

*Grand Rapids Charter Township*  
*Kent County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended December 31, 2005*

---

# CONTENTS

---

|  | <i>Page</i> |
|--|-------------|
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>  | i - vi      |
| <b>INDEPENDENT AUDITORS' REPORT</b>  | 3 - 4       |
| <b>BASIC FINANCIAL STATEMENTS</b>  |             |
| Government-wide financial statements:  |             |
| Statement of net assets  | 5           |
| Statement of activities  | 6           |
| Fund financial statements:   |             |
| Balance sheet - governmental funds   | 7           |
| Statement of revenues, expenditures, and changes in fund balances -<br>governmental funds          | 8 - 9       |
| Statement of net assets - proprietary fund   | 10          |
| Statement of revenues, expenses, and changes in fund net assets - proprietary fund                 | 11          |
| Statement of cash flows - proprietary fund   | 12          |
| Statement of fiduciary net assets - fiduciary fund   | 13          |
| Notes to financial statements  | 14 - 21     |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>  |             |
| Budgetary comparison schedules:  |             |
| General Fund   | 22 - 23     |
| Improvement Revolving Fund   | 24          |
| Public Safety Fund   | 25          |
| <b>SUPPLEMENTARY INFORMATION</b>   |             |
| Balance sheet - nonmajor governmental funds  | 26          |
| Statement of revenues, expenditures, and changes in fund balances -<br>nonmajor governmental funds | 27          |

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Charter Township of Grand Rapids**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

The following discussion and analysis is intended as a narrative overview of the Charter Township of Grand Rapids, Michigan's operations over the fiscal year and its financial condition on December 31, 2005.

**FINANCIAL HIGHLIGHTS**

- The Township's total net assets increased \$299 thousand (3 percent) as a result of this year's operations.
- Of the \$10.4 million total net assets reported, \$2.6 million is available to be used to meet future operating and capital improvement needs.
- The General Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$1.411 million, which represents 58 percent of the actual total General Fund expenditures for the fiscal year.

**Overview of the financial statements**

This discussion and analysis introduces the Township's basic financial statements that follow this section. These financial statements are presented to comply with Governmental Accounting Standards Board Statement 34 (GASB 34). The Township's basic financial statements are 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. 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.
  - The governmental funds statements tell how general government services like public works and public safety were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business. The Township's lone proprietary fund accounts for its building inspections department.

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 a section of required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the basic financial statements for 2005 and 2004 is also presented.

**Charter Township of Grand Rapids  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

---

**Government-wide 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 Assets and the Statement of Activities includes all of the Township's assets and liabilities. 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 assets and how they have changed. Net assets - the difference between the Township's assets and liabilities - is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net assets 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 roads.

The government-wide financial statements of the Township are divided into two categories:

- *Governmental activities* - These activities include functions most commonly associated with government (e.g., general government, public safety, public works, etc.). Property taxes and intergovernmental revenues generally fund these services.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of operating the building inspections department.

**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 and by grant agreements.
- The Township Board establishes other funds to control and manage money for particular purposes (like sewer and water improvements) or to show that it is properly using certain taxes and other revenues (like the street lighting and lakes management special assessments).

The Township has three kinds of funds:

- **Governmental funds.** Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow 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 you 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 at the bottom of the governmental funds statement that explains the relationship between them.

**Charter Township of Grand Rapids**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

- Proprietary funds. Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-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 government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Township's fiduciary balances are reported in a separate Statement of Fiduciary Net Assets - Fiduciary Funds. 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 GOVERNMENT AS A WHOLE**

**Net assets.** Total net assets at the end of the fiscal year were \$10.4 million, an increase of 3% from the prior year. However, \$7.7 million of this total is invested in capital assets and \$147 thousand is restricted for public safety and public works. Consequently, unrestricted net assets were \$2.6 million, 25% of the total.

*Condensed financial information*  
*Net assets (in thousands)*

|   | <i>Governmental activities</i> |                             |
|---|--------------------------------|-----------------------------|
|   | <u>2005</u>                    | <u>2004</u>                 |
| Current and other assets                      | \$ 4,795,439                   | \$ 4,411,365                |
| Capital assets                                | <u>7,657,105</u>               | <u>7,401,135</u>            |
| <b>Total assets</b>                           | <b><u>12,452,544</u></b>       | <b><u>11,812,500</u></b>    |
| <b>Liabilities, other than long-term debt</b> | <b><u>2,046,310</u></b>        | <b><u>1,704,958</u></b>     |
| Net assets:                                   |                                |                             |
| Invested in capital assets                    | 7,657,105                      | 7,376,135                   |
| Restricted                                    | 147,170                        | 159,091                     |
| Unrestricted                                  | <u>2,601,959</u>               | <u>2,572,316</u>            |
| <b>Total net assets</b>                       | <b><u>\$ 10,406,234</u></b>    | <b><u>\$ 10,107,542</u></b> |

**Charter Township of Grand Rapids**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Changes in net assets.** The Township's total revenues are \$2.8 million. Approximately 40% of the Township's revenues come from property taxes while state revenue sharing represents 34%. About 14% of total revenues come from charges for services.

*Condensed financial information*  
*Changes in net assets (in thousands)*

|  | <u>Governmental activities</u> |                     |
|--|--------------------------------|---------------------|
|  | <u>2005</u>                    | <u>2004</u>         |
| Program revenues:                      |                                |                     |
| Charges for services                   | \$ 383,085                     | \$ 426,691          |
| Operating grants                       | 15,932                         | 390                 |
| Capital grants                         | -                              | 26,898              |
| General revenues:                      |                                |                     |
| Property taxes                         | 1,145,562                      | 1,072,084           |
| State shared revenue                   | 973,299                        | 953,704             |
| Cable franchise fees                   | 152,281                        | 135,942             |
| Interest income                        | 101,157                        | 85,825              |
| Other                                  | 5,103                          | 49,015              |
| Special item - capital asset donations | <u>58,736</u>                  | <u>1,280,000</u>    |
| <b>Total revenues</b>                  | <u>2,835,155</u>               | <u>4,030,549</u>    |
| Expenses:                              |                                |                     |
| Legislative                            | 18,771                         | 17,386              |
| General government                     | 809,852                        | 809,322             |
| Public safety                          | 1,292,392                      | 1,343,837           |
| Public works                           | 162,039                        | 152,318             |
| Health and welfare                     | 16,343                         | 13,528              |
| Community and economic development     | 75,753                         | 71,024              |
| Culture and recreation                 | <u>161,313</u>                 | <u>76,716</u>       |
| <b>Total expenses</b>                  | <u>2,536,463</u>               | <u>2,484,131</u>    |
| <b>Increase in net assets</b>          | <u>\$ 298,692</u>              | <u>\$ 1,546,418</u> |

**Governmental activities.** Governmental activities increased the Township's net assets by \$299 thousand in 2005 compared with a \$1.5 million increase in 2004. The primary reason for the reduction in the increase in net assets is the \$1.28 million capital asset donation in 2004. Revenue for charges for services decreased in 2005 due to a \$58 thousand decrease in permits. Property tax revenue increased by \$73 thousand due to the continued increase in the Township's tax base. Expenses for 2005 compared to 2004 include a \$51 thousand decrease in public safety expenses comprised of several small reductions in various fire department operating expenses. Culture and recreation expenses increased in 2005 due to our \$100 thousand contribution to acquire 25 additional acres for the Kent County-owned Knapp Valley County Park.

**Charter Township of Grand Rapids  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

---

The cost of all governmental activities this year was \$2.54 million compared to \$2.48 million in 2004. After subtracting the direct charges to those who directly benefited from the programs (\$383 thousand), and operating grants (\$16 thousand), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$2.13 million in 2005 compared to \$2.03 million in 2004.

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

At December 31, 2005, the Township's governmental funds reported a combined fund balance of \$2.45 million, approximately \$61 thousand more than last year.

The fund balance of the General Fund at year end was \$1,675,874 which represents a decrease of \$3,984 in 2005.

The fund balance of the Improvement Revolving Fund at year end was \$741,318. The fund's equity increased by \$58,819 in 2005.

**General Fund budgetary highlights**

The Township amended the General Fund by reducing the Public Works category in the amount of \$100,000. Road and pathway projects that were delayed, each were reduced by \$50,000. The \$100,000 was allocated as a contribution to Kent County for the purchase of Park property in the Township.

Revenues were \$131 thousand more than anticipated spread over all categories. Expenditures were \$218 thousand less than the amount appropriated which resulted in using \$3,984 from the General Fund reserves instead of the \$332,375 anticipated. Public works and Public safety contributed the majority of the expenditure savings spread over a variety of functions.

**Capital assets**

At December 31, 2005, the Township had invested \$7.7 million in various capital assets, including its land, buildings, equipment, and vehicles. This amount represents a net increase of \$256 thousand in 2005.

This year's major capital asset additions included:

- \$293,311 for a new fire truck
- \$26,625 for a fire command vehicle
- \$39,930 contribution for shared road improvement costs
- \$58,736 for new voting equipment that was received as a donation from the State

**Charter Township of Grand Rapids  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

---

**Economic condition and outlook**

The Township Administration is guardedly optimistic for 2006 and 2007.

We are confident that revenues will increase slightly without the need to raise taxes or fees. Property tax receipts will continue to grow faster than inflation primarily due to new construction and remodeling. Revenue sharing should see a small increase and fees for services may decline minimally in 2006 but should rebound in 2007.

Expenses for 2006 and 2007 will require continued constraint. We have successfully controlled growth in operations by improved effectiveness and competitive sourcing of equipment and services. There will be continued attention to cost sharing options and capital projects will be prioritized and scheduled to fit within our revenue limitations.

Township staff are dedicated, hard-working people and they will continue to be provided with competitive compensation and benefits, again within the limitations of revenue growth.

The Administration appropriately funds the necessary functions of government: assessing, building inspections, elections, land use, zoning enforcement, police, fire and EMS. We will also prioritize the maintenance of roads and current Township facilities and plan for the expansion of parks and pathways.

**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 request for additional financial information should be addressed to:

Charter Township of Grand Rapids  
Supervisor's Office  
1836 East Beltline N.E.  
Grand Rapids, MI 49525-4594

Phone: (616) 361-7391

## 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, 2005, 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, 2005, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.**

**The management's discussion and analysis and the budgetary comparison information, on pages 22 through 25, are not required parts of the basic financial statements but are supplementary information required by the 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.

*Sigfried Crandall P.C.*

January 27, 2006

## **BASIC FINANCIAL STATEMENTS**

**Grand Rapids Charter Township**  
**STATEMENT OF NET ASSETS**  
*December 31, 2005*

|   | <u><b>Governmental<br/>activities</b></u> |
|---|---|
| <b>ASSETS</b>                                   |   |
| Current assets:                                 |   |
| Cash  | \$ 2,913,468                              |
| Investments                                     | 408,841                                   |
| Receivables, net                                | 1,301,110                                 |
| Prepaid expenses                                | <u>35,020</u>                             |
| Total current assets                            | <u>4,658,439</u>                          |
| Noncurrent assets:                              |   |
| Receivables, net                                | 137,000                                   |
| Capital assets, net of accumulated depreciation | <u>7,657,105</u>                          |
| Total noncurrent assets                         | <u>7,794,105</u>                          |
| Total assets                                    | <u>12,452,544</u>                         |
| <b>LIABILITIES</b>                              |   |
| Current liabilities:                            |   |
| Payables  | 123,541                                   |
| Deferred revenue                                | <u>1,922,769</u>                          |
| Total current liabilities                       | <u>2,046,310</u>                          |
| <b>NET ASSETS</b>                               |   |
| Invested in capital assets                      | 7,657,105                                 |
| Restricted for:                                 |   |
| Public safety                                   | 116,798                                   |
| Public works                                    | 30,372                                    |
| Unrestricted                                    | <u>2,601,959</u>                          |
| Total net assets                                | <u>\$ 10,406,234</u>                      |

See notes to financial statements

**Grand Rapids Charter Township****STATEMENT OF ACTIVITIES**

Year ended December 31, 2005

|  | <u>Program revenues</u> |                                 |   | <u>Net (expenses)<br/>revenues and<br/>changes in<br/>net assets</u> |
|--|-------------------------|---------------------------------|---|--|
|  | <u>Expenses</u>         | <u>Charges for<br/>services</u> | <u>Operating<br/>grants and<br/>contributions</u> |  |
| <b>Functions/Programs</b>                |                         |                                 |   |  |
| Governmental activities:                 |                         |                                 |   |  |
| Legislative                              | \$ 18,771               | \$ -                            | \$ -  | \$ (18,771)  |
| General government                       | 809,852                 | 6,080                           | -   | (803,772)  |
| Public safety                            | 1,292,392               | 257,895                         | -   | (1,034,497)  |
| Public works                             | 162,039                 | 87,899                          | 15,932  | (58,208)   |
| Health and welfare                       | 16,343                  | -                               | -   | (16,343)   |
| Community and economic<br>development    | 75,753                  | 25,611                          | -   | (50,142)   |
| Culture and recreation                   | 161,313                 | 5,600                           | -   | (155,713)  |
|  | <u>          </u>       | <u>          </u>               | <u>          </u>                                 | <u>          </u>  |
| Total governmental<br>activities         | <u>\$ 2,536,463</u>     | <u>\$ 383,085</u>               | <u>\$ 15,932</u>                                  | <u>(2,137,446)</u>   |
|  |                         |                                 |   |  |
| General revenues:                        |                         |                                 |   |  |
| Property taxes                           |                         |                                 |   | 1,145,562  |
| State shared revenue                     |                         |                                 |   | 973,299  |
| Franchise fees                           |                         |                                 |   | 152,281  |
| Interest income                          |                         |                                 |   | 101,157  |
| Other                                    |                         |                                 |   | 5,103  |
| Special item - capital asset donations   |                         |                                 |   | <u>58,736</u>  |
|  |                         |                                 |   |  |
| Total general revenues and special items |                         |                                 |   | <u>2,436,138</u>   |
|  |                         |                                 |   |  |
| Change in net assets                     |                         |                                 |   | 298,692  |
|  |                         |                                 |   |  |
| Net assets - beginning                   |                         |                                 |   | <u>10,107,542</u>  |
|  |                         |                                 |   |  |
| Net assets - ending                      |                         |                                 |   | <u>\$ 10,406,234</u>   |

See notes to financial statements

**Grand Rapids Charter Township**  
**BALANCE SHEET - governmental funds**  
December 31, 2005

|   | <u>General</u>     | <u>Improvement<br/>Revolving</u> | <u>Public<br/>Safety</u> | <u>Other<br/>nonmajor<br/>governmental<br/>funds</u> | <u>Total<br/>governmental<br/>funds</u> |
|---|--------------------|----------------------------------|--------------------------|--|---|
| <b>ASSETS</b>   |                    |                                  |                          |  |   |
| Cash  | \$2,023,719        | \$ 422,613                       | \$ 270,126               | \$ 82,597  | \$ 2,799,055                            |
| Investments   | 87,136             | 321,705                          | -                        | -  | 408,841                                 |
| Receivables   | 867,351            | 149,747                          | 366,935                  | 42,151   | 1,426,184                               |
| Total assets  | <u>\$2,978,206</u> | <u>\$ 894,065</u>                | <u>\$ 637,061</u>        | <u>\$ 124,748</u>                                    | <u>\$ 4,634,080</u>                     |
| <b>LIABILITIES AND FUND BALANCES</b>                        |                    |                                  |                          |  |   |
| Liabilities:  |                    |                                  |                          |  |   |
| Payables  | \$ 102,826         | \$ 3,000                         | \$ -                     | \$ 8,174   | \$ 114,000                              |
| Deferred revenue  | 1,199,506          | 149,747                          | 637,061                  | 86,202   | 2,072,516                               |
| Total liabilities   | <u>1,302,332</u>   | <u>152,747</u>                   | <u>637,061</u>           | <u>94,376</u>  | <u>2,186,516</u>                        |
| Fund balances:  |                    |                                  |                          |  |   |
| Unreserved:   |                    |                                  |                          |  |   |
| Designated  | 265,000            | -                                | -                        | -  | 265,000                                 |
| Undesignated  | 1,410,874          | 741,318                          | -                        | -  | 2,152,192                               |
| Unreserved, reported in nonmajor -<br>special revenue funds | -                  | -                                | -                        | 30,372   | 30,372                                  |
| Total fund balances   | <u>1,675,874</u>   | <u>741,318</u>                   | <u>-</u>                 | <u>30,372</u>  | <u>2,447,564</u>                        |
| Total liabilities and<br>fund balances                      | <u>\$2,978,206</u> | <u>\$ 894,065</u>                | <u>\$ 637,061</u>        | <u>\$ 124,748</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.         | 7,657,105            |
| Net assets of the Building Inspections Fund are included in <i>governmental activities</i> .   | 116,798              |
| Prepaid expenses are not reported in the funds.  | 35,020               |
| Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds. | <u>149,747</u>       |
| Net assets of <i>governmental activities</i>   | <u>\$ 10,406,234</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, 2005

|  | <u>General</u>     | <u>Improvement<br/>Revolving</u> | <u>Public<br/>Safety</u> | <u>Total<br/>nonmajor<br/>governmental<br/>funds</u> | <u>Total<br/>governmental<br/>funds</u> |
|--|--------------------|----------------------------------|--------------------------|--|---|
| <b>REVENUES</b>  |                    |                                  |                          |  |   |
| Property taxes   | \$ 551,092         | \$ -                             | \$ 594,470               | \$ -   | \$ 1,145,562                            |
| Licenses and permits   | 152,431            | -                                | -                        | -  | 152,431                                 |
| State grants   | 973,299            | -                                | -                        | -  | 973,299                                 |
| Charges for services   | 54,135             | -                                | -                        | -  | 54,135                                  |
| Interest and rentals   | 81,969             | 30,318                           | -                        | -  | 112,287                                 |
| Other  | 7,390              | 28,501                           | -                        | 87,899   | 123,790                                 |
|  | <u>1,820,316</u>   | <u>58,819</u>                    | <u>594,470</u>           | <u>87,899</u>  | <u>2,561,504</u>                        |
| Total revenues   |                    |                                  |                          |  |   |
| <b>EXPENDITURES</b>  |                    |                                  |                          |  |   |
| Legislative  | 18,771             | -                                | -                        | -  | 18,771                                  |
| General government   | 761,233            | -                                | -                        | -  | 761,233                                 |
| Public safety  | 935,595            | -                                | -                        | -  | 935,595                                 |
| Public works   | 119,342            | -                                | -                        | 81,795   | 201,137                                 |
| Health and welfare   | 16,343             | -                                | -                        | -  | 16,343                                  |
| Community and economic<br>development                        | 75,753             | -                                | -                        | -  | 75,753                                  |
| Culture and recreation                                       | 111,188            | -                                | -                        | -  | 111,188                                 |
| Capital outlay   | 355,545            | -                                | -                        | -  | 355,545                                 |
| Debt service - principal                                     | 25,000             | -                                | -                        | -  | 25,000                                  |
|  | <u>2,418,770</u>   | <u>-</u>                         | <u>-</u>                 | <u>81,795</u>  | <u>2,500,565</u>                        |
| Total expenditures   |                    |                                  |                          |  |   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                    |                                  |                          |  |   |
|  | <u>(598,454)</u>   | <u>58,819</u>                    | <u>594,470</u>           | <u>6,104</u>   | <u>60,939</u>                           |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                    |                                  |                          |  |   |
| Transfers in   | 594,470            | -                                | -                        | -  | 594,470                                 |
| Transfers out  | -                  | -                                | (594,470)                | -  | (594,470)                               |
|  | <u>594,470</u>     | <u>-</u>                         | <u>(594,470)</u>         | <u>-</u>   | <u>-</u>                                |
| Total other sources<br>(uses)                                |                    |                                  |                          |  |   |
| <b>NET CHANGES IN FUND BALANCES</b>                          |                    |                                  |                          |  |   |
|  | <u>(3,984)</u>     | <u>58,819</u>                    | <u>-</u>                 | <u>6,104</u>   | <u>60,939</u>                           |
| <b>FUND BALANCES - BEGINNING</b>                             |                    |                                  |                          |  |   |
|  | <u>1,679,858</u>   | <u>682,499</u>                   | <u>-</u>                 | <u>24,268</u>  | <u>2,386,625</u>                        |
| <b>FUND BALANCES - ENDING</b>                                |                    |                                  |                          |  |   |
|  | <u>\$1,675,874</u> | <u>\$ 741,318</u>                | <u>\$ -</u>              | <u>\$ 30,372</u>                                     | <u>\$ 2,447,564</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, 2005

---

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) \$ 60,939

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

Capital assets:

|                                |           |
|--------------------------------|-----------|
| Assets acquired                | 445,465   |
| Net book value of dispositions | (3,825)   |
| Provision for depreciation     | (185,670) |

Long-term debt - principal repayments 25,000

Change in other assets/liabilities:

|                     |          |
|---------------------|----------|
| Prepaid expenses    | (14,357) |
| Special assessments | (26,963) |

Net revenue of the Building Inspections Fund (1,897)

Change in net assets of *governmental activities* (page 6) \$ 298,692

**Grand Rapids Charter Township**  
**STATEMENT OF NET ASSETS - proprietary fund**

December 31, 2005

---

|   | <u><b>Building<br/>Inspections</b></u> |
|---|--|
| <b>ASSETS</b>   |  |
| Cash  | \$ 114,413                             |
| Receivables (net)   | <u>11,926</u>                          |
| Total assets  | <u>126,339</u>                         |
| <b>LIABILITIES</b>  |  |
| Payables  | <u>9,541</u>                           |
| <b>NET ASSETS</b>   | 116,798                                |
| <br>Amounts reported for business-type activities in the government-wide<br>statement of net assets (page 5) are different because: |  |
| <br>Assets and liabilities of the Building Inspections Fund have been<br>combined with those of <i>governmental activities</i> .    |  |
|   | <u>(116,798)</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, 2005*

|  | <u><b>Building<br/>Inspections</b></u> |
|--|--|
| <b>OPERATING REVENUES</b>  |  |
| Charges for services - licenses and permits  | \$ <u>257,895</u>                      |
| <b>OPERATING EXPENSES</b>  |  |
| Salaries and fringe benefits   | 53,518                                 |
| Contracted services  | <u>206,274</u>                         |
| Total operating expenses   | <u>259,792</u>                         |
| <b>CHANGE IN NET ASSETS</b>  | (1,897)                                |
| <b>NET ASSETS - BEGINNING</b>  | <u>118,695</u>                         |
| <b>NET ASSETS - ENDING</b>   | <u>\$ 116,798</u>                      |
| <b>CHANGE IN NET ASSETS</b>  | \$ (1,897)                             |
| 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>1,897</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, 2005

---

|   | <u><b>Building<br/>Inspections</b></u> |
|---|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |
| Receipts from customers and users   | \$ 266,121                             |
| Payments for salaries and fringe benefits   | (53,518)                               |
| Payments for contracted services  | <u>(213,063)</u>                       |
| Net cash used in operating activities   | (460)                                  |
| <b>CASH - BEGINNING</b>   | <u>114,873</u>                         |
| <b>CASH - ENDING</b>  | <u><u>\$ 114,413</u></u>               |
| <b>Reconciliation of change in net assets to net cash<br/>used in operating activities:</b> |  |
| Change in net assets  | \$ (1,897)                             |
| Adjustments to reconcile operating income to net<br>cash used in operating activities:      |  |
| Decrease in due from other governmental units   | 8,226                                  |
| Decrease in due to other governmental units   | <u>(6,789)</u>                         |
| Net cash used in operating activities   | <u><u>\$ (460)</u></u>                 |

See notes to financial statements

**Grand Rapids Charter Township**  
**STATEMENT OF FIDUCIARY NET ASSETS - Agency Fund**  
*December 31, 2005*

---

**ASSETS**

Cash \$ 725,616

**LIABILITIES**

Payables \$ 725,616

*See notes to financial statements*

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

---

**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)**

---

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 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. 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)**

---

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 land, buildings, 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.

**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* - 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 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 2004 taxable valuation of the Township totaled \$698,620,809, 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      | \$ 523,937          |
| Public safety | 0.8495              | Public safety  | 593,445             |

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 significant budget variances:

| <u>Fund</u> | <u>Function</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-------------|-----------------|---------------|---------------|-----------------|
| General     | Capital outlay  | \$ 334,100    | \$ 355,545    | \$ (21,445)     |

NOTE 3 - CASH AND INVESTMENTS:

The Township's deposits and investments were reported in the basic financial statements as follows:

|             | <u>Governmental activities</u> | <u>Fiduciary funds</u> | <u>Totals</u>       |
|-------------|--------------------------------|------------------------|---------------------|
| Cash        | \$ 2,913,468                   | \$ 725,616             | \$ 3,639,084        |
| Investments | 408,841                        | -                      | 408,841             |
| Totals      | <u>\$ 3,322,309</u>            | <u>\$ 725,616</u>      | <u>\$ 4,047,925</u> |

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

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

*Deposits:*

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. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. As of December 31, 2005, \$3,152,755 of the Township's bank balances of \$3,689,330 was exposed to custodial credit risk because it was uninsured and uncollateralized. 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.

*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               | \$ 1,332        | \$ 690,892            | \$ -                       | \$ 175,127                | \$ 867,351          |
| Improvement Revolving | -               | -                     | 149,747                    | -                         | 149,747             |
| Public Safety         | -               | 366,935               | -                          | -                         | 366,935             |
| Building Inspections  | -               | -                     | -                          | 11,926                    | 11,926              |
| Nonmajor governmental | -               | -                     | 42,151                     | -                         | 42,151              |
| Totals                | <u>\$ 1,332</u> | <u>\$ 1,057,827</u>   | <u>\$ 191,898</u>          | <u>\$ 187,053</u>         | <u>\$ 1,438,110</u> |

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

**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 may also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, several of the funds deferred recognition of revenues that were considered unearned or unavailable at December 31, 2005. The types of revenues deferred, by fund, follow:

| <u>Fund</u>           | <u>Unearned</u>     | <u>Unavailable</u> | <u>Totals</u>       |
|-----------------------|---------------------|--------------------|---------------------|
|                       | <u>Taxes</u>        | <u>Assessments</u> |                     |
| General               | \$ 1,199,506        | \$ -               | \$ 1,199,506        |
| Improvement Revolving | -                   | 149,747            | 149,747             |
| Public Safety         | 637,061             | -                  | 637,061             |
| Nonmajor governmental | 86,202              | -                  | 86,202              |
| <b>Totals</b>         | <b>\$ 1,922,769</b> | <b>\$ 149,747</b>  | <b>\$ 2,072,516</b> |

**NOTE 6 - CAPITAL ASSETS:**

Capital asset activity for the year ended December 31, 2005, was as follows:

|  | <u>Beginning balance</u> | <u>Increases</u>  | <u>Decreases</u>  | <u>Ending balance</u> |
|--|--------------------------|-------------------|-------------------|-----------------------|
| <b>Governmental activities:</b>                    |                          |                   |                   |                       |
| Capital assets not being depreciated - land        | \$ 4,974,000             | \$ -              | \$ -              | \$ 4,974,000          |
| <b>Capital assets being depreciated:</b>           |                          |                   |                   |                       |
| Infrastructure - shared road costs                 | -                        | 39,930            | -                 | 39,930                |
| Building and improvements                          | 2,979,000                | -                 | -                 | 2,979,000             |
| Equipment  | 263,196                  | 85,599            | (49,580)          | 299,215               |
| Vehicles   | 599,431                  | 319,936           | -                 | 919,367               |
| <b>Subtotal</b>                                    | <b>3,841,627</b>         | <b>445,465</b>    | <b>(49,580)</b>   | <b>4,237,512</b>      |
| <b>Less accumulated depreciation for:</b>          |                          |                   |                   |                       |
| Infrastructure - shared road costs                 | -                        | 832               | -                 | 832                   |
| Buildings and improvements                         | 865,936                  | 98,475            | -                 | 964,411               |
| Equipment  | 181,175                  | 21,244            | (45,755)          | 156,664               |
| Vehicles   | 367,381                  | 65,119            | -                 | 432,500               |
| <b>Subtotal</b>                                    | <b>1,414,492</b>         | <b>185,670</b>    | <b>(45,755)</b>   | <b>1,554,407</b>      |
| <b>Total capital assets being depreciated, net</b> | <b>2,427,135</b>         | <b>259,795</b>    | <b>(3,825)</b>    | <b>2,683,105</b>      |
| <b>Governmental activities capital assets, net</b> | <b>\$ 7,401,135</b>      | <b>\$ 259,795</b> | <b>\$ (3,825)</b> | <b>\$ 7,657,105</b>   |

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

---

NOTE 6 - CAPITAL ASSETS (Continued):

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

|                                 |                       |
|---------------------------------|-----------------------|
| <i>Governmental activities:</i> |                       |
| General government              | \$ 49,437             |
| Public safety                   | 85,276                |
| Public works                    | 832                   |
| Culture and recreation          | <u>50,125</u>         |
| <br>Total                       | <br><u>\$ 185,670</u> |

NOTE 7 - PAYABLES:

| <u>Fund</u>           | <u>Accounts</u>      | <u>Payroll</u>       | <u>Inter-<br/>governmental</u> | <u>Totals</u>         |
|-----------------------|----------------------|----------------------|--------------------------------|-----------------------|
| General               | \$ 42,538            | \$ 28,983            | \$ 31,305                      | \$ 102,826            |
| Improvement Revolving | 3,000                | -                    | -                              | 3,000                 |
| Building Inspections  | -                    | -                    | 9,541                          | 9,541                 |
| Nonmajor governmental | <u>8,174</u>         | <u>-</u>             | <u>-</u>                       | <u>8,174</u>          |
| <br>Total             | <br><u>\$ 53,712</u> | <br><u>\$ 28,983</u> | <br><u>\$ 40,846</u>           | <br><u>\$ 123,541</u> |

NOTE 8 - INTERFUND TRANSFER:

The interfund transfer for the year ended December 31, 2005, is as follows:

| <u>Fund</u> | <u>Transfer in</u> | <u>Fund</u>   | <u>Transfer out</u> |
|-------------|--------------------|---------------|---------------------|
| General     | <u>\$ 594,470</u>  | Public Safety | <u>\$ 594,470</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 9 - 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.

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

---

**NOTE 10 - 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 a percentage of each qualified employee's base salary to the plan. The Township contributes 12% for non-union employees and 10.5% for union employees. The Township's contributions are fully vested immediately. The Township made the required contributions of \$67,708 for the year ended December 31, 2005.

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

**NOTE 11 - RESTRICTED NET ASSETS:**

Governmental activities net assets as of December 31, 2005, are restricted for the following purposes:

|   |                   |
|---|-------------------|
| Public safety - construction code inspections | <u>\$ 116,798</u> |
| Public works:                                 |                   |
| Lakes management                              | 13,185            |
| Street lighting and maintenance               | <u>17,187</u>     |
| Total public works                            | <u>30,372</u>     |
| TOTAL   | <u>\$ 147,170</u> |

**REQUIRED SUPPLEMENTARY INFORMATION**

**Grand Rapids Charter Township**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended December 31, 2005

|                                   | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>    | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|-----------------------------------|----------------------------|---------------------------|------------------|---|
| <b>REVENUES</b>                   |                            |                           |                  |   |
| Property taxes                    | \$ 507,800                 | \$ 507,800                | \$ 551,092       | \$ 43,292                                       |
| Licenses and permits              | 147,150                    | 147,150                   | 152,431          | 5,281   |
| State grants                      | 940,000                    | 940,000                   | 973,299          | 33,299  |
| Charges for services              | 57,100                     | 57,100                    | 54,135           | (2,965)   |
| Interest and rentals              | 37,000                     | 37,000                    | 81,969           | 44,969  |
| Other                             | 100                        | 100                       | 7,390            | 7,290   |
| Total revenues                    | <u>1,689,150</u>           | <u>1,689,150</u>          | <u>1,820,316</u> | <u>131,166</u>                                  |
| <b>EXPENDITURES</b>               |                            |                           |                  |   |
| Legislative                       | <u>17,200</u>              | <u>19,200</u>             | <u>18,771</u>    | <u>429</u>                                      |
| General government:               |                            |                           |                  |   |
| Supervisor                        | 55,046                     | 55,046                    | 47,987           | 7,059   |
| Elections                         | -                          | -                         | 11,866           | (11,866)  |
| Assessor                          | 91,963                     | 91,963                    | 59,999           | 31,964  |
| Clerk                             | 90,634                     | 91,634                    | 92,331           | (697)   |
| Board of review                   | 2,350                      | 2,350                     | 1,130            | 1,220   |
| Treasurer                         | 70,469                     | 85,469                    | 76,903           | 8,566   |
| Hall and grounds                  | 91,510                     | 91,510                    | 91,602           | (92)  |
| Cemetery                          | 1,000                      | 1,000                     | 750              | 250   |
| General administration            | <u>370,843</u>             | <u>355,843</u>            | <u>378,665</u>   | <u>(22,822)</u>                                 |
| Total general government          | <u>773,815</u>             | <u>774,815</u>            | <u>761,233</u>   | <u>13,582</u>                                   |
| Public safety:                    |                            |                           |                  |   |
| Police protection                 | 402,000                    | 402,000                   | 395,240          | 6,760   |
| Fire Department                   | <u>667,245</u>             | <u>667,245</u>            | <u>540,355</u>   | <u>126,890</u>                                  |
| Total public safety               | <u>1,069,245</u>           | <u>1,069,245</u>          | <u>935,595</u>   | <u>133,650</u>                                  |
| Public works:                     |                            |                           |                  |   |
| Road improvements and maintenance | 100,000                    | 50,000                    | 40,771           | 9,229   |
| Pathways                          | 150,000                    | 98,000                    | 65,621           | 32,379  |
| Street lights                     | 2,500                      | 2,500                     | 2,241            | 259   |
| Other                             | <u>29,000</u>              | <u>29,000</u>             | <u>10,709</u>    | <u>18,291</u>                                   |
| Total public works                | <u>281,500</u>             | <u>179,500</u>            | <u>119,342</u>   | <u>60,158</u>                                   |

**Grand Rapids Charter Township**  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended December 31, 2005

|   | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>      | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|---|----------------------------|---------------------------|--------------------|---|
| <b>EXPENDITURES (Continued)</b>                             |                            |                           |                    |   |
| Health and welfare - ambulance                              | \$ 20,100                  | \$ 20,100                 | \$ 16,343          | \$ 3,757  |
| Community and economic development -<br>planning and zoning | 92,860                     | 92,845                    | 75,753             | 17,092  |
| Culture and recreation - parks and<br>recreation            | 21,720                     | 121,720                   | 111,188            | 10,532  |
| Capital outlay  | 334,100                    | 334,100                   | 355,545            | (21,445)  |
| Debt service - principal                                    | 25,000                     | 25,000                    | 25,000             | -   |
| Total expenditures  | <u>2,635,540</u>           | <u>2,636,525</u>          | <u>2,418,770</u>   | <u>217,755</u>                                  |
| <b>DEFICIENCY OF REVENUES OVER<br/>EXPENDITURES</b>         | (946,390)                  | (947,375)                 | (598,454)          | 348,921   |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                            |                           |                    |   |
| Operating transfer in - Public Safety Fund                  | <u>565,000</u>             | <u>565,000</u>            | <u>594,470</u>     | <u>29,470</u>                                   |
| <b>NET CHANGES IN FUND BALANCES</b>                         | (381,390)                  | (382,375)                 | (3,984)            | 378,391   |
| <b>FUND BALANCES - BEGINNING</b>                            | <u>1,679,858</u>           | <u>1,679,858</u>          | <u>1,679,858</u>   | <u>-</u>  |
| <b>FUND BALANCES - ENDING</b>                               | <u>\$1,298,468</u>         | <u>\$1,297,483</u>        | <u>\$1,675,874</u> | <u>\$ 378,391</u>                               |

**Grand Rapids Charter Township**

**BUDGETARY COMPARISON SCHEDULE - Improvement Revolving Fund**

Year ended December 31, 2005

---

|                                  | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>     | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|----------------------------------|----------------------------|---------------------------|-------------------|---|
| <b>REVENUES</b>                  |                            |                           |                   |   |
| Interest                         | \$ 23,000                  | \$ 23,000                 | \$ 30,318         | \$ 7,318  |
| Other - special assessments      | 13,440                     | 13,440                    | 28,501            | 15,061  |
| Total revenues                   | 36,440                     | 36,440                    | 58,819            | 22,379  |
| <b>FUND BALANCES - BEGINNING</b> | <u>682,499</u>             | <u>682,499</u>            | <u>682,499</u>    | <u>-</u>  |
| <b>FUND BALANCES - ENDING</b>    | <u>\$ 718,939</u>          | <u>\$ 718,939</u>         | <u>\$ 741,318</u> | <u>\$ 22,379</u>                                |

**Grand Rapids Charter Township**  
**BUDGETARY COMPARISON SCHEDULE - Public Safety Fund**  
Year ended December 31, 2005

|                                       | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>    | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|---------------------------------------|----------------------------|---------------------------|------------------|---|
| <b>REVENUES</b>                       |                            |                           |                  |   |
| Property taxes                        | \$ 565,000                 | \$ 565,000                | \$ 594,470       | \$ 29,470                                       |
| <b>OTHER FINANCING USES</b>           |                            |                           |                  |   |
| Operating transfer out - General Fund | <u>(565,000)</u>           | <u>(565,000)</u>          | <u>(594,470)</u> | <u>(29,470)</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, 2005

|  | <u>Special revenue funds</u> |                                     |                   |
|--|------------------------------|-------------------------------------|-------------------|
|  | <u>Lakes<br/>Management</u>  | <u>Lighting and<br/>Maintenance</u> | <u>Totals</u>     |
| <b>ASSETS</b>                            |                              |                                     |                   |
| Cash                                     | \$ 25,976                    | \$ 56,621                           | \$ 82,597         |
| Receivables                              | 8,564                        | 33,587                              | 42,151            |
| Total assets                             | <u>\$ 34,540</u>             | <u>\$ 90,208</u>                    | <u>\$ 124,748</u> |
| <b>LIABILITIES AND FUND BALANCES</b>     |                              |                                     |                   |
| Liabilities:                             |                              |                                     |                   |
| Payables                                 | \$ 2,500                     | \$ 5,674                            | 8,174             |
| Deferred revenue                         | 18,855                       | 67,347                              | 86,202            |
| Total liabilities                        | 21,355                       | 73,021                              | 94,376            |
| Fund balances - unreserved, undesignated | 13,185                       | 17,187                              | 30,372            |
| Total liabilities and<br>fund balances   | <u>\$ 34,540</u>             | <u>\$ 90,208</u>                    | <u>\$ 124,748</u> |

**Grand Rapids Charter Township**

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

*Year ended December 31, 2005*

---

|                                     | <b>Special revenue funds</b>       |  |                      |
|-------------------------------------|------------------------------------|--|----------------------|
|                                     | <b><u>Lakes<br/>Management</u></b> | <b><u>Lighting and<br/>Maintenance</u></b> | <b><u>Totals</u></b> |
| <b>REVENUES</b>                     |                                    |  |                      |
| Other - special assessments         | \$ 17,836                          | \$ 70,063                                  | \$ 87,899            |
| <b>EXPENDITURES</b>                 |                                    |  |                      |
| Public works                        | <u>15,905</u>                      | <u>65,890</u>                              | <u>81,795</u>        |
| <b>NET CHANGES IN FUND BALANCES</b> | 1,931                              | 4,173                                      | 6,104                |
| <b>FUND BALANCE - BEGINNING</b>     | <u>11,254</u>                      | <u>13,014</u>                              | <u>24,268</u>        |
| <b>FUND BALANCE - ENDING</b>        | <u>\$ 13,185</u>                   | <u>\$ 17,187</u>                           | <u>\$ 30,372</u>     |