

PARK TOWNSHIP
OTTAWA COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2011

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

Park Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended March 31, 2011

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**Park Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended March 31, 2011**

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INDEPENDENT AUDITOR'S REPORT

August 25, 2011

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, 2011, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Park Township, Michigan's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information and schedule of funding progress on pages II through VIII and 22 through 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Kiekover, Scholma & Shumaker, PC

Management's Discussion and Analysis

As management of Park Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2011. 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 \$25,427,735 (*net assets*). Of this amount, \$5,815,960 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$297,005. Net investment in capital assets increased by \$27,637, while restricted net assets decreased by \$29,910, and unrestricted net assets increased by \$299,278.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$8,949,813, an increase of \$166,384 in comparison with the prior year. Approximately 49% of this total amount, \$4,408,471 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 \$4,408,471 or 176.0% of total general fund expenditures.

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 assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 and accrued interest payable).

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 include water supply 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. 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 six (6) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Police, Park/Recreation, Bike Path, Sewer Distribution, and Township Improvement Funds. Each of these funds is considered to be a major fund.

The Township adopts an annual appropriated budget for its General, Police, Park/Recreation and Bike Path Funds. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 3-5 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 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.

The basic proprietary fund financial statements can be found on pages 6-8 of this report.

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

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

The basic fiduciary fund financial statements can be found on page 9 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 10-21 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparison schedules for the Township's General Fund and major special revenue funds (Police Fund, Park/Recreation Fund and Bike Path Fund) and information concerning Park Township's progress in funding its obligation to provide other post employment benefits to its employees. Required supplementary information can be found on pages 22-27 of this report.

Government-wide Financial Analysis

Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Park Township, assets exceeded liabilities by \$25,427,735 at the close of the most recent fiscal year.

The largest portion of the Township's net assets (61.4%) reflects its investment in capital assets (e.g., land, 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 assets (15.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$5,815,960) 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 assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The following table shows, in a condensed format, the net assets of Park Township as of March 31, 2011 and 2010.

Park Township's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 9,417,628	\$ 9,389,767	\$ 676,997	\$ 561,342	\$ 10,094,625	\$ 9,951,109
Capital assets	9,937,406	9,741,196	5,662,660	5,831,233	15,600,066	15,572,429
Total assets	19,355,034	19,130,963	6,339,657	6,392,575	25,694,691	25,523,538
Long-term debt outstanding	62,098	39,396	-	-	62,098	39,396
Other liabilities	121,606	256,849	83,252	96,563	204,858	353,412
Total liabilities	183,704	296,245	83,252	96,563	266,956	392,808
Net assets:						
Invested in capital assets, net of related debt	9,937,406	9,741,196	5,662,660	5,831,233	15,600,066	15,572,429
Restricted	4,011,709	4,041,619	-	-	4,011,709	4,041,619
Unrestricted	5,222,215	5,051,903	593,745	464,779	5,815,960	5,516,682
	<u>\$ 19,171,330</u>	<u>\$ 18,834,718</u>	<u>\$ 6,256,405</u>	<u>\$ 6,296,012</u>	<u>\$ 25,427,735</u>	<u>\$ 25,130,730</u>

Change in Net Assets – Park Township’s net assets increased by \$297,005 during the current fiscal year. This increase is caused by a \$336,612 increase in net assets of governmental activities and a \$39,607 decrease in net assets of business-type activities.

Park Township's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program revenues						
Charges for services	\$ 432,522	\$ 341,344	\$ 1,159,686	\$ 972,318	\$ 1,592,208	\$ 1,313,662
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	195,454	67,479	50,140	117,500	245,594	184,979
General revenues						
Property taxes	2,254,074	2,560,677	-	-	2,254,074	2,560,677
State shared revenues	1,186,034	1,111,936	-	-	1,186,034	1,111,936
Interest	82,317	120,001	10,363	12,393	92,680	132,394
Other	74,494	18,039	-	-	74,494	18,039
Total revenues	<u>4,224,895</u>	<u>4,219,476</u>	<u>1,220,189</u>	<u>1,102,211</u>	<u>5,445,084</u>	<u>5,321,687</u>
Program expenses						
General government	1,171,111	1,142,777	-	-	1,171,111	1,142,777
Public safety	1,276,249	1,261,359	-	-	1,276,249	1,261,359
Public works	568,333	943,131	-	-	568,333	943,131
Community and economic development	268,131	255,418	-	-	268,131	255,418
Recreation and culture	604,459	505,787	-	-	604,459	505,787
Water supply	-	-	1,259,796	1,252,762	1,259,796	1,252,762
Total expenses	<u>3,888,283</u>	<u>4,108,472</u>	<u>1,259,796</u>	<u>1,252,762</u>	<u>5,148,079</u>	<u>5,361,234</u>
Change before transfers	336,612	111,004	(39,607)	(150,551)	297,005	(39,547)
Transfers in (out)	-	51,000	-	(51,000)	-	-
Change in Net Assets	<u>\$ 336,612</u>	<u>\$ 162,004</u>	<u>\$ (39,607)</u>	<u>\$ (201,551)</u>	<u>\$ 297,005</u>	<u>\$ (39,547)</u>

Governmental activities. Governmental activities increased the Township’s net assets by \$336,612, accounting for 113.3% of the total growth in the net assets of the Township. Total revenues increased by \$5,419 compared to the prior year, mostly due to increases in charges for services, capital grants and state shared revenues offset by decreases in property taxes and interest earnings. Total expenses decreased by \$220,189 compared to the prior year, mostly due to a decrease in costs for Public Works (drains and bike paths).

Business-type activities. Business-type activities decreased Park Township’s net assets by \$39,607 (-13.3%). Operating revenues increased by \$187,368 due mostly to an increase in water sales. Operating expenses increased by \$7,034 from the prior year.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$8,949,813, an increase of \$166,384 from the prior year. Approximately 49% of this fund balance amount (\$4,408,471) 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 police services (\$966,686), parks/recreation (\$195,996), bike paths (\$1,628,817), and sewers (\$917,428). Additionally, a portion of fund balance has been assigned to be used for township improvements (\$812,872).

Summary results for the Township's six major governmental funds for the year ended March 31, 2011 are as follows:

	General Fund	Police Fund	Park/ Recreation Fund	Bike Path Fund	Sewer Distribution Fund	Township Improvement Fund	Total Governmental Funds
Total revenues	\$ 2,521,805	\$ 622,061	\$ 585,443	\$ 385,399	\$ 90,398	\$ 5,927	\$ 4,211,033
Total expenditures	(2,505,251)	(573,685)	(834,637)	(119,409)	(11,667)	-	(4,044,649)
Transfers in	242,300	-	-	-	-	-	242,300
Transfers out	-	(11,000)	(78,800)	(30,500)	(51,000)	(71,000)	(242,300)
Net change in fund balance	<u>\$ 258,854</u>	<u>\$ 37,376</u>	<u>\$ (327,994)</u>	<u>\$ 235,490</u>	<u>\$ 27,731</u>	<u>\$ (65,073)</u>	<u>\$ 166,384</u>
Fund balance 3-31-11							
Nonspendable	\$ 15,930	\$ -	\$ 2,595	\$ 1,018	\$ -	\$ -	\$ 19,543
Restricted	-	966,686	195,996	1,628,817	917,428	-	3,708,927
Assigned	-	-	-	-	-	812,872	812,872
Unassigned	<u>4,408,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,408,471</u>
	<u>\$ 4,424,401</u>	<u>\$ 966,686</u>	<u>\$ 198,591</u>	<u>\$ 1,629,835</u>	<u>\$ 917,428</u>	<u>\$ 812,872</u>	<u>\$ 8,949,813</u>
Fund balance as a % of expenditures and transfers out							
	<u>176.6%</u>	<u>165.3%</u>	<u>21.7%</u>	<u>1,087.25%</u>	<u>1464.0%</u>	<u>1144.9%</u>	

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year the fund balance of the General Fund was \$4,424,401 of which \$4,408,471 is unassigned and \$15,930 is non-spendable. 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 (\$4,408,471) represents 176.0% of total General Fund expenditures (\$2,505,251).

The Police Fund has a restricted fund balance of \$966,686, an increase of \$37,376 during the year. Total revenues increased by \$1,703 or 0.3% compared to the prior year. Police Fund expenditures increased by \$27,866 or 5.1% compared to the prior year.

The Park/Recreation Fund has a total fund balance of \$198,591 (\$2,595 non-spendable and \$195,996 restricted), a decrease of \$327,994 during the year. Total revenues decreased by \$13,614 or 2.3% compared to the prior year. Park/Recreation Fund expenditures increased by \$311,861 or 59.7% compared to the prior year.

The Bike Path Fund has a total fund balance of \$1,629,835 (\$1,018 non-spendable and \$1,628,817 restricted), an increase of \$235,490 during the year. Total revenues decreased by \$117,429 or 23.3% compared to the prior year. Bike Path Fund expenditures decreased by \$177,729 or 59.8% compared to the prior year.

The Sewer Distribution Fund has a restricted fund balance of \$917,428, an increase of \$27,731 during the year. Total revenues decreased by \$16,919 or 15.83% compared to the prior year. Sewer Distribution Fund expenditures increased by \$5,628 or 93.2% compared to the prior year.

The Township Improvement Fund has an assigned fund balance of \$812,872, a decrease of \$65,073 during the year. Total revenues decreased by \$4,406 or 42.6% compared to the prior year. Township Improvement Fund expenditures increased by \$148 or 100.0% compared to the prior year.

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

Unrestricted net assets of the Water Fund were \$593,745 at March 31, 2011. Operating revenues for the Water Fund increased in fiscal year 2010-11 by \$187,368 from \$972,318 to \$1,159,686. Operating expenses, including depreciation, increased in fiscal year 2010-11 by \$7,034 from \$1,252,762 to \$1,259,796.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year resulting in an overall increase in budgeted expenditures of \$126,863. Township operational departments stayed below budget overall, resulting in total expenditures \$93,912 below the final budget.

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2011, amounted to \$15,600,066 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, the water system, and streets, sidewalks and bike paths. The total increase in the Township's investment in capital assets for the current fiscal year was \$196,210 (2.0%) for governmental activities. The Township's investment in capital assets for the current fiscal year decreased by \$168,573 (2.9%) for business-type activities.

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

- \$177,896 expended for fire department safety gear
- \$104,687 expended for road resurfacing
- \$437,319 expended for park property
- \$88,453 expended for water main expansion

Additional information on the Township's capital assets can be found in note 3C on pages 17-18 of this report.

Park Township's Capital Assets
(net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Land	\$ 2,666,873	\$ 2,229,554	\$ -	\$ -	\$ 2,666,873	\$ 2,229,554
Construction in progress	-	-	-	-	-	-
Buildings	1,923,017	1,989,508	-	-	1,923,017	1,989,508
Improvements other than bulidings	1,405,382	1,577,194	-	-	1,405,382	1,577,194
Machinery and equipment	1,433,905	1,380,480	-	-	1,433,905	1,380,480
Infrastructure	2,508,229	2,564,460	-	-	2,508,229	2,564,460
Water system	-	-	5,662,660	5,831,233	5,662,660	5,831,233
Total	\$ 9,937,406	\$ 9,741,196	\$ 5,662,660	\$ 5,831,233	\$ 15,600,066	\$ 15,572,429

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, declining taxable values, and an uncertain economy will provide significant uncertainty in projecting revenues.

The Township's budget for 2011-12 calls for no change in the overall property tax rate for Township services. Because of declines in the taxable value of property in the Township, property tax revenues for 2011-12 are anticipated to be slightly less than 2010-11. The budget also reflects anticipated decreases in state shared revenues, licenses and permit fees, and interest earnings offset by an increase in street light assessments.

Overall, the Township has adopted a General Fund budget that calls for a slight decrease in total revenues and a slight increase in total expenditures as compared to 2010-11 actual amounts.

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 ASSETS
March 31, 2011

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and investments	\$ 8,723,630	\$ 307,359	\$ 9,030,989
Receivables:			
Accounts	10,116	160,221	170,337
Interest	18,974	-	18,974
Special assessments	300,502	207,747	508,249
Due from other governments	344,863	1,670	346,533
Prepaid items	19,543	-	19,543
Capital assets not being depreciated	2,666,873	-	2,666,873
Capital assets (net of accumulated depreciation)	7,270,533	5,662,660	12,933,193
Total Assets	19,355,034	6,339,657	25,694,691
LIABILITIES			
Accounts payable	38,518	83,252	121,770
Compensated absences payable	66,192	-	66,192
Deferred revenue	16,896	-	16,896
Noncurrent liabilities:			
Net other post employment benefit obligation	62,098	-	62,098
Total Liabilities	183,704	83,252	266,956
NET ASSETS			
Invested in capital assets, net of related debt	9,937,406	5,662,660	15,600,066
Restricted for:			
Police services	966,686	-	966,686
Parks/recreation	198,591	-	198,591
Bike paths	1,629,835	-	1,629,835
Sewers	1,216,597	-	1,216,597
Unrestricted	5,222,215	593,745	5,815,960
Total Net Assets	\$ 19,171,330	\$ 6,256,405	\$ 25,427,735

Park Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended March 31, 2011

	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
Function/Programs:							
Primary Government:							
Governmental Activities:							
General government	\$ 1,171,111	\$ 70,451	\$ -	\$ 126,702	\$ (973,958)	\$ -	\$ (973,958)
Public safety	1,276,249	215,724	-	-	(1,060,525)	-	(1,060,525)
Public works	568,333	-	-	68,752	(499,581)	-	(499,581)
Community and economic development	268,131	10,819	-	-	(257,312)	-	(257,312)
Recreation and culture	604,459	135,528	-	-	(468,931)	-	(468,931)
Total Governmental Activities	3,888,283	432,522	-	195,454	(3,260,307)	-	(3,260,307)
Business-type Activities:							
Water	1,259,796	1,159,686	-	50,140	-	(49,970)	(49,970)
Total Primary Government	\$ 5,148,079	\$ 1,592,208	\$ -	\$ 245,594	(3,260,307)	(49,970)	(3,310,277)
General revenues:							
Property taxes					2,254,074	-	2,254,074
State shared revenues					1,186,034	-	1,186,034
Interest					82,317	10,363	92,680
Other					74,494	-	74,494
Transfers					-	-	-
Total General Revenues and Transfers					3,596,919	10,363	3,607,282
Change in Net Assets					336,612	(39,607)	297,005
Net Assets - Beginning					18,834,718	6,296,012	25,130,730
Net Assets - Ending					\$ 19,171,330	\$ 6,256,405	\$ 25,427,735

See Notes to Financial Statements

Park Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2011

	Special Revenue Funds				Capital Project Funds		Total Governmental Funds
	General Fund	Police Fund	Park/ Recreation Fund	Bike Path Fund	Sewer Distribution Fund	Township Improvement Fund	
ASSETS							
Cash and investments	\$ 4,196,775	\$ 977,653	\$ 202,492	\$ 1,620,380	\$ 916,947	\$ 809,383	\$ 8,723,630
Receivables:							
Accounts	9,181	935	-	-	-	-	10,116
Interest	15,094	218	-	117	56	3,489	18,974
Special assessments	1,333	-	-	-	299,169	-	300,502
Due from other governments	199,883	13,936	10,400	8,320	425	-	232,964
Prepaid items	15,930	-	2,595	1,018	-	-	19,543
Total Assets	<u>\$ 4,438,196</u>	<u>\$ 992,742</u>	<u>\$ 215,487</u>	<u>\$ 1,629,835</u>	<u>\$ 1,216,597</u>	<u>\$ 812,872</u>	<u>\$ 9,305,729</u>
LIABILITIES							
Accounts payable	\$ 12,462	\$ 26,056	\$ -	\$ -	\$ -	\$ -	\$ 38,518
Deferred revenue	1,333	-	16,896	-	299,169	-	317,398
Total Liabilities	<u>13,795</u>	<u>26,056</u>	<u>16,896</u>	<u>-</u>	<u>299,169</u>	<u>-</u>	<u>355,916</u>
FUND BALANCES							
Nonspendable:							
Prepaid items	15,930	-	2,595	1,018	-	-	19,543
Restricted for:							
Police services	-	966,686	-	-	-	-	966,686
Parks/recreation	-	-	195,996	-	-	-	195,996
Bike paths	-	-	-	1,628,817	-	-	1,628,817
Sewers	-	-	-	-	917,428	-	917,428
Assigned	-	-	-	-	-	812,872	812,872
Unassigned	4,408,471	-	-	-	-	-	4,408,471
Total Fund Balances	<u>4,424,401</u>	<u>966,686</u>	<u>198,591</u>	<u>1,629,835</u>	<u>917,428</u>	<u>812,872</u>	<u>8,949,813</u>
Total Liabilities and Fund Balances	<u>\$ 4,438,196</u>	<u>\$ 992,742</u>	<u>\$ 215,487</u>	<u>\$ 1,629,835</u>	<u>\$ 1,216,597</u>	<u>\$ 812,872</u>	

Amount reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	9,937,406
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	111,899
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	300,502
Compensated absences are included as a liability in governmental activities	(66,192)
Net other post employment benefit obligations are included as a liability in governmental activities	(62,098)

Net Assets of Governmental Activities

\$ 19,171,330

Park Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2011

	Special Revenue Funds				Capital Project Funds		Total Governmental Funds
	General Fund	Police Fund	Park/ Recreation Fund	Bike Path Fund	Sewer Distribution Fund	Township Improvement Fund	
Revenues:							
Taxes	\$ 847,795	\$ 600,168	\$ 447,788	\$ 358,323	\$ -	\$ -	\$ 2,254,074
Licenses and permits	234,440	-	-	-	-	-	234,440
Federal grants	126,702	-	-	-	-	-	126,702
State shared revenues	1,154,963	-	-	14,362	-	-	1,169,325
Charges for services	49,847	-	135,528	-	-	-	185,375
Fines and forfeitures	-	12,707	-	-	-	-	12,707
Interest	32,181	9,186	2,127	12,714	20,182	5,927	82,317
Special assessments	1,883	-	-	-	69,716	-	71,599
Other	73,994	-	-	-	500	-	74,494
Total Revenues	<u>2,521,805</u>	<u>622,061</u>	<u>585,443</u>	<u>385,399</u>	<u>90,398</u>	<u>5,927</u>	<u>4,211,033</u>
Expenditures:							
Current:							
General government	1,073,267	-	-	-	-	-	1,073,267
Public safety	735,942	573,685	-	-	-	-	1,309,627
Public works	366,495	-	-	119,409	11,667	-	497,571
Community and economic development	265,294	-	-	-	-	-	265,294
Recreation and culture	-	-	834,637	-	-	-	834,637
Insurance, bonds, and fringes	64,253	-	-	-	-	-	64,253
Total Expenditures	<u>2,505,251</u>	<u>573,685</u>	<u>834,637</u>	<u>119,409</u>	<u>11,667</u>	<u>-</u>	<u>4,044,649</u>
Excess of Revenues Over (Under) Expenditures	<u>16,554</u>	<u>48,376</u>	<u>(249,194)</u>	<u>265,990</u>	<u>78,731</u>	<u>5,927</u>	<u>166,384</u>
Other Financing Sources (Uses):							
Transfers in	242,300	-	-	-	-	-	242,300
Transfers out	-	(11,000)	(78,800)	(30,500)	(51,000)	(71,000)	(242,300)
Total Other Financing Sources (Uses)	<u>242,300</u>	<u>(11,000)</u>	<u>(78,800)</u>	<u>(30,500)</u>	<u>(51,000)</u>	<u>(71,000)</u>	<u>-</u>
Net Change in Fund Balances	258,854	37,376	(327,994)	235,490	27,731	(65,073)	166,384
Fund Balances - April 1	<u>4,165,547</u>	<u>929,310</u>	<u>526,585</u>	<u>1,394,345</u>	<u>889,697</u>	<u>877,945</u>	<u>8,783,429</u>
Fund Balances - March 31	<u>\$ 4,424,401</u>	<u>\$ 966,686</u>	<u>\$ 198,591</u>	<u>\$ 1,629,835</u>	<u>\$ 917,428</u>	<u>\$ 812,872</u>	<u>\$ 8,949,813</u>

Park Township, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended March 31, 2011

Net change in fund balances-Total Governmental Funds	\$ 166,384
 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	719,902
Current year depreciation expense on capitalized assets	(523,692)
 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	16,709
Special assessment revenues	(2,847)
Change in compensated absences is recorded when earned in the statement of activities	(17,142)
Increase in net post employment benefit obligation	<u>(22,702)</u>
 Change in net assets of governmental activities	 <u>\$ 336,612</u>

Park Township, Michigan
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
March 31, 2011

	Enterprise
	Water Fund
ASSETS	
Current Assets:	
Cash	\$ 307,359
Accounts receivable	160,221
Special assessments receivable	207,747
Due from other governments	1,670
Total Current Assets	676,997
Capital assets (net of accumulated depreciation)	5,662,660
Total Assets	6,339,657
 LIABILITIES	
Current Liabilities:	
Accounts payable	83,252
Total Liabilities	83,252
 NET ASSETS	
Invested in capital assets, net of related debt	5,662,660
Unrestricted	593,745
Total Net Assets	\$ 6,256,405

Park Township, Michigan
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended March 31, 2011

	Enterprise
	Water Fund
Operating Revenues:	
Water billings	1,100,655
Water connection charges	50,941
Miscellaneous	8,090
Total Operating Revenues	1,159,686
 Operating Expenses:	
Purchase of water	668,739
Utilities	4,589
Water connections, repairs and maintenance	66,700
Operating fees	202,627
Supplies	3,013
Professional services	25,584
Depreciation	257,026
Miscellaneous	31,518
Total Operating Expenses	1,259,796
 Operating Income (Loss)	(100,110)
 Nonoperating Revenues	
Interest income	10,363
 Income Before Contributions and Transfers	(89,747)
Capital contributions	50,140
Transfers in	71,000
Transfers out	(71,000)
 Change in Net Assets	(39,607)
 Net Assets - April 1	6,296,012
 Net Assets - March 31	\$ 6,256,405

Park Township, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended March 31, 2011

	Enterprise
	Water Fund
Cash Flows From Operating Activities:	
Receipts from customers	\$ 1,155,063
Payments to suppliers	<u>(1,016,081)</u>
Net Cash Provided By Operating Activities	<u>138,982</u>
 Cash Flows From Noncapital Financing Activities	
Transfers from other funds	71,000
Transfers to other funds	<u>(71,000)</u>
Net Cash Flows from Noncapital Financing Activities	<u>-</u>
 Cash Flows From Capital & Related Financing Activities	
Capital contributions	87,827
Acquisition of capital assets	<u>(88,453)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(626)</u>
 Cash Flows From Investing Activities:	
Interest received on investments	<u>10,363</u>
 Net Increase in Cash and Investments	148,719
 Cash - April 1	<u>158,640</u>
 Cash - March 31	<u>\$ 307,359</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Operating income (loss)	\$ (100,110)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	257,026
Change in assets and liabilities:	
Receivables	(4,623)
Accounts payable	<u>(13,311)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 138,982</u>

Park Township, Michigan
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY AGENCY FUND
March 31, 2011

	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	<u>\$ 8,859</u>
LIABILITIES	
Due to others	<u>\$ 8,859</u>

Park Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2011

NOTE 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:

A. 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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 township 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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The township reports the following major governmental funds:

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

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

Park/Recreation Fund - The Park/Recreation Fund accounts for resources of special tax levies and other revenues restricted for the provision of park and recreation services.

Bike Path Fund - The Bike Path Fund accounts for resources of special tax levies and other revenues restricted for the maintenance and construction of the township's bike path system.

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

Township Improvements Fund - The Township Improvements 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.

The township reports the following major proprietary funds:

Water Fund - This fund is used to account for the operation and maintenance of the water distribution system.

Additionally, the government reports the following fund types:

Fiduciary Funds (Not included in government-wide statements)

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

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

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

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water fund also recognize 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.

When fund balance resources are available for a specific purpose in more than one classification, it is the township's policy to use the most restrictive first in the following order: restricted, committed, assigned, and unassigned as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. *Bank Deposits and Investments.*

The township maintains separate cash accounts for certain of its various funds as well as maintaining a pooled cash account to facilitate the management of cash.

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.

Investments are recorded at fair value.

2. *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.

3. *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.

4. *Capital Assets.*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, 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 \$5,000 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 estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-50
Land improvements	15-30
Machinery and equipment	7-10
Office furniture and equipment	7-10
Vehicles	5-25
Roads, bike paths and sidewalks	15-25
Water and sewer systems	50-75

5. *Compensated Absences.*

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

6. *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 assets. 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.

7. *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.

E. 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 2010 ad valorem tax is levied and collectible on December 1, 2010, and is recognized as revenue in the year ended March 31, 2011, when the proceeds of this levy are budgeted and made available for the financing of operations.

The 2010 taxable valuation of the township totaled \$894,486,999, on which ad valorem taxes levied consisted of .9439 mills for operating purposes, .6700 mills for police services, .5000 mills for parks and recreation, and .4000 mills for bike paths. This resulted in \$844,264 for operating purposes, \$599,267 for police services, \$447,224 for parks and recreation, and \$357,775 for bike paths. These amounts are recognized in the respective General Fund, Police Fund, Park/Recreation Fund, and Bike Path Fund as tax revenue.

F. 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.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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. Amount 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.

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:	Budget Appropriation	Actual Expenditure
General Fund		
General Government		
Assessor	\$ 208,780	\$ 212,592
Clerk	112,311	113,914
Board of review	3,250	3,503
Township property	68,661	71,267
Public Works		
Street lighting	142,000	147,351
Community and Economic Development		
Community services	123,300	125,758
Insurance, bonds, fringes		
Miscellaneous	500	4,102
Park/Recreation Fund		
Recreation and Culture		
Child care	21,760	23,924
Bike Path Fund		
Public Works		
Bike paths	113,047	119,409

B. 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, 2011:

Surplus (deficit) - April 1, 2010		\$ (567,595)
Charges for services	\$ 213,835	
Building inspection expenditures	<u>(140,214)</u>	<u>73,621</u>
Surplus (deficit) - March 31, 2011		<u>\$ (493,974)</u>

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. 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>\$ 8,723,630</u>	<u>\$ 307,359</u>	<u>\$ 8,859</u>	<u>\$ 9,039,848</u>

The breakdown between deposits and investments is as follows:

Bank deposits (checking, savings accounts and certificates of deposits)	\$ 9,039,848
Investments in securities, mutual funds and similar vehicles	<u>-</u>
Total	<u>\$ 9,039,848</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the township's deposits may not be returned. At year end the bank balance of the township's deposits was \$9,238,407 of which \$1,950,000 was covered by federal depository insurance and \$7,288,407 was exposed to custodial credit risk because it was uninsured and uncollateralized. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

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.

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.

B. Receivables

Receivables as of year-end for the township's individual major funds, and non-major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Police	Park/ Recreation	Bike Path	Sewer Distribution	Township Improvement	Water	Total
Receivables:								
Accounts	\$ 9,181	\$ 935	\$ -	\$ -	\$ -	\$ -	\$ 160,221	\$ 170,337
Interest	15,094	218	-	117	56	3,489	-	18,974
Special assessments	1,333	-	-	-	299,169	-	207,747	508,249
Intergovernmental	199,883	13,936	10,400	8,320	425	-	1,670	234,634
Gross receivables	225,491	15,089	10,400	8,437	299,650	3,489	369,638	932,194
Allowance for uncollectibles	-	-	-	-	-	-	-	-
Net Total Receivables	\$ 225,491	\$ 15,089	\$ 10,400	\$ 8,437	\$ 299,650	\$ 3,489	\$ 369,638	\$ 932,194

Governmental funds report deferred 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. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	\$ 300,502	\$ -
Recreation fees	-	16,896
Total	\$ 300,502	\$ 16,896

C. Capital Assets

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

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 2,229,554	\$ 437,319	\$ -	\$ 2,666,873
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,229,554</u>	<u>437,319</u>	<u>-</u>	<u>2,666,873</u>
Capital Assets Being Depreciated				
Buildings	2,752,325	-	-	2,752,325
Improvements other than buildings	3,259,990	-	-	3,259,990
Machinery and equipment	2,400,960	177,896	-	2,578,856
Infrastructure	<u>3,222,433</u>	<u>104,687</u>	<u>-</u>	<u>3,327,120</u>
Subtotal	<u>11,635,708</u>	<u>282,583</u>	<u>-</u>	<u>11,918,291</u>
Less Accumulated Depreciation for				
Buildings	(762,817)	(66,491)	-	(829,308)
Improvements other than buildings	(1,682,796)	(171,812)	-	(1,854,608)
Machinery and equipment	(1,020,480)	(124,471)	-	(1,144,951)
Infrastructure	<u>(657,973)</u>	<u>(160,918)</u>	<u>-</u>	<u>(818,891)</u>
Subtotal	<u>(4,124,066)</u>	<u>(523,692)</u>	<u>-</u>	<u>(4,647,758)</u>
Net Capital Assets Being Depreciated	<u>7,511,642</u>	<u>(241,109)</u>	<u>-</u>	<u>7,270,533</u>
Governmental Activities Total				
Capital Assets-Net of Depreciation	<u>\$ 9,741,196</u>	<u>\$ 196,210</u>	<u>\$ -</u>	<u>\$ 9,937,406</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 32,716
Public safety	119,479
Public works	175,234
Recreation and culture	<u>196,263</u>
	<u>\$ 523,692</u>

Business-Type Activities	Beginning			Ending
	Balance	Increases	Decreases	Balance
Capital Assets Being Depreciated				
Water system	10,236,808	88,453	-	10,325,261
Less accumulated depreciation	<u>(4,405,575)</u>	<u>(257,026)</u>	<u>-</u>	<u>(4,662,601)</u>
Business-Type Activities Total				
Capital Assets-Net of Depreciation	<u>\$ 5,831,233</u>	<u>\$ (168,573)</u>	<u>\$ -</u>	<u>\$ 5,662,660</u>

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

Water \$ 255,026

Construction Commitments-The township had no significant construction commitments as of March 31, 2011.

D. Interfund Receivables, Payables and Transfers

At March 31, 2011, there were no interfund balances. Interfund transfers reported in the funds statements were as follows:

	Police Fund	Park/ Recreation Fund	Bike Path Fund	Sewer Distribution Fund	Township Improvement Fund	Water Fund	Total
Transfers In							
General Fund	\$ 11,000 (1)	55,700 (1)	\$ 30,500 (1)	\$ 51,000 (1)	-	\$ 71,000 (1)	\$ 219,200
General Fund	-	23,100 (2)	-	-	-	-	23,100
Water Fund	-	-	-	-	71,000 (3)	-	71,000
	<u>\$ 11,000</u>	<u>\$ 78,800</u>	<u>\$ 30,500</u>	<u>\$ 51,000</u>	<u>\$ 71,000</u>	<u>\$ 71,000</u>	<u>\$ 313,300</u>

The following describes the nature of the significant transfers:

- (1) Transfer to General Fund for administrative charges to other funds
- (2) Transfer to General Fund for Community services support
- (3) Transfer from Township Improvement Fund to Water Fund to repay prior advances

NOTE 4. OTHER INFORMATION

A. 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.

B. Pension Plan

The township sponsors a defined contribution pension plan established by the township to provide benefits at retirement to eligible employees of the township meeting age and length of service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The township is required to contribute 13.4% of covered compensation. Contributions to the plan by the township were \$88,422 for the year ended March 31, 2011. Plan provisions and contribution requirements are established and may be amended by the Township Board.

C. Deferred Compensation Plan

The township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of the plan were held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted for any other use. The Administrators are the agents of the employer for the purpose of providing direction to the custodian of the custodial accounts from time to time for the investment of the funds held in the account, transfer of the assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the township's financial statements.

D. Other Post-Employment Benefits

a. Plan Description

The township administers a single-employer defined benefit healthcare plan (Retiree Health Benefits Plan). The plan provides healthcare insurance premiums for certain eligible retirees and their spouses. Benefits are provided to all full-time elected or non-elected employees who have reached age 65 and have worked at least 10 years for the township upon their retirement from the township (this was changed in June 2010 from age 62 and 10 years of service or a combined age and years of service totaling 80 and a minimum age of 55 upon retirement). The plan was established by the township and can be amended at its discretion. The Retiree Health Benefits Plan does not issue a publicly available financial report and although a legal trust has been established there have been no contributions to the trust.

b. Funding Policy

The township has the authority to establish and amend the obligations of the township and plan members to contribute to the plan. Actively employed plan members have no obligation to contribute to the plan. The township has no obligation to make contributions in advance of when insurance premiums are due for payment (financed on a pay-as-you-go basis). For the year ended March 31, 2011 the township contributed \$4,464 to the plan for current premiums (which is net of \$780 reimbursed to the township by retirees).

c. Annual OPEB Cost and Net OPEB Obligation

The township's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding, that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed fifteen years. The first actuarial report of the Retiree Health Benefits Plan was performed effective April 1, 2009 with the requirements of GASB Statement No. 45 being implemented prospectively.

The following table shows the component of the township's annual OPEB cost for the year ended March 31, 2011, the amount actually contributed to the plan, and the changes in the township's net OPEB obligation:

Annual required contribution	\$ 29,176
Interest on net OPEB obligation	1,576
Adjustment to annual required contribution	<u>(3,586)</u>
Annual OPEB cost (expense)	27,166
Contributions made	<u>(4,464)</u>
Increase in net OPEB obligation	22,702
Net OPEB obligation - beginning of year	<u>39,396</u>
Net OPEB obligation - end of year	<u><u>\$ 62,098</u></u>

The township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended March 31, 2010 and 2011, which are the first two years of OPEB obligation determination, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
3/31/2010	\$ 62,948	\$ 23,552	37%	\$ 39,396
3/31/2011	27,166	4,464	16%	62,098

d. Funded Status and Funding Progress

As of March 31, 2011, the most recent actuarial valuation date, the plan was completely unfunded because of the township's financing on a pay-as-you-go basis. The actuarial accrued liability for benefits was \$163,644, the actuarial value of plan assets was \$0, resulting in an unfunded actuarial liability (UAAL) of \$163,644. The covered payroll (annual payroll of the active employees covered by the plan) was \$1,052,125, and the ratio of UAAL to covered payroll was 15.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual review as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actual accrued liabilities for benefits.

e. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The annual required contribution was determined as part of an actuarial valuation as of March 31, 2011. In the actuarial valuation, the projected unit credit actuarial cost method, level dollar, closed amortization method, and an amortization period of 14 years were utilized. The actuarial assumptions included a 0% return on plan assets as the plan is not funded, a discount rate of 4% and 8% inflation graded to 3% in 2014.

E. 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, 2011, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to approximately \$3,150,000.

Required
Supplementary Information

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 989,400	\$ 989,400	\$ 847,795	\$ (141,605)
Licenses and permits	108,200	108,200	234,440	126,240
Federal grants	-	-	126,702	126,702
State shared revenues	995,000	995,000	1,154,963	159,963
Charges for services	52,500	52,500	49,847	(2,653)
Interest	70,400	70,400	32,181	(38,219)
Special assessments	-	-	1,883	1,883
Other	14,500	14,500	73,994	59,494
Total Revenues	<u>2,230,000</u>	<u>2,230,000</u>	<u>2,521,805</u>	<u>291,805</u>
Expenditures:				
Current:				
General Government:				
Township board	8,400	10,610	10,112	498
Supervisor	13,654	13,615	13,424	191
Manager	111,291	115,238	115,123	115
Audit	14,500	15,200	13,132	2,068
Elections	64,600	57,400	55,925	1,475
Assessor	206,191	208,780	212,592	(3,812)
Attorney	110,000	85,000	77,231	7,769
Clerk	117,813	112,311	113,914	(1,603)
Information technology	49,500	56,450	35,024	21,426
Board of review	2,300	3,250	3,503	(253)
Treasurer	100,592	98,898	90,892	8,006
Township office	215,896	232,376	225,956	6,420
Township property	74,006	68,661	71,267	(2,606)
Cemetery	33,350	37,100	35,172	1,928
Total General Government	<u>1,122,093</u>	<u>1,114,889</u>	<u>1,073,267</u>	<u>41,622</u>
Public Safety:				
Fire protection	475,197	630,307	595,728	34,579
Inspections	137,329	142,199	140,214	1,985
Total Public Safety	<u>612,526</u>	<u>772,506</u>	<u>735,942</u>	<u>36,564</u>
Public Works:				
Drains	65,600	118,800	111,655	7,145
Highways, streets, and bridges	150,000	110,000	105,386	4,614
Engineering	15,000	3,500	2,103	1,397
Street lighting	127,500	142,000	147,351	(5,351)
Total Public Works	<u>358,100</u>	<u>374,300</u>	<u>366,495</u>	<u>7,805</u>

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE - GENERAL FUND
Year Ended March 31, 2011

	<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	115,000	123,300	125,758	(2,458)
Planning and zoning	<u>156,875</u>	<u>142,594</u>	<u>139,536</u>	<u>3,058</u>
Total Community and Economic Development	<u>271,875</u>	<u>265,894</u>	<u>265,294</u>	<u>600</u>
Insurance, bonds & fringes:				
Insurances	56,000	56,000	48,598	7,402
Retiree costs/Fringe benefits	18,751	15,074	11,553	3,521
Miscellaneous	<u>32,955</u>	<u>500</u>	<u>4,102</u>	<u>(3,602)</u>
Total Insurance, Bonds, and Fringes	<u>107,706</u>	<u>71,574</u>	<u>64,253</u>	<u>7,321</u>
Total Expenditures	<u>2,472,300</u>	<u>2,599,163</u>	<u>2,505,251</u>	<u>93,912</u>
Excess of Revenues Over (Under) Expenditures	(242,300)	(369,163)	16,554	385,717
Other Financing Sources (Uses):				
Transfers in	<u>242,300</u>	<u>242,300</u>	<u>242,300</u>	<u>-</u>
Net Change in Fund Balances	-	(126,863)	258,854	385,717
Fund Balances - April 1	<u>4,165,547</u>	<u>4,165,547</u>	<u>4,165,547</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 4,165,547</u>	<u>\$ 4,038,684</u>	<u>\$ 4,424,401</u>	<u>\$ 385,717</u>

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - POLICE FUND
Year Ended March 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 600,000	\$ 600,000	\$ 600,168	\$ 168
Fines and forfeitures	10,000	10,000	12,707	2,707
Interest	-	-	9,186	9,186
Total Revenues	<u>610,000</u>	<u>610,000</u>	<u>622,061</u>	<u>12,061</u>
Expenditures:				
Current:				
Public safety:				
Police services	<u>599,000</u>	<u>595,000</u>	<u>573,685</u>	<u>21,315</u>
Excess Of Revenues Over (Under) Expenditures	11,000	15,000	48,376	33,376
Other Financing Sources (Uses):				
Transfers out	<u>(11,000)</u>	<u>(11,000)</u>	<u>(11,000)</u>	<u>-</u>
Net Change in Fund Balances	-	4,000	37,376	33,376
Fund Balances - April 1	<u>929,310</u>	<u>929,310</u>	<u>929,310</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 929,310</u>	<u>\$ 933,310</u>	<u>\$ 966,686</u>	<u>\$ 33,376</u>

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - PARK/RECREATION FUND
Year Ended March 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 439,000	\$ 439,000	\$ 447,788	\$ 8,788
Charges for services	123,250	123,250	135,528	12,278
Interest	-	-	2,127	2,127
Total Revenues	<u>562,250</u>	<u>562,250</u>	<u>585,443</u>	<u>23,193</u>
Expenditures:				
Current:				
Recreation and Culture:				
Child care	23,300	21,760	23,924	(2,164)
Recreation department	121,138	152,663	159,146	(6,483)
Parks department	167,678	646,419	643,517	2,902
Miscellaneous	171,334	17,500	8,050	9,450
Total Expenditures	<u>483,450</u>	<u>838,342</u>	<u>834,637</u>	<u>3,705</u>
Excess of Revenues Over (Under) Expenditures	78,800	(276,092)	(249,194)	26,898
Other Financing Sources (Uses):				
Transfers out	(78,800)	(78,800)	(78,800)	-
Net Change in Fund Balances	-	(354,892)	(327,994)	26,898
Fund Balances - April 1	<u>526,585</u>	<u>526,585</u>	<u>526,585</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 526,585</u>	<u>\$ 171,693</u>	<u>\$ 198,591</u>	<u>\$ 26,898</u>

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BIKE PATH FUND
Year Ended March 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 475,000	\$ 475,000	\$ 358,323	\$ (116,677)
State shared revenues	15,000	15,000	14,362	(638)
Interest	-	-	12,714	12,714
Total Revenues	<u>490,000</u>	<u>490,000</u>	<u>385,399</u>	<u>(104,601)</u>
Expenditures:				
Current:				
Public Works:				
Bike paths	<u>459,500</u>	<u>113,047</u>	<u>119,409</u>	<u>(6,362)</u>
Excess of Revenues Over (Under) Expenditures	30,500	376,953	265,990	(110,963)
Other Financing Sources (Uses):				
Transfers out	<u>(30,500)</u>	<u>(30,500)</u>	<u>(30,500)</u>	<u>-</u>
Net Change in Fund Balances	-	346,453	235,490	(110,963)
Fund Balances - April 1	<u>1,394,345</u>	<u>1,394,345</u>	<u>1,394,345</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 1,394,345</u>	<u>\$ 1,740,798</u>	<u>\$ 1,629,835</u>	<u>\$ (110,963)</u>

Park Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION

Retiree Health Benefits Plan
Schedule of Funding Progress

Fiscal Year Ending	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
3-31-10	3-31-10	\$ -	\$ 362,073	\$ 362,073	0.0%	\$ 992,019	36.5%
3-31-11	3-31-11	-	163,644	163,644	0.0%	1,052,125	15.6%