

Park Township
Ottawa County, Michigan
Annual Financial Report
Year Ended March 31, 2018



**Park Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended March 31, 2018**

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**Park Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended March 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

July 31, 2018

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, 2018, 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 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, 2018 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 to 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

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, 2018. 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 \$28,372,186 (*net position*). Of this amount, \$7,785,648 (*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 \$1,165,701. Net investment in capital assets decreased by \$78,578, while restricted net position increased by \$263,431, and unrestricted net position increased by \$980,848.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$9,837,099, an increase of \$1,027,586 in comparison with the prior year. Approximately 20% of this total amount, \$1,937,505 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 \$1,937,505 or 68% of current year total General Fund expenditures and transfers out, which amounted to \$2,836,156.

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, Bike Path, Sewer Distribution, Township Improvement, and Local Streets Funds. Each of these funds is considered to be a major fund. The Township has two (2) nonmajor governmental funds. These include two special revenue funds, the Street Lighting Fund, and the West Michigan Airport Authority Fund. Data from the two 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, Park/Recreation, and Bike Path 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 non-major 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 11-23 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, Park/Recreation Fund, and Bike Path Fund). Required supplementary information can be found on pages 24-28 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 \$28,372,186 at the close of the most recent fiscal year.

The largest portion of the Township's net position (55.1%) 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 (17.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$7,785,648) 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, 2018 and 2017.

Park Township's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 10,619,730	\$ 9,582,749	\$ 2,912,662	\$ 2,685,794	\$ 13,532,392	\$ 12,268,543
Capital assets	11,348,915	11,169,327	4,275,011	4,533,177	15,623,926	15,702,504
Total assets	<u>21,968,645</u>	<u>20,752,076</u>	<u>7,187,673</u>	<u>7,218,971</u>	<u>29,156,318</u>	<u>27,971,047</u>
Other liabilities	627,459	583,691	156,673	180,871	784,132	764,562
Total liabilities	<u>627,459</u>	<u>583,691</u>	<u>156,673</u>	<u>180,871</u>	<u>784,132</u>	<u>764,562</u>
Net position:						
Net investment in capital assets	11,348,915	11,169,327	4,275,011	4,533,177	15,623,926	15,702,504
Restricted	4,936,245	4,672,814	26,367	26,367	4,962,612	4,699,181
Unrestricted	5,056,026	4,326,244	2,729,622	2,478,556	7,785,648	6,804,800
	<u>\$ 21,341,186</u>	<u>\$ 20,168,385</u>	<u>\$ 7,031,000</u>	<u>\$ 7,038,100</u>	<u>\$ 28,372,186</u>	<u>\$ 27,206,485</u>

Change in Net position – Park Township’s net position increased by \$1,165,701 during the current fiscal year. This increase is caused by a \$1,172,801 increase in net position of governmental activities and a \$7,100 decrease in net position of business-type activities.

Park Township's Changes in Net Position

	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	Activities	Activities
	2018	2017	2018	2017	2018	2017
Program revenues						
Charges for services	\$ 881,534	\$ 592,560	\$ 1,469,232	\$ 1,380,412	\$ 2,350,766	\$ 1,972,972
Capital grants and contributions	544,400	105,500	87,027	103,936	631,427	209,436
General revenues						
Property taxes	3,084,772	4,234,008	-	-	3,084,772	4,234,008
State shared revenues	1,530,803	1,479,861	-	-	1,530,803	1,479,861
Investment earnings	126,529	94,852	37,745	31,452	164,274	126,304
Gain on sale of capital assets	-	-	-	-	-	-
Other	35,235	52,330	-	-	35,235	52,330
Total revenues	<u>6,203,273</u>	<u>6,559,111</u>	<u>1,594,004</u>	<u>1,515,800</u>	<u>7,797,277</u>	<u>8,074,911</u>
Program expenses						
General government	1,289,325	2,497,652	-	-	1,289,325	2,497,652
Public safety	1,479,856	1,477,446	-	-	1,479,856	1,477,446
Public works	1,413,219	1,156,552	-	-	1,413,219	1,156,552
Community and economic development	324,221	351,763	-	-	324,221	351,763
Recreation and culture	580,351	605,468	-	-	580,351	605,468
Water supply	-	-	1,453,428	1,287,273	1,453,428	1,287,273
Airport	-	-	91,176	86,714	91,176	86,714
Total expenses	<u>5,086,972</u>	<u>6,088,881</u>	<u>1,544,604</u>	<u>1,373,987</u>	<u>6,631,576</u>	<u>7,462,868</u>
Change before transfers	1,116,301	470,230	49,400	141,813	1,165,701	612,043
Transfers in (out)	<u>56,500</u>	<u>67,500</u>	<u>(56,500)</u>	<u>(67,500)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 1,172,801</u>	<u>\$ 537,730</u>	<u>\$ (7,100)</u>	<u>\$ 74,313</u>	<u>\$ 1,165,701</u>	<u>\$ 612,043</u>

Governmental activities. Governmental activities increased the Township’s net position by \$1,172,801, accounting for 100% of the total growth in the net position of the Township. Both revenues and expenses show decreases due to the change in taxing authority status for the Herrick Public Library which resulted in the Township’s involvement with the library to be limited to tax collection and disbursement. In the prior year, revenues and expenses both include \$1.2 million for the Library.

Charges for services revenue increased \$222,000 due to change in the percentage charged for cable franchise fees from .5% to 5% to be more in line with other municipalities. Capital grants include a \$407,000 grant from the Congestion Mitigation and Air Quality grant related to the bike path on 160th avenue.

Business-type activities. Business-type activities decreased the Township’s net position by \$7,100. Total revenues increased by \$78,204 compared to the prior year (primarily due to an increase in charges for services). Total expenses increased by \$170,617 compared to the prior year.

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 \$9,837,099, an increase of \$1,027,586 from the prior year. Approximately 20% of this fund balance amount (\$1,937,505) 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 (\$84,090), police services (\$1,062,673), parks/recreation (\$764,064), bike paths (\$764,934), sewers (\$1,533,124), and township improvement (\$556,911). 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), and liability insurance deductibles (\$50,000). Additionally, a portion of fund balance has been assigned (\$200,231 for fire equipment, \$279,141 for cemetery care, \$2,243,303 for general township improvements).

Summary results for the Township's seven major governmental funds and nonmajor funds in the aggregate for the year ended March 31, 2018 are as follows:

	General Fund	Police Fund	Park/ Recreation Fund	Bike Path Fund	Sewer Distribution Fund	Township Improvement Fund	Local Streets Fund	Nonmajor Governmental Funds	Total Governmental Funds
Total revenues	\$ 3,150,388	\$ 689,891	\$ 600,946	\$ 418,344	\$ 186,933	\$ 27,233	\$ 499,585	\$ 241,887	\$ 5,815,207
Total expenditures	(2,342,389)	(663,746)	(591,532)	(327,996)	(6,368)	(53,019)	(629,446)	(229,625)	(4,844,121)
Transfers in	217,500	-	-	-	-	332,767	150,000	-	700,267
Transfers out	(493,767)	(20,000)	(65,000)	(45,000)	(10,000)	-	(7,500)	(2,500)	(643,767)
Net change in fund balance	\$ 531,732	\$ 6,145	\$ (55,586)	\$ 45,348	\$ 170,565	\$ 306,981	\$ 12,639	\$ 9,762	\$ 1,027,586

Fund balance 3-31-18

Nonspendable	\$ 47,221	\$ -	\$ 5,502	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ 53,123
Restricted	-	1,062,673	764,064	764,934	1,533,124	-	556,911	84,090	4,765,796
Committed	358,000	-	-	-	-	-	-	-	358,000
Assigned	-	-	-	-	-	2,722,675	-	-	2,722,675
Unassigned	1,937,505	-	-	-	-	-	-	-	1,937,505
	\$ 2,342,726	\$ 1,062,673	\$ 769,566	\$ 765,334	\$ 1,533,124	\$ 2,722,675	\$ 556,911	\$ 84,090	\$ 9,837,099

Fund balance as a % of expenditures and transfers out

	<u>82.6%</u>	<u>155.4%</u>	<u>117.2%</u>	<u>205.2%</u>	<u>9366.6%</u>	<u>5135.3%</u>	<u>87.4%</u>	<u>36.2%</u>	
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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 (\$1,937,505) represents 68.3% of total General Fund expenditures and transfers out (\$2,836,156). General Fund revenues increased \$363,141 (13.0%) from the prior year, primarily due to increases in cable franchise fees. General Fund expenditures decreased \$75,636 (3.1%) from the prior year, primarily due to decreases in spending for general government, public safety, and community and economic development purposes.

Total Police Fund revenues increased by \$15,815 or 2.3% compared to the prior year, primarily due to increases in property taxes and investment earnings. Police Fund expenditures increased by \$512 compared to the prior year.

Total Park/Recreation Fund revenues increased by \$14,915 or 2.5% compared to the prior year, primarily due to increases in property taxes and investment earnings. Park/Recreation Fund expenditures increased by \$125,500 or 26.9% compared to the prior year, due primarily to increased expenditures for the parks department including capital improvements to Winstrom Park.

Total Bike Path Fund revenues increased by \$8,563 or 2.1% compared to the prior year, primarily due to an increase in property taxes. Bike Path Fund expenditures were \$327,996 compared to \$1,164,953 in the prior year. This decrease was due to significant bike path construction costs in the prior year.

Sewer Distribution Fund revenues increased by \$31,156 or 20.0% compared to the prior year, primarily due to an increase in special assessments revenue. Sewer Distribution Fund expenditures increased by \$2,383 from the prior year, due to an increase in sewer construction and maintenance costs.

Township Improvement Fund revenues decreased by \$459 or 1.7% compared to the prior year, primarily due to decreased investment earnings. Township Improvement Fund expenditures were \$53,019 compared to \$2,092,099 in the prior year. This decrease was due to significant capital expenditures in the prior year primarily for two new fire trucks.

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 are comprised of the Water Fund and the Airport Fund.

Unrestricted net position of the Water Fund was \$2,727,472 at March 31, 2018. Operating revenues for the Water Fund increased in fiscal year 2017-18 by \$88,531 from \$1,299,140 to \$1,387,671. Operating expenses, including depreciation, increased in fiscal year 2017-18 by \$166,155 from \$1,287,273 to \$1,453,428. Capital contributions decreased in fiscal year 2017-18 by \$16,909 from \$103,936 to \$87,027.

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 \$433,015 and actual total revenues and other financial sources exceeded the final amended budget by \$20,038. The budget for total expenditures was decreased by \$99,207 and actual total expenditures were less than the final amended budget by \$305,547.

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, 2018, amounted to \$15,623,926 (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 \$179,588 (1.6%) for governmental activities. The Township's investment in capital assets for the current fiscal year decreased by \$258,166 (5.7%) for business-type activities.

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

- \$213,133 expended for bike paths
- \$407,000 capital grant received for bike paths
- \$98,248 expended for Winstrom Park improvements
- \$46,784 expended for disc golf course
- \$30,418 expended for Keppel Forest Trail
- \$14,020 expended for airport hangar roof

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			
	2018	2017	2018	2017	2018	2017
Land	\$ 2,650,573	\$ 2,650,573	\$ -	\$ -	\$ 2,650,573	\$ 2,650,573
Construction in progress	964,772	1,420,037	-	-	964,772	1,420,037
Buildings	1,598,833	1,669,782	39,771	29,813	1,638,604	1,699,595
Improvements other than bulidings	1,368,168	1,539,628	-	-	1,368,168	1,539,628
Machinery and equipment	2,078,975	985,408	-	-	2,078,975	985,408
Infrastructure	2,687,594	2,903,899	-	-	2,687,594	2,903,899
Water system	-	-	4,235,240	4,503,364	4,235,240	4,503,364
Total	\$ 11,348,915	\$ 11,169,327	\$ 4,275,011	\$ 4,533,177	\$ 15,623,926	\$ 15,702,504

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 2018-19 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 2018-19 are anticipated to be slightly higher than 2017-18.

Overall, the Township has adopted a General Fund budget that calls for an increase in revenues of approximately \$70,000 compared to 2017-18 actual amounts, while expenditures are budgeted to be approximately \$430,000 higher compared to 2017-18 actual amounts.

At March 31, 2018, the unassigned fund balance in the General Fund was \$1,937,505.

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, 2018

	Governmental Activities	Business Type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 9,849,388	\$ 2,542,742	\$ 12,392,130
Receivables:			
Accounts	84,021	165,534	249,555
Interest	11,531	6,860	18,391
Special assessments	175,849	210,841	386,690
Due from other funds	18,228	(18,228)	-
Due from other governments	427,590	937	428,527
Inventories	-	3,373	3,373
Prepaid items	53,123	603	53,726
Capital assets not being depreciated	3,615,345	-	3,615,345
Capital assets (net of accumulated depreciation)	<u>7,733,570</u>	<u>4,275,011</u>	<u>12,008,581</u>
Total Assets	<u>21,968,645</u>	<u>7,187,673</u>	<u>29,156,318</u>
LIABILITIES			
Accounts payable	174,909	169	175,078
Accrued expenses	46,167	1,240	47,407
Deposits	9,832	-	9,832
Compensated absences payable	133,972	7,043	141,015
Due to other governments	242,955	148,221	391,176
Unearned revenue	<u>19,624</u>	<u>-</u>	<u>19,624</u>
Total Liabilities	<u>627,459</u>	<u>156,673</u>	<u>784,132</u>
NET POSITION			
Net investment in capital assets	11,348,915	4,275,011	15,623,926
Restricted for:			
Street lighting	84,090	-	84,090
Police services	1,062,673	-	1,062,673
Parks/recreation	764,064	-	764,064
Bike paths	764,934	-	764,934
Sewers	1,703,573	-	1,703,573
Local streets	556,911	-	556,911
Airport improvements	-	26,367	26,367
Unrestricted	<u>5,056,026</u>	<u>2,729,622</u>	<u>7,785,648</u>
Total Net Position	<u>\$ 21,341,186</u>	<u>\$ 7,031,000</u>	<u>\$ 28,372,186</u>

Park Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended March 31, 2018

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business Type Activities
Function/Programs:							
Primary Government:							
Governmental Activities:							
General government	\$ 1,289,325	\$ 330,925	\$ -	\$ -	\$ (958,400)	\$ -	\$ (958,400)
Public safety	1,479,856	279,020	-	-	(1,200,836)	-	(1,200,836)
Public works	1,413,219	142,803	-	541,100	(729,316)	-	(729,316)
Community and economic development	324,221	34,503	-	-	(289,718)	-	(289,718)
Recreation and culture	580,351	94,283	-	3,300	(482,768)	-	(482,768)
Total Governmental Activities	<u>5,086,972</u>	<u>881,534</u>	<u>-</u>	<u>544,400</u>	<u>(3,661,038)</u>	<u>-</u>	<u>(3,661,038)</u>
Business-type Activities:							
Airport	91,176	81,561	-	-	-	(9,615)	(9,615)
Water	1,453,428	1,387,671	-	87,027	-	21,270	21,270
Total Business-type Activities	<u>1,544,604</u>	<u>1,469,232</u>	<u>-</u>	<u>87,027</u>	<u>-</u>	<u>11,655</u>	<u>11,655</u>
Total Primary Government	<u>\$ 6,631,576</u>	<u>\$ 2,350,766</u>	<u>\$ -</u>	<u>\$ 631,427</u>	<u>(3,661,038)</u>	<u>11,655</u>	<u>(3,649,383)</u>
General revenues:							
Property taxes					3,084,772	-	3,084,772
State shared revenues					1,530,803	-	1,530,803
Investment earnings					126,529	37,745	164,274
Other					35,235	-	35,235
Transfers					<u>56,500</u>	<u>(56,500)</u>	<u>-</u>
Total General Revenues and Transfers					<u>4,833,839</u>	<u>(18,755)</u>	<u>4,815,084</u>
Change in Net Position					1,172,801	(7,100)	1,165,701
Net Position - Beginning					<u>20,168,385</u>	<u>7,038,100</u>	<u>27,206,485</u>
Net Position - Ending					<u>\$ 21,341,186</u>	<u>\$ 7,031,000</u>	<u>\$ 28,372,186</u>

Park Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2018

	Special Revenue Funds			
	General Fund	Police Fund	Park/ Recreation Fund	Bike Path Fund
ASSETS				
Cash and investments	\$ 2,078,766	\$ 1,152,457	\$ 872,061	\$ 879,885
Receivables:				
Accounts	84,021	-	-	-
Interest	2,274	2,344	-	-
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	257,046	22,540	8,525	6,818
Prepaid items	47,221	-	5,502	400
Total Assets	<u>\$ 2,469,328</u>	<u>\$ 1,177,341</u>	<u>\$ 886,088</u>	<u>\$ 887,103</u>
LIABILITIES				
Accounts payable	\$ 72,540	\$ 581	\$ 83,994	\$ 8,857
Accrued expenses	37,406	-	6,784	1,977
Deposits	4,112	-	5,720	-
Due to other governments	12,544	114,087	400	110,935
Unearned revenue	-	-	19,624	-
Total Liabilities	<u>126,602</u>	<u>114,668</u>	<u>116,522</u>	<u>121,769</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-special assessments	-	-	-	-
FUND BALANCES				
Nonspendable:				
Prepaid items	47,221	-	5,502	400
Restricted for:				
Police services	-	1,062,673	-	-
Parks/recreation	-	-	764,064	-
Bike paths	-	-	-	764,934
Street lighting	-	-	-	-
Sewers	-	-	-	-
Township improvement	-	-	-	-
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	-	-	-
Assigned for:				
Township improvement	-	-	-	-
Fire equipment	-	-	-	-
Cemetery care	-	-	-	-
Unassigned	1,937,505	-	-	-
Total Fund Balances	<u>2,342,726</u>	<u>1,062,673</u>	<u>769,566</u>	<u>765,334</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,469,328</u>	<u>\$ 1,177,341</u>	<u>\$ 886,088</u>	<u>\$ 887,103</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
\$ 1,527,260	\$ 2,706,014	\$ 548,378	\$ 84,567	\$ 9,849,388
-	-	-	-	84,021
1,958	4,955	-	-	11,531
175,849	-	-	-	175,849
-	18,228	-	-	18,228
326	-	8,533	5,107	308,895
-	-	-	-	53,123
<u>\$ 1,705,393</u>	<u>\$ 2,729,197</u>	<u>\$ 556,911</u>	<u>\$ 89,674</u>	<u>\$ 10,501,035</u>
\$ 250	\$ 6,522	\$ -	\$ 2,165	\$ 174,909
-	-	-	-	46,167
-	-	-	-	9,832
1,570	-	-	3,419	242,955
-	-	-	-	19,624
<u>1,820</u>	<u>6,522</u>	<u>-</u>	<u>5,584</u>	<u>493,487</u>
<u>170,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,449</u>
-	-	-	-	53,123
-	-	-	-	1,062,673
-	-	-	-	764,064
-	-	-	-	764,934
-	-	-	84,090	84,090
1,533,124	-	-	-	1,533,124
-	-	556,911	-	556,911
-	-	-	-	140,000
-	-	-	-	116,000
-	-	-	-	52,000
-	-	-	-	50,000
-	2,243,303	-	-	2,243,303
-	200,231	-	-	200,231
-	279,141	-	-	279,141
-	-	-	-	1,937,505
<u>1,533,124</u>	<u>2,722,675</u>	<u>556,911</u>	<u>84,090</u>	<u>9,837,099</u>
<u>\$ 1,705,393</u>	<u>\$ 2,729,197</u>	<u>\$ 556,911</u>	<u>\$ 89,674</u>	<u>\$ 10,501,035</u>

Park Township, Michigan
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL ACTIVITIES
TO THE STATEMENT OF NET POSITION
March 31, 2018

Total Governmental Fund Balances	\$	9,837,099
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		11,348,915
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures		118,695
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures		170,449
Compensated absences are included as a liability in governmental activities		<u>(133,972)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>21,341,186</u>

Park Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2018

	Special Revenue Funds			
	General Fund	Police Fund	Park/ Recreation Fund	Bike Path Fund
Revenues:				
Taxes	\$ 936,823	\$ 663,740	\$ 494,789	\$ 395,741
Licenses and permits	518,018	-	-	-
State shared revenues	1,511,884	-	-	15,432
Charges for services	112,553	-	94,283	-
Fines and forfeitures	-	13,877	-	-
Investment earnings	42,723	12,274	8,141	7,171
Special assessments	-	-	-	-
Other	28,387	-	3,733	-
Total Revenues	<u>3,150,388</u>	<u>689,891</u>	<u>600,946</u>	<u>418,344</u>
Expenditures:				
Current:				
General government	1,204,526	-	-	-
Public safety	676,705	663,746	-	-
Public works	83,549	-	-	327,996
Community and economic development	317,969	-	-	-
Recreation and culture	-	-	591,532	-
Insurance, bonds, and fringes	59,640	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>2,342,389</u>	<u>663,746</u>	<u>591,532</u>	<u>327,996</u>
Excess of Revenues Over (Under) Expenditures	<u>807,999</u>	<u>26,145</u>	<u>9,414</u>	<u>90,348</u>
Other Financing Sources (Uses):				
Transfers in	217,500	-	-	-
Transfers out	(493,767)	(20,000)	(65,000)	(45,000)
Total Other Financing Sources (Uses)	<u>(276,267)</u>	<u>(20,000)</u>	<u>(65,000)</u>	<u>(45,000)</u>
Net Change in Fund Balances	531,732	6,145	(55,586)	45,348
Fund Balances - April 1	<u>1,810,994</u>	<u>1,056,528</u>	<u>825,152</u>	<u>719,986</u>
Fund Balances - March 31	<u>\$ 2,342,726</u>	<u>\$ 1,062,673</u>	<u>\$ 769,566</u>	<u>\$ 765,334</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
\$ -	\$ -	\$ 494,980	\$ 98,699	\$ 3,084,772
-	-	-	-	518,018
-	-	-	-	1,527,316
-	-	-	-	206,836
-	-	-	-	13,877
23,997	27,233	4,605	385	126,529
159,821	-	-	142,803	302,624
3,115	-	-	-	35,235
<u>186,933</u>	<u>27,233</u>	<u>499,585</u>	<u>241,887</u>	<u>5,815,207</u>
-	-	-	-	1,204,526
-	-	-	-	1,340,451
6,368	-	22,654	229,625	670,192
-	-	-	-	317,969
-	-	-	-	591,532
-	-	-	-	59,640
-	53,019	606,792	-	659,811
<u>6,368</u>	<u>53,019</u>	<u>629,446</u>	<u>229,625</u>	<u>4,844,121</u>
<u>180,565</u>	<u>(25,786)</u>	<u>(129,861)</u>	<u>12,262</u>	<u>971,086</u>
-	332,767	150,000	-	700,267
(10,000)	-	(7,500)	(2,500)	(643,767)
<u>(10,000)</u>	<u>332,767</u>	<u>142,500</u>	<u>(2,500)</u>	<u>56,500</u>
170,565	306,981	12,639	9,762	1,027,586
1,362,559	2,415,694	544,272	74,328	8,809,513
<u>\$ 1,533,124</u>	<u>\$ 2,722,675</u>	<u>\$ 556,911</u>	<u>\$ 84,090</u>	<u>\$ 9,837,099</u>

Park Township, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended March 31, 2018

Net change in fund balances-Total Governmental Funds	\$ 1,027,586
 Amounts reported for the governmental activities in the statement of activities are different because:	
 Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Current year capital outlays capitalized - general capital assets	389,143
Current year depreciation expense on capitalized assets	(619,855)
 Governmental funds do not report donated capital assets; in the statement of activities these are recorded as capital contributions	
	410,300
 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	3,487
Special assessment revenues	(25,721)
 Change in compensated absences is recorded when earned in the statement of activities	
	<u>(12,139)</u>
 Change in net position of governmental activities	 <u>\$ 1,172,801</u>

Park Township, Michigan
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
March 31, 2018

	Enterprise Funds		
	Water Fund	Nonmajor Airport Fund	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 2,518,670	\$ 24,072	\$ 2,542,742
Accounts receivable	163,798	1,736	165,534
Interest receivable	6,860	-	6,860
Special assessments receivable	210,841	-	210,841
Due from other governments	937	-	937
Inventories	-	3,373	3,373
Prepaid items	603	-	603
Total Current Assets	<u>2,901,709</u>	<u>29,181</u>	<u>2,930,890</u>
Capital assets (net of accumulated depreciation)	4,235,240	39,771	4,275,011
Total Assets	<u>7,136,949</u>	<u>68,952</u>	<u>7,205,901</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	161	8	169
Accrued expenses	1,240	-	1,240
Compensated absences payable	7,043	-	7,043
Due to other funds	18,228	-	18,228
Due to other governments	147,565	656	148,221
Total Liabilities	<u>174,237</u>	<u>664</u>	<u>174,901</u>
NET POSITION			
Net investment in capital assets	4,235,240	39,771	4,275,011
Restricted	-	26,367	26,367
Unrestricted	2,727,472	2,150	2,729,622
Total Net Position	<u>\$ 6,962,712</u>	<u>\$ 68,288</u>	<u>\$ 7,031,000</u>

Park Township, Michigan
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended March 31, 2018

	Enterprise Funds		
	Water Fund	Nonmajor Airport Fund	Total
Operating Revenues:			
Water billings	\$ 1,277,524	\$ -	\$ 1,277,524
Water connection charges	60,077	-	60,077
Hydrant rentals	50,000	-	50,000
Fuel sales	-	41,637	41,637
Building rentals	-	37,467	37,467
Miscellaneous	70	2,457	2,527
Total Operating Revenues	<u>1,387,671</u>	<u>81,561</u>	<u>1,469,232</u>
Operating Expenses:			
Purchase of water	626,779	-	626,779
Purchase of fuel	-	45,818	45,818
Salaries and wages	45,848	276	46,124
Utilities	5,747	8,379	14,126
Water connections, repairs and maintenance	236,298	-	236,298
Operating fees	232,046	10,562	242,608
Supplies	8,316	8,279	16,595
Professional services	21,385	13,800	35,185
Depreciation	268,124	4,062	272,186
Miscellaneous	8,885	-	8,885
Total Operating Expenses	<u>1,453,428</u>	<u>91,176</u>	<u>1,544,604</u>
Operating Income (Loss)	(65,757)	(9,615)	(75,372)
Nonoperating Revenues			
Investment earnings	37,453	292	37,745
Income (Loss) Before Contributions and Transfers	(28,304)	(9,323)	(37,627)
Capital contributions	87,027	-	87,027
Transfers in	-	11,000	11,000
Transfers out	(65,000)	(2,500)	(67,500)
Change in Net Position	(6,277)	(823)	(7,100)
Net Position - April 1	<u>6,968,989</u>	<u>69,111</u>	<u>7,038,100</u>
Net Position - March 31	<u>\$ 6,962,712</u>	<u>\$ 68,288</u>	<u>\$ 7,031,000</u>

Park Township, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended March 31, 2018

	Enterprise Funds		
	Water Fund	Nonmajor Airport Fund	Total
Cash Flows From Operating Activities:			
Receipts from customers	\$ 1,382,755	\$ 80,954	\$ 1,463,709
Payments to suppliers	(1,161,692)	(85,375)	(1,247,067)
Payments to employees	(46,938)	(276)	(47,214)
Net Cash Provided (Used) By Operating Activities	<u>174,125</u>	<u>(4,697)</u>	<u>169,428</u>
Cash Flows From Noncapital Financing Activities			
Transfers from other funds	-	11,000	11,000
Transfers to other funds	(65,000)	(2,500)	(67,500)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(65,000)</u>	<u>8,500</u>	<u>(56,500)</u>
Cash Flows From Capital and Related Financing Activities			
Capital contributions	127,722	-	127,722
Construction and purchase of capital assets	-	(14,020)	(14,020)
Interfund borrowing for capital acquisition	(11,107)	-	(11,107)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>116,615</u>	<u>(14,020)</u>	<u>102,595</u>
Cash Flows From Investing Activities:			
Interest received on investments	37,510	292	37,802
Net Increase (Decrease) in Cash and Investments	263,250	(9,925)	253,325
Cash and Investments - April 1	<u>2,255,420</u>	<u>33,997</u>	<u>2,289,417</u>
Cash and Investments - March 31	<u>\$ 2,518,670</u>	<u>\$ 24,072</u>	<u>\$ 2,542,742</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:			
Operating income (loss)	\$ (65,757)	\$ (9,615)	\$ (75,372)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	268,124	4,062	272,186
Change in assets and liabilities:			
Receivables	(4,916)	(607)	(5,523)
Inventories	-	2,293	2,293
Prepaid items	42	-	42
Accounts payable	(22,278)	(830)	(23,108)
Accrued expenses	(1,090)	-	(1,090)
Net Cash Provided (Used) By Operating Activities	<u>\$ 174,125</u>	<u>\$ (4,697)</u>	<u>\$ 169,428</u>

Park Township, Michigan
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
March 31, 2018

	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	<u>\$ 8,527</u>
LIABILITIES	
Due to others	<u>\$ 8,527</u>

Park Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2018

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, state shared 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.

Bike Path Fund - The 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.

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.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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 our 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 statements 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 one source, special assessments. 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 14th. 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 2017 ad valorem tax is levied and collectible on December 1, 2017, and is recognized as revenue in the year ended March 31, 2018, 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 Works		
Engineering	\$ 13,500	\$ 14,249

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, 2018:

Surplus (deficit) - April 1, 2017	\$ (387,568)
Charges for services	\$ 265,443
Building inspection expenditures	<u>(211,353)</u> <u>54,090</u>
Surplus (deficit) - March 31, 2018	<u>\$ (333,478)</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>\$ 9,849,388</u>	<u>\$ 2,542,742</u>	<u>\$ 8,527</u>	<u>\$ 12,400,657</u>

The breakdown between deposits and investments is as follows:

Bank deposits (checking accounts, savings accounts and non negotiable certificates of deposit)	\$ 2,691,378
Investments	<u>9,709,279</u>
Total deposits and investments	<u>\$ 12,400,657</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. At year end the bank balance of the Township's deposits was \$2,754,983 of which \$750,000 was covered by federal depository insurance and \$1,503,295 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 \$501,688 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 impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk 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, 2018 the Township had the following investments:

Prime Commercial Paper	\$ 2,432,141
Municipal Bonds	1,187,945
U.S. Government and Agency Obligations	
Federal Farm Cr Banks Bond	246,438
MI Class Investment Pool	4,343,303
Negotiable Certificates of Deposit	1,245,610
Money Market	<u>253,842</u>
Total	<u>\$ 9,709,279</u>

The Township's investments at year end consists of:

Investments	Maturities	Fair Value	%	Rating	Rating Organization
Prime Commercial Paper:					
Bennington Stark	4/23/18	\$ 251,740	2.59%	A-1	Standard & Poor's
ING US Funding	4/23/18	420,596	4.33%	A-1	Standard & Poor's
Macquarie Bank Ltd	5/21/18	498,725	5.14%	A-1	Standard & Poor's
Sumitomo Trust and Bank	6/21/18	252,820	2.60%	A-1	Standard & Poor's
National Securities	7/11/18	512,214	5.28%	A-1+	Standard & Poor's
Ontario Teachers	9/7/18	496,046	5.11%	A-1+	Standard & Poor's
		<u>\$ 2,432,141</u>	<u>25.05%</u>		
Municipal Bonds:					
Laingsburg Mich Cmnty Sch	5/1/18	\$ 249,833	2.57%	Aa1	Moody's
Ottawa County Mich	11/1/19	198,448	2.04%	Aaa	Moody's
Ionia Mich Pub Schs	5/1/20	393,728	4.06%	Aa1	Moody's
Lincoln Mich Cons Sch	5/1/20	248,637	2.56%	AA-	Standard & Poor's
Mich St Housing Dev Auth	6/1/22	97,299	1.00%	AA+	Standard & Poor's
		<u>\$ 1,187,945</u>	<u>12.24%</u>		
U.S. Gov't and Agency Obligations:					
Federal Farm Cr Banks Bond	8/19/19	\$ 246,438	2.54%	AA+	Standard & Poor's
Michigan CLASS Investment Pool					
Michigan CLASS	1 Day	\$ 4,343,303	44.73%	AAAm	Standard & Poor's
Negotiable Certificates of Deposit:					
MB Financial Bank	1/16/19	\$ 249,103	2.57%	N/A	N/A
Wells Fargo Bank	1/29/19	249,390	2.57%	N/A	N/A
JP Morgan Chase Bank	2/18/19	249,780	2.57%	N/A	N/A
Huntington National Bank	3/26/19	249,962	2.57%	N/A	N/A
Wells Fargo	5/31/20	247,375	2.55%	N/A	N/A
		<u>\$ 1,245,610</u>	<u>12.83%</u>		
Money Market:					
West Michigan Community Bank	N/A	\$ 253,132	2.61%	N/A	N/A
Fidelity Govt Mmkt Daily Money Class	N/A	710	0.01%	N/A	N/A
		<u>\$ 253,842</u>	<u>2.61%</u>		
Total		<u>\$ 9,709,279</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, 2018, 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, 2018:

- Municipal Bonds in the amount of \$1,187,945 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 \$246,438 are valued using pricing models maximizing the use of observable inputs for similar securities (Level 2).
- Negotiable Certificates of Deposit in the amount of \$1,245,610 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, 2018.

Investments in Prime Commercial Paper in the amount of \$2,432,141 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 \$4,343,303 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:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 2,650,573	\$ -	\$ -	\$ 2,650,573
Construction in progress	<u>1,420,037</u>	<u>784,971</u>	<u>(1,240,236)</u>	<u>964,772</u>
Subtotal	<u>4,070,610</u>	<u>784,971</u>	<u>(1,240,236)</u>	<u>3,615,345</u>
Capital Assets Being Depreciated				
Buildings	2,804,637	-	-	2,804,637
Improvements other than buildings	4,148,701	-	-	4,148,701
Machinery and equipment	2,606,267	1,240,236	-	3,846,503
Infrastructure	<u>4,643,982</u>	<u>14,472</u>	<u>-</u>	<u>4,658,454</u>
Subtotal	<u>14,203,587</u>	<u>1,254,708</u>	<u>-</u>	<u>15,458,295</u>
Less Accumulated Depreciation for				
Buildings	(1,134,855)	(70,949)	-	(1,205,804)
Improvements other than buildings	(2,609,073)	(171,460)	-	(2,780,533)
Machinery and equipment	(1,620,859)	(146,669)	-	(1,767,528)
Infrastructure	<u>(1,740,083)</u>	<u>(230,777)</u>	<u>-</u>	<u>(1,970,860)</u>
Subtotal	<u>(7,104,870)</u>	<u>(619,855)</u>	<u>-</u>	<u>(7,724,725)</u>
Net Capital Assets Being Depreciated	<u>7,098,717</u>	<u>634,853</u>	<u>-</u>	<u>7,733,570</u>
Governmental Activities Total				
Capital Assets-Net of Depreciation	<u>\$ 11,169,327</u>	<u>\$ 1,419,824</u>	<u>\$ (1,240,236)</u>	<u>\$ 11,348,915</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 44,214
Public safety	124,875
Public works	322,041
Recreation and culture	<u>128,725</u>
	<u>\$ 619,855</u>

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital Assets Being Depreciated				
Buildings	102,362	14,020	-	116,382
Improvements other than buildings	26,944	-	-	26,944
Water system	<u>10,724,976</u>	<u>-</u>	<u>-</u>	<u>10,724,976</u>
Subtotal	<u>10,854,282</u>	<u>14,020</u>	<u>-</u>	<u>10,868,302</u>
Less Accumulated Depreciation for				
Buildings	(72,549)	(4,062)	-	(76,611)
Improvements other than buildings	(26,944)	-	-	(26,944)
Water system	<u>(6,221,612)</u>	<u>(268,124)</u>	<u>-</u>	<u>(6,489,736)</u>
Subtotal	<u>(6,321,105)</u>	<u>(272,186)</u>	<u>-</u>	<u>(6,593,291)</u>
Net Capital Assets Being Depreciated	<u>4,533,177</u>	<u>(258,166)</u>	<u>-</u>	<u>4,275,011</u>
Business-Type Activities Total				
Capital Assets-Net of Depreciation	<u>\$ 4,533,177</u>	<u>\$ (258,166)</u>	<u>\$ -</u>	<u>\$ 4,275,011</u>

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

Water	\$ 268,124
Airport	<u>4,062</u>
	<u>\$ 272,186</u>

Construction Commitments-The Township had \$468,750 in construction commitments as of March 31, 2018.

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At March 31, 2018, interfund balances were as follows:

	Payable Fund
	<u> </u>
	Water Fund
Receivable Fund	
Township Improvement Fund	<u>\$ 18,228</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				Total
	Governmental Funds			Enterprise	
	General	Township	Local	Fund	
	Fund	Improvement	Streets	Airport	
	Fund	Fund	Fund		
Transfers Out					
Governmental Funds					
General Fund	\$ -	\$ 332,767 (2)	\$ 150,000 (3)	\$ 11,000 (4)	\$ 493,767
Police Fund	20,000 (1)	-	-	-	20,000
Park/Recreation Fund	65,000 (1)	-	-	-	65,000
Bike Path Fund	45,000 (1)	-	-	-	45,000
Sewer Distribution Fund	10,000 (1)	-	-	-	10,000
Local Streets Fund	7,500 (1)	-	-	-	7,500
Nonmajor					
Governmental Funds	2,500 (1)	-	-	-	2,500
Enterprise Funds					
Water Fund	65,000 (1)	-	-	-	65,000
Airport Fund	2,500 (1)	-	-	-	2,500
	<u>\$ 217,500</u>	<u>\$ 332,767</u>	<u>\$ 150,000</u>	<u>\$ 11,000</u>	<u>\$ 711,267</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

6. 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.

7. 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, 2018, there were 18 plan participants. The Township is required to contribute 13.4% of covered compensation. Contributions to the plan by the Township were \$109,285 for the year ended March 31, 2018. Plan provisions and contribution requirements are established and may be amended by the Township Board.

8. 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.

9. 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, 2018 the Township contributed \$729 to the plan for current premiums (which is net of \$459 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. 43 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.

10. 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, 2018, the portion of these Ottawa County bonds outstanding for which the Township has pledged its full faith and credit amounted to approximately \$3,534,573.

11. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. The statement addresses accounting and reporting by employer governments that provide other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payment to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The Township is currently evaluating the impact these standards will have on the financial statements when adopted. The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

Required
Supplementary Information

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 932,733	\$ 934,550	\$ 936,823	\$ 2,273
Licenses and permits	253,027	532,300	518,018	(14,282)
State shared revenues	1,410,000	1,495,000	1,511,884	16,884
Charges for services	60,000	113,050	112,553	(497)
Investment earnings	13,350	30,000	42,723	12,723
Other	28,225	25,450	28,387	2,937
Total Revenues	<u>2,697,335</u>	<u>3,130,350</u>	<u>3,150,388</u>	<u>20,038</u>
Expenditures:				
Current:				
General Government:				
Township board	63,902	59,202	50,460	8,742
Supervisor	15,608	15,608	14,637	971
Manager	159,236	154,236	150,973	3,263
Finance	115,639	115,639	114,016	1,623
Audit	16,800	16,800	13,685	3,115
Elections	64,665	59,365	36,118	23,247
Assessor	253,849	253,849	248,839	5,010
Attorney	75,000	67,000	54,709	12,291
Clerk	116,614	116,614	101,438	15,176
Information technology	73,000	73,000	70,271	2,729
Board of review	3,000	3,000	2,213	787
Treasurer	68,787	68,787	60,315	8,472
Township office	273,998	248,033	219,166	28,867
Township property	30,404	44,969	29,567	15,402
Cemetery	42,510	45,108	38,119	6,989
Total General Government	<u>1,373,012</u>	<u>1,341,210</u>	<u>1,204,526</u>	<u>136,684</u>
Public Safety:				
Fire protection	550,082	530,899	465,352	65,547
Inspections	220,181	224,581	211,353	13,228
Total Public Safety	<u>770,263</u>	<u>755,480</u>	<u>676,705</u>	<u>78,775</u>
Public Works:				
Drains	41,439	49,439	40,757	8,682
Engineering	5,000	13,500	14,249	(749)
Transportation	-	62,000	28,543	33,457
Total Public Works	<u>46,439</u>	<u>124,939</u>	<u>83,549</u>	<u>41,390</u>

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Community and Economic Development:				
Community services	290,000	180,000	163,432	16,568
Planning and zoning	160,703	166,269	154,537	11,732
Total Community and Economic Development	<u>450,703</u>	<u>346,269</u>	<u>317,969</u>	<u>28,300</u>
Insurance, Bonds & Fringes:				
Insurances	55,188	58,500	58,458	42
Retiree costs/fringe benefits	1,500	1,500	1,182	318
Total Insurance, Bonds, and Fringes	<u>56,688</u>	<u>60,000</u>	<u>59,640</u>	<u>360</u>
Contingencies	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,727,105</u>	<u>2,627,898</u>	<u>2,342,389</u>	<u>285,509</u>
Excess of Revenues Over (Under) Expenditures	<u>(29,770)</u>	<u>502,452</u>	<u>807,999</u>	<u>305,547</u>
Other Financing Sources (Uses):				
Transfers in	217,500	217,500	217,500	-
Transfers out	(265,000)	(507,000)	(493,767)	13,233
Total Other Financing Sources (Uses)	<u>(47,500)</u>	<u>(289,500)</u>	<u>(276,267)</u>	<u>13,233</u>
Net Change in Fund Balances	(77,270)	212,952	531,732	318,780
Fund Balances - April 1	<u>1,810,994</u>	<u>1,810,994</u>	<u>1,810,994</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 1,733,724</u>	<u>\$ 2,023,946</u>	<u>\$ 2,342,726</u>	<u>\$ 318,780</u>

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - POLICE FUND
Year Ended March 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 660,946	\$ 662,000	\$ 663,740	\$ 1,740
Fines and forfeitures	15,000	14,300	13,877	(423)
Investment earnings	9,900	9,534	12,274	2,740
Total Revenues	<u>685,846</u>	<u>685,834</u>	<u>689,891</u>	<u>4,057</u>
Expenditures:				
Current:				
Public Safety:				
Police services	<u>667,080</u>	<u>714,235</u>	<u>663,746</u>	<u>50,489</u>
Excess of Revenues Over (Under) Expenditures	18,766	(28,401)	26,145	(54,546)
Other Financing Sources (Uses):				
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net Change in Fund Balances	(1,234)	(48,401)	6,145	(54,546)
Fund Balances - April 1	<u>1,056,528</u>	<u>1,056,528</u>	<u>1,056,528</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 1,055,294</u>	<u>\$ 1,008,127</u>	<u>\$ 1,062,673</u>	<u>\$ (54,546)</u>

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - PARK/RECREATION FUND
Year Ended March 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 492,696	\$ 494,000	\$ 494,789	\$ 789
Charges for services	80,300	96,840	94,283	(2,557)
Investment earnings	1,600	5,500	8,141	2,641
Other	700	3,750	3,733	(17)
Total Revenues	<u>575,296</u>	<u>600,090</u>	<u>600,946</u>	<u>856</u>
Expenditures:				
Current:				
Recreation and Culture:				
Recreation department	151,879	186,194	145,558	40,636
Parks department	570,664	547,065	445,974	101,091
Miscellaneous	1,000	1,000	-	1,000
Total Recreation and Culture	<u>723,543</u>	<u>734,259</u>	<u>591,532</u>	<u>142,727</u>
Excess of Revenues Over (Under) Expenditures	(148,247)	(134,169)	9,414	(143,583)
Other Financing Sources (Uses):				
Transfers out	(65,000)	(65,000)	(65,000)	-
Net Change in Fund Balances	(213,247)	(199,169)	(55,586)	(143,583)
Fund Balances - April 1	<u>825,152</u>	<u>825,152</u>	<u>825,152</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 611,905</u>	<u>\$ 625,983</u>	<u>\$ 769,566</u>	<u>\$ (143,583)</u>

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BIKE PATH FUND
Year Ended March 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 394,107	\$ 392,000	\$ 395,741	\$ 3,741
State grants	407,000	-	-	-
State shared revenues	15,600	15,600	15,432	(168)
Investment earnings	2,000	3,600	7,171	3,571
Total Revenues	<u>818,707</u>	<u>411,200</u>	<u>418,344</u>	<u>7,144</u>
Expenditures:				
Current:				
Public Works:				
Sidewalks	<u>1,418,246</u>	<u>478,246</u>	<u>327,996</u>	<u>150,250</u>
Excess of Revenues Over (Under) Expenditures	(599,539)	(67,046)	90,348	(157,394)
Other Financing Sources (Uses):				
Transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Net Change in Fund Balances	(644,539)	(112,046)	45,348	(157,394)
Fund Balances - April 1	<u>719,986</u>	<u>719,986</u>	<u>719,986</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 75,447</u>	<u>\$ 607,940</u>	<u>\$ 765,334</u>	<u>\$ (157,394)</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.

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, 2018

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Street Lighting Fund	West Michigan Airport Authority Fund	
ASSETS			
Cash and investments	\$ 84,567	\$ -	\$ 84,567
Due from other governments	<u>3,407</u>	<u>1,700</u>	<u>5,107</u>
Total Assets	<u><u>\$ 87,974</u></u>	<u><u>\$ 1,700</u></u>	<u><u>\$ 89,674</u></u>
LIABILITIES			
Accounts payable	\$ 465	\$ 1,700	\$ 2,165
Due to other governments	<u>3,419</u>	<u>-</u>	<u>3,419</u>
Total Liabilities	3,884	1,700	5,584
FUND BALANCES			
Street lighting	<u>84,090</u>	<u>-</u>	<u>84,090</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 87,974</u></u>	<u><u>\$ 1,700</u></u>	<u><u>\$ 89,674</u></u>

Park Township, Michigan
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended March 31, 2018

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Street Lighting Fund</u>	<u>West Michigan Airport Authority Fund</u>	
Revenues:			
Taxes	\$ -	\$ 98,699	\$ 98,699
Investment earnings	385	-	385
Special assessments	<u>142,803</u>	<u>-</u>	<u>142,803</u>
Total Revenues	143,188	98,699	241,887
Expenditures:			
Current:			
Public works	<u>130,926</u>	<u>98,699</u>	<u>229,625</u>
Excess of Revenues Over (Under) Expenditures	12,262	-	12,262
Other Financing Sources (Uses):			
Transfers out	<u>(2,500)</u>	<u>-</u>	<u>(2,500)</u>
Net Change in Fund Balances	9,762	-	9,762
Fund Balances - April 1	<u>74,328</u>	<u>-</u>	<u>74,328</u>
Fund Balances - March 31	<u>\$ 84,090</u>	<u>\$ -</u>	<u>\$ 84,090</u>