

*Charter Township of Kalamazoo*  
*Kalamazoo County, Michigan*  
**FINANCIAL STATEMENTS**  
*Year ended December 31, 2011*

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Charter Township of Kalamazoo, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Kalamazoo, Michigan, as of and for the year ended December 31, 2011, which collectively comprise the Charter Township of Kalamazoo, Michigan's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Charter Township of Kalamazoo, Michigan's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Kalamazoo, Michigan, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 16 to the financial statements, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Kalamazoo, Michigan's financial statements as a whole. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Sigfried Crandall P.C.*

May 1, 2012

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

**Charter Township of Kalamazoo**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2011. Please read it in conjunction with the Township's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Township's total net assets decreased \$485,162 (2 percent) as a result of this year's operations.
- Of the \$24,554,011 total net assets reported, \$4,296,149 is unrestricted,
- The General Fund's unassigned fund balance at the end of the fiscal year was \$1,794,641, which represents 25 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.
  - 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- and long-term financial information about the activities the government operates like a business. The Township has three proprietary funds to account for its golf course, economic development loans, and building inspections department.
  - 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 2011 and 2010 is also presented.

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

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**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 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 golf course and 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 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 millages).

The Township has three kinds 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.

**Charter Township of Kalamazoo**  
**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 statements, 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 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 activities are reported in a separate Statement of Fiduciary Net Assets. 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 \$24.6 million. However, \$19.4 million of this total is invested in capital assets and \$906 thousand is restricted for public safety, public works, and capital outlay. Consequently, unrestricted net assets were \$4.3 million, 18 percent of the total.

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

|  | <i>Governmental activities</i> |                    | <i>Business-type activities</i> |                 | <i>Totals</i>      |                    |
|--|--------------------------------|--------------------|---------------------------------|-----------------|--------------------|--------------------|
|  | <u>2011</u>                    | <u>2010</u>        | <u>2011</u>                     | <u>2010</u>     | <u>2011</u>        | <u>2010</u>        |
| Current and other assets                           | \$ 12,563.7                    | \$ 12,423.7        | \$ 82.0                         | \$ 68.3         | \$ 12,645.7        | \$ 12,492.0        |
| Capital assets                                     | <u>19,478.3</u>                | <u>19,735.5</u>    | <u>250.8</u>                    | <u>269.9</u>    | <u>19,729.1</u>    | <u>20,005.4</u>    |
| Total assets                                       | <u>32,042.0</u>                | <u>32,159.2</u>    | <u>332.8</u>                    | <u>338.2</u>    | <u>32,374.8</u>    | <u>32,497.4</u>    |
| Current and other liabilities                      | 7,443.5                        | 7,034.5            | -                               | -               | 7,443.5            | 7,034.5            |
| Long-term debt                                     | <u>377.3</u>                   | <u>488.8</u>       | <u>-</u>                        | <u>-</u>        | <u>377.3</u>       | <u>488.8</u>       |
| Total liabilities                                  | <u>7,820.8</u>                 | <u>7,523.3</u>     | <u>-</u>                        | <u>-</u>        | <u>7,820.8</u>     | <u>7,523.3</u>     |
| Net assets:  |                                |                    |                                 |                 |                    |                    |
| Invested in capital assets,<br>net of related debt | 19,101.0                       | 19,246.6           | 250.8                           | 269.9           | 19,351.8           | 19,516.5           |
| Restricted   | 906.0                          | 814.8              | -                               | -               | 906.0              | 814.8              |
| Unrestricted                                       | <u>4,214.2</u>                 | <u>4,639.6</u>     | <u>82.0</u>                     | <u>68.3</u>     | <u>4,296.2</u>     | <u>4,707.9</u>     |
| Total net assets                                   | <u>\$ 24,221.2</u>             | <u>\$ 24,701.0</u> | <u>\$ 332.8</u>                 | <u>\$ 338.2</u> | <u>\$ 24,554.0</u> | <u>\$ 25,039.2</u> |



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

**Changes in net assets.** The Township's total revenues were \$8.7 million. Approximately 47 percent of the Township's revenues comes from property taxes, and 25 percent is received as charges for services. About 22 percent of total revenues comes from state revenue sharing.

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

|                                    | <i>Governmental activities</i> |                            | <i>Business-type activities</i> |                        | <i>Totals</i>            |                            |
|------------------------------------|--------------------------------|----------------------------|---------------------------------|------------------------|--------------------------|----------------------------|
|                                    | <u>2011</u>                    | <u>2010</u>                | <u>2011</u>                     | <u>2010</u>            | <u>2011</u>              | <u>2010</u>                |
| Program revenues:                  |                                |                            |                                 |                        |                          |                            |
| Charges for services               | \$ 2,093.3                     | \$ 1,979.2                 | \$ 16.4                         | \$ 19.3                | \$ 2,109.7               | \$ 1,998.5                 |
| Operating grants                   | 94.4                           | 168.6                      | -                               | -                      | 94.4                     | 168.6                      |
| Capital grants                     | 276.9                          | 94.3                       | -                               | -                      | 276.9                    | 94.3                       |
| General revenues:                  |                                |                            |                                 |                        |                          |                            |
| Property taxes                     | 4,109.4                        | 4,321.6                    | -                               | -                      | 4,109.4                  | 4,321.6                    |
| State grants                       | 1,856.9                        | 1,896.8                    | -                               | -                      | 1,856.9                  | 1,896.8                    |
| Franchise fees                     | 201.4                          | 214.6                      | -                               | -                      | 201.4                    | 214.6                      |
| Investment income                  | 50.0                           | 66.2                       | -                               | -                      | 50.0                     | 66.2                       |
| Gain (loss) on sale of assets      | 31.6                           | (164.3)                    | -                               | -                      | 31.6                     | (164.3)                    |
| Transfers                          | 1.4                            | 4.3                        | (1.4)                           | (4.3)                  | -                        | -                          |
| <b>Total revenues</b>              | <b><u>8,715.3</u></b>          | <b><u>8,581.3</u></b>      | <b><u>15.0</u></b>              | <b><u>15.0</u></b>     | <b><u>8,730.3</u></b>    | <b><u>8,596.3</u></b>      |
| Expenses:                          |                                |                            |                                 |                        |                          |                            |
| Legislative                        | 28.0                           | 46.6                       | -                               | -                      | 28.0                     | 46.6                       |
| General government                 | 1,745.8                        | 1,951.0                    | -                               | -                      | 1,745.8                  | 1,951.0                    |
| Public safety                      | 6,368.3                        | 6,610.3                    | -                               | -                      | 6,368.3                  | 6,610.3                    |
| Public works                       | 955.5                          | 1,021.5                    | -                               | -                      | 955.5                    | 1,021.5                    |
| Community and economic development | 44.8                           | 40.5                       | -                               | -                      | 44.8                     | 40.5                       |
| Culture and recreation             | 19.9                           | 17.3                       | 20.4                            | 22.7                   | 40.3                     | 40.0                       |
| Interest on debt                   | 32.8                           | 34.9                       | -                               | -                      | 32.8                     | 34.9                       |
| <b>Total expenses</b>              | <b><u>9,195.1</u></b>          | <b><u>9,722.1</u></b>      | <b><u>20.4</u></b>              | <b><u>22.7</u></b>     | <b><u>9,215.5</u></b>    | <b><u>9,744.8</u></b>      |
| <b>Changes in net assets</b>       | <b><u>\$ (479.8)</u></b>       | <b><u>\$ (1,140.8)</u></b> | <b><u>\$ (5.4)</u></b>          | <b><u>\$ (7.7)</u></b> | <b><u>\$ (485.2)</u></b> | <b><u>\$ (1,148.5)</u></b> |

**Governmental activities.** Governmental activities decreased the Township's net assets by \$480 thousand in 2011 compared with a \$1.1 million decrease in 2010. The Township received about \$114 thousand more in charges for services, including \$150 thousand additional street lighting assessments and \$44 thousand from a new police services contract, net of decreases in public safety assessments, due to decreased taxable values and various other smaller decreases. The Township received \$108 thousand more in operating and capital grants in 2011 compared to 2010, as increases in public works assessments exceeded lower amounts of project-specific public safety grants. Property taxes, based on declining taxable values, decreased by \$212 thousand, and state grants decreased by \$40 thousand this year. Total governmental expenses combined were approximately \$527 thousand less in 2011 compared to 2010, reflecting changes in fire department staffing, reduced insurance costs as a result of competitive bidding, and increased employee contributions for health insurance.

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

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A \$32 thousand gain on the sale of various capital assets in 2011, compared to a \$164 thousand loss on the sale of a fire vehicle in 2010, had a \$196 thousand positive effect on the change in net assets.

The cost of all governmental activities this year was \$9.2 million. After subtracting the direct charges to those who directly benefited from the programs (\$2.1 million), and other operating and capital grants (\$371 thousand), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$6.7 million in 2011, compared to \$7.4 million in 2010.

**Business-type activities.** Charges for services in the business-type activities for 2011 were \$16.4 thousand, compared to \$19.3 thousand last year. Expenses decreased slightly from 2010 to 2011.

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

At December 31, 2011, the Township's governmental funds reported a combined fund balance of \$6.3 million, approximately the same as last year.

Expenditures of the General Fund exceeded revenue and debt proceeds by \$201 thousand, primarily due to \$200 thousand incurred for building repairs. Its fund balance at the end of 2011 was \$1.9 million.

The fund balance in the Sewer Improvement Fund increased this year by \$91 thousand. The fund's revenues, comprised of assessments and interest on investments, exceeded expenditures of \$47 thousand. The fund balance at the end of 2011 was \$3.2 million.

The net asset of the Golf Course Fund, the sole proprietary fund, decreased by \$5.4 thousand, as expenses (primarily depreciation) of \$20.4 and transfers out of \$1.4 thousand exceeded revenues of \$16.4 thousand.

**General Fund budgetary highlights**

During the year, budget appropriations between the original and final General Fund budget adopted by the Township Board were increased by \$200 thousand to provide for additional capital outlay expenditures.

Revenues were \$21 thousand more than budgeted, while actual expenditures were \$483 thousand less than budgeted amounts primarily because public safety costs were lower than anticipated. These conditions, along with a \$10 thousand positive variance for proceeds from debt, resulted in a \$514 thousand positive budget variance total and a \$201 thousand decrease in fund balance for the year, compared to a \$715 thousand budgeted decrease.

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

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**Capital assets and debt administration**

*Capital assets*

At December 31, 2011, the Township had invested \$19.4 million, net of related debt, in various capital assets, including its land, buildings, equipment, and infrastructure.

This year's major capital asset additions included:

- \$254 thousand for a fire truck
- \$157 thousand for Township and police building roof repairs
- \$113 thousand for police department on-board equipment
- \$100 thousand for police and Township vehicles
- \$62 thousand for road and sewer infrastructure
- \$35 thousand for various other Township equipment purchases

More detailed information about the Township's capital assets is presented in Note 8 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 \$377 thousand, including debt issued to finance the purchase of police cars and fire vehicles acquired in prior years and \$195 thousand borrowed to finance a fire truck and office equipment in 2011.

Other long-term obligations consisted of a liability for compensated absences of \$339 thousand and a net other postemployment benefit obligation of \$1.2 million.

More detailed information about the Township's long-term debt is presented in Note 14 of the notes to the basic financial statements.

**Economic condition and outlook**

About \$1.8 million is available for appropriation in the General Fund budget. This fund balance represents 25 percent of the approximately \$7.2 million in General Fund expenditures budgeted for 2012, which are expected to increase by nominal amounts compared to 2011. Significant other funds are available to provide for public safety capital assets and for the maintenance of the Township's sewer infrastructure.

In 2012, 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 2012 due to reductions in taxable property values. The Township continues to review all budget line-items for opportunities to reduce expenditures. The budget will be monitored during the year to identify any necessary amendments.

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

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**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:

Terri C. Mellinger, Supervisor  
Charter Township of Kalamazoo  
1720 Riverview Drive  
Kalamazoo, MI 49004

Phone: (269) 381-8080

## **BASIC FINANCIAL STATEMENTS**

**Charter Township of Kalamazoo**  
**STATEMENT OF NET ASSETS**  
December 31, 2011

|   | <u>Governmental<br/>activities</u> | <u>Business-type<br/>activities</u> | <u>Totals</u>        |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                   |                                    |                                     |                      |
| Current assets:                                 |                                    |                                     |                      |
| Cash  | \$ 6,941,593                       | \$ 72,961                           | \$ 7,014,554         |
| Investments                                     | 754,529                            | -                                   | 754,529              |
| Prepaid items                                   | 55,437                             | 9,020                               | 64,457               |
| Receivables, net                                | <u>4,481,486</u>                   | <u>-</u>                            | <u>4,481,486</u>     |
| Total current assets                            | <u>12,233,045</u>                  | <u>81,981</u>                       | <u>12,315,026</u>    |
| Noncurrent assets:                              |                                    |                                     |                      |
| Receivables, net                                | 330,691                            | -                                   | 330,691              |
| Capital assets not being depreciated            | 449,189                            | 171,000                             | 620,189              |
| Capital assets, net of accumulated depreciation | <u>19,029,054</u>                  | <u>79,857</u>                       | <u>19,108,911</u>    |
| Total noncurrent assets                         | <u>19,808,934</u>                  | <u>250,857</u>                      | <u>20,059,791</u>    |
| Total assets                                    | <u>32,041,979</u>                  | <u>332,838</u>                      | <u>32,374,817</u>    |
| <b>LIABILITIES</b>                              |                                    |                                     |                      |
| Current liabilities:                            |                                    |                                     |                      |
| Payables  | 201,188                            | -                                   | 201,188              |
| Deferred revenue                                | 5,732,250                          | -                                   | 5,732,250            |
| Current portion of long-term debt               | <u>182,643</u>                     | <u>-</u>                            | <u>182,643</u>       |
| Total current liabilities                       | <u>6,116,081</u>                   | <u>-</u>                            | <u>6,116,081</u>     |
| Noncurrent liabilities:                         |                                    |                                     |                      |
| Noncurrent portion of long-term debt            | 194,643                            | -                                   | 194,643              |
| Compensated absences                            | 339,400                            | -                                   | 339,400              |
| Net other postemployment benefit obligation     | <u>1,170,682</u>                   | <u>-</u>                            | <u>1,170,682</u>     |
| Total noncurrent liabilities                    | <u>1,704,725</u>                   | <u>-</u>                            | <u>1,704,725</u>     |
| Total liabilities                               | <u>7,820,806</u>                   | <u>-</u>                            | <u>7,820,806</u>     |
| <b>NET ASSETS</b>                               |                                    |                                     |                      |
| Invested in capital assets, net of related debt | 19,100,957                         | 250,857                             | 19,351,814           |
| Restricted for:                                 |                                    |                                     |                      |
| Public safety                                   | 366,934                            | -                                   | 366,934              |
| Public works                                    | 65,286                             | -                                   | 65,286               |
| Capital outlay                                  | 473,828                            | -                                   | 473,828              |
| Unrestricted                                    | <u>4,214,168</u>                   | <u>81,981</u>                       | <u>4,296,149</u>     |
| Total net assets                                | <u>\$ 24,221,173</u>               | <u>\$ 332,838</u>                   | <u>\$ 24,554,011</u> |

See notes to financial statements

Charter Township of Kalamazoo  
**STATEMENT OF ACTIVITIES**  
 Year ended December 31, 2011

| Functions/Programs                     | <u>Expenses</u>     | <u>Program revenues</u>     |   |   |
|--|---------------------|-----------------------------|---|---|
|  |                     | <u>Charges for services</u> | <u>Operating grants and contributions</u> | <u>Capital grants and contributions</u> |
| Governmental activities:               |                     |                             |   |   |
| Legislative                            | \$ 28,021           | \$ -                        | \$ -                                      | \$ -                                    |
| General government                     | 1,745,823           | 395,720                     | -   | -                                       |
| Public safety                          | 6,368,321           | 1,013,448                   | 84,669                                    | 28,865                                  |
| Public works                           | 955,502             | 627,423                     | 9,746                                     | 248,081                                 |
| Community and economic development     | 44,734              | 56,615                      | -   | -                                       |
| Culture and recreation                 | 19,921              | -                           | -   | -                                       |
| Interest on long-term debt             | 32,833              | -                           | -   | -                                       |
| Total governmental activities          | 9,195,155           | 2,093,206                   | 94,415                                    | 276,946                                 |
| Business-type activities - golf course | 20,372              | 16,448                      | -   | -                                       |
| Totals                                 | <u>\$ 9,215,527</u> | <u>\$ 2,109,654</u>         | <u>\$ 94,415</u>                          | <u>\$ 276,946</u>                       |

General revenues:  
 Taxes  
 State grants  
 Franchise fees  
 Investment income  
 Gain on sale of capital assets  
 Transfers (net)

Total general revenues and transfers

Changes in net assets

Net assets - beginning

Net assets - ending

**Net (expenses) revenues and  
changes in net assets**

| <u>Governmental<br/>activities</u> | <u>Business-type<br/>activities</u> | <u>Totals</u>            |
|------------------------------------|-------------------------------------|--------------------------|
| \$ (28,021)                        |                                     | \$ (28,021)              |
| (1,350,103)                        |                                     | (1,350,103)              |
| (5,241,339)                        |                                     | (5,241,339)              |
| (70,252)                           |                                     | (70,252)                 |
| 11,881                             |                                     | 11,881                   |
| (19,921)                           |                                     | (19,921)                 |
| <u>(32,833)</u>                    |                                     | <u>(32,833)</u>          |
| <br><u>(6,730,588)</u>             |                                     | <br><u>(6,730,588)</u>   |
|                                    | \$ <u>(3,924)</u>                   | <u>(3,924)</u>           |
| <br><u>(6,730,588)</u>             | <br><u>(3,924)</u>                  | <br><u>(6,734,512)</u>   |
| 4,109,392                          | -                                   | 4,109,392                |
| 1,856,900                          | -                                   | 1,856,900                |
| 201,430                            | -                                   | 201,430                  |
| 50,047                             | -                                   | 50,047                   |
| 31,581                             | -                                   | 31,581                   |
| <u>1,448</u>                       | <u>(1,448)</u>                      | <u>-</u>                 |
| <br><u>6,250,798</u>               | <br><u>(1,448)</u>                  | <br><u>6,249,350</u>     |
| (479,790)                          | (5,372)                             | (485,162)                |
| <u>24,700,963</u>                  | <u>338,210</u>                      | <u>25,039,173</u>        |
| <br><u>\$ 24,221,173</u>           | <br><u>\$ 332,838</u>               | <br><u>\$ 24,554,011</u> |

See notes to financial statements



**Charter Township of Kalamazoo**  
**BALANCE SHEET - governmental funds**  
December 31, 2011

|  | <u>General</u>      | <u>Sewer<br/>Improvement</u> | <u>Nonmajor<br/>funds</u> | <u>Total<br/>governmental<br/>funds</u> |
|--|---------------------|------------------------------|---------------------------|---|
| <b>ASSETS</b>                          |                     |                              |                           |   |
| Cash                                   | \$ 2,602,919        | \$ 2,627,007                 | \$ 1,711,667              | \$ 6,941,593                            |
| Investments                            | 230,221             | 524,308                      | -                         | 754,529                                 |
| Receivables                            | 3,514,581           | 317,827                      | 979,769                   | 4,812,177                               |
| Prepaid items                          | 55,437              | -                            | -                         | 55,437                                  |
| Total assets                           | <u>\$ 6,403,158</u> | <u>\$ 3,469,142</u>          | <u>\$ 2,691,436</u>       | <u>\$ 12,563,736</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b>   |                     |                              |                           |   |
| Liabilities:                           |                     |                              |                           |   |
| Payables                               | \$ 137,752          | \$ 8,682                     | \$ 54,754                 | \$ 201,188                              |
| Deferred revenue                       | 4,415,328           | 309,611                      | 1,364,520                 | 6,089,459                               |
| Total liabilities                      | <u>4,553,080</u>    | <u>318,293</u>               | <u>1,419,274</u>          | <u>6,290,647</u>                        |
| Fund balances:                         |                     |                              |                           |   |
| Nonspendable - prepaid items           | 55,437              | -                            | -                         | 55,437                                  |
| Restricted for:                        |                     |                              |                           |   |
| Public safety                          | -                   | -                            | 366,934                   | 366,934                                 |
| Public works                           | -                   | -                            | 65,286                    | 65,286                                  |
| Capital outlay                         | -                   | -                            | 473,828                   | 473,828                                 |
| Committed for culture and recreation   | -                   | -                            | 18,777                    | 18,777                                  |
| Assigned for public works              | -                   | 3,150,849                    | 347,337                   | 3,498,186                               |
| Unassigned                             | 1,794,641           | -                            | -                         | 1,794,641                               |
| Total fund balances                    | <u>1,850,078</u>    | <u>3,150,849</u>             | <u>1,272,162</u>          | <u>6,273,089</u>                        |
| Total liabilities and<br>fund balances | <u>\$ 6,403,158</u> | <u>\$ 3,469,142</u>          | <u>\$ 2,691,436</u>       | <u>\$ 12,563,736</u>                    |

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

Total fund balance - total governmental funds \$ 6,273,089

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

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 19,478,243

Other long-term assets are not available to pay for current period expenditures and are deferred in the funds. 357,209

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 (716,686)  
Other postemployment obligation, net (1,170,682)

Net assets of *governmental activities* \$ 24,221,173

See notes to financial statements

Charter Township of Kalamazoo

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

Year ended December 31, 2011

|  | <u>General</u>      | <u>Sewer<br/>Improvement</u> | <u>Nonmajor<br/>funds</u> | <u>Totals</u>       |
|--|---------------------|------------------------------|---------------------------|---------------------|
| <b>REVENUES</b>  |                     |                              |                           |                     |
| Taxes  | \$ 4,306,979        | \$ -                         | \$ -                      | \$ 4,306,979        |
| Federal grants   | 27,091              | -                            | 28,865                    | 55,956              |
| State grants   | 1,913,839           | -                            | 15,210                    | 1,929,049           |
| Intergovernmental  | -                   | -                            | 41,617                    | 41,617              |
| Fines and forfeitures  | 53,666              | -                            | 2,236                     | 55,902              |
| Licenses and permits   | 369,476             | -                            | -                         | 369,476             |
| Charges for services   | 227,736             | -                            | -                         | 227,736             |
| Interest and rentals   | 60,069              | 24,240                       | 9,743                     | 94,052              |
| Other  | 59,151              | 112,897                      | 1,389,757                 | 1,561,805           |
|  | <u>7,018,007</u>    | <u>137,137</u>               | <u>1,487,428</u>          | <u>8,642,572</u>    |
| Total revenues   |                     |                              |                           |                     |
| <b>EXPENDITURES</b>  |                     |                              |                           |                     |
| Legislative  | 28,021              | -                            | -                         | 28,021              |
| General government   | 1,564,296           | -                            | -                         | 1,564,296           |
| Public safety  | 5,386,862           | -                            | -                         | 5,386,862           |
| Public works   | -                   | 46,565                       | 688,396                   | 734,961             |
| Community and economic development                           | 44,734              | -                            | -                         | 44,734              |
| Culture and recreation                                       | 3,325               | -                            | 8,999                     | 12,324              |
| Capital outlay   | 201,001             | -                            | 558,484                   | 759,485             |
| Debt service:  |                     |                              |                           |                     |
| Principal  | 1,038               | -                            | 306,233                   | 307,271             |
| Interest   | 240                 | -                            | 32,593                    | 32,833              |
|  | <u>7,229,517</u>    | <u>46,565</u>                | <u>1,594,705</u>          | <u>8,870,787</u>    |
| Total expenditures   |                     |                              |                           |                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(211,510)</u>    | <u>90,572</u>                | <u>(107,277)</u>          | <u>(228,215)</u>    |
| <b>OTHER FINANCING SOURCES</b>                               |                     |                              |                           |                     |
| Proceeds from debt   | 10,317              | -                            | 185,440                   | 195,757             |
| Transfers in   | -                   | -                            | 1,448                     | 1,448               |
|  | <u>10,317</u>       | <u>-</u>                     | <u>186,888</u>            | <u>197,205</u>      |
| Total other financing sources                                |                     |                              |                           |                     |
| <b>NET CHANGES IN FUND BALANCES</b>                          | (201,193)           | 90,572                       | 79,611                    | (31,010)            |
| <b>FUND BALANCES - BEGINNING</b>                             | <u>2,051,271</u>    | <u>3,060,277</u>             | <u>1,192,551</u>          | <u>6,304,099</u>    |
| <b>FUND BALANCES - ENDING</b>                                | <u>\$ 1,850,078</u> | <u>\$ 3,150,849</u>          | <u>\$ 1,272,162</u>       | <u>\$ 6,273,089</u> |

See notes to financial statements

Charter Township of Kalamazoo

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

Year ended December 31, 2011

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

Net change in fund balance - total governmental funds (page 15) \$ (31,010)

Amounts reported for *governmental activities* in the statement of  
activities (page 13) are different because:

Capital assets:

|                            |           |
|----------------------------|-----------|
| Assets acquired            | 721,266   |
| Provision for depreciation | (953,248) |
| Basis of assets disposed   | (25,228)  |

|  |           |
|--|-----------|
| Proceeds from debt issued              | (195,757) |
| Principal repayments on long-term debt | 307,271   |

Changes in other assets/liabilities:

|   |                 |
|---|-----------------|
| Decrease in deferred revenue                    | 98,915          |
| Increase in net other postemployment obligation | (380,599)       |
| Increase in other accrued liabilities           | <u>(21,400)</u> |

Change in net assets of *governmental activities* \$ (479,790)

Charter Township of Kalamazoo  
**STATEMENT OF NET ASSETS - proprietary fund**  
 December 31, 2011

|   | <u>Golf Course<br/>Fund</u> |
|---|-----------------------------|
| <b>ASSETS</b>                                   |                             |
| Current assets:                                 |                             |
| Cash and investments                            | \$ 72,961                   |
| Prepaid items                                   | <u>9,020</u>                |
| Total current assets                            | 81,981                      |
| Noncurrent assets:                              |                             |
| Capital assets not being depreciated            | 171,000                     |
| Capital assets, net of accumulated depreciation | <u>79,857</u>               |
| Total noncurrent assets                         | <u>250,857</u>              |
| Total assets                                    | <u>332,838</u>              |
| <b>NET ASSETS</b>                               |                             |
| Invested in capital assets                      | 250,857                     |
| Unrestricted                                    | <u>81,981</u>               |
| Total net assets                                | <u>\$ 332,838</u>           |

See notes to financial statements

*Charter Township of Kalamazoo*

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS -**

***proprietary fund***

*Year ended December 31, 2011*

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|                                       | <u><i>Golf Course<br/>Fund</i></u> |
|---------------------------------------|------------------------------------|
| <b>OPERATING REVENUES</b>             |                                    |
| Rentals                               | \$ 16,448                          |
| <b>OPERATING EXPENSES</b>             |                                    |
| Contracted services                   | 314                                |
| Other operating and maintenance costs | 1,060                              |
| Depreciation                          | <u>18,998</u>                      |
| Total operating expenses              | <u>20,372</u>                      |
| <b>OPERATING LOSS</b>                 | (3,924)                            |
| <b>OTHER FINANCING USES</b>           |                                    |
| Transfer out                          | <u>(1,448)</u>                     |
| <b>CHANGE IN NET ASSETS</b>           | (5,372)                            |
| <b>NET ASSETS - BEGINNING</b>         | <u>338,210</u>                     |
| <b>NET ASSETS - ENDING</b>            | <u>\$ 332,838</u>                  |

*See notes to financial statements*

*Charter Township of Kalamazoo*  
**STATEMENT OF CASH FLOWS - proprietary fund**  
*Year ended December 31, 2011*

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|  | <u>Golf Course<br/>Fund</u> |
|--|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                             |
| Receipts from customers  | \$ 16,448                   |
| Payments to suppliers  | <u>(1,374)</u>              |
| Net cash provided by operating activities  | 15,074                      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                   |                             |
| Interfund transfers  | <u>(1,448)</u>              |
| <b>NET INCREASE IN CASH</b>  | 13,626                      |
| <b>CASH - BEGINNING</b>  | <u>59,335</u>               |
| <b>CASH - ENDING</b>   | <u>\$ 72,961</u>            |
| <b>Reconciliation of operating loss to net cash provided by operating activities:</b>    |                             |
| Operating loss   | \$ (3,924)                  |
| Adjustments to reconcile operating loss to net cash<br>provided by operating activities: |                             |
| Depreciation expense   | <u>18,998</u>               |
| Net cash provided by operating activities  | <u>\$ 15,074</u>            |

*See notes to financial statements*

*Charter Township of Kalamazoo*  
**STATEMENT OF FIDUCIARY NET ASSETS - agency funds**  
*December 31, 2011*

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**ASSETS**

Cash \$ 3,573,227

**LIABILITIES**

Due to other governmental units \$ 3,573,227

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS**

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**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 is considered to be financially accountable.

*Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. 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, 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.

*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.



**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

*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. 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.

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary funds 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 the same limitations. The Township has elected not to follow subsequent private-sector standards.

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 funds relate 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, and net assets 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.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

*Assets, liabilities, and net assets or equity (continued):*

*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 greater 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.

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 |

*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.

*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 funds 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 funds 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.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

*Assets, liabilities, and net assets or equity (continued):*

*Fund equity (continued)* - 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 funds balance first, followed by committed, then assigned fund balance, and finally unassigned fund balance.

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 in budgeted funds* - During the year, the Township incurred expenditures in certain budgeted funds, 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> |
|-------------|-----------------|---------------------|---------------|-----------------|
| Recycling   | Public works    | \$ 319,590          | \$ 370,006    | \$ (50,416)     |

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 assets and the fiduciary fund statement of net assets, 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      | \$ 6,941,593                   | \$ 72,961                       | \$ 3,573,227                | \$ 10,587,781        |
| Investments                    | <u>754,529</u>                 | <u>-</u>                        | <u>-</u>                    | <u>754,529</u>       |
| Totals                         | <u>\$ 7,696,122</u>            | <u>\$ 72,961</u>                | <u>\$ 3,573,227</u>         | <u>\$ 11,342,310</u> |
| Notes to financial statements: |                                |                                 |                             |                      |
| Deposits                       |                                |                                 |                             | \$ 10,587,781        |
| Investments                    |                                |                                 |                             | <u>754,529</u>       |
| Total                          |                                |                                 |                             | <u>\$ 11,342,310</u> |

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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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 depository insurance or are uncollateralized. The Township's investment policy does not specifically address custodial credit risk for deposits. At December 31, 2011, \$7,791,213 of the Township's bank balances of \$10,758,102 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 | \$ 100,352        |
| \$300,000 Financing Corporation zero coupon bonds (FICO strips) - paying interest at 9.8% and maturing 11/30/12   | 298,326           |
| \$100,000 Federal National Mortgage Association bonds - paying interest at 0.75% and maturing 10/1/14   | 106,069           |
| \$250,000 Intesa Funding LLC commercial paper - paying interest at 0.65% and maturing 2/23/12   | <u>249,782</u>    |
|   | <u>\$ 754,529</u> |

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 3 - CASH AND INVESTMENTS (Continued):

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, 2011, 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.

*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:

| <u>Investment type</u>           | <u>Fair value</u> | <u>Rating</u> | <u>Rating organization</u> |
|----------------------------------|-------------------|---------------|----------------------------|
| CLASS - Michigan investment pool | \$ 100,352        | AAAm          | S&P                        |
| U.S. Government agencies         | 404,395           | AA+           | S&P                        |
| Commercial paper                 | 249,782           | A1            | S&P                        |

*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 FNMA bonds, and the Intesa commercial paper each represent more than 5% of the Township's total investments. Investments in investment pools 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 are not subject to interest rate risk.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of December 31, 2011, for the Township's individual major and aggregate nonmajor funds, were as follows:

|                          | <u>Taxes</u>        | <u>Accounts</u>   | <u>Special Assessments</u> | <u>Intergovernmental</u> | <u>Totals</u>       | <u>Amounts due beyond one year</u> |
|--------------------------|---------------------|-------------------|----------------------------|--------------------------|---------------------|------------------------------------|
| Governmental funds:      |                     |                   |                            |                          |                     |                                    |
| General                  | \$ 3,023,772        | \$ 91,658         | \$ -                       | \$ 399,151               | \$ 3,514,581        | \$ -                               |
| Sewer improvement        | -                   | 16,059            | 301,768                    | -                        | 317,827             | 292,905                            |
| Nonmajor                 | -                   | 10,564            | 969,205                    | -                        | 979,769             | 37,786                             |
|                          | <u>          </u>   | <u>          </u> | <u>          </u>          | <u>          </u>        | <u>          </u>   | <u>          </u>                  |
| Total governmental funds | <u>\$ 3,023,772</u> | <u>\$ 118,281</u> | <u>\$ 1,270,973</u>        | <u>\$ 399,151</u>        | <u>\$ 4,812,177</u> | <u>\$ 330,691</u>                  |

**NOTE 5 - DEFERRED REVENUES:**

Governmental funds report deferred revenues in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenues are as follows:

|  | <u>Unavailable</u> | <u>Unearned</u>     |
|--|--------------------|---------------------|
| Property taxes (General Fund)                | \$ -               | \$ 3,950,037        |
| Special assessments (General Fund)           | -                  | 445,024             |
| Prepaid rentals (General Fund)               | -                  | 20,267              |
| Special assessments (Sewer Improvement Fund) | 309,611            | -                   |
| Special assessments (nonmajor funds)         | 47,598             | 1,316,922           |
|  | <u>          </u>  | <u>          </u>   |
| Totals                                       | <u>\$ 357,209</u>  | <u>\$ 5,732,250</u> |

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 6 - PROPERTY TAXES:

The Township property tax is levied on each December 1 on the taxable valuation of property (as defined by state statutes) located in the Township as of the preceding December 31.

Although the Township 2011 ad valorem tax is levied and collectible on December 1, 2011, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2011 tax levy of the Township consisted of the following:

| <u>Fund</u> | <u>2011<br/>taxable<br/>valuation</u> | <u>Millage<br/>rate</u> | <u>Purpose</u> | <u>Taxes<br/>raised</u> |
|-------------|---------------------------------------|-------------------------|----------------|-------------------------|
| General     | \$ 437,763,547                        | 8.9691                  | Operating      | \$ 3,950,037            |

Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

NOTE 7 - INTERFUND TRANSFERS:

The transfer from the Golf Course Fund to the Parks Fund represents the transfer of available revenue for park improvements in accordance with a Township Board resolution.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 8 - CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2011, was as follows:

|   | <i>Beginning<br/>balance</i> | <i>Increases</i>    | <i>Decreases</i>   | <i>Ending<br/>balance</i> |
|---|------------------------------|---------------------|--------------------|---------------------------|
| Governmental activities:                    |                              |                     |                    |                           |
| Capital assets not being depreciated - land | \$ 449,189                   | \$ -                | \$ -               | \$ 449,189                |
| Capital assets being depreciated:           |                              |                     |                    |                           |
| Buildings                                   | 2,263,047                    | 195,817             | -                  | 2,458,864                 |
| Improvements other than buildings           | 110,780                      | -                   | -                  | 110,780                   |
| Vehicles and equipment                      | 5,637,332                    | 495,851             | (370,119)          | 5,763,064                 |
| Infrastructure                              | <u>22,619,012</u>            | <u>29,598</u>       | <u>-</u>           | <u>22,648,610</u>         |
| Subtotal                                    | <u>30,630,171</u>            | <u>721,266</u>      | <u>(370,119)</u>   | <u>30,981,318</u>         |
| Less accumulated depreciation for:          |                              |                     |                    |                           |
| Buildings                                   | (1,290,291)                  | (55,985)            | -                  | (1,346,276)               |
| Improvements other than buildings           | (44,070)                     | (6,849)             | -                  | (50,919)                  |
| Vehicles and equipment                      | (3,470,031)                  | (616,308)           | 344,891            | (3,741,448)               |
| Infrastructure                              | <u>(6,539,515)</u>           | <u>(274,106)</u>    | <u>-</u>           | <u>(6,813,621)</u>        |
| Subtotal                                    | <u>(11,343,907)</u>          | <u>(953,248)</u>    | <u>344,891</u>     | <u>(11,952,264)</u>       |
| Total capital assets being depreciated, net | <u>19,286,264</u>            | <u>(231,982)</u>    | <u>(25,228)</u>    | <u>19,029,054</u>         |
| Governmental activities capital assets, net | <u>\$ 19,735,453</u>         | <u>\$ (231,982)</u> | <u>\$ (25,228)</u> | <u>\$ 19,478,243</u>      |



**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 8 - CAPITAL ASSETS (Continued):

|  | <i>Beginning<br/>balance</i> | <i>Increases</i>   | <i>Decreases</i> | <i>Ending<br/>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            | 164,713                      | -                  | -                | 164,713                   |
| Vehicles and equipment                       | <u>130,885</u>               | <u>-</u>           | <u>-</u>         | <u>130,885</u>            |
| Subtotal                                     | <u>390,357</u>               | <u>-</u>           | <u>-</u>         | <u>390,357</u>            |
| Less accumulated depreciation for:           |                              |                    |                  |                           |
| Buildings                                    | (94,758)                     | -                  | -                | (94,758)                  |
| Improvements other than buildings            | (105,254)                    | (8,012)            | -                | (113,266)                 |
| Vehicles and equipment                       | <u>(91,490)</u>              | <u>(10,986)</u>    | <u>-</u>         | <u>(102,476)</u>          |
| Subtotal                                     | <u>(291,502)</u>             | <u>(18,998)</u>    | <u>-</u>         | <u>(310,500)</u>          |
| Total capital assets being depreciated, net  | <u>98,855</u>                | <u>(18,998)</u>    | <u>-</u>         | <u>79,857</u>             |
| Business-type activities capital assets, net | <u>\$ 269,855</u>            | <u>\$ (18,998)</u> | <u>-</u>         | <u>\$ 250,857</u>         |

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

|  |                   |
|--|-------------------|
| Governmental activities:               |                   |
| General government                     | \$ 73,507         |
| Public safety                          | 589,154           |
| Public works                           | 282,990           |
| Culture and recreation                 | <u>7,597</u>      |
| Total governmental activities          | <u>\$ 953,248</u> |
| Business-type activities - golf course | <u>\$ 18,998</u>  |

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 9 - ACCOUNTS PAYABLE:

Accounts payable as of December 31, 2011, for the Township's individual major and aggregate nonmajor funds, were as follows:

|                     | <u>Accounts</u>   | <u>Accrued<br/>payroll</u> | <u>Inter-<br/>governmental</u> | <u>Totals</u>     |
|---------------------|-------------------|----------------------------|--------------------------------|-------------------|
| Governmental funds: |                   |                            |                                |                   |
| General             | \$ 70,753         | \$ 66,999                  | \$ -                           | \$ 137,752        |
| Sewer Improvement   | -                 | -                          | 8,682                          | 8,682             |
| Nonmajor            | <u>54,754</u>     | <u>-</u>                   | <u>-</u>                       | <u>54,754</u>     |
| Totals              | <u>\$ 125,507</u> | <u>\$ 66,999</u>           | <u>\$ 8,682</u>                | <u>\$ 201,188</u> |

NOTE 10 - RISK MANAGEMENT:

The Township is exposed to various risks of loss 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 \$173,473 and firefighter employees contributed \$17,562 for the year ended December 31, 2011. The Township is not a trustee of these plans, nor is the Township responsible for investment management of plan assets.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 12 - DEFINED BENEFIT PENSION PLAN:**

*Plan description:*

The Township's Police Department defined benefit pension plan provides retirement benefits to qualified employees and their beneficiaries. The Township's Police Department 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, Michigan 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 percent. 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, 2011, the Township's annual pension cost of \$306,546 for its defined benefit pension plan equaled the required contributions. The required contribution was determined as part of the January 1, 2010, 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 percent 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.

*Two 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> |
|---------------------------------------|----------------------------------|--------------------------------------|-------------------------------|
| 2010                                  | \$ 198,226                       | 100%                                 | \$ -                          |
| 2011                                  | \$ 306,546                       | 100%                                 | \$ -                          |

2010 was first year of plan

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 12 - DEFINED BENEFIT PENSION PLAN (Continued):

*Funded status and funding progress:*

The funded status of the plan as of January 1, 2010, the most recent actuarial date, is as follows:

| <i>Actuarial<br/>value of<br/>assets<br/>(a)</i> | <i>Actuarial<br/>accrued<br/>liability (AAL)<br/>entry age<br/>(b)</i> | <i>Unfunded<br/>AAL (UAAL)<br/>(b-a)</i> | <i>Funded<br/>ratio<br/>(a/b)</i> | <i>Covered<br/>payroll<br/>(c)</i> | <i>UAAL as a<br/>percentage<br/>of covered<br/>payroll<br/>((b-a)/c)</i> |
|--|--|--|-----------------------------------|------------------------------------|--|
| \$7,136,942                                      | \$ 8,374,067   | \$ 1,237,125                             | 85%                               | \$ 2,121,165                       | 58%  |

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, 2011, the Township contributed \$133,583 to the plan.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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 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, 2011, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation:

|  |                     |
|--|---------------------|
| Annual required contribution (ARC)         | \$ 458,876          |
| Interest on net OPEB obligation            | 55,306              |
| Adjustment to annual required contribution | <u>-</u>            |
| Annual OPEB cost (expense)                 | 514,182             |
| Contributions made                         | <u>(133,583)</u>    |
| Increase in net OPEB obligation            | 380,599             |
| Net OPEB obligation - beginning of year    | <u>790,083</u>      |
| Net OPEB obligation - end of year          | <u>\$ 1,170,682</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<br/>OPEB cost</u> | <u>Percentage<br/>of annual OPEB<br/>cost contributed</u> | <u>Net OPEB<br/>obligation</u> |
|-------------|-----------------------------|---|--------------------------------|
| 2009        | \$ 458,876                  | 18.50%  | \$ 373,968                     |
| 2010        | 485,054                     | 14.21%  | 790,083                        |
| 2011        | 514,182                     | 25.98%  | 1,170,682                      |

*Funded status and funding progress.* As of December 31, 2010, the most recent valuation date, the plan had not been funded, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,195,070. The covered payroll (annual payroll of active employees covered by the plan) was \$3,165,386, and the ratio of the UAAL to the covered payroll was 164 percent.

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.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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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, Vol. 53, No. 6. The Life Tables for U.S. Males and Females, 2004 version, were used.

*Turnover* - Non-group-specific, age-based turnover data from GASB Statement 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, 2007 - 2017. A rate of 7.0 percent initially, reduced to an ultimate rate of 6.9 percent after six years, was used.

*Health insurance premium* - 2011 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 was assumed to equal the rate of inflation.

*Inflation rate* - The expected long-term inflation assumption of 3.3 percent was based on an average of the previous five years of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), as displayed in *The 2009 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 14 - LONG-TERM LIABILITIES:

Long-term obligation activity for the year ended December 31, 2011, was as follows:

|  | <u>Beginning<br/>balance</u> | <u>Increases</u>  | <u>Reductions</u>   | <u>Ending<br/>balance</u> | <u>Due within<br/>one year</u> |
|--|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| 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  | \$ 73,293                    | \$ -              | \$ (24,431)         | \$ 48,862                 | \$ 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   | 280,172                      | -                 | (88,871)            | 191,301                   | 93,315                         |
| \$175,123 2011 Installment purchase agreement note, payable in annual installments of \$62,126, including interest at 3.12%; final payment due December 2013 | -                            | 175,123           | (56,557)            | 118,566                   | 58,355                         |
| \$20,635 2011 Installment purchase agreement note, payable in annual installments of \$7,676, including interest at 7.27%; final payment due August 2014     | -                            | 20,634            | (2,077)             | 18,557                    | 6,542                          |
| \$549,250 2007 Installment purchase agreement note, payable in annual installments of \$91,221, including interest at 4.72%; final payment due April 2011    | 87,110                       | -                 | (87,110)            | -                         | -                              |
| \$262,200 2007 Installment purchase agreement note, payable in annual installments of \$54,399, including interest at 12.8%; final payment due August 2011   | <u>48,225</u>                | <u>-</u>          | <u>(48,225)</u>     | <u>-</u>                  | <u>-</u>                       |
| Subtotal   | 488,800                      | 195,757           | (307,271)           | 377,286                   | 182,643                        |
| Compensated absences   | 318,000                      | 349,200           | (327,800)           | 339,400                   | -                              |
| Postemployment healthcare benefits   | <u>790,083</u>               | <u>380,599</u>    | <u>-</u>            | <u>1,170,682</u>          | <u>-</u>                       |
| Total governmental activities  | <u>\$ 1,596,883</u>          | <u>\$ 925,556</u> | <u>\$ (635,071)</u> | <u>\$ 1,887,368</u>       | <u>\$ 182,643</u>              |

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 14 - LONG-TERM LIABILITIES (Continued):

At December 31, 2011, debt service requirements, excluding compensated absences and postemployment healthcare benefits, were as follows:

| <u>Year ended</u><br><u>December 31:</u> | <u>Governmental activities</u> |                  |
|--|--------------------------------|------------------|
|  | <u>Principal</u>               | <u>Interest</u>  |
| 2012                                     | \$ 182,643                     | \$ 16,705        |
| 2013                                     | 189,662                        | 9,686            |
| 2014                                     | <u>4,981</u>                   | <u>137</u>       |
| Totals                                   | <u>\$ 377,286</u>              | <u>\$ 26,528</u> |

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

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 \$275,000 in accumulated non-vested sick pay benefits.

NOTE 16 - ADOPTION OF NEW ACCOUNTING POLICY:

Effective January 1, 2011, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The adoption of this standard had no effect on the total fund balance. To reflect the requirements of the Statement, certain fund balances presented in separate funds at December 31, 2010, have been combined with the Township's General Fund as of January 1, 2011.



**REQUIRED SUPPLEMENTARY INFORMATION**

Charter Township of Kalamazoo  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended December 31, 2011

|                                 | <u>Original<br/>budget</u> | <u>Final<br/>budget</u> | <u>Actual</u> | <u>Variance with<br/>final budget<br/>positive<br/>(negative)</u> |
|---------------------------------|----------------------------|-------------------------|---------------|---|
| <b>REVENUES</b>                 |                            |                         |               |   |
| Taxes                           | \$ 4,355,000               | \$ 4,355,000            | \$ 4,306,979  | \$ (48,021)   |
| Federal grants                  | 43,800                     | 43,800                  | 27,091        | (16,709)  |
| State grants                    | 1,922,200                  | 1,922,200               | 1,913,839     | (8,361)   |
| Fines and forfeitures:          |                            |                         |               |   |
| District court fees             |                            |                         | 49,850        |   |
| Violation bureau fees           |                            |                         | 1,095         |   |
| False alarm fees                |                            |                         | 2,721         |   |
| Total fines and forfeitures     | 54,000                     | 54,000                  | 53,666        | (334)   |
| Licenses and permits:           |                            |                         |               |   |
| Liquor license refunds          |                            |                         | 7,089         |   |
| Trailer fees                    |                            |                         | 3,169         |   |
| Cable TV franchise fees         |                            |                         | 201,430       |   |
| Inspection and plan review fees |                            |                         | 1,852         |   |
| Building permits                |                            |                         | 97,657        |   |
| Zoning and variance fees        |                            |                         | 23,021        |   |
| Rental application fees         |                            |                         | 33,594        |   |
| Other licenses and permits      |                            |                         | 1,664         |   |
| Total licenses and permits      | 277,000                    | 277,000                 | 369,476       | 92,476  |
| Charges for services:           |                            |                         |               |   |
| School tax collection fees      |                            |                         | 31,557        |   |
| Utility surcharges              |                            |                         | 103,968       |   |
| Cemetery charges and fees       |                            |                         | 18,210        |   |
| Parchment police services       |                            |                         | 43,683        |   |
| Other police charges            |                            |                         | 23,970        |   |
| Other Township charges          |                            |                         | 6,348         |   |
| Total charges for services      | 152,300                    | 152,300                 | 227,736       | 75,436  |
| Interest and rentals:           |                            |                         |               |   |
| Interest earned                 |                            |                         | 26,837        |   |
| Lease payments                  |                            |                         | 27,832        |   |
| Room rental                     |                            |                         | 5,400         |   |
| Total interest and rentals      | 72,000                     | 72,000                  | 60,069        | (11,931)  |

Charter Township of Kalamazoo  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended December 31, 2011

|                                      | <u>Original<br/>budget</u> | <u>Final<br/>budget</u> | <u>Actual</u>    | <i>Variance with<br/>final budget<br/>positive<br/>(negative)</i> |
|--------------------------------------|----------------------------|-------------------------|------------------|---|
| <b>REVENUES (Continued):</b>         |                            |                         |                  |   |
| Other:                               |                            |                         |                  |   |
| Proceeds from sale of capital assets |                            |                         | \$ 56,809        |   |
| Miscellaneous                        |                            |                         | <u>2,342</u>     |   |
| Total other                          | <u>\$ 121,200</u>          | <u>\$ 121,200</u>       | <u>59,151</u>    | <u>\$ (62,049)</u>  |
| Total revenues                       | <u>6,997,500</u>           | <u>6,997,500</u>        | <u>7,018,007</u> | <u>20,507</u>   |
| <b>EXPENDITURES</b>                  |                            |                         |                  |   |
| Legislative:                         |                            |                         |                  |   |
| Trustees' fees                       |                            |                         | 20,723           |   |
| Payroll taxes                        |                            |                         | 315              |   |
| Employee benefits                    |                            |                         | 3,918            |   |
| Travel and conferences               |                            |                         | <u>3,065</u>     |   |
| Total legislative                    | <u>39,200</u>              | <u>39,200</u>           | <u>28,021</u>    | <u>11,179</u>   |
| General government:                  |                            |                         |                  |   |
| Supervisor:                          |                            |                         |                  |   |
| Salaries and wages                   |                            |                         | 51,456           |   |
| Payroll taxes                        |                            |                         | 5,268            |   |
| Employee benefits                    |                            |                         | 30,346           |   |
| Travel and conferences               |                            |                         | <u>1,798</u>     |   |
| Total supervisor                     | <u>100,963</u>             | <u>100,963</u>          | <u>88,868</u>    | <u>12,095</u>   |
| Elections:                           |                            |                         |                  |   |
| Election wages                       |                            |                         | 34,354           |   |
| Payroll taxes                        |                            |                         | 2,753            |   |
| Employee benefits                    |                            |                         | 4,428            |   |
| Supplies                             |                            |                         | 2,342            |   |
| Travel and conferences               |                            |                         | <u>1,139</u>     |   |
| Total elections                      | <u>66,988</u>              | <u>66,988</u>           | <u>45,016</u>    | <u>21,972</u>   |

Charter Township of Kalamazoo  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended December 31, 2011

|  | <u>Original<br/>budget</u> | <u>Final<br/>budget</u> | <u>Actual</u>  | <u>Variance with<br/>final budget<br/>positive<br/>(negative)</u> |
|--|----------------------------|-------------------------|----------------|---|
| <b>EXPENDITURES (Continued)</b>          |                            |                         |                |   |
| General government (continued):          |                            |                         |                |   |
| Assessor:                                |                            |                         |                |   |
| Salaries and wages                       |                            |                         | \$ 144,853     |   |
| Payroll taxes                            |                            |                         | 10,430         |   |
| Employee benefits                        |                            |                         | 17,220         |   |
| Supplies                                 |                            |                         | 3,457          |   |
| Purchased services                       |                            |                         | 4,375          |   |
| Legal services                           |                            |                         | 8,980          |   |
| Travel and conferences                   |                            |                         | <u>739</u>     |   |
| Total assessor                           | <u>\$ 203,251</u>          | <u>\$ 203,251</u>       | <u>190,054</u> | <u>\$ 13,197</u>  |
| Clerk:                                   |                            |                         |                |   |
| Salaries and wages                       |                            |                         | 78,936         |   |
| Payroll taxes                            |                            |                         | 5,886          |   |
| Employee benefits                        |                            |                         | 33,335         |   |
| Travel and conferences                   |                            |                         | <u>2,374</u>   |   |
| Total clerk                              | <u>101,892</u>             | <u>101,892</u>          | <u>120,531</u> | <u>(18,639)</u>   |
| General services administration:         |                            |                         |                |   |
| Salaries and wages                       |                            |                         | 203,399        |   |
| Payroll taxes                            |                            |                         | 16,068         |   |
| Employee benefits                        |                            |                         | 217,521        |   |
| Accounting and auditing                  |                            |                         | 25,770         |   |
| Legal services                           |                            |                         | 78,877         |   |
| Engineering services                     |                            |                         | 3,846          |   |
| Insurance                                |                            |                         | 38,579         |   |
| Supplies                                 |                            |                         | 18,126         |   |
| Postage                                  |                            |                         | 22,703         |   |
| Purchased services                       |                            |                         | 27,161         |   |
| Telephone                                |                            |                         | 15,504         |   |
| Dues and subscriptions                   |                            |                         | 7,376          |   |
| Notices and publications                 |                            |                         | 7,394          |   |
| Travel and conferences                   |                            |                         | 1,655          |   |
| Utilities                                |                            |                         | 46,034         |   |
| Other                                    |                            |                         | <u>4,111</u>   |   |
| Total general services<br>administration | <u>727,800</u>             | <u>727,800</u>          | <u>734,124</u> | <u>(6,324)</u>  |

Charter Township of Kalamazoo  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended December 31, 2011

|                                 | <u>Original<br/>budget</u> | <u>Final<br/>budget</u> | <u>Actual</u>    | <i>Variance with<br/>final budget<br/>positive<br/>(negative)</i> |
|---------------------------------|----------------------------|-------------------------|------------------|---|
| <b>EXPENDITURES (Continued)</b> |                            |                         |                  |   |
| General government (continued): |                            |                         |                  |   |
| Treasurer:                      |                            |                         |                  |   |
| Salaries and wages              |                            |                         | \$ 72,363        |   |
| Payroll taxes                   |                            |                         | 5,536            |   |
| Employee benefits               |                            |                         | 12,293           |   |
| Travel and conferences          |                            |                         | <u>3,141</u>     |   |
| Total treasurer                 | <u>\$ 92,343</u>           | <u>\$ 92,343</u>        | <u>93,333</u>    | <u>\$ (990)</u>   |
| Data processing:                |                            |                         |                  |   |
| Salaries and wages              |                            |                         | 43,922           |   |
| Payroll taxes                   |                            |                         | 2,683            |   |
| Employee benefits               |                            |                         | 5,271            |   |
| Supplies                        |                            |                         | -                |   |
| Purchased services              |                            |                         | <u>-</u>         |   |
| Total data processing           | <u>50,200</u>              | <u>50,200</u>           | <u>51,876</u>    | <u>(1,676)</u>  |
| Building and grounds:           |                            |                         |                  |   |
| Salaries and wages              |                            |                         | 109,238          |   |
| Payroll taxes                   |                            |                         | 7,908            |   |
| Employee benefits               |                            |                         | 62,780           |   |
| Operating supplies              |                            |                         | 7,316            |   |
| Gas and oil                     |                            |                         | 4,782            |   |
| Purchased services              |                            |                         | 8,652            |   |
| Repairs and maintenance         |                            |                         | <u>15,905</u>    |   |
| Total building and grounds      | <u>239,700</u>             | <u>239,700</u>          | <u>216,581</u>   | <u>23,119</u>   |
| Cemetery:                       |                            |                         |                  |   |
| Salaries and wages              |                            |                         | 13,051           |   |
| Payroll taxes                   |                            |                         | 889              |   |
| Employee benefits               |                            |                         | 1,566            |   |
| Operating supplies              |                            |                         | 1,471            |   |
| Purchased services              |                            |                         | 2,433            |   |
| Utilities                       |                            |                         | (278)            |   |
| Repairs and maintenance         |                            |                         | <u>4,781</u>     |   |
| Total cemetery                  | <u>21,800</u>              | <u>21,800</u>           | <u>23,913</u>    | <u>(2,113)</u>  |
| Total general government        | <u>1,604,937</u>           | <u>1,604,937</u>        | <u>1,564,296</u> | <u>40,641</u>   |

Charter Township of Kalamazoo  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended December 31, 2011

|                                 | <u>Original<br/>budget</u> | <u>Final<br/>budget</u> | <u>Actual</u>    | <u>Variance with<br/>final budget<br/>positive<br/>(negative)</u> |
|---------------------------------|----------------------------|-------------------------|------------------|---|
| <b>EXPENDITURES (Continued)</b> |                            |                         |                  |   |
| Public safety:                  |                            |                         |                  |   |
| Police protection:              |                            |                         |                  |   |
| Salaries and wages              |                            |                         | \$ 2,465,295     |   |
| Payroll taxes                   |                            |                         | 184,301          |   |
| Employee benefits               |                            |                         | 985,721          |   |
| Supplies and equipment          |                            |                         | 46,633           |   |
| Gas and oil                     |                            |                         | 68,974           |   |
| Purchased services              |                            |                         | 19,522           |   |
| Legal services                  |                            |                         | 55,447           |   |
| Telephone and data services     |                            |                         | 20,265           |   |
| Conferences and travel          |                            |                         | 2,724            |   |
| Insurance                       |                            |                         | 153,569          |   |
| Repairs and maintenance         |                            |                         | 35,744           |   |
| Schools and training            |                            |                         | <u>23,511</u>    |   |
| Total police protection         | <u>\$ 4,264,000</u>        | <u>\$ 4,264,000</u>     | <u>4,061,706</u> | <u>\$ 202,294</u>   |
| Fire protection:                |                            |                         |                  |   |
| Salaries and wages              |                            |                         | 664,610          |   |
| Payroll taxes                   |                            |                         | 32,913           |   |
| Employee benefits               |                            |                         | 143,491          |   |
| Supplies                        |                            |                         | 33,542           |   |
| Gas and oil                     |                            |                         | 20,364           |   |
| Purchased services              |                            |                         | 35,299           |   |
| Telephone                       |                            |                         | 17,892           |   |
| Conferences and travel          |                            |                         | 3,213            |   |
| Insurance                       |                            |                         | 83,077           |   |
| Utilities                       |                            |                         | 41,562           |   |
| Repairs and maintenance         |                            |                         | 44,368           |   |
| Training                        |                            |                         | <u>3,457</u>     |   |
| Total fire protection           | <u>1,333,400</u>           | <u>1,333,400</u>        | <u>1,123,788</u> | <u>209,612</u>  |

Charter Township of Kalamazoo  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended December 31, 2011

|  | <u>Original<br/>budget</u> | <u>Final<br/>budget</u> | <u>Actual</u>    | <u>Variance with<br/>final budget<br/>positive<br/>(negative)</u> |
|--|----------------------------|-------------------------|------------------|---|
| <b>EXPENDITURES (Continued)</b>                                      |                            |                         |                  |   |
| Public safety (continued):   |                            |                         |                  |   |
| Building inspections   |                            |                         |                  |   |
| Salaries and wages   |                            |                         | \$ 105,871       |   |
| Payroll taxes  |                            |                         | 7,874            |   |
| Employee benefits  |                            |                         | 12,166           |   |
| Legal services   |                            |                         | 486              |   |
| Supplies   |                            |                         | 2,893            |   |
| Purchased services   |                            |                         | 68,849           |   |
| Telephone  |                            |                         | 1,060            |   |
| Conferences and travel   |                            |                         | 3,562            |   |
| Schools and training   |                            |                         | <u>375</u>       |   |
| Total building inspections   | <u>\$ 176,603</u>          | <u>\$ 176,603</u>       | <u>203,136</u>   | <u>\$ (26,533)</u>  |
| Emergency preparedness:  |                            |                         |                  |   |
| Disaster relief  |                            |                         | 150              |   |
| 911 emergency service  |                            |                         | <u>(1,918)</u>   |   |
| Total emergency preparedness   | <u>-</u>                   | <u>-</u>                | <u>(1,768)</u>   | <u>1,768</u>  |
| Total public safety  | <u>5,774,003</u>           | <u>5,774,003</u>        | <u>5,386,862</u> | <u>387,141</u>  |
| Public works - street maintenance                                    | <u>32,860</u>              | <u>32,860</u>           | <u>-</u>         | <u>32,860</u>   |
| Community and economic development -<br>planning and zoning:         |                            |                         |                  |   |
| Board fees   |                            |                         | 8,380            |   |
| Payroll taxes  |                            |                         | 641              |   |
| Employee benefits  |                            |                         | 194              |   |
| Engineering services   |                            |                         | 429              |   |
| Planning consultant  |                            |                         | 11,838           |   |
| Legal services   |                            |                         | 20,877           |   |
| Travel and supplies  |                            |                         | 23               |   |
| Notices and publications   |                            |                         | <u>2,352</u>     |   |
| Total community and economic<br>development - planning<br>and zoning | <u>43,700</u>              | <u>43,700</u>           | <u>44,734</u>    | <u>(1,034)</u>  |

Charter Township of Kalamazoo  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended December 31, 2011

|   | <u>Original<br/>budget</u> | <u>Final<br/>budget</u> | <u>Actual</u>       | <u>Variance with<br/>final budget<br/>positive<br/>(negative)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| <b>EXPENDITURES (Continued)</b>                     |                            |                         |                     |   |
| Culture and recreation - parks:                     |                            |                         |                     |   |
| Supplies  |                            |                         | \$ 854              |   |
| Utilities   |                            |                         | 2,271               |   |
| Repairs and maintenance                             |                            |                         | <u>200</u>          |   |
| Total culture and recreation - parks                | <u>\$ 2,600</u>            | <u>\$ 2,600</u>         | <u>3,325</u>        | <u>\$ (725)</u>   |
| Capital outlay - general government                 | <u>15,000</u>              | <u>215,000</u>          | <u>201,001</u>      | <u>13,999</u>   |
| Debt service:                                       |                            |                         |                     |   |
| Principal   | <u>-</u>                   | <u>-</u>                | <u>1,038</u>        | <u>(1,038)</u>  |
| Interest  | <u>-</u>                   | <u>-</u>                | <u>240</u>          | <u>(240)</u>  |
| Total expenditures                                  | <u>7,512,300</u>           | <u>7,712,300</u>        | <u>7,229,517</u>    | <u>482,783</u>  |
| <b>DEFICIENCY OF REVENUES<br/>OVER EXPENDITURES</b> | (514,800)                  | (714,800)               | (211,510)           | 503,290   |
| <b>OTHER FINANCING SOURCES</b>                      |                            |                         |                     |   |
| Proceeds from debt                                  | <u>-</u>                   | <u>-</u>                | <u>10,317</u>       | <u>10,317</u>   |
| <b>NET CHANGES IN FUND BALANCES</b>                 | (514,800)                  | (714,800)               | (201,193)           | 513,607   |
| <b>FUND BALANCES - BEGINNING</b>                    | <u>2,051,271</u>           | <u>2,051,271</u>        | <u>2,051,271</u>    | <u>-</u>  |
| <b>FUND BALANCES - ENDING</b>                       | <u>\$ 1,536,471</u>        | <u>\$ 1,336,471</u>     | <u>\$ 1,850,078</u> | <u>\$ 513,607</u>   |



**Charter Township of Kalamazoo**  
**SCHEDULE OF FUNDING PROGRESS FOR THE EMPLOYEE RETIREMENT SYSTEM**  
**(Municipal Employees' Retirement System of Michigan)**

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

| <i>Actuarial valuation date</i><br><u>January 1,</u> | <i>Actuarial value of assets</i><br><u>(a)</u> | <i>Actuarial accrued liability (ALL) entry age</i><br><u>(b)</u> | <i>Funded ratio</i><br><u>(a)/(b)</u> | <i>Underfunded ALL (UAAL)</i><br><u>(b-a)</u> | <i>Covered payroll</i><br><u>(c)</u> | <i>UAAL as a percentage of covered payroll</i><br><u>((b-a)/c)</u> |
|--|--|--|---------------------------------------|---|--------------------------------------|--|
| 2010   | \$ 7,136,942                                   | \$ 8,374,067   | 85%                                   | \$ 1,237,125                                  | \$ 2,121,165                         | 58%  |

\*Plan participation began June 1, 2010

**Charter Township of Kalamazoo**  
**SCHEDULE OF FUNDING PROGRESS FOR THE POSTEMPLOYMENT**  
**HEALTHCARE PLAN**  
*Year ended December 31, 2011*

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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%   |

## **SUPPLEMENTARY INFORMATION**

Charter Township of Kalamazoo  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
 December 31, 2011

|  | <u>Special revenue funds</u> |                             |                            |                   |                  |                         |
|--|------------------------------|-----------------------------|----------------------------|-------------------|------------------|-------------------------|
|  | <u>Police<br/>Training</u>   | <u>Drug<br/>Enforcement</u> | <u>Street<br/>Lighting</u> | <u>Recycling</u>  | <u>Parks</u>     | <u>911<br/>Wireless</u> |
| <b>ASSETS</b>                          |                              |                             |                            |                   |                  |                         |
| Cash                                   | \$ 23,509                    | \$ 46,173                   | \$ 136,551                 | \$ 174,666        | \$ 18,777        | \$ 286,688              |
| Receivables                            | -                            | -                           | 200,994                    | 212,392           | -                | 10,564                  |
| Total assets                           | <u>\$ 23,509</u>             | <u>\$ 46,173</u>            | <u>\$ 337,545</u>          | <u>\$ 387,058</u> | <u>\$ 18,777</u> | <u>\$ 297,252</u>       |
| <b>LIABILITIES AND FUND BALANCES</b>   |                              |                             |                            |                   |                  |                         |
| Liabilities:                           |                              |                             |                            |                   |                  |                         |
| Accounts payable                       | \$ -                         | \$ -                        | \$ 21,703                  | \$ 32,661         | \$ -             | \$ -                    |
| Deferred revenue                       | -                            | -                           | 283,743                    | 321,210           | -                | -                       |
| Total liabilities                      | <u>-</u>                     | <u>-</u>                    | <u>305,446</u>             | <u>353,871</u>    | <u>-</u>         | <u>-</u>                |
| Fund balances:                         |                              |                             |                            |                   |                  |                         |
| Restricted for:                        |                              |                             |                            |                   |                  |                         |
| Public safety                          | 23,509                       | 46,173                      | -                          | -                 | -                | 297,252                 |
| Public works                           | -                            | -                           | 32,099                     | 33,187            | -                | -                       |
| Capital outlay                         | -                            | -                           | -                          | -                 | -                | -                       |
| Committed for culture and recreation   | -                            | -                           | -                          | -                 | 18,777           | -                       |
| Assigned for public works              | -                            | -                           | -                          | -                 | -                | -                       |
| Total fund balances                    | <u>23,509</u>                | <u>46,173</u>               | <u>32,099</u>              | <u>33,187</u>     | <u>18,777</u>    | <u>297,252</u>          |
| Total liabilities and<br>fund balances | <u>\$ 23,509</u>             | <u>\$ 46,173</u>            | <u>\$ 337,545</u>          | <u>\$ 387,058</u> | <u>\$ 18,777</u> | <u>\$ 297,252</u>       |

Capital projects funds

| <u>Police<br/>Capital</u> | <u>Fire<br/>Capital</u> | <u>Street</u>     | <u>Water</u>      | <u>Totals</u>       |
|---------------------------|-------------------------|-------------------|-------------------|---------------------|
| \$ 275,770                | \$ 406,101              | \$ 115,092        | \$ 228,340        | \$ 1,711,667        |
| <u>189,114</u>            | <u>315,202</u>          | <u>34,603</u>     | <u>16,900</u>     | <u>979,769</u>      |
| <u>\$ 464,884</u>         | <u>\$ 721,303</u>       | <u>\$ 149,695</u> | <u>\$ 245,240</u> | <u>\$ 2,691,436</u> |
| <br>                      |                         |                   |                   |                     |
| \$ 390                    | \$ -                    | \$ -              | \$ -              | \$ 54,754           |
| <u>266,939</u>            | <u>445,030</u>          | <u>32,206</u>     | <u>15,392</u>     | <u>1,364,520</u>    |
| <u>267,329</u>            | <u>445,030</u>          | <u>32,206</u>     | <u>15,392</u>     | <u>1,419,274</u>    |
| <br>                      |                         |                   |                   |                     |
| -                         | -                       | -                 | -                 | 366,934             |
| -                         | -                       | -                 | -                 | 65,286              |
| 197,555                   | 276,273                 | -                 | -                 | 473,828             |
| -                         | -                       | -                 | -                 | 18,777              |
| <u>-</u>                  | <u>-</u>                | <u>117,489</u>    | <u>229,848</u>    | <u>347,337</u>      |
| <u>197,555</u>            | <u>276,273</u>          | <u>117,489</u>    | <u>229,848</u>    | <u>1,272,162</u>    |
| <br>                      |                         |                   |                   |                     |
| <u>\$ 464,884</u>         | <u>\$ 721,303</u>       | <u>\$ 149,695</u> | <u>\$ 245,240</u> | <u>\$ 2,691,436</u> |

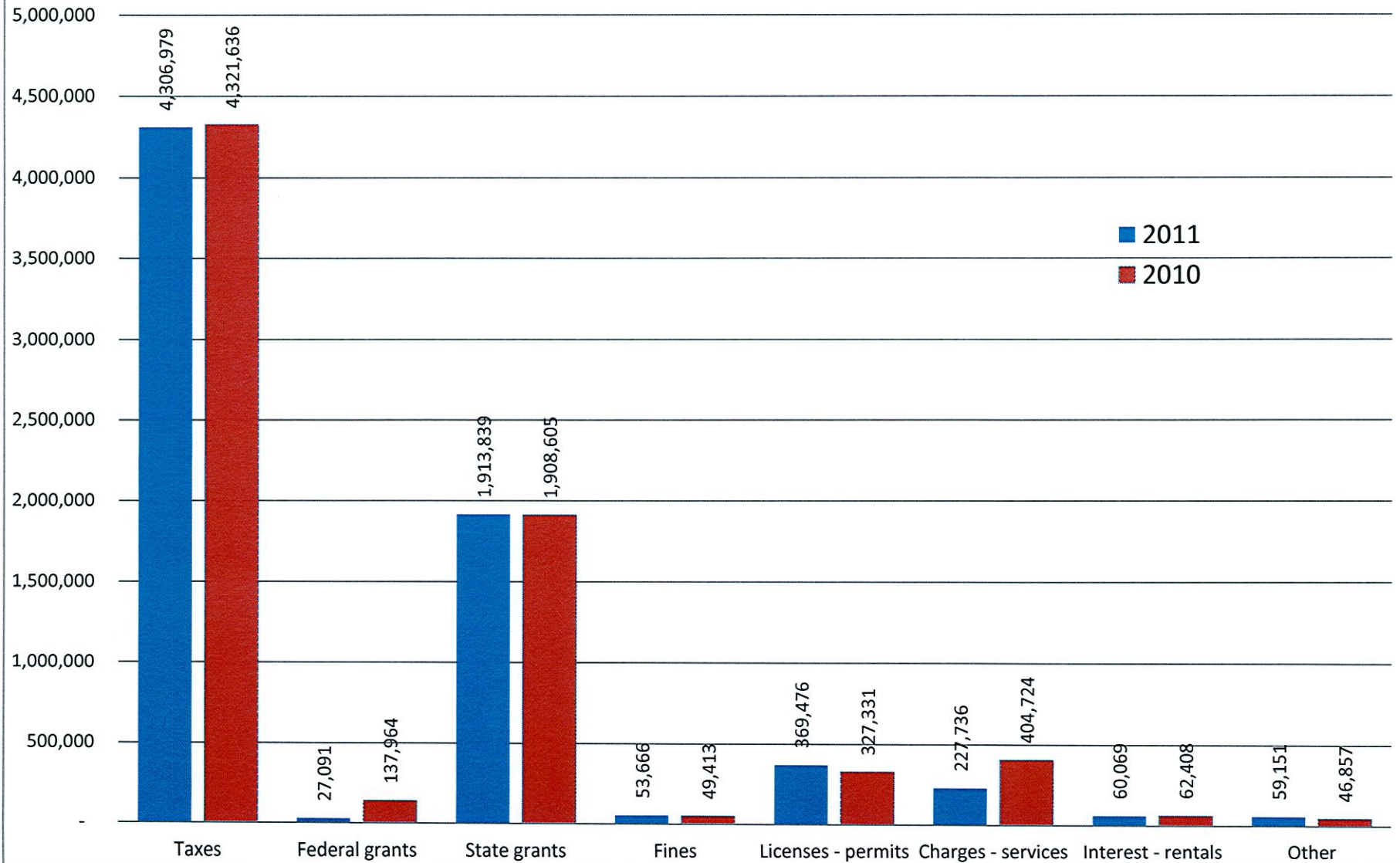
*Charter Township of Kalamazoo*  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - nonmajor governmental funds**  
*Year ended December 31, 2011*

|  | <u>Special revenue funds</u> |                             |                            |                  |                  |                         |
|--|------------------------------|-----------------------------|----------------------------|------------------|------------------|-------------------------|
|  | <u>Police<br/>Training</u>   | <u>Drug<br/>Enforcement</u> | <u>Street<br/>Lighting</u> | <u>Recycling</u> | <u>Parks</u>     | <u>911<br/>Wireless</u> |
| <b>REVENUES</b>  |                              |                             |                            |                  |                  |                         |
| Federal grants   | \$ -                         | \$ -                        | \$ -                       | \$ -             | \$ -             | \$ -                    |
| State grants   | 5,464                        | -                           | -                          | -                | -                | -                       |
| Intergovernmental  | -                            | -                           | -                          | -                | -                | 41,617                  |
| Fines and forfeitures  | -                            | 2,236                       | -                          | -                | -                | -                       |
| Interest   | -                            | -                           | 611                        | 967              | -                | 1,155                   |
| Other  | -                            | -                           | 293,710                    | 320,310          | -                | -                       |
| Total revenues   | <u>5,464</u>                 | <u>2,236</u>                | <u>294,321</u>             | <u>321,277</u>   | <u>-</u>         | <u>42,772</u>           |
| <b>EXPENDITURES</b>  |                              |                             |                            |                  |                  |                         |
| Public safety  | -                            | -                           | -                          | -                | -                | -                       |
| Public works   | -                            | -                           | 262,222                    | 370,006          | -                | -                       |
| Culture and recreation                                       | -                            | -                           | -                          | -                | 8,999            | -                       |
| Capital outlay   | -                            | -                           | -                          | -                | -                | -                       |
| Debt service:  |                              |                             |                            |                  |                  |                         |
| Principal  | -                            | -                           | -                          | -                | -                | -                       |
| Interest   | -                            | -                           | -                          | -                | -                | -                       |
| Total expenditures   | <u>-</u>                     | <u>-</u>                    | <u>262,222</u>             | <u>370,006</u>   | <u>8,999</u>     | <u>-</u>                |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>5,464</u>                 | <u>2,236</u>                | <u>32,099</u>              | <u>(48,729)</u>  | <u>(8,999)</u>   | <u>42,772</u>           |
| <b>OTHER FINANCING SOURCES</b>                               |                              |                             |                            |                  |                  |                         |
| Proceeds from debt   | -                            | -                           | -                          | -                | -                | -                       |
| Transfers in   | -                            | -                           | -                          | -                | 1,448            | -                       |
| Total other financing<br>sources                             | <u>-</u>                     | <u>-</u>                    | <u>-</u>                   | <u>-</u>         | <u>1,448</u>     | <u>-</u>                |
| <b>NET CHANGES IN FUND BALANCES</b>                          | 5,464                        | 2,236                       | 32,099                     | (48,729)         | (7,551)          | 42,772                  |
| <b>FUND BALANCES - BEGINNING</b>                             | <u>18,045</u>                | <u>43,937</u>               | <u>-</u>                   | <u>81,916</u>    | <u>26,328</u>    | <u>254,480</u>          |
| <b>FUND BALANCES - ENDING</b>                                | <u>\$ 23,509</u>             | <u>\$ 46,173</u>            | <u>\$ 32,099</u>           | <u>\$ 33,187</u> | <u>\$ 18,777</u> | <u>\$ 297,252</u>       |

Capital projects funds

| <u>Police<br/>Capital</u> | <u>Fire<br/>Capital</u> | <u>Street</u>     | <u>Water</u>      | <u>Totals</u>       |
|---------------------------|-------------------------|-------------------|-------------------|---------------------|
| \$ 28,865                 | \$ -                    | \$ -              | \$ -              | \$ 28,865           |
| -                         | -                       | 9,746             | -                 | 15,210              |
| -                         | -                       | -                 | -                 | 41,617              |
| -                         | -                       | -                 | -                 | 2,236               |
| 1,997                     | 1,595                   | 1,704             | 1,714             | 9,743               |
| <u>276,264</u>            | <u>460,574</u>          | <u>10,435</u>     | <u>28,464</u>     | <u>1,389,757</u>    |
| <u>307,126</u>            | <u>462,169</u>          | <u>21,885</u>     | <u>30,178</u>     | <u>1,487,428</u>    |
| -                         | -                       | -                 | -                 | -                   |
| -                         | -                       | 35,581            | 20,587            | 688,396             |
| -                         | -                       | -                 | -                 | 8,999               |
| 287,618                   | 270,866                 | -                 | -                 | 558,484             |
| 25,470                    | 280,763                 | -                 | -                 | 306,233             |
| <u>2,476</u>              | <u>30,117</u>           | <u>-</u>          | <u>-</u>          | <u>32,593</u>       |
| <u>315,564</u>            | <u>581,746</u>          | <u>35,581</u>     | <u>20,587</u>     | <u>1,594,705</u>    |
| <u>(8,438)</u>            | <u>(119,577)</u>        | <u>(13,696)</u>   | <u>9,591</u>      | <u>(107,277)</u>    |
| 10,317                    | 175,123                 | -                 | -                 | 185,440             |
| <u>-</u>                  | <u>-</u>                | <u>-</u>          | <u>-</u>          | <u>1,448</u>        |
| <u>10,317</u>             | <u>175,123</u>          | <u>-</u>          | <u>-</u>          | <u>186,888</u>      |
| 1,879                     | 55,546                  | (13,696)          | 9,591             | 79,611              |
| <u>195,676</u>            | <u>220,727</u>          | <u>131,185</u>    | <u>220,257</u>    | <u>1,192,551</u>    |
| <u>\$ 197,555</u>         | <u>\$ 276,273</u>       | <u>\$ 117,489</u> | <u>\$ 229,848</u> | <u>\$ 1,272,162</u> |

## KALAMAZOO TOWNSHIP - GENERAL FUND REVENUES - 2011 & 2010





## KALAMAZOO TOWNSHIP - GENERAL FUND EXPENDITURES - 2011 & 2010

