



# **CASCADE CHARTER TOWNSHIP**

## **KENT COUNTY, MICHIGAN**

### **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**



Vredeveld Haefner LLC  
CPAs and Consultants

# Cascade Charter Township

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### INDEPENDENT AUDITORS' REPORT

April 30, 2019

Township Board  
Cascade Charter Township  
Kent County, Michigan

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

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

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

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

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the information on pages 39 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 2018 balances in the combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 balances in the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Township's basic financial statements for the year ended December 31, 2017, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements as a whole. The combining and individual fund financial statements, related to the 2017 financial statements for the year ended December 31, 2018, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

*Urodeuxeld Haefner LLC*

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

## Management's Discussion and Analysis

As management of Cascade Charter Township (the Township), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

- The Township's net position decreased through 2018 operations by \$3,444,625 (or 8.3%)
- Total expenses of the Township's programs were \$15,038,605 which includes 3.1 million attributed to the write-off of assessments receivable.
- Total revenues, including all programs and general revenues, were \$11,593,980.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$23,158,308, an increase of \$579,388 from the previous year.
- At the end of the current year, the unassigned fund balance for the General Fund was \$6,221,908 or 110% of total General Fund expenditures and transfers out.
- Total long-term debt of the Township decreased by \$121,151 (or 3.8%) during the current year.

### Overview of the Financial Statements

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

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

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

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

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, culture and recreation, and other township activities. The Township has no business-type activities.

**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. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general, fire, police, improvement revolving, library, pathways, inspections, and open space funds which are considered major funds.

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

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

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

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

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

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows exceeded liabilities and deferred inflows by \$38,021,164 at the close of the most recent fiscal year. A summary of net position is as follows:

### Net Position

	<u>Governmental activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$29,679,187	\$32,481,133
Capital assets	20,087,973	20,453,414
Total assets	<u>49,767,160</u>	<u>52,934,547</u>
Deferred outflows of resources - pension	816,773	340,840
Long-term liabilities outstanding	6,262,417	5,132,258
Other liabilities	749,551	1,096,199
Total liabilities	<u>7,011,968</u>	<u>6,228,457</u>
Deferred inflows of resources	5,550,801	5,581,141
Net position:		
Net investment in capital assets	17,147,973	17,259,414
Restricted	14,420,087	16,243,573
Unrestricted	6,453,104	7,962,802
Total net position	<u>\$38,021,164</u>	<u>\$41,465,789</u>



A portion of the Township’s net position (17 percent) reflects unrestricted net position which is available for future operations while the largest portion of net position is invested in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The government’s net position decreased by \$3,444,625 during the current fiscal year.

### Changes in Net Position

	<u>Governmental activities</u>	
	<u>2018</u>	<u>2017</u>
Revenue:		
Program revenue:		
Charges for services	\$ 2,876,521	\$ 2,613,027
Operating grants and contributions	99,077	94,340
Capital grants and contributions	28,415	42,770
General revenue:		
Property taxes	5,964,734	5,820,658
State sources	1,536,415	1,485,370
Intergovernmental	32,870	32,870
Unrestricted investment earnings	473,749	358,925
Other	582,199	435,820
Total revenue	11,593,980	10,883,780
Expenses:		
General government	2,883,580	2,460,139
Public safety	5,356,460	4,603,277
Public works	4,933,467	650,987
Community and economic development	700,702	636,827
Culture and recreation	1,095,391	1,118,945
Interest on long-term debt	69,005	243,982
Total expenses	15,038,605	9,714,157
Change in net position	(3,444,625)	1,169,623
Net position - beginning of year	41,465,789	40,296,166
Net position - end of year	\$38,021,164	\$41,465,789

**Governmental Activities.** During the year the Township invested \$5,356,460 or 36% of governmental activities expenses in public safety. General government expenses amounted to \$2,883,580 or 19% of governmental activities while public works, community and economic development, culture and recreation, interest on long-term debt, and other made up the remaining 45% of governmental activities expenses. The significant increase in public works expense is the result of a change in policy to eliminate certain assessments receivable.

### Financial Analysis of the Government’s Funds

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

**Governmental funds.** The focus of the Township’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Township’s governmental funds reported combined ending fund balances of \$23,158,308, an increase of \$579,388 in comparison with the prior year. Of the \$23,158,308, \$9,241,411 is reported in the general fund.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,221,918. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 110% of total general fund expenditures and transfers out. The fund balance of the Township's general fund decreased by \$709,571 during the current fiscal year.

The fire fund is used to account for Fire Department operations of the Township. At the end of the current fiscal year, fund balance was \$2,463,215, a decrease of \$88,934 over the prior year. The decrease is primarily the result of planned use of fund balance for capital purchases.

The police fund is used to account for the contract with the County Sheriff Department to provide police protection to the Township. At the end of the current fiscal year, fund balance was \$1,311,410, an increase of \$8,237 over the prior year.

The improvement revolving fund collects connection fees for sewer and water hookups to be used for the construction of extension to the utility systems benefiting Township residents. At the end of the current fiscal year, fund balance was \$1,480,831, an increase of \$249,761 over the prior year. The increase is primarily due to revenues in excess of anticipated capital outlay.

The library fund is used to account for the property tax millage and expenditures related to the Township library. At the end of the current fiscal year, fund balance was \$2,044,349, an increase of \$15,043 over the prior year. The increase is primarily the result of budgeted capital outlay which was not spent.

The pathways fund is used to account for the property tax millage dedicated to the maintenance, operations and debt service related to the Townships pathway system. At the end of the current fiscal year, fund balance was \$1,692,348, an increase of \$543,835 from the prior year. The increase is due to collections in excess of maintenance needed on pathways in the current year.

The Inspections fund collects inspection (building, mechanical, electrical, plumbing) permits from Cascade Township and other customer community residents to be used for maintaining the operations of the Inspections Department. At the end of the current fiscal year, fund balance was \$3,380,905, an increase of \$482,617 over the prior year. The increase is primarily the result of inspections of significant building projects both within the Township and other communities who contract with the Township.

The open space fund is used to account for the property tax millage dedicated to the development of Township parks. At the end of the current fiscal year, fund balance was \$732,358 an increase of \$22,842 from the prior year.

## Capital Asset and Debt Administration

**Capital assets.** The Township's investment in capital assets for its governmental activities as of December 31, 2018, amounted to \$20,087,973 (net of accumulated depreciation).

The Township's capital assets (net of depreciation) are summarized as follows:

	<b>2018</b>	<b>2017</b>
Land	\$ 9,966,753	\$ 9,932,583
Land improvements	2,427,629	2,762,288
Infrastructure	476,000	504,000
Buildings and improvements	5,075,528	5,007,845
Furniture and equipment	492,274	548,767
Vehicles	1,649,789	1,697,931
<b>Total</b>	<b>\$20,087,973</b>	<b>\$20,453,414</b>

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

**Debt.** At the end of the current fiscal year, the Township had total debt outstanding as follows:

	<b>2018</b>	<b>2017</b>
Accrued employee benefits	\$ 104,106	\$ 103,775
Bonds payable	2,940,000	3,194,000
Other obligations payable	132,849	-
<b>Total</b>	<b>\$3,176,955</b>	<b>\$3,297,775</b>

Additional information on the Township's long-term debt can be found in the footnotes to the financial statements.

## Budgetary Highlights

Over the course of the year, the Township revised the annual General and Special Revenue Funds operating budgets to comply with the Michigan Department of Treasury guidelines. The budget amendments were made to reflect changes in revenues and expenditures as they occurred during the year.

- In several funds, interest revenue was increased to reflect a better return on investment. This return was precipitated by a change in banking institutions with a better interest rate, as well as participation in the MiClass fund.
- In the General Fund, the final amended budget estimated a decrease in fund balance of \$1,466,448, which was significantly larger than the original anticipated decrease of \$186,627. The major amendments included:
  - The Community Stabilization Share revenue was increased by \$58,000 to reflect the additional "Tier III" personal property tax reimbursement payment that was received by the Township
  - The Water & Sewer Implementation line was increased by \$24,000 to reflect higher water and sewer connection fees to the Township, 10% of which are transferred to the General Fund to cover administrative costs.
  - The Cell Tower Revenue was increased by \$50,000 as the Township received a lump sum payment from the cell tower company to extend the lease.
  - Election Reimbursement revenue was decreased by \$15,000 to reflect that there was no reimbursable election held as anticipated.
  - The Insect/Weed Control expense line was increased by \$34,000 to reflect a larger than anticipated Gypsy Moth Spray program
  - The Legal Fees expense line was increased by \$45,000 due to the need for additional legal representation throughout the year
  - The Special Projects line was increased by \$30,000 for a Facility Assessment Study that was approved by the Township Board.
  - The Road Overlays expense line was increased by \$1,100,000 to reflect an enhanced local road improvement program approved by the Township Board to repave approximately 12 miles of local roads.
  - The Defined Contribution Plan expense line was increased by \$61,504 to reflect the cost of incentives that were approved by the Township Board for employees to convert their Defined Benefit pension plan to a lump sum Defined Contribution plan payment.
  - The Capital Outlay – Bldg Imp expense line was increased by \$125,000 for the improvements to the Burton Street facility approved by the Township Board.
- In the Fire Fund, the final amended budget estimated a decrease in fund balance of \$157,946, which was significantly larger than the originally budgeted increase of \$152,727. The major amendments included:
  - The Firefighter Salary expense line was increased by \$154,035 to reflect the addition of 3 full-time positions to the department as approved by the Township Board.
  - The Wages/Salaries Overtime expense line was increased by \$35,000 and the Fire Paid on Call line was decreased by \$70,000 to reflect an increased reliance on overtime and a decreased reliance on Paid on Call firefighters to fill open shifts.
  - The Fire Equipment Maintenance expense line was increased by \$20,000 to reflect higher than anticipated apparatus expenses, including several high-dollar repairs to Engine 8.
  - The Defined Contribution Plan expense line was increased by \$131,544 to reflect the cost of incentives that were approved by the Township Board for employees to convert their Defined Benefit pension plan to a lump sum Defined Contribution plan payment.

- Several of the benefits expense lines, including FICA-Employer, Health Insurance Benefits, and Pension Plan Benefits, were increased to reflect the addition of 3 full-time positions to the department as approved by the Township Board.
- In the Infrastructure Revolving Fund, the final amended budget estimated an increase in fund balance of \$183,145, which was slightly larger than the originally budgeted increase of \$65,145. The major amendments included:
  - The Hook-Up fees revenue was increased by \$250,000 to reflect higher than anticipated connections to the utility system
  - The Capital Outlay – Land Imp expenditures was increased by \$130,000 to reflect a project to connect the recently purchased 60th Street watermain from Caledonia Township to the Cascade/Grand Rapids system.
- In the Building Fund, the final amended budget estimated an increase in fund balance of \$266,625 which was significantly higher than the originally budgeted increase of \$87,358. The major amendments included:
  - Nearly all permit revenue line items were increased due to higher than anticipated building activity in Cascade Township and all customer communities.
  - However, City of Lowell revenue line items were all decreased due to the expiration of that service contract in June 2018.
  - The Building Rental – Lease line item was increased by \$10,000 to reflect the true cost of the lease plus utilities that was finalized in early 2018.
  - The Defined Contribution Plan expense line was increased by \$94,477 to reflect the cost of incentives that were approved by the Township Board for employees to convert their Defined Benefit pension plan to a lump sum Defined Contribution plan payment.
  - All of the Payments to Other Townships line items were increased as the Township remits 20% of permit revenue to the jurisdiction the permit is created in, and permit revenues were also increased.
- In the Library Fund, the final amended budget estimated an increase in fund balance of \$7,628 which was lower than the originally budgeted fund balance increase of \$50,772. The major amendments included:
  - An increase in the Library Janitorial Contract expense of \$7,000 to reflect an increase in the janitorial contract.
  - An increase in the Library Maintenance line of \$30,000 to reflect projects to fix a leaking basement and improve the storm water retention system on the site.
  - An increase in the Library Maintenance/Additional line item to reflect the FY 2017 transfer that was inadvertently not made.

## **Economic Factors and Next Year’s Budgets and Rates**

The following factors were considered in preparing the Township’s budget for the 2019 fiscal year:

- The FY2019 General and Special Funds budget was prepared utilizing the millage rates from the FY2018 budget with a Headlee Millage Reduction fraction of 0.9957 applied
- For FY 2019 the Township’s initial General Fund Budget anticipates a year-end fund balance increase of \$49,647. The Township continues to see an increase in real property tax revenue growth (4.48%) and state shared-revenue growth (2.5%). The FY2019 budget does also see an increase in Personal Property Tax Revenue (3.17%) even as the third year of Industrial Personal Property Tax elimination begins. Part of the loss of PPT revenues based on FY2013 levels is offset by PPT reimbursement from the State, which is estimated at \$35,134. For FY19 the Township budgeted significant capital improvement expenditures including replacement of several pieces of equipment in the Buildings and Grounds Department (\$140,000) and savings for the 30th Street Cemetery expansion (\$450,000) to be completed in FY 2020.
- In the FY 2019 Special Revenue and component funds, most funds will see modest budgeted increases to fund balance including the Police Fund (\$41,163), the Pathway Fund (\$377,980), the Downtown Development Authority (\$403,191) and the Building Fund (\$174,224). There is one fund, the Fire Fund, which will see a moderate fund balance decrease (\$58,442) due to a planned spend down of fund balance.

## **Requests for Information**

This financial report is designed to provide a general overview of Cascade Charter Township’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Benjamin Swayze, Township Manager, Cascade Charter Township, 2865 Thornhills SE, Grand Rapids, MI 49546-7140, (616) 949-1500, or by email at [bswayze@cascadetwp.com](mailto:bswayze@cascadetwp.com).

## **BASIC FINANCIAL STATEMENTS**

**CASCADE CHARTER TOWNSHIP**

**STATEMENT OF NET POSITION**

**DECEMBER 31, 2018**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Downtown Development Authority</u>
<b>Assets</b>		
Cash and pooled investments	\$ 23,096,810	\$ 1,112,093
Receivables		
Accounts	2,370,697	-
Taxes	3,349,617	241,283
Due from other governments	266,758	-
Prepaid items	<u>55,595</u>	<u>-</u>
Total current assets	<u>29,139,477</u>	<u>1,353,376</u>
Noncurrent assets		
Special assessments receivable	539,710	-
Capital assets		
Non-depreciable	9,966,753	59,366
Depreciable capital assets, net	<u>10,121,220</u>	<u>4,244,384</u>
Total noncurrent assets	<u>20,627,683</u>	<u>4,303,750</u>
<b>Total assets</b>	<u>49,767,160</u>	<u>5,657,126</u>
<b>Deferred outflows of resources</b>		
Pension related	<u>816,773</u>	<u>-</u>
<b>Liabilities</b>		
Accounts payable	314,020	12,109
Accrued payroll and benefits	74,733	-
Accrued interest payable	10,219	1,803
Current portion of bonds and obligations payable	<u>350,579</u>	<u>100,000</u>
Total current liabilities	<u>749,551</u>	<u>113,912</u>
Long-term liabilities		
Compensated absences	104,106	-
Net pension liability	3,436,041	-
Bonds and obligations payable	<u>2,722,270</u>	<u>103,000</u>
Total long-term liabilities	<u>6,262,417</u>	<u>103,000</u>
<b>Total liabilities</b>	<u>7,011,968</u>	<u>216,912</u>
<b>Deferred inflows of resources</b>		
Unavailable - taxes	5,461,167	241,283
Pension related	<u>89,634</u>	<u>-</u>
	<u>5,550,801</u>	<u>241,283</u>
<b>Net position</b>		
Net investment in capital assets	17,147,973	4,100,750
Restricted for		
Public safety	7,155,530	-
Public works	2,695,308	-
Culture and recreation	4,469,055	-
Cemetery trust	100,194	-
Unrestricted	<u>6,453,104</u>	<u>1,098,181</u>
<b>Total net position</b>	<u>\$ 38,021,164</u>	<u>\$ 5,198,931</u>

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

**CASCADE CHARTER TOWNSHIP**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
<b>Primary government</b>					
Governmental activities					
General government	\$ 2,883,580	\$ 497,916	\$ 98,077	\$ 28,415	\$ (2,259,172)
Public safety	5,356,460	2,269,427	-	-	(3,087,033)
Public works	4,933,467	78,384	-	-	(4,855,083)
Community and economic development	700,702	30,794	-	-	(669,908)
Culture and recreation	1,095,391	-	1,000	-	(1,094,391)
Interest on long-term debt	69,005	-	-	-	(69,005)
<b>Total primary government</b>	<b>\$ 15,038,605</b>	<b>\$ 2,876,521</b>	<b>\$ 99,077</b>	<b>\$ 28,415</b>	<b>\$ (12,034,592)</b>
<b>Component unit</b>					
Downtown Development Authority	\$ 628,728	\$ -	\$ -	\$ -	\$ (628,728)
<b>Total component unit</b>	<b>\$ 628,728</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (628,728)</b>

(Continued)

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

**CASCADE CHARTER TOWNSHIP**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Downtown Development Authority</u>
<b>Changes in net position</b>		
<b>Net (expense) revenue</b>	\$ (12,034,592)	\$ (628,728)
General revenues		
Property taxes		
General purpose	2,143,436	-
Specific purpose	3,821,298	809,253
State shared revenues	1,536,415	-
Intergovernmental revenues	32,870	-
Unrestricted interest	473,749	13,504
Miscellaneous	<u>582,199</u>	<u>3,450</u>
Total general revenues and transfers	<u>8,589,967</u>	<u>826,207</u>
Change in net position	(3,444,625)	197,479
<b>Net position, beginning of year</b>	<u>41,465,789</u>	<u>5,001,452</u>
<b>Net position, end of year</b>	<u>\$ 38,021,164</u>	<u>\$ 5,198,931</u>

(Concluded)

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



**CASCADE CHARTER TOWNSHIP**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**DECEMBER 31, 2018**

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Improvement Revolving</u>
<b>Assets</b>				
Cash and pooled investments	\$ 8,980,690	\$ 2,486,169	\$ 1,416,654	\$ 1,469,548
Receivables				
Accounts	739,197	778,819	271,846	16,283
Taxes	1,070,805	1,196,116	417,507	-
Special assessments	-	-	-	539,710
Due from other funds	11,378	-	-	-
Due from other governments	266,758	-	-	-
Prepaid items	19,950	21,014	-	-
<b>Total assets</b>	<u>\$ 11,088,778</u>	<u>\$ 4,482,118</u>	<u>\$ 2,106,007</u>	<u>\$ 2,025,541</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 111,734	\$ 11,572	\$ 105,244	\$ 5,000
Accrued payroll and benefits	27,244	32,396	-	-
Due to other funds	10,000	-	-	-
<b>Total liabilities</b>	<u>148,978</u>	<u>43,968</u>	<u>105,244</u>	<u>5,000</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	<u>1,698,389</u>	<u>1,974,935</u>	<u>689,353</u>	<u>539,710</u>
<b>Fund balances</b>				
Nonspendable				
Prepaid items	19,950	21,014	-	-
Cemetery trust	-	-	-	-
Restricted				
Dedicated millage	-	2,442,201	1,311,410	-
Inspection fees	-	-	-	-
Capital improvements	-	-	-	1,480,831
Committed				
Cemetery trust	-	-	-	-
Unfunded pension liability	499,543	-	-	-
Facility improvements	2,500,000	-	-	-
Unassigned	6,221,918	-	-	-
<b>Total fund balances</b>	<u>9,241,411</u>	<u>2,463,215</u>	<u>1,311,410</u>	<u>1,480,831</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 11,088,778</u>	<u>\$ 4,482,118</u>	<u>\$ 2,106,007</u>	<u>\$ 2,025,541</u>

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

<u>Library</u>	<u>Pathways</u>	<u>Inspections</u>	<u>Open Space</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 2,064,951	\$ 1,726,469	\$ 3,418,226	\$ 732,622	\$ 801,481	\$ 23,096,810
88,940	208,181	-	136,182	-	2,239,448
136,354	319,681	-	209,154	-	3,349,617
-	-	-	-	-	539,710
-	-	-	-	10,000	21,378
-	-	-	-	-	266,758
-	-	14,631	-	-	55,595
<u>\$ 2,290,245</u>	<u>\$ 2,254,331</u>	<u>\$ 3,432,857</u>	<u>\$ 1,077,958</u>	<u>\$ 811,481</u>	<u>\$ 29,569,316</u>
\$ 20,603	\$ 34,121	\$ 25,481	\$ 265	\$ -	\$ 314,020
-	-	15,093	-	-	74,733
-	-	11,378	-	-	21,378
<u>20,603</u>	<u>34,121</u>	<u>51,952</u>	<u>265</u>	<u>-</u>	<u>410,131</u>
<u>225,293</u>	<u>527,862</u>	<u>-</u>	<u>345,335</u>	<u>-</u>	<u>6,000,877</u>
-	-	14,631	-	-	55,595
-	-	-	-	100,194	100,194
2,044,349	1,692,348	-	732,358	-	8,222,666
-	-	3,366,274	-	-	3,366,274
-	-	-	-	702,244	2,183,075
-	-	-	-	9,043	9,043
-	-	-	-	-	499,543
-	-	-	-	-	2,500,000
-	-	-	-	-	6,221,918
<u>2,044,349</u>	<u>1,692,348</u>	<u>3,380,905</u>	<u>732,358</u>	<u>811,481</u>	<u>23,158,308</u>
<u>\$ 2,290,245</u>	<u>\$ 2,254,331</u>	<u>\$ 3,432,857</u>	<u>\$ 1,077,958</u>	<u>\$ 811,481</u>	<u>\$ 29,569,316</u>

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# CASCADE CHARTER TOWNSHIP

## RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

DECEMBER 31, 2018

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<b>Fund balances - total governmental funds</b>	<b>\$ 23,158,308</b>
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Amounts reported for *governmental activities* in the statement of net position are different because

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

Add - land	9,966,753
Add - capital assets (net of accumulated depreciation)	10,121,220

Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue or not included in the funds.

Add - special assessments deferred receivable	539,710
Add - accrued interest receivable	131,249

Deferred outflows and inflows reported on the statement of net position are recognized over future periods and therefore are not reported in the funds.

Add - deferred outflows related to pensions	816,773
Deduct - deferred inflows related to pensions	(89,634)

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(104,106)
Deduct - net pension liability	(3,436,041)
Deduct - bonds, obligations, and notes payable	(3,072,849)
Deduct - accrued interest on bonds and notes payable	(10,219)

<b>Net position of governmental activities</b>	<b><u>\$ 38,021,164</u></b>
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The accompanying notes are an integral part of these financial statements.

# CASCADE CHARTER TOWNSHIP

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

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Improvement Revolving</u>
<b>Revenues</b>				
Property taxes	\$ 2,143,436	\$ 1,946,874	\$ 671,298	\$ -
Licenses and permits	410,846	-	-	-
State	1,600,763	-	-	-
Local	-	-	-	-
Charges for services	166,258	-	-	-
Interest	333,577	63,729	12,055	31,525
Miscellaneous	143,998	4,980	-	542,333
<b>Total revenues</b>	<u>4,798,878</u>	<u>2,015,583</u>	<u>683,353</u>	<u>573,858</u>
<b>Expenditures</b>				
Current				
General government	1,847,120	-	-	-
Public safety	-	2,420,786	643,617	-
Public works	1,648,429	-	-	-
Community and economic development	363,109	-	-	-
Culture and recreation	78,396	-	-	-
Other	810,067	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	463,712	83,731	-	324,097
<b>Total expenditures</b>	<u>5,210,833</u>	<u>2,504,517</u>	<u>643,617</u>	<u>324,097</u>
Revenues over (under) expenditures	<u>(411,955)</u>	<u>(488,934)</u>	<u>39,736</u>	<u>249,761</u>
Other financing sources (uses)				
Transfers in	145,384	400,000	-	-
Transfers out	(443,000)	-	(31,499)	-
Total other financing sources (uses)	<u>(297,616)</u>	<u>400,000</u>	<u>(31,499)</u>	<u>-</u>
Net changes in fund balances	(709,571)	(88,934)	8,237	249,761
<b>Fund balances, beginning of year</b>	<u>9,950,982</u>	<u>2,552,149</u>	<u>1,303,173</u>	<u>1,231,070</u>
<b>Fund balances, end of year</b>	<u>\$ 9,241,411</u>	<u>\$ 2,463,215</u>	<u>\$ 1,311,410</u>	<u>\$ 1,480,831</u>

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

<u>Library</u>	<u>Pathways</u>	<u>Inspections</u>	<u>Open Space</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 231,930	\$ 615,788	\$ -	\$ 355,408	\$ -	\$ 5,964,734
-	-	2,163,175	-	-	2,574,021
-	-	-	-	-	1,600,763
32,870	-	-	-	-	32,870
-	-	-	-	4,885	171,143
41,218	18,582	27,413	11,391	13,359	552,849
-	6,970	2,100	1,000	5,000	706,381
<u>306,018</u>	<u>641,340</u>	<u>2,192,688</u>	<u>367,799</u>	<u>23,244</u>	<u>11,602,761</u>
-	-	-	-	4,437	1,851,557
-	-	1,563,357	-	1,267	4,629,027
-	-	-	-	-	1,648,429
-	-	-	-	-	363,109
275,606	33,444	-	18,482	-	405,928
-	-	-	-	-	810,067
-	-	-	-	254,000	254,000
-	-	-	-	72,475	72,475
15,369	64,061	32,829	-	4,982	988,781
<u>290,975</u>	<u>97,505</u>	<u>1,596,186</u>	<u>18,482</u>	<u>337,161</u>	<u>11,023,373</u>
<u>15,043</u>	<u>543,835</u>	<u>596,502</u>	<u>349,317</u>	<u>(313,917)</u>	<u>579,388</u>
-	-	-	-	369,475	914,859
-	-	(113,885)	(326,475)	-	(914,859)
-	-	(113,885)	(326,475)	369,475	-
15,043	543,835	482,617	22,842	55,558	579,388
<u>2,029,306</u>	<u>1,148,513</u>	<u>2,898,288</u>	<u>709,516</u>	<u>755,923</u>	<u>22,578,920</u>
<u>\$ 2,044,349</u>	<u>\$ 1,692,348</u>	<u>\$ 3,380,905</u>	<u>\$ 732,358</u>	<u>\$ 811,481</u>	<u>\$ 23,158,308</u>

**CASCADE CHARTER TOWNSHIP**

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

**FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 579,388</b>
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>	
Add - capital outlay	600,565
Deduct - depreciation expense	(874,322)
Deduct - net book value of disposed capital assets	(91,684)
<p>Special assessments receivable are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.</p>	
Deduct - net decrease in special assessments	(3,119,485)
<p>Interest receivable is recognized when earned in the statement of activities but is reflected as revenue on the fund statement when it is received.</p>	
Deduct - decrease in accrued interest receivable	(8,781)
<p>Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Add - principal payments on debt	254,000
Deduct - issuance of obligation payable	(426,769)
Add - principal paid on obligation payable	293,920
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>	
Deduct - increase in net pension liability	(1,347,558)
Add - increase in deferred outflows related to pension	475,933
Add - decrease in deferred inflows related to pension	217,029
Deduct - increase in compensated absences	(331)
Add - decrease in accrued interest	3,470
<b>Change in net position of governmental activities</b>	<b><u>\$ (3,444,625)</u></b>

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

**CASCADE CHARTER TOWNSHIP**  
**AGENCY FUNDS**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2018**

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	<b>Agency Funds</b>
<b>Assets</b>	
Cash and pooled investments	\$ 3,644,092
Accounts receivable	<u>500</u>
<b>Total assets</b>	<b><u>\$ 3,644,592</u></b>
<b>Liabilities</b>	
Accounts payable	\$ 2,125,120
Escrow deposits	141,064
Due to other governmental units	<u>1,378,408</u>
<b>Total liabilities</b>	<b><u>\$ 3,644,592</u></b>

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



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# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### ***Reporting Entity***

These financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Township's operations, so data from these units are combined with data of the primary government. Discretely presented component units are reported in separate columns in the financial statements to emphasize they are legally separate from the Township.

#### ***Blended Component Unit***

The Building Authority (the "Authority") serves all the citizens of the Township and is governed by a Board appointed by the Township's Board. The primary purpose of the Authority is to acquire and construct Township public buildings. The Authority issues bonds that are approved by the Township Board, and the legal liability for the Authority's debt remains with the Township. The Authority then leases the assets to the Township to finance the repayment of the bonds. The Authority is reported as a debt service fund.

#### ***Discretely Presented Component Unit***

The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown area and promote economic growth within downtown. The DDA governing body consists of individuals that are appointed by the Township's Board. The Township's Board approves the DDA's budget and has the ability to significantly influence operations of the DDA. Financial statements are not separately issued for the DDA.

This component unit provides services to the businesses located within the district. It is reported in a separate column to emphasize they are legally separate from the Township.

#### ***Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported in total. The Township had no business-type activities. 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 is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The Township reports the following major governmental funds:

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

The *Fire Special Revenue Fund* is used to account for a special tax millage levied by the Township to maintain the operations and debt service of the Township Fire Department.

The *Police Special Revenue Fund* is used to account for a special tax millage levied by the Township to maintain law enforcement activities in the Township.

The *Improvement Revolving Special Revenue Fund* is used to account for a special assessment and fees used to construct and improve the sewer sanitation and water supply systems in the Township.

The *Library Special Revenue Fund* is used to account for a special tax millage levied by the Township to maintain operations and debt service of the Township library.

The *Pathways Special Revenue Fund* is used to account for a special tax millage levied by the Township to maintain operations and debt service of the Township pedestrian pathways system.

The *Inspections Special Revenue Fund* is used to account for permit fees collected to maintain the operations of the Township inspections department.

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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The *Open Space Special Revenue Fund* is used to account for a special tax millage levied by the Township purchase land needed for Township park development.

Additionally, the Township reports the following fund types:

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

The *Debt Service Fund* is used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

The *Permanent Fund* accounts for fees collected to be used for cemetery improvements.

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

#### ***Budgets and Budgetary Accounting***

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

1. The Township Manager submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of a resolution.
4. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Supplemental appropriations, when required to provide for appropriate expenditures are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the Township Board. All appropriations lapse at year-end.

The appropriated budget is prepared by fund, function and department. The legal level of budgetary control is the department level. Supplemental appropriations were made during the year.

#### ***Cash and Pooled Investments***

The Township's cash and pooled investments are considered to be cash equivalents because the balances are pooled and readily available similar to a demand deposit account.

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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### ***Investments***

Investments are stated at fair value at the balance sheet date.

State statutes and Township policy authorize the Township to invest in:

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

### ***Interfund Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

### ***Prepaid Items***

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

### ***Capital Assets***

Capital assets, which include land, land improvements, infrastructure, buildings and improvements, vehicles, and furniture and equipment, are reported in the in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 or more than \$15,000 for land improvements and building improvements and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their fair value (the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction) on the date received.

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	10-25
Infrastructure	50
Buildings and improvements	5-50
Vehicles	5-20
Furniture and equipment	5-15

#### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Township has items that qualify for reporting in this category related to the net pension liability that is discussed in Note 7.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds and governmental activities report unearned revenues from property taxes levied for the following year. Additionally the governmental funds report unavailable revenue related to special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Township also has items that qualify for reporting in this category related to the net pension liability that is discussed in Note 7.

#### ***Long-Term Obligations***

In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

#### ***Compensated Absences***

Under contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation and sick leave under formulas and conditions specified in the contracts. Accumulated compensated absences of governmental funds are recorded on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. For governmental activities, compensated absences are generally liquidated by the general fund.

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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### ***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense; information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### ***Net Position and Fund Balance Reporting***

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.
4. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications. Only the General Fund can have positive unassigned fund balance.

### ***Net Position and Fund Balance Flow Assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### ***Property Taxes***

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

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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### *Interfund Transactions*

During the course of normal operations, the Township has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Remaining transactions are generally reflected as transfers.

### *Risk Management*

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year ended December 31, 2018, the Township carried commercial insurance to cover risks of losses. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

## 2. STATUTORY COMPLIANCE

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

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a departmental basis. The approved budgets of the Township for these budgeted funds were adopted at the department level. Changes in appropriations at the fund level require Board approval.

During the year ended December 31, 2018, the Township incurred expenditures in excess of the amount appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<b>General Fund</b>			
General government			
Treasurer	\$139,712	\$141,290	\$1,578
Public works			
Street lighting	123,000	129,197	6,197
Community and economic development			
Planning commission	350,370	362,089	11,719
Culture and recreation			
Parks and recreation	60,900	67,852	6,952
Historical	10,460	10,544	84
Transfers out	441,500	443,000	1,500
<b>Library Special Revenue Fund</b>			
Culture and recreation	258,258	275,606	17,348
<b>Inspections Special Revenue Fund</b>			
Capital outlay	32,000	32,829	829
Transfers out	105,300	113,885	8,585
<b>Hazmat Special Revenue Fund</b>			
Capital outlay	3,000	4,982	1,982



# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

#### 3. CASH AND POOLED INVESTMENTS

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

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$23,096,810	\$1,112,093	\$3,644,092	\$27,852,995

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

Deposits	\$21,511,991
Petty cash	405
Investments	<u>6,340,599</u>
 Total	 <u>\$27,852,995</u>

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require, and the Township does not have, a policy for deposit custodial credit risk. As of year-end, \$16,485,979 of the Township's bank balance of \$22,304,250 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

#### Investments

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

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Investment pool accounts				
Kent County Investment Pool	N/A	\$1,135,508	Unrated	
MI Class Investment Pool	N/A	4,219,206	AAAm	S&P
JP Morgan Commercial Paper	3/22/2019	<u>985,885</u>	A1	Moody
 Total		 <u>\$6,340,599</u>		

The Township categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Township has the following recurring fair value measurements as of year-end:

- The Township does not have any investments that are valued using quoted market prices (Level 1 inputs).

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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- The Kent County Investment Pool, MI Class Investment Pool, and commercial paper are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The Township does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

#### ***Investment and deposit risk***

*Interest Rate Risk.* State law and Township policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end. There is no stated maturity date for the Township's investment in the Kent County Public Funds Investment Pool identified above.

At December 31, 2018, the balance of the Kent County Public Funds Investment Pool consisted of the following:

<u>Investment</u>	<u>Percentage of pool total</u>	<u>Maturity in years</u>
Government agency securities	15.9%	0-3
Certificates of deposits	66.5%	0-3
Money market accounts	17.6%	Not applicable

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

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the Township does not have, a policy for investment custodial credit risk. Of the above investments in pools and mutual funds, the Township's custodial credit risk exposure cannot be determined because the mutual funds and the investment pools do not consist of specifically identifiable securities.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

#### 4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 9,932,583	\$ 34,170	\$ -	\$ 9,966,753
<b>Capital assets, being depreciated</b>				
Land improvements	8,604,258	134,542	99,861	8,638,939
Infrastructure	1,400,000	-	-	1,400,000
Buildings and improvements	8,716,292	295,066	16,388	8,994,970
Furniture and equipment	1,611,174	54,286	307,301	1,358,159
Vehicles	2,509,036	82,501	95,808	2,495,729
Total capital assets, being depreciated	22,840,760	566,395	519,358	22,887,797
Less accumulated depreciation for				
Land improvements	5,841,970	410,253	40,913	6,211,310
Infrastructure	896,000	28,000	-	924,000
Buildings and improvements	3,708,447	220,884	9,889	3,919,442
Furniture and equipment	1,062,407	97,040	293,562	865,885
Vehicles	811,105	118,145	83,310	845,940
Total accumulated depreciation	12,319,929	874,322	427,674	12,766,577
<b>Net capital assets, being depreciated</b>	10,520,831	(307,927)	91,684	10,121,220
<b>Governmental Activities capital assets, net</b>	<b>\$20,453,414</b>	<b>\$(273,757)</b>	<b>\$91,684</b>	<b>\$20,087,973</b>
<b>Component Unit</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 59,366	\$ -	\$ -	\$ 59,366
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	59,366	-	-	59,366
<b>Capital assets being depreciated</b>				
Land improvements	7,570,820	-	19,711	7,551,109
Furniture and equipment	20,913	15,479	-	36,392
Vehicles	46,528	-	-	46,528
Total capital assets, being depreciated	7,638,261	15,479	19,711	7,634,029
Less accumulated depreciation for				
Land improvements	3,041,427	302,043	6,084	3,337,386
Furniture and equipment	837	4,894	-	5,731
Vehicles	46,528	-	-	46,528
Total accumulated depreciation	3,088,792	306,937	6,084	3,389,645
<b>Net capital assets, being depreciated</b>	4,549,469	(291,458)	13,627	4,244,384
<b>Component Unit capital assets, net</b>	<b>\$4,608,835</b>	<b>\$(291,458)</b>	<b>\$13,627</b>	<b>\$4,303,750</b>

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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

<b>Governmental Activities</b>	
General government	\$122,614
Public safety	191,244
Recreation and cultural	560,464
<b>Total depreciation expense - governmental activities</b>	<b>\$874,322</b>

#### 5. INTERFUND TRANSACTIONS

Transfers in and out for the year are as follows:

<b>Transfers out</b>	<b>Transfers in</b>			
	<u>General fund</u>	<u>Fire fund</u>	<u>Non-major funds</u>	<u>Total</u>
General fund	\$ -	\$400,000	\$ 43,000	\$443,000
Police fund	31,499	-	-	31,499
Inspections fund	113,885	-	-	113,885
Open space fund	-	-	326,475	326,475
	<b>\$145,384</b>	<b>\$400,000</b>	<b>\$369,475</b>	<b>\$914,859</b>

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move funds as provided for in the budget.

Amounts due to non-major funds from the general fund represent amounts allocated to the fund but not yet paid.

#### 6. LONG-TERM DEBT

The following is a summary of the debt transactions of the Township for the year ended December 31, 2018:

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2018</u>	<u>Due Within One Year</u>
\$4,430,000 Building Authority Bonds of 2009; due in annual installments of \$195,000 to \$340,000 plus interest at 2.65-4.50% through May 2028	\$ 455,000	\$ -	\$225,000	\$ 230,000	\$230,000
\$2,739,000 General Obligation Refunding Bonds of 2017; due in annual installments of \$29,000 to \$321,000 plus interest at 1.94% through May 2028	2,739,000	-	29,000	2,710,000	35,000

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2018</u>	<u>Due Within One Year</u>
\$426,769 2018 Pension conversion obligation; due in annual installments ranging from \$85,579 to \$3,356 through December 2021	\$ -	\$426,769	\$293,920	\$ 132,849	\$ 85,579
<b>Total Long-Term Debt</b>	<b>3,194,000</b>	<b>426,769</b>	<b>547,920</b>	<b>3,072,849</b>	<b>350,579</b>
Accrued compensated absences	103,775	331	-	104,106	60,480
<b>Total Governmental Activities</b>	<b>\$3,297,775</b>	<b>\$427,100</b>	<b>\$547,920</b>	<b>\$3,176,955</b>	<b>\$411,059</b>
<b>Component Unit</b>					
<b>Downtown Development Authority</b>					
\$912,000 Development Refunding Notes of 2010; due in annual installments of \$88,000 to \$103,000 plus interest at 1.90-3.65% through Oct. 2020	<b>\$300,000</b>	<b>\$ -</b>	<b>\$97,000</b>	<b>\$203,000</b>	<b>\$100,000</b>

The annual requirements to amortize all debt outstanding (excluding issuance discount and accrued compensated absences) as of December 31, 2018, are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 350,579	\$ 56,605	\$ 100,000	\$7,210
2020	317,914	49,238	103,000	3,760
2021	282,356	43,873	-	-
2022	284,000	38,412	-	-
2023	293,000	32,816	-	-
2024-2028	1,545,000	76,079	-	-
<b>Total</b>	<b>\$3,072,849</b>	<b>\$297,023</b>	<b>\$203,000</b>	<b>\$10,970</b>

During fiscal 2017, the Township issued \$2,739,000 of refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for debt service. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. As of December 31, 2018, \$2,585,000 of the outstanding bonds payable are considered defeased and will be called in May 2019.

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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#### 7. PENSION PLANS

##### Defined Benefit Pension Plan

The Township participates in the Municipal Employees Retirement System of Michigan (MERS). MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

##### Benefits Provided

Only full-time employees participate in the plan. Benefits provided include a multiplier of 2.0 times final average compensation with a vesting period of 8 years. Normal retirement age is 60 with early retirement at 55 with 25 years of service with various benefits. Benefits are calculated using final average compensation of 5 years.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.5%.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2017):

Active plan members	43
Inactive employees entitled but not yet receiving benefits	5
Inactive employees or beneficiaries currently receiving benefits	<u>22</u>
Total	<u>70</u>

The defined benefit plan was closed to new entrants during the year ended December 31, 2018 and participants were offered a one-time incentive to convert from the defined benefit plan to the defined contribution plan.

##### Contributions

The Township is required to contribute at an actuarially determined rate, which for the current year was 12.58% of annual covered payroll. Contributions are determined based on participating employees. Participating employees are required to contribute 5.04% percent of gross wages to the Plan. The contribution requirements of the Township are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

##### Net Pension Liability

The employer's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of December 31, 2017.

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

The total pension liability calculated in the December 31, 2017 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 3%-4%
- Salary Increases: 3.75%
- Investment rate of return: 7.75%, net of investment expense, including inflation
- Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	57.5%	6.27%	3.60%
Global Fixed Income	20.0%	3.43%	0.68%
Real Assets	12.5%	5.48%	0.69%
Diversifying Strategies	10.0%	7.81%	0.78%
Inflation			2.00%
Administrative fee			0.25%
Investment rate of return			<u>8.00%</u>

Discount rate. The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

#### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2017	\$10,564,726	\$8,476,243	\$2,088,483
Changes for the Year:			
Service cost	324,267	-	324,267
Interest	830,058	-	830,058
Change in benefits	-	-	-
Difference between expected and actual experience	13,247	-	13,247
Change in assumptions	-	-	-
Contributions: employer	-	305,411	(305,411)
Contributions: employee	-	120,780	(120,780)
Net investment Income	-	(324,408)	324,408
Benefit payments, including refunds	(702,280)	(702,280)	-
Administrative expense	-	(16,413)	16,413
Other changes	265,356	-	265,356
Net changes	730,648	(616,910)	1,347,558
Balance at December 31, 2018	<u>\$11,295,374</u>	<u>\$7,859,333</u>	<u>\$3,436,041</u>

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
Total Pension Liability	\$12,737,656	\$11,295,374	\$10,085,229
Fiduciary Net Position	7,859,333	7,859,333	7,859,333
Net Pension Liability	<u>\$ 4,878,323</u>	<u>\$ 3,436,041</u>	<u>\$ 2,225,896</u>

#### Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2018 the employer recognized pension expense of \$960,007. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$89,634
Differences in assumptions	227,227	-
Excess (deficit) investment returns	589,546	-
Total	<u>\$816,773</u>	<u>\$89,634</u>



# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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Amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

2019	\$311,093
2020	176,828
2021	38,404
2022	200,814
2023	-
Thereafter	-
Total	<u>\$727,139</u>

#### Defined Contribution Pension Plan

The Township maintains a defined contribution plan administered by an insurance company. The Township contributes 10 percent of each eligible employee's salary to the plan. Employees are also able to make additional voluntary contributions. Plan provision and contribution requirements are established and may be amended by the Board. The Township's contribution for 2018 was \$13,863.

The Township established a new defined contribution plan administered by MERS. Depending on hire date, the Township contributes 5 to 6 percent of each eligible employee's salary to the plan and will match an additional 5 to 6 percent of each eligible employee's salary. Employees previously participating in the MERS defined benefit pension plan were given a one-time incentive offer to convert to the MERS defined contribution plan. The Township paid \$293,920 for the incentives in 2018 and an obligation payable in the amount of \$132,849 has been recorded for additional incentive payments to be made in future years. The Township's contribution in 2018, not including incentive payments, was \$87,486.

#### 8. LEASE AGREEMENT

The Township renewed an agreement in 2016, which provides for the leasing of the Cascade Dam to a private company for the purpose of generating and selling hydroelectric power. The original lease term through 2018 has an annual base rental of \$70,416 plus an annual maintenance reserve fee of \$5,000. Under the new agreement, the lease will automatically be extended for an additional 18 years upon expiration of the original term (through 2036). In years 2019 through 2029, the annual base rental is \$70,000 and from 2030 to 2036 the annual base rental will be \$72,000. The annual maintenance reserve fee will continue to be \$5,000 through the term of the new lease agreement. This is collected by the Township General Fund; \$40,000 plus the \$5,000 maintenance reserve fee is set aside each year in the Cascade Dam Major Repair Fund. At December 31, 2018, the Cascade Dam Major Repair Fund has accumulated \$674,767.

# CASCADE CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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The Township is also a lessee under an operating lease for building space. Lease expenditures for the year ended December 31, 2018 amounted to \$69,797. Future minimum lease payments for these leases are as follows:

Year Ending December 31,	Amount
2019	\$ 60,464
2020	61,625
2021	62,837
2022	58,619
	<u>\$243,545</u>

#### 9. CONTINGENT LIABILITIES

In the normal course of its operations, the Township has become a party in various legal actions, including property tax appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

#### 10. TAX ABATEMENTS

The Township entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 12 years as determined by the local unit of government. The agreements entered into by the Township include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The IFE is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended December 31, 2018 the Township abated property tax revenues of approximately \$45,000.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CASCADE CHARTER TOWNSHIP**

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

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 2,083,450	\$ 2,141,450	\$ 2,143,436	\$ 1,986
Licenses and permits	428,900	428,900	410,846	(18,054)
State	1,558,512	1,590,512	1,600,763	10,251
Charges for services	111,900	158,900	166,258	7,358
Interest	259,500	309,500	333,577	24,077
Miscellaneous	144,177	149,377	143,998	(5,379)
<b>Total revenues</b>	<u>4,586,439</u>	<u>4,778,639</u>	<u>4,798,878</u>	<u>20,239</u>
<b>Expenditures</b>				
Current				
General government				
Township board	57,750	57,750	54,868	2,882
Supervisor	34,285	34,285	27,708	6,577
Manager	132,450	117,450	117,334	116
Clerk	95,168	95,968	91,593	4,375
Treasurer	139,712	139,712	141,290	(1,578)
Assessor	235,583	235,583	227,082	8,501
Elections	39,000	52,000	46,511	5,489
Buildings and grounds	469,784	484,784	467,618	17,166
Cemetery	35,000	35,000	5,711	29,289
Administration	616,429	737,429	667,405	70,024
Public works				
Drains	137,397	137,397	48,719	88,678
Road construction and maintenance	407,300	1,507,300	1,417,414	89,886
Street lighting	113,000	123,000	129,197	(6,197)
Waste collection	62,200	62,200	53,099	9,101
Community and economic development				
Planning commission	337,370	350,370	362,089	(11,719)
Building and zoning	4,000	4,000	1,020	2,980
Culture and recreation				
Parks and recreation	60,900	60,900	67,852	(6,952)
Historical	10,460	10,460	10,544	(84)
Other	737,949	826,553	810,067	16,486
Capital outlay	765,000	890,617	463,712	426,905
<b>Total expenditures</b>	<u>4,490,737</u>	<u>5,962,758</u>	<u>5,210,833</u>	<u>751,925</u>
Revenues over (under) expenditures	<u>95,702</u>	<u>(1,184,119)</u>	<u>(411,955)</u>	<u>772,164</u>
Other financing sources (uses)				
Transfers in	126,499	126,499	145,384	18,885
Transfers out	(441,500)	(441,500)	(443,000)	(1,500)
Total other financing sources (uses)	<u>(315,001)</u>	<u>(315,001)</u>	<u>(297,616)</u>	<u>17,385</u>
Net changes in fund balances	(219,299)	(1,499,120)	(709,571)	789,549
<b>Fund balances, beginning of year</b>	<u>9,950,982</u>	<u>9,950,982</u>	<u>9,950,982</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 9,731,683</u>	<u>\$ 8,451,862</u>	<u>\$ 9,241,411</u>	<u>\$ 789,549</u>

# CASCADE CHARTER TOWNSHIP

## FIRE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 1,957,605	\$ 1,961,415	\$ 1,946,874	\$ (14,541)
Interest	45,750	59,750	63,729	3,979
Miscellaneous	3,500	8,100	4,980	(3,120)
<b>Total revenues</b>	<u>2,006,855</u>	<u>2,029,265</u>	<u>2,015,583</u>	<u>(13,682)</u>
<b>Expenditures</b>				
Current				
Public safety	2,124,128	2,457,211	2,420,786	36,425
Capital outlay	130,000	130,000	83,731	46,269
<b>Total expenditures</b>	<u>2,254,128</u>	<u>2,587,211</u>	<u>2,504,517</u>	<u>82,694</u>
Revenues over (under) expenditures	(247,273)	(557,946)	(488,934)	69,012
Other financing sources (uses)				
Transfers in	400,000	400,000	400,000	-
Net changes in fund balances	152,727	(157,946)	(88,934)	69,012
<b>Fund balances, beginning of year</b>	<u>2,552,149</u>	<u>2,552,149</u>	<u>2,552,149</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,704,876</u>	<u>\$ 2,394,203</u>	<u>\$ 2,463,215</u>	<u>\$ 69,012</u>

# CASCADE CHARTER TOWNSHIP

## POLICE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 681,777	\$ 681,777	\$ 671,298	\$ (10,479)
Interest	<u>8,750</u>	<u>8,750</u>	<u>12,055</u>	<u>3,305</u>
<b>Total revenues</b>	690,527	690,527	683,353	(7,174)
<b>Expenditures</b>				
Current				
Public safety	<u>652,972</u>	<u>652,972</u>	<u>643,617</u>	<u>9,355</u>
Revenues over (under) expenditures	<u>37,555</u>	<u>37,555</u>	<u>39,736</u>	<u>2,181</u>
Other financing sources (uses)				
Transfers out	<u>(31,499)</u>	<u>-</u>	<u>(31,499)</u>	<u>(31,499)</u>
Net changes in fund balances	6,056	37,555	8,237	(29,318)
<b>Fund balances, beginning of year</b>	<u>1,303,173</u>	<u>1,303,173</u>	<u>1,303,173</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 1,309,229</u>	<u>\$ 1,340,728</u>	<u>\$ 1,311,410</u>	<u>\$ (29,318)</u>

**CASCADE CHARTER TOWNSHIP**

**IMPROVEMENT REVOLVING SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ 6,500	\$ 29,500	\$ 31,525	\$ 2,025
Miscellaneous	<u>232,145</u>	<u>482,145</u>	<u>542,333</u>	<u>60,188</u>
<b>Total revenues</b>	238,645	511,645	573,858	62,213
<b>Expenditures</b>				
Capital outlay	<u>173,500</u>	<u>328,500</u>	<u>324,097</u>	<u>4,403</u>
Net changes in fund balances	65,145	183,145	249,761	66,616
<b>Fund balances, beginning of year</b>	<u>1,231,070</u>	<u>1,231,070</u>	<u>1,231,070</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 1,296,215</u>	<u>\$ 1,414,215</u>	<u>\$ 1,480,831</u>	<u>\$ 66,616</u>



# CASCADE CHARTER TOWNSHIP

## LIBRARY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 223,225	\$ 233,417	\$ 231,930	\$ (1,487)
Local	32,869	32,869	32,870	1
Interest	40,600	40,600	41,218	618
<b>Total revenues</b>	<u>296,694</u>	<u>306,886</u>	<u>306,018</u>	<u>(868)</u>
<b>Expenditures</b>				
Current				
Culture and recreation	204,922	258,258	275,606	(17,348)
Capital outlay	41,000	41,000	15,369	25,631
<b>Total expenditures</b>	<u>245,922</u>	<u>299,258</u>	<u>290,975</u>	<u>8,283</u>
Net changes in fund balances	50,772	7,628	15,043	7,415
<b>Fund balances, beginning of year</b>	<u>2,029,306</u>	<u>2,029,306</u>	<u>2,029,306</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,080,078</u>	<u>\$ 2,036,934</u>	<u>\$ 2,044,349</u>	<u>\$ 7,415</u>

# CASCADE CHARTER TOWNSHIP

## PATHWAYS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 592,295	\$ 592,295	\$ 615,788	\$ 23,493
Interest	18,600	18,600	18,582	(18)
Miscellaneous	-	-	6,970	6,970
<b>Total revenues</b>	<u>610,895</u>	<u>610,895</u>	<u>641,340</u>	<u>30,445</u>
<b>Expenditures</b>				
Current				
Culture and recreation	38,100	38,100	33,444	4,656
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>64,061</u>	<u>10,939</u>
<b>Total expenditures</b>	<u>113,100</u>	<u>113,100</u>	<u>97,505</u>	<u>15,595</u>
Net changes in fund balances	497,795	497,795	543,835	46,040
<b>Fund balances, beginning of year</b>	<u>1,148,513</u>	<u>1,148,513</u>	<u>1,148,513</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 1,646,308</u>	<u>\$ 1,646,308</u>	<u>\$ 1,692,348</u>	<u>\$ 46,040</u>

# CASCADE CHARTER TOWNSHIP

## INSPECTIONS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 1,625,000	\$ 2,019,433	\$ 2,163,175	\$ 143,742
Interest	25,400	27,800	27,413	(387)
Miscellaneous	1,000	1,000	2,100	1,100
<b>Total revenues</b>	<u>1,651,400</u>	<u>2,048,233</u>	<u>2,192,688</u>	<u>144,455</u>
<b>Expenditures</b>				
Current				
Public safety	1,437,042	1,644,308	1,563,357	80,951
Capital outlay	32,000	32,000	32,829	(829)
<b>Total expenditures</b>	<u>1,469,042</u>	<u>1,676,308</u>	<u>1,596,186</u>	<u>80,122</u>
Revenues over (under) expenditures	182,358	371,925	596,502	224,577
Other financing sources (uses)				
Transfers out	(95,000)	(105,300)	(113,885)	(8,585)
Net changes in fund balances	87,358	266,625	482,617	215,992
<b>Fund balances, beginning of year</b>	<u>2,898,288</u>	<u>2,898,288</u>	<u>2,898,288</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,985,646</u>	<u>\$ 3,164,913</u>	<u>\$ 3,380,905</u>	<u>\$ 215,992</u>

# CASCADE CHARTER TOWNSHIP

## OPEN SPACE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 341,770	\$ 357,410	\$ 355,408	\$ (2,002)
Interest	5,800	5,800	11,391	5,591
Miscellaneous	1,000	1,000	1,000	-
<b>Total revenues</b>	<u>348,570</u>	<u>364,210</u>	<u>367,799</u>	<u>3,589</u>
<b>Expenditures</b>				
Current				
Culture and recreation	<u>24,100</u>	<u>24,100</u>	<u>18,482</u>	<u>5,618</u>
Revenues over (under) expenditures	<u>324,470</u>	<u>340,110</u>	<u>349,317</u>	<u>9,207</u>
Other financing sources (uses)				
Transfers out	<u>(325,725)</u>	<u>(326,475)</u>	<u>(326,475)</u>	<u>-</u>
Net changes in fund balances	(1,255)	13,635	22,842	9,207
<b>Fund balances, beginning of year</b>	<u>709,516</u>	<u>709,516</u>	<u>709,516</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 708,261</u>	<u>\$ 723,151</u>	<u>\$ 732,358</u>	<u>\$ 9,207</u>

# CASCADE CHARTER TOWNSHIP

## DEFINED BENEFIT PENSION PLAN SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION LIABILITY AND RELATED RATIOS

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2015	2016	2017	2018
<b>Total pension liability</b>				
Service cost	\$ 232,044	\$ 269,359	\$ 301,620	\$ 324,267
Interest	672,517	697,204	813,553	830,058
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	-	360,728	(407,538)	13,247
Changes in assumptions	-	568,066	-	-
Benefit payments including employee refunds	(347,736)	(337,024)	(460,299)	(702,280)
Other	(17,508)	(58,461)	68,638	265,356
<b>Net change in total pension liability</b>	539,317	1,499,872	315,974	730,648
<b>Total pension liability, beginning of year</b>	8,209,563	8,748,880	10,248,752	10,564,726
<b>Total pension liability, end of year</b>	<u>\$ 8,748,880</u>	<u>\$ 10,248,752</u>	<u>\$ 10,564,726</u>	<u>\$ 11,295,374</u>
<b>Plan fiduciary net position</b>				
Contributions-employer	\$ 232,013	\$ 245,343	\$ 290,039	\$ 305,411
Contributions-employee	117,128	123,282	124,705	120,780
Net investment income	(105,931)	776,510	1,004,690	(324,408)
Benefit payments including employee refunds	(347,736)	(337,024)	(460,299)	(702,280)
Administrative expense	(15,175)	(15,315)	(15,897)	(16,413)
<b>Net change in plan fiduciary net position</b>	(119,701)	792,796	943,238	(616,910)
<b>Plan fiduciary net position, beginning of year</b>	6,859,910	6,740,209	7,533,005	8,476,243
<b>Plan fiduciary net position, end of year</b>	<u>\$ 6,740,209</u>	<u>\$ 7,533,005</u>	<u>\$ 8,476,243</u>	<u>\$ 7,859,333</u>
<b>Employer net pension liability</b>	<u>\$ 2,008,671</u>	<u>\$ 2,715,747</u>	<u>\$ 2,088,483</u>	<u>\$ 3,436,041</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	77%	74%	80%	70%
<b>Covered employee payroll</b>	\$ 2,047,653	\$ 2,314,281	\$ 2,474,196	\$ 2,626,444
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	98%	117%	84%	131%

**CASCADE CHARTER TOWNSHIP**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarial determined contributions	\$ 232,013	\$ 245,343	\$ 290,039	\$ 305,411
Contributions in relation to the actuarially determined contribution	<u>232,013</u>	<u>245,343</u>	<u>290,039</u>	<u>305,411</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,047,653	\$ 2,314,281	\$ 2,474,196	\$ 2,626,444
Contributions as a percentage of covered employee payroll	11.3%	10.6%	11.7%	11.6%

**Notes to schedule**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	5 year smoothed (10 years for 2014)
Inflation	2.5% (3-4% for 2014)
Salary increases	3.75% (4.5 for 2014)
Investment rate of return	7.75% (8.00 for 2014)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male RP-2014 mortality table

**Notes to required supplementary information**

**Budgets and Budgetary Accounting**

The Township adopts annual budgets for the general and special revenue funds fund following the GAAP basis of accounting. Unexpended appropriations lapse at year-end.

**Pension Schedules**

Pension data is based on a measurement date of December 31.  
Pension schedules are being accumulated prospectively until ten years of data is presented.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CASCADE CHARTER TOWNSHIP**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**DECEMBER 31, 2018**

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Permanent</u>	
	<u>Cascade Dam Major Repair</u>	<u>Hazmat</u>	<u>Building Authority</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
<b>Assets</b>					
Cash and pooled investments	\$ 664,767	\$ 27,477	\$ -	\$ 109,237	\$ 801,481
Due from other funds	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<b>Total assets</b>	<u>\$ 674,767</u>	<u>\$ 27,477</u>	<u>\$ -</u>	<u>\$ 109,237</u>	<u>\$ 811,481</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances</b>					
Nonspendable					
Cemetery trust	-	-	-	100,249	100,249
Restricted					
Capital improvements	674,767	27,477	-	-	702,244
Committed					
Cemetery trust	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,988</u>	<u>8,988</u>
<b>Total fund balances</b>	<u>674,767</u>	<u>27,477</u>	<u>-</u>	<u>109,237</u>	<u>811,481</u>
<b>Total liabilities and fund balances</b>	<u>\$ 674,767</u>	<u>\$ 27,477</u>	<u>\$ -</u>	<u>\$ 109,237</u>	<u>\$ 811,481</u>



**CASCADE CHARTER TOWNSHIP**

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

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Special Revenue Funds		Debt Service Fund	Permanent	Total
	Cascade Dam Major Repair	Hazmat	Building Authority	Cemetery Perpetual Care	
<b>Revenues</b>					
Charges for services	\$ -	\$ -	\$ -	\$ 4,885	\$ 4,885
Interest	12,713	106	-	540	13,359
Miscellaneous	5,000	-	-	-	5,000
<b>Total revenues</b>	<u>17,713</u>	<u>106</u>	<u>-</u>	<u>5,425</u>	<u>23,244</u>
<b>Expenditures</b>					
Current					
General government	-	-	-	4,437	4,437
Public safety	-	1,267	-	-	1,267
Debt service					
Principal	-	-	254,000	-	254,000
Interest	-	-	72,475	-	72,475
Capital outlay	-	4,982	-	-	4,982
<b>Total expenditures</b>	<u>-</u>	<u>6,249</u>	<u>326,475</u>	<u>4,437</u>	<u>337,161</u>
Revenues over (under) expenditures	17,713	(6,143)	(326,475)	988	(313,917)
Other financing sources (uses)					
Transfers in	40,000	-	326,475	3,000	369,475
Net changes in fund balances	57,713	(6,143)	-	3,988	55,558
<b>Fund balances, beginning of year</b>	<u>617,054</u>	<u>33,620</u>	<u>-</u>	<u>105,249</u>	<u>755,923</u>
<b>Fund balances, end of year</b>	<u>\$ 674,767</u>	<u>\$ 27,477</u>	<u>\$ -</u>	<u>\$ 109,237</u>	<u>\$ 811,481</u>

# CASCADE CHARTER TOWNSHIP

## CASCADE DAM MAJOR REPAIR SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ 11,000	\$ 11,000	\$ 12,713	\$ 1,713
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<b>Total revenues</b>	<u>16,000</u>	<u>16,000</u>	<u>17,713</u>	<u>1,713</u>
<b>Expenditures</b>				
Current				
General government	5,000	5,000	-	5,000
Capital outlay	<u>270,000</u>	<u>270,000</u>	<u>-</u>	<u>270,000</u>
<b>Total expenditures</b>	<u>275,000</u>	<u>275,000</u>	<u>-</u>	<u>275,000</u>
Revenues over (under) expenditures	(259,000)	(259,000)	17,713	276,713
Other financing sources (uses)				
Transfers in	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net changes in fund balances	(219,000)	(219,000)	57,713	276,713
<b>Fund balances, beginning of year</b>	<u>617,054</u>	<u>617,054</u>	<u>617,054</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 398,054</u>	<u>\$ 398,054</u>	<u>\$ 674,767</u>	<u>\$ 276,713</u>

**CASCADE CHARTER TOWNSHIP**

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

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local	\$ 6,000	\$ -	\$ -	\$ -
Interest	200	200	106	(94)
<b>Total revenues</b>	<u>6,200</u>	<u>200</u>	<u>106</u>	<u>(94)</u>
<b>Expenditures</b>				
Current				
Public safety	5,000	5,000	1,267	3,733
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>4,982</u>	<u>(1,982)</u>
<b>Total expenditures</b>	<u>8,000</u>	<u>8,000</u>	<u>6,249</u>	<u>1,751</u>
Net changes in fund balances	(1,800)	(7,800)	(6,143)	1,657
<b>Fund balances, beginning of year</b>	<u>33,620</u>	<u>33,620</u>	<u>33,620</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 31,820</u>	<u>\$ 25,820</u>	<u>\$ 27,477</u>	<u>\$ 1,657</u>

# CASCADE CHARTER TOWNSHIP

## GENERAL FUND COMPARATIVE BALANCE SHEET

*DECEMBER 31, 2018 and 2017*

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ 8,980,690	\$ 9,747,142
Receivables		
Accounts	739,197	962,719
Taxes	1,070,805	767,199
Due from other funds	11,378	-
Due from other governments	266,758	264,481
Prepaid items	<u>19,950</u>	<u>13,092</u>
<b>Total assets</b>	<u>\$ 11,088,778</u>	<u>\$ 11,754,633</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 111,734	\$ 181,680
Accrued payroll and benefits	27,244	17,145
Due to other funds	<u>10,000</u>	<u>10,000</u>
<b>Total liabilities</b>	<u>148,978</u>	<u>208,825</u>
<b>Deferred inflows of resources</b>		
Unearned revenue	<u>1,698,389</u>	<u>1,594,826</u>
<b>Fund balances</b>		
Nonspendable		
Prepaid items	19,950	13,092
Committed		
Unfunded pension liability	499,543	499,543
Facility Improvements	2,500,000	-
Loss of personal property tax revenues	-	475,000
Assigned		
Future years expenditures	-	152,397
Unassigned	<u>6,221,918</u>	<u>8,810,950</u>
<b>Total fund balances</b>	<u>9,241,411</u>	<u>9,950,982</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 11,088,778</u>	<u>\$ 11,754,633</u>

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**CASCADE CHARTER TOWNSHIP**

**GENERAL FUND  
COMPARATIVE SCHEDULE OF REVENUES**

**FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Property taxes		
Current property taxes	\$ 1,479,951	\$ 1,431,096
Street lighting assessment	64,956	62,185
Delinquent property taxes	4,260	9,001
Industrial facilities taxes	10,357	6,481
Interest and penalties on taxes	12,672	10,267
Tax administration fees	<u>571,240</u>	<u>606,384</u>
Total property taxes	<u>2,143,436</u>	<u>2,125,414</u>
Licenses and permits		
Cablevision fees	410,375	439,473
Dog licenses	66	74
Other permits	<u>405</u>	<u>560</u>
Total licenses and permits	<u>410,846</u>	<u>440,107</u>
State		
Sales taxes	1,549,636	1,493,733
PA 48/Metro Authority	15,342	15,565
Other state grants	<u>35,785</u>	<u>42,770</u>
Total state	<u>1,600,763</u>	<u>1,552,068</u>
Charges for services		
Planning and zoning fees	30,794	33,728
Summer tax collection fees	25,763	26,012
P.A. 198 tax application fees	3,000	2,776
Yard waste bag fees	1,470	1,382
Sewer and water implementation fees	51,809	36,568
Grave openings	22,950	21,545
Passport application fees	30,470	22,275
Sale of printed materials	<u>2</u>	<u>103</u>
Total charges for services	<u>166,258</u>	<u>144,389</u>
Interest		
Interest on deposits and investments	111,884	74,823
Rental income	<u>221,693</u>	<u>217,365</u>
Total interest	<u>333,577</u>	<u>292,188</u>
Miscellaneous		
Sale of assets	-	50
Contributions	124,432	109,620
Park income	365	7,675
Reimbursements	-	13,616
Refunds and rebates	2,261	15
Other	<u>16,940</u>	<u>22,675</u>
Total miscellaneous	<u>143,998</u>	<u>153,651</u>
<b>Total revenues</b>	<u>\$ 4,798,878</u>	<u>\$ 4,707,817</u>

**CASCADE CHARTER TOWNSHIP**

**GENERAL FUND  
COMPARATIVE SCHEDULE OF EXPENDITURES**

**FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Expenditures</b>		
Current		
General government		
Township board		
Personnel services	\$ 36,000	\$ 23,843
Other services and charges	18,868	17,055
Total township board	<u>54,868</u>	<u>40,898</u>
Supervisor		
Personnel services	20,000	15,000
Other services and charges	7,597	8,623
Capital outlay	111	15
Total supervisor	<u>27,708</u>	<u>23,638</u>
Manager		
Personnel services	115,073	108,595
Other services and charges	2,261	2,338
Total manager	<u>117,334</u>	<u>110,933</u>
Clerk		
Personnel services	85,958	79,074
Other services and charges	5,635	2,616
Total clerk	<u>91,593</u>	<u>81,690</u>
Treasurer		
Personnel services	135,676	120,117
Other services and charges	3,391	4,278
Capital outlay	2,223	2,403
Total treasurer	<u>141,290</u>	<u>126,798</u>
Assessor		
Personnel services	208,229	200,000
Supplies	397	304
Other services and charges	18,087	15,002
Capital outlay	369	1,227
Total assessor	<u>227,082</u>	<u>216,533</u>
Elections		
Personnel services	22,657	5,610
Supplies	13,861	544
Other services and charges	9,993	1,630
Total elections	<u>46,511</u>	<u>7,784</u>
Buildings and grounds		
Personnel services	272,994	238,489
Supplies	2,509	1,624
Other services and charges	189,818	135,729
Capital outlay	2,297	2,566
Total buildings and grounds	<u>467,618</u>	<u>378,408</u>
Cemetery		
Other services and charges	<u>5,711</u>	<u>30,151</u>
Administration		
Personnel services	110,151	104,489
Supplies	36,267	20,723
Other services and charges	515,912	442,808
Capital outlay	5,075	1,171
Total administration	<u>667,405</u>	<u>569,191</u>
Total general government	<u>1,847,120</u>	<u>1,586,024</u>

(Continued)

**CASCADE CHARTER TOWNSHIP**

**GENERAL FUND  
COMPARATIVE SCHEDULE OF EXPENDITURES**

**FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Public works		
Drains		
Other services and charges	\$ 2,084	\$ 25,733
Capital outlay	<u>46,635</u>	<u>64,701</u>
Total drains	<u>48,719</u>	<u>90,434</u>
Road construction and maintenance		
Capital outlay	<u>1,417,414</u>	<u>256,093</u>
Street lighting		
Other services and charges	128,044	112,115
Capital outlay	<u>1,153</u>	<u>467</u>
Total street lighting	<u>129,197</u>	<u>112,582</u>
Waste collection		
Other services and charges	<u>53,099</u>	<u>57,496</u>
Total public works	<u>1,648,429</u>	<u>516,605</u>
Community and economic development		
Planning commission		
Personnel services	219,259	191,789
Supplies	669	437
Other services and charges	<u>142,161</u>	<u>37,139</u>
Total planning commission	<u>362,089</u>	<u>229,365</u>
Building and zoning		
Personnel services	<u>1,020</u>	<u>1,585</u>
Total community and economic development	<u>363,109</u>	<u>230,950</u>
Culture and recreation		
Parks and recreation		
Supplies	3,192	4,319
Other services and charges	64,093	52,960
Capital outlay	<u>567</u>	<u>4,700</u>
Total parks and recreation	<u>67,852</u>	<u>61,979</u>
Historical		
Supplies	6,000	5,000
Other services and charges	<u>4,544</u>	<u>4,083</u>
Total historical	<u>10,544</u>	<u>9,083</u>
Total culture and recreation	<u>78,396</u>	<u>71,062</u>
Other		
Employee benefits	493,547	364,513
Transportation services	<u>316,520</u>	<u>337,920</u>
Total other	<u>810,067</u>	<u>702,433</u>
Capital outlay	<u>463,712</u>	<u>383,971</u>
<b>Total expenditures</b>	<u>\$ 5,210,833</u>	<u>\$ 3,491,045</u>

(Concluded)



# CASCADE CHARTER TOWNSHIP

## FIRE SPECIAL REVENUE FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018 and 2017

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	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ 2,486,169	\$ 2,864,149
Receivables		
Accounts	778,819	1,030,833
Taxes	1,196,116	864,899
Prepaid items	<u>21,014</u>	<u>12,576</u>
<b>Total assets</b>	<u>\$ 4,482,118</u>	<u>\$ 4,772,457</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 11,572	\$ 307,079
Accrued payroll and benefits	<u>32,396</u>	<u>17,497</u>
<b>Total liabilities</b>	<u>43,968</u>	<u>324,576</u>
<b>Deferred inflows of resources</b>		
Unearned revenue	<u>1,974,935</u>	<u>1,895,732</u>
<b>Fund balances</b>		
Nonspendable		
Prepaid items	21,014	12,576
Restricted		
Dedicated millage	<u>2,442,201</u>	<u>2,539,573</u>
<b>Total fund balances</b>	<u>2,463,215</u>	<u>2,552,149</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 4,482,118</u>	<u>\$ 4,772,457</u>

**CASCADE CHARTER TOWNSHIP**

**FIRE SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE**

**FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Property taxes		
Current property taxes	\$ 1,927,812	\$ 1,870,405
Delinquent property taxes	4,694	4,947
Industrial facilities taxes	14,020	8,773
Interest and penalties on taxes	348	329
Total property taxes	<u>1,946,874</u>	<u>1,884,454</u>
Interest	63,729	30,990
Miscellaneous		
Other	<u>4,980</u>	<u>7,185</u>
<b>Total revenues</b>	<u>2,015,583</u>	<u>1,922,629</u>
<b>Expenditures</b>		
Current		
Public safety		
Fire department		
Personnel services	2,108,006	1,663,053
Supplies	106,323	51,492
Other services and charges	206,457	222,611
Total public safety	<u>2,420,786</u>	<u>1,937,156</u>
Capital outlay	<u>83,731</u>	<u>489,033</u>
<b>Total expenditures</b>	<u>2,504,517</u>	<u>2,426,189</u>
Revenues over (under) expenditures	(488,934)	(503,560)
Other financing sources (uses)		
Transfers in	<u>400,000</u>	<u>400,000</u>
Net changes in fund balances	(88,934)	(103,560)
<b>Fund balances, beginning of year</b>	<u>2,552,149</u>	<u>2,655,709</u>
<b>Fund balances, end of year</b>	<u>\$ 2,463,215</u>	<u>\$ 2,552,149</u>

# CASCADE CHARTER TOWNSHIP

## POLICE SPECIAL REVENUE FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018 and 2017

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	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ 1,416,654	\$ 1,388,347
Receivables		
Accounts	271,846	359,820
Taxes	<u>417,507</u>	<u>301,901</u>
<b>Total assets</b>	<u>\$ 2,106,007</u>	<u>\$ 2,050,068</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ 105,244</u>	<u>\$ 85,174</u>
<b>Deferred inflows of resources</b>		
Unearned revenue	<u>689,353</u>	<u>661,721</u>
<b>Fund balances</b>		
Restricted		
Dedicated millage	<u>1,311,410</u>	<u>1,303,173</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,106,007</u>	<u>\$ 2,050,068</u>

**CASCADE CHARTER TOWNSHIP**

**POLICE SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE**

**FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Property taxes		
Current property taxes	\$ 664,645	\$ 645,561
Delinquent property taxes	1,638	1,727
Industrial facilities taxes	4,894	3,062
Interest and penalties on taxes	<u>121</u>	<u>115</u>
 Total property taxes	 671,298	 650,465
 Interest	 <u>12,055</u>	 <u>12,075</u>
 <b>Total revenues</b>	 683,353	 662,540
 <b>Expenditures</b>		
Current		
Public safety		
Law enforcement		
Other services and charges	<u>643,617</u>	<u>643,152</u>
 Revenues over (under) expenditures	 39,736	 19,388
 Other financing sources (uses)		
Transfers out	<u>(31,499)</u>	<u>-</u>
 Net changes in fund balances	 8,237	 19,388
 <b>Fund balances, beginning of year</b>	 <u>1,303,173</u>	 <u>1,283,785</u>
 <b>Fund balances, end of year</b>	 <u>\$ 1,311,410</u>	 <u>\$ 1,303,173</u>

# CASCADE CHARTER TOWNSHIP

## IMPROVEMENT REVOLVING SPECIAL REVENUE FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ 1,469,548	\$ 1,151,348
Receivables		
Accounts	16,283	10,068
Special assessments	539,710	3,669,668
Due from other governments	<u>-</u>	<u>133,453</u>
<b>Total assets</b>	<u>\$ 2,025,541</u>	<u>\$ 4,964,537</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ 5,000</u>	<u>\$ 74,272</u>
<b>Deferred inflows of resources</b>		
Unavailable revenue	<u>539,710</u>	<u>3,659,195</u>
<b>Fund balances</b>		
Restricted		
Water and sewer improvements	<u>1,480,831</u>	<u>1,231,070</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,025,541</u>	<u>\$ 4,964,537</u>

# CASCADE CHARTER TOWNSHIP

## IMPROVEMENT REVOLVING SPECIAL REVENUE FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Interest		
Interest on deposits	\$ 27,759	\$ 3,678
Interest on special assessments	3,766	3,081
Total interest	<u>31,525</u>	<u>6,759</u>
Miscellaneous		
Special assessments	25,105	54,912
Hookup fees	517,228	362,654
Total miscellaneous	<u>542,333</u>	<u>417,566</u>
<b>Total revenues</b>	<u>573,858</u>	<u>424,325</u>
<b>Expenditures</b>		
Debt service		
Principal	-	77,000
Interest and fees	-	2,289
Total debt service	<u>-</u>	<u>79,289</u>
Capital outlay	<u>324,097</u>	<u>710,136</u>
<b>Total expenditures</b>	<u>324,097</u>	<u>789,425</u>
Net changes in fund balances	249,761	(365,100)
<b>Fund balances, beginning of year</b>	<u>1,231,070</u>	<u>1,596,170</u>
<b>Fund balances, end of year</b>	<u>\$ 1,480,831</u>	<u>\$ 1,231,070</u>

# CASCADE CHARTER TOWNSHIP

## LIBRARY SPECIAL REVENUE FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ 2,064,951	\$ 2,040,988
Receivables		
Accounts	88,940	117,709
Taxes	<u>136,354</u>	<u>98,630</u>
<b>Total assets</b>	<u>\$ 2,290,245</u>	<u>\$ 2,257,327</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ 20,603</u>	<u>\$ 11,682</u>
<b>Deferred inflows of resources</b>		
Unearned revenue	<u>225,293</u>	<u>216,339</u>
<b>Fund balances</b>		
Restricted		
Dedicated millage	<u>2,044,349</u>	<u>2,029,306</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,290,245</u>	<u>\$ 2,257,327</u>

# CASCADE CHARTER TOWNSHIP

## LIBRARY SPECIAL REVENUE FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Property taxes		
Current property taxes	\$ 229,756	\$ 222,084
Delinquent property taxes	535	564
Industrial facilities taxes	1,599	1,000
Interest and penalties on taxes	40	37
Total property taxes	<u>231,930</u>	<u>223,685</u>
Local	32,870	32,870
Interest	<u>41,218</u>	<u>29,188</u>
<b>Total revenues</b>	<u>306,018</u>	<u>285,743</u>
<b>Expenditures</b>		
Current		
Recreation and cultural		
Library		
Supplies	5,291	3,868
Other services and charges	270,315	196,827
Total recreation and cultural	<u>275,606</u>	<u>200,695</u>
Capital outlay	<u>15,369</u>	<u>34,970</u>
<b>Total expenditures</b>	<u>290,975</u>	<u>235,665</u>
Net changes in fund balances	15,043	50,078
<b>Fund balances, beginning of year</b>	<u>2,029,306</u>	<u>1,979,228</u>
<b>Fund balances, end of year</b>	<u>\$ 2,044,349</u>	<u>\$ 2,029,306</u>



# CASCADE CHARTER TOWNSHIP

## PATHWAYS SPECIAL REVENUE FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ 1,726,469	\$ 1,155,395
Receivables		
Accounts	208,181	312,321
Taxes	<u>319,681</u>	<u>262,049</u>
<b>Total assets</b>	<u>\$ 2,254,331</u>	<u>\$ 1,729,765</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ 34,121</u>	<u>\$ 6,882</u>
<b>Deferred inflows of resources</b>		
Unearned revenue	<u>527,862</u>	<u>574,370</u>
<b>Fund balances</b>		
Restricted		
Dedicated millage	<u>1,692,348</u>	<u>1,148,513</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,254,331</u>	<u>\$ 1,729,765</u>

# CASCADE CHARTER TOWNSHIP

## PATHWAYS SPECIAL REVENUE FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Property taxes		
Current property taxes	\$ 610,012	\$ 589,630
Delinquent property taxes	1,422	1,499
Industrial facilities taxes	4,248	2,658
Interest and penalties on taxes	106	100
Total property taxes	<u>615,788</u>	<u>593,887</u>
Interest	18,582	3,971
Miscellaneous	<u>6,970</u>	<u>-</u>
<b>Total revenues</b>	<u>641,340</u>	<u>597,858</u>
<b>Expenditures</b>		
Current		
Recreation and cultural		
Parks and recreations		
Supplies	5,285	13,150
Other services and charges	28,159	21,707
Total recreation and cultural	<u>33,444</u>	<u>34,857</u>
Debt service		
Principal	-	287,000
Interest and fees	-	5,423
Total debt service	<u>-</u>	<u>292,423</u>
Capital outlay	<u>64,061</u>	<u>77,393</u>
<b>Total expenditures</b>	<u>97,505</u>	<u>404,673</u>
Net changes in fund balances	543,835	193,185
<b>Fund balances, beginning of year</b>	<u>1,148,513</u>	<u>955,328</u>
<b>Fund balances, end of year</b>	<u>\$ 1,692,348</u>	<u>\$ 1,148,513</u>

**CASCADE CHARTER TOWNSHIP**

**INSPECTIONS SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET**

**DECEMBER 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ 3,418,226	\$ 3,004,032
Prepaid items	<u>14,631</u>	<u>9,445</u>
<b>Total assets</b>	<u>\$ 3,432,857</u>	<u>\$ 3,013,477</u>
<b>Liabilities and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 25,481	\$ 103,103
Accrued payroll and benefits	15,093	12,086
Due to other funds	<u>11,378</u>	<u>-</u>
<b>Total liabilities</b>	<u>51,952</u>	<u>115,189</u>
<b>Fund balances</b>		
Nonspendable		
Prepaid items	14,631	9,445
Restricted		
Inspections	<u>3,366,274</u>	<u>2,888,843</u>
<b>Total fund balances</b>	<u>3,380,905</u>	<u>2,898,288</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,432,857</u>	<u>\$ 3,013,477</u>

**CASCADE CHARTER TOWNSHIP**  
**INSPECTIONS SPECIAL REVENUE FUND**  
**COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Licenses and permits		
Building permits	\$ 318,399	\$ 274,865
Electrical permits	101,326	84,775
Mechanical permits	100,870	92,525
Plumbing permits	48,848	46,053
Permits - other townships	1,433,954	1,264,343
Plan reviews	152,948	150,046
Contractor registration fees	6,830	10,755
Total licenses and permits	<u>2,163,175</u>	<u>1,923,362</u>
Interest	27,413	14,821
Miscellaneous	<u>2,100</u>	<u>1,670</u>
<b>Total revenues</b>	<u>2,192,688</u>	<u>1,939,853</u>
<b>Expenditures</b>		
Current		
Public safety		
Inspections		
Personnel services	1,065,579	854,817
Supplies	14,183	10,424
Other services and charges	483,595	368,393
Total public safety	<u>1,563,357</u>	<u>1,233,634</u>
Capital outlay	<u>32,829</u>	<u>141,262</u>
<b>Total expenditures</b>	<u>1,596,186</u>	<u>1,374,896</u>
Revenues over (under) expenditures	596,502	564,957
Other financing sources (uses)		
Transfers out	<u>(113,885)</u>	<u>(96,750)</u>
Net changes in fund balances	482,617	468,207
<b>Fund balances, beginning of year</b>	<u>2,898,288</u>	<u>2,430,081</u>
<b>Fund balances, end of year</b>	<u>\$ 3,380,905</u>	<u>\$ 2,898,288</u>

**CASCADE CHARTER TOWNSHIP**

**OPEN SPACE SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET**

**DECEMBER 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ 732,622	\$ 717,643
Receivables		
Accounts	136,182	183,301
Taxes	<u>209,154</u>	<u>151,239</u>
<b>Total assets</b>	<u>\$ 1,077,958</u>	<u>\$ 1,052,183</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ 265</u>	<u>\$ 11,177</u>
<b>Deferred inflows of resources</b>		
Unearned revenue	<u>345,335</u>	<u>331,490</u>
<b>Fund balances</b>		
Restricted		
Dedicated millage	<u>732,358</u>	<u>709,516</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,077,958</u>	<u>\$ 1,052,183</u>

**CASCADE CHARTER TOWNSHIP**  
**OPEN SPACE SPECIAL REVENUE FUND**  
**COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Property taxes		
Current property taxes	\$ 352,074	\$ 340,297
Delinquent property taxes	821	865
Industrial facilities taxes	2,452	1,534
Interest and penalties on taxes	61	57
	<hr/>	<hr/>
Total property taxes	355,408	342,753
Interest	11,391	2,238
Miscellaneous	1,000	-
	<hr/>	<hr/>
<b>Total revenues</b>	<u>367,799</u>	<u>344,991</u>
<b>Expenditures</b>		
Current		
Recreation and cultural		
Parks and recreations		
Other services and charges	18,482	29,513
Debt service		
Bond costs	-	37,550
	<hr/>	<hr/>
<b>Total expenditures</b>	<u>18,482</u>	<u>67,063</u>
Revenues over (under) expenditures	<u>349,317</u>	<u>277,928</u>
Other financing sources (uses)		
Bond Issues	-	2,739,000
Payment to escrow agent	-	(2,754,088)
Transfers out	(326,475)	(292,369)
	<hr/>	<hr/>
Total other financing sources (uses)	<u>(326,475)</u>	<u>(307,457)</u>
Net changes in fund balances	22,842	(29,529)
<b>Fund balances, beginning of year</b>	<u>709,516</u>	<u>739,045</u>
<b>Fund balances, end of year</b>	<u>\$ 732,358</u>	<u>\$ 709,516</u>

**CASCADE CHARTER TOWNSHIP**

**CASCADE DAM MAJOR REPAIR SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET**

**DECEMBER 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ 664,767	\$ 607,054
Due from other funds	<u>10,000</u>	<u>10,000</u>
<b>Total assets</b>	<u>\$ 674,767</u>	<u>\$ 617,054</u>
<b>Liabilities and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>-</u>	\$ <u>-</u>
<b>Fund balances</b>		
Committed		
Dam repairs	<u>674,767</u>	<u>617,054</u>
<b>Total liabilities and fund balances</b>	<u>\$ 674,767</u>	<u>\$ 617,054</u>

# CASCADE CHARTER TOWNSHIP

## CASCADE DAM MAJOR REPAIR SPECIAL REVENUE FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

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	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Interest	\$ 12,713	\$ 11,582
Miscellaneous	<u>5,000</u>	<u>5,000</u>
<b>Total revenues</b>	17,713	16,582
<b>Expenditures</b>		
Current		
General government	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	17,713	16,582
Other financing sources (uses)		
Transfers in	<u>40,000</u>	<u>40,000</u>
Net changes in fund balances	57,713	56,582
<b>Fund balances, beginning of year</b>	<u>617,054</u>	<u>560,472</u>
<b>Fund balances, end of year</b>	<u>\$ 674,767</u>	<u>\$ 617,054</u>



**CASCADE CHARTER TOWNSHIP**

**HAZMAT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET**

**DECEMBER 31, 2018 and 2017**

---

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ 27,477	\$ 34,353
<b>Liabilities and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 733
<b>Fund balances</b>		
Restricted		
HAZMAT	27,477	33,620
<b>Total liabilities and fund balances</b>	<u>\$ 27,477</u>	<u>\$ 34,353</u>

**CASCADE CHARTER TOWNSHIP**

**HAZMAT SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE**

**FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Interest	\$ 106	\$ 124
<b>Expenditures</b>		
Current		
Public safety		
HAZMAT		
Other services and charges	1,267	2,266
Capital outlay	<u>4,982</u>	<u>486</u>
<b>Total expenditures</b>	<u>6,249</u>	<u>2,752</u>
Net changes in fund balances	(6,143)	(2,628)
<b>Fund balances, beginning of year</b>	<u>33,620</u>	<u>36,248</u>
<b>Fund balances, end of year</b>	<u>\$ 27,477</u>	<u>\$ 33,620</u>

**CASCADE CHARTER TOWNSHIP**

**BUILDING AUTHORITY DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEET**

**DECEMBER 31, 2018 and 2017**

---

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ -	\$ -
<b>Liabilities and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
<b>Fund balances</b>		
Assigned		
Debt service	-	-
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ -</u>

# CASCADE CHARTER TOWNSHIP

## **BUILDING AUTHORITY DEBT SERVICE FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Interest	\$ -	\$ -
<b>Expenditures</b>		
Debt service		
Principal	254,000	215,000
Interest and fees	<u>72,475</u>	<u>77,369</u>
<b>Total expenditures</b>	<u>326,475</u>	<u>292,369</u>
Revenues over (under) expenditures	(326,475)	(292,369)
Other financing sources (uses)		
Transfers in	<u>326,475</u>	<u>292,369</u>
Net changes in fund balances	-	-
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>

**CASCADE CHARTER TOWNSHIP**

**CEMETERY PERPETUAL CARE FUND  
COMPARATIVE BALANCE SHEET**

**DECEMBER 31, 2018 and 2017**

---

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and pooled investments	\$ 109,237	\$ 105,249
<b>Liabilities and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
<b>Fund balances</b>		
Nonspendable		
Cemetery trust	100,194	95,309
Committed		
Cemetery trust	<u>9,043</u>	<u>9,940</u>
<b>Total fund balances</b>	<u>109,237</u>	<u>105,249</u>
<b>Total liabilities and fund balances</b>	<u>\$ 109,237</u>	<u>\$ 105,249</u>

**CASCADE CHARTER TOWNSHIP**  
**CEMETERY PERPETUAL CARE FUND**  
**COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Charges for services		
Cemetery care fees	\$ 4,885	\$ 3,725
Interest	<u>540</u>	<u>486</u>
<b>Total revenues</b>	5,425	4,211
<b>Expenditures</b>		
Current		
General government		
Cemetery	<u>4,437</u>	<u>513</u>
Revenues over (under) expenditures	988	3,698
Other financing sources (uses)		
Transfers in	<u>3,000</u>	<u>2,775</u>
Net changes in fund balances	3,988	6,473
<b>Fund balances, beginning of year</b>	<u>105,249</u>	<u>98,776</u>
<b>Fund balances, end of year</b>	<u>\$ 109,237</u>	<u>\$ 105,249</u>

**CASCADE CHARTER TOWNSHIP**  
**AGENCY FUNDS**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2018**

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	<b>Trust and Agency Fund</b>	<b>Tax Collection Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and pooled investments	\$ 141,106	\$ 3,502,986	\$ 3,644,092
Due from other governments	500	-	500
<b>Total assets</b>	<b>\$ 141,606</b>	<b>\$ 3,502,986</b>	<b>\$ 3,644,592</b>
<b>Liabilities</b>			
Accounts payable	\$ 542	\$ 2,124,578	\$ 2,125,120
Escrow deposits	141,064	-	141,064
Due to other governments	-	1,378,408	1,378,408
<b>Total liabilities</b>	<b>\$ 141,606</b>	<b>\$ 3,502,986</b>	<b>\$ 3,644,592</b>

**CASCADE CHARTER TOWNSHIP**

**AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b><u>Trust and agency fund</u></b>			
	<b>Balance January 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2018</b>
<b>Assets</b>				
Cash and pooled investments	\$ 225,118	\$ 115,584	\$ 199,596	\$ 141,106
Due from other governments	-	500	-	500
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>	<b>\$ 225,118</b>	<b>\$ 116,084</b>	<b>\$ 199,596</b>	<b>\$ 141,606</b>
<b>Liabilities</b>				
Accounts payable	\$ 6	\$ 116,916	\$ 116,380	\$ 542
Escrow deposits	225,112	115,627	199,675	141,064
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<b>\$ 225,118</b>	<b>\$ 232,543</b>	<b>\$ 316,055</b>	<b>\$ 141,606</b>
<b><u>Tax collection fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 4,544,544	\$ 58,400,976	\$ 59,442,534	\$ 3,502,986
<b>Liabilities</b>				
Accounts payable	\$ 2,853,363	\$ 126,843,875	\$ 127,572,660	\$ 2,124,578
Due to other governments	1,691,181	52,643,127	52,955,900	1,378,408
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<b>\$ 4,544,544</b>	<b>\$ 179,487,002</b>	<b>\$ 180,528,560</b>	<b>\$ 3,502,986</b>
<b><u>Total agency funds</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 4,769,662	\$ 58,516,560	\$ 59,642,130	\$ 3,644,092
Due from other governments	-	500	-	500
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>	<b>\$ 4,769,662</b>	<b>\$ 58,517,060</b>	<b>\$ 59,642,130</b>	<b>\$ 3,644,592</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,853,369	\$ 126,960,791	\$ 127,689,040	\$ 2,125,120
Escrow deposits	225,112	115,627	199,675	141,064
Due to other governments	1,691,181	52,643,127	52,955,900	1,378,408
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<b>\$ 4,769,662</b>	<b>\$ 179,719,545</b>	<b>\$ 180,844,615</b>	<b>\$ 3,644,592</b>



**CASCADE CHARTER TOWNSHIP**  
**DOWNTOWN DEVELOPMENT AUTHORITY**  
**BALANCE SHEET/STATEMENT OF NET POSITION**

**DECEMBER 31, 2018**

	<b>Governmental</b>		<b>Statement</b>
	<b>Fund Type</b>		<b>of</b>
	<b>General</b>		<b>Net Position</b>
	<b>Fund</b>	<b>Adjustments</b>	
<b>Assets</b>			
Cash and pooled investments	\$ 1,112,093	\$ -	\$ 1,112,093
Receivables			
Taxes	241,283	-	241,283
Capital assets			
Non-depreciable	-	59,366	59,366
Depreciable capital assets, net	-	4,244,384	4,244,384
<b>Total assets</b>	<b><u>\$ 1,353,376</u></b>	<b><u>\$ 4,303,750</u></b>	<b><u>\$ 5,657,126</u></b>
<b>Liabilities, deferred inflows of resources and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 12,109	\$ -	12,109
Accrued interest payable	-	1,803	1,803
Bonds and notes payable - current portion	-	100,000	100,000
Bonds and notes payable	-	103,000	103,000
<b>Total liabilities</b>	<b><u>12,109</u></b>	<b><u>204,803</u></b>	<b><u>216,912</u></b>
<b>Deferred inflows of resources</b>			
Unearned revenue	<u>241,283</u>	<u>-</u>	<u>241,283</u>
<b>Fund balance</b>			
Unassigned	<u>1,099,984</u>	<u>\$ (1,099,984)</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b><u>\$ 1,353,376</u></b>		
<b>Net position</b>			
Net investment in capital assets			4,100,750
Unrestricted			<u>1,098,181</u>
<b>Total net position</b>			<b><u>\$ 5,198,931</u></b>
<b>Reconciliation of fund balances to net position:</b>			
<b>Fund balance of governmental fund</b>			\$ 1,099,984
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds			
Add - land			59,366
Add - capital assets (net of accumulated depreciation)			4,244,384
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Deduct - bonds and notes payable			(203,000)
Deduct - accrued interest			<u>(1,803)</u>
<b>Net position of governmental activities</b>			<b><u>\$ 5,198,931</u></b>

**CASCADE CHARTER TOWNSHIP**

**DOWNTOWN DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Governmental Fund Type</b>		<b>Statement of Activities</b>
	<b>General Fund</b>	<b>Adjustments</b>	
<b>Revenues</b>			
Taxes	\$ 809,253	\$ -	\$ 809,253
Investment earnings	13,504	-	13,504
Miscellaneous	<u>3,450</u>	<u>-</u>	<u>3,450</u>
<b>Total revenues</b>	<u>826,207</u>	<u>-</u>	<u>826,207</u>
<b>Expenditures</b>			
Current			
General government	314,069	305,085	619,154
Debt service			
Principal	97,000	(97,000)	-
Interest	<u>10,362</u>	<u>(788)</u>	<u>9,574</u>
<b>Total expenditures</b>	<u>421,431</u>	<u>207,297</u>	<u>628,728</u>
Net changes in fund balance	404,776		
Change in net position			197,479
<b>Fund balance/net position, beginning of year</b>	<u>695,208</u>		<u>5,001,452</u>
<b>Fund balance/net position, end of year</b>	<u>\$ 1,099,984</u>		<u>\$ 5,198,931</u>
<b>Reconciliation of change in fund balances to change in net position</b>			
<b>Net change in fund balance of governmental fund</b>			\$ 404,776
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.			
Add - capital outlay			15,479
Deduct - depreciation expense			(306,937)
Deduct - net book value of disposed capita assets			(13,627)
Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.			
Add - principal payments on debt			97,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.			
Add - decrease in accrued interest			<u>788</u>
<b>Change in net position of governmental activities</b>			<u>\$ 197,479</u>