

*Charter Township of Kalamazoo
Kalamazoo County, Michigan*

FINANCIAL STATEMENTS

Year ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Charter Township of Kalamazoo
Kalamazoo County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Kalamazoo, Michigan (the Township), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Kalamazoo, Michigan, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16, the 2012 financial statements have been restated to correct a misstatement. Our opinions on the 2013 financial statements are not modified with respect to this matter.

As discussed in Note 17, the Township implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 9, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is intended as a narrative overview of the Charter Township of Kalamazoo's operations over the fiscal year and its financial condition on December 31, 2013. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased \$295,772 (1 percent) as a result of this year's operations.
- Of the \$24,652,873 total net position reported, \$4,332,778 is unrestricted.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$2,747,484, which represents 41 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 (GASB) Statement No. 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.
 - Governmental funds statements explain 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 funds statements offer short-term and long-term financial information about the activities the government operates like a business. The Township has one proprietary fund to account for its golf course.
 - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as a trustee or 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 basic financial statements for 2013 and 2012 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 and 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 and liabilities and deferred inflows of resources and liabilities) 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 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 golf course.

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 street, water, and sewer improvements) or to show that it is properly using certain taxes and other revenues (like street lighting, recycling, and public safety capital asset revenues).

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 purpose. 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 \$24,652,873. However, \$19,029,297 of this total is invested in capital assets and \$1,290,798 is restricted for public safety, public works, and capital outlay. Consequently, unrestricted net position was \$4,332,778, or 18 percent of the total.

*Condensed financial information
Net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 14,122,420	\$ 13,028,071	\$ 12,040	\$ 56,042	\$ 14,134,460	\$ 13,084,113
Capital assets	18,762,310	19,143,634	299,776	259,438	19,062,086	19,403,072
Total assets	32,884,730	32,171,705	311,816	315,480	33,196,546	32,487,185
Current and other liabilities	3,498,090	2,796,634	-	-	3,498,090	2,796,634
Long-term debt	32,789	229,941	-	-	32,789	229,941
Total liabilities	3,530,879	3,026,575	-	-	3,530,879	3,026,575
Deferred inflows of resources	5,012,794	5,103,509	-	-	5,012,794	5,103,509
Net position:						
Net investment in capital assets	18,729,521	18,913,693	299,776	259,438	19,029,297	19,173,131
Restricted	1,290,798	1,097,523	-	-	1,290,798	1,097,523
Unrestricted	4,320,738	4,030,405	12,040	56,042	4,332,778	4,086,447
Total net position	\$ 24,341,057	\$ 24,041,621	\$ 311,816	\$ 315,480	\$ 24,652,873	\$ 24,357,101

Changes in net position

The Township's total revenues for 2013 were \$8,914,871. Approximately 43 percent of the Township's revenues comes from property taxes and 29 percent is received as charges for services. About 22 percent of total revenues comes from state revenue sharing.

The total cost of all the Township's programs for 2013, covering a wide range of services, totaled \$8,619,341. About 68 percent of the Township's total costs relate to public safety, while general government and public works represent 18 percent and 13 percent, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed financial information
Changes in net position

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Program revenues:						
Charges for services	\$ 2,611,013	\$ 2,601,116	\$ 15,094	\$ 14,998	\$ 2,626,107	\$ 2,616,114
Operating grants	95,318	73,419	-	-	95,318	73,419
Capital grants	135,991	45,731	-	-	135,991	45,731
General revenues:						
Property taxes	3,822,426	3,971,405	-	-	3,822,426	3,971,405
State grants	2,005,381	1,953,098	-	-	2,005,381	1,953,098
Franchise fees	244,987	180,920	-	-	244,987	180,920
Investment income (loss)	(15,339)	33,602	-	-	(15,339)	33,602
Total revenues	<u>8,899,777</u>	<u>8,859,291</u>	<u>15,094</u>	<u>14,998</u>	<u>8,914,871</u>	<u>8,874,289</u>
Expenses:						
General government	1,566,513	1,759,449	-	-	1,566,513	1,759,449
Public safety	5,830,983	6,131,569	-	-	5,830,983	6,131,569
Public works	1,106,459	1,053,536	-	-	1,106,459	1,053,536
Community and economic development	74,029	57,180	-	-	74,029	57,180
Culture and recreation	12,671	20,405	18,758	32,356	31,429	52,761
Interest on debt	9,686	16,704	-	-	9,686	16,704
Total expenses	<u>8,600,341</u>	<u>9,038,843</u>	<u>18,758</u>	<u>32,356</u>	<u>8,619,099</u>	<u>9,071,199</u>
Changes in net position	<u>\$ 299,436</u>	<u>\$ (179,552)</u>	<u>\$ (3,664)</u>	<u>\$ (17,358)</u>	<u>\$ 295,772</u>	<u>\$ (196,910)</u>
Net position, end of year	<u>\$ 24,341,057</u>	<u>\$ 24,041,621</u>	<u>\$ 311,816</u>	<u>\$ 315,480</u>	<u>\$ 24,652,873</u>	<u>\$ 24,357,101</u>

Governmental activities. Governmental activities increased the Township's net position by \$299,341 in 2013 compared to a \$179,552 decrease in 2012. The Township received about \$90,260 more in capital grants, related to new public safety equipment purchased in the current year. Property taxes, based on declining taxable values, decreased by \$148,979, while state grants increased by \$52,283 this year. Total governmental expenses combined were approximately \$438,502 less in 2013 compared to 2012. The difference is primarily due to a decrease in health care costs as employees assumed responsibility for approximately 20% of the health care premiums.

The total cost of governmental activities this year was \$8,600,341. After subtracting the direct charges to those who directly benefited from the programs (\$2,611,013) and other operating and capital grants (\$231,309), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$5,758,019 in 2013.

Business-type activities. Charges for services in the business-type activities for 2013 were \$15,094 compared to \$14,998 last year. Expenses decreased by \$13,598 due to a reduction in maintenance costs.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

At December 31, 2013, the Township's governmental funds reported a combined fund balance of \$7,826,648, an increase of \$1,022,928 over the prior year.

General fund revenues of \$7,337,572 exceeded expenditures (\$6,632,604) and transfers out (\$33,326) by \$671,642 in 2013. Fund balance at the end of 2013 was \$3,048,850.

The Sewer Improvement Fund revenues, comprised of assessments and interest, totaled \$87,079, while expenditures totaled \$28,213. As a result, the fund balance increased by \$58,866. The fund balance was \$3,121,718 at the end of 2013.

The net position of the Golf Course Fund, the sole proprietary fund, decreased by \$3,664, as expenses of \$18,758 exceeded \$15,094 in revenue for the year.

General Fund budgetary highlights

There were no significant differences between the original and final General Fund budget adopted by the Township Board for 2013.

Revenues were \$319,972 more than budgeted as state grants and charges for services received exceeded the amounts budgeted by \$165,280 and \$94,685 respectively. Actual expenditures and transfers were \$333,670 less than budgeted. These conditions resulted in a \$653,642 positive budget variance total and a \$671,642 increase in fund balance for the year, compared to an \$18,000 budgeted increase.

Capital assets and debt administration

Capital assets

At December 31, 2013, the Township had invested \$19,062,086, net of depreciation, in various capital assets, including its land, buildings, equipment, and infrastructure.

This year's major capital asset additions included:

- \$64,870 for a shared dispatch center upgrade
- \$154,721 for road and sidewalk infrastructure
- \$55,559 for the purchase of a building and land
- \$41,707 for new vehicles
- \$44,173 for radio equipment

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

Debt

At the end of the fiscal year, the Township had four installment purchase notes with balances outstanding in the amount of \$32,789. No new debt was issued in 2013.

Other long-term obligations consisted of a liability for compensated absences of \$381,418 and a net other postemployment benefit obligation of \$2,124,373.

More detailed information about the Township's long-term debt is presented in Note 7 and Note 13 of the notes to the basic financial statements.

Economic factors and next year's budgets and rates

In 2014, the Township plans to primarily use current revenues to provide essential services in order to maintain current fund balances. Property tax revenues are expected to decline again for 2014 due to reductions in taxable property values. The Township continues to review all budget areas for opportunities to reduce expenditures.

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 resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Ronald E. Reid, Supervisor
Charter Township of Kalamazoo
1720 Riverview Drive
Kalamazoo, MI 49004

Phone: (269) 381-8080

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2013

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 9,043,155	\$ 3,019	\$ 9,046,174
Investments	1,389,130	-	1,389,130
Receivables, net	3,437,529	-	3,437,529
Prepaid items	-	9,021	9,021
	<u>13,869,814</u>	<u>12,040</u>	<u>13,881,854</u>
Total current assets			
Noncurrent assets:			
Receivables, net	252,606	-	252,606
Capital assets not being depreciated	504,748	171,000	675,748
Capital assets, net of accumulated depreciation	18,257,562	128,776	18,386,338
	<u>19,014,916</u>	<u>299,776</u>	<u>19,314,692</u>
Total noncurrent assets			
Total assets			
	<u>32,884,730</u>	<u>311,816</u>	<u>33,196,546</u>
LIABILITIES			
Current liabilities:			
Payables	331,296	-	331,296
Unearned operating assessment revenue	661,003	-	661,003
Current portion of long-term debt	23,558	-	23,558
	<u>1,015,857</u>	<u>-</u>	<u>1,015,857</u>
Total current liabilities			
Noncurrent liabilities:			
Noncurrent portion of long-term debt	9,231	-	9,231
Compensated absences	381,418	-	381,418
Net other postemployment benefit obligation	2,124,373	-	2,124,373
	<u>2,515,022</u>	<u>-</u>	<u>2,515,022</u>
Total noncurrent liabilities			
Total liabilities			
	<u>3,530,879</u>	<u>-</u>	<u>3,530,879</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenues levied for the subsequent year	3,749,448	-	3,749,448
Assessments levied for the subsequent year	1,263,346	-	1,263,346
	<u>5,012,794</u>	<u>-</u>	<u>5,012,794</u>
Total deferred inflows of resources			
NET POSITION			
Net investment in capital assets	18,729,521	299,776	19,029,297
Restricted for:			
Public safety	216,273	-	216,273
Public works	139,235	-	139,235
Capital outlay	935,290	-	935,290
Unrestricted	4,320,738	12,040	4,332,778
	<u>24,341,057</u>	<u>311,816</u>	<u>24,652,873</u>
Total net position			

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2013

	Program revenues			Net (expenses) revenues and changes in net position		Totals
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	
Functions/Programs						
Governmental activities:						
General government	\$ 1,566,513	\$ 431,437	\$ -	\$ -	\$ (1,135,076)	\$ (1,135,076)
Public safety	5,830,983	1,459,548	85,233	78,799	(4,207,403)	(4,207,403)
Public works	1,106,459	672,462	10,085	57,192	(366,720)	(366,720)
Community and economic development	74,029	47,566	-	-	(26,463)	(26,463)
Culture and recreation	12,671	-	-	-	(12,671)	(12,671)
Interest on long-term debt	9,686	-	-	-	(9,686)	(9,686)
Total governmental activities	8,600,341	2,611,013	95,318	135,991	(5,758,019)	(5,758,019)
Business-type activities - golf course	18,758	15,094	-	-		\$ (3,664)
Totals	<u>\$ 8,619,099</u>	<u>\$ 2,626,107</u>	<u>\$ 95,318</u>	<u>\$ 135,991</u>	(5,758,019)	(3,664)
General revenues:						
Taxes					3,822,426	-
State grants					2,005,381	-
Franchise fees					244,987	-
Investment loss					(15,339)	-
Total general revenues					6,057,455	-
Changes in net position					299,436	(3,664)
Net position - beginning					24,041,621	315,480
Net position - ending					<u>\$ 24,341,057</u>	<u>\$ 311,816</u>

See notes to financial statements

Charter Township of Kalamazoo

BALANCE SHEET - governmental funds

December 31, 2013

	<u>General</u>	<u>Sewer Improvement</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
ASSETS				
Cash	\$ 3,468,987	\$ 3,114,503	\$ 2,459,665	\$ 9,043,155
Investments	1,389,130	-	-	1,389,130
Receivables	<u>2,744,075</u>	<u>258,380</u>	<u>687,680</u>	<u>3,690,135</u>
Total assets	<u>\$ 7,602,192</u>	<u>\$ 3,372,883</u>	<u>\$ 3,147,345</u>	<u>\$ 14,122,420</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Payables	\$ 214,824	\$ 72	\$ 116,400	\$ 331,296
Unearned operating assessment revenue	<u>-</u>	<u>-</u>	<u>661,003</u>	<u>661,003</u>
Total liabilities	<u>214,824</u>	<u>72</u>	<u>777,403</u>	<u>992,299</u>
Deferred inflows of resources:				
Property tax revenues levied for the subsequent year	3,749,448	-	-	3,749,448
Assessments levied for the subsequent year	589,070	-	674,276	1,263,346
Unavailable special assessment revenue	<u>-</u>	<u>251,093</u>	<u>39,586</u>	<u>290,679</u>
Total deferred inflows of resources	<u>4,338,518</u>	<u>251,093</u>	<u>713,862</u>	<u>5,303,473</u>
Fund balances:				
Nonspendable - advance to KABA	41,000	-	-	41,000
Restricted for:				
Public safety	-	-	216,273	216,273
Public works	-	-	139,235	139,235
Capital outlay	-	-	935,290	935,290
Committed for culture and recreation	-	-	9,702	9,702
Assigned for:				
Public works	-	3,121,718	355,580	3,477,298
Subsequent year expenditures	260,366	-	-	260,366
Unassigned	<u>2,747,484</u>	<u>-</u>	<u>-</u>	<u>2,747,484</u>
Total fund balances	<u>3,048,850</u>	<u>3,121,718</u>	<u>1,656,080</u>	<u>7,826,648</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,602,192</u>	<u>\$ 3,372,883</u>	<u>\$ 3,147,345</u>	<u>\$ 14,122,420</u>

Reconciliation of the balance sheet to the statement of net position

Total fund balance - total governmental funds \$ 7,826,648

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

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 18,762,310

Other long-term assets are not available to pay for current period expenditures and are deferred in the funds. 290,679

Long-term liabilities that are not due and payable in the current period and are not reported in the funds:

Long-term debt, including compensated absences	(414,207)
Other postemployment obligation, net	<u>(2,124,373)</u>

Net position of *governmental activities* \$ 24,341,057

See notes to financial statements

Charter Township of Kalamazoo

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

Year ended December 31, 2013

	<u>General</u>	<u>Sewer Improvement</u>	<u>Nonmajor funds</u>	<u>Totals</u>
REVENUES				
Taxes	\$ 4,040,881	\$ -	\$ -	\$ 4,040,881
Federal grants	26,056	-	78,799	104,855
State grants	2,065,280	-	15,501	2,080,781
Intergovernmental	-	-	50,953	50,953
Fines and forfeitures	35,575	-	5,903	41,478
Licenses and permits	303,989	-	-	303,989
Charges for services	237,585	-	-	237,585
Investment loss	(13,899)	(875)	(565)	(15,339)
Other	642,105	87,954	1,384,581	2,114,640
	<u>7,337,572</u>	<u>87,079</u>	<u>1,535,172</u>	<u>8,959,823</u>
Total revenues				
EXPENDITURES				
General government	1,478,881	-	-	1,478,881
Public safety	4,865,623	-	32,269	4,897,892
Public works	154,833	28,213	629,893	812,939
Community and economic development	74,029	-	-	74,029
Culture and recreation	3,859	-	-	3,859
Capital outlay	32,963	-	418,406	451,369
Debt service:				
Principal	22,095	-	186,145	208,240
Interest	321	-	9,365	9,686
	<u>6,632,604</u>	<u>28,213</u>	<u>1,276,078</u>	<u>7,936,895</u>
Total expenditures				
EXCESS OF REVENUES OVER EXPENDITURES	<u>704,968</u>	<u>58,866</u>	<u>259,094</u>	<u>1,022,928</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	33,326	33,326
Transfers out	(33,326)	-	-	(33,326)
	<u>(33,326)</u>	<u>-</u>	<u>33,326</u>	<u>-</u>
Net other financing sources (uses)				
NET CHANGES IN FUND BALANCES	671,642	58,866	292,420	1,022,928
FUND BALANCES - BEGINNING	<u>2,377,208</u>	<u>3,062,852</u>	<u>1,363,660</u>	<u>6,803,720</u>
FUND BALANCES - ENDING	<u>\$ 3,048,850</u>	<u>\$ 3,121,718</u>	<u>\$ 1,656,080</u>	<u>\$ 7,826,648</u>

See notes to financial statements

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

Year ended December 31, 2013

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) \$ 1,022,928

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

Capital assets:

Assets acquired	467,693
Provision for depreciation	(807,778)
Basis of assets disposed	(41,239)

Proceeds from debt issued (11,088)

Principal repayments on long-term debt 208,240

Changes in other assets/liabilities:

Decrease in deferred inflows of resources	(35,046)
Increase in net other postemployment obligation	(472,956)
Increase in other accrued liabilities	<u>(31,318)</u>

Change in net position of *governmental activities* \$ 299,436

See notes to financial statements

Charter Township of Kalamazoo

STATEMENT OF NET POSITION - *proprietary fund*

December 31, 2013

	<u>Golf Course Fund</u>
ASSETS	
Current assets:	
Cash	\$ 3,019
Prepaid items	<u>9,021</u>
Total current assets	12,040
Noncurrent assets:	
Capital assets not being depreciated - land	171,000
Capital assets, net of accumulated depreciation	<u>128,776</u>
Total noncurrent assets	<u>299,776</u>
Total assets	<u><u>\$ 311,816</u></u>
NET POSITION	
Net investment in capital assets	299,776
Unrestricted	<u>12,040</u>
Total net position	<u><u>\$ 311,816</u></u>

See notes to financial statements

Charter Township of Kalamazoo

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

Year ended December 31, 2013

	<u><i>Golf Course Fund</i></u>
OPERATING REVENUES	
Rentals	\$ 15,094
OPERATING EXPENSES	
Operating and maintenance costs	2,575
Depreciation	<u>16,183</u>
Total operating expenses	<u>18,758</u>
CHANGE IN FUND NET POSITION	(3,664)
FUND NET POSITION - BEGINNING	<u>315,480</u>
FUND NET POSITION - ENDING	<u><u>\$ 311,816</u></u>

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary fund

Year ended December 31, 2013

	<i>Golf Course Fund</i>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 15,094
Payments to suppliers	<u>(2,575)</u>
Net cash provided by operating activities	12,519
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(56,522)</u>
NET DECREASE IN CASH	(44,003)
CASH - BEGINNING	<u>47,022</u>
CASH - ENDING	<u><u>\$ 3,019</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (3,664)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	<u>16,183</u>
Net cash provided by operating activities	<u><u>\$ 12,519</u></u>

See notes to financial statements

Charter Township of Kalamazoo

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - *agency funds*

December 31, 2013

ASSETS

Cash \$ 4,166,917

LIABILITIES

Due to others \$ 4,166,917

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Kalamazoo, 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:

The Township is governed by an elected seven-member board. The accompanying financial statements present the government entity for which the Township, located in Kalamazoo County, is considered to be financially accountable.

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 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 or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general 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 major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable only when cash is received by the Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

The Sewer Improvement Fund accounts for the construction or purchase of major sewer improvements.

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

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 fund relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, liabilities, deferred inflows, and net position or equity:

Bank deposits and investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is proportionately allocated to all funds.

Receivables and payables - In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” All trade and property tax receivables are considered to be fully collectible.

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

Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the Township as assets with an initial individual cost of more than \$2,000 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 prospectively, beginning January 1, 2004.

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

Buildings	40 - 60 years
Improvements	15 - 30 years
Vehicles	5 - 10 years
Equipment	3 - 15 years
Road infrastructure	5 - 40 years
Sewer infrastructure	50 - 75 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated absences - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Vested compensated absences are accrued when earned in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Unearned revenue - Unearned revenue represents resources related to operating assessments, 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 revenues will not be recognized until a future event occurs. The Township has two items that are included in this category: property taxes and special assessments. Property tax revenues and certain operating special assessments, which are levied to finance the following period's budget, are deferred and recognized as an inflow of resources in the period that it was intended to finance. Other special assessment revenues, which are not recognized until available (collected not later than 60 days after the end of the Township's fiscal year) are deferred and recognized as an inflow of resources in the period that the assessments become available.

Net position - Net position represents the difference between assets, less liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Net 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, and increases by balances related to 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 or buyers of the Township's debt. 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.

Fund equity - In the fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported 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. A formal resolution of the Township Board is required to establish, modify, or rescind a fund balance commitment. The Township Board retains the authority to assign fund balances. Unassigned fund balances are amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted or assigned to those purposes. 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 the 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 defined by State statutes) located in the Township 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property tax revenue recognition(continued) - Although the Township’s 2012 ad valorem taxes are levied and collectible on December 1, 2012, it is 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

The Township did not adopt a budget for the Parks Fund.

Excess of expenditures over appropriations - During the year, the Township incurred expenditures in a budgeted fund, which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Function</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public works	\$ 150,000	\$ 154,833	\$ (4,833)
	Culture and recreation	3,100	3,859	(759)
	Debt services	21,156	22,416	(1,260)
	Transfers out	-	33,236	(33,236)

NOTE 3 - CASH AND INVESTMENTS

A reconciliation of cash and investments to the Township’s deposits and investments, as shown in the government-wide statement of net position and the fiduciary fund statement of fiduciary assets and liabilities, is as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Fiduciary activities</u>	<u>Totals</u>
Financial statements:				
Cash and cash equivalents	\$ 9,043,155	\$ 3,019	\$ 4,166,917	\$ 13,213,091
Investments	1,389,130	-	-	1,389,130
Totals	<u>\$ 10,432,285</u>	<u>\$ 3,019</u>	<u>\$ 4,166,917</u>	<u>\$ 14,602,221</u>
Notes to financial statements:				
Deposits				\$ 13,213,091
Investments				1,389,130
Total				<u>\$ 14,602,221</u>

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. The Township’s investment policy does not specifically address custodial credit risk for deposits. At December 31, 2013, \$9,822,581 of the Township’s bank balances of \$13,286,550 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, 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 composed of otherwise legal investments; and f) qualified investment pools.

Investments at year end, which are reported at fair value, consist of the following:

Governmental activities:

Cooperative Liquid Assets Securities System - Michigan, a local investment pool established under Michigan state statutes for participating Michigan municipalities	\$ <u>100,547</u>
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Government-sponsored enterprises:

\$14,000 Financing Corporation zero coupon bonds (FICO strips) - paying interest at 8.6% and maturing 9/26/14	\$ 13,934
\$20,000 Financing Corporation zero coupon bonds (FICO strips) - paying interest at 10.0% and maturing 2/3/15	19,872
\$39,000 Financing Corporation zero coupon bonds (FICO strips) - paying interest at 9.65% and maturing 5/2/15	38,669
\$250,000 Federal National Mortgage Association zero coupon bonds - paying interest at 0.75% and maturing 11/25/16	249,322
\$7,000 Federal National Mortgage Association zero coupon bonds - paying interest at 0.41% and maturing 2/7/14	6,999

NOTE 3 - CASH AND INVESTMENTS (Continued)

Governmental activities (continued):

Government-sponsored enterprises (continued):

\$154,000 Resolution Funding Corporation zero coupon bonds - paying interest at 0.35% and maturing 1/15/14	\$ 153,983
\$331,000 Federal National Mortgage Association Remic Trust Bonds paying interest at 2.50% and maturing 12/25/42	215,214
\$3,000 Resolution Funding Corporation zero coupon bonds - paying interest at 0.53% and maturing 7/15/14	2,995
\$200,000 Federal Home Loan Mortgage Corporation bonds - paying interest at 0.625% and maturing 12/29/14	200,871
\$390,000 Tennessee Valley Authority zero coupon bonds - paying interest at 0.50% and maturing 12/15/14	<u>386,724</u>
Total government-sponsored enterprises	<u>1,288,583</u>
Total investments	<u>\$ 1,389,130</u>

The Township’s investments are subject to several types of risk, which are discussed below:

Custodial credit risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Township’s investment policy does not contain requirements that would limit the exposure to custodial credit risk for investments. As of December 31, 2013, all of the Township’s investments, excluding investments in investment pools, are subject to custodial credit risk as they are uninsured, unregistered, and held by the same counterparty that purchased the securities for the Township.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS (Continued)

Credit risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. At year end, the credit quality ratings of the Township’s investments are as follows:

<i>Investment type</i>	<i>Fair value</i>	<i>Rating</i>	<i>Rating organization</i>
CLASS - Michigan investment pool	\$ 100,547	AAAm	S&P
Government-sponsored enterprises:			
Financing Corporation	72,475	Aaa	Moody's
Federal National Mortgage Association Remic Trust	215,214	Aaa	Moody's
Resolution Funding Corporation	156,978	Aaa	Moody's
Tennessee Valley Authority	386,724	Aaa	Moody's
Federal National Mortgage Association	256,321	Aaa	Moody's
Federal Home Loan Mortgage Corporation	200,871	Aaa	Moody's

Concentration of credit risk. Concentration of credit risk is the risk of loss attributable to the magnitude of the Township’s investment in a single holding. The Township’s investment policy places no limitations on the amount that can be invested in any one issuer. Of the Township’s investments, the Financing Corporation bonds, the Federal Farm Credit Bank bonds, and the Federal Home Loan Mortgage Corporation bonds each represent more than 5% of the Township’s total investments. Investments in investment pools and money market funds are not subject to concentration of credit risk.

Interest rate risk. Interest rate risk is the risk that the value of an investment will decrease as a result of an increase in market interest rates. Generally, longer investment maturities generate more sensitivity to changes in an investment’s fair value due to changes in market rates. The Township’s investment policy has no specific limitations with respect to maturities of investments. Investments in investment pools and money market funds are not subject to interest rate risk.

The CLASS - Michigan is a local investment pool established under Michigan state statutes for participating Michigan municipalities. This pool is not subject to regulatory oversight and is not registered with the SEC. The fair value of the Township’s position in the pool is the same as the value of its pool shares. A separate report can be obtained from the CLASS office at 15309 Meadowwood Drive, Grand Haven, Michigan, 49417.

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2013, for the Township’s individual major and aggregate nonmajor funds, were as follows:

	<i>Taxes</i>	<i>Accounts</i>	<i>Special Assessments</i>	<i>Intergovernmental</i>	<i>Totals</i>
Governmental funds:					
General	\$ 1,877,281	\$ 65,221	\$ 296,055	\$ 505,518	\$ 2,744,075
Sewer Improvement	-	16,059	242,321	-	258,380
Nonmajor	-	-	676,338	11,342	687,680
Total governmental funds	<u>\$ 1,877,281</u>	<u>\$ 81,280</u>	<u>\$ 1,214,714</u>	<u>\$ 516,860</u>	<u>\$ 3,690,135</u>
Amounts due beyond one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,606</u>	<u>\$ -</u>	<u>\$ 252,606</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, 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	\$ 449,189	\$ 55,559	\$ -	\$ 504,748
Capital assets being depreciated:				
Buildings and improvements	2,579,999	12,572	-	2,592,571
Equipment	2,505,798	177,192	-	2,682,990
Vehicles	3,192,960	67,649	(94,432)	3,166,177
Infrastructure	22,872,229	154,721	-	23,026,950
Subtotal	<u>31,150,986</u>	<u>412,134</u>	<u>(94,432)</u>	<u>31,468,688</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,467,756)	(63,750)	-	(1,531,506)
Equipment	(1,306,693)	(212,098)	-	(1,518,791)
Vehicles	(2,544,240)	(235,831)	53,193	(2,726,878)
Infrastructure	(7,137,852)	(296,099)	-	(7,433,951)
Subtotal	<u>(12,456,541)</u>	<u>(807,778)</u>	<u>53,193</u>	<u>(13,211,126)</u>
Total capital assets being depreciated, net	<u>18,694,445</u>	<u>(395,644)</u>	<u>(41,239)</u>	<u>18,257,562</u>
Governmental activities capital assets, net	<u>\$ 19,143,634</u>	<u>\$ (340,085)</u>	<u>\$ (41,239)</u>	<u>\$ 18,762,310</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Business-type activities:				
Capital assets not being depreciated - land	\$ 171,000	\$ -	\$ -	\$ 171,000
Capital assets being depreciated:				
Buildings	94,759	-	-	94,759
Improvements other than buildings	178,859	56,521	-	235,380
Vehicles and equipment	142,191	-	-	142,191
Subtotal	<u>415,809</u>	<u>56,521</u>	<u>-</u>	<u>472,330</u>
Less accumulated depreciation for:				
Buildings	(94,758)	-	-	(94,758)
Improvements other than buildings	(118,778)	(5,205)	-	(123,983)
Vehicles and equipment	(113,835)	(10,978)	-	(124,813)
Subtotal	<u>(327,371)</u>	<u>(16,183)</u>	<u>-</u>	<u>(343,554)</u>
Total capital assets being depreciated, net	<u>88,438</u>	<u>40,338</u>	<u>-</u>	<u>128,776</u>
Business-type activities capital assets, net	<u>\$ 259,438</u>	<u>\$ 40,338</u>	<u>\$ -</u>	<u>\$ 299,776</u>

Depreciation expense was charged to governmental activities of the Township as follows:

Governmental activities:	
General government	\$ 100,207
Public safety	406,454
Public works	293,520
Parks and recreation	<u>7,597</u>
Total governmental activities	<u>\$ 807,778</u>

NOTE 6 - PAYABLES

Payables as of December 31, 2013, for the Township's individual major and aggregate nonmajor funds, were as follows:

	<i>Accounts</i>	<i>Accrued payroll</i>	<i>Totals</i>
Governmental funds:			
General	\$ 112,121	\$ 102,703	\$ 214,824
Sewer Improvement	72	-	72
Nonmajor	<u>116,400</u>	<u>-</u>	<u>116,400</u>
Total governmental funds	<u>\$ 228,593</u>	<u>\$ 102,703</u>	<u>\$ 331,296</u>

NOTE 7 - LONG-TERM LIABILITIES

Long-term obligation activity for the year ended December 31, 2013, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Due within one year</i>
Governmental activities:					
\$195,488 2006 Installment purchase agreement note, payable in annual installments of \$26,666, including interest at 3.34%; final payment due January 2013	\$ 24,431	\$ -	\$ (24,431)	\$ -	\$ -
\$622,340 2009 Installment purchase agreement note, payable in annual installments of \$102,879, including interest at 5%; final payment due November 2013	97,986	-	(97,986)	-	-
\$175,123 2011 Installment purchase agreement note, payable in annual installments of \$62,126, including interest at 3.12%; final payment due December 2013	60,211	-	(60,211)	-	-
\$20,635 2011 Installment purchase agreement note, payable in annual installments of \$7,676, including interest at 7.27%; final payment due August 2014	12,015	-	(7,034)	4,981	4,981
\$37,265 2012 Installment purchase agreement note, payable in annual installments of \$12,422, with zero interest; final payment due August 2014	24,843	-	(12,422)	12,421	12,421
\$11,088 2013 Installment purchase agreement note, payable in annual installments of \$3,696, with zero interest	-	11,088	(3,696)	7,392	3,696
\$12,300 2012 Installment purchase agreement note, payable in annual installments of \$2,460, with zero interest; final payment due March 2017	10,455	-	(2,460)	7,995	2,460
Subtotal	229,941	11,088	(208,240)	32,789	23,558
Compensated absences	350,100	399,994	(368,676)	381,418	-
Postemployment healthcare benefits	1,651,417	472,956	-	2,124,373	-
Total governmental activities	<u>\$ 2,231,458</u>	<u>\$ 884,038</u>	<u>\$ (576,916)</u>	<u>\$ 2,538,580</u>	<u>\$ 23,558</u>

NOTE 7 - LONG-TERM LIABILITIES (Continued)

At December 31, 2013, debt service requirements, excluding compensated absences and postemployment healthcare benefits, were as follows:

<i>Year ended</i> <u>December 31:</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 23,558	\$ 137
2015	6,156	-
2016	2,460	-
2017	<u>615</u>	<u>-</u>
Totals	<u>\$ 32,789</u>	<u>\$ 137</u>

All debt is secured by the full faith and credit of the Township.

NOTE 8 - PROPERTY TAXES

The 2012 taxable valuation of the Township approximated \$419,075,000, on which ad valorem taxes levied consisted of 8.9691 mills for operating purposes, raising approximately \$3,759,000. This amount is recognized in the respective fund financial statements as property tax revenue.

The 2013 taxable valuation of the Township approximated \$416,367,000, on which ad valorem taxes levied consisted of 8.9691 mills for operating purposes, raising approximately \$3,749,000. This amount is 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 9 - INTERFUND TRANSFERS

The transfer from the General Fund to the Recycling Fund represents the transfer of available resources required to cover current public works expenditures.

NOTE 10 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, and employee health and medical claims. The risks of loss arising from general liability up to \$5,000,000, building contents, workers' compensation, employee medical, and casualty are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

NOTE 11 - DEFINED CONTRIBUTION RETIREMENT PLANS

The Township contributed to two defined contribution pension plans for its non-union employees. The two plans are both administered by an insurance company. The plan for firefighters requires matching employee contributions. The other plan is non-contributory. Both plans are funded on a group annuity basis.

Contributions for union employees are fully vested upon participation in the plan. The Township's contributions for participating non-union employees (and allocated interest) are fully vested after 48 months of service. Contributions and interest forfeited by non-vested employees who leave employment are used to reduce the Township's current period contribution requirement. The Township made the required contributions of \$167,234 and firefighter employees contributed \$19,054 for the year ended December 31, 2013. The Township is not a trustee of these plans, nor is the Township responsible for investment management of plan assets.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Plan description:

The Township's Police Department's defined benefit pension plan provides retirement benefits to qualified employees and their beneficiaries. The Township's Police Department's defined benefit pension plan is affiliated with the Municipal Employees' Retirement System of Michigan (MERS), an agent, multiple-employer, public employee retirement system that acts as a common investment and administrative agent for municipalities in Michigan. Public Act 220 of 1996 of the State of Michigan assigns the authority to establish and amend the benefit provisions to the Township. The MERS issues a publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 N. Canal, Lansing, MI 48917, or by calling 1-800-767-6377.

Funding policy:

The Township is required to contribute at an actuarially determined rate, which currently is 15.07%. Covered employees are not required to contribute to the plan. Administrative costs of the plan are financed through investment earnings.

Annual pension cost:

For the year ended December 31, 2013, the Township's annual pension cost of \$323,470 for its defined benefit pension plan equaled the required contributions. The required contribution was determined as part of the January 1, 2011, actuarial valuation using the entry age normal cost method. The actuarial assumptions included a) 8 percent investment rate of return, net of administrative expenses; b) projected salary increases of 4.5% per year; and c) no cost of living adjustments. The actuarial value of the plan's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The plan has an unfunded actuarial accrued liability, which is being amortized over 25 years as a level percentage of payroll.

Three year trend information:

<i>Fiscal year ended December 31:</i>	<i>Annual pension cost (APC)</i>	<i>Percentage of APC contributed</i>	<i>Net pension obligation</i>
2011	\$ 306,546	100%	\$ -
2012	\$ 302,052	100%	\$ -
2013	\$ 323,470	100%	\$ -

NOTE 12 - DEFINED BENEFIT PENSION PLAN (Continued)

Funded status and funding progress:

The funded status of the plan as of December 31, 2012, the most recent actuarial date, is as follows:

<i>Actuarial value of assets (a)</i>	<i>Actuarial accrued liability (AAL) entry age (b)</i>	<i>Unfunded AAL (UAAL) (b-a)</i>	<i>Funded ratio (a/b)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((b-a)/c)</i>
\$ 8,624,808	\$ 10,123,240	\$ 1,498,432	85%	\$ 2,008,353	75%

The 2012 valuation reflects the following change in actuarial assumptions: temporary lower wage inflation assumption (1%, 1%, 2%, and 3% for calendar years 2013, 2014, 2015 and 2016, respectively, and 4.5% thereafter).

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Certain other accounting policies and plan asset matters are discussed in greater detail in the Township’s actuarial valuation.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS

Plan description. The Township of Kalamazoo Retiree Health Care Plan is a single-employer defined benefit healthcare plan administered by the Township, which provides medical insurance benefits to eligible retirees and their spouses.

Funding policy. The Township pays the full cost of coverage of these benefits for retirees and their spouses on a pay-as-you-go basis. Currently, fourteen retirees are eligible for postemployment health benefits. The Township obtains health care coverage through private insurers. The Township has the authority to establish the funding policy for the plan and to amend the obligations of both the Township and members. Active members are not obligated to make contributions to the plan at this time. For the year ended December 31, 2013, the Township contributed \$144,632 to the plan.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB cost and net OPEB obligation. The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The Township has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year ended December 31, 2013, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation:

Annual required contribution (ARC)	\$ 634,800
Interest on net OPEB obligation	66,057
Adjustment to annual required contribution	<u>(83,269)</u>
Annual OPEB cost (expense)	617,588
Contributions made	<u>(144,632)</u>
Increase in net OPEB obligation	472,956
Net OPEB obligation - beginning of year	<u>1,651,417</u>
Net OPEB obligation - end of year	<u><u>\$ 2,124,373</u></u>

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and two prior years were as follows:

<u>Year</u>	<u>Annual OPEB cost</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2011	\$ 514,182	25.98%	\$ 1,170,682
2012	616,276	21.99%	1,651,417
2013	617,588	23.42%	2,124,373

Funded status and funding progress. As of December 31, 2012, the most recent valuation date, the plan had not been funded, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,284,865. The covered payroll (annual payroll of active employees covered by the plan) was \$3,268,697, and the ratio of the UAAL to the covered payroll was 162%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Vital Statistics Reports. The Life Tables for U.S. Males and Females, 2007 version, were used.

Turnover - Non-group-specific, age-based turnover data from GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the National Institute of Health Expenditure Projections, Table 3, 2005 - 2020. A rate of 5.5% initially, increased to an ultimate rate of 6.5% after six years, was used.

Health insurance premium - 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll growth rate - The expected long-term payroll growth rate of 1% was used

Inflation rate - The expected long-term inflation assumption of 4% was used.

NOTE 14 - JOINT VENTURE

The Township is a member of the Kalamazoo Area Building Authority (the Authority), which is a joint venture of the Charter Townships of Comstock, Kalamazoo, Oshtemo, and Cooper. The administrative board of the Authority consists of members appointed by each participating unit and a member at-large. The Authority was established to administer and enforce the Michigan State Construction Code within its constituent municipalities. The Township of Kalamazoo advanced \$41,000 (non-interest bearing) as its proportionate share of the Authority’s initial startup costs. As of the year ended December 31, 2013, the advance is due to the Township from the Authority, subject to the Authority’s cash requirements. Complete audited financial statements for the Authority can be obtained by contacting the Authority at P.O. Box 292, Oshtemo, MI 49077.

The Township does not expect to receive residual equity from the joint venture. The Township is unaware of any indication that the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the Township in the near future.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Contingent liabilities:

Litigation. The Township is the defendant in various lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a materially adverse effect on the accompanying basic financial statements and, accordingly, no provision for losses has been recorded.

Accumulated non-vested sick pay. The Township is contingently liable to its employees for approximately \$362,000 in accumulated non-vested sick pay benefits.

NOTE 16 - PRIOR PERIOD ADJUSTMENTS

A prior period adjustment has been recorded in 2013 that resulted in the restatement of net position. Net position as of January 1, 2013, included in the government-wide financial statements, represents restated balances, as presented below. The following schedule identifies the nature and amount of the adjustment recorded.

	<u>Governmental activities</u>
Beginning of year, as previously reported	\$ 23,961,048
Prior period adjustment:	
Understatement of cash	<u>80,573</u>
Beginning of year, as restated	<u>\$ 24,041,621</u>

NOTE 16 - PRIOR PERIOD ADJUSTMENTS (Continued)

A prior period adjustment has been recorded in 2013 that resulted in a restatement of fund balance. Fund balance as of January 1, 2013, included in the fund statements, represents restated balances as presented below. The following schedule identifies the nature and amount of the adjustment recorded.

	<u>General Fund</u>
Beginning of year, as previously reported	\$ 2,296,635
Prior period adjustment:	
Understatement of cash	<u>80,573</u>
Beginning of year, as restated	<u>\$ 2,377,208</u>

NOTE 17 - RECENT ACCOUNTING PRONOUNCEMENT

Effective January 1, 2013, the Township adopted the provisions of the following accounting pronouncement that did not result in restatement or reclassification of opening net position or fund balances.

Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

NOTE 18 - PENDING ACCOUNTING PRONOUNCEMENT

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for periods beginning after June 15, 2014. This Statement generally carries forward the requirements of Statement No. 27 for employer accounting and financial reporting for defined contribution plans. In this Statement, the definition of defined contribution pensions, as well as the accounting requirements for such pensions, includes provisions to accommodate circumstances in which the timing of payments into individual accounts does not coincide with the period of employee service to which defined contributions pertain (as when a nonvested employee accumulates credits for which the employer delays payment into the employee’s account until vesting provisions have been satisfied). This Statement also establishes requirements to address accounting for forfeitures. The Statement also enhances accountability and transparency through revised note disclosures. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the fiscal year beginning January 1, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Kalamazoo

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2013

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget positive (negative)
REVENUES				
Taxes	\$ 4,039,000	\$ 4,039,000	\$ 4,040,881	\$ 1,881
Federal grants	32,000	32,000	26,056	(5,944)
State grants	1,900,000	1,900,000	2,065,280	165,280
Fines and forfeitures	39,000	39,000	35,575	(3,425)
Licenses and permits	255,700	255,700	303,989	48,289
Charges for services	142,900	142,900	237,585	94,685
Investment income (loss)	9,000	9,000	(13,899)	(22,899)
Other	600,000	600,000	642,105	42,105
Total revenues	<u>7,017,600</u>	<u>7,017,600</u>	<u>7,337,572</u>	<u>319,972</u>
EXPENDITURES				
General government:				
Legislative	95,600	95,600	96,730	(1,130)
Supervisor	128,600	128,600	137,356	(8,756)
Elections	9,000	9,000	8,655	345
Assessor	242,700	242,700	214,036	28,664
Clerk	141,200	141,200	130,084	11,116
General services administration	374,844	374,844	362,832	12,012
Treasurer	212,000	212,000	213,111	(1,111)
Data processing	68,400	68,400	77,210	(8,810)
Building and grounds	216,800	216,800	218,104	(1,304)
Cemetery	24,600	24,600	20,763	3,837
Total general government	<u>1,513,744</u>	<u>1,513,744</u>	<u>1,478,881</u>	<u>34,863</u>
Public safety:				
Police protection	4,050,800	3,898,800	3,640,366	258,434
Fire protection	1,278,500	1,278,500	1,220,561	57,939
Building inspections	-	-	6,614	(6,614)
Emergency preparedness	-	-	(1,918)	1,918
Total public safety	<u>5,329,300</u>	<u>5,177,300</u>	<u>4,865,623</u>	<u>311,677</u>
Public works - street maintenance	<u>10,000</u>	<u>150,000</u>	<u>154,833</u>	<u>(4,833)</u>
Community and economic development - planning and zoning	<u>96,300</u>	<u>96,300</u>	<u>74,029</u>	<u>22,271</u>

Charter Township of Kalamazoo

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2013

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
EXPENDITURES (Continued)				
Culture and recreation - parks	\$ 3,100	\$ 3,100	\$ 3,859	\$ (759)
Capital outlay	26,000	38,000	32,963	5,037
Debt service:				
Principal	21,156	21,156	22,095	(939)
Interest	-	-	321	(321)
Total expenditures	6,999,600	6,999,600	6,632,604	366,996
EXCESS OF REVENUES OVER EXPENDITURES	18,000	18,000	704,968	686,968
OTHER FINANCING (USES)				
Transfers to other funds	-	-	(33,326)	(33,326)
NET CHANGES IN FUND BALANCES	18,000	18,000	671,642	653,642
FUND BALANCES - BEGINNING	2,377,208	2,377,208	2,377,208	-
FUND BALANCES - ENDING	<u>\$ 2,395,208</u>	<u>\$ 2,395,208</u>	<u>\$ 3,048,850</u>	<u>\$ 653,642</u>

SCHEDULE OF FUNDING PROGRESS FOR THE EMPLOYEE RETIREMENT SYSTEM

(Municipal Employees' Retirement System of Michigan)

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated.

<i>Actuarial valuation date December 31,</i>	<i>Actuarial value of assets (a)</i>	<i>Actuarial liability (ALL) entry age (b)</i>	<i>Funded ratio (a)/(b)</i>	<i>Underfunded ALL (UAAL) (b-a)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((b-a)/c)</i>
2010	7,865,857	8,919,350	88%	1,053,493	2,072,158	51%
2011	8,208,713	9,619,001	85%	1,410,288	2,053,447	69%
2012	8,624,808	10,123,240	85%	1,498,432	2,008,353	75%

Actuarial assumptions were revised as follows:

2011 valuation

- Revised rates of expected early retirement
- Revised rates of disability
- Revised rates of merit/longevity pay increases
- Revised rates of expected employee turnover (withdrawal or termination of employment before retirement)

2012 valuation

- Temporary lower wage inflation assumption (1%, 1%, 2%, and 3% for calendar years 2013, 2014, 2015, and 2016, respectively, and 4.5% thereafter)

SCHEDULE OF FUNDING PROGRESS FOR THE POSTEMPLOYMENT HEALTHCARE PLAN

Year ended December 31, 2013

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated.

<i>Valuation date, December 31,</i>	<i>Actuarial accrued liability (AAL) (a)</i>	<i>Market value of assets (b)</i>	<i>Unfunded AAL (UAAL) (a-b)</i>	<i>Funded ratio (b/a)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((a-b)/c)</i>
2009	\$ 5,195,070	\$ -	\$ 5,195,070	0%	\$ 3,165,386	164%
2012	5,284,865	-	5,284,865	0%	3,268,697	162%

SUPPLEMENTARY INFORMATION

Charter Township of Kalamazoo

COMBINING BALANCE SHEET - nonmajor governmental funds

December 31, 2013

	<i>Special revenue funds</i>					<i>Capital projects funds</i>				<i>Totals</i>	
	<i>Police Training</i>	<i>Drug Enforcement</i>	<i>Street Lighting</i>	<i>Recycling</i>	<i>Parks</i>	<i>911 Wireless</i>	<i>Police Capital</i>	<i>Fire Capital</i>	<i>Street</i>		<i>Water</i>
ASSETS											
Cash	\$ 21,099	\$ 46,836	\$ 293,145	\$ 271,251	\$ 9,702	\$ 201,865	\$ 491,360	\$ 771,094	\$ 127,151	\$ 226,162	\$ 2,459,665
Receivables	-	-	134,669	152,704	-	11,342	135,645	211,467	21,898	19,955	687,680
Total assets	<u>\$ 21,099</u>	<u>\$ 46,836</u>	<u>\$ 427,814</u>	<u>\$ 423,955</u>	<u>\$ 9,702</u>	<u>\$ 213,207</u>	<u>\$ 627,005</u>	<u>\$ 982,561</u>	<u>\$ 149,049</u>	<u>\$ 246,117</u>	<u>\$ 3,147,345</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 19,836	\$ 31,695	\$ -	\$ 64,869	\$ -	\$ -	\$ -	\$ -	\$ 116,400
Unearned operating assessment revenue	-	-	268,743	392,260	-	-	-	-	-	-	661,003
Total liabilities	-	-	288,579	423,955	-	64,869	-	-	-	-	777,403
Deferred inflows of resources:											
Assessments levied for the subsequent year	-	-	-	-	-	-	252,807	421,469	-	-	674,276
Unavailable special assessment revenue	-	-	-	-	-	-	-	20,927	18,659	-	39,586
Total deferred inflows of resources	-	-	-	-	-	-	252,807	421,469	20,927	18,659	713,862
Fund balances:											
Restricted for:											
Public safety	21,099	46,836	-	-	-	148,338	-	-	-	-	216,273
Public works	-	-	139,235	-	-	-	-	-	-	-	139,235
Capital outlay	-	-	-	-	-	-	374,198	561,092	-	-	935,290
Committed for culture and recreation	-	-	-	-	9,702	-	-	-	-	-	9,702
Assigned for public works	-	-	-	-	-	-	-	-	128,122	227,458	355,580
Total fund balances	<u>21,099</u>	<u>46,836</u>	<u>139,235</u>	<u>-</u>	<u>9,702</u>	<u>148,338</u>	<u>374,198</u>	<u>561,092</u>	<u>128,122</u>	<u>227,458</u>	<u>1,656,080</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,099</u>	<u>\$ 46,836</u>	<u>\$ 427,814</u>	<u>\$ 423,955</u>	<u>\$ 9,702</u>	<u>\$ 213,207</u>	<u>\$ 627,005</u>	<u>\$ 982,561</u>	<u>\$ 149,049</u>	<u>\$ 246,117</u>	<u>\$ 3,147,345</u>

Charter Township of Kalamazoo

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - nonmajor governmental funds

Year ended December 31, 2013

	Special revenue funds					Capital projects funds				Totals	
	Police Training	Drug Enforcement	Street Lighting	Recycling	Parks	911 Wireless	Police Capital	Fire Capital	Street		Water
REVENUES											
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,799	\$ -	\$ -	\$ 78,799
State grants	5,416	-	-	-	-	-	-	-	10,085	-	15,501
Intergovernmental	-	-	-	-	-	50,953	-	-	-	-	50,953
Fines and forfeitures	-	5,903	-	-	-	-	-	-	-	-	5,903
Investment loss	-	-	(109)	(47)	-	(76)	(88)	(181)	-	(64)	(565)
Other	-	-	271,838	356,250	-	-	280,750	427,393	7,966	40,384	1,384,581
Total revenues	5,416	5,903	271,729	356,203	-	50,877	280,662	506,011	18,051	40,320	1,535,172
EXPENDITURES											
Public safety	13,100	-	-	-	-	19,169	-	-	-	-	32,269
Public works	-	-	201,780	389,529	-	-	-	-	3,457	35,127	629,893
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,215	64,869	119,574	232,748	-	-	418,406
Debt service:											
Principal	-	-	-	-	-	-	27,948	158,197	-	-	186,145
Interest	-	-	-	-	-	-	2,556	6,809	-	-	9,365
Total expenditures	13,100	-	201,780	389,529	1,215	84,038	150,078	397,754	3,457	35,127	1,276,078
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,684)	5,903	69,949	(33,326)	(1,215)	(33,161)	130,584	108,257	14,594	5,193	259,094
OTHER FINANCING SOURCES											
Transfers in	-	-	-	33,326	-	-	-	-	-	-	33,326
NET CHANGES IN FUND BALANCES	(7,684)	5,903	69,949	-	(1,215)	(33,161)	130,584	108,257	14,594	5,193	292,420
FUND BALANCES - BEGINNING	28,783	40,933	69,286	-	10,917	181,499	243,614	452,835	113,528	222,265	1,363,660
FUND BALANCES - ENDING	\$ 21,099	\$ 46,836	\$ 139,235	\$ -	\$ 9,702	\$ 148,338	\$ 374,198	\$ 561,092	\$ 128,122	\$ 227,458	\$ 1,656,080