

ALLENDALE CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2004

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

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Allendale Charter Township	County Ottawa
Audit Date 12/31/04	Opinion Date 2/18/05	Date Accountant Report Submitted to State: 6/27/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- Yes No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- Yes No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- Yes No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- Yes No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- Yes No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- Yes No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- Yes No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- Yes No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- Yes No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Kiekoover, Scholma & Shumaker, PC			
Street Address 205 East Main Street		City Zeeland	State MI
Accountant Signature <i>Kiekoover, Scholma & Shumaker, PC</i>		ZIP 49464	Date 6/27/05

Allendale Charter Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2004

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ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

February 18, 2005

Township Board
Allendale Charter Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of Allendale Charter Township, Michigan, as of and for the year ended December 31, 2004, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Allendale Charter Township, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Allendale Charter Township, Michigan, as of December 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4D, the township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of January 1, 2004.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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 other supplemental data, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental data has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kiekoever, Scholma & Shumaker, PC

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, 2004. 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 at the close of the most recent fiscal year by \$23,561,277 (*net assets*). Of this amount, \$3,315,360 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$1,234,851. This is reflected in a net increase in capital assets of \$1,486,496, while unrestricted net assets decreased by \$250,666.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$978,727, a decrease of \$201,411 in comparison with the prior year. Approximately 99.9% of this total amount, \$978,013, is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$820,446 or 39% of total general fund expenditures and transfers out.
- The Township's total debt decreased by \$202,747 (3.2%) during the current fiscal year. This is the result of the Township making its required scheduled debt service payments of \$542,747 while incurring \$340,000 in 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 in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the 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 units. The Downtown Development Authority - Development and Downtown Development Authority - Leprino, are entities legally separate from the Township. Each is governed by a twelve-member board appointed by the Township Board. The Authorities are fiscally dependent on the Township because tax rates for the Downtown Development Authority districts 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. The 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 revenues, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Funds, which is considered to be a major fund. The Township has eight (8) nonmajor funds. These include seven special revenue funds and one debt service funds. Data from the other eight 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. A budgetary comparison statement has 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, only in 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 two types of fiduciary funds – a pension trust fund and agency funds.

The pension trust fund accounts for the retirement plan for the Township's employees, for which the Township acts solely as trustee or agent. Two agency funds are maintained to account for tax collections and the funds of the Allendale Historical Society.

The basic fiduciary fund financial statements can be found on pages 9-10 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 11-23 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 24-25 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 26-27 of this report.

Statements for the Township's discreetly presented component units can be found on pages 28-31 of this report.

Government-wide Financial Analysis

Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Allendale Charter Township, assets exceeded liabilities by \$23,561,277 at the close of the most recent fiscal year.

By far the largest portion of the Township's net assets (86%) 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.

An additional portion of the Township's net assets (<.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$3,315,360) 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 three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Since this is the first year the Township has presented government-wide financial statements, comparisons to the prior year have not been presented. In future years, when prior year information is available, a comparative analysis of government-wide data will be included.

TABLE 1 - Allendale Charter Township's Net Assets

	Governmental	Business-Type	Total
	Activities	Activities	
	2004	2004	
Current and other assets	\$ 1,765,479	\$ 2,371,778	\$ 4,137,257
Capital assets	3,176,179	23,232,674	26,408,853
Total assets	<u>4,941,658</u>	<u>25,604,452</u>	<u>30,546,110</u>
Long-term debt outstanding	583,543	5,580,107	6,163,650
Other liabilities	674,143	147,040	821,183
Total liabilities	<u>1,257,686</u>	<u>5,727,147</u>	<u>6,984,833</u>
Net assets:			
Invested in capital assets, net of related debt	2,592,636	17,652,567	20,245,203
Restricted	714	-	714
Unrestricted	<u>1,090,622</u>	<u>2,224,738</u>	<u>3,315,360</u>
Total net assets	<u>\$ 3,683,972</u>	<u>\$ 19,877,305</u>	<u>\$ 23,561,277</u>

Change in Net Assets – As shown in Table 2 (changes in net assets) the Township's total revenues were approximately \$5,817,000 for the current year, of which 8.6% was obtained from property taxes. Charges for services accounted for another 38.3% of the total, State shared revenues 16.7 %, operating grants 1.8%, and capital grants and contributions (mostly in the form water and sewer assessments and developer contributions of systems) another 32.5%. The balance of the Township's revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services for the year ended December 31, 2004 was approximately \$4,681,000. Township expenses cover a wide range of services. For the current fiscal year, about 16.0% of the Township's expenses related to general government services, 17.6% related to public safety, 8.8% related to recreation and culture, and 51.9% related to the provision of water and sewage disposal services.

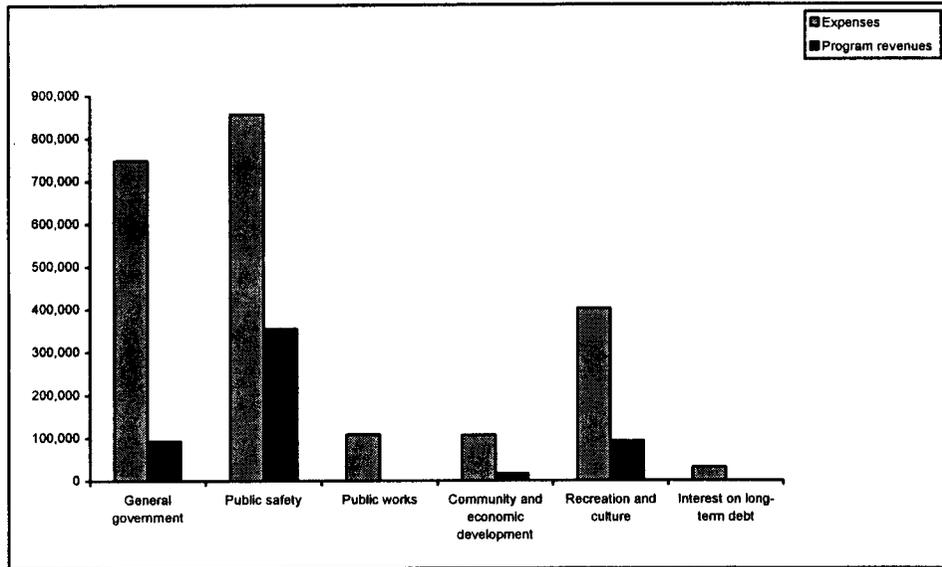
Net assets decreased by \$33,585 for the Township's governmental activities. Net assets for business-type activities increased by \$1,268,436 during the year (with an increase in the net investment in business-type capital assets increasing by \$1,472,955 and unrestricted net assets decreasing by \$234,519).

The following analysis highlights the changes in net assets for the year ended December 31, 2004.

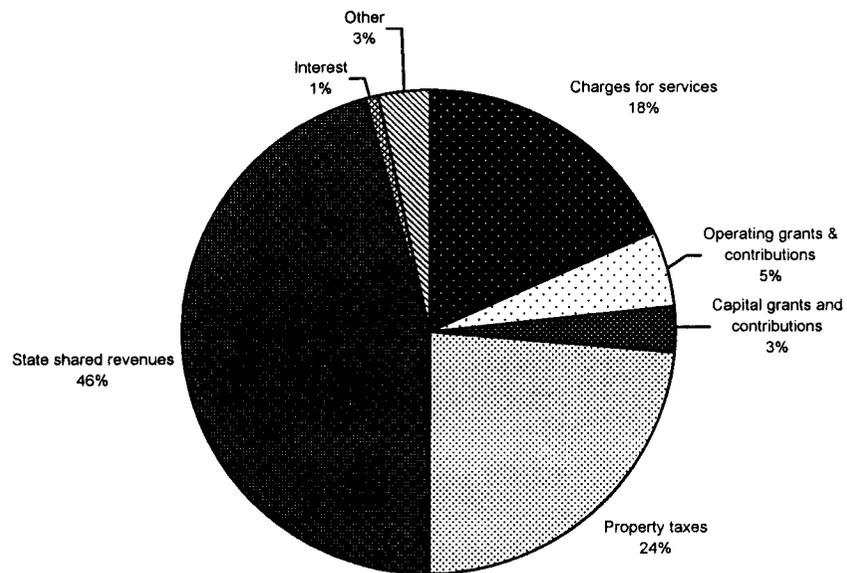
TABLE 2 - Allendale Charter Township's Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
	2004	2004	2004
Program revenues			
Charges for services	\$ 387,519	\$ 1,842,303	\$ 2,229,822
Operating grants and contributions	106,741	-	106,741
Capital grants and contributions	63,791	1,824,461	1,888,252
General revenues			
Property taxes	499,903	-	499,903
State shared revenues	972,398	-	972,398
Interest	19,392	30,294	49,686
Other	70,189	-	70,189
Total revenues	<u>2,119,933</u>	<u>3,697,058</u>	<u>5,816,991</u>
Program expenses			
General government	748,773	-	748,773
Public safety	857,019	-	857,019
Public works	107,792	-	107,792
Community and economic development	106,394	-	106,394
Recreation and culture	401,609	-	401,609
Interest on long-term debt	31,239	-	31,239
Water and sewer	-	2,428,622	2,428,622
Total expenses	<u>2,252,826</u>	<u>2,428,622</u>	<u>4,681,448</u>
Change before transfers	(132,893)	1,268,436	1,135,543
Transfers in from component unit	99,308	-	99,308
Change in Net Assets	<u>\$ (33,585)</u>	<u>\$ 1,268,436</u>	<u>\$ 1,234,851</u>

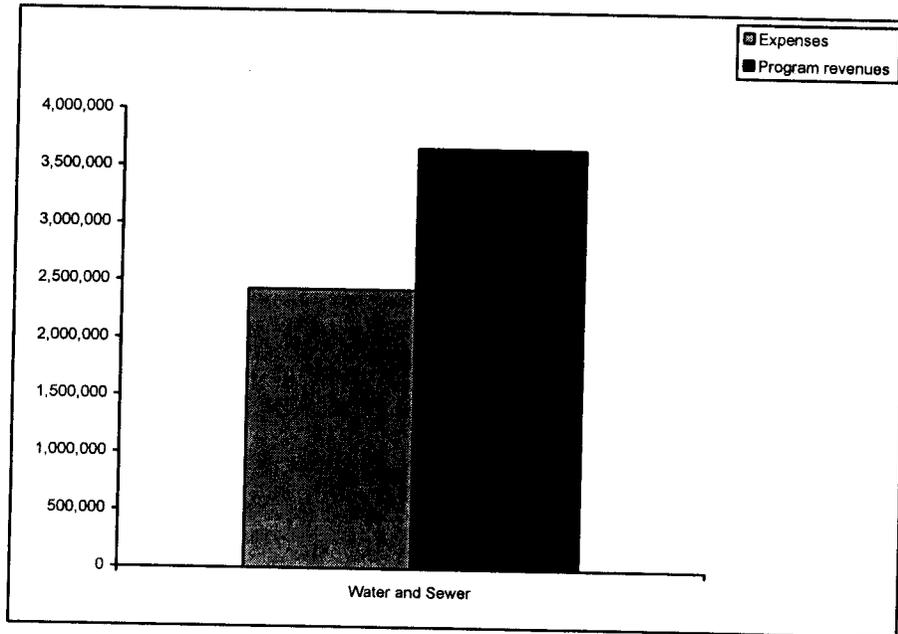
Expenses and Program Revenues – Governmental Activities



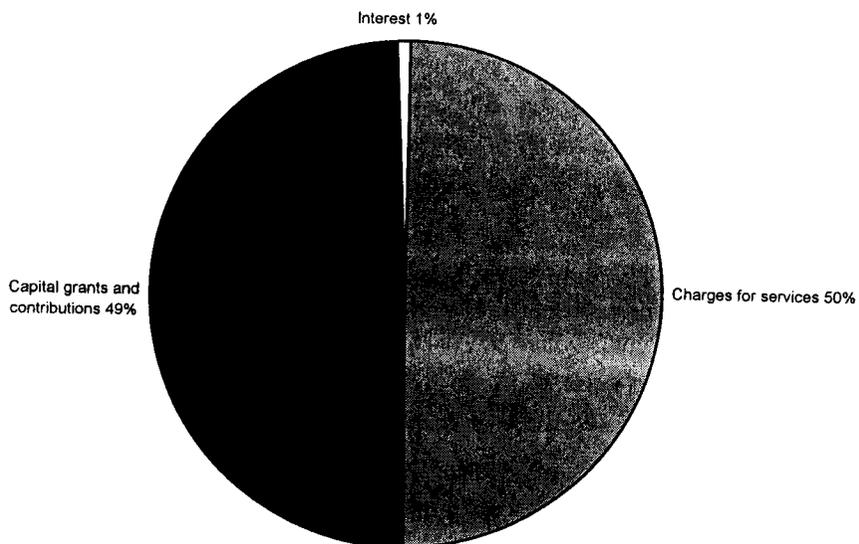
Revenues by Source – Governmental Activities



Expenses and Program Revenues-Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Township's Funds

Governmental Funds - Our analysis of the Township's major funds begins on page 4, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. 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 2004 consist only of the General Fund.

The General Fund is the main operating fund of the Township. Total General Fund revenues and other financing sources for fiscal year 2004 decreased by \$67,588 or 3.5%. Property tax revenues increased by \$44,939 or 13.0%. State shared revenues decreased by \$51,706 or 5.0%. Federal grant revenues decreased by \$135,583, due to decreased funding for the juvenile justice grant and fire department capital expenditures. All other General Fund revenue sources decreased by \$38,854. During 2004 the General Fund received a transfer of excess funds from the DDA Development of \$99,208.

General Fund expenditures increased in 2004 by \$172,294 or 9.7%. The most significant changes occurred in the categories of General Government, Public Safety, and Other (Insurance) resulting from higher costs for wages, health insurance and contracted sheriff patrol services.

The December 31, 2004 fund balance of the general fund is \$820,446 which is all unreserved. This is a decrease of \$219,094 from the prior year. The \$820,446 unreserved fund balance is approximately 39% of 2004 expenditures and operating transfers to other funds which amounted to \$2,083,715.

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. Water and Sewer user rates were not increased in fiscal year 2004.

Operating revenues for the Water and Sewer Fund increased in fiscal year 2004 by \$85,918 from \$1,756,385 to \$1,842,303. Operating expenses, excluding depreciation, increased in fiscal year 2004 by \$41,879 from \$1,712,074 to \$1,753,953 due mainly to higher operation and maintenance costs.

Unrestricted net assets of the Water and Sewer Fund were \$2,224,738 at December 31, 2004. Of this amount, \$1,796,850 is designated for capital projects and debt service. The Water and Sewer Fund had a total increase in net assets of \$1,268,436.

During fiscal year 2004, the Township added approximately \$1.98million of capital assets to its water and sewer systems, including approximately \$1.28 million of capital assets contributed by developers and others.

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 increased to reflect additional federal grant monies received for the fire department and were also decreased to reflect lower State shared revenues payments. Likewise the budget for fire department expenditures was increased to reflect addition capital projects partially funded by federal grants. Township operational departments generally stayed within budgeted amounts, resulting in total expenditures \$237,136 below the final budget. The General Fund's fund balance decreased by \$219,094 compared to a budgeted decrease of \$515,312.

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, 2004, amounted to \$26,408,853 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and roads and sidewalks, and water and sewer systems. The total increase in the Township's investment in capital assets for the current fiscal year was \$13,541 (.4%) for governmental activities and \$1,472,955 (6.8%) for business-type activities.

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

- \$157,000 expended for fire station exhaust system and improvements
- \$675,000 expended for construction of water and sewer systems
- \$1,282,000 of water and sewer systems contributed by developers and others

Additional information on the Township's capital assets can be found in note 3C on pages 18-19 of this report.

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

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 329,904	\$ 329,904	\$ 159,401	\$ 159,401	\$ 489,305	\$ 489,305
Construction in progress	-	-	966,603	2,936,804	966,603	2,936,804
Buildings and improvements	1,655,607	1,548,356	60,934	64,964	1,716,541	1,613,320
Land improvements	420,231	447,120	-	-	420,231	447,120
Systems	-	-	21,986,695	18,525,371	21,986,695	18,525,371
Machinery, equipment, vehicles	770,437	837,258	59,041	73,179	829,478	910,437
Infrastructure	-	-	-	-	-	-
Total	<u>\$ 3,176,179</u>	<u>\$ 3,162,638</u>	<u>\$ 23,232,674</u>	<u>\$ 21,759,719</u>	<u>\$ 26,408,853</u>	<u>\$ 24,922,357</u>

Long-term debt. At the end of the current fiscal year, the Township had total installment debt outstanding of \$6,163,650. Of this amount, \$583,543 is to be paid by governmental funds and \$5,580,107 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 Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 400,000	\$ 490,000	\$ -	\$ -	\$ 400,000	\$ 490,000
County revolving fund notes payable	-	-	313,571	-	313,571	-
County contractual obligation	-	-	-	70,000	-	70,000
Michigan Municipal Bond Authority bonds	-	-	5,266,556	5,551,556	5,266,556	5,551,556
Notes and land contracts payable	<u>183,543</u>	<u>254,861</u>	-	-	<u>183,543</u>	<u>254,861</u>
Total	<u>\$ 583,543</u>	<u>\$ 744,861</u>	<u>\$ 5,580,127</u>	<u>\$ 5,621,556</u>	<u>\$ 6,163,670</u>	<u>\$ 6,366,417</u>

Total outstanding debt decreased by \$202,747 during the current year. This was a result of the Township making its required scheduled debt payments of \$542,747 while incurring \$340,000 in new debt during the year.

Additional information on the Township's long-term debt can be found in Note 3E on pages 21-22 of this report.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2005 calls for a slight reduction in the overall property tax rate from 3.2222 mills to 3.1922 mills. This reduction is in the millage for the Library Building debt approved by the voters in 1998. This can be accomplished because of tax base growth. The operating portion of the Township's millage has remained unchanged at 2.7422 mills since 2000.

The Township continues to be challenged by a reduction in State Shared Revenues and in Municipal Fire Protection Grants provided to communities with State Universities. For the 2005 budget, the Township appropriated \$242,083 of its unreserved fund balance to avoid the need to raise taxes. The Township also decided to eliminate one full time position, one part-time position, and a contracted position which were all partially funded by a grant which is ending in 2005.

As of December 31, 2004, the Township served 1772 water and 1435 wastewater customers. Because of the anticipated growth of the community, the Township is planning a \$2.8 million capital improvement project in 2005 to its water and wastewater systems, including water and sewer main extension, a sewer lift station and storm water and road improvements.

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 ASSETS
December 31, 2004

	Primary Government			Component Units	
	Governmental Activities	Business Type Activities	Total	DDA Development	DDA Leprino
ASSETS					
Cash and investments	\$ 1,136,756	\$ 1,570,551	\$ 2,707,307	\$ 133,095	\$ 100,941
Receivables:					
Taxes	191,603	-	191,603	658,548	68,548
Accounts	40,715	537,988	578,703	6,489	-
Special assessments	21,566	-	21,566	-	-
Due from other governments	337,243	-	337,243	-	-
Inventories	-	33,861	33,861	-	-
Prepaid items	37,596	44,254	81,850	7,245	-
Assessments receivable	-	185,124	185,124	-	-
Capital assets	<u>3,176,179</u>	<u>23,232,674</u>	<u>26,408,853</u>	<u>499,768</u>	<u>-</u>
Total Assets	<u>4,941,658</u>	<u>25,604,452</u>	<u>30,546,110</u>	<u>1,305,145</u>	<u>169,489</u>
LIABILITIES					
Accounts payable	24,273	78,182	102,455	1,596	-
Accrued liabilities	107,404	31,058	138,462	-	-
Accrued payroll	6,135	37,800	43,935	-	-
Deferred revenue	536,331	-	536,331	658,548	68,548
Noncurrent liabilities:					
Due within one year	169,767	354,791	524,558	69,904	-
Due in more than one year	<u>413,776</u>	<u>5,225,316</u>	<u>5,639,092</u>	<u>255,276</u>	<u>-</u>
Total Liabilities	<u>1,257,686</u>	<u>5,727,147</u>	<u>6,984,833</u>	<u>985,324</u>	<u>68,548</u>
NET ASSETS					
Invested in capital assets, net of related debt	2,592,636	17,652,567	20,245,203	499,768	-
Restricted for:					
Debt service	714	-	714	643	100,941
Unrestricted	<u>1,090,622</u>	<u>2,224,738</u>	<u>3,315,360</u>	<u>(180,590)</u>	<u>-</u>
Total Net Assets	<u>\$ 3,683,972</u>	<u>\$ 19,877,305</u>	<u>\$ 23,561,277</u>	<u>\$ 319,821</u>	<u>\$ 100,941</u>

See Notes to Financial Statements

Allendale Charter Township
STATEMENT OF ACTIVITIES
Year Ended December 31, 2004

Function/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	DDA Development	DDA Leprino
					Governmental Activities	Business Type Activities			
Primary Government:									
Governmental Activities:									
General government	\$ 748,773	\$ 93,531	\$ -	\$ -	\$ (655,242)	\$ -	\$ (655,242)		
Public safety	857,019	206,588	84,800	63,791	(501,840)	-	(501,840)		
Public works	107,792	-	-	-	(107,792)	-	(107,792)		
Community and economic development	106,394	16,800	-	-	(89,594)	-	(89,594)		
Recreation and culture	401,609	70,600	21,941	-	(309,068)	-	(309,068)		
Interest on long-term debt	31,239	-	-	-	(31,239)	-	(31,239)		
Total Governmental Activities	2,252,826	387,519	106,741	63,791	(1,694,775)	-	(1,694,775)		
Business-type activities:									
Water and sewer	2,428,622	1,842,303	-	1,824,461	-	1,238,142	1,238,142		
Total Primary Government	4,681,448	2,229,822	106,741	1,888,252	(1,694,775)	1,238,142	(456,633)		
Component Units:									
DDA Development	\$ 350,518	\$ -	\$ -	\$ -			\$ (350,518)	\$ (318,523)	
DDA Leprino	318,523	-	-	-					
Total Component Units	669,041	-	-	-			(350,518)	(318,523)	
General revenues:									
Property taxes					499,903	-	499,903	617,466	347,348
State shared revenues					972,398	-	972,398	-	-
Interest					19,392	30,294	49,686	3,819	17
Other					70,189	-	70,189	4,815	-
Prior years' taxes returned					-	-	-	(150,692)	-
Transfers					99,308	-	99,308	(99,308)	-
Total General Revenues and Transfers					1,661,190	30,294	1,691,484	376,100	347,365
Change in Net Assets					(33,585)	1,268,436	1,234,851	25,582	28,842
Net Assets - Beginning					3,717,557	18,608,869	22,326,426	294,239	72,099
Net Assets - Ending					3,683,972	19,877,305	23,561,277	319,821	100,941

Allendale Charter Township
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 933,406	\$ 203,350	\$ 1,136,756
Receivables:			
Taxes	126,478	65,125	191,603
Accounts	40,055	660	40,715
Special assessments	-	21,566	21,566
Due from other governments	164,286	-	164,286
Prepaid expenses	35,393	2,203	37,596
	<u>\$ 1,299,618</u>	<u>\$ 292,904</u>	<u>\$ 1,592,522</u>
LIABILITIES			
Accounts payable	\$ 23,510	\$ 763	\$ 24,273
Accrued liabilities	25,539	148	25,687
Accrued payroll	5,090	1,045	6,135
Deferred revenue	425,033	132,667	557,700
	<u>479,172</u>	<u>134,623</u>	<u>613,795</u>
FUND BALANCES			
Reserved-reported in:			
Debt service funds	-	714	714
Unreserved-reported in:			
General Fund	820,446	-	820,446
Special Revenue Funds	-	157,567	157,567
	<u>820,446</u>	<u>158,281</u>	<u>978,727</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,299,618</u>	<u>\$ 292,904</u>	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

General capital assets	3,176,179
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	172,957
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	21,369
Compensated absences are included as a liability in governmental activities	(74,373)
Interest accrued on outstanding notes payable is not reported in the funds	(7,344)
Long term liabilities are not due and payable in the current period and are not reported in the funds	(583,543)

Net Assets of Governmental Activities

\$ 3,683,972

Allendale Charter Township
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2004

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 391,206	\$ 108,697	\$ 499,903
Licenses and permits	63,772	194,053	257,825
Federal grants	132,809	-	132,809
State shared revenues and grants	999,864	-	999,864
Charges for services	30,640	36,032	66,672
Fines and forfeits	49,681	-	49,681
Interest and rent	15,068	4,324	19,392
Other	82,273	19,229	101,502
Total Revenues	1,765,313	362,335	2,127,648
Expenditures:			
Current:			
General government	645,503	1,210	646,713
Public safety	725,829	193,921	919,750
Public works	70,555	37,237	107,792
Community and economic development	92,368	-	92,368
Recreation and culture	260,481	53,152	313,633
Other	153,479	-	153,479
Debt service:			
Principal retirement	-	161,318	161,318
Interest and fiscal charges	-	33,314	33,314
Total Expenditures	1,948,215	480,152	2,428,367
Excess of Revenues			
Over (Under) Expenditures	(182,902)	(117,817)	(300,719)
Other Financing Sources:			
Operating transfers in - component unit (DDA)	99,308	135,500	234,808
Operating transfers out	(135,500)	-	(135,500)
Total Other Financing Sources (Uses)	(36,192)	135,500	99,308
Net Change in Fund Balances	(219,094)	17,683	(201,411)
Fund Balances - January 1	1,039,540	140,598	1,180,138
Fund Balances - December 31	\$ 820,446	\$ 158,281	\$ 978,727

See Notes to Financial Statements

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, 2004

Net change in fund balances-Total Governmental Funds	\$ (201,411)
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 - general capital assets	170,467
Current year depreciation expense on capitalized assets	(156,926)
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	4,123
Special assessment revenues	(11,838)
Repayments of bonds and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	161,318
In the statement of activities, interest is accrued on outstanding notes payable, whereas in governmental funds, an interest expenditure is reported when due	2,075
Change in compensated absences is recorded when earned in the statement of activities	<u>(1,393)</u>
Change in net assets of governmental activities	<u>\$ (33,585)</u>

See Notes to Financial Statements

Allendale Charter Township
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2004

	Enterprise Water and Sewer
ASSETS	
Current Assets:	
Cash and investments	\$ 1,570,551
Receivables:	
Accounts	537,988
Inventories	33,861
Prepaid items	44,254
Total Current Assets	2,186,654
Noncurrent Assets:	
Assessments receivable	185,124
Capital assets	23,232,674
Total Noncurrent Assets	23,417,798
Total Assets	\$ 25,604,452
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 78,182
Accrued liabilities	31,058
Accrued payroll	37,800
Current portion of long-term debt	354,791
Total Current Liabilities	501,831
Noncurrent Liabilities:	
Long-term debt	5,225,316
Total Liabilities	5,727,147
NET ASSETS	
Invested in capital assets, net of related debt	17,652,567
Unrestricted, designated for capital projects	1,578,527
Unrestricted, designated for debt service	218,323
Unrestricted	427,888
Total Net Assets	\$ 19,877,305

See Notes to Financial Statements

Allendale Charter Township
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2004

	Enterprise Water and Sewer
Operating Revenues:	
Water sales	\$ 1,013,021
Sewage treatment sales	740,736
Other revenues	88,546
Total Operating Revenues	1,842,303
Operating Expenses:	
Cost of water	576,231
Operation and maintenance - water	410,437
Operation and maintenance - sewage treatment	581,861
General and administrative	185,424
Depreciation	511,999
Total Operating Expenses	2,265,952
Operating Income (Loss)	(423,649)
Nonoperating Revenues (Expenses)	
Interest income	30,294
Interest and fiscal charges	(162,670)
Total Nonoperating Revenues (Expenses)	(132,376)
Income (Loss) Before Contributions and Transfers	(556,025)
Capital contributions - assessments	542,449
Capital contributions - developers	986,555
Capital contributions - DDA constructed assets	295,457
Change in Net Assets	1,268,436
Net Assets - January 1	18,608,869
Net Assets - December 31	\$ 19,877,305

See Notes to Financial Statements

Allendale Charter Township
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2004

	Enterprise Water and Sewer
Cash Flows From Operating Activities:	
Receipts from customers	\$ 1,748,597
Payments to suppliers	(1,298,466)
Payments to employees	(417,333)
Net Cash Provided By Operating Activities	32,798
Cash Flows From Capital and Related Financing Activities:	
Capital contributions	741,479
Construction and purchase of capital assets	(702,942)
Proceeds from capital debt	340,000
Principal paid on capital debt	(381,429)
Interest paid on capital debt	(132,100)
Net Cash Provided (Used) By Capital and Related Financing Activities	(134,992)
Cash Flows From Investing Activities:	
Interest received on investments	30,294
Net Increase in Cash and Investments	(71,900)
Cash and Investments - January 1	1,642,451
Cash and Investments - December 31	\$ 1,570,551
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Operating income (loss)	(423,649)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	511,999
Change in assets and liabilities:	
Receivables	(93,706)
Other assets	(33,819)
Accounts payable	73,121
Accrued and other liabilities	(1,148)
Net Cash Provided By Operating Activities	\$ 32,798
Noncash capital financing activities:	
Contribution of capital assets from developers and others	\$ 1,282,012

See Notes to Financial Statements

Allendale Charter Township
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 December 31, 2004

	Pension Trust Fund	Agency Fund Type	
		Tax Collection	Allendale Historical Society
ASSETS			
Cash and investments	\$ -	\$ 340,937	\$ 4,815
Mutual funds	<u>1,158,137</u>	<u>-</u>	<u>-</u>
 Total Assets	 1,158,137	 <u>\$ 340,937</u>	 <u>\$ 4,815</u>
LIABILITIES			
Due to other units	<u>-</u>	<u>\$ 340,937</u>	<u>\$ 4,815</u>
NET ASSETS			
Held in Trust for Pension Benefits	<u>\$ 1,158,137</u>		

Allendale Charter Township
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended December 31, 2004

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 52,515
Employees	39,051
Total Contributions	<u>91,566</u>
Investment earnings:	
Interest	3,438
Net appreciation (depreciation) in fair value of investments	124,240
Total Investment Earnings	<u>127,678</u>
Total Additions	<u>219,244</u>
DEDUCTIONS	
Benefit payments	261
Administrative expense	12,293
Total Deductions	<u>12,554</u>
Change in Net Assets	206,690
Net Assets - January 1	<u>951,447</u>
Net Assets - December 31	<u>\$ 1,158,137</u>

See Notes to Financial Statements

Allendale Charter Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2004

NOTE 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:

A. 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 following component units are reported within the component units columns in the financial statements.

DDA Development - The Downtown Development Authority - 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 and makes debt service payments on water and sewer debt.

DDA Leprino - The township established the DDA Leprino and entered into a development agreement and tax increment financing plan with Leprino Foods, Inc. The Authority's twelve member board is appointed by the Township Board. Leprino Foods, Inc. issued bonds to provide for construction of a wastewater treatment facility for the Company. Captured tax increment revenues for this expansion project are used to pay Leprino Foods, Inc. an interest subsidy on the debt related to this project.

Separate financial statements for the DDA's are not issued.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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.

C. 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.

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. 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, special assessments, licenses, interest revenue, and charges for services. 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.

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 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 the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes and for monies received from General Fund transfers for specified purposes.

Debt Service Funds - Debt Service Funds account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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.

Pension Trust Fund - The Pension Trust Fund accounts for the assets of the township pension plan for eligible employees and officials and is accounted for in essentially the same manner as proprietary funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The township has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

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 recognizes 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.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Bank Deposits and Investments.

The township maintains separate cash accounts for each 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 highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

The township's investment policies are governed by state statutes, formal board policy, and administrative procedures. Permissible investments include obligations of the U.S. Treasury and its agencies, Michigan financial institution certificates of deposits and accounts, commercial paper with prescribed ratings, U.S. government repurchase agreements, and mutual funds and investment pools consisting of any of the above. Attorney General's Opinion No. 6168 states that public funds may not be deposited in institutions located in states other than Michigan. The township's deposits are in accordance with statutory authority.

Investments are recorded at fair value.

2. 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.

3. *Inventories and Prepaid Items.*

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than 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.

4. *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 \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$4,118 of interest expense was capitalized as part of the cost of assets under construction.

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

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

6. *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.

7. *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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. 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.

8. *Fund Equity.*

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

E. 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 2003 ad valorem tax is levied and collectible on December 1, 2003, it is the township's policy to recognize revenue from this levy in the year ended December 31, 2004, when proceeds of this levy are budgeted and made available for the financing of operations.

The 2003 taxable equivalency valuation of the township totaled \$227,362,105 (\$225,126,703 ad valorem and \$2,235,402 abated property), on which taxes levied consisted of 2.74220 mills for operating purposes and .48000 mills for library debt purposes. This resulted in \$349,943 (after reduction of \$273,510 for taxes captured by the DDA's) for operating purposes and \$109,115 for library debt purposes.

The above amounts are recognized in the General Fund and Library Debt Service Fund as tax revenue.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principle 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.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Before November 30, 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 November 30. 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. A comparison of actual results of operations as compared to budget for the General Fund is included in the required supplemental information.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. 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 governing body 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.

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Component Units</u>
Cash and investments	<u>\$ 1,136,756</u>	<u>\$ 1,570,551</u>	<u>\$ 1,503,889</u>	<u>\$ 4,211,196</u>	<u>\$ 234,036</u>

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)	\$ 3,053,059	\$ 234,036
Investments in Securities, Mutual Funds and Similar Vehicles	<u>1,158,137</u>	<u>-</u>
Total	<u>\$ 4,211,196</u>	<u>\$ 234,036</u>

The bank balance of the township's deposits is \$3,153,067 of which \$700,000 is covered by federal depository insurance and \$2,453,067 is uninsured and uncollateralized. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, 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 are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the township or its agent in the township's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the township's name.
- (3) Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the township's name.

At year end, the township's investment balances totaled \$1,158,137 and were held in pension trust fund mutual funds that are not subject to categorization.

B. Receivables

Receivables as of year-end for the township's individual major funds, and non-major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water and Sewer</u>	<u>Nonmajor Funds</u>	<u>Agency</u>	<u>Total</u>
Receivables:					
Taxes	\$ 126,478	\$ -	\$ 65,125	\$ -	\$ 383,206
Accounts	40,055	537,988	660	-	578,703
Special assessments	-	185,124	21,566	-	206,690
Intergovernmental	<u>164,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,286</u>
Gross receivables	330,819	723,112	87,351	-	1,332,885
Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 330,819</u>	<u>\$ 723,112</u>	<u>\$ 87,351</u>	<u>\$ -</u>	<u>\$ 1,332,885</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$ 536,331	\$ -
Special assessments	<u>21,369</u>	<u>-</u>
	<u>\$ 557,700</u>	<u>\$ -</u>

C. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 329,904	\$ -	\$ -	\$ -	\$ 329,904
Construction in progress	-	-	-	-	-
Subtotal	<u>329,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,904</u>
Capital Assets Being Depreciated					
Building and improvements	2,529,155	157,232	-	-	2,686,387
Land improvements	641,234	-	-	-	641,234
Machinery and equipment	456,270	7,600	-	-	463,870
Office furniture and equipment	113,139	5,635	-	-	118,774
Vehicles	980,102	-	-	-	980,102
Infrastructure	-	-	-	-	-
Subtotal	<u>4,719,900</u>	<u>170,467</u>	<u>-</u>	<u>-</u>	<u>4,890,367</u>
Less Accumulated Depreciation for					
Buildings and improvements	(980,799)	(49,981)	-	-	(1,030,780)
Land improvements	(194,114)	(26,889)	-	-	(221,003)
Machinery and equipment	(252,089)	(21,916)	-	-	(274,005)
Office furniture and equipment	(47,239)	(12,254)	-	-	(59,493)
Vehicles	(412,925)	(45,886)	-	-	(458,811)
Infrastructure	-	-	-	-	-
Subtotal	<u>(1,887,166)</u>	<u>(156,926)</u>	<u>-</u>	<u>-</u>	<u>(2,044,092)</u>
Net Capital Assets Being Depreciated	<u>2,832,734</u>	<u>13,541</u>	<u>-</u>	<u>-</u>	<u>2,846,275</u>
Governmental Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 3,162,638</u>	<u>\$ 13,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,176,179</u>

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

Governmental Activities	
General government	\$ 44,345
Public safety	52,887
Recreation and culture	<u>59,694</u>
Total Governmental Activities	<u>\$ 156,926</u>

Business-Type Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 159,401	\$ -	\$ -	\$ -	\$ 159,401
Construction in progress	<u>2,936,804</u>	<u>966,603</u>	<u>-</u>	<u>(2,936,804)</u>	<u>966,603</u>
Subtotal	<u>3,096,205</u>	<u>966,603</u>	<u>-</u>	<u>(2,936,804)</u>	<u>1,126,004</u>
Capital Assets Being Depreciated					
Buildings and improvements	\$ 115,873	\$ -	\$ -	\$ -	\$ 115,873
Machinery and equipment	161,544	10,687	-	-	172,231
Water system	7,631,625	1,695,061	-	-	9,326,686
Sewer system	7,760,998	2,244,740	-	-	10,005,738
Sewer treatment plant	8,548,261	-	-	-	8,548,261
Vehicles	<u>135,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,292</u>
Subtotal	<u>24,353,593</u>	<u>3,950,488</u>	<u>-</u>	<u>-</u>	<u>28,304,081</u>
Less Accumulated Depreciation for					
Buildings and improvements	(50,909)	(4,030)	-	-	(54,939)
Machinery and equipment	(127,027)	(8,622)	-	-	(135,649)
Water system	(1,634,938)	(149,861)	-	-	(1,784,799)
Sewer system	(1,852,262)	(156,286)	-	-	(2,008,548)
Sewer treatment plant	(1,928,313)	(172,330)	-	-	(2,100,643)
Vehicles	<u>(96,630)</u>	<u>(16,203)</u>	<u>-</u>	<u>-</u>	<u>(112,833)</u>
Subtotal	<u>(5,690,079)</u>	<u>(507,332)</u>	<u>-</u>	<u>-</u>	<u>(6,197,411)</u>
Net Capital Assets Being Depreciated	<u>18,663,514</u>	<u>3,443,156</u>	<u>-</u>	<u>-</u>	<u>22,106,670</u>
Business Type Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 21,759,719</u>	<u>\$ 4,409,759</u>	<u>\$ -</u>	<u>\$ (2,936,804)</u>	<u>\$ 23,232,674</u>

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

Business-Type Activities	
Water and sewer	<u>\$ 507,332</u>
Total Business-Type Activities	<u>\$ 507,332</u>

Capital asset activity of the Downtown Development Authority for the current year was as follows:

Component Unit - DDA - Development	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Construction in progress	\$ -	\$ 499,768	\$ -	\$ (499,768)	\$ -
Capital Assets Being Depreciated					
Infrastructure	-	499,768	-	-	499,768
Less accumulated depreciation	-	-	-	-	-
Net Capital Assets Being Depreciated	-	499,768	-	-	499,768
Component Unit Total Capital Assets - Net of Depreciation	\$ -	\$ 999,536	\$ -	\$ (499,768)	\$ 499,768

There was no depreciation expense related to DDA – Development capital assets for the year ended December 31, 2004.

Construction Commitments-The township had no significant construction projects or commitments as of December 31, 2004.

D. Interfund Receivables, Payables and Transfers

At December 31, 2004, there were no interfund balances. Interfund transfers reported in the funds statements were as follows:

	Transfers Out	General Fund
Transfers In:		
Fire Special Projects	\$ 68,000	(1)
Community Events	15,000	(1)
Roads	50,000	(1)
Library Building Debt Service	2,500	(2)
	<u>\$ 135,500</u>	

The following describes the nature of significant transfers:

- (1) Transfers from General Fund for annual operating purposes
- (2) Transfers from General Fund for debt service

E. 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:

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
General obligation bonds						
1998 Library Building, interest rates from 4.50%-4.75%, maturing 2008	\$ 850,000	\$ 490,000	\$ -	\$ (90,000)	\$ 400,000	\$ 90,000
Land contract payable						
1999 Cemetery Land (Kennedy), interest rate of 5.0%, maturing 2010	140,000	69,000	-	(11,500)	57,500	11,500
Notes payable						
Byron Center State Bank (fire truck), interest rate of 4.75%, maturing 2006	297,819	185,861	-	(59,818)	126,043	68,267
Total Governmental Activities		<u>\$ 744,861</u>	<u>\$ -</u>	<u>\$ (161,318)</u>	<u>\$ 583,543</u>	<u>\$ 169,767</u>
Business-Type Activities						
County Contractual Obligations						
1998 Sewer Refunding, interest rates from 3.70% to 4.30%, maturing 2004	\$ 375,000	\$ 70,000	\$ -	\$ (70,000)	\$ -	\$ -
1998 Michigan Municipal Bond Authority (WWTP), interest rate of 2.25%, maturing 2019	4,754,466	3,964,446	-	(210,000)	3,754,446	215,000
2000 Michigan Municipal Bond Authority (M-45), interest rate of 2.50%, maturing 2020	1,812,090	1,587,090	-	(75,000)	1,512,090	75,000
2004 County Revolving Fund Loan (68th Ave), interest rate of 3.00%, maturing 2009	340,000	-	340,000	(26,429)	313,571	64,791
Total Business-Type Activities		<u>\$ 5,621,536</u>	<u>\$ 340,000</u>	<u>\$ (381,429)</u>	<u>\$ 5,580,107</u>	<u>\$ 354,791</u>

Bond and contractual obligation activity for the discretely presented component units can be summarized as follows:

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
DDA - Development						
County Contractual Obligation						
2004 County Revolving Fund Loan (Trader's Creek), interest rate of 3.00%, maturing 2009	\$ 365,000	\$ -	\$ 365,000	\$ (39,820)	\$ 325,180	\$ 69,904

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

Year Ended December 31	Governmental Activities		Business-Type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 169,767	\$ 25,050	\$ 354,791	\$ 129,861	\$ 69,904	\$ 8,799
2006	169,276	16,894	361,762	121,178	72,030	6,673
2007	111,500	9,325	373,792	112,259	74,220	4,482
2008	121,500	3,763	380,885	103,105	76,478	2,225
2009	11,500	575	362,341	93,864	32,548	245
2010-2014	-	-	1,705,000	352,511	-	-
2015-2019	-	-	1,924,446	143,761	-	-
2020-2021	-	-	117,090	1,464	-	-
Total	\$ 583,543	\$ 55,607	\$ 5,580,107	\$ 1,058,003	\$ 325,180	\$ 22,424

F. Restricted Assets

The township has no restricted assets at December 31, 2004.

NOTE 4. OTHER INFORMATION

A. 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 full multi-peril insurance coverage underwritten by the Michigan Township Participating Plan. The township is fully insured for workers compensation claims by coverage underwritten by Accident Fund. 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 Township Participating Plan operates as an insurance pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

B. Pension Plan

The Allendale Charter Township Pension Plan is a defined contribution plan established by the township to provide benefits at retirement to eligible employees of the township meeting length of service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2004, there were 38 plan participants. The township is required to contribute 5% of covered compensation. Plan participants are required to contribute 3% of covered compensation. Contributions to the Plan by the township were \$52,515 for the year ended December 31, 2004. Plan provisions and contribution requirements are established and may be amended by the Allendale Charter Township Board.

Significant Accounting Policies:

Basis of Accounting - The plan's financial statements are prepared using the accrual basis of accounting. Employer and plan participant contributions are recognized in the period that the contributions are due.

Method Used to Value Investments - Plan Investments are in pooled and guaranteed accounts with Manufacturers Life Insurance Company and are reported at fair value.

Concentrations:

As of December 31, 2004, investments representing 5% or more of plan assets are as follows:

	<u>Amount</u>	<u>Percent of Total Market Value</u>
Mutual Funds:		
T. Rowe Price Science & Technology Fund	\$ 87,153	7.53%
T. Rowe Price Blue Chip Fund	74,692	6.45%
Fidelity Contra Fund	69,524	6.00%
Oppenheimer Developing Market Fund	65,334	5.64%
Quantitative All Cap Fund	59,289	5.12%
Scudder International Select Equity Fund	58,178	5.02%

D. Change in Accounting Policy

In the year ended December 31, 2004, the township implemented GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." Statement No. 34 established new financial reporting requirements for all state and local governments and consists of the following:

Management's discussion and analysis;

Basic Financial Statements

Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, including capital and infrastructure assets

Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;

Notes to the financial statements;

Required supplementary information, which requires budgetary comparison schedules to be presented.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The township has elected to implement the general provisions of the Statement, and to not implement the retroactive reporting of infrastructure in the current year.

Required
Supplementary Information

Allendale Charter Township
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 377,800	\$ 377,800	\$ 391,206	\$ 13,406
Licenses and permits	56,600	56,600	63,772	7,172
Federal grants	72,000	137,811	132,809	(5,002)
State shared revenues and grants	1,038,353	985,120	999,864	14,744
Local unit contributions	-	-	-	-
Charges for services	18,695	18,695	30,640	11,945
Fines and forfeits	50,500	50,500	49,681	(819)
Interest	5,000	5,000	15,068	10,068
Other	75,205	75,205	82,273	7,068
Total Revenues	<u>1,694,153</u>	<u>1,706,731</u>	<u>1,765,313</u>	<u>58,582</u>
Expenditures:				
Current:				
General Government:				
Township Board	25,515	25,515	24,167	1,348
Supervisor	38,477	41,477	39,435	2,042
Elections	12,735	13,935	13,728	207
Finance	60,606	62,606	61,156	1,450
Audit	6,250	6,250	4,010	2,240
Assessor	93,315	100,815	98,205	2,610
Attorney	40,000	44,000	41,455	2,545
Clerk	84,542	88,542	84,966	3,576
Board of review	2,121	2,121	1,137	984
General office	72,158	87,158	82,811	4,347
Treasurer	13,535	13,535	7,667	5,868
Building and grounds	176,138	176,138	164,737	11,401
Cemetery	24,923	24,923	22,029	2,894
Total General Government	<u>650,315</u>	<u>687,015</u>	<u>645,503</u>	<u>41,512</u>
Public Safety:				
Sheriff	199,100	199,100	201,466	(2,366)
Juvenile justice grant	93,779	93,779	85,290	8,489
Fire department	383,574	483,574	439,073	44,501
Total Public Safety	<u>676,453</u>	<u>776,453</u>	<u>725,829</u>	<u>50,624</u>
Public Works:				
Drains	4,057	4,057	4,056	1
Highways, streets, and bridges	28,000	28,000	-	28,000
Street lighting	73,000	73,000	66,499	6,501
Total Public Works	<u>105,057</u>	<u>105,057</u>	<u>70,555</u>	<u>34,502</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Community and Economic Development				
Planning commission	24,648	24,648	15,907	8,741
Planning and zoning department	70,344	78,344	74,773	3,571
Zoning board of appeals	4,248	4,248	1,688	2,560
Total Community and Economic Development	<u>99,240</u>	<u>107,240</u>	<u>92,368</u>	<u>14,872</u>
Recreation and Culture:				
Recreation and parks	95,214	95,214	55,714	39,500
Library	210,395	210,395	196,714	13,681
Senior citizens activities	7,425	8,425	8,053	372
Total Recreation and Culture	<u>313,034</u>	<u>314,034</u>	<u>260,481</u>	<u>53,553</u>
Other:				
Health insurance	168,952	168,952	130,689	38,263
Other fringes	22,600	26,600	22,790	3,810
Total Other	<u>191,552</u>	<u>195,552</u>	<u>153,479</u>	<u>42,073</u>
Total Expenditures	<u>2,035,651</u>	<u>2,185,351</u>	<u>1,948,215</u>	<u>237,136</u>
Excess Of Revenues Over Expenditures	<u>(341,498)</u>	<u>(478,620)</u>	<u>(182,902)</u>	<u>295,718</u>
Other Financing Sources (Uses):				
Operating transfers in - component unit (DDA)	-	99,308	99,308	-
Operating transfers out	<u>(136,000)</u>	<u>(136,000)</u>	<u>(135,500)</u>	<u>500</u>
Total Other Financing Sources (Uses)	<u>(136,000)</u>	<u>(36,692)</u>	<u>(36,192)</u>	<u>500</u>
Net Change in Fund Balances	(477,498)	(515,312)	(219,094)	296,218
Fund Balances - January 1	<u>1,039,540</u>	<u>1,039,540</u>	<u>1,039,540</u>	-
Fund Balances - December 31	<u>\$ 562,042</u>	<u>\$ 524,228</u>	<u>\$ 820,446</u>	<u>\$ 296,218</u>

Other Supplemental Data

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes and for monies received from General Fund transfers for specified purposes.

Library Special Projects Fund – This fund accounts for funds raised for the purchase of library supplies and equipment.

Building Department – This fund accounts for revenues and expenditures related to the cost of operating the building construction code enforcement activities of the Township. The fund is required by PA 230 of 1972, as amended by PA 245 of 1999.

Fire Special Projects Fund – This fund accounts for funds raised for the purchase of fire department supplies and equipment.

Fire Equipment Fund – This fund accounts for the funds designated for the purchase of fire equipment.

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

Community Events Fund – This fund accounts for the funds received for special community events.

Roads Fund – This fund accounts for special assessment revenues to be used for the construction of roads.

Debt Service Funds

Debt service funds account for resources accumulated and payment made for principal and interest on long-term general obligation debt of governmental funds.

Library Building – This fund accounts for the retirement of general obligation bonds used to finance construction of a Township library building.

Allendale Charter Township
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2004

ASSETS	Nonmajor Special Revenue Funds							Total	Nonmajor Debt Service Funds		Total Nonmajor Governmental Funds
	Library Special Projects	Building Department	Fire Special Projects	Fire Equipment	Cemetery Improvement	Community Events	Roads		Library Building		
Cash	\$ 26,726	\$ 8,211	\$ 10,822	\$ 1,884	\$ 14,053	\$ 679	\$ 93,995	\$ 156,370	\$ 46,980	\$ 203,350	
Receivables:	-	-	-	-	-	-	-	-	-	-	
Taxes	-	-	-	-	-	-	-	-	-	-	
Accounts	-	-	-	-	-	660	-	660	65,125	65,125	
Special assessments	-	-	-	-	-	-	-	-	-	660	
Prepaid expenses	-	2,203	-	-	-	-	21,566	21,566	-	21,566	
TOTAL ASSETS	\$ 26,726	\$ 10,414	\$ 10,822	\$ 1,884	\$ 14,053	\$ 1,339	\$ 115,561	\$ 180,799	\$ 112,105	\$ 292,904	
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 260	\$ 192	\$ -	\$ -	\$ -	\$ 218	\$ -	\$ 670	\$ 93	\$ 763	
Accrued liabilities	-	148	-	-	-	-	-	148	-	148	
Accrued payroll	-	1,045	-	-	-	-	-	1,045	-	1,045	
Deferred revenue	-	-	-	-	-	-	21,369	21,369	111,298	132,667	
Total liabilities	260	1,385	-	-	-	218	21,369	23,232	111,391	134,623	
Fund Balances:											
Reserved	-	-	-	-	-	-	-	-	714	714	
Unreserved	26,466	9,029	10,822	1,884	14,053	1,121	94,192	157,567	-	157,567	
Total Fund Balances	26,466	9,029	10,822	1,884	14,053	1,121	94,192	157,567	714	158,281	
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,726	\$ 10,414	\$ 10,822	\$ 1,884	\$ 14,053	\$ 1,339	\$ 115,561	\$ 180,799	\$ 112,105	\$ 292,904	

Allendale Charter Township
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2004

	Nonmajor Special Revenue Funds										Total Nonmajor Governmental Funds	
	Library Special Projects	Building Department	Fire Special Projects	Fire Equipment	Cemetery Improvement	Community Events	Roads	Total	Library Building	Nonmajor Debt Service Funds		
Revenues:												
Taxes	-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 108,697	\$ 108,697
Licenses and permits	-	194,053	-	-	-	-	-	-	-	194,053	-	194,053
Charges for services	17,840	-	4,285	-	6,500	7,407	-	-	-	36,032	-	36,032
Interest	350	101	117	7	207	-	3,503	-	-	4,285	39	4,324
Other	-	631	1,876	-	-	4,885	11,837	-	-	19,229	-	19,229
Total Revenues	18,190	194,785	6,278	7	6,707	12,292	15,340	-	-	253,599	108,736	362,335
Expenditures:												
Current:												
General government	-	-	-	-	410	-	-	-	-	410	800	1,210
Public safety	-	188,202	5,619	100	-	-	-	-	-	193,921	-	193,921
Public works	-	-	-	-	-	-	37,237	-	-	37,237	-	37,237
Recreation and culture	-	-	-	-	-	26,555	-	-	-	26,555	-	26,555
Debt service:	26,597	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	59,818	11,500	-	-	-	-	71,318	90,000	161,318
Interest and fiscal charges	-	-	-	8,449	3,450	-	-	-	-	11,899	21,415	33,314
Total Expenditures	26,597	188,202	5,619	68,367	15,360	26,555	37,237	-	-	367,937	112,215	480,152
Excess of Revenues Over (Under) Expenditures	(8,407)	6,583	659	(68,360)	(8,653)	(14,263)	(21,897)	-	-	(114,338)	(3,479)	(117,817)
Other Financing Sources:												
Operating transfers in	-	-	-	68,000	-	15,000	50,000	-	-	133,000	2,500	135,500
Net Change in Fund Balances	(8,407)	6,583	659	(360)	(8,653)	737	28,103	-	-	18,662	(979)	17,683
Fund Balances - January 1	34,873	2,446	10,163	2,244	22,706	384	66,089	-	-	138,905	1,693	140,598
Fund Balances - December 31	\$ 26,466	\$ 9,029	\$ 10,822	\$ 1,884	\$ 14,053	\$ 1,121	\$ 94,192	\$ -	\$ -	\$ 157,567	\$ 714	\$ 158,281

Other Supplemental Data

Discretely Presented Component Units

The Discretely Presented Component Units are reported separately from the Township's other funds to emphasize that they are legally separate from the Township. There are two component unit Downtown Development Authorities that are reported in this manner, DDA Development and DDA Leprino. Both are presented as governmental fund types.

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.

DDA Leprino – The Authority was created to finance improvements to a wastewater treatment facility for Leprino Foods, Inc. The Authority receives captured tax increment revenues and pays Leprino Foods, Inc. a debt service subsidy on bonds issued by the Company to finance the project.

Allendale Charter Township
 COMPONENT UNIT - DDA DEVELOPMENT
 COMBINING BALANCE SHEET
 December 31, 2004

ASSETS	<u>Debt Retirement</u>	<u>Capital Projects</u>	<u>Totals</u>
Cash and investments	\$ 643	\$ 132,452	\$ 133,095
Taxes receivable	-	658,548	658,548
Accounts receivable	-	6,489	6,489
Prepaid expenses	-	<u>7,245</u>	<u>7,245</u>
 TOTAL ASSETS	 <u>\$ 643</u>	 <u>\$ 804,734</u>	 <u>\$ 805,377</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 1,596	\$ 1,596
Deferred revenue	-	<u>658,548</u>	<u>658,548</u>
 Total Liabilities	 -	 <u>660,144</u>	 <u>660,144</u>
Fund Balances:			
Reserved for debt service	643	-	643
Reserved for capital projects	-	<u>144,590</u>	<u>144,590</u>
 Total fund balances	 <u>643</u>	 <u>144,590</u>	 145,233
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 643</u>	 <u>\$ 804,734</u>	

Amounts reported for the Component Unit in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	499,768
Long term liabilities are not due and payable in the current period and are not reported in the funds	<u>(325,180)</u>
 Net Assets (Deficit) of the Component Unit	 <u>\$ 319,821</u>

Allendale Charter Township
 COMPONENT UNIT - DDA DEVELOPMENT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended December 31, 2004

	Debt Retirement	Capital Projects	Totals
Revenues:			
Taxes	\$ -	\$ 617,466	\$ 617,466
Interest	5	3,814	3,819
Other	-	4,815	4,815
	5	626,095	626,100
Total Revenues			
Expenditures:			
Current:			
Public works	-	844,196	844,196
Debt Service:			
Principal retirement	-	39,820	39,820
Interest and fiscal charges	-	6,090	6,090
	-	890,106	890,106
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	5	(264,011)	(264,006)
Other Financing Sources (Uses):			
Debt proceeds	-	365,000	365,000
Prior years' taxes refunded to Ottawa County	-	(150,692)	(150,692)
Operating transfers out to primary government	-	(99,308)	(99,308)
	-	115,000	115,000
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	5	(149,011)	(149,006)
Fund Balances - January 1	638	293,601	
Fund Balances - December 31	\$ 643	\$ 144,590	

Amounts reported for the Component Unit's 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	499,768
Debt proceeds received is a revenue in the governmental funds, but increases long-term liabilities in the statement of net assets	(365,000)
Repayments of bonds payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	39,820
Change in Net Assets of the Component Unit	\$ 25,582

Allendale Charter Township
 COMPONENT UNIT - DDA LEPRINO
 BALANCE SHEET
 December 31, 2004

ASSETS	<u>Debt Retirement</u>
Cash and investments	\$ 100,941
Taxes receivable	<u>68,548</u>
TOTAL ASSETS	<u>\$ 169,489</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Deferred revenue	\$ 68,548
Fund Balances:	
Reserved for debt service	<u>100,941</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 169,489</u>

Allendale Charter Township
 COMPONENT UNIT - DDA LEPRINO
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended December 31, 2004

	<u>Debt Retirement</u>
Revenues:	
Taxes	\$ 347,348
Interest	<u>17</u>
Total Revenues	<u>347,365</u>
Expenditures:	
Current:	
Public works	700
Debt Service:	
Principal retirement	-
Interest and fiscal charges	<u>317,823</u>
Total Expenditures	<u>318,523</u>
Net Change in Fund Balances	28,842
Fund Balances - January 1	<u>72,099</u>
Fund Balances - December 31	<u>\$ 100,941</u>