



**Annual Financial Report**  
**Year Ended December 31, 2020**



**ALLENDALE CHARTER TOWNSHIP  
OTTAWA COUNTY, MICHIGAN  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2020**

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

**Allendale Charter Township, Michigan**  
**ANNUAL FINANCIAL REPORT**  
**Year Ended December 31, 2020**

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**Allendale Charter Township, Michigan**  
**ANNUAL FINANCIAL REPORT**  
**Year Ended December 31, 2020**

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# Kiekover Scholma & Shumaker PC

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

June 18, 2021

Township Board  
Allendale Charter Township, Michigan

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Allendale Charter Township, Michigan, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Allendale Charter Township, Michigan, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages III through XI and 23 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

*Kiekover, Scholma & Shumaker, PC*  
Zeeland, Michigan

## Management's Discussion and Analysis

As management of Allendale Charter Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

### Financial Highlights

- The assets of Allendale Charter Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$49,660,203 (*net position*). Of this amount, \$11,668,603 (*unrestricted net position*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$1,893,766. Net investment in capital assets increased by \$1,286,083, restricted net position decreased by \$9,271, and unrestricted net position increased by \$616,954.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$4,751,067, a decrease of \$553,969 in comparison with the prior year. Approximately 84.8% of this total amount, \$4,028,678, is *available for spending* at the Township's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the general fund was \$4,028,678, or approximately 81.4% of total general fund expenditures and transfers out.
- The Township's total debt increased by \$4,565,838 (163%) during the current fiscal year. This is the result of the Township issuing \$4,680,000 of bonds, making its required scheduled debt service payments of \$382,087, and a net increase in unamortized bond premiums of \$267,925.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information intended to furnish additional detail and support to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of Allendale Charter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the Township include water supply and sewage disposal operations.

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

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Allendale Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds balance sheet and the governmental funds statement of revenue, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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



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

Proprietary funds provide the same type of information as the government-wide financial statements, but provide more detail and information, such as cash flows. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of the Township.

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds. The Township accounts for one type of fiduciary fund – custodial fund. One custodial fund is maintained to account for tax collections and payments.

The basic fiduciary fund financial statements can be found on pages 9-10 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-22 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the budgetary comparisons for the Township's General Fund found on pages 23-24 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. These combining statements can be found on pages 25-26 of this report.

Statements for the Township's discretely presented component unit can be found on pages 27-28 of this report.

## Government-wide Financial Analysis

**Net Position** - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Allendale Charter Township, assets exceeded liabilities and deferred inflows by \$49,660,203 at the close of the most recent fiscal year.

The largest portion of the Township's net position (76%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, water and sewer systems and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of the Township totaled \$15,248 and is reported in the governmental activities. This net position has limits on its use that are externally imposed by restrictions such as enabling legislation or grant requirements. These resources can only be used for the specific purposes for which they were intended.

The remaining unrestricted net position (\$11,668,603) may be used to meet the Township's ongoing obligations to citizens and creditors.

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

The following table shows, in a condensed format, the net position of Allendale Charter Township as of December 31, 2020 and 2019.

**TABLE 1 - Allendale Charter Township's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 6,818,745	\$ 7,260,141	\$ 9,930,898	\$ 5,737,107	\$ 16,749,643	\$ 12,997,248
Capital assets	7,525,070	6,501,127	35,182,196	32,983,197	42,707,266	39,484,324
Total assets	<u>14,343,815</u>	<u>13,761,268</u>	<u>45,113,094</u>	<u>38,720,304</u>	<u>59,456,909</u>	<u>52,481,572</u>
Long-term debt outstanding	-	-	7,359,893	2,794,055	7,359,893	2,794,055
Other liabilities	368,819	245,991	823,125	484,442	1,191,944	730,433
Total liabilities	<u>368,819</u>	<u>245,991</u>	<u>8,183,018</u>	<u>3,278,497</u>	<u>8,551,837</u>	<u>3,524,488</u>
Deferred inflows of resources	1,244,869	1,190,647	-	-	1,244,869	1,190,647
Net position:						
Net investment						
in capital assets	7,525,070	6,501,127	30,451,282	30,189,142	37,976,352	36,690,269
Restricted	15,248	24,519	-	-	15,248	24,519
Unrestricted	5,189,809	5,798,984	6,478,794	5,252,665	11,668,603	11,051,649
Total net position	<u>\$ 12,730,127</u>	<u>\$ 12,324,630</u>	<u>\$ 36,930,076</u>	<u>\$ 35,441,807</u>	<u>\$ 49,660,203</u>	<u>\$ 47,766,437</u>

**Changes in Net Position** – As shown in Table 2 (changes in net position) the Township’s total revenues were \$11,420,546 for the current year, of which 13.6% was obtained from property taxes. Charges for services accounted for another 47.8% of the total, state shared revenues 16.7%, operating grants and contributions 4.4%, and capital grants and contributions (mostly in the form water and sewer grants and assessments and contributions from the DDA) another 16.6%. Interest and other sources amounted to 0.9%. The total cost of all programs and services for the year ended December 31, 2020 was \$9,526,780. Township expenses cover a wide range of services. For the current fiscal year, about 15.5% of the Township’s expenses related to general government services, 18.2% related to public safety, 6.5% related to public works, 1.6% related to community and economic development, 7.4% related to recreation and culture, and 50.7% related to the provision of water and sewage disposal services.

Net position increased by \$413,566 for the Township’s governmental activities. Net position for business-type activities increased by \$1,480,200 during the year.

The following analysis highlights the changes in net position for the years ended December 31, 2020 and 2019.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$ 692,038	\$ 682,194	\$ 4,766,699	\$ 4,113,303	\$ 5,458,737	\$ 4,795,497
Operating grants and contributions	501,325	343,004	-	-	501,325	343,004
Capital grants and contributions	383,146	495,690	1,507,704	2,146,778	1,890,850	2,642,468
General revenues						
Property taxes	1,557,027	1,411,234	-	-	1,557,027	1,411,234
State shared revenues	1,905,643	1,913,145	-	-	1,905,643	1,913,145
Interest	31,987	72,634	31,449	60,246	63,436	132,880
Gain (loss) on sale of capital assets	-	-	-	-	-	-
Other	42,028	38,326	1,500	-	43,528	38,326
Total revenues	<u>5,113,194</u>	<u>4,956,227</u>	<u>6,307,352</u>	<u>6,320,327</u>	<u>11,420,546</u>	<u>11,276,554</u>
Program expenses						
General government	1,480,021	1,330,346	-	-	1,480,021	1,330,346
Public safety	1,735,952	1,636,057	-	-	1,735,952	1,636,057
Public works	622,672	553,929	-	-	622,672	553,929
Community and economic development	155,444	136,519	-	-	155,444	136,519
Recreation and culture	705,539	731,105	-	-	705,539	731,105
Water and sewer	-	-	4,827,152	4,489,002	4,827,152	4,489,002
Total expenses	<u>4,699,628</u>	<u>4,387,956</u>	<u>4,827,152</u>	<u>4,489,002</u>	<u>9,526,780</u>	<u>8,876,958</u>
Change before transfers	413,566	568,271	1,480,200	1,831,325	1,893,766	2,399,596
Transfers in (out)	<u>(8,069)</u>	<u>-</u>	<u>8,069</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 405,497</u>	<u>\$ 568,271</u>	<u>\$ 1,488,269</u>	<u>\$ 1,831,325</u>	<u>\$ 1,893,766</u>	<u>\$ 2,399,596</u>

## Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Township's major funds for 2020 are the General Fund and Road Fund.

**Governmental funds.** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited for use by either an external party or Allendale Charter Township itself.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$4,751,067, a decrease of \$553,969 from the prior year. Approximately 85% of this fund balance amount (\$4,028,678) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *non-spendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$31,040), 2) legally required to be maintained in tact (\$0), 3) restricted for particular purposes (\$15,248), 4) committed for particular purposes (\$0), or 5) assigned for particular purposes (\$676,101).

The General Fund is the main operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,028,678, while total fund balance was \$4,058,933. As a measure of the General Fund's liquidity, it may be useful to compare this fund balance to total fund expenditures and transfers out. The \$4,028,678 unassigned fund balance is approximately 81% of General Fund expenditures and transfers out which amounted to \$4,945,912.

The fund balance of the Township's General Fund decreased by \$613,266 during the current year. Total General Fund revenues and other financing sources for 2020 increased by \$237,442 or 5.8%. Property tax revenues increased by \$145,793 or 10.3%. Federal grants were \$160,554 compared to \$0 in the prior year. State shared revenues increased by \$7,507 or 0.4%. All other General Fund revenue and other financing sources decreased by \$76,412.

General Fund expenditures and transfers out increased in 2020 by \$1,283,265 or 36.6%. The most significant changes occurred in the categories of General Government (increase of \$78,896 due primarily to increased expenditures for elections and general office), Public Safety (increase of \$48,890 due primarily to increased fire department expenditures), and Capital Outlay (increase of \$1,170,333 due primarily to expenditures for the new maintenance building and a potential new fire station).

The Road Capital Projects Fund receives money from the General Fund as well as special assessments to be used for road construction and paving. At December 31, 2020 the Road Fund has a fund balance of \$461,117, which is an increase of \$58,697 compared to the prior year. Total revenue decreased by \$33,685 to \$49,400 compared to \$83,085 in the prior year (due primarily to special assessments). Road Fund expenditures increased by \$35,815 to \$140,703 compared to \$104,888 in the prior year (due primarily to expenditures for road resurfacing and other road projects). Transfers in were \$150,000 compared to \$150,000 in the prior year.

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

Operating revenues for the Water and Sewer Fund increased in fiscal year 2020 by \$653,396 from \$4,113,303 to \$4,766,699. Operating expenses, excluding depreciation, increased in fiscal year 2020 by \$172,614 from \$3,379,393 to \$3,552,007.

Unrestricted net position of the Water and Sewer Fund was \$6,478,794 at December 31, 2020. Of this amount, \$2,314,105 is designated for capital projects (including associated debt retirement). The Water and Sewer Fund had a total increase in net position of \$1,488,269.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board amended the budget to take into account events during the year. Budgeted revenues were increased \$138,000 primarily as a result of federal grants and state shared revenue. The most significant changes to the budget for expenditures were increases for additional expenditures related to general office, fire department, health insurance, and capital outlay. Township operational departments generally stayed within budgeted amounts, resulting in total expenditures \$357,835 below the final budget. The General Fund’s fund balance decreased by \$613,266 compared to a budgeted decrease of \$1,136,652.

### **Capital Assets and Debt Administration**

**Capital assets.** The Township’s investment in capital assets for its governmental and business-type activities as of December 31, 2020 amounted to \$42,707,266 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment, park facilities, sidewalks, and water and sewer systems. The Township’s investment in capital assets for the current fiscal year increased \$1,023,943 (15.8%) for governmental activities and increased \$2,198,999 (6.7%) for business-type activities.

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

- \$2,116,815 expended for wastewater treatment plant expansion
- \$1,133,587 expended for construction of a maintenance building
- \$ 664,430 of developer-contributed water system infrastructure
- \$ 545,211 expended for water and sewer system infrastructure
- \$ 245,966 expended for Township park sport court improvements
- \$ 63,920 of developer-contributed sewer system infrastructure

Additional information on the Township’s capital assets can be found in note 4 on pages 18-19 of this report.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 883,062	\$ 883,062	\$ 257,304	\$ 257,304	\$ 1,140,366	\$ 1,140,366
Construction in progress	158,532	416,213	2,203,753	177,840	2,362,285	594,053
Buildings and improvements	1,951,621	877,455	8,113	13,990	1,959,734	891,445
Land improvements	1,267,184	743,315	-	-	1,267,184	743,315
Systems	-	-	32,594,280	32,414,494	32,594,280	32,414,494
Machinery, equipment, vehicles	1,609,046	1,801,028	118,746	119,569	1,727,792	1,920,597
Infrastructure	1,655,625	1,780,054	-	-	1,655,625	1,780,054
<b>Total</b>	<b>\$ 7,525,070</b>	<b>\$ 6,501,127</b>	<b>\$ 35,182,196</b>	<b>\$ 32,983,197</b>	<b>\$ 42,707,266</b>	<b>\$ 39,484,324</b>

**Long-term debt.** At the end of the current fiscal year, the Township had total installment debt and other long-term obligations outstanding of \$7,359,893. Of this amount, \$0 is to be paid for by governmental funds and \$7,359,893 is to be paid from water and sewer fund revenue sources.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Water Supply & Sewage Disposal bonds	\$ -	\$ -	\$ 5,155,000	\$ 545,000	\$ 5,155,000	\$ 545,000
Michigan Municipal Bond Authority bonds	-	-	991,968	1,244,055	991,968	1,244,055
Michigan Finance Authority	-	-	945,000	1,005,000	945,000	1,005,000
Unamortized bond premiums	-	-	267,925	-	267,925	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,359,893</b>	<b>\$ 2,794,055</b>	<b>\$ 7,359,893</b>	<b>\$ 2,794,055</b>

Total outstanding debt increased by \$4,565,838 (163%) during the current fiscal year. This is the result of the Township issuing \$4,680,000 of bonds, making its required scheduled debt service payments of \$382,087, and a net increase in unamortized bond premiums of \$267,925.

Additional information on the Township's long-term debt can be found in Note 7 on page 20 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The revenue for the Township's 2021 budget remains similar to prior years due to increased property values and new construction offset by budgeted decreases in state shared revenue. Residential single-family home starts continue to trend upward. The Township's operating millage has remained the same since the year 2000.

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

As of December 31, 2020, the Township served over 3,387 water and 2,837 wastewater customers. The department's collection, distribution and treatment facility continue to receive upgrades and replacement of components as needed. The increase in single family housing starts and large housing complexes is also resulting in an increase in the water and sewer hookup fees.

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

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

In March 2020, the World Health Organization classified the outbreak of a novel coronavirus (COVID-19) as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township's operational and financial performance. The extent of the impact of COVID-19 on the Township's financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on services, employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak at this time.

### **Requests for Information**

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

# Basic Financial Statements



**Allendale Charter Township**  
**STATEMENT OF NET POSITION**  
**December 31, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	DDA Development
<b>Assets</b>				
Cash and investments	\$ 5,595,835	\$ 5,924,803	\$ 11,520,638	\$ 4,966,254
Receivables:				
Taxes	514,770	-	514,770	517,098
Accounts	135,481	1,123,955	1,259,436	-
Special assessments	229,021	183,039	412,060	-
Due from other governments	312,598	-	312,598	-
Deposit with county	-	2,628,979	2,628,979	-
Inventories	-	44,891	44,891	-
Prepaid items	31,040	25,231	56,271	-
Capital assets not being depreciated	1,041,594	2,461,057	3,502,651	-
Capital assets-net of accumulated depreciation	<u>6,483,476</u>	<u>32,721,139</u>	<u>39,204,615</u>	<u>-</u>
<b>Total Assets</b>	<u>14,343,815</u>	<u>45,113,094</u>	<u>59,456,909</u>	<u>5,483,352</u>
<b>Liabilities</b>				
Accounts payable	217,455	352,102	569,557	118,527
Accrued interest	-	44,030	44,030	-
Accrued payroll	147,796	74,413	222,209	-
Performance deposits	3,568	352,580	356,148	-
Noncurrent liabilities:				
Due within one year	-	450,000	450,000	-
Due in more than one year	<u>-</u>	<u>6,909,893</u>	<u>6,909,893</u>	<u>-</u>
<b>Total Liabilities</b>	<u>368,819</u>	<u>8,183,018</u>	<u>8,551,837</u>	<u>118,527</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	<u>1,244,869</u>	<u>-</u>	<u>1,244,869</u>	<u>913,916</u>
<b>Net Position</b>				
Net investment in capital assets	7,525,070	30,451,282	37,976,352	-
Restricted for:				
Construction code activities	15,248	-	15,248	-
Unrestricted	<u>5,189,809</u>	<u>6,478,794</u>	<u>11,668,603</u>	<u>4,450,909</u>
<b>Total Net Position</b>	<u>\$ 12,730,127</u>	<u>\$ 36,930,076</u>	<u>\$ 49,660,203</u>	<u>\$ 4,450,909</u>

**Allendale Charter Township  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020**

Function/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business Type Activities	Total	DDA Development
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government	\$ 1,480,021	\$ 213,984	\$ 205,504	\$ -	\$ (1,060,533)	\$ -	\$ (1,060,533)	
Public safety	1,735,952	388,213	267,838	-	(1,079,901)	-	(1,079,901)	
Public works	622,672	-	-	137,180	(485,492)	-	(485,492)	
Community and economic development	155,444	2,030	-	-	(153,414)	-	(153,414)	
Recreation and culture	705,539	87,811	27,983	245,966	(343,779)	-	(343,779)	
<b>Total Governmental Activities</b>	<u>4,699,628</u>	<u>692,038</u>	<u>501,325</u>	<u>383,146</u>	<u>(3,123,119)</u>	<u>-</u>	<u>(3,123,119)</u>	
<b>Business-type activities</b>								
Water and sewer	<u>4,827,152</u>	<u>4,766,699</u>	<u>-</u>	<u>1,507,704</u>	<u>-</u>	<u>1,447,251</u>	<u>1,447,251</u>	
<b>Total Primary Government</b>	<u>\$ 9,526,780</u>	<u>\$ 5,458,737</u>	<u>\$ 501,325</u>	<u>\$ 1,890,850</u>	<u>(3,123,119)</u>	<u>1,447,251</u>	<u>(1,675,868)</u>	
<b>Component Units</b>								
DDA Development	<u>\$ 1,032,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (1,032,874)</u>
			<b>General revenues</b>					
			Property taxes		1,557,027	-	1,557,027	1,716,998
			State shared revenues		1,905,643	-	1,905,643	90,264
			Interest		31,987	31,449	63,436	14,823
			Other		42,028	1,500	43,528	-
			<b>Transfers</b>		<u>(8,069)</u>	<u>8,069</u>	<u>-</u>	<u>-</u>
			<b>Total General Revenues</b>		<u>3,528,616</u>	<u>41,018</u>	<u>3,569,634</u>	<u>1,822,085</u>
			<b>Change in Net Position</b>		405,497	1,488,269	1,893,766	789,211
			<b>Net Position - Beginning</b>		<u>12,324,630</u>	<u>35,441,807</u>	<u>47,766,437</u>	<u>3,661,698</u>
			<b>Net Position - Ending</b>		<u>\$ 12,730,127</u>	<u>\$ 36,930,076</u>	<u>\$ 49,660,203</u>	<u>\$ 4,450,909</u>

See Notes to Financial Statements

**Allendale Charter Township  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2020**

	General Fund	Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 4,924,449	\$ 450,868	\$ 220,518	\$ 5,595,835
Receivables:				
Taxes	514,770	-	-	514,770
Accounts	79,042	10,249	46,190	135,481
Special assessments	-	229,021	-	229,021
Due from other governments	159	-	-	159
Prepaid expenses	30,255	-	785	31,040
<b>Total Assets</b>	<b>\$ 5,548,675</b>	<b>\$ 690,138</b>	<b>\$ 267,493</b>	<b>\$ 6,506,306</b>
<b>Liabilities</b>				
Accounts payable	\$ 183,179	\$ -	\$ 34,276	\$ 217,455
Accrued payroll	58,126	-	2,200	60,326
Performance deposits	3,568	-	-	3,568
<b>Total Liabilities</b>	244,873	-	36,476	281,349
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	1,244,869	-	-	1,244,869
Unavailable revenue-special assessments	-	229,021	-	229,021
<b>Total Deferred Inflows of Resources</b>	1,244,869	229,021	-	1,473,890
<b>Fund Balances</b>				
Non-spendable	30,255	-	785	31,040
Restricted	-	-	15,248	15,248
Assigned	-	461,117	214,984	676,101
Unassigned	4,028,678	-	-	4,028,678
<b>Total Fund Balances</b>	4,058,933	461,117	231,017	4,751,067
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 5,548,675</b>	<b>\$ 690,138</b>	<b>\$ 267,493</b>	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds	7,525,070
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	312,439
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	229,021
Compensated absences are included as a liability in governmental activities	(87,470)
<b>Net Position of Governmental Activities</b>	<b>\$ 12,730,127</b>

**Allendale Charter Township**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2020**

	General Fund	Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 1,557,027	\$ -	\$ -	\$ 1,557,027
Licenses and permits	168,144	-	326,003	494,147
Federal grants	160,554	-	-	160,554
State shared revenues and grants	2,043,163	-	-	2,043,163
Charges for services	16,950	-	74,030	90,980
Fines and forfeits	89,145	-	-	89,145
Interest	27,175	4,044	768	31,987
Other	270,488	45,356	150	315,994
<b>Total Revenues</b>	<u>4,332,646</u>	<u>49,400</u>	<u>400,951</u>	<u>4,782,997</u>
<b>Expenditures</b>				
Current:				
General government	1,093,860	-	3,085	1,096,945
Public safety	1,122,546	-	402,266	1,524,812
Public works	363,371	140,703	-	504,074
Community and economic development	149,561	-	-	149,561
Recreation and culture	515,807	-	-	515,807
Other	206,228	-	-	206,228
Capital outlay	1,339,539	-	-	1,339,539
<b>Total Expenditures</b>	<u>4,790,912</u>	<u>140,703</u>	<u>405,351</u>	<u>5,336,966</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(458,266)</u>	<u>(91,303)</u>	<u>(4,400)</u>	<u>(553,969)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	150,000	5,000	155,000
Transfers out	(155,000)	-	-	(155,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(155,000)</u>	<u>150,000</u>	<u>5,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(613,266)	58,697	600	(553,969)
<b>Fund Balances - January 1</b>	<u>4,672,199</u>	<u>402,420</u>	<u>230,417</u>	<u>5,305,036</u>
<b>Fund Balances - December 31</b>	<u>\$ 4,058,933</u>	<u>\$ 461,117</u>	<u>\$ 231,017</u>	<u>\$ 4,751,067</u>

**Allendale Charter Township**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2020**

**Net change in fund balances-Total Governmental Funds** \$ (553,969)

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

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

Current year capital outlays capitalized	1,492,821
Current year depreciation expense on capitalized assets	(460,809)

Governmental funds report the proceeds from the disposal of capital assets. In the statement of activities only the gain or loss is reported for each disposal. Therefore the change in net position differs from the change in fund balance by the net book value of assets disposed. (8,069)

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

State shared revenues	(7,593)
Special assessment revenues	(45,356)

Change in compensated absences is recorded when earned in the statement of activities (11,528)

**Change in net position of governmental activities** \$ 405,497

**Allendale Charter Township  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2020**

	Enterprise Water and Sewer
<b>Assets</b>	
Current Assets:	
Cash and investments	\$ 5,924,803
Receivables:	
Accounts	1,123,955
Deposit with county	2,628,979
Inventories	44,891
Prepaid items	25,231
Total Current Assets	9,747,859
Noncurrent Assets:	
Assessments receivable	183,039
Capital assets not being depreciated	2,461,057
Capital assets - net of accumulated depreciation	32,721,139
Total Noncurrent Assets	35,365,235
<b>Total Assets</b>	<b>45,113,094</b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	352,102
Accrued interest	44,030
Accrued payroll	74,413
Performance deposits	352,580
Current portion of long-term debt	450,000
Total Current Liabilities	1,273,125
Noncurrent Liabilities:	
Long-term debt	6,909,893
<b>Total Liabilities</b>	<b>8,183,018</b>
<b>Net Position</b>	
Net investment in capital assets	30,451,282
Unrestricted, designated for capital projects	2,314,105
Unrestricted	4,164,689
<b>Total Net Position</b>	<b>\$ 36,930,076</b>

**Allendale Charter Township**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2020**

	Enterprise Water and Sewer
<b>Operating Revenues</b>	
Water sales	\$ 2,793,031
Sewage treatment sales	1,883,440
Other revenues	90,228
<b>Total Operating Revenues</b>	<b>4,766,699</b>
 <b>Operating Expenses</b>	
Cost of water	1,121,036
Operation and maintenance - water	820,249
Operation and maintenance - sewage treatment	1,410,366
General and administrative	200,356
Depreciation	1,062,542
<b>Total Operating Expenses</b>	<b>4,614,549</b>
 <b>Operating Income (Loss)</b>	<b>152,150</b>
 <b>Nonoperating Revenues (Expenses)</b>	
Interest income	31,449
Gain (loss) on sale of capital assets	1,500
Interest and fiscal charges	(212,603)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(179,654)</b>
 <b>Income (Loss) Before Capital Contributions</b>	<b>(27,504)</b>
 <b>Capital Contributions</b>	
Customers	419,354
Developers	728,350
Capital contributions - DDA constructed assets	360,000
<b>Transfers in (out)</b>	<b>8,069</b>
 <b>Change in Net Position</b>	<b>1,488,269</b>
 <b>Net Position - January 1</b>	<b>35,441,807</b>
 <b>Net Position - December 31</b>	<b>\$ 36,930,076</b>

**Allendale Charter Township  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended December 31, 2020**

	Enterprise Water and Sewer
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 4,583,701
Payments to suppliers	(2,819,859)
Payments to employees	(632,433)
Performance deposits received (refunded)	209,733
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>1,341,142</b>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Capital contributions	451,765
Construction and purchase of capital assets	(48,306)
Proceeds from sale of capital assets	1,500
Proceeds from capital debt	86,938
Principal paid on capital debt	(382,087)
Interest paid on capital debt	(70,520)
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<b>39,290</b>
<b>Cash Flows From Investing Activities</b>	
Interest received on investments	29,984
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>1,410,416</b>
<b>Cash and Investments - January 1</b>	<b>4,514,387</b>
<b>Cash and Investments - December 31</b>	<b>\$ 5,924,803</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</b>	
Operating income (loss)	\$ 152,150
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	1,062,542
Change in assets and liabilities:	
Receivables	(182,998)
Other assets	(3,809)
Accounts payable	83,949
Accrued payroll	19,575
Performance deposits	209,733
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 1,341,142</b>
<b>Noncash capital financing activities</b>	
Contribution of capital assets from developers and others	\$ 1,096,419
Acquisition of capital assets through issuance of long-term debt	2,116,816
Amortization of bond premium	4,542



**Allendale Charter Township**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**December 31, 2020**

	Tax Collection
<b>Assets</b>	
Cash and investments	\$ 445,404
<b>Liabilities</b>	
Due to other units	445,404
<b>Net Position</b>	
Restricted for individuals and other governments	\$ -

**Allendale Charter Township**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended December 31, 2020**

	<u>Tax Collection</u>
<b>Additions:</b>	
Property taxes collected for other governments	\$ 21,937,098
<b>Deductions:</b>	
Property taxes distributed to other governments	<u>21,937,098</u>
<b>Change in Fiduciary Net Position</b>	-
<b>Net Position - Beginning</b>	<u>-</u>
<b>Net Position - Ending</b>	<u><u>\$ -</u></u>

**Allendale Charter Township, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Reporting Entity***

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

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

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

Separate financial statements for the DDA are not issued.

***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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

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

The Township reports the following major governmental funds:

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

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

The Township reports the following major proprietary fund:

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

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

Additionally, the Township reports the following fund types:

#### ***Governmental Funds***

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

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

#### ***Fiduciary Funds (Not included in government-wide statements)***

*Custodial Funds* - Custodial Funds account for assets held by the township in a fiduciary capacity. These funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of results of operations. The Township maintains one custodial fund to account for tax collections and related payments.

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

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

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

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

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

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

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

### ***Deposits and Investments***

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

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

Investments are recorded at fair value. Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds participating in the pool.

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

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

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

### ***Inventories and Prepaid Items***

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are not material and are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

### ***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. General infrastructure assets acquired prior to January 1, 2004, are not reported in the basic financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

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

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

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

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

### ***Net Position Flow Assumption/Fund Balance Flow Assumptions***

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

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

### ***Compensated Absences***

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

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

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

### ***Fund Equity***

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

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

### ***Property Taxes***

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

Although the Township's 2020 ad valorem tax is levied and collectible on December 1, 2020, it is the Township's policy to recognize revenue from this levy in the year ended December 31, 2021, when proceeds of this levy are budgeted and made available for the financing of operations.

### ***Use of Estimates***

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

### ***New Accounting Standard***

The Township implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year ended December 31, 2020. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The Township's tax collection fund meets the criteria for a fiduciary activity and has been reported accordingly in the basic financial statements. No adjustment to beginning net position is required as a result of the implementation of the Standard.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
<b>General Fund</b>		
Public Works		
Drains	\$ 37,508	\$ 37,820
Community and Economic Development		
Planning and zoning department	86,113	132,383
Capital Outlay		
General Government	1,272,200	1,288,399
Community and economic development	850	1,140

## 3. DEPOSITS AND INVESTMENTS

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

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

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

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Component Units</u>
Cash and investments	<u>\$ 5,595,835</u>	<u>\$ 5,924,803</u>	<u>\$ 445,404</u>	<u>\$ 11,966,042</u>	<u>\$ 4,966,254</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 11,706,737	\$ 4,966,254
Investments	<u>259,305</u>	<u>-</u>
Total	<u>\$ 11,966,042</u>	<u>\$ 4,966,254</u>

### ***Deposits***

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year end the bank balance of the Township's deposits was \$11,774,806 of which \$750,000 was covered by federal depository insurance and \$11,024,806 was exposed to custodial credit risk because it was uninsured and uncollateralized. The bank balance of the component unit's deposits was \$4,872,994 of which \$250,000 was covered by federal depository insurance and \$4,622,994 was exposed to custodial credit risk because it was uninsured and uncollateralized. The



Township believes that due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. The Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Investments**

As of December 31, 2020, the Township had the following investments:

Investment	Fair value	Weighted average maturity (years)	Rating	Rating Organization
Michigan Class	\$ 259,305	0.1671	AAAm	S&P

1 day maturity equals 0.0027, one year equals 1.00

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

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

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

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

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

**Fair Value Measurement**

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

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

The Township did not have any investments valued with Level 1, Level 2, or Level 3 inputs at December 31, 2020.

Michigan Class Investment Pool holdings in the amount of \$259,305 are measured on a recurring basis at net asset value (NAV) per share.

**Investments in Entities that Calculate Net Asset Value per Share**

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

#### 4. CAPITAL ASSETS

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

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 883,062	\$ -	\$ -	\$ 883,062
Construction in progress	<u>416,213</u>	<u>1,834,126</u>	<u>(2,091,807)</u>	<u>158,532</u>
Subtotal	<u>1,299,275</u>	<u>1,834,126</u>	<u>(2,091,807)</u>	<u>1,041,594</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and improvements	2,444,639	1,133,587	-	3,578,226
Land improvements	1,906,172	608,846	-	2,515,018
Machinery and equipment	1,619,306	-	-	1,619,306
Office furniture and equipment	195,013	-	-	195,013
Vehicles	1,578,410	-	-	1,578,410
Infrastructure	<u>2,597,052</u>	<u>-</u>	<u>-</u>	<u>2,597,052</u>
Subtotal	<u>10,340,592</u>	<u>1,742,433</u>	<u>-</u>	<u>12,083,025</u>
<b>Less Accumulated Depreciation for</b>				
Buildings and improvements	(1,567,184)	(59,421)	-	(1,626,605)
Land improvements	(1,162,857)	(84,977)	-	(1,247,834)
Machinery and equipment	(975,463)	(125,509)	-	(1,100,972)
Office furniture and equipment	(140,171)	(8,489)	-	(148,660)
Vehicles	(476,067)	(57,984)	-	(534,051)
Infrastructure	<u>(816,998)</u>	<u>(124,429)</u>	<u>-</u>	<u>(941,427)</u>
Subtotal	<u>(5,138,740)</u>	<u>(460,809)</u>	<u>-</u>	<u>(5,599,549)</u>
<b>Net Capital Assets Being Depreciated</b>	<u>5,201,852</u>	<u>1,281,624</u>	<u>-</u>	<u>6,483,476</u>
<b>Governmental Activities Total</b>				
Capital Assets - Net of Depreciation	<u>\$ 6,501,127</u>	<u>\$ 3,115,750</u>	<u>\$ (2,091,807)</u>	<u>\$ 7,525,070</u>

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

<b>Governmental activities</b>	
General government	\$ 83,775
Public safety	168,003
Public works	105,779
Recreation and culture	<u>103,252</u>
<b>Total Governmental Activities</b>	<u>\$ 460,809</u>

<b>Business-Type Activities</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 257,304	\$ -	\$ -	\$ 257,304
Construction in progress	<u>177,840</u>	<u>2,116,927</u>	<u>(91,014)</u>	<u>2,203,753</u>
Subtotal	<u>435,144</u>	<u>2,116,927</u>	<u>(91,014)</u>	<u>2,461,057</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and improvements	192,380	-	-	192,380
Machinery and equipment	311,503	-	-	311,503
Water system	19,793,481	1,142,012	(40,192)	20,895,301
Sewer system	17,896,343	63,920	-	17,960,263
Sewer treatment plant	12,577,210	-	-	12,577,210
Vehicles	<u>229,927</u>	<u>29,696</u>	<u>(20,908)</u>	<u>238,715</u>
Subtotal	<u>51,000,844</u>	<u>1,235,628</u>	<u>(61,100)</u>	<u>52,175,372</u>
<b>Less Accumulated Depreciation for</b>				
Buildings and improvements	(178,390)	(5,877)	-	(184,267)
Machinery and equipment	(223,254)	(15,205)	-	(238,459)
Water system	(6,342,302)	(397,687)	40,192	(6,699,797)
Sewer system	(6,185,140)	(353,817)	-	(6,538,957)
Sewer treatment plant	(5,325,098)	(274,642)	-	(5,599,740)
Vehicles	<u>(198,607)</u>	<u>(15,314)</u>	<u>20,908</u>	<u>(193,013)</u>
Subtotal	<u>(18,452,791)</u>	<u>(1,062,542)</u>	<u>61,100</u>	<u>(19,454,233)</u>
<b>Net Capital Assets Being Depreciated</b>	<u>32,548,053</u>	<u>173,086</u>	<u>-</u>	<u>32,721,139</u>
<b>Business Type Activities Total</b>				
Capital Assets -Net of Depreciation	<u>\$ 32,983,197</u>	<u>\$ 2,290,013</u>	<u>\$ (91,014)</u>	<u>\$ 35,182,196</u>

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

**Business Type Activities**

Water and sewer \$ 1,062,542

*Construction Commitments*-The Township has construction commitments for wastewater system improvements and M-45 booster station approximating \$2,363,075 as of December 31, 2020.

**5. RESTRICTED ASSETS**

The Township has no restricted assets at December 31, 2020.

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2020, there were no interfund balances. Interfund transfers reported in the fund statements were as follows:

	<u>Transfers Out</u>	
	<u>General Fund</u>	
Transfers In:		
Road Capital Projects Fund	\$ 150,000	(1)
Rental Administration Fund	5,000	(2)
	<u>\$ 155,000</u>	

The following describes the nature of significant transfers:

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

## 7. LONG-TERM DEBT

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

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

	<u>Original</u>	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Issue</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
<b>Business-Type Activities</b>						
2000 Michigan Municipal Bond Authority, interest rate of 2.50%, maturing 2020	\$ 1,812,090	\$ 117,087	\$ -	\$ (117,087)	\$ -	\$ -
2006 Water Supply Improvement, interest rates from 3.50% to 4.20%, maturing 2026	1,175,000	545,000	-	(70,000)	475,000	70,000
2007 Michigan Municipal Bond Authority, interest rate of 2.125%, maturing 2027	2,521,368	1,126,968	-	(135,000)	991,968	135,000
2012 Michigan Finance Authority, interest rate of 2.5%, maturing 2033	1,340,000	1,005,000	-	(60,000)	945,000	60,000
2020 Wastewater Treatment Bond interest rate of 2.0%, maturing 2040	4,680,000	-	4,680,000	-	4,680,000	185,000
Unamortized bond premium/discount		<u>-</u>	<u>272,467</u>	<u>(4,542)</u>	<u>267,925</u>	<u>-</u>
Total Business-Type Activities		<u>\$ 2,794,055</u>	<u>\$ 4,952,467</u>	<u>\$ (386,629)</u>	<u>\$ 7,359,893</u>	<u>\$ 450,000</u>

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

Year Ended December 31	Business-Type Activities	
	Principal	Interest
2021	\$ 450,000	\$ 163,420
2022	470,000	143,252
2023	480,000	131,739
2024	490,000	119,942
2025	510,000	107,691
2026-2030	1,871,968	387,533
2031-2035	1,470,000	218,815
2036-2040	1,350,000	82,000
	7,091,968	218,815
Bond premiums	267,925	-
	<u>\$ 7,359,893</u>	<u>\$ 1,354,392</u>

## 8. RISK MANAGEMENT

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

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

## 9. CONTINGENT LIABILITIES

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

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

## 10. PENSION PLAN

The Allendale Charter Township Pension Plan is a defined contribution plan established by the Township and administered by MERS to provide benefits at retirement to eligible employees of the Township meeting length of service requirements. Plan provisions and contribution requirements are established and may be amended by the Allendale Charter Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township is required to contribute 6% of covered compensation. Plan participants are required to contribute 4% of covered compensation. For the year ended December 31, 2020, the Township's contribution was \$93,224 and employee contributions were \$64,266.

## 11. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 administered by the Municipal Employee's Retirement System (MERS) of Michigan. The plan, available to all Township employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All assets of the plan are held in trust for the employees thereby insulating the assets from the Township's general creditors. As a result, the plan assets are not included in these financial statements.

## 12. TAX ABATEMENTS

As of December 31, 2020, the Township provides tax abatements through the Industrial Facilities Exemption.

### *Industrial Facilities Exemption*

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

For the year ended December 31, 2020, the Township abated property tax revenues totaling \$5,622 under this program.

## 13. FUND BALANCES – GOVERNMENTAL FUNDS

Detailed information on governmental fund balances at December 31, 2020 is as follows:

	General Fund	Road Fund	Non-major Funds	Total
Non-spendable:				
Prepays	\$ 30,255	\$ -	\$ 785	\$ 31,040
Restricted for:				
Construction code activities	-	-	15,248	15,248
Assigned for:				
Construction code activities	-	-	12,600	12,600
Rental administration	-	-	17,964	17,964
Cemetery improvements	-	-	78,085	78,085
Allendale Historical Society	-	-	9,588	9,588
Library capital projects	-	-	96,747	96,747
Road capital projects	-	461,117	-	461,117
Total Assigned	-	461,117	214,984	676,101
Unassigned	4,028,678	-	-	4,028,678
Total fund balances governmental funds	\$ 4,058,933	\$ 461,117	\$ 231,017	\$ 4,751,067

## 14. COVID-19

In March 2020, the World Health Organization classified the outbreak of a novel coronavirus (COVID-19) as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township's operational and financial performance. The extent of the impact of COVID-19 on the Township's financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on services, employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak at this time.

Required  
Supplementary Information

**Allendale Charter Township**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended December 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,534,533	\$ 1,534,533	\$ 1,557,027	\$ 22,494
Licenses and permits	174,400	174,400	168,144	(6,256)
Federal grants	-	65,000	160,554	95,554
State shared revenues and grants	1,937,556	2,005,556	2,043,163	37,607
Charges for services	19,000	19,000	16,950	(2,050)
Fines and forfeits	93,500	93,500	89,145	(4,355)
Interest	50,000	50,000	27,175	(22,825)
Other	220,106	225,106	270,488	45,382
<b>Total Revenues</b>	<u>4,029,095</u>	<u>4,167,095</u>	<u>4,332,646</u>	<u>165,551</u>
<b>Expenditures</b>				
Current:				
General Government:				
Township Board	39,491	39,491	31,608	7,883
Supervisor	90,652	90,652	88,252	2,400
Elections	49,842	58,242	56,043	2,199
Finance	152,597	152,597	146,354	6,243
Audit	12,000	12,000	7,027	4,973
Assessor	240,165	240,165	177,251	62,914
Attorney	112,000	112,000	67,970	44,030
Clerk	106,971	106,971	101,066	5,905
Board of review	2,280	4,030	3,333	697
General office	199,814	247,677	214,398	33,279
Treasurer	16,712	16,712	15,785	927
Building and grounds	168,370	168,370	152,531	15,839
Cemetery	36,984	36,984	32,242	4,742
<b>Total General Government</b>	<u>1,227,878</u>	<u>1,285,891</u>	<u>1,093,860</u>	<u>192,031</u>
Public Safety:				
Sheriff	465,300	465,300	435,884	29,416
Fire department	659,500	717,470	686,662	30,808
<b>Total Public Safety</b>	<u>1,124,800</u>	<u>1,182,770</u>	<u>1,122,546</u>	<u>60,224</u>
Public Works:				
Drains	37,508	37,508	37,820	(312)
Roads	38,400	38,400	20,580	17,820
Highway M-45	219,936	219,936	208,121	11,815
Street lighting	102,000	102,000	96,850	5,150
<b>Total Public Works</b>	<u>397,844</u>	<u>397,844</u>	<u>363,371</u>	<u>34,473</u>



	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Community and Economic Development				
Planning commission	17,328	17,328	17,178	150
Planning and zoning department	86,113	86,113	132,383	(46,270)
Zoning board of appeals	2,503	2,503	-	2,503
Total Community and Economic Development	<u>105,944</u>	<u>105,944</u>	<u>149,561</u>	<u>(43,617)</u>
Recreation and Culture:				
Community promotions	30,600	30,600	24,871	5,729
Recreation and parks	101,920	101,920	85,622	16,298
Library	440,507	440,507	383,045	57,462
Senior citizens activities	35,754	35,754	22,269	13,485
Total Recreation and Culture	<u>608,781</u>	<u>608,781</u>	<u>515,807</u>	<u>92,974</u>
Other:				
Health insurance	170,967	197,967	189,832	8,135
Other fringes	38,500	38,500	16,396	22,104
Total Other	<u>209,467</u>	<u>236,467</u>	<u>206,228</u>	<u>30,239</u>
Capital Outlay:				
General government	22,200	1,272,200	1,288,399	(16,199)
Public works	3,000	3,000	-	3,000
Community and economic development	850	850	1,140	(290)
Recreation and culture	55,000	55,000	50,000	5,000
Total Capital Outlay	<u>81,050</u>	<u>1,331,050</u>	<u>1,339,539</u>	<u>(8,489)</u>
<b>Total Expenditures</b>	<u>3,755,764</u>	<u>5,148,747</u>	<u>4,790,912</u>	<u>357,835</u>
<b>Excess Of Revenues Over (Under) Expenditures</b>	273,331	(981,652)	(458,266)	523,386
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(150,000)</u>	<u>(155,000)</u>	<u>(155,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	123,331	(1,136,652)	(613,266)	523,386
<b>Fund Balances - January 1</b>	<u>4,672,199</u>	<u>4,672,199</u>	<u>4,672,199</u>	<u>-</u>
<b>Fund Balances - December 31</b>	<u>\$ 4,795,530</u>	<u>\$ 3,535,547</u>	<u>\$ 4,058,933</u>	<u>\$ 523,386</u>

# Other Supplemental Data

## Nonmajor Governmental Funds

### Special Revenue Funds

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

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

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

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

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

### Capital Projects Funds

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

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

**Allendale Charter Township  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2020**

	Nonmajor Special Revenue Funds					Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
	Building Department	Rental Administration	Cemetery Improvement	Allendale Historical Society	Total	Library	
<b>Assets</b>							
Cash and investments	\$ 25,508	\$ 10,590	\$ 78,085	\$ 9,588	\$ 123,771	\$ 96,747	\$ 220,518
Receivables:							
Accounts	36,695	9,495	-	-	46,190	-	46,190
Prepaid expenses	-	785	-	-	785	-	785
<b>Total Assets</b>	<u>\$ 62,203</u>	<u>\$ 20,870</u>	<u>\$ 78,085</u>	<u>\$ 9,588</u>	<u>\$ 170,746</u>	<u>\$ 96,747</u>	<u>\$ 267,493</u>
<b>Liabilities</b>							
Accounts payable	\$ 33,818	\$ 458	\$ -	\$ -	\$ 34,276	\$ -	\$ 34,276
Accrued payroll	537	1,663	-	-	2,200	-	2,200
<b>Total liabilities</b>	<u>34,355</u>	<u>2,121</u>	<u>-</u>	<u>-</u>	<u>36,476</u>	<u>-</u>	<u>36,476</u>
<b>Fund Balances</b>							
Non-spendable	-	785	-	-	785	-	785
Restricted	15,248	-	-	-	15,248	-	15,248
Assigned	12,600	17,964	78,085	9,588	118,237	96,747	214,984
<b>Total Fund Balances</b>	<u>27,848</u>	<u>18,749</u>	<u>78,085</u>	<u>9,588</u>	<u>134,270</u>	<u>96,747</u>	<u>231,017</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 62,203</u>	<u>\$ 20,870</u>	<u>\$ 78,085</u>	<u>\$ 9,588</u>	<u>\$ 170,746</u>	<u>\$ 96,747</u>	<u>\$ 267,493</u>

**Allendale Charter Township**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2020**

	Nonmajor Special Revenue Funds					Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
	Building Department	Rental Administration	Cemetery Improvement	Allendale Historical Society	Total	Library	
<b>Revenues</b>							
Licenses and permits	\$ 326,003	\$ -	\$ -	\$ -	\$ 326,003	\$ -	\$ 326,003
Charges for services	-	60,710	13,320	-	74,030	-	74,030
Interest	105	80	221	39	445	323	768
Other	-	-	150	-	150	-	150
<b>Total Revenues</b>	<u>326,108</u>	<u>60,790</u>	<u>13,691</u>	<u>39</u>	<u>400,628</u>	<u>323</u>	<u>400,951</u>
<b>Expenditures</b>							
Current:							
General government	-	-	225	2,860	3,085	-	3,085
Public safety	329,171	73,095	-	-	402,266	-	402,266
<b>Total Expenditures</b>	<u>329,171</u>	<u>73,095</u>	<u>225</u>	<u>2,860</u>	<u>405,351</u>	<u>-</u>	<u>405,351</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(3,063)	(12,305)	13,466	(2,821)	(4,723)	323	(4,400)
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	5,000	-	-	5,000	-	5,000
<b>Net Change in Fund Balances</b>	(3,063)	(7,305)	13,466	(2,821)	277	323	600
<b>Fund Balances - January 1</b>	<u>30,911</u>	<u>26,054</u>	<u>64,619</u>	<u>12,409</u>	<u>133,993</u>	<u>96,424</u>	<u>230,417</u>
<b>Fund Balances - December 31</b>	<u>\$ 27,848</u>	<u>\$ 18,749</u>	<u>\$ 78,085</u>	<u>\$ 9,588</u>	<u>\$ 134,270</u>	<u>\$ 96,747</u>	<u>\$ 231,017</u>

# Other Supplemental Data

## Discretely Presented Component Unit

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

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

**Allendale Charter Township  
COMPONENT UNIT - DDA DEVELOPMENT  
BALANCE SHEET  
December 31, 2020**

**Assets**

Cash and investments	\$ 4,966,254
Taxes receivable	<u>517,098</u>
<b>Total Assets</b>	<b><u>\$ 5,483,352</u></b>

**Liabilities**

Accounts payable	<u>\$ 118,527</u>
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**Deferred Inflows of Resources**

Unavailable revenue-property taxes	<u>913,916</u>
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**Fund Balance**

Assigned for future land purchases	600,000
Unassigned	<u>3,850,909</u>
Total fund balances	<u>4,450,909</u>

<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b><u>\$ 5,483,352</u></b>
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**Allendale Charter Township**  
**COMPONENT UNIT - DDA DEVELOPMENT**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Year Ended December 31, 2020**

<b>Revenues</b>	
Taxes	\$ 1,716,998
State shared revenue	90,264
Interest	<u>14,823</u>
<b>Total Revenues</b>	<u>1,822,085</u>
 <b>Expenditures</b>	
Current:	
General government	39,930
Public works	190,405
Community and economic development	59,393
Capital Outlay	<u>743,146</u>
<b>Total Expenditures</b>	<u>1,032,874</u>
<b>Net Change in Fund Balance</b>	789,211
<b>Fund Balance - January 1</b>	<u>3,661,698</u>
<b>Fund Balance - December 31</b>	<u><u>\$ 4,450,909</u></u>