

*Charter Township of Texas  
Kalamazoo County, Michigan*

**FINANCIAL STATEMENTS**

*Year ended December 31, 2018*

---



Vredeveld Haefner LLC  
CPAs and Consultants

	<i>Page</i>
<b>INDEPENDENT AUDITOR'S REPORT</b>	3 - 4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5 - 10
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide financial statements:	
Statement of net position	11
Statement of activities	12
Fund financial statements	
Balance sheet - governmental funds	13 - 14
Statement of revenues, expenditures, and changes in fund balances - governmental funds	15 - 16
Statement of net position - proprietary fund	17
Statement of revenues, expenses, and change in net position - proprietary fund	18
Statement of cash flows - proprietary fund	19
Statement of fiduciary assets and liabilities - Agency Fund	20
Notes to financial statements	21 - 31
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedules:	
General Fund	32 - 33
Road Enhancement Fund	34
Fire Improvement Fund	35
<b>SUPPLEMENTARY INFORMATION</b>	
Combining balance sheet - nonmajor governmental funds	36
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	37
Balance sheet - component unit	38
Statement of revenues, expenditures, and change in fund balance - component unit	39
Budgetary comparison schedule - component unit	40

**(This page left intentionally blank)**



## Vredeveld Haefner LLC

CPAs and Consultants  
10302 20<sup>th</sup> Avenue  
Grand Rapids, MI 49534  
Fax (616) 828-0307

Douglas J. Vredeveld, CPA  
(616) 446-7474  
Peter S. Haefner, CPA  
(616) 460-9388

### INDEPENDENT AUDITORS' REPORT

June 20, 2019

Members of Board  
Charter Township of Texas  
Kalamazoo County, Michigan

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Texas (the Township), Kalamazoo County, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2018, and the respective changes in financial position 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 on pages 5 through 10 and the budgetary comparison information on pages 32 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplementary information (combining and individual fund financial statements and schedules) is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Wendy Haefner LLC*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Charter Township of Texas' (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Township's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The Township's total net position increased by \$26,896 as a result of this year's activities.
- Of the \$19,510,780 total net position reported, \$7,317,506 is available to be used at the Board's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$1,268,685, which represents 64 percent of the actual total General Fund expenditures for the current fiscal year.

### **Overview of the financial statements**

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
  - Governmental funds statements explain how general government services, like public safety and public works, were financed in the short-term, as well as what remains for future spending.
  - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business.
  - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as an agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2018 and 2017 is also presented.

### **Government-wide financial statements**

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets, and liabilities and deferred inflows of resources) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

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

- *Governmental activities* - Most of the Township's basic services are included here, such as public safety, public works, debt service, and general government. Property taxes and state revenue finance most of these activities.
- *Component unit* - The Township includes one other entity in its report - the Downtown Development Authority. Although legally separate, this "component unit" is important because the Township is financially accountable for the Authority.

#### **Fund financial statements**

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain other revenues.

The Township has three types of funds:

- *Governmental funds*. Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Proprietary funds*. Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary funds*. These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

**Net position**

Total net position at the end of the fiscal year was \$19,510,780. Of this total, \$11,478,775 is invested in capital assets, \$714,499 is restricted for various purposes, and \$7,317,506 is unrestricted.

*Condensed financial information  
Net position*

	<i>Governmental activities</i>	
	<u>2018</u>	<u>2017</u>
Current and other assets	<b>\$ 10,351,045</b>	\$ 10,552,230
Capital assets	<b>11,478,775</b>	11,650,548
Total assets	<b><u>21,829,820</u></b>	<u>22,202,778</u>
Current and other liabilities	<b>574,419</b>	1,225,244
Long-term debt	<b>195,075</b>	-
Total liabilities	<b><u>769,494</u></b>	<u>1,225,244</u>
Deferred inflows of resources	<b><u>1,549,546</u></b>	<u>1,493,650</u>
Net position:		
Net investment in capital assets	<b>11,478,775</b>	11,650,548
Restricted	<b>714,499</b>	526,454
Unrestricted	<b><u>7,317,506</u></b>	<u>7,306,882</u>
Total net position	<b><u>\$ 19,510,780</u></b>	<u>\$ 19,483,884</u>

**Changes in net position**

The Township's total revenues were \$4,677,809. During the 2018 fiscal year, 24 percent of the Township's revenues came from property taxes, 32 percent came from charges for services, and 28 percent came from state shared revenue.

The total cost of the Township's programs and services totaled \$4,650,913. Approximately 27 percent of the Township's costs relates to public safety costs, 22 percent to general governmental activities, and 43 percent to public works.

*Condensed financial information  
Changes in net position*

	<i>Governmental activities</i>	
	<u>2018</u>	<u>2017</u>
Program revenues:		
Charges for services	\$ 1,477,933	\$ 1,644,323
Operating grants and contributions	472,010	388,502
Capital grants and contributions	35,991	-
General revenues:		
Property taxes	1,121,683	1,084,747
State shared revenue	1,300,339	1,260,561
Franchise fees	139,965	144,848
Investment return	129,888	60,754
	<u>4,677,809</u>	<u>4,583,735</u>
Expenses:		
General government	1,013,761	935,675
Public safety	1,255,400	1,253,096
Public works	1,976,910	1,830,371
Community and economic development	198,580	168,211
Recreation and culture	200,398	82,932
Interest on long-term debt	5,864	3,662
	<u>4,650,913</u>	<u>4,273,947</u>
Changes in net position	<u>\$ 26,896</u>	<u>\$ 309,788</u>
Net position, end of year	<u>\$ 19,510,780</u>	<u>\$ 19,483,884</u>

**Governmental activities**

The \$26,896 increase in net position for 2018 is \$282,892 less than the \$309,788 increase in 2017. Revenues increased by \$94,074, while expenses increased by \$376,966 compared to 2017, primarily due an increase in road maintenance, local flooding issues, and the completion of the sidewalk project.

The total cost of governmental activities this year was \$4,650,913. After subtracting the direct charges to those who directly benefited from the programs (\$1,477,933) and operating and capital grants (\$508,001), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$2,664,979.

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

**Governmental funds**

The Township's governmental funds reported combined ending fund balances of \$7,490,862 at the end of 2018, representing an increase of \$211,175 from the previous year.

The General Fund is the primary operating fund of the Township. Fund balance increased by \$128,927 during the year, as revenues and total transfers in of \$2,737,570, and \$5,470, respectively, were higher than expenditures of \$1,987,702 and total transfers out of \$626,411. The total fund balance was \$3,975,169 at year end.

The Road Enhancement Fund experienced an increase in fund balance of \$72,429 during the current year, as revenues of \$376,775 and a transfer from the General Fund of \$150,000 covered current year expenditures of \$454,346. Total fund balance was \$234,265 at year end.

The Fire Improvement Fund experienced an increase in fund balance of \$211,487 during the current year, as revenues of \$445,628 and a transfer from the General Fund of \$466,411 covered current year expenditures of \$700,552. Total fund balance at year end was \$887,736.

The Sewer and Water Fund experienced a decrease in fund balance of \$283,793, as revenues of \$491,927 were lower than expenditures of \$775,720. Total fund balance at year end was \$1,814,074.

**Proprietary fund**

The Building Inspections Fund experienced a \$5,192 decrease in net position as expenses and transfers out of 236,335 and \$5,470, respectively, exceeded revenues of \$236,613. Reduced levels of contracted intergovernmental services contributed to the fund's decreased revenue and related expenses. The fund's net position was \$445,433 at year end.

**General Fund budgetary highlights**

The Township made amendments to the General Fund budgeted expenditures during the year to increase budgeted costs in public works and to reallocate budgeted expenditures from general government to community and economic development. Actual revenues were \$119,316 more than budgeted, while expenditures were \$23,274 more than the amounts appropriated. Transfers from other funds were \$5,470 more than budgeted. These variances resulted in a \$101,512 positive budget variance, with a \$128,927 increase in fund balance, compared to a budget that expected a \$27,415 increase in fund balance.

Positive expenditure variances primarily resulted from lower than anticipated costs for general government, public safety, community and economic development, and culture and recreation functions. Negative variances in public works and capital outlay were attributed to unexpected costs related to local area flooding within the lake regions and engineering and architecture services related to a new township hall design and the Township's share of costs related to sidewalk improvements.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

The Township's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$11,478,775 (net of accumulated depreciation). This investment includes buildings and improvements, fire equipment and vehicles, and sewer and water infrastructure. The \$171,773 decrease in the Township's investment in capital assets for the current fiscal year reflects \$315,337 in capital asset additions less \$487,110 for depreciation for the year.

Capital asset acquisitions during the current year include:

- \$25,655 for the Township park improvements
- \$203,522 for design and architecture for new Township hall design
- \$29,306 for a Ford Explorer

More detailed information about the Township's capital assets is presented in Note 6 of the notes to the basic financial statements.

**Debt**

At the end of the fiscal year, the Township had an installment purchase note with a balance outstanding in the amount of \$195,075, a decrease of \$20,076. Principal repayments were made in a timely manner. Other long-term obligations consisted of a liability for compensated absences of \$27,570.

More detailed information about the Township's long-term liabilities is presented in Note 9 of the notes to the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Township plans to primarily use current revenues to provide essential services in fiscal year 2019 in order to maintain current fund balances. Expenditures are expected to increase by nominal amounts compared to fiscal year 2018. The ongoing costs of providing essential services for the citizens of the Township will again need to be monitored in order to maintain the financial condition and operational capabilities of the Township.

The Township plans to maintain all ongoing programs for 2019.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Julie VanderWiere, Township Superintendent  
Linda Kerr, Township Clerk  
Charter Township of Texas  
7110 West Q Avenue  
Kalamazoo, MI 49009

Phone: (269) 375-1591

## **BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**

December 31, 2018

	<u>Primary government Governmental activities</u>	<u>Component unit</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 6,641,887	\$ 91,570
Investments	2,104,081	-
Receivables, net	1,212,922	29,875
Advance to component unit	22,084	-
Prepaid expenses	45,677	-
Total current assets	<u>10,026,651</u>	<u>121,445</u>
Noncurrent assets:		
Receivables, net	127,347	-
Advance to component unit	197,047	-
Capital assets not being depreciated	809,902	-
Capital assets, net of depreciation	<u>10,668,873</u>	<u>228,640</u>
Total noncurrent assets	<u>11,803,169</u>	<u>228,640</u>
Total assets	<u>21,829,820</u>	<u>350,085</u>
<b>LIABILITIES</b>		
Current liabilities:		
Payables	148,244	115
Unearned assessment revenue	398,605	-
Advance from primary government	-	22,084
Notes payable	<u>20,640</u>	<u>-</u>
Total current liabilities	<u>567,489</u>	<u>22,199</u>
Noncurrent liabilities:		
Compensated absences	27,570	-
Advance from primary government	-	197,047
Notes payable	<u>174,435</u>	<u>-</u>
Total noncurrent liabilities	<u>202,005</u>	<u>197,047</u>
Total liabilities	<u>769,494</u>	<u>219,246</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes levied for the subsequent year	1,170,646	38,654
Assessments levied for the subsequent year	<u>378,900</u>	<u>-</u>
Total deferred inflows of resources	<u>1,549,546</u>	<u>38,654</u>
<b>NET POSITION</b>		
Net investment in capital assets	11,478,775	108,941
Restricted for:		
Public safety	416,650	-
Public works	277,849	-
Recreation and culture	20,000	-
Unrestricted	<u>7,317,506</u>	<u>(16,756)</u>
Total net position	<u>\$ 19,510,780</u>	<u>\$ 92,185</u>

See notes to financial statements



	<u>General</u>	<u>Road Enhancement</u>	<u>Fire Improvement</u>	<u>Sewer and Water</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>						
Cash	\$ 3,568,374	\$ 442,817	\$ 849,270	\$ 754,073	\$ 800,797	\$ 6,415,331
Investments	526,910	-	305,752	1,071,419	-	1,904,081
Receivables	685,345	170,348	209,905	74,870	199,801	1,340,269
Advance to component unit	219,131	-	-	-	-	219,131
Prepaid items	38,828	-	-	6,849	-	45,677
Total assets	<u>\$ 5,038,588</u>	<u>\$ 613,165</u>	<u>\$ 1,364,927</u>	<u>\$ 1,907,211</u>	<u>\$ 1,000,598</u>	<u>\$ 9,924,489</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Payables	\$ 39,249	\$ -	\$ 44,513	\$ 32,861	\$ 22,375	\$ 138,998
Unearned special assessments	-	-	-	-	398,605	398,605
Total liabilities	<u>39,249</u>	<u>-</u>	<u>44,513</u>	<u>32,861</u>	<u>420,980</u>	<u>537,603</u>
Deferred inflows of resources:						
Property taxes levied for the subsequent year	737,968	-	432,678	-	-	1,170,646
Assessments levied for the subsequent year	-	378,900	-	-	-	378,900
Unavailable advance to component unit	219,131	-	-	-	-	219,131
Unavailable special assessments	67,071	-	-	60,276	-	127,347
Total deferred inflows of resources	<u>1,024,170</u>	<u>378,900</u>	<u>432,678</u>	<u>60,276</u>	<u>-</u>	<u>1,896,024</u>
Fund balances:						
Nonspendable for:						
Prepaid items	38,828	-	-	6,849	-	45,677
Restricted for:						
Road maintenance	-	-	-	-	1,881	1,881
Street lighting	-	-	-	-	39,498	39,498
Trail projects	20,000	-	-	-	-	20,000
Public transportation	-	-	-	-	17,561	17,561
Private lake maintenance	-	-	-	-	218,909	218,909
Debt service	24,499	-	-	-	-	24,499
Committed for:						
Building improvements	350,000	-	-	-	-	350,000
Parks and recreation	225,000	-	-	-	-	225,000
Assigned for:						
Employee benefits	4,579	-	-	-	-	4,579
Road maintenance	220,000	234,265	-	-	-	454,265
Fire protection	341,411	-	322,631	-	-	664,042
Fire capital	125,000	-	565,105	-	-	690,105
Parks and recreation	367,647	-	-	-	-	367,647
Sidewalks and trails	50,000	-	-	-	301,769	351,769
Sewer improvements	678,400	-	-	1,346,627	-	2,025,027
Water improvements	-	-	-	460,598	-	460,598
Cemetery	11,000	-	-	-	-	11,000
Building improvements	250,120	-	-	-	-	250,120
Unassigned	1,268,685	-	-	-	-	1,268,685
Total fund balances	<u>3,975,169</u>	<u>234,265</u>	<u>887,736</u>	<u>1,814,074</u>	<u>579,618</u>	<u>7,490,862</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,038,588</u>	<u>\$ 613,165</u>	<u>\$ 1,364,927</u>	<u>\$ 1,907,211</u>	<u>\$ 1,000,598</u>	<u>\$ 9,924,489</u>

Reconciliation of the balance sheet with the statement of net position:

Total fund balance - total governmental funds (page 13)	\$ 7,490,862
Amounts reported for <i>governmental activities</i> in the statement of net position (page 11) are different because:	
Special assessments, loans and interest receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	346,478
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	11,449,992
Net position of the Building Inspections Fund that has been combined with those of <i>governmental activities</i> .	445,433
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(26,910)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(195,075)</u>
Net position of <i>governmental activities</i>	<u>\$ 19,510,780</u>

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

Year ended December 31, 2018

	<u>General</u>	<u>Road Enhancement</u>	<u>Fire Improvement</u>	<u>Sewer and Water</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>						
Taxes	\$ 977,434	\$ -	\$ 412,939	\$ -	\$ -	\$ 1,390,373
Licenses and permits	140,279	-	-	-	-	140,279
State grants	1,310,938	-	-	234,701	-	1,545,639
Intergovernmental	-	-	-	-	12,991	12,991
Charges for services	132,955	-	-	202,101	-	335,056
Fines and forfeitures	1,388	-	-	-	-	1,388
Interest and rentals	103,176	2,014	11,512	34,304	3,574	154,580
Other:						
Special assessments	9,582	374,761	-	20,821	395,837	801,001
Miscellaneous	61,818	-	21,177	-	-	82,995
<b>Total revenues</b>	<u>2,737,570</u>	<u>376,775</u>	<u>445,628</u>	<u>491,927</u>	<u>412,402</u>	<u>4,464,302</u>
<b>EXPENDITURES</b>						
Current:						
General government	977,028	-	-	-	-	977,028
Public safety	252,637	-	685,324	-	-	937,961
Public works	118,572	454,346	-	775,720	340,277	1,688,915
Community and economic development	194,135	-	-	-	-	194,135
Recreation and culture	26,285	-	-	-	-	26,285
Capital outlay	393,105	-	15,228	-	-	408,333
Debt service:						
Principal	20,076	-	-	-	-	20,076
Interest	5,864	-	-	-	-	5,864
<b>Total expenditures</b>	<u>1,987,702</u>	<u>454,346</u>	<u>700,552</u>	<u>775,720</u>	<u>340,277</u>	<u>4,258,597</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>749,868</u>	<u>(77,571)</u>	<u>(254,924)</u>	<u>(283,793)</u>	<u>72,125</u>	<u>205,705</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	5,470	150,000	466,411	-	10,000	631,881
Transfers out	(626,411)	-	-	-	-	(626,411)
<b>Net other financing sources (uses)</b>	<u>(620,941)</u>	<u>150,000</u>	<u>466,411</u>	<u>-</u>	<u>10,000</u>	<u>5,470</u>
<b>NET CHANGES IN FUND BALANCES</b>	128,927	72,429	211,487	(283,793)	82,125	211,175
<b>FUND BALANCES - BEGINNING</b>	<u>3,846,242</u>	<u>161,836</u>	<u>676,249</u>	<u>2,097,867</u>	<u>497,493</u>	<u>7,279,687</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 3,975,169</u>	<u>\$ 234,265</u>	<u>\$ 887,736</u>	<u>\$ 1,814,074</u>	<u>\$ 579,618</u>	<u>\$ 7,490,862</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - *governmental funds* (Continued)

Year ended December 31, 2018

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

Net change in fund balance - total governmental funds (page 15)	\$ 211,175
Amounts reported for <i>governmental activities</i> in the statement of activities (page 12) are different because:	
Capital assets:	
Assets acquired	308,686
Provision for depreciation	(480,823)
Changes in deferred inflows of resources	
Net decrease in unavailable special assessments	(5,994)
Net decrease in unavailable interest revenue	(6,637)
Net decrease in advance to component unit	(10,475)
Long-term debt:	
Principal payments	20,076
Changes in other assets/liabilities:	
Net increase in compensated absences	(3,920)
Change in net position of the Building Inspections Fund has been combined with those of the <i>governmental activities</i>	<u>(5,192)</u>
Change in net position of <i>governmental activities</i>	<u>\$ 26,896</u>

**STATEMENT OF NET POSITION - proprietary fund**

December 31, 2018

	<u><b>Building Inspections</b></u>
<b>ASSETS</b>	
Cash	\$ 226,556
Investments	200,000
Capital assets, net of \$10,685 accumulated depreciation	<u>28,783</u>
Total assets	<u>455,339</u>
<b>LIABILITIES</b>	
Payables	9,246
Compensated absences	<u>660</u>
Total liabilities	<u>9,906</u>
<b>NET POSITION</b>	
Investment in capital assets	28,783
Unrestricted	<u>416,650</u>
Total net position	<u><u>\$ 445,433</u></u>

The assets, liabilities, and net position of the Building Inspections Fund have been combined with those of *governmental activities*.

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

December 31, 2018

	<b><i>Building Inspections</i></b>
<b>OPERATING REVENUES</b>	
Charges for services - licenses and permits	\$ 233,583
<b>OPERATING EXPENSES</b>	
Salaries and fringe benefits	170,212
Other	59,835
Depreciation	<u>6,288</u>
Total operating expenses	<u>236,335</u>
<b>OPERATING LOSS</b>	(2,752)
<b>NONOPERATING REVENUES</b>	
Interest revenue	<u>3,030</u>
<b>INCOME BEFORE TRANSFERS</b>	278
<b>TRANSFERS OUT</b>	<u>(5,470)</u>
<b>CHANGE IN NET POSITION</b>	(5,192)
<b>NET POSITION - BEGINNING</b>	<u>450,625</u>
<b>NET POSITION - ENDING</b>	<u>\$ 445,433</u>

The revenues and expenses of the Building Inspections Fund have been combined with those of *governmental activities*.

**STATEMENT OF CASH FLOWS - proprietary fund**

Year ended December 31, 2018

	<u><b>Building Inspections</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 233,583
Payments to employees	(149,867)
Payments to suppliers	<u>(97,943)</u>
Net cash used in operating activities	<u>(14,227)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other fund	<u>(5,470)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	<u>(6,651)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(200,000)
Interest received	<u>3,030</u>
Net cash used in investing activities	<u>(196,970)</u>
<b>NET DECREASE IN CASH</b>	(223,318)
<b>CASH - BEGINNING</b>	<u>449,874</u>
<b>CASH - ENDING</b>	<u><u>\$ 226,556</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (2,752)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	6,288
Decrease in accounts payable	(8,715)
Decrease in accrued payroll	(808)
Decrease in compensated absences	<u>(8,240)</u>
Net cash used in operating activities	<u><u>\$ (14,227)</u></u>

See notes to financial statements

*Charter Township of Texas*

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - Agency Fund**

*December 31, 2018*

---

**ASSETS**

Cash \$ 6,941,141

**LIABILITIES**

Customer deposits \$ 5,870

Due to other governmental units 6,935,271

Total liabilities \$ 6,941,141

*See notes to financial statements*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Charter Township of Texas, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

*Reporting entity:*

As required by generally accepted accounting principles, these financial statements present the Township (the primary government, located in Kalamazoo County), and the component unit described below, for which the Township is financially accountable. The active discretely presented component is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

*Discretely presented component unit - Downtown Development Authority:*

The component unit's governing body is appointed by the Township Board and its budgets must be approved by the Township Board. Separate financial statements for the component unit have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit.

*Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, the proprietary fund, and the fiduciary fund, even though the latter is excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

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

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

State grants, licenses and permits, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal year is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Enhancement Fund accounts for financial resources used for road improvement projects. Revenues are primarily derived from special assessments.

The Fire Improvement Fund accounts for financial resources used for the operational and capital costs of the Township's public safety functions. Revenues are primarily derived from property taxes.

The Sewer and Water Capital Projects Fund accounts for financial resources used for the expansion and repairs and maintenance of sewer and water lines located in the Township. Revenues are primarily derived from connection fees.

The Township reports one proprietary fund, its Building Inspections Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Township also reports fiduciary funds, which account for assets held by the Township as an agent for individuals, private organizations, and other governments. The Township currently reports a single fiduciary fund (Agency Fund). Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Assets, liabilities, deferred inflows of resources, and net position or equity:*

*Bank deposits* - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled investment income is proportionately allocated to all funds.

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

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

*Receivables* - In general, outstanding balances between funds are reported as “due to/from other funds.” No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

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

*Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer and water systems, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 (\$10,000 for infrastructure assets) 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 acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets retroactively.

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

Buildings and improvements	15 - 60 years
Equipment	3 - 5 years
Vehicles	3 - 20 years
Sewer and water systems	50 years

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

*Unearned revenue* - Unearned revenue represents resources related to special assessments which have not yet been earned due to performance of service.

*Deferred inflows of resources*- The statement of net position and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. Property taxes and assessments, which are levied to finance the following period's budget, are deferred and recognized as revenue in the period that they are intended to finance. Special assessment, interest revenues, and advances to component unit, which are not available (collected later than 60 days after the end of the Township's fiscal year), are deferred in governmental funds and recognized as revenue in the period that they become available.

*Net position* - Net position represents the difference between assets, and liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township’s debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

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

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

*Net position flow assumption* - Sometimes, the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary funds 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.

*Fund equity* - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Township Board retains the authority to assign fund balances as to purpose. Unassigned fund balances are amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted or assigned to those purposes. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township’s policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

*Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14 (with the final collection date of February 28), at which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the subsequent year.

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The budget document presents information by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

*Excess of expenditures over appropriations* - The following schedule sets forth reportable budget variances:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public works	Drains	\$ 500	\$ 4,125	\$ 3,625
		Flooding	50,000	71,211	21,211
	Capital outlay	Capital outlay	212,750	393,105	180,355
Road Improvement	Public works	Road Improvement	2,530	10,189	7,659

**NOTE 3 - CASH AND INVESTMENTS**

The Township and component unit’s cash were reported in the basic financial statements as follows:

	<u>Governmental activities</u>	<u>Fiduciary activity</u>	<u>Component unit</u>	<u>Total</u>
Deposits	\$ 6,641,887	\$ 6,941,141	\$ 91,570	\$ 13,674,598
Investments	<u>2,104,081</u>	<u>-</u>	<u>-</u>	<u>2,104,081</u>
Totals	<u>\$ 8,745,968</u>	<u>\$ 6,941,141</u>	<u>\$ 91,570</u>	<u>\$ 15,778,679</u>

*Deposits* - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Township’s investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township’s deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township’s investment policy does not specifically address custodial credit risk for deposits. As of December 31, 2018, \$12,605,744 of the Township’s bank balance of \$14,927,518 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Investments* - State statutes and the Township’s investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers’ acceptances; and e) mutual funds composed of otherwise legal investments. The Township’s investments consist of the following:

<u>Investments</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Michigan CLASS Investment Pool	\$ 2,104,081	AAAm	Standard and Poor’s

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

*Credit risk.* Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Township’s investment policy does not contain requirements that would limit exposure to credit risk for investments. The credit quality ratings of the Township’s investments are identified above.

*Interest rate risk.* Interest rate risk is the risk that the value of an investment will decrease as a result of an increase in market interest rates. Generally, longer investment maturities generate more sensitivity to changes in an investment’s fair value due to changes in market interest rates. The Township’s investment policy has no specific limitations with respect to maturities of investments.

*Fair value measurement* - The Township categorizes its fair value measurements of investments 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 assets. 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.

- The Michigan CLASS Investment Pool was valued using Level 1 (Money Market Fund) and Level 2 (Commercial Paper and Repurchase Agreements) Inputs.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES**

Receivables as of December 31, 2018, for the Township’s individual major, nonmajor governmental funds, in the aggregate, and component unit were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Interest</u>	<u>Intergovernmental</u>	<u>Totals</u>
Governmental:						
General	\$ 36,168	\$ 357,146	\$ 72,789	\$ 1,733	\$ 217,509	\$ 685,345
Road Enhancement	-	-	170,348	-	-	170,348
Fire Improvement	-	209,905	-	-	-	209,905
Sewer and Water	-	-	67,247	1,898	5,725	74,870
Nonmajor funds	-	-	199,801	-	-	199,801
Total governmental funds	<u>\$ 36,168</u>	<u>\$ 567,051</u>	<u>\$ 510,185</u>	<u>\$ 3,631</u>	<u>\$ 223,234</u>	<u>\$ 1,340,269</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,347</u>
Component unit - DDA	<u>\$ -</u>	<u>\$ 29,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,875</u>

**NOTE 5 - PROPERTY TAXES**

The 2017 taxable valuation of the Township approximated \$837,300,000, on which ad valorem taxes levied consisted of 0.8475 mills for operating purposes and 0.4936 mills for fire operations, raising approximately \$709,000 and \$413,000, respectively. This amount is recognized in the respective fund financial statements as property tax revenue.

The 2018 taxable valuation of the Township approximated \$877,500,000, on which ad valorem taxes levied consisted of 0.8473 mills for operating purposes and 0.4935 mills for fire operations, raising approximately \$743,000 and \$433,000, respectively. These amounts are recognized in the respective fund financial statements as deferred tax revenue, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 523,600	\$ -	\$ -	\$ 523,600
Construction in progress	54,331	231,971	-	286,302
Total capital assets not being depreciated	<u>577,931</u>	<u>231,971</u>	<u>-</u>	<u>809,902</u>
Capital assets being depreciated:				
Buildings	1,788,060	-	-	1,788,060
Improvements	1,600,468	3,649	-	1,604,117
Furniture and equipment	868,162	50,411	-	918,573
Vehicles	1,409,720	29,306	-	1,439,026
Infrastructure	<u>11,899,567</u>	<u>-</u>	<u>-</u>	<u>11,899,567</u>
Subtotal	<u>17,565,977</u>	<u>83,366</u>	<u>-</u>	<u>17,649,343</u>
Less accumulated depreciation for:				
Buildings	(432,630)	(45,111)	-	(477,741)
Improvements	(336,114)	(68,711)	-	(404,825)
Furniture and equipment	(510,220)	(68,115)	-	(578,335)
Vehicles	(728,327)	(56,203)	-	(784,530)
Infrastructure	<u>(4,486,069)</u>	<u>(248,970)</u>	<u>-</u>	<u>(4,735,039)</u>
Subtotal	<u>(6,493,360)</u>	<u>(487,110)</u>	<u>-</u>	<u>(6,980,470)</u>
Total capital assets being depreciated, net	<u>11,072,617</u>	<u>(403,744)</u>	<u>-</u>	<u>10,668,873</u>
Governmental activities capital assets, net	<u>\$11,650,548</u>	<u>\$ (171,773)</u>	<u>\$ -</u>	<u>\$11,478,775</u>
Component unit:				
Capital assets not being depreciated - land	\$ 122,329	\$ -	\$ -	\$ 122,329
Capital assets being depreciated - land improvements	163,964	-	-	163,964
Less accumulated depreciation	<u>(51,104)</u>	<u>(6,549)</u>	<u>-</u>	<u>(57,653)</u>
Total capital assets being depreciated, net	<u>112,860</u>	<u>(6,549)</u>	<u>-</u>	<u>106,311</u>
Component unit capital assets, net	<u>\$ 235,189</u>	<u>\$ (6,549)</u>	<u>\$ -</u>	<u>\$ 228,640</u>

**NOTE 6 - CAPITAL ASSETS (Continued)**

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

Governmental activities:	
General government	\$ 37,959
Public safety	111,059
Public works	285,114
Community and economic development	1,465
Recreation and culture	<u>51,513</u>
 Total governmental activities	 <u>\$ 487,110</u>

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A summary of interfund transfers for the year ended December 31, 2018, is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
Road Enhancement	\$ 150,000	General	<u>\$ 626,411</u>
Fire Improvement	466,411		
Non-major funds	<u>10,000</u>		
	<u>626,411</u>		
 General	 <u>5,470</u>	Building Inspections	<u>5,470</u>
	<u>\$ 631,881</u>		<u>\$ 631,881</u>

The transfers to the Road Enhancement Fund and Fire Improvement Fund represent support to cover expenditures that could not be covered by current tax revenues.

The transfer to the non-major funds represents support to finance capital expenditures.

The transfer to the General Fund represents support to finance a portion of capital expenditures.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 - PAYABLES**

Payables as of December 31, 2018, for the Township’s individual major funds, nonmajor governmental funds, in the aggregate, and component unit were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Intergovern- mental</u>	<u>Customer Deposits</u>	<u>Totals</u>
Governmental:					
General	\$ 38,786	\$ 10,408	\$ 3,068	\$ (13,013)	\$ 39,249
Fire Improvement	22,423	21,860	230	-	44,513
Sewer and Water	6,383	-	26,478	-	32,861
Nonmajor	<u>16,767</u>	<u>-</u>	<u>5,608</u>	<u>-</u>	<u>22,375</u>
Total governmental	<u>\$ 84,359</u>	<u>\$ 32,268</u>	<u>\$ 35,384</u>	<u>\$ (13,013)</u>	<u>\$ 138,998</u>
Proprietary - Building Inspections	<u>\$ 710</u>	<u>\$ 8,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,246</u>
Component unit - DDA	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115</u>

**NOTE 9 - NONCURRENT LIABILITIES**

During the year ended December 31, 2013, the primary government advanced \$119,699 to the component unit. The advance will be collected over 15 years at an interest rate of 1.5% per annum. The first five years are interest only payments, followed by a ten-year period of principal and interest collections.

During year ending December 31, 2017 the primary government advanced \$120,000 to the component unit. The advance will be collected over 10 years at an interest rate of 3.79% per annum.

During year ending December 31, 2017 the primary government borrowed \$225,000 from Chemical bank in an Installment purchase agreement. The loan will be paid back over 8 years at an interest rate of 2.79% per annum with final payment due on March 1, 2027.

Long-term liability activity for the year ended December 31, 2018, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Primary government:					
Governmental activities:					
Notes payable:					
2017 Installment purchase agreement	<u>\$ 215,151</u>	<u>\$ -</u>	<u>\$ (20,076)</u>	<u>\$ 195,075</u>	<u>\$ 20,640</u>
Compensated absences	<u>\$ 31,890</u>	<u>\$ 23,870</u>	<u>\$ (28,190)</u>	<u>\$ 27,570</u>	<u>\$ -</u>
Component unit - Downtown Development Authority:					
Advance from primary government	<u>\$ 229,606</u>	<u>\$ -</u>	<u>\$ (10,475)</u>	<u>\$ 219,131</u>	<u>\$ 22,084</u>

**NOTE 9 - NONCURRENT LIABILITIES (Continued)**

At December 31, 2018, debt service requirements, with the exception of compensated absences, are as follows:

<i>Year ended</i> <i>June 30:</i>	<i>Governmental activities</i>		<i>Component unit</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2019	\$ 20,640	\$ 5,300	\$ 22,084	\$ 5,568
2020	21,220	4,720	22,664	4,988
2021	21,816	4,124	23,263	4,390
2022	22,429	3,511	23,880	3,773
2023	23,059	2,881	24,517	3,136
2024 - 2028	<u>85,911</u>	<u>4,861</u>	<u>102,723</u>	<u>5,959</u>
Totals	<u>\$ 195,075</u>	<u>\$ 25,397</u>	<u>\$ 219,131</u>	<u>\$ 27,814</u>

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

**NOTE 10 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The risks of loss arising from general liability of up to \$4,000,000, building contents and property, and workers' compensation coverage are managed through purchased commercial insurance.

**NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN**

The Township contributes to the Texas Charter Township Group Pension Plan, a defined contribution pension plan, which is administered by a third-party administrator. The plan covers all elected officials, full-time and certain part-time employees, who are eligible to participate after ninety days of employment, and for fire fighters who are eligible to participate after completing a probationary period.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Township contributes 10% of each qualified employee's total earnings to the plan. Employees are permitted to make voluntary contributions to the Plan, up to applicable Internal Revenue Code limits. For the year ended December 31, 2018, the Township and eligible employees made contributions of \$88,606 and \$-0-, respectively. At December 31, 2018, the Township reported no accrued liability as part of the contributions to the plan.

The Township's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested immediately.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

**NOTE 12 - PRIOR PERIOD ADJUSTMENT**

A prior period adjustment has been recorded in 2018 to correct the understatement of deferred inflows of resources for an unavailable advance to component unit that resulted in a restatement of opening fund balance. Fund balance, as of December 31, 2017, included in the fund financial statements, represents a restated balance as presented below.

	<u>Fund Balance</u>
	<u>General</u>
	<u>Fund</u>
Beginning of year, as previously reported	\$ 3,965,941
Prior period adjustment - understatement of deferred inflows of resources	<u>(119,699)</u>
Beginning of year, as restated	<u>\$ 3,846,242</u>

**NOTE 13 - SUBSEQUENT EVENT**

Beginning in 2017 Texas Township experienced unprecedented flooding in a large area of the township. At that time, the Township Administration initiated a task force and enlisted township engineer, Prein and Newhof, to develop a solution to this problem. During fiscal year 2018, many expenses were incurred in seeking the remedies and a new Flood Mitigation Fund was created.

In 2019 the Township entered into contracts for the acquisition, purchase, and construction of certain flood mitigation equipment and other property for the Texas Township Flood Mitigation Project. The Township entered into an installment purchase agreement totaling \$1,325,000, to cover a portion of the project costs, with payments commencing December 2019 and paid semi-annually through June 2022. The Texas Township Flood Mitigation Special Assessment District, totaling \$1,423,652, will be used to make the principal and interest requirements on the Installment Purchase Agreement as well as other costs accounted for in the Flood Mitigation Fund not paid for by the Installment Purchase Agreement.

**NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for periods beginning after December 15, 2018. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**REQUIRED SUPPLEMENTARY INFORMATION**

Charter Township of Texas

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended December 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Taxes	\$ 991,850	\$ 991,850	\$ 977,434	\$ (14,416)
Licenses and permits	145,300	145,300	140,279	(5,021)
State grants	1,251,828	1,251,828	1,310,938	59,110
Charges for services	113,990	113,990	132,955	18,965
Fines and forfeitures	4,000	4,000	1,388	(2,612)
Interest and rentals	34,403	34,403	103,176	68,773
Other				
Miscellaneous	67,246	67,246	61,818	(5,428)
Special assessments	9,637	9,637	9,582	(55)
	<u>2,618,254</u>	<u>2,618,254</u>	<u>2,737,570</u>	<u>119,316</u>
Total revenues				
<b>EXPENDITURES</b>				
General government:				
Legislative - Township Board	30,000	30,000	27,585	2,415
Supervisor	18,550	18,550	16,612	1,938
Superintendent	100,750	106,750	100,833	5,917
Election	32,150	40,150	38,398	1,752
Assessor	114,750	114,750	102,280	12,470
Clerk	114,850	114,850	107,119	7,731
Board of review	4,775	4,775	4,203	572
Treasurer	132,388	135,388	133,331	2,057
Hall and grounds	85,250	85,250	59,651	25,599
Cemetery	27,500	27,500	23,099	4,401
Other	492,325	447,325	363,917	83,408
	<u>1,153,288</u>	<u>1,125,288</u>	<u>977,028</u>	<u>148,260</u>
Total general government				
Public safety - police	<u>260,905</u>	<u>260,905</u>	<u>252,637</u>	<u>8,268</u>
Public works:				
Street lights	7,200	7,200	6,965	235
Drains	500	500	4,125	(3,625)
Flooding	-	50,000	71,211	(21,211)
Sanitation and refuse collection	36,850	36,850	36,271	579
	<u>44,550</u>	<u>94,550</u>	<u>118,572</u>	<u>(24,022)</u>
Total public works				
Community and economic development - planning and zoning	<u>182,900</u>	<u>210,900</u>	<u>194,135</u>	<u>16,765</u>

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>EXPENDITURES (Continued)</b>				
Recreation and culture - parks and recreation	\$ 34,000	\$ 34,000	\$ 26,285	\$ 7,715
Capital outlay	212,750	212,750	393,105	(180,355)
Debt service				
Principal	20,076	20,076	20,076	-
Interest	5,959	5,959	5,864	95
Total expenditures	<u>1,914,428</u>	<u>1,964,428</u>	<u>1,987,702</u>	<u>(23,274)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	703,826	653,826	749,868	96,042
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	5,470	5,470
Transfers out	<u>(626,411)</u>	<u>(626,411)</u>	<u>(626,411)</u>	<u>-</u>
Total other financing sources (uses)	<u>(626,411)</u>	<u>(626,411)</u>	<u>(620,941)</u>	<u>5,470</u>
<b>NET CHANGES IN FUND BALANCES</b>	77,415	27,415	128,927	101,512
<b>FUND BALANCES - BEGINNING</b>	<u>3,846,242</u>	<u>3,846,242</u>	<u>3,846,242</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 3,923,657</u>	<u>\$ 3,873,657</u>	<u>\$ 3,975,169</u>	<u>\$ 101,512</u>

**BUDGETARY COMPARISON SCHEDULE - Road Enhancement Fund**

Year ended December 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Interest	\$ 400	\$ 400	\$ 2,014	\$ 1,614
Other - special assessments	<u>485,620</u>	<u>485,620</u>	<u>374,761</u>	<u>(110,859)</u>
Total revenues	486,020	486,020	376,775	(109,245)
<b>EXPENDITURES</b>				
Public works - road maintenance	<u>636,020</u>	<u>636,020</u>	<u>454,346</u>	<u>181,674</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(150,000)	(150,000)	(77,571)	72,429
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	72,429	72,429
<b>FUND BALANCES - BEGINNING</b>	<u>161,836</u>	<u>161,836</u>	<u>161,836</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 161,836</u>	<u>\$ 161,836</u>	<u>\$ 234,265</u>	<u>\$ 72,429</u>

**BUDGETARY COMPARISON SCHEDULE - Fire Improvement Fund**

Year ended December 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Taxes	\$ 410,000	\$ 410,000	\$ 412,939	\$ 2,939
Interest	1,075	1,075	11,512	10,437
Other - miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>21,177</u>	<u>20,177</u>
Total revenues	<u>412,075</u>	<u>412,075</u>	<u>445,628</u>	<u>33,553</u>
<b>EXPENDITURES</b>				
Public safety - fire protection	758,432	758,432	685,324	73,108
Capital outlay	<u>84,100</u>	<u>84,100</u>	<u>15,228</u>	<u>68,872</u>
Total expenditures	<u>842,532</u>	<u>842,532</u>	<u>700,552</u>	<u>141,980</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(430,457)</u>	<u>(430,457)</u>	<u>(254,924)</u>	<u>175,533</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>491,411</u>	<u>491,411</u>	<u>466,411</u>	<u>(25,000)</u>
<b>NET CHANGES IN FUND BALANCES</b>	60,954	60,954	211,487	150,533
<b>FUND BALANCES - BEGINNING</b>	<u>676,249</u>	<u>676,249</u>	<u>676,249</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 737,203</u>	<u>\$ 737,203</u>	<u>\$ 887,736</u>	<u>\$ 150,533</u>

**SUPPLEMENTARY INFORMATION**

**COMBINING BALANCE SHEET - nonmajor governmental funds**

December 31, 2018

	<i>Special revenue funds</i>									<i>Totals</i>
	<i>Road Improvement</i>	<i>Michigan DNR Grant</i>	<i>Street Lighting</i>	<i>CCTA</i>	<i>Eagle Lake #1</i>	<i>Eagle Lake #2</i>	<i>Eagle Lake Drive</i>	<i>Crooked Lake #1</i>	<i>Crooked Lake #2</i>	
<b>ASSETS</b>										
Cash	\$ 11,277	\$ 301,769	\$ 117,166	\$ 25,661	\$ 112,403	\$ 61,727	\$ 5,191	\$ 130,086	\$ 35,517	\$ 800,797
Receivables	1,774	-	48,984	5,907	41,582	40,400	1,320	31,218	28,616	199,801
Total assets	<u>\$ 13,051</u>	<u>\$ 301,769</u>	<u>\$ 166,150</u>	<u>\$ 31,568</u>	<u>\$ 153,985</u>	<u>\$ 102,127</u>	<u>\$ 6,511</u>	<u>\$ 161,304</u>	<u>\$ 64,133</u>	<u>\$ 1,000,598</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Payables	\$ 7,808	\$ -	\$ 8,959	\$ 5,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,375
Unearned special assessments	3,362	-	117,693	8,399	81,985	78,452	2,340	55,500	50,874	398,605
Total liabilities	<u>11,170</u>	<u>-</u>	<u>126,652</u>	<u>14,007</u>	<u>81,985</u>	<u>78,452</u>	<u>2,340</u>	<u>55,500</u>	<u>50,874</u>	<u>420,980</u>
Fund balances:										
Restricted for:										
Road maintenance	1,881	-	-	-	-	-	-	-	-	1,881
Street lighting	-	-	39,498	-	-	-	-	-	-	39,498
Private lake maintenance	-	-	-	-	72,000	23,675	4,171	105,804	13,259	218,909
Public transportation	-	-	-	17,561	-	-	-	-	-	17,561
Assigned for - sidewalks and trails	-	301,769	-	-	-	-	-	-	-	301,769
Total fund balances	<u>1,881</u>	<u>301,769</u>	<u>39,498</u>	<u>17,561</u>	<u>72,000</u>	<u>23,675</u>	<u>4,171</u>	<u>105,804</u>	<u>13,259</u>	<u>579,618</u>
Total liabilities and fund balances	<u>\$ 13,051</u>	<u>\$ 301,769</u>	<u>\$ 166,150</u>	<u>\$ 31,568</u>	<u>\$ 153,985</u>	<u>\$ 102,127</u>	<u>\$ 6,511</u>	<u>\$ 161,304</u>	<u>\$ 64,133</u>	<u>\$ 1,000,598</u>

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

Year ended December 31, 2018

	<i>Special revenue funds</i>									
	<i>Road Improvement</i>	<i>Michigan DNR Grant</i>	<i>Street Lighting</i>	<i>CCTA</i>	<i>Eagle Lake #1</i>	<i>Eagle Lake #2</i>	<i>Eagle Lake Drive</i>	<i>Crooked Lake #1</i>	<i>Crooked Lake #2</i>	<i>Totals</i>
<b>REVENUES</b>										
Interest	\$ 51	\$ 1,532	\$ 450	\$ 131	\$ 437	\$ 260	\$ 23	\$ 595	\$ 95	\$ 3,574
Intergovernmental	-	12,991	-	-	-	-	-	-	-	12,991
Other - special assessments	3,060	-	101,492	8,481	77,921	96,168	2,340	55,500	50,875	395,837
Total revenues	<u>3,111</u>	<u>14,523</u>	<u>101,942</u>	<u>8,612</u>	<u>78,358</u>	<u>96,428</u>	<u>2,363</u>	<u>56,095</u>	<u>50,970</u>	<u>412,402</u>
<b>EXPENDITURES</b>										
Current - public works	10,189	755	121,583	22,321	37,786	72,753	1,554	27,634	45,702	340,277
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(7,078)</u>	<u>13,768</u>	<u>(19,641)</u>	<u>(13,709)</u>	<u>40,572</u>	<u>23,675</u>	<u>809</u>	<u>28,461</u>	<u>5,268</u>	<u>72,125</u>
<b>OTHER FINANCING SOURCES</b>										
Transfers in	-	-	-	10,000	-	-	-	-	-	10,000
<b>NET CHANGES IN FUND BALANCES</b>	(7,078)	13,768	(19,641)	(3,709)	40,572	23,675	809	28,461	5,268	82,125
<b>FUND BALANCES - BEGINNING</b>	<u>8,959</u>	<u>288,001</u>	<u>59,139</u>	<u>21,270</u>	<u>31,428</u>	<u>-</u>	<u>3,362</u>	<u>77,343</u>	<u>7,991</u>	<u>497,493</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,881</u>	<u>\$ 301,769</u>	<u>\$ 39,498</u>	<u>\$ 17,561</u>	<u>\$ 72,000</u>	<u>\$ 23,675</u>	<u>\$ 4,171</u>	<u>\$ 105,804</u>	<u>\$ 13,259</u>	<u>\$ 579,618</u>

**BALANCE SHEET - component unit**

December 31, 2018

**ASSETS**

Cash	\$ 91,570
Receivables	<u>29,875</u>
Total assets	<u>\$ 121,445</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,  
AND FUND BALANCES**

Liabilities - accounts payable	\$ 115
Deferred inflows of resources - property tax revenues levied for the subsequent year	38,654
Fund balance - restricted for public works	<u>82,676</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 121,445</u>

Reconciliation of the balance sheet with the statement of net position:

Fund balance	\$ 82,676
--------------	-----------

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

Capital assets used are not financial resources and, therefore, are not reported in the fund.	228,640
Long-term advance from primary government is not reported in the fund.	<u>(219,131)</u>
Net position of the <i>component unit</i>	<u>\$ 92,185</u>

**Charter Township of Texas**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - *component unit***

*Year ended December 31, 2018*

**REVENUES**

Taxes	\$ 26,678
Interest	699
Other	<u>2,450</u>
Total revenues	<u>29,827</u>

**EXPENDITURES**

Current - public works	28,918
Debt services:	
Principal	10,475
Interest	<u>5,965</u>
Total expenditures	<u>45,358</u>

**NET CHANGE IN FUND BALANCE** (15,531)

**FUND BALANCE - BEGINNING** 98,207

**FUND BALANCE - ENDING** \$ 82,676

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

Net change in fund balance \$ (15,531)

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

Capital assets - provision for depreciation (6,549)

Advance from primary government -  
    Principal payments 10,475

Change in net position of *component unit* \$ (11,605)

Charter Township of Texas

**BUDGETARY COMPARISON SCHEDULE - component unit**

Year ended December 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<b>Variance with final budget positive (negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 34,736	\$ 34,736	\$ 26,678	\$ (8,058)
Interest	2,100	2,100	699	(1,401)
Other	<u>100</u>	<u>100</u>	<u>2,450</u>	<u>2,350</u>
Total revenues	<u>36,936</u>	<u>36,936</u>	<u>29,827</u>	<u>(7,109)</u>
<b>EXPENDITURES</b>				
Current - public works	30,118	37,718	28,918	8,800
Debt services:				
Principal	10,800	10,800	10,475	325
Interest	<u>6,000</u>	<u>6,000</u>	<u>5,965</u>	<u>35</u>
Total expenditures	<u>46,918</u>	<u>54,518</u>	<u>45,358</u>	<u>9,160</u>
<b>NET CHANGES IN FUND BALANCES</b>	(9,982)	(17,582)	(15,531)	2,051
<b>FUND BALANCES - BEGINNING</b>	<u>98,207</u>	<u>98,207</u>	<u>98,207</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 88,225</u>	<u>\$ 80,625</u>	<u>\$ 82,676</u>	<u>\$ 2,051</u>