

**Park Township**  
**Ottawa County, Michigan**  
**Annual Financial Report**  
**Year Ended March 31, 2019**



**Park Township, Michigan  
ANNUAL FINANCIAL REPORT  
Year Ended March 31, 2019**

TABLE OF CONTENTS

	Page
<b>Independent Auditor’s Report</b> .....	I
<b>Management’s Discussion and Analysis</b> .....	III
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position .....	1
Statement of Activities .....	2
Governmental Funds Financial Statements	
Balance Sheet .....	3
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	6
Proprietary Funds Financial Statements	
Statement of Net Position .....	7
Statement of Revenues, Expenses, and Changes in Net Position .....	8
Statement of Cash Flows .....	9
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position.....	10
Notes to Financial Statements .....	11

**Park Township, Michigan  
ANNUAL FINANCIAL REPORT  
Year Ended March 31, 2019**

TABLE OF CONTENTS - Concluded

	Page
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund.....	25
Budgetary Comparison Schedule – Police Fund .....	27
Budgetary Comparison Schedule – Park/Recreation Fund.....	28
<b>Other Supplementary Information</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	29
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	30



# Kiekover Scholma & Shumaker PC

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

July 31, 2019

Township Board  
Park Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park Township, Michigan, as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park Township, Michigan, as of March 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Park Township, 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.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Kiekover, Scholma & Shumaker, PC*  
Zeeland, Michigan

## Management's Discussion and Analysis

As management of Park Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2019. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

### Financial Highlights

- The assets of Park Township exceeded its liabilities at the close of the most recent fiscal year by \$30,874,400 (*net position*). Of this amount, \$8,943,914 (*unrestricted net position*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$835,813. Net investment in capital assets increased by \$77,627, while restricted net position decreased by \$100,080, and unrestricted net position increased by \$858,266.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$10,486,909, an increase of \$649,810 in comparison with the prior year. Approximately 21% of this total amount, \$2,179,102 is *available for spending* at the Township's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,179,102 or 64% of current year total General Fund expenditures and transfers out, which amounted to \$3,390,292.

### Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, accrued interest payable, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the Township consist of water supply and airport operations.

The government-wide financial statements can be found on pages 1-2 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report the Township's operations in more detail than the government-wide financial statements. All of the funds of the Township can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

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

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

The Township maintains nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the General, Police, Park/Recreation, Sewer Distribution, Township Improvement, and Local Streets Funds. Each of these funds is considered to be a major fund. The Township has three (3) nonmajor governmental funds. These include three special revenue funds, namely, the Bike Path Fund, the Street Lighting Fund, and the West Michigan Airport Authority Fund. Data from the three nonmajor governmental funds are combined into a single aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report

The Township adopts an annual appropriated budget for its General Fund and all special revenue funds. Budgetary comparison statements have been provided herein to demonstrate compliance with budgets for the Township's General Fund and major special revenue funds (Police and Park/Recreation Funds).

The basic governmental fund financial statements can be found on pages 3-6 of this report.

**Proprietary funds.** The Township maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its water supply and airport operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water Fund, which is considered to be a major fund of the Township and the Airport Fund, which is considered to be a nonmajor fund of the Township.

The basic proprietary fund financial statements can be found on pages 7-9 of this report.

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

One agency fund is maintained to account for tax collections and payments.

The basic fiduciary fund financial statements can be found on page 10 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-24 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparison schedules for the Township's General Fund and major special revenue funds (Police Fund and Park/Recreation Fund). Required supplementary information can be found on pages 25-28 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. These combining statements can be found on pages 29-30 of this report.

### Government-wide Financial Analysis

**Net position** - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Park Township, assets exceeded liabilities by \$30,874,400 at the close of the most recent fiscal year.

The largest portion of the Township's net position (56.3%) reflects its investment in capital assets (e.g., land, improvements, buildings, vehicles, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (14.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$8,943,914) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The following table shows, in a condensed format, the net position of Park Township as of March 31, 2019 and 2018.

#### Park Township's Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	Restated 2018	2019	Restated 2018	2019	Restated 2018
Current and other assets	\$ 12,457,917	\$ 10,619,730	\$ 2,975,994	\$ 2,912,662	\$ 15,433,911	\$ 13,532,392
Capital assets	10,749,043	10,424,755	6,618,911	6,865,572	17,367,954	17,290,327
Total assets	<u>23,206,960</u>	<u>21,044,485</u>	<u>9,594,905</u>	<u>9,778,234</u>	<u>32,801,865</u>	<u>30,822,719</u>
Other liabilities	<u>1,769,966</u>	<u>627,459</u>	<u>157,499</u>	<u>156,673</u>	<u>1,927,465</u>	<u>784,132</u>
Net position:						
Net investment in						
capital assets	10,749,043	10,424,755	6,618,911	6,865,572	17,367,954	17,290,327
Restricted	4,536,165	4,636,245	26,367	26,367	4,562,532	4,662,612
Unrestricted	<u>6,151,786</u>	<u>5,356,026</u>	<u>2,792,128</u>	<u>2,729,622</u>	<u>8,943,914</u>	<u>8,085,648</u>
	<u>\$ 21,436,994</u>	<u>\$ 20,417,026</u>	<u>\$ 9,437,406</u>	<u>\$ 9,621,561</u>	<u>\$ 30,874,400</u>	<u>\$ 30,038,587</u>



**Change in Net position** – Park Township’s net position increased by \$835,813 during the current fiscal year. This increase is caused by a \$1,019,968 increase in net position of governmental activities and a \$184,155 decrease in net position of business-type activities.

**Park Township's Changes in Net Position**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
<b>Program revenues</b>						
Charges for services	\$ 1,006,751	\$ 881,534	\$ 1,384,753	\$ 1,469,232	\$ 2,391,504	\$ 2,350,766
Operating grants and contributions	273,499	-	-	-	273,499	-
Capital grants and contributions	268,242	544,400	212,849	87,027	481,091	631,427
<b>General revenues</b>						
Property taxes	3,225,238	3,084,772	-	-	3,225,238	3,084,772
State shared revenues	1,599,733	1,530,803	-	-	1,599,733	1,530,803
Investment earnings	234,978	126,529	71,693	37,745	306,671	164,274
Gain (loss) on sale of capital assets	3,076	-	(582)	-	2,494	-
Other	41,241	35,235	-	-	41,241	35,235
<b>Total revenues</b>	<b>6,652,758</b>	<b>6,203,273</b>	<b>1,668,713</b>	<b>1,594,004</b>	<b>8,321,471</b>	<b>7,797,277</b>
<b>Program expenses</b>						
General government	1,431,182	1,289,325	-	-	1,431,182	1,289,325
Public safety	1,662,770	1,479,856	-	-	1,662,770	1,479,856
Public works	1,575,611	1,413,219	-	-	1,575,611	1,413,219
Community and economic development	391,144	324,221	-	-	391,144	324,221
Recreation and culture	634,983	580,351	-	-	634,983	580,351
Water supply	-	-	1,733,275	1,453,428	1,733,275	1,453,428
Airport	-	-	56,693	91,176	56,693	91,176
<b>Total expenses</b>	<b>5,695,690</b>	<b>5,086,972</b>	<b>1,789,968</b>	<b>1,544,604</b>	<b>7,485,658</b>	<b>6,631,576</b>
Change before transfers	957,068	1,116,301	(121,255)	49,400	835,813	1,165,701
Transfers in (out)	62,900	56,500	(62,900)	(56,500)	-	-
<b>Change in Net Position</b>	<b>\$ 1,019,968</b>	<b>\$ 1,172,801</b>	<b>\$ (184,155)</b>	<b>\$ (7,100)</b>	<b>\$ 835,813</b>	<b>\$ 1,165,701</b>

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\* 2018 amounts shown have not been modified to reflect the retroactive application of the prior period adjustment

**Governmental activities.** Governmental activities increased the Township’s net position by \$1,019,968, accounting for 100% of the total growth in the net position of the Township. Total revenues increased by \$449,485 compared to the prior year (primarily due to charges for services, property taxes, and investment earnings). Property taxes increased due to an increase in the Township’s overall taxable value and the return of the Parks and West Michigan Airport Authority millages to the original levy amount as approved by the voters. Charges for services revenue increased due to a full year of cable franchise fee rate increases and higher reimbursements from developers to cover additional development costs. Investment earnings increased primarily due to rising interest rates.

Total expenses increased by \$608,718 compared to the prior year (primarily due to increased spending on general government, public safety, and public works). General government increased due to higher election costs, higher legal fees, and cemetery maintenance work. Public safety increased primarily due to new fire department communication equipment donated by Ottawa County Central Dispatch. Public works expenditures can vary and increased during the current year due to a large Township share on a drainage project.

**Business-type activities.** Business-type activities decreased the Township’s net position by \$184,155. Total revenues increased by \$74,709 compared to the prior year (primarily due to an increase in capital grants and contributions and investment earnings offset by decreases in charges for services). Total expenses increased by \$245,364 compared to the prior year (primarily due to increases in cost of water purchased and depreciation expense).

**Financial Analysis of the Government’s Funds**

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

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

As of the end of the current fiscal year, the Township’s governmental funds reported combined ending fund balances of \$10,486,909, an increase of \$649,810 from the prior year. Approximately 21% of this fund balance amount (\$2,179,102) constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. A portion of fund balance is *restricted* to indicate that it is constrained for the specific purposes of street lighting (\$90,139), police services (\$1,254,669), parks/recreation (\$551,324), bike paths (\$692,843), sewers (\$1,679,653), and local streets (\$74,327). A portion of fund balance is *committed* for the fluctuations in state revenue sharing (\$140,000), vacation and sick liability (\$116,000), net OPEB obligation (\$52,000), liability insurance deductibles (\$50,000), and Winstrom Park grant expenses (\$150,000). Additionally, a portion of fund balance has been assigned (\$300,231 for fire equipment, \$281,829 for cemetery care, \$500,000 for local streets, and \$2,312,843 for general township improvements).

Summary results for the Township’s six major governmental funds and nonmajor funds in the aggregate for the year ended March 31, 2019 are as follows:

	General Fund	Police Fund	Park/ Recreation Fund	Sewer Distribution Fund	Township Improvement Fund	Local Streets Fund	Nonmajor Governmental Funds	Total Governmental Funds
Total revenues	\$ 3,424,620	\$ 721,926	\$ 639,628	\$ 181,866	\$ 151,284	\$ 521,840	\$ 690,968	\$ 6,332,132
Total expenditures	(2,692,181)	(509,930)	(787,200)	(25,337)	(317,852)	(704,424)	(708,298)	(5,745,222)
Transfers in	210,000	-	-	-	493,511	200,000	-	903,511
Transfers out	(698,111)	(20,000)	(65,000)	(10,000)	-	-	(47,500)	(840,611)
Net change in fund balance	\$ 244,328	\$ 191,996	\$ (212,572)	\$ 146,529	\$ 326,943	\$ 17,416	\$ (64,830)	\$ 649,810

Fund balance 3-31-19

Nonspendable	\$ 49,952	\$ -	\$ 5,670	\$ -	\$ 4,715	\$ -	\$ 1,612	\$ 61,949
Restricted	-	1,254,669	551,324	1,679,653	-	74,327	782,982	4,342,955
Committed	358,000	-	-	-	150,000	-	-	508,000
Assigned	-	-	-	-	2,894,903	500,000	-	3,394,903
Unassigned	2,179,102	-	-	-	-	-	-	2,179,102
	\$ 2,587,054	\$ 1,254,669	\$ 556,994	\$ 1,679,653	\$ 3,049,618	\$ 574,327	\$ 784,594	\$ 10,486,909

Fund balance as a % of expenditures and transfers out

	76.3%	236.8%	65.4%	4753.2%	959.4%	81.5%	103.8%	
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Fund balance as a percentage of expenditures and transfers out is one measure often used to assess an entity's financial health and flexibility. In the case of Park Township, it should be noted that the Township maintains higher fund balance at year end because property taxes, which approximate 50% of total governmental revenues, are not available until the last quarter of the fiscal year. Consequently, higher fund balance relative to expenditures help the Township avoid short term borrowing costs. Additionally, certain fund (e.g., Sewer Distribution Fund and Township Improvement Fund) have intermittent capital expenditures and accumulate fund balance in certain years, and then spend a large portion of it in a subsequent year.

The General Fund is the chief operating fund of the Township. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance (\$2,179,102) represents 64.3% of total General Fund expenditures and transfers out (\$3,390,292). General Fund revenues increased \$271,582 (8.6%) from the prior year, primarily due to increases in taxes, licenses and permits, state shared revenue and charges for services. General Fund expenditures increased \$349,792 (14.9%) from the prior year, primarily due to increases in spending for general government, public works, and community and economic development purposes.

Total Police Fund revenues increased by \$32,035 or 4.6% compared to the prior year, primarily due to increases in property taxes and investment earnings. Police Fund expenditures decreased by \$153,816 or 23.2% compared to the prior year. Expenditures decreased due to a favorable renegotiation of community policing service contracts with Ottawa County Sheriff Department based on service calls by the Township.

Total Park/Recreation Fund revenues increased by \$38,682 or 6.4% compared to the prior year, primarily due to increases in property taxes. Park/Recreation Fund expenditures increased by \$195,668 or 33.1% compared to the prior year, due primarily to increased expenditures for capital improvements.

Sewer Distribution Fund revenues decreased by \$5,067 or 2.7% compared to the prior year, primarily due to a decrease in special assessments revenue. Sewer Distribution Fund expenditures increased by \$18,969 from the prior year, due to an increase in sewer construction and maintenance costs.

Township Improvement Fund revenues increased by \$124,051 compared to the prior year, primarily due to increased capital grants and investment earnings. Township Improvement Fund expenditures were \$317,852 compared to \$53,019 in the prior year. This increase was due to significant capital expenditures for Keppel Forest improvements, weather sirens, and pedestrian crossings.

**Proprietary funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements (business-type activities), but in more detail. The Township's proprietary funds comprise the Water Fund and the Airport Fund.

Unrestricted net position of the Water Fund was \$2,784,328 at March 31, 2019. Operating revenues for the Water Fund decreased in fiscal year 2018-19 by \$57,924 from \$1,387,671 to \$1,329,747. Operating expenses, including depreciation, increased in fiscal year 2018-19 by \$279,847 from \$1,453,428 to \$1,733,275. Capital contributions increased in fiscal year 2018-19 by \$125,822 from \$87,027 to \$212,849.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board amended the budget to take into account events during the year. The budget for total revenues and other financial sources was increased by \$154,791 and actual total revenues and other financial sources exceeded the final amended budget by \$49,156. The budget for total expenditures was increased by \$101,781 and actual total expenditures were less than the final amended budget by \$181,549.

### **Capital Assets and Debt Administration**

**Capital assets.** The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2019, amounted to \$17,367,954 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, the water system, and bike paths. The total increase in the Township's investment in capital assets for the current fiscal year was \$324,288 (3.1%) for governmental activities. The Township's investment in capital assets for the current fiscal year decreased by \$246,661 (3.6%) for business-type activities.

Major capital asset events during the current fiscal year included the following:

- \$335,922 expended for bike paths
- \$269,397 expended for Winstrom Park improvements
- \$227,107 expended for Keppel Forest Trail improvements
- \$54,653 expended for water line valve replacement
- \$46,274 expended for weather sirens
- \$28,984 expended for pedestrian crossings
- \$29,840 expended for a pick-up truck for the parks department
- \$13,418 expended for disc golf course in Winstrom Park
- \$129,500 of developer-contributed water infrastructure

Additional information on the Township’s capital assets can be found in Note 4 on pages 20-21 of this report.

**Park Township's Capital Assets**  
(net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	Restated 2018	2019	Restated 2018	2019	Restated 2018
Land	\$ 2,650,573	\$ 2,650,573	\$ -	\$ -	\$ 2,650,573	\$ 2,650,573
Construction in progress	313,970	964,772	-	-	313,970	964,772
Buildings	1,527,885	1,598,833	34,383	39,771	1,562,268	1,638,604
Improvements other than buildings	1,609,381	1,368,168	-	-	1,609,381	1,368,168
Machinery and equipment	1,991,299	2,078,975	-	-	1,991,299	2,078,975
Infrastructure	2,655,935	1,763,434	-	-	2,655,935	1,763,434
Water system	-	-	6,584,528	6,825,801	6,584,528	6,825,801
<b>Total</b>	<b>\$ 10,749,043</b>	<b>\$ 10,424,755</b>	<b>\$ 6,618,911</b>	<b>\$ 6,865,572</b>	<b>\$ 17,367,954</b>	<b>\$ 17,290,327</b>

**Long-term debt.** At the end of the current fiscal year, the Township had no long-term debt obligations.

**Economic Factors and Next Year’s Budgets and Rates**

The State of Michigan’s economy continues to dominate the financial picture for most townships including Park Township. Revenue sharing, small increases in taxable values, and an uncertain economy will provide significant uncertainty in projecting revenues.

The Township’s budget for 2019-20 calls for no change in the overall property tax rate for Township services. Because of small increases in the taxable value of property in the Township, property tax revenues for 2019-20 are anticipated to be slightly higher than 2018-19.

Overall, the Township has adopted a General Fund budget that calls for an increase in revenues of approximately \$165,000 compared to 2018-19 actual amounts, while expenditures are budgeted to be approximately \$240,000 higher compared to 2018-19 actual amounts.

At March 31, 2019, the unassigned fund balance in the General Fund was \$2,179,102.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers and investors with a general overview of the Township’s finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township.

# Basic Financial Statements

**Park Township, Michigan**  
**STATEMENT OF NET POSITION**  
**March 31, 2019**

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 11,622,895	\$ 2,618,482	\$ 14,241,377
Receivables:			
Accounts	115,393	160,243	275,636
Interest	4,755	5,267	10,022
Special assessments	201,210	195,450	396,660
Due from other funds	9,802	(9,802)	-
Due from other governments	441,913	1,963	443,876
Inventories	-	1,836	1,836
Prepaid items	61,949	2,555	64,504
Capital assets not being depreciated	2,964,543	-	2,964,543
Capital assets (net of accumulated depreciation)	7,784,500	6,618,911	14,403,411
<b>Total Assets</b>	<b>23,206,960</b>	<b>9,594,905</b>	<b>32,801,865</b>
<b>LIABILITIES</b>			
Accounts payable	1,427,142	1,489	1,428,631
Accrued expenses	54,738	1,280	56,018
Deposits	12,692	-	12,692
Compensated absences payable	135,229	6,412	141,641
Due to other governments	116,449	147,832	264,281
Unearned revenue	23,716	486	24,202
<b>Total Liabilities</b>	<b>1,769,966</b>	<b>157,499</b>	<b>1,927,465</b>
<b>NET POSITION</b>			
Net investment in capital assets	10,749,043	6,618,911	17,367,954
Restricted for:			
Street lighting	90,139	-	90,139
Police services	1,254,669	-	1,254,669
Parks/recreation	551,324	-	551,324
Bike paths	692,843	-	692,843
Sewers	1,872,863	-	1,872,863
Local streets	74,327	-	74,327
Airport improvements	-	26,367	26,367
Unrestricted	6,151,786	2,792,128	8,943,914
<b>Total Net Position</b>	<b>\$ 21,436,994</b>	<b>\$ 9,437,406</b>	<b>\$ 30,874,400</b>

**Park Township, Michigan**  
**STATEMENT OF ACTIVITIES**  
**Year Ended March 31, 2019**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Function/Programs:</b>							
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 1,431,182	\$ 366,251	\$ -	\$ -	\$ (1,064,931)	\$ -	\$ (1,064,931)
Public safety	1,662,770	302,133	273,499	-	(1,087,138)	-	(1,087,138)
Public works	1,575,611	144,555	-	157,450	(1,273,606)	-	(1,273,606)
Community and economic development	391,144	102,760	-	-	(288,384)	-	(288,384)
Recreation and culture	634,983	91,052	-	110,792	(433,139)	-	(433,139)
<b>Total Governmental Activities</b>	<u>5,695,690</u>	<u>1,006,751</u>	<u>273,499</u>	<u>268,242</u>	<u>(4,147,198)</u>	<u>-</u>	<u>(4,147,198)</u>
<b>Business-type Activities:</b>							
Airport	56,693	55,006	-	-	-	(1,687)	(1,687)
Water	1,733,275	1,329,747	-	212,849	-	(190,679)	(190,679)
<b>Total Business-type Activities</b>	<u>1,789,968</u>	<u>1,384,753</u>	<u>-</u>	<u>212,849</u>	<u>-</u>	<u>(192,366)</u>	<u>(192,366)</u>
<b>Total Primary Government</b>	<u>\$ 7,485,658</u>	<u>\$ 2,391,504</u>	<u>\$ 273,499</u>	<u>\$ 481,091</u>	<u>(4,147,198)</u>	<u>(192,366)</u>	<u>(4,339,564)</u>
<b>General revenues:</b>							
Property taxes					3,225,238	-	3,225,238
State shared revenues					1,599,733	-	1,599,733
Investment earnings					234,978	71,693	306,671
Gain (loss) on sale of capital assets					3,076	(582)	2,494
Other					41,241	-	41,241
<b>Transfers</b>					<u>62,900</u>	<u>(62,900)</u>	<u>-</u>
<b>Total General Revenues and Transfers</b>					<u>5,167,166</u>	<u>8,211</u>	<u>5,175,377</u>
<b>Change in Net Position</b>					1,019,968	(184,155)	835,813
<b>Net Position - Beginning (as restated)</b>					<u>20,417,026</u>	<u>9,621,561</u>	<u>30,038,587</u>
<b>Net Position - Ending</b>					<u>\$ 21,436,994</u>	<u>\$ 9,437,406</u>	<u>\$ 30,874,400</u>

**Park Township, Michigan**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**March 31, 2019**

	Special Revenue Funds		
	General Fund	Police Fund	Park/ Recreation Fund
<b>ASSETS</b>			
Cash and investments	\$ 2,874,312	\$ 1,324,637	\$ 588,011
Receivables:			
Accounts	114,794	-	599
Interest	41	2,664	-
Special assessments	-	-	-
Due from other funds	-	-	-
Due from other governments	260,455	11,247	8,131
Prepaid items	49,952	-	5,670
<b>Total Assets</b>	<b>\$ 3,299,554</b>	<b>\$ 1,338,548</b>	<b>\$ 602,411</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 643,564	\$ -	\$ 8,386
Accrued expenses	42,301	-	7,608
Deposits	7,452	-	5,240
Due to other governments	19,183	83,879	467
Unearned revenue	-	-	23,716
<b>Total Liabilities</b>	712,500	83,879	45,417
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-special assessments	-	-	-
Unavailable revenue-grants	-	-	-
<b>Total Deferred Inflows of Resources</b>	-	-	-
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	49,952	-	5,670
Restricted for:			
Police services	-	1,254,669	-
Parks/recreation	-	-	551,324
Bike paths	-	-	-
Street lighting	-	-	-
Sewers	-	-	-
Local streets	-	-	-
Committed for:			
Fluctuations in state revenue sharing	140,000	-	-
Vacation and sick liability	116,000	-	-
Net OPEB obligation	52,000	-	-
Liability insurance deductibles	50,000	-	-
Winstrom	-	-	-
Assigned for:			
Township improvement	-	-	-
Local streets	-	-	-
Fire equipment	-	-	-
Cemetery care	-	-	-
Unassigned	2,179,102	-	-
<b>Total Fund Balances</b>	2,587,054	1,254,669	556,994
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,299,554</b>	<b>\$ 1,338,548</b>	<b>\$ 602,411</b>

See Notes to Financial Statements



Capital Project Funds			Other	Total
Sewer Distribution Fund	Township Improvement Fund	Local Streets Fund	Nonmajor Governmental Funds	Governmental Funds
\$ 1,675,097	\$ 3,793,666	\$ 566,502	\$ 800,670	\$ 11,622,895
-	-	-	-	115,393
342	1,708	-	-	4,755
201,210	-	-	-	201,210
-	9,802	-	-	9,802
314	18,061	7,825	10,880	316,913
-	4,715	-	1,612	61,949
<u>\$ 1,876,963</u>	<u>\$ 3,827,952</u>	<u>\$ 574,327</u>	<u>\$ 813,162</u>	<u>\$ 12,332,917</u>
\$ 250	\$ 760,273	\$ -	\$ 14,669	\$ 1,427,142
-	-	-	4,829	54,738
-	-	-	-	12,692
3,850	-	-	9,070	116,449
-	-	-	-	23,716
<u>4,100</u>	<u>760,273</u>	<u>-</u>	<u>28,568</u>	<u>1,634,737</u>
193,210	-	-	-	193,210
-	18,061	-	-	18,061
<u>193,210</u>	<u>18,061</u>	<u>-</u>	<u>-</u>	<u>211,271</u>
-	4,715	-	1,612	61,949
-	-	-	-	1,254,669
-	-	-	-	551,324
-	-	-	692,843	692,843
-	-	-	90,139	90,139
1,679,653	-	-	-	1,679,653
-	-	74,327	-	74,327
-	-	-	-	140,000
-	-	-	-	116,000
-	-	-	-	52,000
-	-	-	-	50,000
-	150,000	-	-	150,000
-	2,312,843	-	-	2,312,843
-	-	500,000	-	500,000
-	300,231	-	-	300,231
-	281,829	-	-	281,829
-	-	-	-	2,179,102
<u>1,679,653</u>	<u>3,049,618</u>	<u>574,327</u>	<u>784,594</u>	<u>10,486,909</u>
<u>\$ 1,876,963</u>	<u>\$ 3,827,952</u>	<u>\$ 574,327</u>	<u>\$ 813,162</u>	<u>\$ 12,332,917</u>

**Park Township, Michigan**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**March 31, 2019**

Total Governmental Fund Balances	\$ 10,486,909
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	10,749,043
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	125,000
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	193,210
Certain state grants receivable are expected to be collected in the subsequent fiscal year and are not available to pay for current year expenditures	18,061
Compensated absences are included as a liability in governmental activities	<u>(135,229)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 21,436,994</u></u>

**Park Township, Michigan**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended March 31, 2019**

	Special Revenue Funds		
	General Fund	Police Fund	Park/ Recreation Fund
<b>Revenues:</b>			
Taxes	\$ 972,840	\$ 688,504	\$ 533,874
Licenses and permits	614,332	-	-
State grants	-	-	-
State shared revenues	1,578,036	-	-
Charges for services	145,697	-	91,052
Fines and forfeitures	-	11,115	-
Investment earnings	79,719	22,307	8,391
Special assessments	-	-	-
Other	31,346	-	5,885
<b>Total Revenues</b>	<u>3,421,970</u>	<u>721,926</u>	<u>639,202</u>
<b>Expenditures:</b>			
Current:			
General government	1,345,348	-	-
Public safety	723,677	509,930	-
Public works	162,092	-	-
Community and economic development	399,896	-	-
Recreation and culture	-	-	787,200
Insurance, bonds, and fringes	61,168	-	-
Capital outlay	-	-	-
<b>Total Expenditures</b>	<u>2,692,181</u>	<u>509,930</u>	<u>787,200</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>729,789</u>	<u>211,996</u>	<u>(147,998)</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds-sale of capital assets	2,650	-	426
Transfers in	210,000	-	-
Transfers out	(698,111)	(20,000)	(65,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(485,461)</u>	<u>(20,000)</u>	<u>(64,574)</u>
<b>Net Change in Fund Balances</b>	244,328	191,996	(212,572)
<b>Fund Balances - April 1</b>	<u>2,342,726</u>	<u>1,062,673</u>	<u>769,566</u>
<b>Fund Balances - March 31</b>	<u>\$ 2,587,054</u>	<u>\$ 1,254,669</u>	<u>\$ 556,994</u>

See Notes to Financial Statements

Capital Project Funds			Other	Total
Sewer Distribution Fund	Township Improvement Fund	Local Streets Fund	Nonmajor Governmental Funds	Governmental Funds
\$ -	\$ -	\$ 513,804	\$ 516,216	\$ 3,225,238
-	-	-	-	614,332
-	92,731	-	-	92,731
-	-	-	15,392	1,593,428
-	-	-	-	236,749
-	-	-	-	11,115
43,167	58,553	8,036	14,805	234,978
134,689	-	-	144,555	279,244
4,010	-	-	-	41,241
<u>181,866</u>	<u>151,284</u>	<u>521,840</u>	<u>690,968</u>	<u>6,329,056</u>
-	-	-	-	1,345,348
-	-	-	-	1,233,607
25,337	-	50,458	708,298	946,185
-	-	-	-	399,896
-	-	-	-	787,200
-	-	-	-	61,168
-	317,852	653,966	-	971,818
<u>25,337</u>	<u>317,852</u>	<u>704,424</u>	<u>708,298</u>	<u>5,745,222</u>
<u>156,529</u>	<u>(166,568)</u>	<u>(182,584)</u>	<u>(17,330)</u>	<u>583,834</u>
-	-	-	-	3,076
-	493,511	200,000	-	903,511
(10,000)	-	-	(47,500)	(840,611)
<u>(10,000)</u>	<u>493,511</u>	<u>200,000</u>	<u>(47,500)</u>	<u>65,976</u>
146,529	326,943	17,416	(64,830)	649,810
<u>1,533,124</u>	<u>2,722,675</u>	<u>556,911</u>	<u>849,424</u>	<u>9,837,099</u>
<u>\$ 1,679,653</u>	<u>\$ 3,049,618</u>	<u>\$ 574,327</u>	<u>\$ 784,594</u>	<u>\$ 10,486,909</u>

**Park Township, Michigan**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended March 31, 2019**

<b>Net change in fund balances-Total Governmental Funds</b>	<b>\$ 649,810</b>
 <b>Amounts reported for the governmental activities in the statement of activities are different because:</b>	
 Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Current year capital outlays capitalized - general capital assets	951,754
Current year depreciation expense on capitalized assets	(627,466)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds	
	273,499
 Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources	
State shared revenues	6,305
Special assessment revenues	22,761
State grants	18,061
 Some expenses in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds	
	(273,499)
 Change in compensated absences is recorded when earned in the statement of activities	
	<u>(1,257)</u>
 <b>Change in net position of governmental activities</b>	 <b><u>\$ 1,019,968</u></b>

**Park Township, Michigan**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**March 31, 2019**

	Enterprise Funds		
	Water Fund	Nonmajor Airport Fund	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and investments	\$ 2,586,448	\$ 32,034	\$ 2,618,482
Receivables:			
Accounts	159,590	653	160,243
Interest	5,267	-	5,267
Special assessments	195,450	-	195,450
Due from other governments	1,963	-	1,963
Inventories	-	1,836	1,836
Prepaid items	722	1,833	2,555
<b>Total Current Assets</b>	<u>2,949,440</u>	<u>36,356</u>	<u>2,985,796</u>
Capital assets (net of accumulated depreciation)	<u>6,584,528</u>	<u>34,383</u>	<u>6,618,911</u>
<b>Total Assets</b>	<u>9,533,968</u>	<u>70,739</u>	<u>9,604,707</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	284	1,205	1,489
Accrued expenses	1,280	-	1,280
Compensated absences payable	6,412	-	6,412
Due to other funds	9,802	-	9,802
Due to other governments	147,334	498	147,832
Unearned revenue	-	486	486
<b>Total Liabilities</b>	<u>165,112</u>	<u>2,189</u>	<u>167,301</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,584,528	34,383	6,618,911
Restricted	-	26,367	26,367
Unrestricted	<u>2,784,328</u>	<u>7,800</u>	<u>2,792,128</u>
<b>Total Net Position</b>	<u>\$ 9,368,856</u>	<u>\$ 68,550</u>	<u>\$ 9,437,406</u>

**Park Township, Michigan**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended March 31, 2019**

	Enterprise Funds		
	Water Fund	Nonmajor Airport Fund	Total
<b>Operating Revenues:</b>			
Water billings	\$ 1,220,411	\$ -	\$ 1,220,411
Water connection charges	59,286	-	59,286
Hydrant rentals	50,000	-	50,000
Fuel sales	-	25,464	25,464
Building rentals	-	26,908	26,908
Miscellaneous	50	2,634	2,684
<b>Total Operating Revenues</b>	<u>1,329,747</u>	<u>55,006</u>	<u>1,384,753</u>
<b>Operating Expenses:</b>			
Purchase of water	815,461	-	815,461
Purchase of fuel	-	19,845	19,845
Salaries and wages	44,792	1,390	46,182
Utilities	5,996	7,777	13,773
Water connections, repairs and maintenance	179,303	-	179,303
Operating fees	242,888	9,649	252,537
Supplies	8,542	24	8,566
Professional services	2,127	13,202	15,329
Depreciation	425,426	4,806	430,232
Miscellaneous	8,740	-	8,740
<b>Total Operating Expenses</b>	<u>1,733,275</u>	<u>56,693</u>	<u>1,789,968</u>
<b>Operating Income (Loss)</b>	(403,528)	(1,687)	(405,215)
<b>Nonoperating Revenues (Expenses)</b>			
Investment earnings	71,262	431	71,693
Gain (loss) on sale of capital assets	-	(582)	(582)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>71,262</u>	<u>(151)</u>	<u>71,111</u>
<b>Income (Loss) Before Contributions and Transfers</b>	(332,266)	(1,838)	(334,104)
<b>Capital contributions</b>	212,849	-	212,849
<b>Transfers in</b>	-	4,600	4,600
<b>Transfers out</b>	<u>(65,000)</u>	<u>(2,500)</u>	<u>(67,500)</u>
<b>Change in Net Position</b>	(184,417)	262	(184,155)
<b>Net Position - April 1 (as restated)</b>	<u>9,553,273</u>	<u>68,288</u>	<u>9,621,561</u>
<b>Net Position - March 31</b>	<u>\$ 9,368,856</u>	<u>\$ 68,550</u>	<u>\$ 9,437,406</u>

**Park Township, Michigan**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended March 31, 2019**

	Enterprise Funds		
	Water Fund	Nonmajor Airport Fund	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 1,332,929	\$ 56,575	\$ 1,389,504
Payments to suppliers	(1,263,284)	(49,754)	(1,313,038)
Payments to employees	(45,383)	(1,390)	(46,773)
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>24,262</u>	<u>5,431</u>	<u>29,693</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers from other funds	-	4,600	4,600
Transfers to other funds	(65,000)	(2,500)	(67,500)
<b>Net Cash Provided (Used) By Noncapital Financing Activities</b>	<u>(65,000)</u>	<u>2,100</u>	<u>(62,900)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital contributions	98,740	-	98,740
Construction and purchase of capital assets	(54,653)	-	(54,653)
Interfund borrowing for capital acquisition	(8,426)	-	(8,426)
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<u>35,661</u>	<u>-</u>	<u>35,661</u>
<b>Cash Flows From Investing Activities:</b>			
Interest received on investments	72,855	431	73,286
<b>Net Increase (Decrease) in Cash and Investments</b>	67,778	7,962	75,740
<b>Cash and Investments - April 1</b>	<u>2,518,670</u>	<u>24,072</u>	<u>2,542,742</u>
<b>Cash and Investments - March 31</b>	<u>\$ 2,586,448</u>	<u>\$ 32,034</u>	<u>\$ 2,618,482</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:</b>			
Operating income (loss)	\$ (403,528)	\$ (1,687)	\$ (405,215)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	425,426	4,806	430,232
<b>Change in assets and liabilities:</b>			
Receivables	3,182	1,083	4,265
Inventories	-	1,537	1,537
Prepaid items	(119)	(1,833)	(1,952)
Accounts payable	(108)	1,039	931
Accrued expenses	(591)	-	(591)
Unearned revenue	-	486	486
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>\$ 24,262</u>	<u>\$ 5,431</u>	<u>\$ 29,693</u>
<b>Noncash capital financing activities:</b>			
Contribution of capital assets from developers	<u>\$ 129,500</u>	<u>\$ -</u>	<u>\$ 129,500</u>

See Notes to Financial Statements



**Park Township, Michigan**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**March 31, 2019**

	<u>Tax Collection Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 8,302</u>
<b>LIABILITIES</b>	
Due to others	<u>\$ 8,302</u>

**Park Township, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended March 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Park Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Park Township:

***Reporting Entity***

Park Township is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

***Blended Component Unit.*** The Township has no blended component units.

***Discretely Presented Component Unit.*** The Township has no discretely presented component units.

***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (The Township has no such component units.)

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 or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. 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.

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 Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, intergovernmental revenues, licenses, interest revenue, and charges for services. Other revenue is recorded when received.

The Township reports the following major governmental funds:

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

*Police Fund* - The Police Fund accounts for the resources of special taxes levied and other revenues restricted for the provision of police protection services.

*Park/Recreation Fund* - The Park/Recreation Fund accounts for a special tax levy to support park and recreation services.

*Sewer Distribution Fund* - The Sewer Distribution Fund accounts for financial resources to be used for the acquisition or construction of major sewer capital facilities which are not financed by the proprietary fund.

*Township Improvement Fund* - The Township Improvement Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by the proprietary fund.

*Local Streets Fund* - The Local Streets Fund accounts for taxes and other resources that are restricted for use on local streets within the township.

The Township reports the following major proprietary funds:

*Water Fund* - The Water Fund accounts for the operation and maintenance of the water distribution system.

Additionally, the government reports the following fund types:

#### ***Governmental Funds***

*Special Revenue Funds* - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

#### ***Fiduciary Funds (Not included in government-wide statements)***

*Agency Funds* - Agency Funds account for assets held by the Township in a purely custodial capacity. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of results of operations. The Township maintains one agency fund to account for tax collections and related payments.

As a general rule, the effect of the inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relate to charges to customers for sales and services. The water fund also recognizes the portion of connection fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

### ***Budgets and Budgetary Accounting***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Before March 31, the proposed budget is presented to the Township Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than March 31. Appropriated budgets are amended from time to time throughout the year by supplementary resolutions approved by the Board of Trustees. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered spent once the goods are delivered or the services rendered.

The appropriated budget is prepared by fund, function, and activity. The legal level of control adopted by the governing body is the activity level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law.

### ***Cash and Investments***

The Township pools cash resources of its various funds to facilitate the management of cash. The balances in the pooled cash accounts are available to meet current operating requirements. The following accounts are maintained on a separate basis outside of the combined cash management pool: the Tax Collection Fund.

For purposes of the statement of cash flows, cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired are considered to be cash equivalents.

For purposes of the statement of cash flows, the proprietary funds type considers all transactions within the Township's pooled cash accounts to be cash and cash equivalents.

Investments are recorded at fair value. Short term, highly liquid investments including commercial paper, banker's acceptances, and U.S. Treasury obligations are reported at amortized cost. Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds participating in the pool.

### ***Receivables and Payables***

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Allowances for uncollectible amounts are not material.

### ***Inventories and Prepaid Items***

Inventories, if material, are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures generally when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

### ***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$0 of interest expense was capitalized as part of the cost of assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-50
Land improvements	7-15
Machinery and equipment	5-10
Office furniture and equipment	5-10
Vehicles	5-25
Bike paths and sidewalks	15-25
Water and sewer systems	40

### ***Unearned Revenue***

Governmental funds report unearned revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

### ***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 period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government currently has no items that qualify for this reporting category.

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 period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, special assessments and state grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### ***Net Position Flow Assumption/Fund Balance Flow Assumption***

In order to calculate the amounts reported as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the township's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

In order to calculate the amounts reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the township's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance is applied in the following order: committed, assigned, and unassigned.

### ***Compensated Absences***

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. It is the Township's policy to pay 50% of accumulated sick pay to employees upon termination. The liability for vacation pay and 50% of sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only for employee terminations at year-end.

### ***Long-Term Obligations***

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

### ***Fund Equity***

In governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – amounts that are not in spendable form (such as prepaids and inventory) or are required to be maintained intact.
- Restricted – amounts constrained to specific purposes by their providers (such as creditors, grantors, contributors, or laws and regulations) or imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts constrained to specific purposes determined by formal action by Township Board ordinance or resolution, and that remains binding unless removed in the same manner.
- Assigned – amounts, neither restricted nor committed, a government intends to use for a specific purpose; intent can be expressed by the Township Board or a body or official to which the Township Board has delegated the authority to assign amounts for specific purposes.
- Unassigned – amounts that are available for any purpose; positive amounts are reported only in the general fund.

### ***Property Taxes***

Property taxes are levied on each December 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14<sup>th</sup>. The Township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned to the county treasurer are subject to penalty and interest. The county's policy has been to pay the Township for all delinquent real property taxes returned. The Township continues to collect delinquent personal property taxes.

The Township's 2018 ad valorem tax is levied and collectible on December 1, 2018, and is recognized as revenue in the year ended March 31, 2019, when the proceeds of this levy are budgeted and made available for the financing of operations.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### *Excess of Expenditures Over Appropriations in Budgeted Funds*

During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated as follows:

Budget Items:	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund		
Public Safety		
Inspections	\$ 226,016	\$ 227,394
Community and Economic Development		
Planning and Zoning	223,416	239,155

### *State Construction Code Act*

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

The Township accounts for the activity of its building inspection department within its general fund. Following is a summary of the cumulative deficit and activity for the year ended March 31, 2019:

Surplus (deficit) - April 1, 2018	\$ (333,478)
Charges for services	\$ 291,526
Building inspection expenditures	<u>(227,394)</u> <u>64,132</u>
Surplus (deficit) - March 31, 2019	<u>\$ (269,346)</u>

## 3. DEPOSITS AND INVESTMENTS

*Michigan Compiled Laws, Section 129.91*, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The governing body has designated several banks for the deposit of Township funds. The investment policy adopted by the Township in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and investments	<u>\$ 11,622,895</u>	<u>\$ 2,618,482</u>	<u>\$ 8,302</u>	<u>\$ 14,249,679</u>

The breakdown between deposits and investments is as follows:

Bank deposits (checking accounts, savings accounts and non negotiable certificates of deposit)	\$ 2,014,728
Investments	<u>12,234,951</u>
Total deposits and investments	<u>\$ 14,249,679</u>

### ***Deposits***

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year end the bank balance of the Township's deposits was \$2,051,573 of which \$750,000 was covered by federal depository insurance and \$1,301,573 was collateralized with Municipal Bonds and U.S. Government and Agency Obligations held by the pledging financial institution's trust department in the Township's name.

At year end, the Township had \$0 exposed to custodial credit risk because it was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is not always practical 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 of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

### ***Investments***

The Township chooses to disclose its investments by utilizing the specific identification method. As of March 31, 2019 the Township had the following investments:

Prime Commercial Paper	\$ 3,654,909
Municipal Bonds	944,075
U.S. Government and Agency Obligations	
Federal Farm Cr Banks Bond	248,947
Federal Home Loan Mortgage Corp	1,313,000
MI Class Investment Pool	4,702,142
Negotiable Certificates of Deposit	549,853
Money Market	<u>822,025</u>
Total	<u>\$ 12,234,951</u>



The Township's investments at year end consist of:

Investments	Maturities	Fair Value	%	Rating	Rating Organization
<b>Prime Commercial Paper:</b>					
Atlantic Asset Securitization LLC	4/1/19	\$ 680,953	5.57%	A-1	Standard & Poor's
Banco Santander	4/1/19	499,963	4.09%	A-1	Standard & Poor's
Mountcliff Funding	4/4/19	783,768	6.41%	A-1	Standard & Poor's
Great Bridge Capital	4/17/19	400,508	3.27%	A-1	Standard & Poor's
Parker Hannifen	5/3/19	498,825	4.08%	A-1	Standard & Poor's
Glencove Funding	5/24/19	<u>790,892</u>	<u>6.46%</u>	A-1	Standard & Poor's
		<u>\$ 3,654,909</u>	<u>29.87%</u>		
<b>Municipal Bonds:</b>					
Ottawa County Mich	11/1/19	\$ 199,198	1.63%	Aaa	Moody's
Ionia Mich Pub Schs	5/1/20	396,564	3.24%	Aa1	Moody's
Lincoln Mich Cons Sch	5/1/20	248,883	2.03%	AA-	Standard & Poor's
Mich St Housing Dev Auth	6/1/22	<u>99,430</u>	<u>0.81%</u>	AA+	Standard & Poor's
		<u>\$ 944,075</u>	<u>7.72%</u>		
<b>U.S. Gov't and Agency Obligations:</b>					
Federal Farm Cr Banks Bond	8/19/19	<u>\$ 248,947</u>	<u>2.03%</u>	AA+	Standard & Poor's
Federal Home Loan Mort Corp Bond	4/15/24	\$ 563,000	4.60%	AA+	Standard & Poor's
Federal Home Loan Mort Corp Bond	4/18/24	<u>750,000</u>	<u>6.13%</u>	AA+	Standard & Poor's
		<u>\$ 1,313,000</u>	<u>10.73%</u>		
<b>Michigan CLASS Investment Pool:</b>					
Michigan CLASS	1 Day	<u>\$ 4,702,142</u>	<u>38.43%</u>	AAAm	Standard & Poor's
<b>Negotiable Certificates of Deposit:</b>					
Wells Fargo	5/31/20	\$ 249,715	2.04%	N/A	N/A
JP Morgan Chase	9/29/21	<u>300,138</u>	<u>2.45%</u>	N/A	N/A
		<u>\$ 549,853</u>	<u>4.49%</u>		
<b>Money Market:</b>					
West Michigan Community Bank	N/A	\$ 257,018	2.10%	N/A	N/A
Huntington Investments	N/A	<u>565,007</u>	<u>4.62%</u>	N/A	N/A
		<u>\$ 822,025</u>	<u>6.72%</u>		
<b>Total Investments</b>		<u>\$ 12,234,951</u>	<u>100.00%</u>		

*Interest rate risk.* Except as limited by state law as listed in the above list of authorized investments the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* The Township has no investment policy that limits its investment choices beyond those required by state law.

*Custodial Credit Risk-Investments.* For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The Township has not adopted a policy for investment custodial credit risk. As of March 31, 2019, the Township's investments were held by a third party in the Township's name. The Township's investments in money market accounts are not subject to risk categorization.

*Concentration of Credit Risk.* State law does not limit and the Township has not adopted a formal policy on the amount the Township may invest in any one issuer.

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

### ***Fair Value Measurement***

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The Township has the following recurring fair value measurements for its investments as of March 31, 2019:

- Municipal Bonds in the amount of \$944,075 are valued using pricing models maximizing the use of observable inputs for similar securities (Level 2). This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.
- United States Government Agency Obligations in the amount of \$1,561,947 are valued using pricing models maximizing the use of observable inputs for similar securities (Level 2).
- Negotiable Certificates of Deposit in the amount of \$549,853 are valued based on readily observable pricing information (Level 2).

The Township did not have any investments valued with Level 1 or Level 3 inputs at March 31, 2019.

Investments in Prime Commercial Paper in the amount of \$3,654,909 are recorded at amortized cost which approximates fair value and is not subject to fair value disclosures.

Michigan Class Investment Pool holdings in the amount of \$4,702,142 are measured at net asset value (NAV).

### ***Investments in Entities that Calculate Net Asset Value per Share***

The Township holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

#### 4. CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

<b>Governmental Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 2,650,573	\$ -	\$ -	\$ 2,650,573
Construction in progress	<u>964,772</u>	<u>277,164</u>	<u>(927,966)</u>	<u>313,970</u>
Subtotal	<u>3,615,345</u>	<u>277,164</u>	<u>(927,966)</u>	<u>2,964,543</u>
<b>Capital Assets Being Depreciated</b>				
Buildings	2,804,637	-	-	2,804,637
Improvements other than buildings	4,148,701	431,147	-	4,579,848
Machinery and equipment	3,846,503	76,114	-	3,922,617
Infrastructure	<u>3,336,880</u>	<u>1,095,295</u>	<u>-</u>	<u>4,432,175</u>
Subtotal	<u>14,136,721</u>	<u>1,602,556</u>	<u>-</u>	<u>15,739,277</u>
<b>Less Accumulated Depreciation for</b>				
Buildings	(1,205,804)	(70,948)	-	(1,276,752)
Improvements other than buildings	(2,780,533)	(189,934)	-	(2,970,467)
Machinery and equipment	(1,767,528)	(163,790)	-	(1,931,318)
Infrastructure	<u>(1,573,446)</u>	<u>(202,794)</u>	<u>-</u>	<u>(1,776,240)</u>
Subtotal	<u>(7,327,311)</u>	<u>(627,466)</u>	<u>-</u>	<u>(7,954,777)</u>
Net Capital Assets Being Depreciated	<u>6,809,410</u>	<u>975,090</u>	<u>-</u>	<u>7,784,500</u>
<b>Governmental Activities Total</b>				
Capital Assets-Net of Depreciation	<u>\$ 10,424,755</u>	<u>\$ 1,252,254</u>	<u>\$ (927,966)</u>	<u>\$ 10,749,043</u>

\*

\* Beginning balance amounts have been modified to reflect the retroactive application of the prior period adjustment

Depreciation expense was charged to governmental functions as follows:

General government	\$ 37,384
Public safety	146,524
Public works	293,433
Recreation and culture	<u>150,125</u>
	<u>\$ 627,466</u>

<b>Business-Type Activities</b>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital Assets Not Being Depreciated				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital Assets Being Depreciated				
Buildings	116,382	-	(5,627)	110,755
Improvements other than buildings	26,944	-	-	26,944
Water system*	<u>17,607,107</u>	<u>184,153</u>	<u>-</u>	<u>17,791,260</u>
Subtotal	<u>17,750,433</u>	<u>184,153</u>	<u>(5,627)</u>	<u>17,928,959</u>
Less Accumulated Depreciation for				
Buildings	(76,611)	(4,806)	5,045	(76,372)
Improvements other than buildings	(26,944)	-	-	(26,944)
Water system*	<u>(10,781,306)</u>	<u>(425,426)</u>	<u>-</u>	<u>(11,206,732)</u>
Subtotal	<u>(10,884,861)</u>	<u>(430,232)</u>	<u>5,045</u>	<u>(11,310,048)</u>
Net Capital Assets Being Depreciated	<u>6,865,572</u>	<u>(246,079)</u>	<u>(582)</u>	<u>6,618,911</u>
Business-Type Activities Total				
Capital Assets-Net of Depreciation	<u>\$ 6,865,572</u>	<u>\$ (246,079)</u>	<u>\$ (582)</u>	<u>\$ 6,618,911</u>

\*

\* Beginning balance amounts have been modified to reflect the retroactive application of the prior period adjustment

Depreciation expense was charged to business-type activities as follows:

Water	\$ 425,426
Airport	<u>4,806</u>
	<u>\$ 430,232</u>

*Construction Commitments*-The Township had no construction commitments as of March 31, 2019.

## 5. ACCOUNTS PAYABLE

Amounts are aggregated into a single accounts payable line for certain funds and aggregated columns. Accounts payable reported in the funds statements at March 31, 2019 were as follows:

	General Fund	Park/ Recreation Fund	Sewer Distribution Fund	Township Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Trade accounts payable	\$ 80,564	\$ 8,386	\$ 250	\$ 10,273	\$ 14,669	\$ 114,142
Investments payable	<u>563,000</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>1,313,000</u>
Total accounts payable	<u>\$ 643,564</u>	<u>\$ 8,386</u>	<u>\$ 250</u>	<u>\$ 760,273</u>	<u>\$ 14,669</u>	<u>\$ 1,427,142</u>

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At March 31, 2019, interfund balances were as follows:

	Payable Fund
	Water Fund
Receivable Fund	
Township Improvement Fund	<u>\$ 9,802</u>

Interfund balances represent short-term borrowing to cover cash flow needs as well as balances payable and receivable for goods received from and provided to other funds.

Interfund transfers reported in the funds statements were as follows:

	Transfers In				
	Governmental Funds			Enterprise Fund	Total
	General Fund	Township Improvement Fund	Local Streets Fund	Airport Fund	
	Fund	Fund	Fund	Fund	
Fund	Fund	Fund	Fund		
Transfers Out					
Governmental Funds					
General Fund	\$ -	\$ 493,511 (2)	\$ 200,000 (3)	\$ 4,600 (4)	\$ 698,111
Police Fund	20,000 (1)	-	-	-	20,000
Park/Recreation Fund	65,000 (1)	-	-	-	65,000
Sewer Distribution Fund	10,000 (1)	-	-	-	10,000
Nonmajor Governmental Funds	47,500 (1)	-	-	-	47,500
Enterprise Funds					
Water Fund	65,000 (1)	-	-	-	65,000
Airport Fund	2,500 (1)	-	-	-	2,500
	<u>\$ 210,000</u>	<u>\$ 493,511</u>	<u>\$ 200,000</u>	<u>\$ 4,600</u>	<u>\$ 908,111</u>

The following describes the nature of the significant transfers:

- (1) Transfer to General Fund for administrative charges to other funds
- (2) Transfer to Township Improvement Fund for improvements
- (3) Transfer to Local Streets Fund for use on infrastructure
- (4) Transfer to Airport Fund for improvements

## 7. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance to cover all risks of losses. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

## 8. PENSION PLAN

The Park Township Pension Plan is a defined contribution pension plan established by the Township to provide benefits at retirement to eligible employees of the Township meeting age and length of service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. At March 31, 2019, there were 20 plan participants. The Township is required to contribute 13.4% of covered compensation. Contributions to the plan by the Township were \$112,851 for the year ended March 31, 2019. Plan provisions and contribution requirements are established and may be amended by the Township Board.

## 9. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All assets of the plan are held in trust for the employees thereby insulating the assets from the Township's general creditors. As a result, the plan assets are not included in these financial statements.

## 10. OTHER POST-EMPLOYMENT BENEFITS

The Township administers a single-employer defined benefit healthcare plan (Retiree Health Benefits Plan). The plan provides healthcare insurance premiums for certain eligible retirees and their spouses. Benefits are provided to all full-time elected or non-elected employees who have reached age 65 and have worked at least 10 years for the Township upon their retirement from the Township (this was changed in June 2010 from age 62 and 10 years of service or a combined age and years of service totaling 80 and a minimum age of 55 upon retirement). Effective April 1, 2016, the Township has amended the plan to eliminate the retiree health care supplement for active employees. The plan was established by the Township and can be amended at its discretion. The Retiree Health Benefits Plan does not issue a publicly available financial report and a legal trust has not been established for the plan.

For the year ended March 31, 2019 the Township contributed \$810 to the plan for current premiums (which is net of \$285 reimbursed to the township by retirees). Such premiums are expected to be funded on a pay-as-you-go basis. An actuarial valuation of the Township's liability for these benefits in accordance with GASB Statement No. 75 has not been performed. Inasmuch as the plan is only open to a small number of Township retirees, management has determined that the actuarially accrued liability would be immaterial to the financial statements taken as a whole.

## 11. COMMITMENTS

Ottawa County has issued general obligation bonds to provide for the acquisition, construction and financing of improvements to the Wyoming Water Supply System and the City of Holland Waste Water Treatment Plant. Each participating municipality has entered into contracts with Ottawa County pledging its full faith and credit for its respective share of the bond obligation.

At March 31, 2019, the portion of these Ottawa County bonds outstanding for which the Township has pledged its full faith and credit amounted to approximately \$3,348,102.

## 12. PRIOR PERIOD ADJUSTMENT

Net position of the Township's governmental and business-type activities has been restated as of March 31, 2018 to account for the Township's change in reporting of water and sewer infrastructure and developer contributions.

	Governmental Activities <u>Net Position</u>	Business Type Activities <u>Net Position</u>	Water Fund <u>Net Position</u>
Net position at March 31, 2018, as previously reported	\$ 21,341,186	\$ 7,031,000	\$ 6,962,712
Prior period adjustments for:			
Capital assets	<u>(924,160)</u>	<u>2,590,561</u>	<u>2,590,561</u>
Net position at March 31, 2018, as restated	<u>\$ 20,417,026</u>	<u>\$ 9,621,561</u>	<u>\$ 9,553,273</u>

### **13. UPCOMING ACCOUNTING PRONOUNCEMENTS**

Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, was issued by the GASB in January 2017 and will be effective for the Township's 2020 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activity for accounting and financial reporting and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, was issued by the GASB in June 2017 and will be effective for the Township's 2020 year end. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions in the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Required  
Supplementary Information



**Park Township, Michigan**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended March 31, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 960,611	\$ 971,421	\$ 972,840	\$ 1,419
Licenses and permits	615,337	622,750	614,332	(8,418)
State shared revenues	1,510,000	1,560,000	1,578,036	18,036
Charges for services	73,150	118,940	145,697	26,757
Investment earnings	38,000	70,050	79,719	9,669
Other	23,575	29,653	31,346	1,693
<b>Total Revenues</b>	<u>3,220,673</u>	<u>3,372,814</u>	<u>3,421,970</u>	<u>49,156</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Township board	56,402	56,402	52,797	3,605
Supervisor	15,608	15,608	14,563	1,045
Manager	164,483	164,483	162,083	2,400
Finance	117,988	117,988	116,308	1,680
Audit	16,800	22,150	19,818	2,332
Elections	68,813	71,913	65,737	6,176
Assessor	258,293	258,293	249,150	9,143
Attorney	75,000	125,000	106,436	18,564
Clerk	108,763	108,763	106,266	2,497
Information technology	77,750	63,000	47,947	15,053
Board of review	3,000	3,000	2,074	926
Treasurer	67,656	67,656	59,365	8,291
Township office	240,432	256,499	225,757	30,742
Township property	36,780	73,835	62,321	11,514
Cemetery	42,584	61,999	54,726	7,273
<b>Total General Government</b>	<u>1,350,352</u>	<u>1,466,589</u>	<u>1,345,348</u>	<u>121,241</u>
<b>Public Safety:</b>				
Fire protection	590,465	540,359	496,283	44,076
Inspections	221,846	226,016	227,394	(1,378)
<b>Total Public Safety</b>	<u>812,311</u>	<u>766,375</u>	<u>723,677</u>	<u>42,698</u>
<b>Public Works:</b>				
Drains	49,439	112,850	110,027	2,823
Engineering	10,000	15,000	10,587	4,413
Transportation	110,000	62,000	41,478	20,522
<b>Total Public Works</b>	<u>169,439</u>	<u>189,850</u>	<u>162,092</u>	<u>27,758</u>

(Continued on next page)

**Park Township, Michigan**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended March 31, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Community and Economic Development:</b>				
Community services	178,500	165,000	160,741	4,259
Planning and zoning	154,847	223,416	239,155	(15,739)
<b>Total Community and Economic Development</b>	<u>333,347</u>	<u>388,416</u>	<u>399,896</u>	<u>(11,480)</u>
<b>Insurance, Bonds &amp; Fringes:</b>				
Insurances	61,000	61,000	60,073	927
Retiree costs/fringe benefits	1,500	1,500	1,095	405
<b>Total Insurance, Bonds, and Fringes</b>	<u>62,500</u>	<u>62,500</u>	<u>61,168</u>	<u>1,332</u>
<b>Contingencies</b>	<u>44,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>2,771,949</u>	<u>2,873,730</u>	<u>2,692,181</u>	<u>181,549</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>448,724</u>	<u>499,084</u>	<u>729,789</u>	<u>230,705</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds-sale of capital assets	-	2,650	2,650	-
Transfers in	210,000	210,000	210,000	-
Transfers out	(546,400)	(698,000)	(698,111)	(111)
<b>Total Other Financing Sources (Uses)</b>	<u>(336,400)</u>	<u>(485,350)</u>	<u>(485,461)</u>	<u>(111)</u>
<b>Net Change in Fund Balance</b>	112,324	13,734	244,328	230,594
<b>Fund Balance - April 1</b>	<u>2,342,726</u>	<u>2,342,726</u>	<u>2,342,726</u>	<u>-</u>
<b>Fund Balance - March 31</b>	<u>\$ 2,455,050</u>	<u>\$ 2,356,460</u>	<u>\$ 2,587,054</u>	<u>\$ 230,594</u>

**Park Township, Michigan**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - POLICE FUND**  
**Year Ended March 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 680,728	\$ 688,317	\$ 688,504	\$ 187
Fines and forfeitures	16,300	12,000	11,115	(885)
Investment earnings	<u>13,500</u>	<u>20,424</u>	<u>22,307</u>	<u>1,883</u>
<b>Total Revenues</b>	710,528	720,741	721,926	1,185
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public Safety:</b>				
Police services	<u>753,130</u>	<u>546,900</u>	<u>509,930</u>	<u>36,970</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(42,602)	173,841	211,996	(38,155)
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(62,602)	153,841	191,996	(38,155)
<b>Fund Balance - April 1</b>	<u>1,062,673</u>	<u>1,062,673</u>	<u>1,062,673</u>	<u>-</u>
<b>Fund Balance - March 31</b>	<u><u>\$ 1,000,071</u></u>	<u><u>\$ 1,216,514</u></u>	<u><u>\$ 1,254,669</u></u>	<u><u>\$ (38,155)</u></u>

**Park Township, Michigan**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - PARK/RECREATION FUND**  
**Year Ended March 31, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 507,420	\$ 533,743	\$ 533,874	\$ 131
Charges for services	87,800	92,747	91,052	(1,695)
Investment earnings	2,000	9,500	8,391	(1,109)
Other	2,500	5,838	5,885	47
<b>Total Revenues</b>	<u>599,720</u>	<u>641,828</u>	<u>639,202</u>	<u>(2,626)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Recreation and Culture:</b>				
Recreation department	163,841	167,103	149,856	17,247
Parks department	729,378	755,350	637,344	118,006
<b>Total Recreation and Culture</b>	<u>893,219</u>	<u>922,453</u>	<u>787,200</u>	<u>135,253</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(293,499)</u>	<u>(280,625)</u>	<u>(147,998)</u>	<u>(132,627)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds-sale of capital assets	8,000	500	426	(74)
Transfers out	(65,000)	(65,000)	(65,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(57,000)</u>	<u>(64,500)</u>	<u>(64,574)</u>	<u>(74)</u>
<b>Net Change in Fund Balance</b>	(350,499)	(345,125)	(212,572)	(132,701)
<b>Fund Balance - April 1</b>	<u>769,566</u>	<u>769,566</u>	<u>769,566</u>	<u>-</u>
<b>Fund Balance - March 31</b>	<u>\$ 419,067</u>	<u>\$ 424,441</u>	<u>\$ 556,994</u>	<u>\$ (132,701)</u>

# Other Supplementary Information

## Nonmajor Governmental Funds

### Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Bike Path Fund**—accounts for resources of special tax levies and other revenues restricted for the maintenance and construction of the Township’s bike path system.

**Street Lighting Fund**—accounts for the resources of special assessments and other revenues restricted for the provision of street lighting services.

**West Michigan Airport Authority Fund**—was established to account for a special tax levy to support operations of the West Michigan Airport Authority.

**Park Township, Michigan**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**March 31, 2019**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Bike Path Fund	Street Lighting Fund	West Michigan Airport Authority Fund	
<b>ASSETS</b>				
Cash and investments	\$ 701,661	\$ 99,009	\$ -	\$ 800,670
Due from other governments	6,252	3,019	1,609	10,880
Prepaid items	1,612	-	-	1,612
<b>Total Assets</b>	<u>\$ 709,525</u>	<u>\$ 102,028</u>	<u>\$ 1,609</u>	<u>\$ 813,162</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,192	\$ 8,477	\$ -	\$ 14,669
Accrued expenses	4,829	-	-	4,829
Due to other governments	4,049	3,412	1,609	9,070
<b>Total Liabilities</b>	<u>15,070</u>	<u>11,889</u>	<u>1,609</u>	<u>28,568</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	1,612	-	-	1,612
Restricted for:				
Bike paths	692,843	-	-	692,843
Street lighting	-	90,139	-	90,139
<b>Total Fund Balances</b>	<u>694,455</u>	<u>90,139</u>	<u>-</u>	<u>784,594</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 709,525</u>	<u>\$ 102,028</u>	<u>\$ 1,609</u>	<u>\$ 813,162</u>

**Park Township, Michigan**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended March 31, 2019**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Bike Path Fund	Street Lighting Fund	West Michigan Airport Authority Fund	
<b>Revenues:</b>				
Taxes	\$ 410,544	\$ -	\$ 105,672	\$ 516,216
State shared revenues	15,392	-	-	15,392
Investment earnings	13,960	845	-	14,805
Special assessments	<u>-</u>	<u>144,555</u>	<u>-</u>	<u>144,555</u>
<b>Total Revenues</b>	439,896	145,400	105,672	690,968
<b>Expenditures:</b>				
Current:				
Public works	<u>465,775</u>	<u>136,851</u>	<u>105,672</u>	<u>708,298</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(25,879)	8,549	-	(17,330)
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(45,000)</u>	<u>(2,500)</u>	<u>-</u>	<u>(47,500)</u>
<b>Net Change in Fund Balances</b>	(70,879)	6,049	-	(64,830)
<b>Fund Balances - April 1</b>	<u>765,334</u>	<u>84,090</u>	<u>-</u>	<u>849,424</u>
<b>Fund Balances - March 31</b>	<u>\$ 694,455</u>	<u>\$ 90,139</u>	<u>\$ -</u>	<u>\$ 784,594</u>