

*Grand Rapids Charter Township*  
*Kent County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended December 31, 2004*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Grand Rapids Charter Township, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Rapids Charter Township, Michigan as of December 31, 2004, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Grand Rapids Charter Township, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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, each major fund, and the aggregate remaining fund information of Grand Rapids Charter Township, Michigan, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 13, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of January 1, 2004.

The budgetary comparison information, on pages 22 through 25, is not a required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Board of Trustees  
Grand Rapids Charter Township, Michigan  
Page 2**

**Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grand Rapids Charter Township, Michigan, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.**

**Grand Rapids Charter Township, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.**

*Siegfried Crandall P.C.*

**June 24, 2005**

## **BASIC FINANCIAL STATEMENTS**

**Grand Rapids Charter Township**  
**STATEMENT OF NET ASSETS**  
December 31, 2004

	<u>Governmental activities</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 2,302,043
Investments	641,222
Receivables (net)	1,256,723
Prepaid expense	<u>49,377</u>
Total current assets	<u>4,249,365</u>
Noncurrent assets:	
Receivables (net)	162,000
Capital assets (net of accumulated depreciation)	<u>7,401,135</u>
Total noncurrent assets	<u>7,563,135</u>
Total assets	<u>11,812,500</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payables	113,012
Deferred revenue	1,566,946
Contract payable	<u>25,000</u>
Total current liabilities	<u>1,704,958</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	7,376,135
Restricted for:	
Public safety	118,695
Public works	40,396
Unrestricted	<u>2,572,316</u>
Total net assets	<u>\$ 10,107,542</u>

See notes to financial statements

**Grand Rapids Charter Township**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2004

Functions/Programs	Program Revenues			Net (expenses) revenues and changes in net assets
	Expenses	Charges for services	Operating grants and contributions	
Governmental activities:				
Legislative	\$ 17,386	\$ -	\$ -	\$ (17,386)
General government	809,322	475	-	(808,847)
Public safety	1,343,837	315,491	-	(1,018,086)
Public works	152,318	90,880	-	(44,800)
Health and welfare	13,528	-	-	(13,528)
Community and economic development	71,024	19,845	-	(51,179)
Culture and recreation	76,716	-	390	(76,326)
<b>Total governmental activities</b>	<b>\$2,484,131</b>	<b>\$ 426,691</b>	<b>\$ 390</b>	<b>\$ (2,030,152)</b>
General revenues:				
Property taxes				1,072,084
State shared revenue				953,704
Franchise fees				135,942
Interest income				85,825
Other				49,015
Special item - capital asset donations				<u>1,280,000</u>
<b>Total general revenues and special items</b>				<u>3,576,570</u>
Change in net assets				1,546,418
Net assets - beginning				<u>8,561,124</u>
Net assets - ending				<u>\$ 10,107,542</u>

See notes to financial statements

**Grand Rapids Charter Township**  
**BALANCE SHEET - governmental funds**

December 31, 2004

	<u>General</u>	<u>Improvement Revolving</u>	<u>Public Safety</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$2,053,666	\$ 61,154	\$ -	\$ 72,350	\$ 2,187,170
Investments	34,877	606,345	-	-	641,222
Receivables	799,372	194,710	362,883	41,606	1,398,571
Total assets	<u>\$2,887,915</u>	<u>\$ 862,209</u>	<u>\$362,883</u>	<u>\$ 113,956</u>	<u>\$ 4,226,963</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Payables	\$ 88,418	\$ 3,000	\$ -	\$ 5,264	\$ 96,682
Deferred revenue	1,119,639	176,710	362,883	84,424	1,743,656
Total liabilities	<u>1,208,057</u>	<u>179,710</u>	<u>362,883</u>	<u>89,688</u>	<u>1,840,338</u>
Fund balances:					
Reserved for public works	16,128	-	-	-	16,128
Unreserved:					
Designated	380,000	-	-	-	380,000
Undesignated	1,283,730	682,499	-	-	1,966,229
Unreserved, reported in nonmajor: Special revenue funds	-	-	-	24,268	24,268
Total fund balances	<u>1,679,858</u>	<u>682,499</u>	<u>-</u>	<u>24,268</u>	<u>2,386,625</u>
Total liabilities and fund balances	<u>\$2,887,915</u>	<u>\$ 862,209</u>	<u>\$362,883</u>	<u>\$ 113,956</u>	

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	7,401,135
Net assets of the Building Inspections Fund are included in <i>governmental activities</i> .	118,695
Prepaid expenses are not reported in the funds.	49,377
Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	176,710
Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(25,000)</u>
Net assets of <i>governmental activities</i>	<u>\$ 10,107,542</u>

See notes to financial statements



**Grand Rapids Charter Township**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - governmental funds**  
Year ended December 31, 2004

	<u>General</u>	<u>Improvement Revolving</u>	<u>Public Safety</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>					
Taxes	\$ 516,534	\$ -	\$ 555,550	\$ -	\$ 1,072,084
Licenses and permits	135,942	-	-	-	135,942
Federal grant	10,260	-	-	-	10,260
State grants	994,304	-	-	-	994,304
Charges for services	35,488	-	-	-	35,488
Interest and rentals	51,577	34,248	-	-	85,825
Other	117,551	35,461	-	75,712	228,724
	<u>1,861,656</u>	<u>69,709</u>	<u>555,550</u>	<u>75,712</u>	<u>2,562,627</u>
Total revenues					
<b>EXPENDITURES</b>					
Legislative	17,386	-	-	-	17,386
General government	792,926	-	-	-	792,926
Public safety	1,000,322	-	-	-	1,000,322
Public works	42,551	11,385	-	77,153	131,089
Health and welfare	13,528	-	-	-	13,528
Community and economic development	71,024	-	-	-	71,024
Culture and recreation	1,938	-	-	-	1,938
Capital outlay	66,582	995,467	-	-	1,062,049
Debt service - principal	25,000	-	-	-	25,000
	<u>2,031,257</u>	<u>1,006,852</u>	<u>-</u>	<u>77,153</u>	<u>3,115,262</u>
Total expenditures					
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(169,601)</u>	<u>(937,143)</u>	<u>555,550</u>	<u>(1,441)</u>	<u>(552,635)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	555,550	-	-	-	555,550
Transfers out	-	-	(555,550)	-	(555,550)
	<u>-</u>	<u>-</u>	<u>(555,550)</u>	<u>-</u>	<u>(555,550)</u>
Total other sources (uses)	<u>555,550</u>	<u>-</u>	<u>(555,550)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	385,949	(937,143)	-	(1,441)	(552,635)
<b>FUND BALANCES - BEGINNING</b>	<u>1,293,909</u>	<u>1,619,642</u>	<u>-</u>	<u>25,709</u>	<u>2,939,260</u>
<b>FUND BALANCES - ENDING</b>	<u>\$1,679,858</u>	<u>\$ 682,499</u>	<u>\$ -</u>	<u>\$ 24,268</u>	<u>\$ 2,386,625</u>

See notes to financial statements

**Grand Rapids Charter Township**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - governmental funds (Continued)**  
Year ended December 31, 2004

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Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balances - total governmental funds (page 8) \$ (552,635)

Amounts reported for *governmental activities* in the statement of activities are different because:

Capital assets:

Assets acquired	2,296,399
Provision for depreciation	(156,246)

Long-term debt:

Principal repayments	25,000
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Change in other assets/liabilities:

Prepaid expense	49,377
Special assessments	(35,461)
Deferred revenue	(92,108)

Net revenue of the Building Inspections Fund	<u>12,092</u>
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Change in net assets of <i>governmental activities</i> (page 6)	<u>\$ 1,546,418</u>
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**Grand Rapids Charter Township**  
**STATEMENT OF NET ASSETS - proprietary fund**  
December 31, 2004

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	<u><b>Building Inspections</b></u>
<b>ASSETS</b>	
Cash	\$ 114,873
Receivables (net)	<u>20,152</u>
Total assets	<u>135,025</u>
<b>LIABILITIES</b>	
Payables	<u>16,330</u>
<b>NET ASSETS</b>	118,695
<p>Amounts reported for business-type activities in the government-wide statement of net assets (page 5) are different because:</p>	
Assets and liabilities of the Building Inspections Fund have been combined with those of <i>governmental activities</i> .	<u>(118,695)</u>
Net assets of business-type activities	<u>\$ -</u>

See notes to financial statements

**Grand Rapids Charter Township**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND**  
**NET ASSETS - *proprietary fund***  
*Year ended December 31, 2004*

	<u><i>Building Inspections</i></u>
<b>OPERATING REVENUES</b>	
Charges for services - licenses and permits	\$ 315,491
<b>OPERATING EXPENSES</b>	
Salaries and fringe benefits	50,495
Contracted services	<u>252,904</u>
Total operating expenses	<u>303,399</u>
<b>CHANGE IN NET ASSETS</b>	12,092
<b>NET ASSETS - BEGINNING</b>	<u>106,603</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 118,695</u>
<b>CHANGE IN NET ASSETS</b>	\$ 12,092
Amounts reported for business-type activities in the government-wide statement of activities (page 6) are different because:	
Revenues and expenses of the Building Inspections Fund have been combined with those of the <i>governmental activities</i> .	<u>(12,092)</u>
Change in net assets of business-type activities	<u>\$ -</u>

See notes to financial statements

**Grand Rapids Charter Township**  
**STATEMENT OF CASH FLOWS - proprietary fund**  
Year ended December 31, 2004

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	<u><b>Building Inspections</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 324,629
Payments for salaries and fringe benefits	(50,495)
Payments for contracted services	<u>(260,110)</u>
Net cash provided by operating activities	14,024
<b>CASH - BEGINNING</b>	<u>100,849</u>
<b>CASH - ENDING</b>	<u>\$ 114,873</u>
<b>Reconciliation of change in net assets to net cash provided by operating activities:</b>	
Change in net assets	\$ 12,092
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other governmental units	9,139
Decrease in due to other governmental units	<u>(7,207)</u>
Net cash provided by operating activities	<u>\$ 14,024</u>

See notes to financial statements

**Grand Rapids Charter Township**  
**STATEMENT OF FIDUCIARY NET ASSETS - agency funds**  
*December 31, 2004*

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**ASSETS**

Cash \$ 992,242

**LIABILITIES**

Payables \$ 992,242

*See notes to financial statements*

**Grand Rapids Charter Township**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Charter Township of Grand Rapids, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present the activities of the Township. There are no component units, legally separate entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from 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. Revenues are 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 revenues 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally 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.

**Grand Rapids Charter Township**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Improvement Revolving Fund accounts for improvements financed through special assessments.

The Public Safety Fund accounts for the financial resources used for the operational costs of the Township's public safety functions. Revenues are primarily derived from property taxes.

The Township reports a single proprietary fund, the Building Inspection Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Township reports a single fiduciary fund, its Agency Fund, which accounts for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues 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 revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.



**Grand Rapids Charter Township**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues 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 revenues of the proprietary funds relate to charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*d) Assets, liabilities, and net assets or equity:*

*i) Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

*ii) Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

*iii) Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

*iv) Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, pathways, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. 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. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets retroactively.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Land improvements	20 years
Equipment	5 - 10 years
Vehicles	10 - 15 years

*v) Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

*vi) Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on February 14 (with the final collection date of February 28), at which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year

**Grand Rapids Charter Township**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity:*

vi) *Property tax revenue recognition* (continued) - for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, taxes have been deferred from recognition as revenue until the following year.

The 2003 taxable valuation of the Township totaled \$652,419,734, on which ad valorem taxes levied consisted of the following:

<u>Fund</u>	<u>Millage rate</u>	<u>Purpose</u>	<u>Taxes raised</u>
General	0.7500	Operating	\$ 490,447
Public safety	0.8495	Public safety	555,550

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. The budget document presents information by fund, function and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. The Township had no significant budget variations.

NOTE 3 - CASH AND INVESTMENTS:

The Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental activities</u>	<u>Fiduciary funds</u>	<u>Totals</u>
Cash	\$ 2,302,043	\$ 992,242	\$ 3,294,285
Investments	641,222	-	641,222
Totals	<u>\$ 2,943,265</u>	<u>\$ 992,242</u>	<u>\$ 3,935,507</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At December 31, 2004, the Township has deposits with a carrying amount of \$3,294,285 and a bank balance of \$4,676,670. Of the bank balance \$400,000 is covered by federal depository insurance and \$4,276,670 is uninsured. The Township believes that it is impractical to insure all bank deposits. The Township evaluates each financial institution with which it deposits funds and assesses the risk level of each financial institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Grand Rapids Charter Township**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 - CASH AND INVESTMENTS (Continued):**

*Investments:*

State statutes authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper, with three (3) highest rate classifications by at least two (2) rating services, maturing not later than 270 days; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds; and f) investment pools organized under the local government investment pool act. Not more than 50% of any mutual fund may be invested in commercial paper. The Township's investments consist of holdings in the Kent County Investment Pool and the Michigan Class Investment Pool, which are nonrisk categorized, qualifying investments, and are carried at cost, which approximates fair market value.

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter-governmental</u>	<u>Total</u>
General	\$ 660	\$ 625,369	\$ -	\$ 173,343	\$ 799,372
Improvement Revolving	18,000	-	176,710	-	194,710
Public Safety	-	362,883	-	-	362,883
Building Inspections	-	-	-	20,152	20,152
Nonmajor governmental	-	-	41,606	-	41,606
<b>Totals</b>	<b>\$ 18,660</b>	<b>\$ 988,252</b>	<b>\$ 218,316</b>	<b>\$ 193,495</b>	<b>\$ 1,418,723</b>

All receivables are considered fully collectible.

**NOTE 5 - DEFERRED REVENUE:**

Governmental funds report deferred revenues in connection with resources 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 revenues are as follows:

<u>Fund</u>	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
General	\$ 1,119,639	\$ -	\$ 1,119,639
Improvement Revolving	-	176,710	176,710
Public Safety	362,883	-	362,883
Other governmental	84,424	-	84,424
<b>Totals</b>	<b>\$ 1,566,946</b>	<b>\$ 176,710</b>	<b>\$ 1,743,656</b>

**Grand Rapids Charter Township  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - CAPITAL ASSETS:**

Capital asset activity for the year ended December 31, 2004, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 2,699,000	\$ 2,275,000	\$ -	\$ 4,974,000
Capital assets being depreciated:				
Building and improvements	2,969,000	10,000	-	2,979,000
Equipment	251,797	11,399	-	263,196
Vehicles	599,431	-	-	599,431
Subtotal	<u>3,820,228</u>	<u>21,399</u>	<u>-</u>	<u>3,841,627</u>
Less accumulated depreciation for:				
Buildings and improvements	767,462	98,474	-	865,936
Equipment	163,192	17,983	-	181,175
Vehicles	327,592	39,789	-	367,381
Subtotal	<u>1,258,246</u>	<u>156,246</u>	<u>-</u>	<u>1,414,492</u>
Total capital assets being depreciated (net)	<u>2,561,982</u>	<u>(134,847)</u>	<u>-</u>	<u>2,427,135</u>
Governmental activities capital assets, net	<u>\$ 5,260,982</u>	<u>\$ 2,140,153</u>	<u>\$ -</u>	<u>\$ 7,401,135</u>

Depreciation expense was charged to functions of the Township as follows:

<i>Governmental activities:</i>	
General government	\$ 47,250
Public safety	58,871
Culture and recreation	<u>50,125</u>
Total	<u>\$ 156,246</u>

**NOTE 7 - CONTRACT PAYABLE:**

On January 19, 2001, the Township signed an agreement for a \$100,000 seller-financed note payable to be secured by the purchase of a parcel of land. The note is payable over a four- year period, with annual payments of \$25,000, without any interest. As of December 31, 2004, the note payable balance is \$25,000.

**Grand Rapids Charter Township**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 - PAYABLES:**

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Total</u>
General	\$ 40,248	\$ 48,170	\$ 88,418
Improvement Revolving	3,000	-	3,000
Building Inspections	-	16,330	16,330
Nonmajor governmental	5,264	-	5,264
Total	<u>\$ 48,512</u>	<u>\$ 64,500</u>	<u>\$ 113,012</u>

**NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

A summary of interfund transfers for the year ended December 31, 2004, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
General	<u>\$ 550,550</u>	Public Safety	<u>\$ 550,550</u>

The transfer to the General Fund represents restricted revenues collected in the Public Safety Fund to pay for operational costs of the public safety functions accounted for in the General Fund.

**NOTE 10 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. The plan covers all full-time employees (over 20 hours per week) and Township trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes 10.5% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$63,573 for the year ended December 31, 2004.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**Grand Rapids Charter Township**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 12 - RESTRICTED NET ASSETS:**

Governmental activities net assets as of December 31, 2004, are restricted for the following purposes:

Public safety - construction code inspections	<u>\$ 118,695</u>
Public works:	
Right-of-way (Metro Act)	16,128
Street lighting and maintenance	13,014
Lakes management	<u>11,254</u>
	40,396
	<u>\$ 159,091</u>

**NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective January 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change in the governmental funds:

Net assets, as previously reported (general and special revenue funds)	\$ 2,939,260
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,260,982
Special assessments receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.	212,173
Recognition of revenues that were earned in the prior year, but not available, were deferred in the funds.	92,106
Net assets of the Building Inspections Fund are included in <i>governmental activities</i> .	106,603
Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(50,000)</u>
Net assets, as restated	<u>\$ 8,561,124</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**Grand Rapids Charter Township**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended December 31, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 496,200	\$ 496,200	\$ 516,534	\$ 20,334
Licenses and permits	147,150	147,150	135,942	(11,208)
Federal grant - FEMA	-	-	10,260	10,260
State grants	1,050,000	960,000	994,304	34,304
Charges for services	28,400	55,400	35,488	(19,912)
Interest and rentals	27,000	42,000	51,577	9,577
Other	35,500	123,000	117,551	(5,449)
Total revenues	<u>1,784,250</u>	<u>1,823,750</u>	<u>1,861,656</u>	<u>37,906</u>
<b>EXPENDITURES</b>				
Legislative	<u>16,700</u>	<u>16,700</u>	<u>17,386</u>	<u>(686)</u>
General government:				
Supervisor	53,216	53,216	48,026	5,190
Election	23,000	23,000	22,643	357
Assessor	92,354	89,354	73,678	15,676
Clerk	88,235	88,235	91,691	(3,456)
Board of review	3,700	3,700	1,245	2,455
Treasurer	71,391	106,391	102,438	3,953
Hall and grounds	76,500	76,500	94,440	(17,940)
Cemetery	1,000	1,000	425	575
Other	382,716	390,716	358,340	32,376
Total general government	<u>792,112</u>	<u>832,112</u>	<u>792,926</u>	<u>39,186</u>
Public safety:				
Police	390,000	390,000	361,558	28,442
Fire	625,225	625,225	638,764	(13,539)
Total public safety	<u>1,015,225</u>	<u>1,015,225</u>	<u>1,000,322</u>	<u>14,903</u>
Public works:				
Highways and streets	33,500	26,640	27,088	(448)
Street lights	2,500	2,500	2,081	419
Right-of-way	1,000	1,000	706	294
Drains	-	12,700	12,676	24
Total public works	<u>37,000</u>	<u>42,840</u>	<u>42,551</u>	<u>289</u>



**Grand Rapids Charter Township**  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Health and welfare - ambulance	\$ 16,300	\$ 16,300	\$ 13,528	\$ 2,772
Community and economic development - planning and zoning	<u>102,653</u>	<u>102,653</u>	<u>71,024</u>	<u>31,629</u>
Culture and recreation - parks and recreation	<u>1,720</u>	<u>1,720</u>	<u>1,938</u>	<u>(218)</u>
Capital outlay	<u>331,000</u>	<u>72,400</u>	<u>66,582</u>	<u>5,818</u>
Debt service - principal	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total expenditures	<u>2,337,710</u>	<u>2,124,950</u>	<u>2,031,257</u>	<u>93,693</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(553,460)	(301,200)	(169,601)	131,599
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in - Public Safety	<u>554,680</u>	<u>554,680</u>	<u>555,550</u>	<u>870</u>
<b>NET CHANGES IN FUND BALANCES</b>	1,220	253,480	385,949	132,469
<b>FUND BALANCES - BEGINNING</b>	<u>1,293,909</u>	<u>1,293,909</u>	<u>1,293,909</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$1,295,129</u>	<u>\$1,547,389</u>	<u>\$1,679,858</u>	<u>\$ 132,469</u>

**Grand Rapids Charter Township**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - Improvement Revolving Fund**  
Year ended December 31, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Interest	\$ 21,000	\$ 21,000	\$ 34,248	\$ 13,248
Other - special assessments	25,000	25,000	35,461	10,461
Total revenues	46,000	46,000	69,709	23,709
<b>EXPENDITURES</b>				
Public works	-	74,000	11,385	62,615
Capital outlay	-	1,000,000	995,467	4,533
Total expenditures	-	1,074,000	1,006,852	67,148
<b>NET CHANGES IN FUND BALANCES</b>	46,000	(1,028,000)	(937,143)	90,857
<b>FUND BALANCE - BEGINNING</b>	1,619,642	1,619,642	1,619,642	-
<b>FUND BALANCE - ENDING</b>	<u>\$1,665,642</u>	<u>\$ 591,642</u>	<u>\$ 682,499</u>	<u>\$ 90,857</u>

**Grand Rapids Charter Township**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - Public Safety Fund**  
*Year ended December 31, 2004*

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 554,680	\$ 554,680	\$ 555,550	\$ 870
<b>OTHER FINANCING USES</b>				
Operating transfer out - General Fund	<u>(554,680)</u>	<u>(554,680)</u>	<u>(555,550)</u>	<u>(870)</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCE - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **SUPPLEMENTARY INFORMATION**

**Grand Rapids Charter Township**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
 December 31, 2004

	<u>Special revenue funds</u>		
	<u>Lakes Management</u>	<u>Lighting and Maintenance</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ 21,110	\$ 51,240	\$ 72,350
Receivables	7,980	33,626	41,606
Total assets	<u>\$ 29,090</u>	<u>\$ 84,866</u>	<u>\$ 113,956</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Payables	\$ -	\$ 5,264	5,264
Deferred revenue	17,836	66,588	84,424
Total liabilities	<u>17,836</u>	<u>71,852</u>	<u>89,688</u>
Fund balances:			
Unreserved, undesignated	11,254	13,014	24,268
Total liabilities and fund balances	<u>\$ 29,090</u>	<u>\$ 84,866</u>	<u>\$ 113,956</u>

**Grand Rapids Charter Township**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - nonmajor governmental funds**  
*Year ended December 31, 2004*

	<u>Special revenue funds</u>		
	<u>Lakes Management</u>	<u>Lighting and Maintenance</u>	<u>Totals</u>
<b>REVENUES</b>			
Other - special assessments	\$ 12,526	\$ 63,186	\$ 75,712
<b>EXPENDITURES</b>			
Public works	<u>12,953</u>	<u>64,200</u>	<u>77,153</u>
<b>NET CHANGES IN FUND BALANCES</b>	(427)	(1,014)	(1,441)
<b>FUND BALANCE - BEGINNING</b>	<u>11,681</u>	<u>14,028</u>	<u>25,709</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 11,254</u>	<u>\$ 13,014</u>	<u>\$ 24,268</u>