

***Grand Rapids Charter Township***  
***Kent County, Michigan***

**FINANCIAL STATEMENTS**

*Year ended December 31, 2018*

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	<i>Page</i>
<b>INDEPENDENT AUDITOR'S REPORT</b>	3 - 4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5 - 10
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide financial statements:	
Statement of net position	11
Statement of activities	12
Fund financial statements:	
Balance sheet - governmental funds	13
Statement of revenues, expenditures, and changes in fund balances - governmental funds	14 - 15
Statement of net position - proprietary fund	16
Statement of revenues, expenses, and change in net position - proprietary fund	17
Statement of cash flows - proprietary fund	18
Statement of fiduciary assets and liabilities - agency funds	19
Notes to financial statements	20 - 29
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedules:	
General Fund	30 - 31
Public Safety Fund	32
<b>SUPPLEMENTARY INFORMATION</b>	
Combining balance sheet - nonmajor governmental funds	33
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	34
Combining statement of fiduciary assets and liabilities - agency funds	35

## INDEPENDENT AUDITOR'S 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 and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Rapids Charter Township, Michigan, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required supplementary information*

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

### *Supplementary information*

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

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

*Siegfried Crandall P.C.*

April 17, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Grand Rapids Charter Township's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Township's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The Township's total net position increased \$435,440 (3 percent) as a result of this year's activities.
- Of the \$15,628,637 total net position reported, \$5,573,044 (36 percent) is available to be used at the Board's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$741,993, which represents 35 percent of the actual total General Fund expenditures for the current fiscal year.

### **Overview of the financial statements**

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds and agency funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
  - Governmental funds statements explain how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.
  - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business. The Township's sole proprietary fund accounts for its building inspections activities.
  - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as an agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2018 and 2017 is also presented.

### **Government-wide financial statements**

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets, liabilities, and deferred inflows of resources) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements present governmental activities. Most of the Township's basic services are included here, such as general government, public safety, and public works. Property taxes and intergovernmental revenues generally fund these services.

**Fund financial statements**

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law.
- The Township Board establishes other funds to control and manage money for particular purposes (such as capital improvements) or to show that it is properly using certain taxes and other revenues (such as street lighting and lakes management special assessments).

The Township has three types of funds:

- *Governmental funds.* Most of the Township's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Proprietary funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

**Net position**

Total net position at the end of the fiscal year was \$15,628,637. However, \$9,809,537 of this total is invested in capital assets and \$246,056 is restricted for various purposes. Consequently, unrestricted net position was \$5,573,044, which represents 36 percent of the total.

*Condensed financial information  
Net position*

	<u>Governmental activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 7,863,973	\$ 7,289,426
Capital assets	<u>9,809,537</u>	<u>9,770,877</u>
Total assets	<u>17,673,510</u>	<u>17,060,303</u>
Current liabilities	<u>446,505</u>	<u>329,387</u>
Deferred inflows of resources	<u>1,598,368</u>	<u>1,537,719</u>
Net position:		
Investment in capital assets	9,809,537	9,770,877
Restricted	246,056	257,766
Unrestricted	<u>5,573,044</u>	<u>5,164,554</u>
Total net position	<u>\$ 15,628,637</u>	<u>\$ 15,193,197</u>

**Changes in net position**

The Township's total revenues were \$4,918,618 in the current fiscal year compared to \$4,000,403 in the prior year. Approximately 31 percent of the Township's revenues comes from property taxes, while state shared revenue represents 30 percent. More than 16 percent of total revenues was generated from operating grants and contributions in the current year.

*Condensed financial information  
Changes in net position*

	<i>Governmental activities</i>	
	<b>2018</b>	2017
Program revenues:		
Charges for services	\$ 628,138	\$ 682,570
Operating grants and contributions	801,843	13,244
Capital grants and contributions	64,800	-
General revenues:		
Property taxes	1,544,051	1,501,449
State shared revenue	1,481,908	1,423,142
Cable franchise fees	305,274	315,757
Interest income	78,486	42,779
Other	14,118	21,462
Total revenues	<b>4,918,618</b>	4,000,403
Expenses:		
General government	1,068,343	1,035,347
Public safety	1,441,681	1,491,220
Public works	1,474,583	430,356
Health and welfare	172,812	167,765
Community and economic development	89,706	91,295
Recreation and culture	236,053	184,396
Total expenses	<b>4,483,178</b>	3,400,379
Changes in net position	<b>\$ 435,440</b>	\$ 600,024
Net position, end of year	<b>\$ 15,628,637</b>	\$ 15,193,197

**Governmental activities**

Governmental activities increased the Township's net position by \$435,440 in the current year compared to a \$600,024 increase in the prior year. The change in net position was \$164,584 lower than the prior year, as expenses increased by \$1,082,799, while revenues only increased by \$918,215. The increase in revenues was primarily due to a \$788,599 increase in operating grants and contributions, due to contributions related to utility system improvements in the current year. The most significant change in expenses was a \$1,044,227 increase in public works expenses, which was primarily due to the costs associated with the utility system improvements (\$891,297) and an increase in road construction costs.

The total cost of governmental activities this year was \$4,483,178 compared to \$3,400,379 in the prior year. After subtracting the direct charges to those who directly benefited from the programs (\$628,138), operating grants (\$801,843), and capital grants (\$64,800), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$2,988,397.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

At December 31, 2018, the Township's governmental funds reported total fund balances of \$5,627,795, which represents an increase of \$343,138 compared to the prior year.

The fund balance of the General Fund increased by \$336,868 during the year and amounted to \$3,536,497 at year end. The fund balance increased, as General Fund revenues and proceeds from the sale of capital assets were more than sufficient to cover all expenditures and transfers to other funds.

The Public Safety Fund did not report a fund balance because, as in prior years, all financial resources received are fully expended for current police and fire protection services.

The fund balance of the Improvement Revolving Fund at year end was \$1,835,596. The fund's equity increased by \$35,777, as contributions from other governments (\$754,706), transfers from the General Fund (\$150,000), and interest (\$22,368) were sufficient to cover total expenditures of \$891,297.

**General Fund budgetary highlights**

The Township Board did not amend the budgeted revenues of the General Fund. The General Fund's total actual revenues were \$197,279 higher than budgeted, primarily because state grant revenue was \$156,406 greater than anticipated, as State distributions exceeded expectations.

Total budgeted expenditures were amended to reflect a net increase of \$67,000. Significant changes, by function, are explained as follows:

- General government expenditures were increased by \$43,000 as hall and grounds costs were higher than originally anticipated.
- Public works expenditures were increased by \$84,000, as pathway improvement costs were increased by \$70,000.
- Capital outlay expenditures were decreased by \$60,000 as planned acquisition costs were lower than anticipated.

The General Fund's total actual expenditures were \$17,754 less than the amounts appropriated. Every function, except general government was under budget. General government expenses were \$32,298 more than appropriated, primarily because elections costs were \$19,974 more than anticipated.

Net other financing uses were \$61,265 less than anticipated as the transfer to the Public Safety Fund was \$33,685 less than planned, and the Township received \$27,580 from sales of capital assets.

These variances resulted in a positive budget variance of \$276,298, with a \$336,868 increase in fund balance compared to a budgeted increase of \$60,570.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital assets**

At December 31, 2018, the Township had invested \$9,809,537 in various capital assets, including land, buildings, equipment, and vehicles. This amount represents a net increase of \$38,660 as asset additions of \$425,894 were offset by the sale of land, with a book value of \$13,462, and depreciation expense of \$373,772.

This year's major capital asset transactions included:

- Land was sold for \$861,700 in the prior year; the remainder of the land that was purchased in 2017, at a cost of \$1,205,973, is presented as land held for sale, with a cost of \$344,273
- \$233,441 was paid to the manufacturer of a fire truck upon its delivery; a \$250,000 deposit had been made in the previous year
- Election equipment, with a value of \$64,800, was provided through a State grant
- New air conditioning units were purchased at a cost of \$33,815
- The Dunnigan bike path was improved at a cost of \$29,979; the project will be completed in 2019

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

### **Debt**

The Township reported no long-term debt as of the beginning or end of the year.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The 2019 Grand Rapids Charter Township budget was developed to provide the necessary governmental responsibilities for the residents of our community. The framework for the budget is a product of the Township's budget process and the Capital Improvement Plan. Projected revenues will increase at about the rate of inflation; expenditures are allocated by priority.

The following economic factors were considered when preparing the 2019 budget:

- a) an increase in taxable value on real property
- b) stable constitutional state shared revenue
- c) moderate growth in new construction
- d) operational costs will increase somewhat more than the inflation rate
- e) replacement of one of the three fire stations with internal financing
- f) continued investment in maintaining infrastructure

The Township remains committed to our primary responsibilities: provide essential services of police, fire, and EMS; perform our constitutional duties of election administration, assessment of property, and property tax collection; ensure that we promote appropriate land-use regulations; are supportive of regional economic development; and provide for parks, open space, and recreational trails.

## **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors and to demonstrate the Township's accountability for the money it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Grand Rapids Charter Township  
Michael DeVries, Supervisor  
1836 East Beltline, N.E.  
Grand Rapids, MI 49525-4594

Phone: (616) 361-7391

## **BASIC FINANCIAL STATEMENTS**

**Grand Rapids Charter Township**  
**STATEMENT OF NET POSITION**  
*December 31, 2018*

	<u>Primary government</u>	<u>Component units</u>	
	<u>Governmental activities</u>	<u>Brownfield Redevelopment Authority</u>	<u>Economic Development Corporation</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 4,308,946	\$ -	\$ -
Investments	1,504,797	-	-
Receivables	1,960,930	-	-
Prepaid expenses	89,300	-	-
Total current assets	<u>7,863,973</u>	<u>-</u>	<u>-</u>
Noncurrent assets:			
Land held for sale	348,629	-	-
Capital assets not being depreciated	5,139,661	-	-
Capital assets, net of accumulated depreciation	4,321,247	-	-
Total noncurrent assets	<u>9,809,537</u>	<u>-</u>	<u>-</u>
Total assets	<u>17,673,510</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	249,940	-	-
Unearned revenue:			
Operating assessments	92,440	-	-
Tower lease	104,125	-	-
Total current liabilities	<u>446,505</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax revenues levied for the subsequent year	<u>1,598,368</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Investment in capital assets	9,809,537	-	-
Restricted for:			
Public safety	68,366	-	-
Public works	177,690	-	-
Unrestricted	<u>5,573,044</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 15,628,637</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements



Grand Rapids Charter Township

**BALANCE SHEET - governmental funds**

December 31, 2018

	<u>General</u>	<u>Public Safety</u>	<u>Improvement Revolving</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$ 3,347,637	\$ 368,909	\$ 216,267	\$ 311,262	\$ 4,244,075
Investments	393,693	-	1,111,104	-	1,504,797
Receivables	<u>778,906</u>	<u>479,760</u>	<u>636,485</u>	<u>48,302</u>	<u>1,943,453</u>
Total assets	<u>\$ 4,520,236</u>	<u>\$ 848,669</u>	<u>\$ 1,963,856</u>	<u>\$ 359,564</u>	<u>\$ 7,692,325</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Payables	\$ 129,915	\$ -	\$ 94,621	\$ 11,422	\$ 235,958
Unearned revenues:					
Operating assessments	-	-	-	92,440	92,440
Tower lease	<u>104,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,125</u>
Total liabilities	<u>234,040</u>	<u>-</u>	<u>94,621</u>	<u>103,862</u>	<u>432,523</u>
Deferred inflows of resources:					
Property tax revenues levied for the subsequent year	749,699	848,669	-	-	1,598,368
Unavailable contributions	<u>-</u>	<u>-</u>	<u>33,639</u>	<u>-</u>	<u>33,639</u>
Total deferred inflows of resources	<u>749,699</u>	<u>848,669</u>	<u>33,639</u>	<u>-</u>	<u>1,632,007</u>
Fund balances:					
Restricted for public works	-	-	-	177,690	177,690
Committed for:					
General government	518,278	-	-	-	518,278
Public works	205,518	-	-	78,012	283,530
Recreation and culture	2,070,708	-	-	-	2,070,708
Assigned for utility system improvements	-	-	1,835,596	-	1,835,596
Unassigned	<u>741,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>741,993</u>
Total fund balances	<u>3,536,497</u>	<u>-</u>	<u>1,835,596</u>	<u>255,702</u>	<u>5,627,795</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,520,236</u>	<u>\$ 848,669</u>	<u>\$ 1,963,856</u>	<u>\$ 359,564</u>	<u>\$ 7,692,325</u>

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - total governmental funds \$ 5,627,795

Amounts reported for *governmental activities* in the statement of net position (page 11) are different because:

Prepaid expenses are not reported in the funds. 89,300

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 9,809,537

Certain receivables are not available to pay for the current period's expenditures and are deferred in the funds. 33,639

Net position of the Building Inspections Fund is included in *governmental activities*. 68,366

Net position of *governmental activities* \$ 15,628,637

See notes to financial statements

Grand Rapids Charter Township

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds**

Year ended December 31, 2018

	<u>General</u>	<u>Public Safety</u>	<u>Improvement Revolving</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>					
Property taxes	\$ 753,880	\$ 815,357	\$ -	\$ -	\$ 1,569,237
Licenses and permits	381,602	-	-	-	381,602
State grants	1,495,406	-	-	-	1,495,406
Charges for services	54,982	-	-	-	54,982
Interest and rentals	69,131	-	22,368	774	92,273
Other	3,033	-	754,706	96,187	853,926
	<u>2,758,034</u>	<u>815,357</u>	<u>777,074</u>	<u>96,961</u>	<u>4,447,426</u>
Total revenues					
<b>EXPENDITURES</b>					
Current:					
General government	1,028,408	-	-	-	1,028,408
Public safety	-	999,689	-	-	999,689
Public works	484,562	-	891,297	126,468	1,502,327
Health and welfare	174,042	-	-	-	174,042
Community and economic development	89,716	-	-	-	89,716
Recreation and culture	3,179	-	-	-	3,179
Capital outlay	334,507	-	-	-	334,507
	<u>2,114,414</u>	<u>999,689</u>	<u>891,297</u>	<u>126,468</u>	<u>4,131,868</u>
Total expenditures					
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<u>643,620</u>	<u>(184,332)</u>	<u>(114,223)</u>	<u>(29,507)</u>	<u>315,558</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sales of capital assets	27,580	-	-	-	27,580
Transfers in	-	184,332	150,000	-	334,332
Transfers out	(334,332)	-	-	-	(334,332)
	<u>(306,752)</u>	<u>184,332</u>	<u>150,000</u>	<u>-</u>	<u>27,580</u>
Net other financing sources (uses)					
<b>NET CHANGES IN FUND BALANCES</b>					
	336,868	-	35,777	(29,507)	343,138
<b>FUND BALANCES - BEGINNING</b>					
	<u>3,199,629</u>	<u>-</u>	<u>1,799,819</u>	<u>285,209</u>	<u>5,284,657</u>
<b>FUND BALANCES - ENDING</b>					
	<u>\$ 3,536,497</u>	<u>\$ -</u>	<u>\$ 1,835,596</u>	<u>\$ 255,702</u>	<u>\$ 5,627,795</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, 2018

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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 balance - total governmental funds (page 14) \$ 343,138

Amounts reported for *governmental activities* in the statement of activities (page 12) are different because:

Capital assets:

Asset acquisitions	425,894
Asset dispositions	(13,462)
Provision for depreciation	(373,772)

Increase in prepaid expenses 1,730

Increase in deferred inflows 33,639

Change in net position of the Building Inspections Fund 18,273

Change in net position of *governmental activities* \$ 435,440

See notes to financial statements

**Grand Rapids Charter Township**

**STATEMENT OF NET POSITION - proprietary fund**

December 31, 2018

	<u><b>Building Inspections</b></u>
<b>ASSETS</b>	
Cash	\$ 64,871
Receivables	<u>17,477</u>
Total assets	82,348
<b>LIABILITIES</b>	
Payables	<u>13,982</u>
<b>NET POSITION</b>	68,366
<p>Amounts reported for <i>business-type activities</i> in the government-wide statement of net position (page 11) are different because:</p>	
<p>Assets and liabilities of the Building Inspections Fund have been combined with those of <i>governmental activities</i>.</p>	
	<u>(68,366)</u>
Net position of <i>business-type activities</i>	<u><u>\$ -</u></u>

See notes to financial statements

**Grand Rapids Charter Township**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION -  
proprietary fund**

Year ended December 31, 2018

	<u><b>Building Inspections</b></u>
<b>OPERATING REVENUES</b>	
Charges for services - licenses and permits	\$ 358,635
<b>OPERATING EXPENSES</b>	
Salaries and fringe benefits	43,789
Operational expenses	9,617
Contracted services	<u>286,956</u>
Total operating expenses	<u>340,362</u>
<b>CHANGE IN NET POSITION</b>	18,273
<b>NET POSITION - BEGINNING</b>	<u>50,093</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 68,366</u></u>
<b>CHANGE IN NET POSITION</b>	\$ 18,273
Amounts reported for <i>business-type activities</i> in the government-wide statement of activities (page 12) are different because:	
Revenues and expenses of the Building Inspections Fund have been combined with those of the <i>governmental activities</i> .	<u>(18,273)</u>
Change in net position of <i>business-type activities</i>	<u><u>\$ -</u></u>

See notes to financial statements

**Grand Rapids Charter Township**

**STATEMENT OF CASH FLOWS - proprietary fund**

*Year ended December 31, 2018*

	<b><i>Building Inspections</i></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 350,365
Payments to employees	(37,207)
Payments to contractors	<u>(296,538)</u>
Net cash provided by operating activities	16,620
<b>CASH - BEGINNING</b>	<u>48,251</u>
<b>CASH - ENDING</b>	<u><u>\$ 64,871</u></u>
<b>Reconciliation of change in net position to net cash provided by operating activities</b>	
Change in net position	\$ 18,273
Adjustments to reconcile change in net position to net cash provided by operating activities:	
(Increase) decrease in receivables	(8,270)
Increase (decrease) in payables	<u>6,617</u>
Net cash provided by operating activities	<u><u>\$ 16,620</u></u>

*See notes to financial statements*

**Grand Rapids Charter Township**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - *agency funds***

*December 31, 2018*

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**ASSETS**

Cash \$ 1,195,620

**LIABILITIES**

Due to other governmental units \$ 934,601

Due to others 261,019

Total liabilities \$ 1,195,620

*See notes to financial statements*

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

The accounting policies of Grand Rapids Charter Township, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

*Reporting entity:*

As required by generally accepted accounting principles, these financial statements present the Township (the primary government), located in Kent County, and its component units described below, for which the Township is financially accountable. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government. Separate financial statements for the component units have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component units.

*Grand Rapids Charter Township Brownfield Redevelopment Authority:*

The Authority was established in 2018 pursuant to Public Act 381 of 1996, as amended, for the redevelopment of three contiguous parcels of property within the Township. The Authority's governing body is appointed by the Township Board and the Township Board must approve the eligible activities of the Authority. The Authority has no assets, liabilities, or resulting fund balance/net position as of the beginning or end of the Authority's fiscal year, but tax captures are expected to begin in 2019.

*Grand Rapids Charter Township Economic Development Corporation:*

The Corporation was established in 1991 pursuant to Public Act 338 of 1974, as amended, to promote economic development within the Township. The Corporation's governing body is appointed by the Township Board and the Township Board must approve all economic development projects. The Corporation has no assets, liabilities, or resulting fund balance/net position as of the beginning or end of the Corporation's fiscal year.

*Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. 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, the proprietary fund, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

*Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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 revenues 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.

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

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

Governmental funds 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 expected to be 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.

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 Township.

The Township reports the following major governmental funds:

The General Fund is the Township'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 Public Safety Fund, a special revenue fund, accounts for the financial resources used for the operational costs of the Township's public safety functions. Revenues are derived from property taxes.

The Improvement Revolving Fund, a capital project fund, accounts for utility improvements that are located in the Township but owned by the City of Grand Rapids. The fund's equity consists of capital contributions, collected in prior years, that are assigned for utility system improvements.

The Township reports one proprietary fund, its Building Inspections 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.

Additionally, the Township reports the following fund types:

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The agency funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

*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 the proprietary fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Assets, liabilities, deferred inflows of resources, and net position or equity:*

*Cash* - Cash is considered to be cash on hand, demand deposits, time 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.

*Investments* - Investments are reported at fair value, with changes in value recognized in the operating statement of the fund holding the investments. Realized and unrealized gains and losses are included in investment income.

*Receivables* - No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

*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. In the governmental funds, these costs are accounted for using the purchase method, whereby such costs are presented as expenditures when paid, rather than when consumed.

*Capital assets* - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g. pathways), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for its infrastructure assets prospectively, beginning January 1, 2004.

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

*Unearned revenue* - Unearned revenue represents resources related to operating assessments and a tower lease, which have not yet been earned.

*Deferred inflows of resources* - The statement of net position and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenue will not be recognized until a future event occurs. Property tax revenue, which is levied to finance the following year's budget, is deferred and recognized as an inflow of resources in the period that it was intended to finance.

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

*Assets, liabilities, deferred inflows of resources, and net position or equity (continued):*

*Net position* - Net position represents the difference between assets, and liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

*Net position flow assumption* - Sometimes, the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

*Fund equity* - Governmental funds report restricted fund balance when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Township Board (the Township's highest level of decision-making authority). A formal resolution of the Township Board is required to establish, modify, or rescind a fund balance commitment. The Township reports assigned fund balance for amounts that are constrained by the Township's intent to be used for specific purposes but are neither restricted nor committed. The Township Board retains the authority to assign fund balance. Unassigned fund balance is the residual classification for the General Fund. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use restricted fund balance first, followed by committed fund balance, then assigned fund balance, and, finally, unassigned fund balance.

*Property tax revenue recognition* - Property taxes are levied each December 1 (lien date) on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. Although the Township's 2017 ad valorem taxes were levied on December 1, 2017, it is the Township's policy to recognize revenue from that tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

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

**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, department, and line-item. 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.

*Excess of expenditures over appropriations* - The following schedule sets forth the reportable budget variance:

<u>Fund</u>	<u>Function</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
General	General government	\$ 996,110	\$1,028,408	\$ 32,298

**NOTE 3 - CASH AND INVESTMENTS**

The Township’s deposits and investments were reported in the accompanying financial statements as follows:

	<u>Governmental activities</u>	<u>Fiduciary activities</u>	<u>Totals</u>
Cash	\$ 4,308,946	\$ 1,195,620	\$ 5,504,566
Investments	<u>1,504,797</u>	<u>-</u>	<u>1,504,797</u>
Totals	<u>\$ 5,813,743</u>	<u>\$ 1,195,620</u>	<u>\$ 7,009,363</u>

*Deposits* - Deposits are maintained at various financial institutions in the name of the Township. Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) 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 that have an office in Michigan. The Township’s deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township’s investment policy does not specifically address custodial credit risk for deposits. At December 31, 2018, \$4,531,376 of the Township’s bank balances of \$5,534,134 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Investments* - State statutes and the Township’s investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two (2) highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds composed of otherwise legal investments; and f) investment pools organized under the local government investment pool act. The Township’s investment policy does not address credit risk or interest rate risk for investments. The investment policy regarding concentration risk limits holdings, other than federal government obligations and investment pools, to 25% or less of total investments.

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

The Township’s investments consist of holdings in the Kent County Investment Pool, in the amount of \$1,303,748, and the Cooperative Liquid Assets Securities System - Michigan (CLASS), in the amount of \$201,049. The Kent County Investment Pool is a local government investment pool established under Michigan state statutes for participating Michigan municipalities. This pool, which is a nonrisk categorized qualifying investment, is carried at fair market value. The fair value of the Township’s position in the pool is the same as the value of its pool shares. The fund operates like a money market fund with each share valued at \$1 and is not rated (credit risk); it is not subject to regulatory oversight and is not registered with the SEC; the Pool issues a separate report, which is available at 300 Monroe Avenue N.W., Grand Rapids, Michigan 49503-2221. The Cooperative Liquid Assets Securities System - Michigan (CLASS) is a local government investment pool established under Michigan state statutes for participating Michigan municipalities. This pool, which is a nonrisk categorized qualifying investment, is carried at fair market value. The fair value of the Township’s position in the pool is the same as the value of its pool shares. The fund is rated AAAM by Standard and Poor’s; it is not subject to regulatory oversight and is not registered with the SEC; the pool issues a separate report, which is available at 15309 Meadowwood Drive, Grand Haven, Michigan, 49417.

Fair value measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Kent County Pool and the MBIA CLASS Fund were measured at net asset value (or its equivalent) as a practical expedient, and, accordingly, have not been classified in the fair value hierarchy.

**NOTE 4 - RECEIVABLES**

Receivables as of December 31, 2018, for the Township’s individual major funds, and nonmajor funds in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter-governmental</u>	<u>Totals</u>
Governmental:					
General	\$ 108,333	\$ 423,999	\$ -	\$ 246,574	\$ 778,906
Public Safety	-	479,760	-	-	479,760
Improvement Revolving	-	-	-	636,485	636,485
Nonmajor	-	-	48,302	-	48,302
Total governmental	<u>\$ 108,333</u>	<u>\$ 903,759</u>	<u>\$ 48,302</u>	<u>\$ 883,059</u>	<u>\$ 1,943,453</u>
Proprietary - Building Inspections	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,477</u>	<u>\$ 17,477</u>

All receivables are considered collectible within one year.

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,139,661	\$ -	\$ -	\$ 5,139,661
Construction in progress	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>
Subtotal	<u>5,389,661</u>	<u>-</u>	<u>(250,000)</u>	<u>5,139,661</u>
Land held for resale	<u>344,273</u>	<u>17,818</u>	<u>(13,462)</u>	<u>348,629</u>
Capital assets being depreciated:				
Buildings and improvements	6,412,928	81,888	-	6,494,816
Equipment	928,094	92,747	(181,591)	839,250
Vehicles	<u>848,635</u>	<u>483,441</u>	<u>-</u>	<u>1,332,076</u>
Subtotal	<u>8,189,657</u>	<u>658,076</u>	<u>(181,591)</u>	<u>8,666,142</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,911,102)	(250,238)	-	(3,161,340)
Equipment	(600,102)	(74,000)	181,591	(492,511)
Vehicles	<u>(641,510)</u>	<u>(49,534)</u>	<u>-</u>	<u>(691,044)</u>
Subtotal	<u>(4,152,714)</u>	<u>(373,772)</u>	<u>181,591</u>	<u>(4,344,895)</u>
Total capital assets being depreciated, net	<u>4,036,943</u>	<u>284,304</u>	<u>-</u>	<u>4,321,247</u>
Governmental activities capital assets, net	<u>\$ 9,770,877</u>	<u>\$ 302,122</u>	<u>\$ (263,462)</u>	<u>\$ 9,809,537</u>

Depreciation expense was charged to governmental activities functions, as follows:

Governmental activities:	
General government	\$ 96,627
Public safety	101,500
Public works	2,235
Recreation and culture	<u>173,410</u>
Total governmental activities	<u>\$ 373,772</u>

**NOTE 6 - PAYABLES**

Payables as of December 31, 2018, for the Township’s individual major funds and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- governmental</u>	<u>Totals</u>
Governmental:				
General	\$ 24,037	\$ 39,110	\$ 66,768	\$ 129,915
Improvement revolving	94,621	-	-	94,621
Nonmajor	<u>11,422</u>	<u>-</u>	<u>-</u>	<u>11,422</u>
Total governmental	<u>\$ 130,080</u>	<u>\$ 39,110</u>	<u>\$ 66,768</u>	<u>\$ 235,958</u>
Proprietary - Building Inspections	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,982</u>	<u>\$ 13,982</u>

**NOTE 7 - RESTRICTED NET POSITION**

Net position of the governmental activities, as of December 31, 2018, is restricted for the following purposes:

Public safety - construction code inspections	<u>\$ 68,366</u>
Public works:	
Courthouse at Knapp's Corner	114,560
Lighting and maintenance	61,021
Lakes management	<u>2,109</u>
Total public works	<u>177,690</u>
Total	<u>\$ 246,056</u>

**NOTE 8 - COMMITTED FUND BALANCE**

Fund balance of the governmental funds, as of December 31, 2018, is committed for the following purposes:

General government - building and grounds maintenance	<u>\$ 518,278</u>
Public works:	
East Beltline maintenance	205,518
Courthouse at Knapp's Corner	<u>78,012</u>
Total public works	<u>283,530</u>
Recreation and culture:	
Trail maintenance and repairs	1,038,161
Park maintenance and repairs	<u>1,032,547</u>
Total recreation and culture	<u>2,070,708</u>
Total fund balance commitments	<u><u>\$ 2,872,516</u></u>

**NOTE 9 - PROPERTY TAXES**

The 2017 taxable valuation of the Township approximated \$961,280,000, on which ad valorem taxes levied consisted of 0.7500 mills for operating purposes and 0.8495 mills for public safety, raising approximately \$720,000 for operating purposes and \$815,000 for public safety. These amounts are recognized in the respective fund financial statements as property tax revenue.

The 2018 taxable valuation of the Township approximated \$999,064,000, on which ad valorem taxes levied consisted of 0.7500 mills for operating purposes and 0.8495 mills for public safety, raising approximately \$749,000 for operating purposes and \$849,000 for public safety. These amounts are recognized in the respective fund financial statements as deferred inflows of resources, based upon the period for which the proceeds are budgeted, and will be made available for the financing of operations.

**NOTE 10 - INTERFUND TRANSFER**

The transfer to the Public Safety Fund, in the amount of \$184,332, represents unrestricted revenues, collected in the General Fund, which support public safety function expenditures not funded by the separate millage. The transfer to the Improvement Revolving Fund, in the amount of \$150,000, represents unrestricted revenues, collected in the General Fund, to support utility system improvements in the current year.

**NOTE 11 - 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 12 - DEFINED CONTRIBUTION PENSION PLAN**

The Township and its employees contribute to the Grand Rapids Township Group Pension Plan, a defined contribution pension plan. The plan covers all salaried employees and all full-time employees, who work 40 hours or more per week, and is administered by a third-party administrator.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate if they are salaried or full-time employees, as described above. The Plan states that the Township will contribute 12% of the employee's total compensation earned and employees may make an after-tax contribution up to 10% of their compensation. For the year ended December 31, 2018, the Township and eligible employees made contributions of \$70,852 and \$0-, respectively.

The Township's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested on the day the employee is eligible to participate in the plan. At December 31, 2018, the Township reported no accrued liability as part of the contributions to the plan.

**NOTE 13 - 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 (custodial accounts), as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof, for the exclusive benefit of the participants, holds the custodial accounts for the beneficiaries of this Section 457 plan and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the Township's financial statements.

**NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for periods beginning after December 15, 2018. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Grand Rapids Charter Township**

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended December 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 739,350	\$ 739,350	\$ 753,880	\$ 14,530
Licenses and permits	382,155	382,155	381,602	(553)
State grants	1,339,000	1,339,000	1,495,406	156,406
Charges for services	46,100	46,100	54,982	8,882
Interest and rentals	37,150	37,150	69,131	31,981
Other	17,000	17,000	3,033	(13,967)
Total revenues	<u>2,560,755</u>	<u>2,560,755</u>	<u>2,758,034</u>	<u>197,279</u>
<b>EXPENDITURES</b>				
General government:				
Legislative	29,390	29,390	29,248	142
Supervisor	86,850	86,850	86,451	399
Elections	30,290	30,290	50,264	(19,974)
Assessor	131,865	139,865	140,814	(949)
Clerk	74,164	74,164	66,343	7,821
Board of review	2,760	2,760	1,431	1,329
Treasurer	116,996	116,996	123,466	(6,470)
Hall and grounds	184,000	259,000	266,218	(7,218)
Cemetery	300	300	-	300
General administration	296,495	256,495	264,173	(7,678)
Total general government	<u>953,110</u>	<u>996,110</u>	<u>1,028,408</u>	<u>(32,298)</u>
Public works:				
Road improvements and maintenance	400,000	400,000	398,832	1,168
Pathways	20,000	90,000	46,311	43,689
Other	18,000	32,000	38,973	(6,973)
Street lights	500	500	446	54
Total public works	<u>438,500</u>	<u>522,500</u>	<u>484,562</u>	<u>37,938</u>
Health and welfare - ambulance	<u>174,415</u>	<u>174,415</u>	<u>174,042</u>	<u>373</u>

Grand Rapids Charter Township

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development:				
Planning and zoning	\$ 93,543	\$ 93,543	\$ 84,716	\$ 8,827
Economic development	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total community and economic development	<u>98,543</u>	<u>98,543</u>	<u>89,716</u>	<u>8,827</u>
Recreation and culture	<u>4,100</u>	<u>4,100</u>	<u>3,179</u>	<u>921</u>
Capital outlay	<u>396,500</u>	<u>336,500</u>	<u>334,507</u>	<u>1,993</u>
Total expenditures	<u>2,065,168</u>	<u>2,132,168</u>	<u>2,114,414</u>	<u>17,754</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>495,587</u>	<u>428,587</u>	<u>643,620</u>	<u>215,033</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sales of capital assets	-	-	27,580	27,580
Transfers out - Improvement Revolving Fund	-	(150,000)	(150,000)	-
Transfers out - Public Safety Fund	<u>(218,017)</u>	<u>(218,017)</u>	<u>(184,332)</u>	<u>33,685</u>
Net other financing sources (uses)	<u>(218,017)</u>	<u>(368,017)</u>	<u>(306,752)</u>	<u>61,265</u>
<b>NET CHANGES IN FUND BALANCES</b>	277,570	60,570	336,868	276,298
<b>FUND BALANCES - BEGINNING</b>	<u>3,199,629</u>	<u>3,199,629</u>	<u>3,199,629</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 3,477,199</u>	<u>\$ 3,260,199</u>	<u>\$ 3,536,497</u>	<u>\$ 276,298</u>

*Grand Rapids Charter Township*

**BUDGETARY COMPARISON SCHEDULE - Public Safety Fund**

*Year ended December 31, 2018*

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 810,120	\$ 810,120	\$ 815,357	\$ 5,237
Public safety:				
Police protection	426,000	426,000	404,747	21,253
Fire department	602,137	602,137	594,942	7,195
Total public safety	<u>1,028,137</u>	<u>1,028,137</u>	<u>999,689</u>	<u>28,448</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(218,017)	(218,017)	(184,332)	33,685
<b>OTHER FINANCING SOURCES</b>				
Transfers in - General Fund	<u>218,017</u>	<u>218,017</u>	<u>184,332</u>	<u>(33,685)</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUPPLEMENTARY INFORMATION**

**Grand Rapids Charter Township**

**COMBINING BALANCE SHEET - nonmajor governmental funds**

December 31, 2018

	<i>Special revenue funds</i>			<i>Totals</i>
	<i>Lakes Management</i>	<i>Lighting and Maintenance</i>	<i>Courthouse at Knapp's Corner</i>	
<b>ASSETS</b>				
Cash	\$ 16,383	\$ 102,307	\$ 192,572	\$ 311,262
Receivables	15,606	32,696	-	48,302
Total assets	<u>\$ 31,989</u>	<u>\$ 135,003</u>	<u>\$ 192,572</u>	<u>\$ 359,564</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 3,200	\$ 8,222	\$ -	\$ 11,422
Unearned assessment revenue	26,680	65,760	-	92,440
Total liabilities	<u>29,880</u>	<u>73,982</u>	<u>-</u>	<u>103,862</u>
Fund balances:				
Restricted for public works	2,109	61,021	114,560	177,690
Committed for public works	-	-	78,012	78,012
Total fund balances	<u>2,109</u>	<u>61,021</u>	<u>192,572</u>	<u>255,702</u>
Total liabilities and fund balances	<u>\$ 31,989</u>	<u>\$ 135,003</u>	<u>\$ 192,572</u>	<u>\$ 359,564</u>

*Grand Rapids Charter Township*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - nonmajor governmental funds**

*Year ended December 31, 2018*

	<i>Special revenue funds</i>			<i>Totals</i>
	<i>Lakes Management</i>	<i>Lighting and Maintenance</i>	<i>Courthouse at Knapp's Corner</i>	
<b>REVENUES</b>				
Interest	\$ 37	\$ 261	\$ 476	\$ 774
Other:				
Special assessments	24,387	65,760	-	90,147
Miscellaneous	-	6,040	-	6,040
<b>Total revenues</b>	<b>24,424</b>	<b>72,061</b>	<b>476</b>	<b>96,961</b>
<b>EXPENDITURES</b>				
Current - public works	27,456	99,012	-	126,468
<b>NET CHANGES IN FUND BALANCES</b>	<b>(3,032)</b>	<b>(26,951)</b>	<b>476</b>	<b>(29,507)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>5,141</b>	<b>87,972</b>	<b>192,096</b>	<b>285,209</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 2,109</b>	<b>\$ 61,021</b>	<b>\$ 192,572</b>	<b>\$ 255,702</b>

*Grand Rapids Charter Township*

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - *agency funds***

*December 31, 2018*

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	<u><i>Tax Collection</i></u>	<u><i>Agency</i></u>	<u><i>Totals</i></u>
<b>ASSETS</b>			
Cash	\$ 934,601	\$ 261,019	\$ 1,195,620
<b>LIABILITIES</b>			
Due to other governmental units	\$ 934,601	-	\$ 934,601
Due to others	-	261,019	261,019
Total liabilities	<u>\$ 934,601</u>	<u>\$ 261,019</u>	<u>\$ 1,195,620</u>