



Annual Financial Report
Year Ended December 31, 2018



**ALLENDALE CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018**

**KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan**

Allendale Charter Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2018

TABLE OF CONTENTS

	Page
Independent Auditor’s Report	I
Management’s Discussion and Analysis	III
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Governmental Fund Financial Statements	
Balance Sheet	3
Statement of Revenue, Expenditures and Changes in Fund Balances	4
Reconciliation of the Statement of Revenue, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	5
Proprietary Fund Financial Statements	
Statement of Net Position	6
Statement of Revenue, Expenses and Changes in Net Position	7
Statement of Cash Flows	8
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	9
Notes to Financial Statements	10

Allendale Charter Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2018

TABLE OF CONTENTS - Concluded

	Page
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	22
Other Supplemental Data	
Combining Balance Sheet – Nonmajor Governmental Funds.....	24
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	25
Discretely Presented Component Unit	
DDA Development Balance Sheet.....	26
DDA Development Statement of Revenue, Expenditures and Changes in Fund Balance	27



Kiekover Scholma & Shumaker PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 12, 2019

Township Board
Allendale Charter Township, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Allendale Charter Township, Michigan, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages III through XI and 22 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Kiekover, Scholma & Shumaker, PC
Zeeland, Michigan

Management's Discussion and Analysis

As management of Allendale Charter Township, Michigan, 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, 2018. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

Financial Highlights

- The assets of Allendale Charter Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$45,366,841 (*net position*). Of this amount, \$10,325,463 (*unrestricted net position*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$1,380,473. Net investment in capital assets decreased by \$187,076, restricted net position decreased by \$133,923, and unrestricted net position increased by \$1,701,472.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$4,727,759, an increase of \$553,264 in comparison with the prior year. Approximately 88.7% of this total amount, \$4,193,659, is *available for spending* at the Township's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the general fund was \$4,225,611 or approximately 133% of total general fund expenditures and transfers out.
- The Township's total debt decreased by \$640,000 (15.6%) during the current fiscal year. This is the result of the Township making its required scheduled debt service payments of \$640,000 while incurring no new debt during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of 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 intended to furnish additional detail and support 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 position* presents information on all of the Township's assets, liabilities, and deferred inflows/outflows with the difference reported as net position. Over time, increases or decreases in net position 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 Township's net position changed during the most recent fiscal year. All changes in net position 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., uncollected taxes, state shared revenues, and accrued interest payable).

Both of the government-wide financial statements distinguish functions of Allendale 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. The business-type activities of the Township include water supply and sewage disposal operations.

The government-wide financial statements include not only the Township itself (known as the *primary government*), but also its component unit. The Downtown Development Authority - Development is an entity legally separate from the Township. It is governed by the same twelve-member board appointed by the Township Board. The Authority is fiscally dependent on the Township because tax rates for the Downtown Development Authority district and bonded debt must be approved by the Township Board.

The government-wide financial statements can be found on pages 1-2 of this report.

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. Allendale 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. Following the governmental funds balance sheet and the governmental funds statement of revenue, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

Allendale Charter Township maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the General Fund and Road Fund which are considered to be major funds. The Township has five (5) nonmajor funds. These include four (4) special revenue funds and one (1) capital projects fund. Data from the other five governmental funds are combined into a single aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided herein to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

Proprietary funds. The Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its water supply and sewage disposal operations.

Proprietary funds provide the same type of information as the government-wide financial statements, but provide more detail and information, such as cash flows. 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.

The basic proprietary fund financial statements can be found on pages 6-8 of this report.

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 statements 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 the proprietary funds. The Township accounts for one type of fiduciary funds – agency funds. One agency fund is maintained to account for tax collections and payments.

The basic fiduciary fund financial statement can be found on page 9 of this report.

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. The notes to the financial statements can be found on pages 10-21 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the budgetary comparisons for the Township's General Fund found on pages 22-23 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. These combining statements can be found on pages 24-25 of this report.

Statements for the Township's discretely presented component units can be found on pages 26-27 of this report.

Government-wide Financial Analysis

Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Allendale Charter Township, assets exceeded liabilities and deferred inflows by \$45,366,841 at the close of the most recent fiscal year.

The largest portion of the Township's net position (77%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, water and sewer systems 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. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of the Township totaled \$42,292 and is reported in the governmental activities. This net position has limits on its use that are externally imposed by restrictions such as enabling legislation or grant requirements. These resources can only be used for the specific purposes for which they were intended.

The remaining unrestricted net position (\$10,491,781) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The following table shows, in a condensed format, the net position of Allendale Charter Township as of December 31, 2018 and 2017.

TABLE 1 - Allendale Charter Township's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 6,649,632	\$ 5,919,998	\$ 5,978,626	\$ 5,087,773	\$ 12,628,258	\$ 11,007,771
Capital assets	6,422,834	6,399,391	31,863,435	32,713,954	38,286,269	39,113,345
Total assets	<u>13,072,466</u>	<u>12,319,389</u>	<u>37,842,061</u>	<u>37,801,727</u>	<u>50,914,527</u>	<u>50,121,116</u>
Long-term debt outstanding	-	-	3,453,501	4,093,501	3,453,501	4,093,501
Other liabilities	204,365	172,374	778,078	891,616	982,443	1,063,990
Total liabilities	<u>204,365</u>	<u>172,374</u>	<u>4,231,579</u>	<u>4,985,117</u>	<u>4,435,944</u>	<u>5,157,491</u>
Deferred inflows of resources	<u>1,111,742</u>	<u>977,257</u>	-	-	<u>1,111,742</u>	<u>977,257</u>
Net position:						
Net investment						
in capital assets	6,422,834	6,399,391	28,409,934	28,620,453	34,832,768	35,019,844
Restricted	42,292	176,215	-	-	42,292	176,215
Unrestricted	<u>5,291,233</u>	<u>4,594,152</u>	<u>5,200,548</u>	<u>4,196,157</u>	<u>10,491,781</u>	<u>8,790,309</u>
Total net position	<u>\$ 11,756,359</u>	<u>\$ 11,169,758</u>	<u>\$ 33,610,482</u>	<u>\$ 32,816,610</u>	<u>\$ 45,366,841</u>	<u>\$ 43,986,368</u>

Changes in Net Position – As shown in Table 2 (changes in net position) the Township’s total revenues were \$10,356,188 for the current year, of which 11.7% was obtained from property taxes. Charges for services accounted for another 46.2% of the total, state shared revenues 17.9%, operating grants and contributions 1.8%, and capital grants and contributions (mostly in the form water and sewer grants and assessments and contributions from the DDA) another 21.6%. Interest and other sources amounted to 0.8%. The total cost of all programs and services for the year ended December 31, 2018 was \$8,975,715. Township expenses cover a wide range of services. For the current fiscal year, about 12.5% of the Township’s expenses related to general government services, 18.3% related to public safety, 4.9% related to public works, 0.9% related to community and economic development, 7.3% related to recreation and culture, and 56.1% related to the provision of water and sewage disposal services.

Net position increased by \$586,601 for the Township’s governmental activities. Net position for business-type activities increased by \$793,872 during the year.

The following analysis highlights the changes in net position for the years ended December 31, 2018 and 2017.

TABLE 2 - Allendale Charter Township's Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Program revenues						
Charges for services	\$ 744,514	\$ 808,779	\$ 4,037,867	\$ 3,618,277	\$ 4,782,381	\$ 4,427,056
Operating grants and contributions	188,617	248,874	-	-	188,617	248,874
Capital grants and contributions	502,232	658,765	1,730,530	2,806,948	2,232,762	3,465,713
General revenues						
Property taxes	1,207,915	1,022,288	-	-	1,207,915	1,022,288
State shared revenues	1,852,272	1,779,296	-	-	1,852,272	1,779,296
Interest	44,056	20,571	41,592	23,111	85,648	43,682
Gain (loss) on sale of capital assets	-	-	(4,411)	(11,639)	(4,411)	(11,639)
Other	11,004	27,438	-	-	11,004	27,438
Total revenues	<u>4,550,610</u>	<u>4,566,011</u>	<u>5,805,578</u>	<u>6,436,697</u>	<u>10,356,188</u>	<u>11,002,708</u>
Program expenses						
General government	1,124,212	892,573	-	-	1,124,212	892,573
Public safety	1,641,155	1,479,495	-	-	1,641,155	1,479,495
Public works	438,168	461,054	-	-	438,168	461,054
Community and economic development	82,166	111,899	-	-	82,166	111,899
Recreation and culture	652,430	657,730	-	-	652,430	657,730
Water and sewer	-	-	5,037,584	4,632,406	5,037,584	4,632,406
Total expenses	<u>3,938,131</u>	<u>3,602,751</u>	<u>5,037,584</u>	<u>4,632,406</u>	<u>8,975,715</u>	<u>8,235,157</u>
Change before transfers	612,479	963,260	767,994	1,804,291	1,380,473	2,767,551
Transfers in (out)	<u>(25,878)</u>	<u>-</u>	<u>25,878</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 586,601</u>	<u>\$ 963,260</u>	<u>\$ 793,872</u>	<u>\$ 1,804,291</u>	<u>\$ 1,380,473</u>	<u>\$ 2,767,551</u>

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Township's major funds for 2018 are the General Fund and Road Fund.

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, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited for use by either an external party or Allendale Charter Township itself.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$4,727,759, an increase of \$553,264 from the prior year. Approximately 89% of this fund balance amount (\$4,193,659) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *non-spendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$14,031), 2) legally required to be maintained in tact (\$0), 3) restricted for particular purposes (\$42,292), 4) committed for particular purposes (\$0), or 5) assigned for particular purposes (\$477,777).

The General Fund is the main operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,193,659, while total fund balance was \$4,239,642. As a measure of the General Fund's liquidity, it may be useful to compare this fund balance to total fund expenditures. The \$4,193,659 unassigned fund balance is approximately 132% of General Fund expenditures and transfers out which amounted to \$3,169,676.

The fund balance of the Township's General Fund increased by \$441,899 during the current year. Total General Fund revenues and other financing sources for fiscal year 2018 increased by \$168,122 or 4.9%. Property tax revenues increased by \$185,627 or 18.2%. State shared revenues increased by \$47,905 or 2.6%. All other General Fund revenue and other financing sources decreased by \$65,410.

General Fund expenditures and transfers out increased in 2018 by \$36,352 or 1.2%. The most significant changes occurred in the category of General Government (decrease of \$82,920 due primarily to decreased expenditures for building and grounds), Public Safety (increase of \$184,109 due to increased expenditures for sheriff), and Public Works (decrease of \$35,017 due primarily to decreased expenditures for drains).

The Road Capital Projects Fund receives money from the General Fund as well as special assessments to be used for road construction and paving. The Road Fund has a fund balance of \$274,223 an increase of \$100,968 during the year. Total revenue decreased by \$70,364 to \$53,758 compared to \$124,122 in the prior year due primarily to special assessments. Road Fund expenditures increased by \$1,273 to \$2,790 compared to \$1,517 in the prior year. Transfers in were \$50,000 compared to \$50,000 in the prior year.

Proprietary Funds – Allendale Charter Township’s proprietary funds provide the same type of information found in the government-wide financial statements (business-type activities) but in more detail. The Township’s proprietary funds are comprised of the Water and Sewer Fund.

Operating revenues for the Water and Sewer Fund increased in fiscal year 2018 by \$419,590 from \$3,618,277 to \$4,037,867. Operating expenses, excluding depreciation, increased in fiscal year 2018 by \$423,008 from \$3,524,591 to \$3,947,599.

Unrestricted net position of the Water and Sewer Fund was \$5,200,548 at December 31, 2018. Of this amount, \$2,747,899 is designated for capital projects (including associated debt retirement). The Water and Sewer Fund had a total increase in net position of \$793,872.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Budgeted revenues were unchanged. The most significant changes to the budget for expenditures were increases for additional expenditures related assessor, attorney, general office, fire department, and street lighting offset by decreases related to planning and zoning department, community promotions, and recreation and parks. Township operational departments generally stayed within budgeted amounts, resulting in total expenditures \$257,742 below the final budget. The General Fund’s fund balance increased by \$441,899 compared to a budgeted decrease of \$77,058.

Capital Assets and Debt Administration

Capital assets. The Township’s investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounted to \$38,286,269 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, sidewalks, and water and sewer systems. The Township’s investment in capital assets for the current fiscal year increased \$23,443 (0.4%) for governmental activities and decreased \$850,519 (2.6%) for business-type activities.

Major capital asset events during the current fiscal year included the following:

- \$457,500 of donated fire department equipment received
- \$227,846 expended for 64th Ave. sewer improvements
- \$22,068 expended for water and sewer equipment
- \$9,999 expended for mower

Additional information on the Township’s capital assets can be found in note 4 on pages 17-18 of this report.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 883,062	\$ 908,940	\$ 257,304	\$ 257,304	\$ 1,140,366	\$ 1,166,244
Construction in progress	-	-	-	706,595	-	706,595
Buildings and improvements	942,489	1,005,277	19,868	28,805	962,357	1,034,082
Land improvements	828,292	913,269	-	-	828,292	913,269
Systems	-	-	31,496,497	31,626,971	31,496,497	31,626,971
Machinery, equipment, vehicles	1,990,971	1,675,560	89,766	94,279	2,080,737	1,769,839
Infrastructure	1,778,020	1,896,345	-	-	1,778,020	1,896,345
Total	\$ 6,422,834	\$ 6,399,391	\$ 31,863,435	\$ 32,713,954	\$ 38,286,269	\$ 39,113,345

Long-term debt. At the end of the current fiscal year, the Township had total installment debt outstanding of \$3,453,501. Of this amount, \$0 is to be paid for by governmental funds and \$3,453,501 is to be paid from water and sewer fund revenue sources.

Allendale Charter Township's Outstanding Debt
General Obligation and Revenue Bonds and Notes Payable

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Water Supply & Sewage Disposal bonds	\$ -	\$ -	\$ 610,000	\$ 670,000	\$ 610,000	\$ 670,000
Michigan Municipal Bond Authority bonds	-	-	1,778,501	2,298,501	1,778,501	2,298,501
Michigan Finance Authority	-	-	1,065,000	1,125,000	1,065,000	1,125,000
Total	\$ -	\$ -	\$ 3,453,501	\$ 4,093,501	\$ 3,453,501	\$ 4,093,501

Total outstanding debt decreased by \$640,000 during the current year. This was a result of the Township making its required scheduled debt payments of \$640,000 while incurring no new debt during the year.

Additional information on the Township's long-term debt can be found in Note 6 on pages 19-20 of this report.

Economic Factors and Next Year's Budgets and Rates

The revenue for the Township's budget continues to increase for 2019 due to increased property values and new construction. Residential single-family home starts are trending upward. The Township's operating millage has remained the same since the year 2000.

The report from the State of Michigan indicated a small increase in constitutional revenue sharing. The increased revenue sharing from the 2010 census count continues to build the general fund balance. This will accumulate for the future capital improvement plan as well as a reserve fund for potential unforeseen operating expenses.

As of December 31, 2018, the Township served over 3,207 water and 2,671 wastewater customers. The department's collection, distribution and treatment facility continue to receive upgrades and replacement of components as needed. The increase in single family housing starts and large housing complexes is also resulting in an increase in the water and sewer hookup fees.

The Township continues to be proactive on its capital improvement plan. The Township Board is reviewing the Township's facilities as it relates to the sewer/water utilities, library, maintenance facility and fire station.

The Township continues to be proactive with controlling operating costs while still providing quality services.

Requests for Information

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions regarding this report or need additional information, we welcome you to contact the Township Supervisor's office.

Basic Financial Statements

Allendale Charter Township
STATEMENT OF NET POSITION
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	DDA Development
Assets				
Cash and investments	\$ 4,946,366	\$ 4,520,263	\$ 9,466,629	\$ 3,018,969
Receivables:				
Taxes	599,075	-	599,075	617,752
Grants	-	180,334	180,334	-
Accounts	96,427	1,021,554	1,117,981	-
Special assessments	349,697	178,257	527,954	-
Due from other governments	644,036	-	644,036	-
Inventories	-	75,650	75,650	-
Prepaid items	14,031	2,568	16,599	-
Capital assets not being depreciated	883,062	257,304	1,140,366	-
Capital assets-net of accumulated depreciation	<u>5,539,772</u>	<u>31,606,131</u>	<u>37,145,903</u>	<u>-</u>
Total Assets	<u>13,072,466</u>	<u>37,842,061</u>	<u>50,914,527</u>	<u>3,636,721</u>
Liabilities				
Accounts payable	101,664	379,557	481,221	3,455
Accrued interest	-	22,667	22,667	-
Accrued payroll	88,041	38,045	126,086	-
Performance deposits	14,660	337,809	352,469	-
Noncurrent liabilities:				
Due within one year	-	659,446	659,446	-
Due in more than one year	<u>-</u>	<u>2,794,055</u>	<u>2,794,055</u>	<u>-</u>
Total Liabilities	<u>204,365</u>	<u>4,231,579</u>	<u>4,435,944</u>	<u>3,455</u>
Deferred Inflows of Resources				
Unavailable revenue-property taxes	<u>1,111,742</u>	<u>-</u>	<u>1,111,742</u>	<u>846,616</u>
Net Position				
Net investment in capital assets	6,422,834	28,409,934	34,832,768	-
Restricted for:				
Construction code activities	35,037	-	35,037	-
Roads	7,255	-	7,255	-
Unrestricted	<u>5,291,233</u>	<u>5,200,548</u>	<u>10,491,781</u>	<u>2,786,650</u>
Total Net Position	<u>\$ 11,756,359</u>	<u>\$ 33,610,482</u>	<u>\$ 45,366,841</u>	<u>\$ 2,786,650</u>

**Allendale Charter Township
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018**

Function/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business Type Activities	Total	DDA Development
Primary Government								
Governmental Activities								
General government	\$ 1,124,212	\$ 243,278	\$ 100,050	\$ -	\$ (780,884)	\$ -	\$ (780,884)	
Public safety	1,641,155	398,359	45,352	457,500	(739,944)	-	(739,944)	
Public works	438,168	-	-	44,732	(393,436)	-	(393,436)	
Community and economic development	82,166	3,000	-	-	(79,166)	-	(79,166)	
Recreation and culture	652,430	99,877	43,215	-	(509,338)	-	(509,338)	
Total Governmental Activities	<u>3,938,131</u>	<u>744,514</u>	<u>188,617</u>	<u>502,232</u>	<u>(2,502,768)</u>	<u>-</u>	<u>(2,502,768)</u>	
Business-type activities								
Water and sewer	<u>5,037,584</u>	<u>4,037,867</u>	<u>-</u>	<u>1,730,530</u>	<u>-</u>	<u>730,813</u>	<u>730,813</u>	
Total Primary Government	<u>\$ 8,975,715</u>	<u>\$ 4,782,381</u>	<u>\$ 188,617</u>	<u>\$ 2,232,762</u>	<u>(2,502,768)</u>	<u>730,813</u>	<u>(1,771,955)</u>	
Component Units								
DDA Development	<u>\$ 599,861</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,829</u>				<u>\$ (493,032)</u>
			General revenues					
			Property taxes		1,207,915	-	1,207,915	1,500,943
			State shared revenues		1,852,272	-	1,852,272	67,639
			Interest		44,056	41,592	85,648	12,855
			Gain (loss) on sale of capital assets		-	(4,411)	(4,411)	-
			Other		11,004	-	11,004	-
			Transfers		(25,878)	25,878	-	-
			Total General Revenues		<u>3,089,369</u>	<u>63,059</u>	<u>3,152,428</u>	<u>1,581,437</u>
			Change in Net Position		<u>586,601</u>	<u>793,872</u>	<u>1,380,473</u>	<u>1,088,405</u>
			Net Position - Beginning		<u>11,169,758</u>	<u>32,816,610</u>	<u>43,986,368</u>	<u>1,698,245</u>
			Net Position - Ending		<u>\$ 11,756,359</u>	<u>\$ 33,610,482</u>	<u>\$ 45,366,841</u>	<u>\$ 2,786,650</u>

See Notes to Financial Statements

**Allendale Charter Township
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018**

	General Fund	Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 4,460,819	\$ 271,346	\$ 214,201	\$ 4,946,366
Receivables:				
Taxes	599,075	-	-	599,075
Accounts	82,398	2,877	11,152	96,427
Special assessments	-	349,697	-	349,697
Due from other governments	337,568	-	-	337,568
Prepaid expenses	14,031	-	-	14,031
Total Assets	\$ 5,493,891	\$ 623,920	\$ 225,353	\$ 6,343,164
Liabilities				
Accounts payable	\$ 92,107	\$ -	\$ 9,557	\$ 101,664
Accrued payroll	35,740	-	1,902	37,642
Performance deposits	14,660	-	-	14,660
Total Liabilities	142,507	-	11,459	153,966
Deferred Inflows of Resources				
Unavailable revenue-property taxes	1,111,742	-	-	1,111,742
Unavailable revenue-special assessments	-	349,697	-	349,697
Total Deferred Inflows of Resources	1,111,742	349,697	-	1,461,439
Fund Balances				
Non-spendable	14,031	-	-	14,031
Restricted	-	7,255	35,037	42,292
Assigned	31,952	266,968	178,857	477,777
Unassigned	4,193,659	-	-	4,193,659
Total Fund Balances	4,239,642	274,223	213,894	4,727,759
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,493,891	\$ 623,920	\$ 225,353	

Amount reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	6,422,834
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	306,468
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	349,697
Compensated absences are included as a liability in governmental activities	(50,399)
Net Position of Governmental Activities	\$ 11,756,359

Allendale Charter Township
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	General Fund	Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 1,207,915	\$ -	\$ -	\$ 1,207,915
Licenses and permits	181,812	-	334,323	516,135
State shared revenues and grants	1,891,974	-	-	1,891,974
Charges for services	25,550	-	71,651	97,201
Fines and forfeits	108,609	-	-	108,609
Interest	37,446	5,511	1,099	44,056
Other	158,269	48,247	984	207,500
Total Revenues	<u>3,611,575</u>	<u>53,758</u>	<u>408,057</u>	<u>4,073,390</u>
Expenditures				
Current:				
General government	970,297	-	1,369	971,666
Public safety	1,033,832	-	419,291	1,453,123
Public works	326,152	2,790	-	328,942
Community and economic development	76,958	-	-	76,958
Recreation and culture	512,959	-	-	512,959
Other	176,478	-	-	176,478
Total Expenditures	<u>3,096,676</u>	<u>2,790</u>	<u>420,660</u>	<u>3,520,126</u>
Excess of Revenues Over (Under) Expenditures	<u>514,899</u>	<u>50,968</u>	<u>(12,603)</u>	<u>553,264</u>
Other Financing Sources (Uses)				
Transfers in	-	50,000	23,000	73,000
Transfers out	(73,000)	-	-	(73,000)
Total Other Financing Sources (Uses)	<u>(73,000)</u>	<u>50,000</u>	<u>23,000</u>	<u>-</u>
Net Change in Fund Balances	441,899	100,968	10,397	553,264
Fund Balances - January 1	<u>3,797,743</u>	<u>173,255</u>	<u>203,497</u>	<u>4,174,495</u>
Fund Balances - December 31	<u>\$ 4,239,642</u>	<u>\$ 274,223</u>	<u>\$ 213,894</u>	<u>\$ 4,727,759</u>

Allendale Charter Township
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Net change in fund balances-Total Governmental Funds \$ 553,264

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

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized	15,944
Current year capital assets paid for by others	457,500
Current year depreciation expense on capitalized assets	(424,123)
Transfer of general capital assets to water and sewer fund	(25,878)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until collected or collectible within 60 days of year end

State shared revenues	26,390
Special assessment revenues	(6,670)

Change in compensated absences is recorded when earned in the statement of activities	(9,826)
---	---------

Change in net position of governmental activities \$ 586,601

Allendale Charter Township
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Enterprise Water and Sewer
Assets	
Current Assets:	
Cash and investments	\$ 4,520,263
Receivables:	
Grants	180,334
Accounts	1,021,554
Inventories	75,650
Prepaid items	2,568
Total Current Assets	5,800,369
Noncurrent Assets:	
Assessments receivable	178,257
Capital assets not being depreciated	257,304
Capital assets - net of accumulated depreciation	31,606,131
Total Noncurrent Assets	32,041,692
Total Assets	37,842,061
Liabilities	
Current Liabilities:	
Accounts payable	379,557
Accrued interest	22,667
Accrued payroll	38,045
Performance deposits	337,809
Current portion of long-term debt	659,446
Total Current Liabilities	1,437,524
Noncurrent Liabilities:	
Long-term debt	2,794,055
Total Liabilities	4,231,579
Net Position	
Net investment in capital assets	28,409,934
Unrestricted, designated for capital projects	2,747,899
Unrestricted	2,452,649
Total Net Position	\$ 33,610,482

Allendale Charter Township
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2018

	Enterprise Water and Sewer
Operating Revenues	
Water sales	\$ 2,287,495
Sewage treatment sales	1,505,585
Water and sewage debt charges	21,513
Other revenues	223,274
Total Operating Revenues	4,037,867
 Operating Expenses	
Cost of water	1,042,932
Operation and maintenance - water	853,570
Operation and maintenance - sewage treatment	1,854,087
General and administrative	197,010
Depreciation	990,790
Total Operating Expenses	4,938,389
 Operating Income (Loss)	(900,522)
 Nonoperating Revenues (Expenses)	
Interest income	41,592
Gain (loss) on sale of capital assets	(4,411)
Interest and fiscal charges	(99,195)
Total Nonoperating Revenues (Expenses)	(62,014)
 Income (Loss) Before Capital Contributions	(962,536)
 Capital Contributions	
Customers	1,200,734
Contribution from DDA	96,736
State grants	433,060
Transfers in (out)	25,878
 Change in Net Position	793,872
 Net Position - January 1	32,816,610
 Net Position - December 31	\$ 33,610,482

**Allendale Charter Township
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2018**

	Enterprise Water and Sewer
Cash Flows From Operating Activities	
Receipts from customers	\$ 3,940,588
Payments to suppliers	(3,294,363)
Payments to employees	(577,277)
Performance deposits received (refunded)	(185,429)
Net Cash Provided (Used) By Operating Activities	(116,481)
 Cash Flows From Capital and Related Financing Activities	
Capital contributions	1,773,769
Construction and purchase of capital assets	(22,068)
Principal paid on capital debt	(640,000)
Interest paid on capital debt	(103,123)
Net Cash Provided (Used) By Capital and Related Financing Activities	1,008,578
 Cash Flows From Investing Activities	
Contract receivable principal collected	147,047
Interest received on investments	41,592
Net Cash Provided (Used) By Investing Activities	188,639
 Net Increase (Decrease) in Cash and Investments	1,080,736
 Cash and Investments - January 1	3,439,527
 Cash and Investments - December 31	\$ 4,520,263
 Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities	
Operating income (loss)	\$ (900,522)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	990,790
Change in assets and liabilities:	
Receivables	(97,279)
Other assets	140
Accounts payable	71,443
Accrued payroll	4,376
Performance deposits	(185,429)
Net Cash Provided (Used) By Operating Activities	\$ (116,481)
 Noncash capital financing activities	
Contribution of capital assets from developers and others	\$ 122,614

See Notes to Financial Statements

Allendale Charter Township
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2018

	Agency Fund Type
	Tax Collection
Assets	
Cash and investments	<u>\$ 296,706</u>
Liabilities	
Due to other units	<u>\$ 296,706</u>

Allendale Charter Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Allendale Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Allendale Charter Township:

Reporting Entity

Allendale Charter Township is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The Township has no blended component units.

Discretely Presented Component Unit. The Downtown Development Authority – DDA Development was created to finance improvements to the central business district of the Township. The Authority's twelve-member governing board is appointed by the Township Board. In addition, the Authority's budget, tax rates and bonded debt are subject to approval by the Township Board. The DDA Development currently receives captured tax increment revenues, provides subsidies to the Township for debt service payments on water and sewer debt, and makes other improvements within the DDA District.

Separate financial statements for the DDA are not issued.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 revenue.

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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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 or within one year for expenditure driven grants. 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.

Those revenues susceptible to accrual are property taxes, intergovernmental revenues, special assessments due within the current period, charges for services, licenses, and interest revenue. Sales taxes (state shared revenues) collected and held by the State at year end on behalf of the Township and paid to the Township at the end of the following February are recognized as revenue in the year received. Such amounts are not normally received within 60 days of the end of the current fiscal year and are budgeted for use by the Township in the year received. Other revenue is recorded when received.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road Capital Projects Fund – This fund receives money from the General Fund as well as special assessments to be used for road construction and paving.

The Township reports the following major proprietary funds:

Water and Sewer Fund - This fund is used to account for the operation and maintenance of a water distribution system, including storage tanks, pumping stations, distribution mains and services and related equipment. Water is purchased from the City of Grand Rapids for storage and distribution to the Township's customers.

This fund is also used to account for the operation and maintenance of a wastewater collection system, lift stations and treatment facility.

Additionally, the Township reports the following fund types:

Governmental Funds

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Funds – Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including acquisition or construction of capital facilities or other capital assets.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds - Agency Funds account for assets held by the township in a purely custodial capacity. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule, the effect of the inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer functions and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue 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 revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue 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 revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Before December 31, the proposed budget is presented to the Township Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than December 31. Appropriated budgets are amended from time to time throughout the course of the year by supplementary resolutions approved by the Board of Trustees. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered spent once the goods are delivered or the services rendered.

The appropriated budget is prepared by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the activity level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law.

Deposits and Investments

The Township maintains separate cash accounts for certain of its various funds as well maintaining a pooled cash account to facilitate the management of cash.

For purposes of the statement of cash flows, all transactions within the pooled cash accounts and certificates of deposit are considered to be cash and cash equivalents.

Investments are recorded at fair value. 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.

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 shown net of an allowance for uncollectible amounts. The property tax receivable allowance is equal to 100 percent of the outstanding property taxes. No allowance for uncollectible accounts is considered necessary for other receivables.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are not material and are recorded as expenditures when purchased. 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. General infrastructure assets acquired prior to January 1, 2004, are not reported in the basic financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 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 acquisition cost at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on invested bond proceeds over the same period. During the current year \$0 of net interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Land improvements	5-10
Machinery and equipment	5-15
Office furniture and equipment	5-20
Vehicles	3-25
Roads and sidewalks	15-25
Water and sewer systems	10-50

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item that qualifies under this category-unavailable revenue. Unavailable revenue-property taxes are reported in the governmental activities statement of financial position and governmental funds balance sheet. Unavailable revenues-special assessments are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption/Fund Balance Flow Assumptions

In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the township's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

In order to calculate the amounts reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance is applied in the following order: committed, assigned, and unassigned.

Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick pay is accrued in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations at year end.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as debt service expenses. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – amounts that are not in spendable form (such as prepaids, inventory and long-term receivables) or are required to be maintained intact such as the corpus of a permanent fund.
- Restricted – amounts constrained to specific purposes by their providers (such as creditors, grantors, contributors, or laws and regulations) or imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts constrained to specific purposes determined by formal action by Township Board ordinance or resolution, and that remains binding unless removed in the same manner.
- Assigned – amounts, neither restricted nor committed, a government intends to use for a specific purpose; intent can be expressed by the Township Board or a body or official to which the Township Board has delegated the authority to assign amounts for specific purposes. Currently the assigned fund balance is determined through the budget and any residual amounts of fund balance in governmental funds other than the general fund.
- Unassigned – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Property Taxes

Property taxes are levied on each December 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The Township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned to the county treasurer are subject to penalty and interest. The county's policy has been to pay the Township for all delinquent real property taxes returned. The Township continues to collect delinquent personal property taxes.

Although the Township's 2018 ad valorem tax is levied and collectible on December 1, 2018, it is the Township's policy to recognize revenue from this levy in the year ended December 31, 2019, when proceeds of this levy are budgeted and made available for the financing of operations.

Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the township incurred no expenditures which were in excess of the amounts appropriated.

3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated several banks for the deposit of Township funds. The investment policy adopted by the Township in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Component Units</u>
Cash and investments	<u>\$ 4,946,366</u>	<u>\$ 4,520,263</u>	<u>\$ 296,706</u>	<u>\$ 9,763,335</u>	<u>\$ 3,018,969</u>

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 9,511,601	\$ 3,018,969
Investments	<u>251,734</u>	<u>-</u>
Total	<u>\$ 9,763,335</u>	<u>\$ 3,018,969</u>

Deposits

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. The Township does not have a deposit policy for custodial credit risk. At year end the bank balance of the Township's deposits was \$9,991,964 of which \$1,393,943 was covered by federal depository insurance and \$8,598,021 was exposed to custodial credit risk because it was uninsured and uncollateralized. The bank balance of the component unit's deposits was \$2,799,392 of which \$250,000 was covered by federal depository insurance and \$2,549,392 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Township believes that due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. 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.

Investments

As of December 31, 2018, the Township had the following investments:

<u>Investment</u>	<u>Fair value</u>	<u>Weighted average maturity (years)</u>	<u>Rating</u>	<u>Rating Organization</u>
Michigan Class	\$ 186,123	0.1404	AAAm	S&P

1 day maturity equals 0.0027, one year equals 1.00

Interest rate risk. Except as limited by state law as listed in the above list of authorized investments the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Township has no investment policy that limits its investment choices beyond those required by state law.

Custodial Credit Risk-Investments. For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the township will not be able to recover the value of its investments that are in the possession of the outside party. The township has not adopted a policy for investment custodial credit risk. The ratings for each investment are identified above for investments held at year-end.

Concentration of Credit Risk. State law does not limit and the township has not adopted a formal policy on the amount the township may invest in any one issuer.

Foreign Currency Risk. The Township is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The Township did not have any investments valued with Level 1, Level 2, or Level 3 inputs at December 31, 2018.

Michigan Class Investment Pool holdings in the amount of \$251,734 are measured on a recurring basis at net asset value (NAV) per share.

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interest in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

4. CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 908,940	\$ -	\$ (25,878)	\$ 883,062
Construction in progress	-	-	-	-
Subtotal	<u>908,940</u>	<u>-</u>	<u>(25,878)</u>	<u>883,062</u>
Capital Assets Being Depreciated				
Buildings and improvements	2,538,081	-	(9,262)	2,528,819
Land improvements	1,906,172	-	-	1,906,172
Machinery and equipment	1,178,735	467,499	(7,600)	1,638,634
Office furniture and equipment	232,316	5,945	(6,000)	232,261
Vehicles	1,584,610	-	-	1,584,610
Infrastructure	<u>2,474,968</u>	<u>-</u>	<u>-</u>	<u>2,474,968</u>
Subtotal	<u>9,914,882</u>	<u>473,444</u>	<u>(22,862)</u>	<u>10,365,464</u>
Less Accumulated Depreciation for				
Buildings and improvements	(1,532,804)	(62,788)	9,262	(1,586,330)
Land improvements	(992,903)	(84,977)	-	(1,077,880)
Machinery and equipment	(798,490)	(85,269)	7,600	(876,159)
Office furniture and equipment	(163,763)	(9,627)	6,000	(167,390)
Vehicles	(357,848)	(63,137)	-	(420,985)
Infrastructure	<u>(578,623)</u>	<u>(118,325)</u>	<u>-</u>	<u>(696,948)</u>
Subtotal	<u>(4,424,431)</u>	<u>(424,123)</u>	<u>22,862</u>	<u>(4,825,692)</u>
Net Capital Assets Being Depreciated	<u>5,490,451</u>	<u>49,321</u>	<u>-</u>	<u>5,539,772</u>
Governmental Activities Total				
Capital Assets -Net of Depreciation	<u>\$ 6,399,391</u>	<u>\$ 49,321</u>	<u>\$ (25,878)</u>	<u>\$ 6,422,834</u>

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

Governmental activities	
General government	\$ 89,415
Public safety	128,414
Public works	99,675
Recreation and culture	<u>106,619</u>
Total Governmental Activities	<u>\$ 424,123</u>

Business-Type Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 257,304	\$ -	\$ -	\$ 257,304
Construction in progress	<u>706,595</u>	<u>-</u>	<u>(706,595)</u>	<u>-</u>
Subtotal	<u>963,899</u>	<u>-</u>	<u>(706,595)</u>	<u>257,304</u>
Capital Assets Being Depreciated				
Buildings and improvements	192,380	-	-	192,380
Machinery and equipment	287,316	22,068	(13,390)	295,994
Water system	18,786,211	-	-	18,786,211
Sewer system	16,158,000	960,319	(131,110)	16,987,209
Sewer treatment plant	12,577,210	-	-	12,577,210
Vehicles	<u>208,529</u>	<u>-</u>	<u>-</u>	<u>208,529</u>
Subtotal	<u>48,209,646</u>	<u>982,387</u>	<u>(144,500)</u>	<u>49,047,533</u>
Less Accumulated Depreciation for				
Buildings and improvements	(163,575)	(8,937)	-	(172,512)
Machinery and equipment	(219,615)	(14,232)	8,979	(224,868)
Water system	(5,590,616)	(370,807)	-	(5,961,423)
Sewer system	(5,528,078)	(314,177)	-	(5,842,255)
Sewer treatment plant	(4,775,756)	(274,699)	-	(5,050,455)
Vehicles	<u>(181,951)</u>	<u>(7,938)</u>	<u>-</u>	<u>(189,889)</u>
Subtotal	<u>(16,459,591)</u>	<u>(990,790)</u>	<u>8,979</u>	<u>(17,441,402)</u>
Net Capital Assets Being Depreciated	<u>31,750,055</u>	<u>(8,403)</u>	<u>(135,521)</u>	<u>31,606,131</u>
Business Type Activities Total				
Capital Assets -Net of Depreciation	<u>\$ 32,713,954</u>	<u>\$ (8,403)</u>	<u>\$ (842,116)</u>	<u>\$ 31,863,435</u>

Depreciation expense was charged to programs of the business-type activities as follows:

Business Type Activities

Water and sewer \$ 990,790

Construction Commitments-The Township has no significant construction commitments as of December 31, 2018.

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2018, there were no interfund balances. Interfund transfers reported in the fund statements were as follows:

	<u>Transfers Out</u>	
	General Fund	
Transfers In:		
Road Capital Projects Fund	\$ 50,000	(1)
Rental Administration Fund	8,000	(2)
Library Capital Projects Fund	<u>15,000</u>	(3)
	<u>\$ 73,000</u>	

The following describes the nature of significant transfers:

- (1) Transfers from General Fund for road capital projects
- (2) Transfers from General Fund for rental administration
- (3) Transfers from General Fund for library capital projects

6. LONG-TERM DEBT

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity for the township can be summarized as follows:

	<u>Original Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities						
County Contractual Obligations						
1998 Michigan Municipal Bond Authority (WWTP), interest rate of 2.25%, maturing 2019	\$ 4,754,466	\$ 569,446	\$ -	\$ (280,000)	\$ 289,446	\$ 289,446
2000 Michigan Municipal Bond Authority (M-45), interest rate of 2.50%, maturing 2020	1,812,090	342,087	-	(110,000)	232,087	115,000
2006 Water Supply Improvement, interest rates from 3.50% to 4.20%, maturing 2026	1,175,000	670,000	-	(60,000)	610,000	65,000
2007 Michigan Municipal Bond Authority, interest rate of 2.125%, maturing 2027	2,521,368	1,386,968	-	(130,000)	1,256,968	130,000
2012 Michigan Finance Authority, interest rate of 2.5%, maturing 2033	1,340,000	<u>1,125,000</u>	<u>-</u>	<u>(60,000)</u>	<u>1,065,000</u>	<u>60,000</u>
Total Business-Type Activities		<u>\$ 4,093,501</u>	<u>\$ -</u>	<u>\$ (640,000)</u>	<u>\$ 3,453,501</u>	<u>\$ 659,446</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ended December 31	Business-Type Activities	
	Principal	Interest
2018	\$ 659,446	\$ 85,799
2019	382,087	37,209
2020	265,000	32,161
2021	275,000	53,352
2022	280,000	45,739
2024-2028	1,191,968	114,278
2029-2033	400,000	25,504
	<u>\$ 3,453,501</u>	<u>\$ 394,042</u>

7. RESTRICTED ASSETS

The Township has no restricted assets at December 31, 2018.

8. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical, general liability and property claims. The Township participates in the Michigan Municipal League risk pool for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool operates as a common risk-sharing program for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

9. CONTINGENT LIABILITIES

Several owners of property in the Township have appealed their property assessments to the Michigan Tax Tribunal. The Township is also involved in various lawsuits and miscellaneous criminal prosecutions. Although the outcome of these matters is not presently determinable, in the opinion of the Township attorney the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

The Township is involved in various legal matters concerning zoning issues. The outcome of these issues is not presently determinable and the township cannot determine the range of potential loss, if any, to the Township.

10. PENSION PLAN

The Allendale Charter Township Pension Plan is a defined contribution plan established by the Township and administered by John Hancock to provide benefits at retirement to eligible employees of the Township meeting length of service requirements. Plan provisions and contribution requirements are established and may be amended by the Allendale Charter Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township is required to contribute 6% of covered compensation. Plan participants are required to contribute 4% of covered compensation. For the year ended December 31, 2018, the Township's contribution was \$67,167 and employee contributions were \$47,091.

11. TAX ABATEMENTS

As of December 31, 2018, the Township provides tax abatements through the Industrial Facilities Exemption.

Industrial Facilities Exemption

The Township entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. The Industrial Facilities Exemption provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on a new plant and non-industrial property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended December 31, 2018, the Township abated property tax revenues totaling \$19,333 under this program.

12. FUND BALANCES – GOVERNMENTAL FUNDS

Detailed information on governmental fund balances at December 31, 2018 is as follows:

	General Fund	Road Fund	Non-major Funds	Total
Non-spendable:				
Prepays	\$ 14,031	\$ -	\$ -	\$ 14,031
Restricted for:				
Construction code activities	-	-	35,037	35,037
Roads	-	7,255	-	7,255
Total Restricted	-	7,255	35,037	42,292
Assigned for:				
Construction code activities	-	-	12,600	12,600
Rental administration	-	-	11,878	11,878
Cemetery improvements	-	-	47,168	47,168
Allendale Historical Society	-	-	11,720	11,720
Library capital projects	-	-	95,491	95,491
Road capital projects	-	266,968	-	266,968
Subsequent year's budget:				
Appropriation of fund balance	31,952	-	-	31,952
Total Assigned	31,952	266,968	178,857	477,777
Unassigned	4,193,659	-	-	4,193,659
Total fund balances governmental funds	<u>\$ 4,239,642</u>	<u>\$ 274,223</u>	<u>\$ 213,894</u>	<u>\$ 4,727,759</u>

Required
Supplementary Information

Allendale Charter Township
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,098,200	\$ 1,098,200	\$ 1,207,915	\$ 109,715
Licenses and permits	170,250	170,250	181,812	11,562
State shared revenues and grants	1,801,210	1,801,210	1,891,974	90,764
Charges for services	16,450	16,450	25,550	9,100
Fines and forfeits	100,600	100,600	108,609	8,009
Interest	5,000	5,000	37,446	32,446
Other	158,650	158,650	158,269	(381)
Total Revenues	<u>3,350,360</u>	<u>3,350,360</u>	<u>3,611,575</u>	<u>261,215</u>
Expenditures				
Current:				
General Government:				
Township Board	27,077	37,454	29,356	8,098
Supervisor	57,471	58,157	57,616	541
Elections	39,500	39,500	25,820	13,680
Finance	74,120	91,527	89,865	1,662
Audit	13,000	7,320	6,915	405
Assessor	200,981	221,664	207,213	14,451
Attorney	95,000	117,000	99,291	17,709
Clerk	94,292	94,292	85,989	8,303
Board of review	2,230	2,230	1,629	601
General office	109,766	145,859	135,991	9,868
Treasurer	16,295	16,295	14,478	1,817
Building and grounds	203,850	203,850	185,465	18,385
Cemetery	38,611	38,611	30,669	7,942
Total General Government	<u>972,193</u>	<u>1,073,759</u>	<u>970,297</u>	<u>103,462</u>
Public Safety:				
Sheriff	408,474	396,750	386,460	10,290
Fire department	603,900	677,178	647,372	29,806
Total Public Safety	<u>1,012,374</u>	<u>1,073,928</u>	<u>1,033,832</u>	<u>40,096</u>
Public Works:				
Drains	43,600	43,600	43,600	-
Roads	31,000	31,000	23,750	7,250
Highway M-45	194,702	194,702	168,808	25,894
Street lighting	76,500	96,500	89,994	6,506
Total Public Works	<u>345,802</u>	<u>365,802</u>	<u>326,152</u>	<u>39,650</u>

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Community and Economic Development				
Planning commission	18,549	18,549	14,079	4,470
Planning and zoning department	101,574	70,295	62,237	8,058
Zoning board of appeals	<u>3,591</u>	<u>2,091</u>	<u>642</u>	<u>1,449</u>
Total Community and Economic Development	<u>123,714</u>	<u>90,935</u>	<u>76,958</u>	<u>13,977</u>
Recreation and Culture:				
Community promotions	61,300	33,300	29,766	3,534
Recreation and parks	144,846	114,846	93,268	21,578
Library	367,658	367,658	362,425	5,233
Senior citizens activities	<u>37,130</u>	<u>32,630</u>	<u>27,500</u>	<u>5,130</u>
Total Recreation and Culture	<u>610,934</u>	<u>548,434</u>	<u>512,959</u>	<u>35,475</u>
Other:				
Health insurance	162,560	162,560	143,647	18,913
Other fringes	<u>39,000</u>	<u>39,000</u>	<u>32,831</u>	<u>6,169</u>
Total Other	<u>201,560</u>	<u>201,560</u>	<u>176,478</u>	<u>25,082</u>
Total Expenditures	<u>3,266,577</u>	<u>3,354,418</u>	<u>3,096,676</u>	<u>257,742</u>
Excess Of Revenues Over (Under) Expenditures	83,783	(4,058)	514,899	518,957
Other Financing Sources (Uses)				
Transfers out	<u>(65,000)</u>	<u>(73,000)</u>	<u>(73,000)</u>	<u>-</u>
Net Change in Fund Balances	18,783	(77,058)	441,899	518,957
Fund Balances - January 1	<u>3,797,743</u>	<u>3,797,743</u>	<u>3,797,743</u>	<u>-</u>
Fund Balances - December 31	<u>\$ 3,816,526</u>	<u>\$ 3,720,685</u>	<u>\$ 4,239,642</u>	<u>\$ 518,957</u>

Other Supplemental Data

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Building Department Fund – This fund accounts for revenues and expenditures related to the cost of operation of the building construction code enforcement activities of the Township.

Rental Administration Fund – This fund accounts for revenues and expenditures related to the cost of operation of the rental administration activities of the Township.

Cemetery Improvement Fund – This fund accounts for the funds received for cemetery lots and used for general improvements.

Allendale Historical Society – This fund accounts for funds received for and operating costs of the Allendale Historical Society properties.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including acquisition or construction of capital facilities or other capital assets.

Library Capital Projects Fund – This fund accounts for monies set aside for future library improvements and/or construction projects.

**Allendale Charter Township
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2018**

	Nonmajor Special Revenue Funds					Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
	Building Department	Rental Administration	Cemetery Improvement	Allendale Historical Society	Total	Library	
Assets							
Cash and investments	\$ 47,466	\$ 12,356	\$ 47,168	\$ 11,720	\$ 118,710	\$ 95,491	\$ 214,201
Receivables:							
Accounts	<u>9,952</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>11,152</u>	<u>-</u>	<u>11,152</u>
Total Assets	<u>\$ 57,418</u>	<u>\$ 13,556</u>	<u>\$ 47,168</u>	<u>\$ 11,720</u>	<u>\$ 129,862</u>	<u>\$ 95,491</u>	<u>\$ 225,353</u>
Liabilities							
Accounts payable	\$ 9,106	\$ 451	\$ -	\$ -	\$ 9,557	\$ -	\$ 9,557
Accrued payroll	<u>675</u>	<u>1,227</u>	<u>-</u>	<u>-</u>	<u>1,902</u>	<u>-</u>	<u>1,902</u>
Total liabilities	<u>9,781</u>	<u>1,678</u>	<u>-</u>	<u>-</u>	<u>11,459</u>	<u>-</u>	<u>11,459</u>
Fund Balances							
Restricted	35,037	-	-	-	35,037	-	35,037
Assigned	<u>12,600</u>	<u>11,878</u>	<u>47,168</u>	<u>11,720</u>	<u>83,366</u>	<u>95,491</u>	<u>178,857</u>
Total Fund Balances	<u>47,637</u>	<u>11,878</u>	<u>47,168</u>	<u>11,720</u>	<u>118,403</u>	<u>95,491</u>	<u>213,894</u>
Total Liabilities and Fund Balances	<u>\$ 57,418</u>	<u>\$ 13,556</u>	<u>\$ 47,168</u>	<u>\$ 11,720</u>	<u>\$ 129,862</u>	<u>\$ 95,491</u>	<u>\$ 225,353</u>

Allendale Charter Township
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	Nonmajor Special Revenue Funds					Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
	Building Department	Rental Administration	Cemetery Improvement	Allendale Historical Society	Total	Library	
Revenues							
Licenses and permits	\$ 334,323	\$ -	\$ -	\$ -	\$ 334,323	\$ -	\$ 334,323
Charges for services	-	63,426	8,225	-	71,651	-	71,651
Interest	298	85	222	60	665	434	1,099
Other	464	-	150	370	984	-	984
Total Revenues	<u>335,085</u>	<u>63,511</u>	<u>8,597</u>	<u>430</u>	<u>407,623</u>	<u>434</u>	<u>408,057</u>
Expenditures							
Current:							
General government	-	-	248	1,121	1,369	-	1,369
Public safety	353,636	65,655	-	-	419,291	-	419,291
Total Expenditures	<u>353,636</u>	<u>65,655</u>	<u>248</u>	<u>1,121</u>	<u>420,660</u>	<u>-</u>	<u>420,660</u>
Excess of Revenues Over (Under) Expenditures	(18,551)	(2,144)	8,349	(691)	(13,037)	434	(12,603)
Other Financing Sources (Uses)							
Transfers in	-	8,000	-	-	8,000	15,000	23,000
Net Change in Fund Balances	(18,551)	5,856	8,349	(691)	(5,037)	15,434	10,397
Fund Balances - January 1	66,188	6,022	38,819	12,411	123,440	80,057	203,497
Fund Balances - December 31	<u>\$ 47,637</u>	<u>\$ 11,878</u>	<u>\$ 47,168</u>	<u>\$ 11,720</u>	<u>\$ 118,403</u>	<u>\$ 95,491</u>	<u>\$ 213,894</u>

Other Supplemental Data

Discretely Presented Component Unit

The Discretely Presented Component Unit is reported separately from the Township's other funds to emphasize that it is legally separate from the Township. The Township has one component unit Downtown Development Authority that is reported in this manner, DDA Development. DDA Development is presented as governmental fund type.

DDA Development – The Authority was created to finance improvements to the central business district of the Township. The Authority receives captured tax increment revenues and makes debt service payments on bonds issued through Ottawa County issued to provide construction of water and sewer improvements.

**Allendale Charter Township
COMPONENT UNIT - DDA DEVELOPMENT
BALANCE SHEET
December 31, 2018**

Assets

Cash and investments	\$ 3,018,969
Taxes receivable	<u>617,752</u>
Total Assets	<u>\$ 3,636,721</u>

Liabilities

Accounts payable	<u>\$ 3,455</u>
------------------	-----------------

Deferred Inflows of Resources

Unavailable revenue-property taxes	<u>846,616</u>
------------------------------------	----------------

Fund Balance

Assigned for future land purchases	600,000
Unassigned	<u>2,186,650</u>
Total fund balances	<u>2,786,650</u>

**Total Liabilities, Deferred Inflows
of Resources and Fund Balance**

\$ 3,636,721

Allendale Charter Township
COMPONENT UNIT - DDA DEVELOPMENT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2018

Revenues	
Taxes	\$ 1,500,943
State shared revenue	67,639
Interest	12,855
Other	<u>106,829</u>
Total Revenues	<u>1,688,266</u>
 Expenditures	
Current:	
General government	16,871
Public works	547,437
Community and economic development	<u>35,553</u>
Total Expenditures	<u>599,861</u>
Net Change in Fund Balance	1,088,405
Fund Balance - January 1	<u>1,698,245</u>
Fund Balance - December 31	<u><u>\$ 2,786,650</u></u>