



GEORGETOWN CHARTER TOWNSHIP

COUNTY OF OTTAWA, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010



Vredeveld Haefner LLC

CPA's

Georgetown Charter Township

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	9
Statement of Activities	10-11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Assets - Proprietary Fund	16
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18
Statement of Assets and Liabilities - Agency Fund	19
Notes to Financial Statements	21-32
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	33-34
Note to Required Supplementary Information	34
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	35
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	36
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Senior Center Fund	37
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Perpetual Care Fund	38



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INDEPENDENT AUDITORS' REPORT

March 25, 2011

Township Board
Georgetown Charter Township
Jenison, 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 Georgetown Charter Township, as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Georgetown Charter Township. 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 Georgetown Charter Township as of December 31, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the budgetary comparison information on pages 33 and 34 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 Georgetown Charter Township's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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.

Uredaxeld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Georgetown Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The Township designated \$1,000,000 for budget stabilization.
- 8th Ave. Park improvements were completed.
- Work was completed on the Chicago Drive Rush Creek relief sewer.
- Paving and reconstruction were completed on 42nd Ave.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Georgetown Charter Township's financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences, accrued interest, etc.).

Both of the government-wide financial statements distinguish functions of Georgetown Charter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture activities. The business-type activities of the Township include the water and sewer systems.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Georgetown Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund which is considered a major fund.

Data is combined into a single aggregated presentation for the other governmental funds (nonmajor funds). Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements and schedules*.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The Township maintains one type of proprietary fund (enterprise funds). *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of the Township.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This consists of this management discussion and analysis and major fund budgetary schedules.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Georgetown Charter Township, assets exceeded liabilities by \$80,782,456 at the close of the most recent fiscal year. A summary of net assets is as follows:

Georgetown Charter Township's Net Assets

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$12,206,990	\$11,623,211	\$ 5,992,850	\$ 5,790,835	\$18,199,840	\$17,414,046
Capital assets	25,036,392	25,364,307	43,068,991	42,223,933	68,105,383	67,588,240
Total assets	37,243,382	36,987,518	49,061,841	48,014,768	86,305,223	85,002,286
Long-term liabilities outstanding	-	-	-	-	-	-
Other liabilities	3,838,638	3,989,911	1,684,129	572,105	5,522,767	4,562,016
Total liabilities	3,838,638	3,989,911	1,684,129	572,105	5,522,767	4,562,016
Net assets:						
Invested in capital assets, net of related debt	25,036,392	25,364,307	43,068,991	42,223,933	68,105,383	67,588,240
Restricted	1,070,738	1,032,983	-	-	1,070,738	1,032,983
Unrestricted	7,297,614	6,600,317	4,308,721	5,218,730	11,606,335	11,819,047
Total net assets	\$33,404,744	\$32,997,607	\$47,377,712	\$47,442,663	\$80,782,456	\$80,440,270

By far the largest portion of the Township's net assets (84%) reflects net assets invested in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Unrestricted net assets (14%) reflect net assets available for future operations.

The government's net assets increased by \$342,186 during the current fiscal year.

Georgetown Charter Township's Changes in Net Assets

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue:						
Program revenue:						
Charges for services	\$1,771,743	\$1,712,997	\$7,163,894	\$6,065,237	\$ 8,935,637	\$ 7,778,234
Operating grants and contributions	46,309	66,283	-	-	46,309	66,283
Capital grants and contributions	142,932	76,171	190,570	211,690	333,502	287,861
General revenue:						
Property taxes	3,331,332	3,019,811	-	-	3,331,332	3,019,811
State sources	2,742,188	2,610,975	-	-	2,742,188	2,610,975
Other	378,877	356,599	72,799	126,818	451,676	483,417
Total revenue	\$8,413,381	\$7,842,836	\$7,427,263	\$6,403,745	\$15,840,644	\$14,246,581

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Expenses:						
General government	\$ 1,036,791	\$ 926,963	\$ -	\$ -	\$ 1,036,791	\$ 926,963
Public safety	2,680,933	2,629,678	-	-	2,680,933	2,629,678
Public works	1,757,572	1,739,608	-	-	1,757,572	1,739,608
Community and economic development	11,582	22,616	-	-	11,582	22,616
Recreation and culture	2,549,016	2,316,559	-	-	2,549,016	2,316,559
Water and sewer	-	-	7,492,214	7,302,851	7,492,214	7,302,851
Total expenses	8,035,894	7,635,424	7,492,214	7,302,851	15,528,108	14,938,275
Change before contributions and transfers	377,487	207,412	(64,951)	(899,106)	312,536	(691,694)
Contributions to permanent fund	29,650	21,425	-	-	29,650	21,425
Change in net assets	407,137	228,837	(64,951)	(899,106)	342,186	(670,269)
Net assets - beginning of year	32,997,607	32,768,770	47,442,663	48,341,769	80,440,270	81,110,539
Net assets - end of year	\$33,404,744	\$32,997,607	\$47,377,712	\$47,442,663	\$80,782,456	\$80,440,270

Governmental Activities. During the year the Township invested \$2,680,933 or 33.4% of governmental activities expenses in public safety. Recreation and culture expenses amounted to \$2,540,016 or 31.6% of governmental activities while general government, public works, and community and economic development made up the remaining 35.0% of governmental activities expenses.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$8,382,676, an increase of \$737,687 in comparison with the prior year. Of the \$8,382,676, \$7,311,938 is reported in the general fund. \$1,000,000 of this amount has been designated by the Township board to be used for stabilization of future budgets

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,311,938. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 81.9% of total general fund expenditures. The fund balance of the Township's general fund increased by \$723,294 during the current fiscal year

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$4,308,721. The Water and Sewer Fund had a decrease in net assets for the year of \$64,951.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of December 31, 2010, amounted to \$68,105,383 (net of accumulated depreciation).

The Township's Capital Assets (net of depreciation) are summarized as follows:

Georgetown Charter Township's Capital Assets (net of depreciation)

	Governmental activities	Business-type activities	Total
Land	\$ 1,230,223	\$ 166,713	\$ 1,396,936
Construction in progress	-	34,565	34,565
Buildings and improvements	11,198,169	459,763	11,657,932
Land improvements	1,332,454	-	1,332,454
Machinery and equipment	349,162	-	349,162
Office furniture and equipment	29,503	34,236	63,739
Vehicles	1,846,250	43,442	1,889,692
Infrastructure	9,050,631	-	9,050,631
Water systems	-	14,703,128	14,703,128
Sewer systems	-	27,627,144	27,627,144
Total	\$25,036,392	\$43,068,991	\$68,105,383

Additional information on the Township's capital assets can be found in the footnotes to the financial statements.

Debt. At the end of the current fiscal year, the Township had no debt outstanding.

Budgetary Highlights

The Township adopted an annual appropriated budget for its general fund for 2010. The budget was amended for the purchase of land, 8th avenue park improvements, construction of new locker room facilities, and senior center fund activity now being reported in the general fund.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2011 fiscal year:

- 2010 Census results are expected to show an increase in population.
- State of Michigan is predicting a 2-4% increase in the amount of Constitutional revenue sharing.
- Property values are declining resulting in lower property tax revenues.
- \$700,000 was budgeted for Maplewood park improvements in 2011.
- The Township was awarded a \$330,000 DNR grant.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Superintendent, 1515 Baldwin, Jenison, Michigan 49429.

BASIC FINANCIAL STATEMENTS

GEORGETOWN CHARTER TOWNSHIP

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 9,859,306	\$ 4,608,709	\$ 14,468,015
Receivables:			
Taxes	1,502,439	-	1,502,439
Accounts	170,482	1,154,604	1,325,086
Interest	36,803	-	36,803
Due from other governments	498,584	-	498,584
Prepaid items	139,376	-	139,376
Total current assets	<u>12,206,990</u>	<u>5,763,313</u>	<u>17,970,303</u>
Noncurrent assets			
Special assessment receivable	-	229,537	229,537
Capital assets:			
Non-depreciable	1,230,223	201,278	1,431,501
Depreciable capital assets, net	23,806,169	42,867,713	66,673,882
Total noncurrent assets	<u>25,036,392</u>	<u>43,298,528</u>	<u>68,334,920</u>
Total assets	<u>37,243,382</u>	<u>49,061,841</u>	<u>86,305,223</u>
Liabilities			
Accounts payable	616,671	1,684,129	2,300,800
Unearned revenue	3,221,967	-	3,221,967
Total current liabilities	<u>3,838,638</u>	<u>1,684,129</u>	<u>5,522,767</u>
Net assets			
Invested in capital assets	25,036,392	43,068,991	68,105,383
Restricted for:			
Perpetual care	1,070,738	-	1,070,738
Unrestricted	7,297,614	4,308,721	11,606,335
Total net assets	<u>\$ 33,404,744</u>	<u>\$ 47,377,712</u>	<u>\$ 80,782,456</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Primary government					
Governmental activities					
General government	\$ 1,036,791	\$ 534,102	\$ -	\$ -	\$ (502,689)
Public safety	2,680,933	69,529	-	142,932	(2,468,472)
Public works	1,757,572	161,983	-	-	(1,595,589)
Community and economic development	11,582	20,535	-	-	8,953
Culture and recreation	<u>2,549,016</u>	<u>985,594</u>	<u>46,309</u>	<u>-</u>	<u>(1,517,113)</u>
Total governmental activities	<u>8,035,894</u>	<u>1,771,743</u>	<u>46,309</u>	<u>142,932</u>	<u>(6,074,910)</u>
Business-type activities					
Sewer & water	<u>7,492,214</u>	<u>7,163,894</u>	<u>-</u>	<u>190,570</u>	<u>(137,750)</u>
Total primary government	<u>\$ 15,528,108</u>	<u>\$ 8,935,637</u>	<u>\$ 46,309</u>	<u>\$ 333,502</u>	<u>\$ (6,212,660)</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2010

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in net assets			
Net (expense) revenue	\$ (6,074,910)	\$ (137,750)	\$ (6,212,660)
General revenues			
Property taxes	3,331,332	-	3,331,332
State shared revenues	2,742,188	-	2,742,188
Unrestricted investment earnings	120,118	72,799	192,917
Miscellaneous	258,759	-	258,759
Contributions to permanent fund	<u>29,650</u>	<u>-</u>	<u>29,650</u>
Total general revenues and contributions	<u>6,482,047</u>	<u>72,799</u>	<u>6,554,846</u>
Change in net assets	407,137	(64,951)	342,186
Net assets, beginning of year	<u>32,997,607</u>	<u>47,442,663</u>	<u>80,440,270</u>
Net assets, end of year	<u>\$ 33,404,744</u>	<u>\$ 47,377,712</u>	<u>\$ 80,782,456</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2010

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 8,788,568	\$ 1,070,738	\$ 9,859,306
Receivables:			
Taxes	1,502,439	-	1,502,439
Accounts	170,482	-	170,482
Interest	36,803	-	36,803
Due from other governments	498,584	-	498,584
Prepaid items	<u>139,376</u>	<u>-</u>	<u>139,376</u>
Total assets	<u>\$ 11,136,252</u>	<u>\$ 1,070,738</u>	<u>\$ 12,206,990</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 602,347	\$ -	\$ 602,347
Deferred revenue	<u>3,221,967</u>	<u>-</u>	<u>3,221,967</u>
Total liabilities	<u>3,824,314</u>	<u>-</u>	<u>3,824,314</u>
Fund balances			
Reserved for perpetual care	-	1,070,738	1,070,738
Unreserved:			
Designated	1,000,000		1,000,000
Undesignated	<u>6,311,938</u>	<u>-</u>	<u>6,311,938</u>
Total fund balances	<u>7,311,938</u>	<u>1,070,738</u>	<u>8,382,676</u>
Total liabilities and fund balances	<u>\$ 11,136,252</u>	<u>\$ 1,070,738</u>	<u>\$ 12,206,990</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS

DECEMBER 31, 2010

Fund balances - total governmental funds	\$ 8,382,676
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - land	1,230,223
Add - capital assets (net of accumulated depreciation)	23,806,169
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	<u>(14,324)</u>
Net assets of governmental activities	<u><u>\$ 33,404,744</u></u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues			
Taxes	\$ 3,331,332	\$ -	\$ 3,331,332
Licenses and permits	431,794	-	431,794
Grants	189,241	-	189,241
State	2,742,188	-	2,742,188
Charges for services	1,003,259	29,650	1,032,909
Fines	316,155	-	316,155
Investment earnings	72,865	47,253	120,118
Miscellaneous	279,294	-	279,294
Total revenues	<u>8,366,128</u>	<u>76,903</u>	<u>8,443,031</u>
Expenditures			
Current			
General government	1,035,959	-	1,035,959
Public safety	2,456,032	-	2,456,032
Public works	1,559,352	-	1,559,352
Community and economic development	11,582	-	11,582
Culture and recreation	2,642,419	-	2,642,419
Total expenditures	<u>7,705,344</u>	<u>-</u>	<u>7,705,344</u>
Revenues over (under) expenditures	<u>660,784</u>	<u>76,903</u>	<u>737,687</u>
Other financing sources (uses)			
Transfers in	62,510	-	62,510
Transfers out	-	(62,510)	(62,510)
Total other financing sources (uses)	<u>62,510</u>	<u>(62,510)</u>	<u>-</u>
Net changes in fund balances	723,294	14,393	737,687
Fund balances, beginning of year	<u>6,588,644</u>	<u>1,056,345</u>	<u>7,644,989</u>
Fund balances, end of year	<u>\$ 7,311,938</u>	<u>\$ 1,070,738</u>	<u>\$ 8,382,676</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

Net changes in fund balances - total governmental funds	\$ 737,687
Amounts reported for <i>governmental activities</i> in the statement of activities are different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	1,711,723
Deduct - Net book value of disposed capital assets	(165,463)
Deduct - depreciation expense	(1,874,175)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Deduct - increase in compensated absences	<u>(2,635)</u>
Change in net assets of governmental activities	<u>\$ 407,137</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

PROPRIETARY FUND STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	<u>Enterprise</u>
	<u>Water & Sewer</u>
Assets	
Current assets	
Cash and pooled investments	\$ 4,608,709
Accounts receivable	<u>1,154,604</u>
Total current assets	<u>5,763,313</u>
Noncurrent assets	
Special assessments receivable	229,537
Land	201,278
Property, plant and equipment-net of accumulated depreciation	<u>42,867,713</u>
Total noncurrent assets	<u>43,298,528</u>
Total assets	<u>49,061,841</u>
Liabilities	
Current liabilities	
Accounts payable	<u>1,684,129</u>
Net assets	
Invested in capital assets	43,068,991
Unrestricted	<u>4,308,721</u>
Total net assets	<u>\$ 47,377,712</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

PROPRIETARY FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Enterprise</u>
	<u>Water & Sewer</u>
Operating revenue	
Charges for services	
Water sales	\$ 3,583,224
Sewage disposal services	<u>3,419,443</u>
Total charges for services	7,002,667
Other revenue	<u>161,227</u>
Total operating revenue	<u>7,163,894</u>
Operating expense	
Cost of water	2,414,342
Cost of sewage disposal	2,440,900
Operations and maintenance	548,572
Administration	854,453
Depreciation	<u>1,233,947</u>
Total operating expense	<u>7,492,214</u>
Operating income (loss)	(328,320)
Non-operating revenue (expense)	
Investment earnings	<u>72,799</u>
Total non-operating revenue (expense)	<u>72,799</u>
Income (loss) before transfers and capital contributions	(255,521)
Connection charges and contributions	<u>190,570</u>
Changes in net assets	(64,951)
Net assets, beginning of year	<u>47,442,663</u>
Net assets, end of year	<u>\$ 47,377,712</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

PROPRIETARY FUND STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Enterprise</u>
	<u>Water & Sewer</u>
Cash flows from operating activities	
Receipts from customers and users	\$ 7,001,451
Payments to employees	(539,651)
Payments to suppliers	<u>(4,606,592)</u>
Net cash provided by (used in) operating activities	<u>1,855,208</u>
Cash flows from capital and related financing activities	
Connection charges and contributions	190,570
Special assessments collected (issued)	85,679
Proceeds from sale of capital assets	3,388
Acquisition of capital assets	<u>(2,082,393)</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,802,756)</u>
Cash flows from investing activities	
Interest income	<u>72,799</u>
Net increase (decrease) in cash and pooled investments	125,251
Cash and pooled investments, beginning of year	<u>4,483,458</u>
Cash and pooled investments, end of year	<u>\$ 4,608,709</u>
Cash flows from operating activities	
Operating income (loss)	\$ (328,320)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	1,233,947
Change in operating assets and liabilities which provided (used) cash:	
Accounts receivable	(162,443)
Accounts payable	<u>1,112,024</u>
Net cash provided by (used in) operating activities	<u>\$ 1,855,208</u>

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

**AGENCY FUND
STATEMENT OF ASSETS AND LIABILITIES**

DECEMBER 31, 2010

	Agency Funds
Assets	
Cash and pooled investments	<u>\$ 678,727</u>
Liabilities	
Accounts payable	<u>\$ 678,727</u>

The accompanying notes are an integral part of these financial statements.

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GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Georgetown Charter Township (the "Township") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. The Township has no component units to be included.

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 primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are 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 the 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 fund financial statements, except for agency funds which do not have a measurement focus. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement based grants, state shared revenue, and interest which uses a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. State revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

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 enterprise fund are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental fund:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources, except those required to be accounted for in another fund.

The Township reports the following major proprietary fund:

The *Water and Sewer Enterprise Fund* is used to account for the operations of the Township's water distribution system and wastewater collection system which provides water and sewer services on a user charge basis.

Additionally, the Township reports the following fund types:

The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Permanent Fund* is used to account for the assets held by the township pursuant to a trust agreement. The principal portion of the fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

The *Agency Fund* is used to account for the collection and disbursement of funds that are collected on behalf of outside governments or other parties.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed by both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resource as they are needed.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the general and special revenue funds. General and special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Superintendent submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget is adopted by department within a function.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year end.
6. Adoption and amendments of all budgets used by the Township are governed by Michigan State law. The appropriations resolution is based on the projected expenditures budgets of the department heads of the Township. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department within a function must be approved by the Board of Trustees. Thus the legal level of budgetary control is at the department within a function level. Supplemental appropriations were necessary during the year.

Cash and Pooled Investments

For the purpose of the statement of cash flows, the Township considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal at any time similar to a demand deposit account.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

Investments

Investments are stated at fair value at the balance sheet date. Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds participating in the pool.

Township investment policy allows for all investment authorized by State statutes. State statutes authorize the Township to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase that are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

Receivables and Payables

Outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

Capital Assets

Capital assets, which include land, construction in progress, buildings and equipment, and infrastructure assets (e.g., water and sewer systems, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (\$20,000 for business-type activities) and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Included in capital assets as infrastructure, are the Township's investment in roads and drains within the township that are considered intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings and improvements	40
Water and sewer lines	50
Roads (shared road improvements)	15
Drains (flowage rights)	15
Vehicles	5-20
Office furniture and equipment	5

Deferred Revenue

Funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the funds were as follows:

Governmental funds	
Property taxes	\$3,196,520
Unearned grant proceeds	<u>25,447</u>
Total governmental funds	<u>\$3,221,967</u>

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

Compensated Absences

Individual employees have a vested right to receive payments for unused vacation. Accumulated compensated absences of governmental funds are recorded on the statement of net assets and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditure or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Property Taxes

Township property taxes attach as an enforceable lien on property as of December 1 of each year and are due without penalty on or before February 14. Tax bills include the Township's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the county for collection, which advances the Township 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer. The December 1 levy is recorded as a receivable (to the extent uncollected) and deferred revenue at the end of the year and is intended to fund expenditures of the following year.

Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Charges between enterprise funds and other functions of the Township are not reimbursements because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Remaining transactions are generally reflected as transfers.

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2010, the Township carried commercial insurance to cover risks of losses. The Township has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a department within a function basis. The approved budgets of the Township for these budgeted funds were adopted at the department within a function level.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

During the year ended December 31, 2010, the Township incurred the following expenditures which were in excess of the amounts appropriated:

	<u>Budget</u>	<u>Actual</u>	<u>Variance (Unfavorable)</u>
General Fund			
Public Works			
Street lighting	\$401,000	\$423,433	\$(22,433)
Recreation and culture			
Senior Transportation	118,600	132,673	(14,073)
Senior Center Special Revenue Fund			
Transfers out	-	23,362	(23,362)

3. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$9,859,306	\$4,608,709	\$678,727	\$15,146,742

The cash and investments making up the above balances are as follows:

Deposits	\$14,625,013
Investments	521,729
	\$15,146,742
Total	\$15,146,742

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the Township and a specific fund or common account. They are recorded in Township records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require, and the Township does not have, a policy for deposit custodial credit risk. As of year-end, the entire Township's bank balance of \$15,812,757 was insured. The township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

Investments

The Township chooses to disclose its investments by specifically identifying each. As of year-end, the Township had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
US Treasury Note	5/15/17	\$521,729	N/A	

Investment and deposit risk

Interest Rate Risk. State law and Township policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the Township does not have, a policy for investment custodial credit risk. Of the above investments \$521,729 is subject to custodial credit risk because the investments are uninsured and unregistered and held by the Township's brokerage firm.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The Township has not adopted a formal policy for concentration of credit risk. All investments held at year-end are reported above.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2010</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 1,128,038	\$ 139,685	\$ 37,500	\$ 1,230,223
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>1,128,038</u>	<u>139,685</u>	<u>37,500</u>	<u>1,230,223</u>
Capital assets, being depreciated				
Buildings and improvements	14,909,004	152,841	175,000	14,886,845
Land improvements	1,943,909	358,139	-	2,302,048
Machinery and equipment	1,150,115	78,549	49,730	1,178,934
Office furniture and equipment	338,555	-	9,680	328,875
Vehicles	2,973,034	-	-	2,973,034
Infrastructure	20,703,563	982,509	-	21,686,072
Total capital assets, being depreciated	<u>42,018,180</u>	<u>1,572,038</u>	<u>234,410</u>	<u>43,355,808</u>
Less accumulated depreciation for				
Buildings and improvements	3,364,701	372,725	48,750	3,688,676
Land improvements	871,193	98,401	-	969,594
Machinery and equipment	838,605	39,184	48,017	829,772
Office furniture and equipment	296,648	12,404	9,680	299,372
Vehicles	983,989	142,795	-	1,126,784
Infrastructure	11,426,775	1,208,666	-	12,635,441
Total accumulated depreciation	<u>17,781,911</u>	<u>1,874,175</u>	<u>106,447</u>	<u>19,549,639</u>
Net capital assets, being depreciated	<u>24,236,269</u>	<u>(302,137)</u>	<u>127,963</u>	<u>23,806,169</u>
Governmental Activities capital assets, net	<u>\$25,364,307</u>	<u>\$ (162,452)</u>	<u>\$ 165,463</u>	<u>\$25,036,392</u>

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2010</u>
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 106,400	\$ 60,313	\$ -	\$ 166,713
Construction in progress	3,096,203	-	3,061,638	34,565
Total capital assets, not being depreciated	3,202,603	60,313	3,061,638	201,278
Capital assets being depreciated				
Buildings	1,079,852	22,870	-	1,102,722
Furniture and equipment	170,790	-	-	170,790
Vehicles	131,749	19,285	16,937	134,097
Water systems	22,153,760	22,537	-	22,176,297
Sewer systems	35,212,842	5,019,026	-	40,231,868
Total capital assets, being depreciated	58,748,993	5,083,718	16,937	63,815,774
Less accumulated depreciation for				
Buildings	588,966	53,993	-	642,959
Furniture and equipment	123,149	13,405	-	136,554
Vehicles	86,713	17,491	13,549	90,655
Water systems	7,029,643	443,526	-	7,473,169
Sewer systems	11,899,192	705,532	-	12,604,724
Total accumulated depreciation	19,727,663	1,233,947	13,549	20,948,061
Net capital assets, being depreciated	39,021,330	3,849,771	3,388	42,867,713
Business-type Activities capital assets, net	\$42,223,933	\$3,910,084	\$3,065,026	\$43,068,991

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 74,968
Public safety	224,901
Public works	1,180,729
Culture and recreation	393,577
	\$1,874,175
Total depreciation expense - governmental activities	
Business-type Activities	
Water & Sewer	\$1,233,947
	\$1,233,947

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

5. LONG-TERM DEBT COMMITMENT

The Township, along with other local municipalities, purchases water from the City of Wyoming for storage and distribution to the township's customers. The City of Wyoming bills Ottawa County for this water purchase which in turn bills individual municipalities.

Ottawa County has issued general obligation bonds to provide for the construction and acquisition of a portion of the City of Wyoming water system for the benefit of the local municipalities. Each participating municipality has pledged its full faith and credit for the payment of its respective share of contract payments to Ottawa County sufficient to pay the principal and interest on the bonds.

Separate contract payments for principal and interest on these bonds are not made by the Township but instead are included as part of the overall water rate charged by Ottawa County to the Township.

At December 31, 2010, the portion of these Ottawa County bonds outstanding for which the Township has pledged its full faith and credit amounted to \$29,935,796.

6. PENSION PLANS

Defined Contribution Pension Plans

The Georgetown Charter Township Group Pension Plan is a defined contribution plan established by the township to provide benefits at retirement to employees of the township meeting length of service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. No contributions are required of plan members. The township contribution is 11.5% of covered salary and amounted to \$151,086 for 2010. Plan provisions and contribution requirements are established and may be amended by the Georgetown Charter Township Board.

Deferred Compensation Plan

The Township offers employees a deferred compensation plan created in accordance with Internal Revenue code Section 457. The Plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All Assets of the plan are held in trust for employees and the related assets and liabilities are not included in this report.

7. LITIGATION

In the normal course of its operations, the Township has become a party in various legal actions, including property tax appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township. Amounts reserved for losses related to legal actions have not been included as a liability in the financial statements.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

8. SUBSEQUENT EVENTS

Subsequent to year end the Board approved the purchase of several parcels of land totaling approximately \$1,700,000. The township also entered into a contract for approximately \$1,800,000 for the construction of a water tower. The total water tower and related water main project is expected to cost approximately \$3,000,000.

REQUIRED SUPPLEMENTARY INFORMATION

GEORGETOWN CHARTER TOWNSHIP

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,330,950	\$ 3,330,950	\$ 3,331,332	\$ 382
Licenses and permits	383,125	383,125	431,794	48,669
Grants	-	191,223	189,241	(1,982)
State	2,800,000	2,800,000	2,742,188	(57,812)
Charges for services	962,535	1,091,535	1,003,259	(88,276)
Fines	246,000	246,000	316,155	70,155
Investment earnings	150,000	150,000	72,865	(77,135)
Miscellaneous	131,400	230,900	279,294	48,394
Total revenues	8,004,010	8,423,733	8,366,128	(57,605)
Expenditures				
Current				
General government				
Township Board	50,400	50,400	40,156	10,244
Supervisor	43,324	43,324	27,886	15,438
Township office	183,026	470,831	359,496	111,335
Elections	136,415	136,415	96,480	39,935
Assessor	139,854	139,854	121,627	18,227
Clerk	20,780	20,780	16,707	4,073
Board of Review	5,305	5,305	2,693	2,612
Treasurer	19,500	19,500	17,033	2,467
Superintendent	147,228	147,228	146,354	874
Cemetery	132,575	212,575	207,527	5,048
	<u>878,407</u>	<u>1,246,212</u>	<u>1,035,959</u>	<u>210,253</u>
Public safety				
Sheriff E-Unit	1,502,000	1,502,000	1,426,374	75,626
School safety	69,300	69,300	63,868	5,432
Fire department	699,025	699,025	697,632	1,393
Building inspection	249,850	249,850	245,611	4,239
Civil defense	22,620	22,620	22,547	73
	<u>2,542,795</u>	<u>2,542,795</u>	<u>2,456,032</u>	<u>86,763</u>
Public works				
Drains	203,000	148,100	116,106	31,994
Streets	1,834,000	1,834,000	1,019,813	814,187
Street lighting	361,000	401,000	423,433	(22,433)
	<u>2,398,000</u>	<u>2,383,100</u>	<u>1,559,352</u>	<u>823,748</u>

(Continued)

GEORGETOWN CHARTER TOWNSHIP

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2010

Community and economic development				
Planning Commission	\$ 31,900	\$ 31,900	\$ 7,977	\$ 23,923
Zoning Board of Appeals	8,500	8,500	3,605	4,895
	<u>40,400</u>	<u>40,400</u>	<u>11,582</u>	<u>28,818</u>
Recreation and culture				
Parks	542,875	692,875	594,657	98,218
Senior transportation	-	118,600	132,673	(14,073)
Senior center	-	97,860	80,109	17,751
Community projects	73,000	73,000	73,000	-
Historical Society	10,800	10,800	6,339	4,461
Ice arena	933,850	1,083,850	820,134	263,716
Library	1,076,835	1,076,835	935,507	141,328
	<u>2,637,360</u>	<u>3,153,820</u>	<u>2,642,419</u>	<u>511,401</u>
Total expenditures	<u>8,496,962</u>	<u>9,366,327</u>	<u>7,705,344</u>	<u>1,660,983</u>
Revenues over (under) expenditures	<u>(492,952)</u>	<u>(942,594)</u>	<u>660,784</u>	<u>1,603,378</u>
Other financing sources (uses)				
Budgeted surplus	521,952	1,900,594	-	(1,900,594)
Transfers in	42,000	42,000	62,510	20,510
Transfers out	(71,000)	-	-	-
	<u>492,952</u>	<u>1,942,594</u>	<u>62,510</u>	<u>(1,880,084)</u>
Net change in fund balance	-	1,000,000	723,294	(276,706)
Fund balances, beginning of year	<u>6,588,644</u>	<u>6,588,644</u>	<u>6,588,644</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,588,644</u>	<u>\$ 7,588,644</u>	<u>\$ 7,311,938</u>	<u>\$ (276,706)</u>

(Concluded)

Note to required supplementary information

Budgets and Budgetary Accounting

The Township adopts an annual budget for the general fund following the GAAP basis of accounting. Unexpended appropriations laps at year end.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

GEORGETOWN CHARTER TOWNSHIP

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

DECEMBER 31, 2010

	<u>Special Revenue Fund</u>	<u>Permanent Fund</u>	
	<u>Senior Center</u>	<u>Perpetual Care</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ -	\$ 1,070,738	\$ 1,070,738
Prepaid items	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 1,070,738</u>	<u>\$ 1,070,738</u>
 Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances			
Reserved			
Perpetual care	-	1,070,738	1,070,738
Total fund balances	<u>-</u>	<u>1,070,738</u>	<u>1,070,738</u>
 Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,070,738</u>	<u>\$ 1,070,738</u>

GEORGETOWN CHARTER TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue Fund	Permanent Fund		Senior Center	Perpetual Care	Total
Revenues						
Charges for services	\$ -	\$ 29,650	\$			29,650
Fines	-	-				-
Investment earnings	-	39,148				39,148
Change in fair value of investments	-	8,105				8,105
Miscellaneous	-	-				-
	-	76,903				76,903
Total revenues	-	76,903				76,903
Expenditures						
Current						
Recreation and culture	-	-				-
	-	-				-
Total expenditures	-	-				-
Revenues over (under) expenditures	-	76,903				76,903
Other financing sources (uses)						
Transfers out	(23,362)	(39,148)				(62,510)
	(23,362)	(39,148)				(62,510)
Total other financing sources (uses)	(23,362)	(39,148)				(62,510)
Net changes in fund balances	(23,362)	37,755				14,393
Fund balances, beginning of year	23,362	1,032,983				1,056,345
Fund balances, end of year	\$ -	\$ 1,070,738	\$			\$ 1,070,738

GEORGETOWN CHARTER TOWNSHIP

**SENIOR CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants	\$ 51,318	\$ -	\$ -	\$ -
Charges for services	73,500	-	-	-
Miscellaneous	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	126,818	-	-	-
Expenditures				
Current				
Recreation and culture	<u>215,960</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	(89,142)	-	-	-
Other financing sources (uses)				
Transfers out	<u>(71,000)</u>	<u>-</u>	<u>(23,362)</u>	<u>(23,362)</u>
Total other financing sources (uses)	<u>(71,000)</u>	<u>-</u>	<u>(23,362)</u>	<u>(23,362)</u>
Net changes in fund balances	(160,142)	-	(23,362)	(23,362)
Fund balances, beginning of year	<u>23,362</u>	<u>23,362</u>	<u>23,362</u>	<u>-</u>
Fund balances, end of year	<u>\$ (136,780)</u>	<u>\$ 23,362</u>	<u>\$ -</u>	<u>\$ (23,362)</u>

GEORGETOWN CHARTER TOWNSHIP

**PERPETUAL CARE PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ -	\$ -	\$ 29,650	\$ 29,650
Investment earnings	42,000	42,000	39,148	(2,852)
Change in fair value of investments	-	-	8,105	8,105
Total revenues	42,000	42,000	76,903	34,903
Expenditures				
Current				
Public works	-	-	-	-
Revenues over (under) expenditures	42,000	42,000	76,903	34,903
Other financing sources (uses)				
Transfers out	(42,000)	(42,000)	(39,148)	2,852
Net changes in fund balances	-	-	37,755	37,755
Fund balances, beginning of year	<u>1,032,983</u>	<u>1,032,983</u>	<u>1,032,983</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,032,983</u>	<u>\$ 1,032,983</u>	<u>\$ 1,070,738</u>	<u>\$ 37,755</u>