

Park Township
Ottawa County, Michigan
Annual Financial Report
Year Ended March 31, 2021



PARK TOWNSHIP
OTTAWA COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2021

KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan

Park Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended March 31, 2021

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Kiekover Scholma & Shumaker PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

August 30, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park Township, Michigan, as of March 31, 2021 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, the Township adopted the new accounting guidance of GASB Statement No. 84, *Fiduciary Activities*, during the year ended March 31, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Park Township, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Kiekover, Scholma & Shumaker, PC
Zeeland, Michigan

Management's Discussion and Analysis

As management of Park Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2021. 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 \$32,951,588 (*net position*). Of this amount, \$6,558,859 (*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 \$518,419. Net investment in capital assets increased by \$98,838, while restricted net position increased by \$3,724,888, and unrestricted net position decreased by \$3,305,307.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$14,484,405, an increase of \$3,334,531 in comparison with the prior year. Approximately 19% of this total amount, \$2,795,002 is *available for spending* at the Township's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,795,002 or 79% of current year total General Fund expenditures and transfers out, which amounted to \$3,554,902.

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 ten (10) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the General, Police, Park/Recreation, Sewer Distribution, Township Improvement, Local Streets, and Water Capital Improvement Funds. Each of these funds is considered to be a major fund. The Township has three (3) nonmajor governmental funds. These include three special revenue funds, namely, the Bike Path Fund, the Street Lighting Fund, and the West Michigan Airport Authority Fund. Data from the three nonmajor governmental funds are combined into a single aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report

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

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

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

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

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

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

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

The basic fiduciary fund financial statements can be found on pages 10-11 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 12-25 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparison schedules for the Township's General Fund and major special revenue funds (Police Fund and Park/Recreation Fund). Required supplementary information can be found on pages 26-29 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 30-31 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 \$32,951,588 at the close of the most recent fiscal year.

The largest portion of the Township's net position (54.6%) 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 (25.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$6,558,859) 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 for the government as a whole.

The following table shows, in a condensed format, the net position of Park Township as of March 31, 2021 and 2020.

Park Township's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 15,442,406	\$ 11,877,390	\$ -	\$ 3,255,115	\$ 15,442,406	\$ 15,132,505
Capital assets	17,984,849	11,686,581	-	6,199,430	17,984,849	17,886,011
Total assets	<u>33,427,255</u>	<u>23,563,971</u>	<u>-</u>	<u>9,454,545</u>	<u>33,427,255</u>	<u>33,018,516</u>
Other liabilities	<u>475,667</u>	<u>429,147</u>	<u>-</u>	<u>157,894</u>	<u>475,667</u>	<u>587,041</u>
Net position:						
Net investment in						
capital assets	17,984,849	11,686,581	-	6,199,430	17,984,849	17,886,011
Restricted	8,407,880	4,682,992	-	-	8,407,880	4,682,992
Unrestricted	<u>6,558,859</u>	<u>6,766,945</u>	<u>-</u>	<u>3,097,221</u>	<u>6,558,859</u>	<u>9,864,166</u>
	<u>\$ 32,951,588</u>	<u>\$ 23,136,518</u>	<u>\$ -</u>	<u>\$ 9,296,651</u>	<u>\$ 32,951,588</u>	<u>\$ 32,433,169</u>

Change in Net position – Park Township’s net position increased by \$518,419 during the current fiscal year. This increase is caused by a \$9,815,070 increase in net position of governmental activities and a \$9,296,651 decrease in net position of business-type activities. A major factor in these changes is the transfer of Water Fund and Airport Fund assets totaling \$9.3 million from business-type activities to governmental activities.

Park Township's Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Program revenues						
Charges for services	\$ 1,058,202	\$ 934,390	\$ 466,630	\$ 1,399,774	\$ 1,524,832	\$ 2,334,164
Operating grants and contributions	139,251	7,777	-	-	139,251	7,777
Capital grants and contributions	523,790	1,065,958	14,946	178,103	538,736	1,244,061
General revenues						
Property taxes	3,233,328	3,283,443	-	-	3,233,328	3,283,443
State shared revenues	1,683,824	1,665,591	-	-	1,683,824	1,665,591
Investment earnings	132,695	258,645	2,430	74,997	135,125	333,642
Gain (loss) on sale of capital assets	-	-	-	-	-	-
Other	52,081	31,624	-	-	52,081	31,624
Total revenues	6,823,171	7,247,428	484,006	1,652,874	7,307,177	8,900,302
Program expenses						
General government	1,593,588	1,380,881	-	-	1,593,588	1,380,881
Public safety	1,436,748	1,367,138	-	-	1,436,748	1,367,138
Public works	2,313,317	1,799,939	-	-	2,313,317	1,799,939
Community and economic development	360,580	372,727	-	-	360,580	372,727
Recreation and culture	680,735	688,933	-	-	680,735	688,933
Water supply	-	-	382,518	1,645,365	382,518	1,645,365
Airport	-	-	21,272	86,550	21,272	86,550
Total expenses	6,384,968	5,609,618	403,790	1,731,915	6,788,758	7,341,533
Change before transfers	438,203	1,637,810	80,216	(79,041)	518,419	1,558,769
Transfers in (out)	9,376,867	61,714	(9,376,867)	(61,714)	-	-
Change in Net Position	\$ 9,815,070	\$ 1,699,524	\$ (9,296,651)	\$ (140,755)	\$ 518,419	\$ 1,558,769

Governmental activities. Excluding transfers in from business-type activities, governmental activities increased the Township’s net position by \$438,203, accounting for 85% of the total growth in the net position of the Township. Total revenues decreased by \$424,257 compared to the prior year (primarily due to decreases in capital grants and contributions).

Total expenses increased by \$775,350 compared to the prior year (primarily due to increased spending on public works). Public works expenditures can vary and increased during the current year due to the transfer of the Township’s Water Fund operations from business-type activities to governmental activities. Though the Township divested of most activity in the water system enterprise fund, the Township retains control of new water hookups and is funding water meter replacements in the master meter and non-meter meter districts as part of the divestiture agreement.

Transfers in from business-type activities to governmental activities included Water and Airport Fund assets totaling \$9.3 million.

Business-type activities. Excluding transfers out to governmental activities, business-type activities increased the Township’s net position by \$80,216. Total revenues were \$484,006 compared to \$1,652,874 in the prior year (due to the transfer of Water Fund operations to the City of Holland effective July 1, 2020). Total expenses were \$403,790 compared to \$1,731,915 in the prior year. (due to the transfer of Water Fund operations to the City of Holland effective July 1, 2020).

Transfers out to governmental activities from business-type activities included Water and Airport Fund assets totaling \$9.3 million.

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 \$14,484,405, an increase of \$3,334,531 from the prior year. Approximately 22% of this fund balance amount (\$2,795,002) 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 (\$88,888), police services (\$1,439,533), parks/recreation (\$619,706), bike paths (\$826,011), sewers (\$1,924,953), and water (\$3,085,500). A portion of fund balance is *committed* for the fluctuations in state revenue sharing (\$140,000), vacation and sick liability (\$116,000), employee benefits (\$52,000), township improvements (\$50,000), and Wendt Park improvements (\$217,994). Additionally, a portion of fund balance has been assigned (\$500,231 for fire equipment, \$313,679 for cemetery care, \$1,312,972 for general township improvements, and \$99,936 for subsequent year’s budget).

Summary results for the Township’s six major governmental funds and nonmajor funds in the aggregate for the year ended March 31, 2021 are as follows:

	General Fund	Police Fund	Park/ Recreation Fund	Sewer Distribution Fund	Township Improvement Fund	Local Streets Fund	Water Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Total revenues	\$ 3,665,578	\$ 548,567	\$ 616,733	\$ 244,219	\$ 170,990	\$ 554,382	\$ 248,416	\$ 725,836	\$ 6,774,721
Total expenditures	(2,950,149)	(510,060)	(560,732)	(11,177)	(1,116,420)	(672,059)	(219,122)	(480,576)	(6,520,295)
Transfers in	166,042	-	-	-	390,110	200,000	3,061,206	-	3,817,358
Transfers out	(604,753)	(20,000)	(65,000)	(10,000)	-	-	(5,000)	(32,500)	(737,253)
Net change in fund balance	<u>\$ 276,718</u>	<u>\$ 18,507</u>	<u>\$ (8,999)</u>	<u>\$ 223,042</u>	<u>\$ (555,320)</u>	<u>\$ 82,323</u>	<u>\$ 3,085,500</u>	<u>\$ 212,760</u>	<u>\$ 3,334,531</u>
Fund balance 3-31-21									
Nonspendable	\$ 59,060	\$ -	\$ 10,523	\$ -	\$ -	\$ -	\$ -	\$ 3,230	\$ 72,813
Restricted	-	1,439,533	619,706	1,924,953	-	-	3,085,500	914,899	7,984,591
Committed	358,000	-	-	-	217,994	-	-	-	575,994
Assigned	99,936	-	-	-	2,126,882	829,187	-	-	3,056,005
Unassigned	2,795,002	-	-	-	-	-	-	-	2,795,002
	<u>\$ 3,311,998</u>	<u>\$ 1,439,533</u>	<u>\$ 630,229</u>	<u>\$ 1,924,953</u>	<u>\$ 2,344,876</u>	<u>\$ 829,187</u>	<u>\$ 3,085,500</u>	<u>\$ 918,129</u>	<u>\$ 14,484,405</u>
Fund balance as a % of expenditures and transfers out									
	<u>93.2%</u>	<u>271.6%</u>	<u>100.7%</u>	<u>9089.8%</u>	<u>210.0%</u>	<u>123.4%</u>	<u>1376.7%</u>	<u>178.9%</u>	

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

The General Fund is the chief operating fund of the Township. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance (\$2,795,002) represents 78.6% of total General Fund expenditures and transfers out (\$3,554,902). General Fund revenues increased \$175,075 (5.0%) from the prior year, primarily due to increases in taxes, licenses and permits, and federal grants offset by decreases in investment earnings. General Fund expenditures increased \$292,713 (11.0%) from the prior year, primarily due to increases in spending for general government (primarily due to elections and attorney expenditures), public safety (primarily due to fire protection, and public works (primarily due to drains).

Total Police Fund revenues decreased by \$117,255 or 17.6% compared to the prior year, primarily due to decreases in property taxes. The Police tax levy was reduced from its maximum authorized levy based on projected expenditures. Police Fund expenditures increased by \$30,959 or 6.4% compared to the prior year. Expenditures increased due to community policing service contracts with Ottawa County Sheriff Department.

Total Park/Recreation Fund revenues decreased by \$56,436 or 8.4% compared to the prior year, primarily due to decreases recreation activity during the year as a result of COVID-19. Park/Recreation Fund expenditures increased by \$34,797 or 6.6% compared to the prior year, due primarily to increased expenditures for capital improvements.

Sewer Distribution Fund revenues decreased by \$17,865 or 6.8% compared to the prior year, primarily due to decreases in investment earnings. Sewer Distribution Fund expenditures decreased by \$218,649 from the prior year, due to a decrease in sewer construction, specifically construction of a new lift station in the prior year.

Township Improvement Fund revenues decreased by \$601,894 compared to the prior year, primarily due to decreased capital grants and investment earnings. Township Improvement Fund expenditures were \$1,116,420 compared to \$1,311,361 in the prior year.

Local Streets Fund revenues increased by \$12,200 or 2.3% compared to the prior year, primarily due to increases in property taxes. Local Streets Fund expenditures were \$672,059 compared to \$569,645 in the prior year, due primarily to increased expenditures for maintenance and improvements. Expenditures vary from year to year depending on the paving projects that occur in a specific year.

The Water Capital Improvement Fund was established during 2020 from a transfer of Water (Enterprise) Fund assets. Water Capital Improvement Fund revenues were \$248,416 which consisted primarily of special assessments and charges for services. Water Capital Improvement Fund expenditures were \$219,122.

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

The Township entered into a water system operation and maintenance agreement with the City of Holland to turn over its water utility for the purpose of enhancing the provision of those services to the Township's citizens. Effective July 1, 2020, the City of Holland operates and manages the water distribution system as part of the Holland Water System. The Township will continue to own the water distribution system and retain control over any expansion within its water service area. The Township closed its Water (Enterprise) fund and transferred all assets and liabilities to the Water Capital Improvement Fund.

Operating revenues for the Water Fund were \$461,009 compared to \$1,355,739 in the prior year. Operating expenses, including depreciation were \$382,518 compared to \$1,645,365 in the prior year. Transfers out consisted of \$3,093,706 of transfers out to governmental funds and \$6,269,150 of transfers out to governmental activities.

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 \$148,708 and actual total revenues and other financial sources exceeded the final amended budget by \$56,717. The budget for total expenditures was decreased by \$64,942 and actual total expenditures were less than the final amended budget by \$246,840.

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2021, amounted to \$17,984,849 (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 \$202,935 (1.1%). The Township's business-type activities transferred \$6,095,333 of investment in capital assets to governmental activities in connection with closing the Water and Airport Funds.

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

- \$1,049,622 expended for park improvements
- \$29,766 expended for a maintenance vehicle

Additional information on the Township's capital assets can be found in Note 4 on pages 21-22 of this report.

Park Township's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,686,406	\$ 3,686,406	\$ -	\$ -	\$ 3,686,406	\$ 3,686,406
Construction in progress	841,826	253,946	-	-	841,826	253,946
Buildings	1,413,411	1,456,938	-	29,577	1,413,411	1,486,515
Improvements other than buildings	1,914,977	1,674,319	-	-	1,914,977	1,674,319
Machinery and equipment	1,712,270	1,839,536	-	-	1,712,270	1,839,536
Infrastructure	8,415,959	2,775,436	-	-	8,415,959	2,775,436
Water system	-	-	-	6,169,853	-	6,169,853
Total	\$ 17,984,849	\$ 11,686,581	\$ -	\$ 6,199,430	\$ 17,984,849	\$ 17,886,011

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 2021-22 calls for a slight decrease in the overall property tax rate for Township services. However, increases in the taxable value of property (including new construction) will result in a small increase in property tax revenue for 2021-22.

Overall, the Township has adopted a General Fund budget that calls for an decrease in revenues of approximately \$150,000 compared to 2020-21 actual amounts, while expenditures are budgeted to be approximately \$200,000 higher compared to 2020-21 actual amounts.

At March 31, 2021, the unassigned fund balance in the General Fund was \$2,795,002. The Township has appropriated \$99,936 of fund balance for spending in the 2021-2022 fiscal budget.

In March 2020, the World Health Organization classified the outbreak of a novel coronavirus (COVID-19) as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township's operational and financial performance. The extent of the impact of COVID-19 on the Township's financial performance will depend on certain developments, including the duration and spread of the outbreak as well as the impact on services, employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak at this time.

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, 2021

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and investments	\$ 14,253,485	\$ -	\$ 14,253,485
Receivables:			
Accounts	79,525	-	79,525
Interest	32,022	-	32,022
Special assessments	464,225	-	464,225
Due from other funds	-	-	-
Due from other governments	540,336	-	540,336
Inventories	1,479	-	1,479
Prepaid items	71,334	-	71,334
Capital assets not being depreciated	4,528,232	-	4,528,232
Capital assets (net of accumulated depreciation)	13,456,617	-	13,456,617
Total Assets	33,427,255	-	33,427,255
 LIABILITIES			
Accounts payable	137,860	-	137,860
Accrued expenses	78,417	-	78,417
Deposits	49,956	-	49,956
Compensated absences payable	100,386	-	100,386
Due to other governments	97,317	-	97,317
Unearned revenue	11,731	-	11,731
Total Liabilities	475,667	-	475,667
 NET POSITION			
Net investment in capital assets	17,984,849	-	17,984,849
Restricted for:			
Street lighting	88,888	-	88,888
Police services	1,439,533	-	1,439,533
Parks/recreation	619,706	-	619,706
Bike paths	826,011	-	826,011
Sewers	2,149,233	-	2,149,233
Water	3,284,509	-	3,284,509
Unrestricted	6,558,859	-	6,558,859
Total Net Position	\$ 32,951,588	\$ -	\$ 32,951,588

Park Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended March 31, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Function/Programs:							
Primary Government:							
Governmental Activities:							
General government	\$ 1,593,588	\$ 385,308	\$ 5,470	\$ -	\$ (1,202,810)	\$ -	\$ (1,202,810)
Public safety	1,436,748	357,996	129,093	-	(949,659)	-	(949,659)
Public works	2,313,317	219,083	-	430,500	(1,663,734)	-	(1,663,734)
Community and economic development	360,580	60,725	-	-	(299,855)	-	(299,855)
Recreation and culture	680,735	35,090	4,688	93,290	(547,667)	-	(547,667)
Total Governmental Activities	<u>6,384,968</u>	<u>1,058,202</u>	<u>139,251</u>	<u>523,790</u>	<u>(4,663,725)</u>	<u>-</u>	<u>(4,663,725)</u>
Business-type Activities:							
Airport	21,272	5,621	-	-	-	(15,651)	(15,651)
Water	382,518	461,009	-	14,946	-	93,437	93,437
Total Business-type Activities	<u>403,790</u>	<u>466,630</u>	<u>-</u>	<u>14,946</u>	<u>-</u>	<u>77,786</u>	<u>77,786</u>
Total Primary Government	<u>\$ 6,788,758</u>	<u>\$ 1,524,832</u>	<u>\$ 139,251</u>	<u>\$ 538,736</u>	<u>(4,663,725)</u>	<u>77,786</u>	<u>(4,585,939)</u>
General revenues:							
Property taxes					3,233,328	-	3,233,328
State shared revenues					1,683,824	-	1,683,824
Investment earnings					132,695	2,430	135,125
Other					52,081	-	52,081
Transfers					<u>9,376,867</u>	<u>(9,376,867)</u>	<u>-</u>
Total General Revenues and Transfers					<u>14,478,795</u>	<u>(9,374,437)</u>	<u>5,104,358</u>
Change in Net Position					9,815,070	(9,296,651)	518,419
Net Position - Beginning					<u>23,136,518</u>	<u>9,296,651</u>	<u>32,433,169</u>
Net Position - Ending					<u>\$ 32,951,588</u>	<u>\$ -</u>	<u>\$ 32,951,588</u>

Park Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2021

	Special Revenue Fund		
	General Fund	Police Fund	Park/ Recreation Fund
ASSETS			
Cash and investments	\$ 3,077,494	\$ 1,488,161	\$ 655,535
Receivables:			
Accounts	79,525	-	-
Interest	2,454	8,418	-
Special assessments	-	-	-
Due from other governments	302,310	10,731	8,173
Inventories	1,479	-	-
Prepaid items	57,581	-	10,523
	<u>\$ 3,520,843</u>	<u>\$ 1,507,310</u>	<u>\$ 674,231</u>
LIABILITIES			
Accounts payable	\$ 78,790	\$ -	\$ 16,418
Accrued expenses	59,328	-	16,000
Deposits	49,076	-	880
Due to other governments	19,247	67,777	1,377
Unearned revenue	2,404	-	9,327
	<u>208,845</u>	<u>67,777</u>	<u>44,002</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-special assessments	-	-	-
Unavailable revenue-grants	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	1,479	-	-
Prepaid items	57,581	-	10,523
Restricted for:			
Police services	-	1,439,533	-
Parks/recreation	-	-	619,706
Bike paths	-	-	-
Street lighting	-	-	-
Sewers	-	-	-
Water	-	-	-
Committed for:			
Fluctuations in state revenue sharing	140,000	-	-
Vacation and sick liability	116,000	-	-
Employee benefits	52,000	-	-
Township improvement	50,000	-	-
Wendt Park	-	-	-
Assigned for:			
Township improvement	-	-	-
Local streets	-	-	-
Fire equipment	-	-	-
Cemetery care	-	-	-
Subsequent year's budget: Appropriation of fund balance	99,936	-	-
Unassigned	2,795,002	-	-
	<u>3,311,998</u>	<u>1,439,533</u>	<u>630,229</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,520,843</u>	<u>\$ 1,507,310</u>	<u>\$ 674,231</u>

See Notes to Financial Statements

Capital Projects Funds				Other	Total
Sewer Distribution Fund	Township Improvement Fund	Local Streets Fund	Water Capital Improvement Fund	Nonmajor Governmental Funds	Governmental Funds
\$ 1,912,607	\$ 2,324,512	\$ 821,322	\$ 3,050,918	\$ 922,936	\$ 14,253,485
-	-	-	-	-	79,525
107	8,768	-	12,275	-	32,022
235,680	-	-	228,545	-	464,225
1,225	53,229	7,865	1,499	10,873	395,905
-	-	-	-	-	1,479
-	-	-	-	3,230	71,334
<u>\$ 2,149,619</u>	<u>\$ 2,386,509</u>	<u>\$ 829,187</u>	<u>\$ 3,293,237</u>	<u>\$ 937,039</u>	<u>\$ 15,297,975</u>
\$ 386	\$ 26,633	\$ -	\$ 5,244	\$ 10,389	\$ 137,860
-	-	-	-	3,089	78,417
-	-	-	-	-	49,956
-	-	-	3,484	5,432	97,317
-	-	-	-	-	11,731
<u>386</u>	<u>26,633</u>	<u>-</u>	<u>8,728</u>	<u>18,910</u>	<u>375,281</u>
224,280	-	-	199,009	-	423,289
-	15,000	-	-	-	15,000
<u>224,280</u>	<u>15,000</u>	<u>-</u>	<u>199,009</u>	<u>-</u>	<u>438,289</u>
-	-	-	-	-	1,479
-	-	-	-	3,230	71,334
-	-	-	-	-	1,439,533
-	-	-	-	-	619,706
-	-	-	-	826,011	826,011
-	-	-	-	88,888	88,888
1,924,953	-	-	-	-	1,924,953
-	-	-	3,085,500	-	3,085,500
-	-	-	-	-	140,000
-	-	-	-	-	116,000
-	-	-	-	-	52,000
-	-	-	-	-	50,000
-	217,994	-	-	-	217,994
-	1,312,972	-	-	-	1,312,972
-	-	829,187	-	-	829,187
-	500,231	-	-	-	500,231
-	313,679	-	-	-	313,679
-	-	-	-	-	99,936
-	-	-	-	-	2,795,002
<u>1,924,953</u>	<u>2,344,876</u>	<u>829,187</u>	<u>3,085,500</u>	<u>918,129</u>	<u>14,484,405</u>
<u>\$ 2,149,619</u>	<u>\$ 2,386,509</u>	<u>\$ 829,187</u>	<u>\$ 3,293,237</u>	<u>\$ 937,039</u>	<u>\$ 15,297,975</u>

Park Township, Michigan
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
March 31, 2021

Total Governmental Fund Balances	\$ 14,484,405
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	17,984,849
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	144,431
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	423,289
Certain state grants receivable are expected to be collected in the subsequent fiscal year and are not available to pay for current year expenditures	15,000
Compensated absences are included as a liability in governmental activities	<u>(100,386)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 32,951,588</u></u>

Park Township, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2021

	Special Revenue Funds		
	General Fund	Police Fund	Park/ Recreation Fund
Revenues:			
Taxes	\$ 1,065,699	\$ 481,363	\$ 574,774
Licenses and permits	654,266	-	-
Federal grants	80,029	49,064	-
State grants	-	-	-
State shared revenues	1,639,053	-	-
Charges for services	142,923	-	35,090
Fines and forfeitures	-	6,840	-
Investment earnings	34,397	11,300	981
Special assessments	-	-	-
Other	49,211	-	5,888
Total Revenues	<u>3,665,578</u>	<u>548,567</u>	<u>616,733</u>
Expenditures:			
Current:			
General government	1,520,792	-	-
Public safety	766,579	510,060	-
Public works	245,197	-	-
Community and economic development	360,031	-	-
Recreation and culture	-	-	560,732
Insurance, bonds, and fringes	57,550	-	-
Capital outlay	-	-	-
Total Expenditures	<u>2,950,149</u>	<u>510,060</u>	<u>560,732</u>
Excess of Revenues Over (Under) Expenditures	<u>715,429</u>	<u>38,507</u>	<u>56,001</u>
Other Financing Sources (Uses):			
Transfers in	166,042	-	-
Transfers out	(604,753)	(20,000)	(65,000)
Total Other Financing Sources (Uses)	<u>(438,711)</u>	<u>(20,000)</u>	<u>(65,000)</u>
Net Change in Fund Balances	276,718	18,507	(8,999)
Fund Balances - April 1	<u>3,035,280</u>	<u>1,421,026</u>	<u>639,228</u>
Fund Balances - March 31	<u>\$ 3,311,998</u>	<u>\$ 1,439,533</u>	<u>\$ 630,229</u>

See Notes to Financial Statements

Capital Project Funds				Other	Total
Sewer Distribution Fund	Township Improvement Fund	Local Streets Fund	Water Capital Improvement Fund	Nonmajor Governmental Funds	Governmental Funds
\$ -	\$ -	\$ 553,137	\$ -	\$ 558,355	\$ 3,233,328
-	-	-	-	-	654,266
-	-	-	-	-	129,093
-	135,000	-	-	-	135,000
-	-	-	-	17,368	1,656,421
-	-	-	75,656	-	253,669
-	-	-	-	-	6,840
20,063	35,990	1,245	26,566	2,153	132,695
219,146	-	-	146,194	145,830	511,170
5,010	-	-	-	2,130	62,239
<u>244,219</u>	<u>170,990</u>	<u>554,382</u>	<u>248,416</u>	<u>725,836</u>	<u>6,774,721</u>
-	-	-	-	-	1,520,792
-	-	-	-	-	1,276,639
11,177	-	8,945	219,122	480,576	965,017
-	-	-	-	-	360,031
-	-	-	-	-	560,732
-	-	-	-	-	57,550
-	1,116,420	663,114	-	-	1,779,534
<u>11,177</u>	<u>1,116,420</u>	<u>672,059</u>	<u>219,122</u>	<u>480,576</u>	<u>6,520,295</u>
<u>233,042</u>	<u>(945,430)</u>	<u>(117,677)</u>	<u>29,294</u>	<u>245,260</u>	<u>254,426</u>
-	390,110	200,000	3,061,206	-	3,817,358
(10,000)	-	-	(5,000)	(32,500)	(737,253)
<u>(10,000)</u>	<u>390,110</u>	<u>200,000</u>	<u>3,056,206</u>	<u>(32,500)</u>	<u>3,080,105</u>
223,042	(555,320)	82,323	3,085,500	212,760	3,334,531
<u>1,701,911</u>	<u>2,900,196</u>	<u>746,864</u>	<u>-</u>	<u>705,369</u>	<u>11,149,874</u>
<u>\$ 1,924,953</u>	<u>\$ 2,344,876</u>	<u>\$ 829,187</u>	<u>\$ 3,085,500</u>	<u>\$ 918,129</u>	<u>\$ 14,484,405</u>

Park Township, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended March 31, 2021

Net change in fund balances-Total Governmental Funds	\$ 3,334,531
 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	1,019,716
Current year capital outlays capitalized - infrastructure capital assets	148,472
Current year depreciation expense on capitalized assets	(1,021,783)
Transfer of Water Fund capital assets to general capital assets	6,067,721
Transfer of Airport Fund assets to general capital assets	27,612
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds	
	56,530
 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	27,403
Special assessment revenues	210,903
State grants	(41,710)
 Change in compensated absences is recorded when earned in the statement of activities	
	<u>(14,325)</u>
 Change in net position of governmental activities	 <u>\$ 9,815,070</u>

Park Township, Michigan
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
March 31, 2021

	Enterprise Funds		
	Water Fund	Nonmajor Airport Fund	Total
ASSETS			
Current Assets:			
Cash and investments	\$ -	\$ -	\$ -
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Special assessments	-	-	-
Due from other governments	-	-	-
Inventories	-	-	-
Prepaid items	-	-	-
Total Current Assets	-	-	-
Capital assets (net of accumulated depreciation)	-	-	-
Total Assets	-	-	-
LIABILITIES			
Current Liabilities:			
Accounts payable	-	-	-
Accrued expenses	-	-	-
Compensated absences payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Total Liabilities	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Unrestricted	-	-	-
Total Net Position	\$ -	\$ -	\$ -

Park Township, Michigan
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended March 31, 2021

	Enterprise Funds		
	Water Fund	Nonmajor Airport Fund	Total
Operating Revenues:			
Water billings	\$ 435,738	\$ -	\$ 435,738
Water connection charges	12,771	-	12,771
Hydrant rentals	12,500	-	12,500
Fuel sales	-	2,981	2,981
Building rentals	-	2,640	2,640
Miscellaneous	-	-	-
Total Operating Revenues	<u>461,009</u>	<u>5,621</u>	<u>466,630</u>
Operating Expenses:			
Purchase of water	170,750	-	170,750
Purchase of fuel	-	2,940	2,940
Salaries and wages	21,592	6,010	27,602
Utilities	1,781	2,711	4,492
Water connections, repairs and maintenance	32,631	-	32,631
Operating fees	44,418	3,146	47,564
Supplies	7,226	-	7,226
Professional services	500	4,500	5,000
Depreciation	102,132	1,767	103,899
Miscellaneous	1,488	-	1,488
Total Operating Expenses	<u>382,518</u>	<u>21,074</u>	<u>403,592</u>
Operating Income (Loss)	78,491	(15,453)	63,038
Nonoperating Revenues (Expenses)			
Investment earnings	2,419	11	2,430
Gain (loss) on sale of capital assets	-	(198)	(198)
Total Nonoperating Revenues (Expenses)	<u>2,419</u>	<u>(187)</u>	<u>2,232</u>
Income (Loss) Before Contributions and Transfers	80,910	(15,640)	65,270
Capital contributions	14,946	-	14,946
Transfers in	-	14,643	14,643
Transfers out to governmental funds	(3,093,706)	(1,042)	(3,094,748)
Transfers out to governmental activities	<u>(6,269,150)</u>	<u>(27,612)</u>	<u>(6,296,762)</u>
Change in Net Position	(9,267,000)	(29,651)	(9,296,651)
Net Position - April 1	<u>9,267,000</u>	<u>29,651</u>	<u>9,296,651</u>
Net Position - March 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements

Park Township, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended March 31, 2021

	Enterprise Funds		
	Water Fund	Nonmajor Airport Fund	Total
Cash Flows From Operating Activities:			
Receipts from customers	\$ 745,000	\$ 6,861	\$ 751,861
Payments to suppliers	(377,967)	(38,432)	(416,399)
Payments to employees	(25,846)	(5,083)	(30,929)
Net Cash Provided (Used) By Operating Activities	<u>341,187</u>	<u>(36,654)</u>	<u>304,533</u>
Cash Flows From Noncapital Financing Activities			
Transfers from other funds	-	14,643	14,643
Transfers to other funds	(3,093,706)	(1,042)	(3,094,748)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(3,093,706)</u>	<u>13,601</u>	<u>(3,080,105)</u>
Cash Flows From Capital and Related Financing Activities			
Capital contributions	12,187	-	12,187
Interfund borrowing for capital acquisition	(2,142)	-	(2,142)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>10,045</u>	<u>-</u>	<u>10,045</u>
Cash Flows From Investing Activities:			
Interest received on investments	10,975	11	10,986
Net Increase (Decrease) in Cash and Investments	(2,731,499)	(23,042)	(2,754,541)
Cash and Investments - April 1	<u>2,731,499</u>	<u>23,042</u>	<u>2,754,541</u>
Cash and Investments - March 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:			
Operating income (loss)	\$ 78,491	\$ (15,453)	\$ 63,038
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	102,132	1,767	103,899
Change in assets and liabilities:			
Receivables	283,991	1,240	285,231
Inventories	-	4,726	4,726
Prepaid items	452	1,833	2,285
Accounts payable	(122,873)	(30,767)	(153,640)
Accrued expenses	(1,006)	-	(1,006)
Net Cash Provided (Used) By Operating Activities	<u>\$ 341,187</u>	<u>\$ (36,654)</u>	<u>\$ 304,533</u>

Park Township, Michigan
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
March 31, 2021

	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 8,629
LIABILITIES	
Due to others	<u>\$ 8,629</u>
NET POSITION	
Restricted for individuals and other governments	<u><u>\$ -</u></u>

Park Township, Michigan
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
March 31, 2021

	Tax Collection Fund
ADDITIONS	
Property taxes collected for other governments	\$ 36,875,062
DEDUCTIONS	
Property taxes distributed to other governments	\$ 36,875,062
CHANGE IN FIDUCIARY NET POSITION	-
NET POSITION - BEGINNING	-
NET POSITION - ENDING	\$ -

Park Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

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 financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The Township reports the following major governmental funds:

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

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

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

Sewer Distribution Fund - The Sewer Distribution Fund accounts for financial resources to be used for the acquisition or construction of major sewer capital facilities.

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.

Water Capital Improvement Fund - The Water Capital Improvement Fund accounts for financial resources to be used for the acquisition or construction of major water capital facilities.

The Township reports the following major proprietary funds:

Water Fund - The Water Fund accounts for the operation and maintenance of the water distribution system. Effective July 1, 2020 the Water Fund closed its operations accounted for as a proprietary fund activity.

Additionally, the government reports the following fund types:

Governmental Funds

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

Fiduciary Funds (Not included in government-wide statements)

Custodial Funds - Custodial Funds account for assets held by the Township in a fiduciary capacity. The Township maintains one custodial fund to account for tax collections and related payments.

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

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

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

Budgets and Budgetary Accounting

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

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

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

Cash and Investments

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

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

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

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

Receivables and Payables

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

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

Inventories and Prepaid Items

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

Capital Assets

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

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

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

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government currently has no items that qualify for this reporting category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, special assessments and state grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption/Fund Balance Flow Assumption

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

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

Compensated Absences

It is the Township’s policy to permit employees to accumulate earned but unused paid time off. It is the Township’s policy to pay 50% of accumulated paid time off upon termination. The liability for paid time off 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 2020 ad valorem tax is levied and collectible on December 1, 2020, and is recognized as revenue in the year ended March 31, 2021, 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.

New Accounting Standard

The Township implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year ended March 31, 2021. The Statement establishes criteria for identifying fiduciary activities of state and local governments. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The Township's tax collection fund meets the criteria for a fiduciary activity and has been reported accordingly in the basic financial statements. No adjustment to beginning net position is required as a result of the implementation of the Standard.

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		
General Government		
Attorney	\$ 182,000	\$ 185,731
Public Works		
Engineering	20,000	20,188

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, 2021:

Surplus (deficit) - April 1, 2020	\$ (271,389)
Charges for services	\$ 351,156
Building inspection expenditures	<u>(243,791)</u> <u>107,365</u>
Surplus (deficit) - March 31, 2021	<u>\$ (164,024)</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>\$ 14,253,485</u>	<u>\$ -</u>	<u>\$ 8,629</u>	<u>\$ 14,262,114</u>

The breakdown between deposits and investments is as follows:

Bank deposits (checking accounts, savings accounts and non negotiable certificates of deposit)	\$ 5,514,782
Investments	<u>8,747,332</u>
Total deposits and investments	<u>\$ 14,262,114</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year end the bank balance of the Township's deposits was \$5,589,130 of which \$1,250,000 was covered by federal depository insurance and \$3,826,593 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 \$512,537 exposed to custodial credit risk because it was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is not always practical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The Township chooses to disclose its investments by utilizing the specific identification method. As of March 31, 2021 the Township had the following investments:

Municipal Bonds	\$ 2,040,176
U.S. Government and Agency Obligations	
Federal Farm Cr Banks Bond	738,780
Federal Home Loan Banks	1,245,758
Federal Home Loan Mortgage Corp	198,912
Negotiable Certificates of Deposit	2,478,164
Money Market	<u>2,045,542</u>
Total	<u>\$ 8,747,332</u>

The Township's investments at year end consist of:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>%</u>	<u>Rating</u>	<u>Rating Organization</u>
Municipal Bonds:					
Kent County Michigan	4/1/21	\$ 1,000,000	11.43%	SP-1+	Standard & Poor's
Mich St Housing Dev Auth	6/1/22	101,465	1.16%	AA+	Standard & Poor's
Westland Michigan	11/1/24	596,376	6.82%	AA	Standard & Poor's
West Ottawa Schools	11/1/24	342,335	3.91%	Aa1	Moody's
		<u>\$ 2,040,176</u>	<u>23.32%</u>		
U.S. Gov't and Agency Obligations:					
Federal Farm Cr Banks Bond	9/29/25	\$ 738,780	8.45%	AA+	Standard & Poor's
Federal Home Loan Mort Corp Bond	10/28/24	\$ 198,912	2.27%	AA+	Standard & Poor's
Federal Home Loan Bank	3/30/26	496,965	5.68%	AA+	Standard & Poor's
Federal Home Loan Bank	3/30/26	748,793	8.56%	AA+	Standard & Poor's
		<u>\$ 1,245,758</u>	<u>14.24%</u>		
Negotiable Certificates of Deposit:					
Morgan Stanley Bank	6/1/21	\$ 251,013	2.87%	N/A	N/A
Ally Bank	9/7/21	253,956	2.90%	N/A	N/A
Raymond James Bank	11/8/21	216,129	2.47%	N/A	N/A
Wells Fargo Bank	10/18/22	256,860	2.94%	N/A	N/A
Morgan Stanley Private Bank	10/3/23	260,383	2.98%	N/A	N/A
Goldman Sachs	12/5/23	292,965	3.35%	N/A	N/A
Morgan Stanley Private Bank	1/27/24	525,472	6.01%	N/A	N/A
JP Morgan Chase	1/16/26	421,386	4.82%	N/A	N/A
		<u>\$ 2,478,164</u>	<u>28.33%</u>		
Money Market:					
Grand River Bank	N/A	\$ 1,762,576	20.15%	N/A	N/A
Huntington Bank	N/A	20,034	0.23%	N/A	N/A
West Michigan Community Bank	N/A	262,932	3.01%	N/A	N/A
		<u>2,045,542</u>	<u>23.38%</u>		
Total Investments		<u>\$ 8,747,332</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, 2021, 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, 2021:

- Municipal Bonds in the amount of \$2,040,176 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 \$2,183,450 are valued using pricing models maximizing the use of observable inputs for similar securities (Level 2).
- Negotiable Certificates of Deposit in the amount of \$2,478,164 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, 2021.

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	Transfer from Business-Type Activities	Decreases	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 3,686,406	\$ -	\$ -	\$ -	\$ 3,686,406
Construction in progress	<u>253,946</u>	<u>1,105,220</u>	<u>-</u>	<u>(517,340)</u>	<u>841,826</u>
Subtotal	<u>3,940,352</u>	<u>1,105,220</u>	<u>-</u>	<u>(517,340)</u>	<u>4,528,232</u>
Capital Assets Being Depreciated					
Buildings	2,804,637	-	107,637	-	2,912,274
Improvements other than buildings	4,856,021	458,600	26,944	(26,944)	5,314,621
Machinery and equipment	3,932,617	29,766	-	-	3,962,383
Infrastructure	<u>4,809,157</u>	<u>148,472</u>	<u>17,791,260</u>	<u>-</u>	<u>22,748,889</u>
Subtotal	<u>16,402,432</u>	<u>636,838</u>	<u>17,925,841</u>	<u>(26,944)</u>	<u>34,938,167</u>
Less Accumulated Depreciation for					
Buildings	(1,347,699)	(71,139)	(80,025)	-	(1,498,863)
Improvements other than buildings	(3,181,702)	(217,942)	(26,944)	26,944	(3,399,644)
Machinery and equipment	(2,093,081)	(157,032)	-	-	(2,250,113)
Infrastructure	<u>(2,033,721)</u>	<u>(575,670)</u>	<u>(11,723,539)</u>	<u>-</u>	<u>(14,332,930)</u>
Subtotal	<u>(8,656,203)</u>	<u>(1,021,783)</u>	<u>(11,830,508)</u>	<u>26,944</u>	<u>(21,481,550)</u>
Net Capital Assets Being Depreciated	<u>7,746,229</u>	<u>(384,945)</u>	<u>6,095,333</u>	<u>-</u>	<u>13,456,617</u>
Governmental Activities Total					
Capital Assets-Net of Depreciation	<u>\$ 11,686,581</u>	<u>\$ 720,275</u>	<u>\$ 6,095,333</u>	<u>\$ (517,340)</u>	<u>\$ 17,984,849</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 36,892
Public safety	142,569
Public works	667,309
Recreation and culture	<u>175,013</u>
	<u>\$ 1,021,783</u>

Construction Commitments-The Township had \$378,900 in construction commitments as of March 31, 2021.

Business-Type Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfer To Governmental Activities</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Assets Being Depreciated					
Buildings	110,755	-	(107,637)	(3,118)	-
Improvements other than buildings	26,944	-	(26,944)	-	-
Water system	<u>17,791,260</u>	<u>-</u>	<u>(17,791,260)</u>	<u>-</u>	<u>-</u>
Subtotal	<u>17,928,959</u>	<u>-</u>	<u>(17,925,841)</u>	<u>(3,118)</u>	<u>-</u>
Less Accumulated Depreciation for					
Buildings	(81,178)	(1,767)	80,025	2,920	-
Improvements other than buildings	(26,944)	-	26,944	-	-
Water system	<u>(11,621,407)</u>	<u>(102,132)</u>	<u>11,723,539</u>	<u>-</u>	<u>-</u>
Subtotal	<u>(11,729,529)</u>	<u>(103,899)</u>	<u>11,830,508</u>	<u>2,920</u>	<u>-</u>
Net Capital Assets Being Depreciated	<u>6,199,430</u>	<u>(103,899)</u>	<u>(6,095,333)</u>	<u>(198)</u>	<u>-</u>
Business-Type Activities Total					
Capital Assets-Net of Depreciation	<u>\$ 6,199,430</u>	<u>\$ (103,899)</u>	<u>\$ (6,095,333)</u>	<u>\$ (198)</u>	<u>\$ -</u>

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

Water	\$ 102,132
Airport	<u>1,767</u>
	<u>\$ 103,899</u>

In July 2020, the Township entered into a water system operation and maintenance agreement with the City of Holland to turn over its water utility in the master meter and non-master meter districts for the purpose of enhancing the provision of those services to the Township's citizens. The City of Holland will operate and manage the water distribution system as part of the Holland Water System. The Township will continue to own the water distribution system and retain control over any expansion within its water service area. In connection with the agreement, on July 1, 2020, the Township closed its Water (Enterprise) Fund. As disclosed in Note 5, the Water Fund transferred all assets and liabilities to the Water Capital Improvement Fund.

During the year ended March 31, 2021 the Township de-commissioned the Park Township Airport and closed its Airport (Enterprise) Fund. As disclosed in Note 5, the Airport Fund transferred all assets and liabilities Township's General Fund.

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Township had no interfund balances at March 31, 2021.

At March 31, 2021, interfund transfers reported in the funds statements were as follows:

	Transfers In					Total
	Governmental Funds				Enterprise Fund	
	General Fund	Township Improvement Fund	Local Streets Fund	Water Capital Improvement Fund	Airport Fund	
Transfers Out						
Governmental Funds						
General Fund	\$ -	\$ 390,110 (2)	\$ 200,000 (3)	\$ - (1)	\$ 14,643 (4)	\$ 604,753
Police Fund	20,000 (1)	-	-	-	-	20,000
Park/Recreation Fund	65,000 (1)	-	-	-	-	65,000
Sewer Distribution Fund	10,000 (1)	-	-	-	-	10,000
Water Capital						
Improvement Fund	5,000 (1)	-	-	-	-	5,000
Nonmajor						
Governmental Funds	32,500 (1)	-	-	-	-	32,500
Enterprise Funds						
Water Fund	32,500 (1)	-	-	3,056,206 (5)	-	3,088,706
Airport Fund	1,042 (1)	-	-	-	-	1,042
	<u>\$ 166,042</u>	<u>\$ 390,110</u>	<u>\$ 200,000</u>	<u>\$ 3,056,206</u>	<u>\$ 14,643</u>	<u>\$ 3,827,001</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 operations
- (5) Transfer from Water Fund to Water Capital Improvement Fund to close fund

As disclosed in Note 4, during the year ended March 31, 2021 the Township closed its Water and Airport Enterprise Funds. Transfers out to governmental activities were as follows:

Water Fund	
Receivables	
Accounts	\$ 2,404
Special assessments	202,273
Capital assets	6,067,721
Compensated absences payable	(3,248)
	<u>6,269,150</u>
Airport Fund	
Capital assets	<u>27,612</u>
Total transfers out to governmental activities	<u>\$ 6,296,762</u>

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 and administered by the Municipal Employees' Retirement Systems (MERS) of Michigan 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, 2021, there were 20 plan participants. The Township is required to contribute 9.0% of covered compensation. Contributions to the plan by the Township were \$84,990 for the year ended March 31, 2021. 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 is administered by the Municipal Employees' Retirement Systems (MERS) of Michigan. The plan is available to all Township employees and permits them to defer a portion of their current salary until future years. Effective October 1, 2019, for eligible employees working more than 38 hours per week the Township matches 100% of the first 2% of eligible compensation a participant contributes to the plan. Contributions to the plan by the Township were \$18,751 for the year ended March 31, 2021. 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

MERS Health Care Savings Plan

Effective October 1, 2019, the Township established the MERS Health Care Savings Plan (HCSP), a defined contribution retiree healthcare plan. The MERS HCSP is a tax-qualified "governmental plan" and trust under Section 401(a) of the Internal Revenue Code of 1986, and all trust assets are, therefore, exempt from taxation under Code Section 501(a). The MERS HCSP is administered by the Municipal Employees' Retirement System. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes the financial statements and required supplemental information for the system. This report may be obtained by accessing the MERS website at www.mersofmich.com.

The MERS HCSP is available to all full-time employees who work more than 38 hours per week. The Township is required to contribute 1% of covered compensation. Beginning in 2020 all regular full-time employees working more than 38 hours per week on average over a yearly period that have 240 or more PTO hours (30 days) banked on December 31st of each year will be required to deposit the cash value of five of those days (i.e., 40 PTO hours) on a pre-tax basis into their Health Care Savings Account. The cash value of the five days of PTO will be converted at 75% of the employee's effective hourly rate. Contributions made to the plan were \$15,048 for the year ended March 31, 2021. Plan provision and contribution requirements are established and may be amended by the Park Township Board.

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, 2021, the portion of these Ottawa County bonds outstanding for which the Township has pledged its full faith and credit amounted to approximately \$3,027,119.

11. COVID-19

In March 2020, the World Health Organization classified the outbreak of a novel coronavirus (COVID-19) as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township's operational and financial performance. The extent of the impact of COVID-19 on the Township's financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on services, employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak at this time.

12. UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, was issued by the GASB in June 2017 and will be effective for the Township's 2021 year end. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions in the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Required
Supplementary Information

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,068,295	\$ 1,064,900	\$ 1,065,699	\$ 799
Licenses and permits	545,750	650,750	654,266	3,516
Federal grants	-	82,500	80,029	(2,471)
State shared revenues	1,610,000	1,603,000	1,639,053	36,053
Charges for services	114,700	134,000	142,923	8,923
Investment earnings	65,050	27,150	34,397	7,247
Other	27,400	46,561	49,211	2,650
Total Revenues	<u>3,431,195</u>	<u>3,608,861</u>	<u>3,665,578</u>	<u>56,717</u>
Expenditures:				
Current:				
General Government:				
Township board	62,732	62,732	58,242	4,490
Supervisor	15,608	15,608	13,852	1,756
Manager	195,045	195,045	190,040	5,005
Finance	127,238	127,238	122,962	4,276
Audit	21,000	21,000	16,395	4,605
Elections	130,143	130,143	118,590	11,553
Assessor	259,614	266,614	258,843	7,771
Attorney	100,000	182,000	185,731	(3,731)
Clerk	129,404	129,404	111,660	17,744
Information technology	70,255	70,255	64,440	5,815
Board of review	3,108	3,108	2,762	346
Treasurer	77,522	86,750	79,685	7,065
Township office	232,521	232,521	219,502	13,019
Township property	48,248	43,386	31,627	11,759
Cemetery	57,059	52,887	46,461	6,426
Total General Government	<u>1,529,497</u>	<u>1,618,691</u>	<u>1,520,792</u>	<u>97,899</u>
Public Safety:				
Fire protection	610,250	610,308	545,760	64,548
Inspections	232,155	244,959	220,819	24,140
Total Public Safety	<u>842,405</u>	<u>855,267</u>	<u>766,579</u>	<u>88,688</u>
Public Works:				
Drains	177,689	202,689	194,009	8,680
Engineering	15,000	20,000	20,188	(188)
Transportation	215,000	62,000	31,000	31,000
Total Public Works	<u>407,689</u>	<u>284,689</u>	<u>245,197</u>	<u>39,492</u>

(Continued on next page)

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Community and Economic Development:				
Community services	179,200	172,500	168,971	3,529
Planning and zoning	205,640	205,342	191,060	14,282
Total Community and Economic Development	<u>384,840</u>	<u>377,842</u>	<u>360,031</u>	<u>17,811</u>
Insurance, Bonds & Fringes:				
Insurances	62,000	59,000	56,264	2,736
Retiree costs/fringe benefits	1,500	1,500	1,286	214
Total Insurance, Bonds, and Fringes	<u>63,500</u>	<u>60,500</u>	<u>57,550</u>	<u>2,950</u>
Contingencies	<u>34,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,261,931</u>	<u>3,196,989</u>	<u>2,950,149</u>	<u>246,840</u>
Excess of Revenues Over (Under) Expenditures	<u>169,264</u>	<u>411,872</u>	<u>715,429</u>	<u>303,557</u>
Other Financing Sources (Uses):				
Transfers in	195,000	166,042	166,042	-
Transfers out	(586,222)	(616,644)	(604,753)	11,891
Total Other Financing Sources (Uses)	<u>(391,222)</u>	<u>(450,602)</u>	<u>(438,711)</u>	<u>11,891</u>
Net Change in Fund Balance	(221,958)	(38,730)	276,718	315,448
Fund Balance - April 1	<u>3,035,280</u>	<u>3,035,280</u>	<u>3,035,280</u>	<u>-</u>
Fund Balance - March 31	<u>\$ 2,813,322</u>	<u>\$ 2,996,550</u>	<u>\$ 3,311,998</u>	<u>\$ 315,448</u>

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - POLICE FUND
Year Ended March 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 483,299	\$ 481,500	\$ 481,363	\$ (137)
Federal grants	-	45,000	49,064	4,064
Fines and forfeitures	13,000	6,000	6,840	840
Investment earnings	<u>23,000</u>	<u>10,000</u>	<u>11,300</u>	<u>1,300</u>
Total Revenues	519,299	542,500	548,567	6,067
Expenditures:				
Current:				
Public Safety:				
Police services	<u>574,730</u>	<u>554,730</u>	<u>510,060</u>	<u>44,670</u>
Excess of Revenues Over (Under) Expenditures	(55,431)	(12,230)	38,507	(50,737)
Other Financing Sources (Uses):				
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net Change in Fund Balance	(75,431)	(32,230)	18,507	(50,737)
Fund Balance - April 1	<u>1,421,026</u>	<u>1,421,026</u>	<u>1,421,026</u>	<u>-</u>
Fund Balance - March 31	<u>\$ 1,345,595</u>	<u>\$ 1,388,796</u>	<u>\$ 1,439,533</u>	<u>\$ (50,737)</u>

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - PARK/RECREATION FUND
Year Ended March 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 574,014	\$ 575,000	\$ 574,774	\$ (226)
Charges for services	80,400	35,674	35,090	(584)
Investment earnings	7,000	1,750	981	(769)
Other	<u>1,500</u>	<u>4,775</u>	<u>5,888</u>	<u>1,113</u>
Total Revenues	<u>662,914</u>	<u>617,199</u>	<u>616,733</u>	<u>(466)</u>
Expenditures:				
Current:				
Recreation and Culture:				
Recreation department	166,033	110,308	103,692	6,616
Parks department	<u>489,887</u>	<u>504,524</u>	<u>457,040</u>	<u>47,484</u>
Total Recreation and Culture	<u>655,920</u>	<u>614,832</u>	<u>560,732</u>	<u>54,100</u>
Excess of Revenues Over (Under) Expenditures	6,994	2,367	56,001	(53,634)
Other Financing Sources (Uses):				
Transfers out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Net Change in Fund Balance	(58,006)	(62,633)	(8,999)	(53,634)
Fund Balance - April 1	<u>639,228</u>	<u>639,228</u>	<u>639,228</u>	<u>-</u>
Fund Balance - March 31	<u>\$ 581,222</u>	<u>\$ 576,595</u>	<u>\$ 630,229</u>	<u>\$ (53,634)</u>

Other Supplementary Information

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Park Township, Michigan
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
March 31, 2021

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Bike Path Fund	Street Lighting Fund	West Michigan Airport Authority Fund	
ASSETS				
Cash and investments	\$ 824,189	\$ 98,747	\$ -	\$ 922,936
Due from other governments	6,322	2,934	1,617	10,873
Prepaid items	3,230	-	-	3,230
Total Assets	<u>\$ 833,741</u>	<u>\$ 101,681</u>	<u>\$ 1,617</u>	<u>\$ 937,039</u>
LIABILITIES				
Accounts payable	\$ 1,411	\$ 8,978	\$ -	\$ 10,389
Accrued expenses	3,089	-	-	3,089
Due to other governments	-	3,815	1,617	5,432
Total Liabilities	<u>4,500</u>	<u>12,793</u>	<u>1,617</u>	<u>18,910</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	3,230	-	-	3,230
Restricted for:				
Bike paths	826,011	-	-	826,011
Street lighting	-	88,888	-	88,888
Total Fund Balances	<u>829,241</u>	<u>88,888</u>	<u>-</u>	<u>918,129</u>
Total Liabilities and Fund Balances	<u>\$ 833,741</u>	<u>\$ 101,681</u>	<u>\$ 1,617</u>	<u>\$ 937,039</u>

Park Township, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended March 31, 2021

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Bike Path Fund	Street Lighting Fund	West Michigan Airport Authority Fund	
Revenues:				
Taxes	\$ 444,604	\$ -	\$ 113,751	\$ 558,355
State shared revenues	17,368	-	-	17,368
Investment earnings	1,971	182	-	2,153
Special assessments	-	145,830	-	145,830
Other	2,130	-	-	2,130
Total Revenues	466,073	146,012	113,751	725,836
Expenditures:				
Current:				
Public works	220,477	146,348	113,751	480,576
Excess of Revenues Over (Under) Expenditures	245,596	(336)	-	245,260
Other Financing Sources (Uses):				
Transfers out	(30,000)	(2,500)	-	(32,500)
Net Change in Fund Balances	215,596	(2,836)	-	212,760
Fund Balances - April 1	613,645	91,724	-	705,369
Fund Balances - March 31	\$ 829,241	\$ 88,888	\$ -	\$ 918,129



Kiekoer Scholma & Shumaker PC

Certified Public Accountants

August 30, 2021

Township Board
Park Township, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park Township for the year ended March 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 19, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Park Township are described in Note 1 to the financial statements. During the year ended March 31, 2021, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter. The application of existing policies was not changed during the year ended March 31, 2021. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of depreciation expense is based on the length of time it is believed that depreciable capital assets will provide economic benefit to the Township. We evaluated the key factors and assumptions used to develop estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 30, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedules and Management's Discussion and Analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

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

Kiekover, Scholma & Shumaker, PC
Zeeland, Michigan