544
Water lines	1,142,320	0	0	1,142,320
	<u>11,702,344</u>	<u>50,340</u>	<u>389,459</u>	<u>11,363,225</u>
Total capital assets	12,383,121	50,340	389,459	12,044,002
Less accumulated depreciation for:				
Land improvements	(1,678,131)	(133,850)	0	(1,811,981)
Building and building improvements	(1,156,018)	(64,749)	0	(1,220,767)
Machinery and equipment	(528,515)	(31,887)	0	(560,402)
Vehicles	(1,499,374)	(85,386)	(369,909)	(1,214,851)
Roads	(647,102)	(49,777)	0	(696,879)
Water lines	(435,047)	(22,846)	0	(457,893)
	<u>(5,944,187)</u>	<u>(388,495)</u>	<u>(369,909)</u>	<u>(5,962,773)</u>
Total accumulated depreciation	(5,944,187)	(388,495)	(369,909)	(5,962,773)
Net capital assets	<u>\$6,438,934</u>	<u>(\$388,155)</u>	<u>\$19,550</u>	<u>\$6,081,229</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$38,412
Public safety	141,898
Public works	72,623
Culture and recreation	<u>135,562</u>
Total governmental activities	<u>\$388,495</u>

MONROE CHARTER TOWNSHIP

*Notes to Financial Statements
Year Ended December 31, 2021*

Note 7 Long-Term Debt

The following is a summary of long-term debt outstanding as of December 31, 2021:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Original Amount of Issue</u>	<u>Balance Outstanding</u>
<u>Special Assessment Bonds:</u>					
Water District #70	4.75-4.8%	11/08/05	05/01/07-2026	405,000	<u>\$105,000</u>

Changes in bond and loan principal during 2021 are summarized as follows:

	<u>Balance January 1, 2021</u>	<u>Addition</u>	<u>Retired</u>	<u>Balance December 31, 2021</u>	<u>Due In One Year</u>
Special Assessment Bonds Payable	<u>\$125,000</u>	<u>\$0</u>	<u>\$20,000</u>	<u>\$105,000</u>	<u>\$20,000</u>

The following is a schedule of remaining principal and interest requirements for the special assessment bonds as of December 31, 2021.

Water District #70 water main - \$405,000 General Obligation Limited Tax bonds issued November 8, 2005 by Monroe Charter Township. The bonds were issued in accordance with Act 34 of the Public Acts of Michigan of 1895, as amended, for the purpose of paying part of the cost of construction of various public improvements in the Special Assessment District No. 70. In addition to the special assessments primarily pledged, the Township's full faith, credit, and resources are pledged secondarily for the prompt payment of the principal and interest on the bonds as they become due.

<u>Year</u>	<u>Interest Due</u>		<u>Principal Due</u>	<u>Total</u>
	<u>May 1</u>	<u>November 1</u>	<u>May 1</u>	<u>Requirements</u>
2022	\$2,500	\$2,025	\$20,000	\$24,525
2023	2,025	1,550	20,000	23,575
2024	1,550	1,075	20,000	22,625
2025	1,075	600	20,000	21,675
2026	<u>600</u>	<u>0</u>	<u>25,000</u>	<u>25,600</u>
	<u>\$7,750</u>	<u>\$5,250</u>	<u>\$105,000</u>	<u>\$118,000</u>

MONROE CHARTER TOWNSHIP

*Notes to Financial Statements
Year Ended December 31, 2021*

Note 7 Long-Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt outstanding at December 31, 2021, are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	20,000	4,525	24,525
2023	20,000	3,575	23,575
2024	20,000	2,625	22,625
2025	20,000	1,675	21,675
2026	<u>25,000</u>	<u>600</u>	<u>25,600</u>
	<u>\$105,000</u>	<u>\$13,000</u>	<u>\$118,000</u>

Note 8 Operating Lease

The Township entered into operating leases with MT Business Technologies for four copiers. The lease terms are for sixty (60) months each, ending in 2025. The following are the annual lease payment obligations:

<u>Year</u>	<u>Amount</u>
2022	\$14,481
2023	14,481
2024	14,481
2025	<u>7,241</u>
	<u>\$50,684</u>

Note 9 Property Taxes

The Township bills and collects its own property taxes and also taxes for the County of Monroe, Monroe Public Schools, Ida Public Schools, Monroe County Community College, and the Monroe County Intermediate School District. Collections are accounted for in the Tax Collection Custodial Fund. On December 1, 2020, the Township levied 3.7603 mills for general operating and 2.0000 mills for the fire department, due and payable on February 14, 2021. The valuation for real and personal property totaled \$430,913,596, which was based on December 31, 2020 assessments. During 2021, the Township received \$147,442 for administrative fees.

The taxes levied on December 1, 2021 raised approximately \$1.7 million dollars. This amount is recognized in the General Fund financial statements as deferred inflows of resources, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

Note 10 Employee's Pension Plan

The Township is a member of the Michigan Townships Association defined contribution plan administered by John Hancock Life Insurance Company, USA. All full time and permanent employees and all elected officials are eligible for participation upon employment with 100% vesting after two years of continuous employment. The Township, which contributes 10% of eligible wages, contributed \$105,928 in 2021. Employees may make voluntary contributions to the plan; they contributed \$7,273 in 2021. The Township has no liability beyond its own contribution. The covered payroll for the year was \$1,054,455 out of a total payroll of \$1,667,105. Plan provisions and contribution requirements are established and may be amended by the Township Board.

MONROE CHARTER TOWNSHIP

*Notes to Financial Statements
Year Ended December 31, 2021*

Note 11 Michigan Unemployment

On May 16, 1974, Governor Milliken signed into law enrolled Senate Bill 741, which is known as Act No. 104 of the Public Acts of 1974. The provisions of this Act subject political subdivisions to the Michigan Employment Security Act effective January 1, 1975. The Township has elected to make reimbursement payments rather than to pay contributions as a contributing employer. As of December 31, 2021, no reserve has been established for this contingent liability.

Note 12 Accumulated Compensated Absences

As of December 31, 2003, any sick time became “banked sick days.” Banked sick time can only be used after current sick time has been exhausted. Employees will receive a banked sick day compensation payment at one-half rate for the total accumulated sick days at the regular hourly rate in effect at the date of resignation or dismissal. Banked sick days are accrued in the government-wide financial statements. The liability as of December 31, 2021, for banked sick days totaled approximately \$3,331. In the fund financial statements, these accounts are reported when paid.

Note 13 Joint Venture

Monroe Charter Township is a member of the Monroe Metropolitan Water Pollution Control System. Monroe Charter Township, Frenchtown Township, and the City of Monroe each appoint two members and the County of Monroe appoints one member to the joint venture's seven member governing board, which approves the annual budget. The following is the financial information of the joint venture, obtained from their financial report, as of June 30, 2021:

Total assets	\$71,851,426
Deferred outflows of resources	166,479
Total liabilities	36,618,539
Deferred inflows of resources	2,286,961
Total net position	33,112,405
Total revenues	10,676,376
Total expenses	4,834,795
Increase in system equity	5,841,581

The operations of the joint venture are performed by the employees of the City of Monroe. Therefore, the City is liable for all related employee commitments and is then reimbursed by the joint venture.

Monroe Charter Township's investment in the joint venture is based on the capacity of the treatment facilities. Monroe Charter Township's capacity of the treatment facilities is 23.798%.

Complete financial statements for the Monroe Metropolitan Water Pollution Control System can be obtained from the City of Monroe Finance Department, 120 East First Street, Monroe, MI 48161.

MONROE CHARTER TOWNSHIP

*Notes to Financial Statements
Year Ended December 31, 2021*

Note 14 Tax Abatements

Monroe Charter Township entered into property tax abatement agreements with local businesses under the Industrial Facilities Tax Exemption, P.A. 198 of 1974, M.C.L. 207.551 et seq and the New Personal Property Exemption, P.A. 328 of 1998, M.C.L. 211.9f, as amended. Under these exemptions, localities may grant property tax abatements of a business's property tax bill for the purpose of attracting or retaining businesses within their jurisdiction, and to any business located within or promising to relocate to the Township.

For the year ended December 31, 2021, the Township abated property taxes totaling approximately \$1,765 under these programs.

Also, the Township has payments in lieu of taxes, which are established under the State Housing Development Authority Act of 1966. Under this authority, housing developments pay a percentage of shelter rents, ranging from 0 to 4 percent. Two of these housing developments have been exempt since the year they were built; and, therefore, they do not have a taxable value. If one of the housing developments were on the Ad Valorem tax roll, the Township would receive approximately \$26,003 more in property taxes.

Note 15 Contract to Develop, Lease, and Return Property

The Township sold the Links of Lake Erie property on May 31, 2016 through an installment sale. The property was sold to Nazar Properties for \$300,000. The terms of the installment loan included a down payment to the township of \$30,000 as of May 31, 2016. The loan will accrue interest for five years at five percent. The Township will receive \$54,000 annual principal payments beginning January 1, 2017 and continued through January 1, 2021. The Township received a balloon payment with all interest on January 1, 2021 in the amount of \$89,714.

Note 16 Subsequent Events

The Township's management evaluated subsequent events from December 31, 2021 through May 9, 2022, the date the financial statements were available to be issued. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the ultimate impact and duration of this outbreak is uncertain, the Township anticipates a negative impact on net position, operations, and cash flows. Possible effects include, but are not limited to, decreases in property taxes, grants, charges for services, and contributions. However, the financial impact of such decreases cannot be reasonably estimated at this time.

Note 17 Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

REQUIRED SUPPLEMENTAL INFORMATION

MONROE CHARTER TOWNSHIP

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Positive (Negative) Budget
	Original	Final		
Revenues				
Taxes:				
Current tax collection	\$1,538,737	\$1,620,200	\$1,619,719	(\$481)
Payments in lieu of taxes	6,000	52,600	52,591	(9)
Property tax administrative fee	126,000	147,500	147,442	(58)
Trailer park taxes	8,500	8,500	7,560	(940)
	<u>1,679,237</u>	<u>1,828,800</u>	<u>1,827,312</u>	<u>(1,488)</u>
Licenses and permits:				
Business licenses and permits	155,000	155,000	152,321	(2,679)
Non-business licenses and permits	60,000	92,000	91,804	(196)
Elec/plumbing/mech permits	50,000	64,400	64,369	(31)
Monitoring fees	48,500	47,500	49,175	1,675
Zoning permit fees	4,000	5,500	5,370	(130)
	<u>317,500</u>	<u>364,400</u>	<u>363,039</u>	<u>(1,361)</u>
Grants:				
State shared revenue	1,305,521	1,496,190	1,496,189	(1)
Local community stabilization authority	51,000	78,400	78,304	(96)
Federal grant	2,300	1,800	1,721	(79)
Metro Act revenue	8,002	9,852	9,845	(7)
	<u>1,366,823</u>	<u>1,586,242</u>	<u>1,586,059</u>	<u>(183)</u>
Charges for services:				
Cost recovery fees	10,000	3,010	3,006	(4)
Fines and forfeits	800	800	298	(502)
Passport fees	5,000	0	0	0
Penalties and interest on tax	5,000	5,000	4,705	(295)
Planning commission fees	7,500	5,650	5,625	(25)
Zoning board of appeals fees	3,000	2,000	1,875	(125)
Weed mowing fees	5,000	1,840	1,813	(27)
	<u>36,300</u>	<u>18,300</u>	<u>17,322</u>	<u>(978)</u>
Interest	40,000	17,000	52,249	35,249
Other revenue:				
Other	92,850	112,130	110,259	(1,871)
Total Revenues	<u>3,532,710</u>	<u>3,926,872</u>	<u>3,956,240</u>	<u>29,368</u>
Expenditures				
Legislative:				
Township board	93,090	93,640	81,431	12,209
General government:				
Supervisor	126,235	126,235	121,769	4,466
Elections	23,500	49,300	17,651	31,649
Finance	19,500	19,500	16,800	2,700
Assessor	204,327	204,327	170,902	33,425
Legal fees	200,000	200,000	128,756	71,244
Clerk	223,968	223,968	213,539	10,429
Board of review	2,500	2,500	1,550	950
Treasurer	166,074	167,474	162,504	4,970
Township hall and grounds	190,761	192,761	191,690	1,071
General administration	99,800	126,500	86,792	39,708
	<u>1,256,665</u>	<u>1,312,565</u>	<u>1,111,953</u>	<u>200,612</u>

MONROE CHARTER TOWNSHIP

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Positive (Negative) Budget
	Original	Final		
Expenditures (Concluded)				
Public safety:				
Police department	\$138,000	\$148,000	\$108,829	\$39,171
Fire department	803,183	809,783	688,655	121,128
Building department	184,669	204,169	169,053	35,116
	<u>1,125,852</u>	<u>1,161,952</u>	<u>966,537</u>	<u>195,415</u>
Public works:				
Engineering	5,000	10,000	0	10,000
Roads and drains	37,500	37,500	28,756	8,744
Cemetery	16,000	19,500	10,270	9,230
	<u>58,500</u>	<u>67,000</u>	<u>39,026</u>	<u>18,744</u>
Culture and recreation:				
Parks and recreation	119,750	129,750	100,386	29,364
Community and economic development:				
Zoning enforcement	80,320	92,639	87,371	5,268
Other:				
Employee benefits:				
Health insurance	379,400	379,400	335,622	43,778
Life insurance	12,000	12,000	11,055	945
Vision insurance	5,000	5,000	4,112	888
Dental insurance	31,000	31,000	25,247	5,753
Short and long term disability	10,500	12,000	10,809	1,191
Firefighters supplemental insurance	5,200	5,200	5,130	70
Retirement	108,000	108,000	105,928	2,072
Payroll taxes	136,000	136,000	126,279	9,721
General insurance	98,100	98,100	24,924	73,176
Unemployment insurance	1,000	1,000	0	1,000
Contingency	50,000	50,000	0	50,000
	<u>836,200</u>	<u>837,700</u>	<u>649,106</u>	<u>188,594</u>
Total Expenditures	<u>3,570,377</u>	<u>3,695,246</u>	<u>3,035,810</u>	<u>659,436</u>
Excess (Deficiency) of Revenues Over Expenditures	(37,667)	231,626	920,430	688,804
Other Financing Sources (Uses)				
Operating transfer in	538,479	539,046	539,047	1
Operating transfer out	(590,812)	(590,812)	(590,812)	0
Sale of capital assets	90,000	90,000	54,000	(36,000)
	<u>37,667</u>	<u>38,234</u>	<u>2,235</u>	<u>(35,999)</u>
Total Other Financial Sources (Uses)	<u>37,667</u>	<u>38,234</u>	<u>2,235</u>	<u>(35,999)</u>
Net Change in Fund Balance	0	269,860	922,665	652,805
Fund Balance - Beginning of year	<u>2,216,941</u>	<u>2,707,232</u>	<u>2,707,232</u>	<u>0</u>
Fund Balance - End of year	<u>\$2,216,941</u>	<u>\$2,977,092</u>	<u>\$3,629,897</u>	<u>\$652,805</u>

MONROE CHARTER TOWNSHIP

*Central Sewer Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$3,000	\$3,000	\$0	(\$3,000)
Expenditures				
Public works:				
Other	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	3,000	3,000	0	0
Other Financing Sources (Uses)				
Operating transfers out	(538,479)	(539,046)	(539,047)	(1)
Net Change in Fund Balance	(535,479)	(536,046)	(539,047)	(3,000)
Fund Balance - Beginning of year	539,568	539,046	539,047	1
Fund Balance - End of year	\$4,089	\$3,000	\$0	(\$2,999)

MONROE CHARTER TOWNSHIP

*Fire Millage Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Current tax collection	\$818,386	\$861,535	\$861,535	\$0
Expenditures				
Public safety	818,386	861,535	0	861,535
Net Change in Fund Balance	0	0	861,535	861,535
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	<u>\$0</u>	<u>\$0</u>	<u>\$861,535</u>	<u>\$861,535</u>

MONROE CHARTER TOWNSHIP

*Health and Safety Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions	\$5,000	\$6,100	\$6,100	\$0
Other	0	27,902	27,901	(1)
Total Revenues	5,000	34,002	34,001	(1)
Expenditures				
Public safety:				
Capital outlay	780,000	800,083	58,833	741,250
Other	20,000	20,000	0	20,000
Total Expenditures	800,000	820,083	58,833	761,250
Excess (Deficiency) of Revenues Over Expenditures	(795,000)	(786,081)	(24,832)	761,249
Other Financing Sources				
Sale of capital assets	0	5,500	5,500	0
Net Change in Fund Balance	(795,000)	(780,581)	(19,332)	761,249
Fund Balance - Beginning of year	897,118	898,770	898,770	0
Fund Balance - End of year	<u>\$102,118</u>	<u>\$118,189</u>	<u>\$879,438</u>	<u>\$761,249</u>

MONROE CHARTER TOWNSHIP

*Roads Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$900	\$900	\$117	(\$783)
Expenditures				
Public works:				
Engineering	25,000	25,000	6,498	18,502
Paving and drainage	2,100,000	2,100,000	737,538	1,362,462
Total Expenditures	2,125,000	2,125,000	744,036	1,380,964
Excess (Deficiency) of Revenues Over Expenditures	(2,124,100)	(2,124,100)	(743,919)	1,380,181
Other Financing Sources				
Operating transfers in	531,116	531,116	531,116	0
Net Change in Fund Balance	(1,592,984)	(1,592,984)	(212,803)	1,380,181
Fund Balance - Beginning of year	2,034,375	2,034,481	2,034,481	0
Fund Balance - End of year	\$441,391	\$441,497	\$1,821,678	\$1,380,181

OTHER SUPPLEMENTAL INFORMATION

MONROE CHARTER TOWNSHIP

*Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021*

	Special Revenue Funds	
	Street Lights	Water District #69
Assets		
Cash and cash equivalents	\$173,904	\$121,387
Receivables:		
Special assessments	68,884	5,295
Accounts and accrued interest	0	268
Taxes receivable	0	2,429
Total Assets	\$242,788	\$129,379
Total Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$12,422	\$0
Deferred Inflows of Resources		
Property taxes levied for subsequent year	151,053	2,915
Special assessments	0	2,647
Unearned revenue	0	0
Total Deferred Inflows of Resources	151,053	5,562
Fund Balances		
Assigned to:		
Streetlights	79,313	0
Public works	0	123,817
Township hall and technology improvements	0	0
Culture and recreation	0	0
Drains	0	0
Total Fund Balances	79,313	123,817
Total Liabilities and Fund Balances	\$242,788	\$129,379

Capital Projects Funds

Township Hall and Technology Improvements	Parks and Recreation	Wry Road and Drainage Project	Total Nonmajor Governmental Funds
\$411,708	\$318,653	\$22	\$1,025,674
0	0	0	74,179
0	0	0	268
0	0	0	2,429
<u>\$411,708</u>	<u>\$318,653</u>	<u>\$22</u>	<u>\$1,102,550</u>
\$0	\$0	\$0	\$12,422
0	0	0	153,968
0	0	0	2,647
392,257	100,000	0	492,257
392,257	100,000	0	648,872
0	0	0	79,313
0	0	0	123,817
19,451	0	0	19,451
0	218,653	0	218,653
0	0	22	22
<u>19,451</u>	<u>218,653</u>	<u>22</u>	<u>441,256</u>
<u>\$411,708</u>	<u>\$318,653</u>	<u>\$22</u>	<u>\$1,102,550</u>

MONROE CHARTER TOWNSHIP

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2021*

	Special Revenue Funds	
	Street Lights	Water District #69
Revenues		
Special assessments	\$150,428	\$2,648
Interest and penalties	0	267
Total Revenues	150,428	2,915
Expenditures		
General government	0	0
Public works	146,428	0
Culture and recreation	0	0
Total Expenditures	146,428	0
Excess (Deficiency) of Revenues Over Expenditures	4,000	2,915
Other Financing Sources		
Operating transfers in	0	0
Net Change in Fund Balances	4,000	2,915
Fund Balances - Beginning of year	75,313	120,902
Fund Balances - End of year	\$79,313	\$123,817

Capital Projects Funds

Township Hall and Technology Improvements	Parks and Recreation	Wry Road and Drainage Project	Total Nonmajor Governmental Funds
\$0	\$0	\$0	\$153,076
0	0	0	267
0	0	0	153,343
6,825	0	0	6,825
0	0	59,696	206,124
0	5,000	0	5,000
6,825	5,000	59,696	217,949
(6,825)	(5,000)	(59,696)	(64,606)
0	0	59,696	59,696
(6,825)	(5,000)	0	(4,910)
26,276	223,653	22	446,166
\$19,451	\$218,653	\$22	\$441,256

MONROE CHARTER TOWNSHIP

*Street Light Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessments	\$151,000	\$151,000	\$150,428	(\$572)
Expenditures				
Public works:				
Street light utility bills	151,000	151,000	146,428	4,572
Net Change in Fund Balance	0	0	4,000	4,000
Fund Balance - Beginning of year	77,977	75,313	75,313	0
Fund Balance - End of year	\$77,977	\$75,313	\$79,313	\$4,000

MONROE CHARTER TOWNSHIP

*Water District #69 Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special assessments	\$2,648	\$2,648	\$2,648	\$0
Interest	402	402	267	(135)
Total Revenues	3,050	3,050	2,915	(135)
Expenditures				
Public works	0	0	0	0
Net Change in Fund Balance	3,050	3,050	2,915	(135)
Fund Balance - Beginning of year	120,903	120,902	120,902	0
Fund Balance - End of year	\$123,953	\$123,952	\$123,817	(\$135)

MONROE CHARTER TOWNSHIP

*Township Hall and Technology Improvements Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
General government:				
Capital outlay	25,000	25,000	6,825	18,175
Net Change in Fund Balance	(25,000)	(25,000)	(6,825)	18,175
Fund Balance - Beginning of year	29,218	26,276	26,276	0
Fund Balance - End of year	\$4,218	\$1,276	\$19,451	\$18,175

MONROE CHARTER TOWNSHIP

*Parks and Recreation Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Culture and recreation:				
Engineering	10,000	10,000	0	10,000
Capital outlay	20,000	20,000	0	20,000
Other	10,000	10,000	5,000	5,000
Total Expenditures	40,000	40,000	5,000	25,000
Net Change in Fund Balance	(40,000)	(40,000)	(5,000)	25,000
Fund Balance - Beginning of year	223,653	223,653	223,653	0
Fund Balance - End of year	\$183,653	\$183,653	\$218,653	\$25,000

MONROE CHARTER TOWNSHIP

*Wry Road and Drainage Project
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Public works:				
Drainage	59,696	59,696	59,696	0
Excess (Deficiency) of Revenues Over Expenditures	(59,696)	(59,696)	(59,696)	0
Other Financing Sources				
Operating transfers in	59,696	59,696	59,696	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of year	22	22	22	0
Fund Balance - End of year	\$22	\$22	\$22	\$0

MONROE CHARTER TOWNSHIP

*Index to Central Sewer and Water Districts
Year Ended December 31, 2021*

Sewer District

Central Sewer

Water Districts

#69 Goutz Road Watermain

#70 Hull Road Watermain

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Township Board
Monroe Charter Township
Monroe County, Michigan

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 Monroe Charter Township as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

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

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

Very truly yours,



May 9, 2022

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

May 9, 2022

To the Board of Directors
Monroe Charter Township

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monroe Charter Township for the year ended December 31, 2021. 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 January 10, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Monroe Charter Township are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by Monroe Charter Township 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. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of depreciable capital assets based on the length of time those assets will provide economic benefit in the future.

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.

To the Board of Directors
Monroe Charter Township

-2-

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, with individually or in the 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 May 9, 2022.

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 Monroe Charter Township'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 Monroe Charter Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the major fund budget and actual statements, 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.

To the Board of Directors
Monroe Charter Township

-3-

We were engaged to report on the nonmajor fund balance sheet and the nonmajor fund budget and actual statements, which accompany the financial statements but are not RSI. With respect to the 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 Board of Trustees and management of Monroe Charter Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Cowley Hehl Saso & Calkins