

Capital Asset Improvement Fund City Charter XIV 14.8

Origination: Sale of Electric Utility Facility
Established: January 09, 1967
Initial Principal: \$ 1,750,000

Two accounts were established:

Capital Asset Fund (Principle)

- Keeps 1/3 of total yearly interest
- Keeps 2/5 of total yearly interest when over \$3m

Capital Reserve Fund (Sinking Reserve)

- Receives 1/3 of Capital Asset interest
- Keeps 2/5 of total yearly interest when over \$3m

General Fund

- Receives Remaining 1/3 of Capital Asset interest
- Keeps 1/5 of total yearly interest when over \$3m

Capital Asset Fund	June 30, 2023	\$ 2,536,740
Capital Reserve Fund	June 30, 2023	\$ 209,604
		<u><u>\$ 2,746,344</u></u>

Expenditures may only be obligated for the purpose of acquisition, purchase or exchange of or for a capital asset, improvement or addition for the City. This balance can be forward voted. This means that a project valued at more than the actual balance can be approved. This account would have to pay back general fund until the difference is reimbursed.

If the balance falls below \$3,000,000.00 for the Capital Asset Fund or \$1,000,000.00 for the Reserve Fund a 3/5 majority vote is required before a purchase occurs.

CAPITAL ASSET IMPROVEMENT SINKING FUND

Section 14.8

Pursuant to a resolution adopted by the Allegan City Council January 9, 1967, prior to a special election held January 18, 1967, approving the sale of the electric utility facilities of the City of Allegan, whereby the Council of the City of Allegan expressed its intent and purpose not to use or dispose of the proceeds realized from the sale of said facilities without first having submitted the proposition at an election for approval by the electorate, the City of Allegan hereby establishes the Capital Asset Improvement Sinking Fund for the purpose of acquisition, purchase or exchange of or for capital assets, improvements or additions for the City of Allegan as may be permissible by law as hereinafter set forth. The Capital Asst Improvement Sinking Fund shall have principal capital of One Million Seven Hundred Fifty Thousand [\$1,750,000] Dollars to be funded from the proceeds realized from the sale of the real and personal property of the electric facility, as approved, at a special election January 18, 1967. The City, acting through the Council, shall collect, receive and hold said principal capital and invest and reinvest said principal capital and any accumulated income in: Bonds and other direct obligations of the United States of America; certificates of deposit or depository receipts of any bank which is a member of the Federal Deposit Insurance Corporation; bonds of any federal home loan banks; or in such bonds or other obligations of the successors or assigns of the above enumerated institutions as may hereafter from time to time be permitted by law in the State of Michigan.

Provided however, that the total accumulated amount that may be invested or reinvested with any single institution at any on time , except in bonds or other direct obligations of the United States of America, shall not exceed Five Hundred Thousand [\$500,00.00] Dollars, nor shall any investment or reinvestment be made which has a maturity date exceeding ten [10] years. The City, acting through the Council, shall collect, hold, invest and reinvest the income from such Capital Asset Improvement Sinking Fund under such terms and conditions as are set forth herein, provided however, that annually, the net income form said Capital Asset Improvement Sinking Fund shall be distributed and used as follows:

1. One-third [1/3] of said net income shall be added to, considered a part of, and disposed of as herein provided with respect to the principal capital of the Capital Asset Improvement Sinking Fund from which said income is derived until the total assets from all sources in said fund reaches Three Million [\$3,000,000.00] Dollars.

2. One-third [1/3] of said net income shall be paid to the Capital Reserve Sinking Fund which is hereby established. The City, acting through the Council, shall collect, receive and hold said initial and all annual distributions to said fund, and all income therefrom, and invest and reinvest said initial and annual distributions to said fund, and all income accumulated therefrom in: Bonds and other direct obligations of the United States of America; certificates of deposit or depository receipts of any bank which is a member of the Federal Deposit Insurance Corporation; bonds of the Home Owners Loan Corporation; bonds of any federal home loan banks; or in such bonds or other obligations [obligations] of the successors or assigns of the above enumerated institutions as may hereafter, from time to time, be permitted by law in the State of Michigan until the total assets time, be permitted by law in the State of Michigan until the total assets from all sources in said fund reaches One Million [\$1,000,000] Dollars. The assets of said Capital Reserve Sinking Fund of any part thereof shall not be used, expended or pledged, or encumbered in any manner whatsoever, except for investment and reinvestment as hereinafter specifically provided, unless and except that said use, expenditure, pledge or encumbrance be for the purpose of acquisition, purchase or exchange of or for a capital asset, improvement or addition for the City, or that said assets are to be transferred to and added to, considered as part of the Capital Asset Improvement Sinking Fund, after such a proposition shall first have been submitted at a special or general election in the manner provided for in this Charter, to the qualified voters of the City and approved by them by a majority vote of the electors voting thereon.
3. One-third [1/3] of said income shall be appropriated to the general fund of the City for any use permitted by law as may be made of general fund monies.
4. The distributions provided for in sub-paragraphs One, Two and Three shall continue until such time as the Capital Asset Improvement Sinking Fund has total assets from all sources in the amount of Three Million [\$3,000,000] Dollars and at such time the net income from the Capital Asset Improvement Sinking Fund shall then be distributed two-fifths [2/5] to the general fund of the City and one-fifth [1/5] shall be added to the Capital Asset Improvement Sinking Fund from which said income is derived.

The principal capital of said Capital Asset Improvement Sinking fund, nor any part thereof, shall not be used, expended, pledged or encumbered in any manner whatsoever, except for investment or reinvestment as hereinbefore specifically provided, unless and except that said use, expenditure, pledge or encumbrance be for the purpose of acquisition, purchase or exchange of or for a capital asset, improvement or addition for the City, after such a proposition shall first have been submitted at a general or special election in the manner provided for in this Charter, to the qualified voters of the City and approved by them by a three-fifths [3/5] majority vote of the electors voting thereon. The city shall cause a system of accounts to be established and employed as conforms to acceptable accounting procedures as practiced by the public accountants licensed by the Michigan Board of Accountancy, and as permitted by law in the State of Michigan, so as to disclose in full detail, a record of all proceedings, transactions and dealings of all accounts of the Capital Asset Improvement Sinking Fund and Capital Reserve Sinking Fund. Annually, an audit of said records shall be made by a certified public accountant and a statement of the condition of said Capital Asset Improvement Sinking Fund and Capital Reserve Sinking Fund shall be prepared in a newspaper having general circulation within the City of Allegan. The assets of said Capital Asset Improvement Sinking Fund and the Capital Reserve Fund shall be kept separate and segregated from each other and from all other accounts, funds and assets of the City.

STATEMENT OF CONDITION OF THE CITY OF ALLEGAN
CAPITAL ASSET IMPROVEMENT SINKING FUND
AND CAPITAL RESERVE SINKING FUND

Pursuant to the City of Allegan (the “City”) Charter, the City maintains the Capital Asset Improvement Sinking Fund and the Capital Reserve Sinking Funds, which are restricted funds for capital projects. For the fiscal year ended June 30, 2023 (FYE 2023), the Capital Asset Improvement Sinking Fund began the year with a fund balance of \$2,527,292 and ended the year with a fund balance of \$2,530,540, experiencing an investment return (loss) of \$3,248) and transferring \$0 to the City's General Fund and \$0 to the Capital Reserve Sinking Fund for a total of \$0. No expenditures were made from this fund during the FYE 2023.

For FYE 2023, the Capital Reserve Sinking Fund began the year with a fund balance of \$205,551 and ended the year with a fund balance of \$209,418, experiencing an investment return (loss) of (\$3,867) and transfers into the fund of \$0. No expenditures were made from this fund during the FYE 2023.

FYE	Bank Beg Bal	Prior Year Trfs Out-Gen	Prior Year Trfs Out-Res	FY Beg Bal	Interest	Mgmt Fees	I(D)FMV	Net Investment Income	Bank End Bal	Current Year Trfs Out-Gen	Current Year Trfs Out-Res	FY End Bal
Asset												
2010	\$3,145,580	\$ (47,772)	\$ (47,772)	\$3,050,036	\$81,855	\$ (5,174)	\$ (14,586)	\$ 62,094	\$3,112,130	\$ (31,022)	\$ (31,022)	\$ 3,050,086
2011	\$3,112,130	\$ (31,022)	\$ (31,022)	\$3,050,086	\$54,013	\$ (5,555)	\$ (5,005)	\$ 43,452	\$3,093,538	\$ (19,379)	\$ (19,379)	\$ 3,054,779
2012	\$3,093,538	\$ (19,379)	\$ (19,379)	\$3,054,779	\$43,512	\$ (5,197)	\$ 12,396	\$ 50,711	\$3,105,491	\$ (13,291)	\$ (13,291)	\$ 3,078,909
2013	\$3,105,491	\$ (13,291)	\$ (13,291)	\$3,078,909	\$37,181	\$ (7,479)	\$ (31,032)	\$ (1,329)	\$3,077,580	\$ (11,881)	\$ (11,881)	\$ 3,053,818
2014	\$3,077,580	\$ (11,881)	\$ (11,881)	\$3,053,818	\$47,864	\$ (4,792)	\$ (9,356)	\$ 33,717	\$3,087,535	\$ (17,229)	\$ (17,229)	\$ 3,053,077
2015	\$3,087,535	\$ (17,229)	\$ (17,229)	\$3,053,077	\$46,343	\$ (5,250)	\$ (10,307)	\$ 30,785	\$3,083,861	\$ (16,437)	\$ (16,437)	\$ 3,050,988
2016	\$3,083,861	\$ (16,437)	\$ (16,437)	\$3,050,988	\$42,766	\$ (4,858)	\$ 7,716	\$ 45,624	\$3,096,612	\$ (512,636)	\$ (12,636)	\$ 2,571,340
2017	\$3,096,612	\$ (512,636)	\$ (12,636)	\$2,571,340	\$26,315	\$ (4,566)	\$ (11,820)	\$ 9,930	\$2,581,270	\$ (7,250)	\$ (7,250)	\$ 2,566,770
2018	\$2,581,270	\$ (7,250)	\$ (7,250)	\$2,566,770	\$39,723	\$ (4,558)	\$ (22,927)	\$ 12,239	\$2,579,009	\$ (11,722)	\$ (11,722)	\$ 2,555,565
2019	\$2,579,009	\$ (11,722)	\$ (11,722)	\$2,555,565	\$42,217	\$ (4,567)	\$ 25,095	\$ 62,745	\$2,618,310	\$ (12,550)	\$ (12,550)	\$ 2,593,210
2020	\$2,618,310	\$ (12,550)	\$ (12,550)	\$2,593,210	\$49,337	\$ (5,080)	\$ 60,955	\$ 105,212	\$2,698,422	\$ (14,371)	\$ (14,371)	\$ 2,669,679
2021	\$2,698,422	\$ (14,371)	\$ (14,371)	\$2,669,679	\$24,700	\$ -	\$ (21,600)	\$ 3,099	\$2,672,779	\$ (1,033)	\$ (1,033)	\$ 2,670,713
2022	\$2,672,779	\$ (1,033)	\$ (1,033)	\$2,670,713	\$25,077	\$ -	\$ (168,497)	\$ (143,421)	\$2,527,292	\$ -	\$ -	\$ 2,527,292
2023	\$2,527,292	\$ -	\$ -	\$2,527,292	\$30,266	\$ -	\$ (27,018)	\$ 3,248	\$2,530,540	\$ (1,083)	\$ (1,083)	\$ 2,528,375
Reserve												
2010	\$ 308,798	\$ 47,772	\$ (330,000)	\$ 26,571	\$ 1,645	\$ (133)	\$ (634)	\$ 878	\$ 27,449	\$ 31,022	\$ -	\$ 58,471
2011	\$ 27,449	\$ 31,022	\$ -	\$ 58,471	\$ 499	\$ (85)	\$ -	\$ 414	\$ 58,885	\$ 19,379	\$ -	\$ 78,264
2012	\$ 58,885	\$ 19,379	\$ -	\$ 78,264	\$ 470	\$ (128)	\$ -	\$ 342	\$ 78,606	\$ 13,291	\$ -	\$ 91,897
2013	\$ 78,606	\$ 13,291	\$ -	\$ 91,897	\$ 440	\$ (150)	\$ -	\$ 290	\$ 92,187	\$ 11,881	\$ -	\$ 104,068
2014	\$ 92,187	\$ 11,881	\$ -	\$ 104,068	\$ 238	\$ (161)	\$ 24	\$ 100	\$ 104,169	\$ 17,229	\$ -	\$ 121,398
2015	\$ 104,169	\$ 17,229	\$ -	\$ 121,398	\$ 887	\$ (207)	\$ 105	\$ 785	\$ 122,183	\$ 16,437	\$ -	\$ 138,620
2016	\$ 122,183	\$ 16,437	\$ -	\$ 138,620	\$ 1,467	\$ (240)	\$ 1,542	\$ 2,768	\$ 141,388	\$ 12,636	\$ -	\$ 154,023
2017	\$ 141,388	\$ 12,636	\$ -	\$ 154,023	\$ 1,756	\$ (268)	\$ (3,420)	\$ (1,932)	\$ 152,091	\$ 7,250	\$ -	\$ 159,341
2018	\$ 152,091	\$ 7,250	\$ -	\$ 159,341	\$ 2,431	\$ (280)	\$ (2,301)	\$ (150)	\$ 159,191	\$ 11,722	\$ -	\$ 170,913
2019	\$ 159,191	\$ 11,722	\$ -	\$ 170,913	\$ 4,005	\$ (304)	\$ 3,040	\$ 6,741	\$ 177,654	\$ 12,550	\$ -	\$ 190,204
2020	\$ 177,654	\$ 12,550	\$ -	\$ 190,204	\$ 4,063	\$ (834)	\$ 4,556	\$ 7,784	\$ 197,988	\$ 14,371	\$ -	\$ 212,359
2021	\$ 197,988	\$ 14,371	\$ -	\$ 212,359	\$ 477	\$ -	\$ 178	\$ 656	\$ 213,015	\$ 1,033	\$ -	\$ 214,048
2022	\$ 213,015	\$ 1,033	\$ -	\$ 214,048	\$ 636	\$ -	\$ (9,133)	\$ (8,497)	\$ 205,551	\$ -	\$ -	\$ 205,551
2023	\$ 205,551	\$ -	\$ -	\$ 205,551	\$ 741	\$ -	\$ 3,127	\$ 3,868	\$ 209,418	\$ 1,083	\$ -	\$ 210,501