



**Annual Financial Report**  
**Year Ended December 31, 2021**



**ALLENDALE CHARTER TOWNSHIP  
OTTAWA COUNTY, MICHIGAN  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2021**

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

**Allendale Charter Township, Michigan**  
**ANNUAL FINANCIAL REPORT**  
**Year Ended December 31, 2021**

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**Allendale Charter Township, Michigan**  
**ANNUAL FINANCIAL REPORT**  
**Year Ended December 31, 2021**

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# FINANCIAL SECTION



# Kiekover Scholma & Shumaker PC

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

June 14, 2022

Township Board  
Allendale Charter Township, Michigan

### ***Opinions***

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, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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, 2021 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.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are required to be independent of Allendale Charter Township, Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management 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, and for 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.

In preparing financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Allendale Charter Township, Michigan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate 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.
- Conclude whether, in our professional judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Allendale Charter Township, Michigan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***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 25 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.

***Supplementary 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.

Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, 2021. 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 \$53,023,395 (*net position*). Of this amount, \$13,483,006 (*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 \$3,363,190. Net investment in capital assets increased by \$1,544,074, restricted net position increased \$4,715, and unrestricted net position increased by \$1,814,403.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$5,012,991, an increase of \$261,924 in comparison with the prior year. Approximately 50.4% of this total amount, \$2,527,891, 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 \$4,227,891, or approximately 98.0% of total general fund expenditures and transfers out.
- The Township's total debt decreased by \$463,623 (6.3%) during the current fiscal year. This is the result of the Township making its required scheduled debt service payments of \$450,000, and a net decrease in unamortized bond premiums of \$13,623.

### 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 eight (8) 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, ARPA 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 and Special Revenue Funds. Budgetary comparison statements for the General Fund and major Special Revenue Funds 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 and major Special Revenue Funds. Required supplementary information can be found on pages 23-25 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. These combining statements can be found on pages 26-27 of this report.

Statements for the Township's discretely presented component unit can be found on pages 28-29 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 \$53,023,395 at the close of the most recent fiscal year.

The largest portion of the Township's net position (75%) 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 \$19,963 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 (\$13,483,006) 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, 2021 and 2020.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 8,582,993	\$ 6,818,745	\$ 8,668,882	\$ 9,930,898	\$ 17,251,875	\$ 16,749,643
Capital assets	8,718,722	7,525,070	37,397,693	35,182,196	46,116,415	42,707,266
Total assets	17,301,715	14,343,815	46,066,575	45,113,094	63,368,290	59,456,909
Long-term debt outstanding	-	-	6,896,270	7,359,893	6,896,270	7,359,893
Other liabilities	1,785,343	368,819	336,968	823,125	2,122,311	1,191,944
Total liabilities	1,785,343	368,819	7,233,238	8,183,018	9,018,581	8,551,837
Deferred inflows of resources	1,326,315	1,244,869	-	-	1,326,315	1,244,869
Net position:						
Net investment						
in capital assets	8,718,722	7,525,070	30,801,704	30,451,282	39,520,426	37,976,352
Restricted	19,963	15,248	-	-	19,963	15,248
Unrestricted	5,451,373	5,189,809	8,031,633	6,478,794	13,483,006	11,668,603
Total net position	\$ 14,190,058	\$ 12,730,127	\$ 38,833,337	\$ 36,930,076	\$ 53,023,395	\$ 49,660,203

**Changes in Net Position** – As shown in Table 2 (changes in net position) the Township’s total revenues were \$13,156,306 for the current year, of which 12.4% was obtained from property taxes. Charges for services accounted for another 48.3% of the total, state shared revenues 16.8%, operating grants and contributions 3.2%, and capital grants and contributions (mostly in the form water and sewer grants and assessments and contributions from the DDA) another 19.1%. Interest and other sources amounted to 0.2%. The total cost of all programs and services for the year ended December 31, 2021 was \$9,793,114. Township expenses cover a wide range of services. For the current fiscal year, about 14.6% of the Township’s expenses related to general government services, 19.5% related to public safety, 5.9% related to public works, 1.8% related to community and economic development, 7.9% related to recreation and culture, and 50.3% related to the provision of water and sewage disposal services.

Net position increased by \$1,618,463 for the Township’s governmental activities. Net position for business-type activities increased by \$1,744,729 during the year.

The following analysis highlights the changes in net position for the years ended December 31, 2021 and 2020.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Program revenues						
Charges for services	\$ 775,331	\$ 692,038	\$ 5,573,721	\$ 4,766,699	\$ 6,349,052	\$ 5,458,737
Operating grants and contributions	423,279	501,325	-	-	423,279	501,325
Capital grants and contributions	1,426,116	383,146	1,082,858	1,507,704	2,508,974	1,890,850
General revenues						
Property taxes	1,631,501	1,557,027	-	-	1,631,501	1,557,027
State shared revenues	2,214,781	1,905,643	-	-	2,214,781	1,905,643
Interest	5,325	31,987	13,385	31,449	18,710	63,436
Gain (loss) on sale of capital assets	(6,780)	-	-	-	(6,780)	-
Other	16,789	42,028	-	1,500	16,789	43,528
Total revenues	<u>6,486,342</u>	<u>5,113,194</u>	<u>6,669,964</u>	<u>6,307,352</u>	<u>13,156,306</u>	<u>11,420,546</u>
Program expenses						
General government	1,432,406	1,480,021	-	-	1,432,406	1,480,021
Public safety	1,905,671	1,735,952	-	-	1,905,671	1,735,952
Public works	580,962	622,672	-	-	580,962	622,672
Community and economic development	177,659	155,444	-	-	177,659	155,444
Recreation and culture	771,181	705,539	-	-	771,181	705,539
Water and sewer	-	-	4,925,235	4,827,152	4,925,235	4,827,152
Total expenses	<u>4,867,879</u>	<u>4,699,628</u>	<u>4,925,235</u>	<u>4,827,152</u>	<u>9,793,114</u>	<u>9,526,780</u>
Change before transfers	1,618,463	413,566	1,744,729	1,480,200	3,363,192	1,893,766
Transfers in (out)	<u>(158,532)</u>	<u>(8,069)</u>	<u>158,532</u>	<u>8,069</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 1,459,931</u>	<u>\$ 405,497</u>	<u>\$ 1,903,261</u>	<u>\$ 1,488,269</u>	<u>\$ 3,363,192</u>	<u>\$ 1,893,766</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 2021 are the General Fund, Road Fund, and ARPA 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 \$5,012,991, an increase of \$261,924 from the prior year. Approximately 50.4% of this fund balance amount (\$2,527,891) 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 (\$63,867), 2) legally required to be maintained intact (\$0), 3) restricted for particular purposes (\$19,963), 4) committed for particular purposes (\$0), or 5) assigned for particular purposes (\$701,270).

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 \$2,527,891, while total fund balance was \$4,287,936. 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 \$2,527,891 unassigned fund balance is approximately 58.6% of General Fund expenditures and transfers out which amounted to \$4,315,500.

The fund balance of the Township's General Fund increased by \$229,003 during the current year. Total General Fund revenues and other financing sources for 2021 increased by \$211,857 or 4.9%. Property tax revenues increased by \$74,474 or 4.8%. Federal grants were \$82,460 compared to \$160,554 in the prior year. State shared revenues increased by \$238,064 or 11.7%. All other General Fund revenue and other financing sources decreased by \$22,587.

General Fund expenditures and transfers out decreased in 2021 by \$630,412 or 12.7%. The most significant changes occurred in the categories of General Government (increase of \$89,710 due primarily to increased expenditures for attorney and general office), Public Safety (increase of \$157,812 due primarily to increased fire department expenditures), and Capital Outlay (decrease of \$944,257 due primarily to prior year expenditures for the new maintenance building).

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, 2021 the Road Fund has a fund balance of \$470,304, which is an increase of \$9,187 compared to the prior year. Total revenue decreased by \$390 to \$49,010 compared to \$49,400 in the prior year. Road Fund expenditures decreased by \$50,880 to \$89,823 compared to \$140,703 in the prior year (due primarily to expenditures for road resurfacing and other road projects in the prior year). Transfers in were \$50,000 compared to \$150,000 in the prior year.

The American Rescue Plan Act (ARPA) Fund accounts for the revenues and expenditures related to ARPA grants from the Federal government. During the current year, the Township received \$1,397,796 of ARPA grants which are reported as unearned revenues at December 31, 2021. At the end of the current fiscal year, the ARPA Fund has a fund balance of \$144.

**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 2021 by \$807,022 from \$4,766,699 to \$5,573,721. Operating expenses, excluding depreciation, increased in fiscal year 2021 by \$102,217 from \$3,552,007 to \$3,654,224.

Unrestricted net position of the Water and Sewer Fund was \$8,031,633 at December 31, 2021. Of this amount, \$2,273,714 is designated for capital projects (including associated debt retirement). The Water and Sewer Fund had a total increase in net position of \$1,903,261.

### **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 \$393,220 primarily as a result of state shared revenue and other revenue. The most significant changes to the budget for expenditures were increases for additional expenditures related to fire department, planning & zoning, and capital outlay. Township operational departments generally stayed within budgeted amounts, resulting in total expenditures \$161,613 below the final budget. The General Fund’s fund balance increased by \$229,002 compared to a budgeted increase of \$51,140.

### **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, 2021 amounted to \$46,116,415 (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 \$1,193,652 (15.9%) for governmental activities and increased \$2,215,497 (6.3%) for business-type activities.

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

- \$2,249,666 expended for sewer treatment plant expansion
- \$1,050,538 expended for land for future use
- \$ 443,411 expended for water system improvements
- \$ 379,813 expended for sewer system improvements
- \$ 243,387 expended for new lift station
- \$ 190,134 expended for Township Hall driveway/parking lot
- \$ 167,336 expended for Township fire station
- \$ 153,650 of developer-contributed water system infrastructure
- \$ 28,320 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			
	2021	2020	2021	2020	2021	2020
Land	\$ 1,933,600	\$ 883,062	\$ 257,304	\$ 257,304	\$ 2,190,904	\$ 1,140,366
Construction in progress	715,354	158,532	360,382	2,203,753	1,075,736	2,362,285
Buildings and improvements	1,864,869	1,951,621	6,754	8,113	1,871,623	1,959,734
Land improvements	1,183,135	1,267,184	-	-	1,183,135	1,267,184
Systems	-	-	36,601,844	32,594,280	36,601,844	32,594,280
Machinery, equipment, vehicles	1,489,878	1,609,046	171,409	118,746	1,661,287	1,727,792
Infrastructure	1,531,886	1,655,625	-	-	1,531,886	1,655,625
<b>Total</b>	<b>\$ 8,718,722</b>	<b>\$ 7,525,070</b>	<b>\$ 37,397,693</b>	<b>\$ 35,182,196</b>	<b>\$ 46,116,415</b>	<b>\$ 42,707,266</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 \$6,896,270. Of this amount, \$0 is to be paid for by governmental funds and \$6,896,270 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			
	2021	2020	2021	2020	2021	2020
Water Supply & Sewage Disposal bonds	\$ -	\$ -	\$ 4,900,000	\$ 5,155,000	\$ 4,900,000	\$ 5,155,000
Michigan Municipal Bond Authority bonds	-	-	856,968	991,968	856,968	991,968
Michigan Finance Authority	-	-	885,000	945,000	885,000	945,000
Unamortized bond premiums	-	-	254,302	267,925	254,302	267,925
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,896,270</b>	<b>\$ 7,359,893</b>	<b>\$ 6,896,270</b>	<b>\$ 7,359,893</b>

Total outstanding debt decreased by \$463,623 (6.3%) during the current fiscal year. This is the result of the Township making its required scheduled debt service payments of \$450,000 and a net decrease in unamortized bond premiums of \$13,623.

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 2022 budget remains similar to prior years due to increased property values and new construction offset by budgeted decreases in state shared revenue. The Township's operating millage has remained the same since the year 2000.

Revenue sharing from the State of Michigan and increased growth in property values 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.

The Township received \$1,397,796 in American Rescue Plan Act funds during 2021 and is in the process of planning how those funds will be used.

As of December 31, 2021, 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 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, and fire station.

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

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, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	DDA Development
<b>Assets</b>				
Cash and investments	\$ 7,282,871	\$ 6,986,083	\$ 14,268,954	\$ 4,818,373
Receivables:				
Taxes	570,006	-	570,006	516,821
Accounts	105,452	1,133,557	1,239,009	-
Special assessments	182,418	161,115	343,533	-
Due from other governments	378,379	-	378,379	-
Deposit with county	-	300,281	300,281	-
Inventories	-	57,824	57,824	-
Prepaid items	63,867	30,022	93,889	-
Capital assets not being depreciated	2,648,954	617,686	3,266,640	-
Capital assets-net of accumulated depreciation	<u>6,069,768</u>	<u>36,780,007</u>	<u>42,849,775</u>	<u>-</u>
<b>Total Assets</b>	<u>17,301,715</u>	<u>46,066,575</u>	<u>63,368,290</u>	<u>5,335,194</u>
<b>Liabilities</b>				
Accounts payable	199,833	203,659	403,492	175,141
Accrued interest	-	36,755	36,755	-
Accrued payroll	174,005	78,771	252,776	-
Performance deposits	13,708	17,783	31,491	-
Unearned revenue	1,397,796	-	1,397,796	-
Noncurrent liabilities:				
Due within one year	-	470,000	470,000	-
Due in more than one year	<u>-</u>	<u>6,426,270</u>	<u>6,426,270</u>	<u>-</u>
<b>Total Liabilities</b>	<u>1,785,342</u>	<u>7,233,238</u>	<u>9,018,580</u>	<u>175,141</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	<u>1,326,315</u>	<u>-</u>	<u>1,326,315</u>	<u>937,153</u>
<b>Net Position</b>				
Net investment in capital assets	8,718,722	30,801,704	39,520,426	-
Restricted for:				
Construction code activities	19,963	-	19,963	-
Unrestricted	<u>5,451,373</u>	<u>8,031,633</u>	<u>13,483,006</u>	<u>4,222,900</u>
<b>Total Net Position</b>	<u>\$ 14,190,058</u>	<u>\$ 38,833,337</u>	<u>\$ 53,023,395</u>	<u>\$ 4,222,900</u>

See Notes to Financial Statements



**Allendale Charter Township  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2021**

	General Fund	ARPA Fund	Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 5,157,329	\$ 1,397,940	\$ 477,331	\$ 250,271	\$ 7,282,871
Receivables:					
Taxes	570,006	-	-	-	570,006
Accounts	85,997	-	1,206	18,249	105,452
Special assessments	-	-	182,418	-	182,418
Due from other governments	367	-	-	-	367
Prepaid expenses	60,045	-	-	3,822	63,867
<b>Total Assets</b>	<b>\$ 5,873,744</b>	<b>\$ 1,397,940</b>	<b>\$ 660,955</b>	<b>\$ 272,342</b>	<b>\$ 8,204,981</b>
<b>Liabilities</b>					
Accounts payable	\$ 176,642	\$ -	\$ 8,233	\$ 14,958	\$ 199,833
Accrued payroll	69,143	-	-	2,777	71,920
Unearned revenue	-	1,397,796	-	-	1,397,796
Performance deposits	13,708	-	-	-	13,708
<b>Total Liabilities</b>	259,493	1,397,796	8,233	17,735	1,683,257
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-property taxes	1,326,315	-	-	-	1,326,315
Unavailable revenue-special assessments	-	-	182,418	-	182,418
<b>Total Deferred Inflows of Resources</b>	1,326,315	-	182,418	-	1,508,733
<b>Fund Balances</b>					
Non-spendable	60,045	-	-	3,822	63,867
Restricted	-	-	-	19,963	19,963
Assigned	1,700,000	144	470,304	230,822	2,401,270
Unassigned	2,527,891	-	-	-	2,527,891
<b>Total Fund Balances</b>	4,287,936	144	470,304	254,607	5,012,991
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 5,873,744</b>	<b>\$ 1,397,940</b>	<b>\$ 660,955</b>	<b>\$ 272,342</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	8,718,722
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	378,012
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	182,418
Compensated absences are included as a liability in governmental activities	(102,085)
<b>Net Position of Governmental Activities</b>	<b>\$ 14,190,058</b>

**Allendale Charter Township**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2021**

	General Fund	ARPA Fund	Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 1,631,501	\$ -	\$ -	\$ -	\$ 1,631,501
Licenses and permits	159,308	-	-	374,245	533,553
Federal grants	82,460	-	-	-	82,460
State shared revenues and grants	2,281,227	-	-	-	2,281,227
Charges for services	33,775	-	-	87,885	121,660
Fines and forfeits	100,355	-	-	-	100,355
Interest	1,850	144	2,407	924	5,325
Other	245,027	-	46,603	325	291,955
<b>Total Revenues</b>	<u>4,535,503</u>	<u>144</u>	<u>49,010</u>	<u>463,379</u>	<u>5,048,036</u>
<b>Expenditures</b>					
Current:					
General government	1,183,570	-	-	2,728	1,186,298
Public safety	1,280,358	-	-	452,061	1,732,419
Public works	372,404	-	89,823	-	462,227
Community and economic development	171,743	-	-	-	171,743
Recreation and culture	588,670	-	-	-	588,670
Other	258,473	-	-	-	258,473
Capital outlay	395,282	-	-	-	395,282
<b>Total Expenditures</b>	<u>4,250,500</u>	<u>-</u>	<u>89,823</u>	<u>454,789</u>	<u>4,795,112</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>285,003</u>	<u>144</u>	<u>(40,813)</u>	<u>8,590</u>	<u>252,924</u>
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	9,000	-	-	-	9,000
Transfers in	-	-	50,000	15,000	65,000
Transfers out	(65,000)	-	-	-	(65,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(56,000)</u>	<u>-</u>	<u>50,000</u>	<u>15,000</u>	<u>9,000</u>
<b>Net Change in Fund Balances</b>	229,003	144	9,187	23,590	261,924
<b>Fund Balances - January 1</b>	<u>4,058,933</u>	<u>-</u>	<u>461,117</u>	<u>231,017</u>	<u>4,751,067</u>
<b>Fund Balances - December 31</b>	<u>\$ 4,287,936</u>	<u>\$ 144</u>	<u>\$ 470,304</u>	<u>\$ 254,607</u>	<u>\$ 5,012,991</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, 2021**

**Net change in fund balances-Total Governmental Funds** \$ 261,924

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	1,882,483
Current year depreciation expense on capitalized assets	(514,519)
Transfer of general capital assets to water and sewer fund	(158,532)

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. (15,780)

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	65,573
Special assessment revenues	(46,603)

Change in compensated absences is recorded when earned in the statement of activities (14,615)

**Change in net position of governmental activities** \$ 1,459,931

**Allendale Charter Township  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2021**

	Enterprise Water and Sewer
<b>Assets</b>	
Current Assets:	
Cash and investments	\$ 6,986,083
Receivables:	
Accounts	1,133,557
Deposit with county	300,281
Inventories	57,824
Prepaid items	30,022
Total Current Assets	8,507,767
Noncurrent Assets:	
Assessments receivable	161,115
Capital assets not being depreciated	617,686
Capital assets - net of accumulated depreciation	36,780,007
Total Noncurrent Assets	37,558,808
<b>Total Assets</b>	<b>46,066,575</b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	203,659
Accrued interest	36,755
Accrued payroll	78,771
Performance deposits	17,783
Current portion of long-term debt	470,000
Total Current Liabilities	806,968
Noncurrent Liabilities:	
Long-term debt	6,426,270
<b>Total Liabilities</b>	<b>7,233,238</b>
<b>Net Position</b>	
Net investment in capital assets	30,801,704
Unrestricted, designated for capital projects	2,273,714
Unrestricted	5,757,919
<b>Total Net Position</b>	<b>\$ 38,833,337</b>

**Allendale Charter Township**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2021**

	Enterprise Water and Sewer
<b>Operating Revenues</b>	
Water sales	\$ 3,054,338
Sewage treatment sales	2,319,978
Other revenues	199,405
<b>Total Operating Revenues</b>	<b>5,573,721</b>
 <b>Operating Expenses</b>	
Cost of water	1,312,601
Operation and maintenance - water	884,507
Operation and maintenance - sewage treatment	1,267,083
General and administrative	190,033
Depreciation	1,127,242
<b>Total Operating Expenses</b>	<b>4,781,466</b>
 <b>Operating Income (Loss)</b>	<b>792,255</b>
 <b>Nonoperating Revenues (Expenses)</b>	
Interest income	13,385
Interest and fiscal charges	(143,769)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(130,384)</b>
 <b>Income (Loss) Before Capital Contributions</b>	<b>661,871</b>
 <b>Capital Contributions</b>	
Customers	544,033
Developers	181,970
Capital contributions - DDA constructed assets	356,855
<b>Transfers in (out)</b>	<b>158,532</b>
 <b>Change in Net Position</b>	<b>1,903,261</b>
 <b>Net Position - January 1</b>	<b>36,930,076</b>
 <b>Net Position - December 31</b>	<b>\$ 38,833,337</b>



**Allendale Charter Township  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended December 31, 2021**

	Enterprise Water and Sewer
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 5,564,119
Payments to suppliers	(3,118,775)
Payments to employees	(697,258)
Performance deposits received (refunded)	(334,797)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>1,413,289</b>
 <b>Cash Flows From Capital and Related Financing Activities</b>	
Capital contributions	565,957
Construction and purchase of capital assets	(316,116)
Principal paid on capital debt	(450,000)
Interest paid on capital debt	(164,667)
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<b>(364,826)</b>
 <b>Cash Flows From Investing Activities</b>	
Interest received on investments	12,817
 <b>Net Increase (Decrease) in Cash and Investments</b>	<b>1,061,280</b>
 <b>Cash and Investments - January 1</b>	<b>5,924,803</b>
 <b>Cash and Investments - December 31</b>	<b>\$ 6,986,083</b>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</b>	
Operating income (loss)	\$ 792,255
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	1,127,242
Change in assets and liabilities:	
Receivables	(9,602)
Other assets	(17,724)
Accounts payable	(148,443)
Accrued payroll	4,358
Performance deposits	(334,797)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 1,413,289</b>
 <b>Noncash capital financing activities</b>	
Contribution of capital assets from developers and others	\$ 697,357
Acquisition of capital assets through issuance of long-term debt	2,329,266
Amortization of bond premium	13,623

**Allendale Charter Township**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**December 31, 2021**

	<u>Tax Collection</u>
<b>Assets</b>	
Cash and investments	\$ <u>466,140</u>
<b>Liabilities</b>	
Due to other units	\$ 466,140
<b>Net Position</b>	
Restricted for individuals and other governments	<u>\$ -</u>

**Allendale Charter Township**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended December 31, 2021**

	<u>Tax Collection</u>
<b>Additions:</b>	
Property taxes collected for other governments	\$ 24,419,642
<b>Deductions:</b>	
Property taxes distributed to other governments	<u>24,419,642</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, 2021**

**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.

*American Rescue Plan Act (ARPA) Special Revenue Fund* – This fund accounts for the revenues and expenditures related to ARPA grants from the federal government.

*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 2021 ad valorem tax is levied and collectible on December 1, 2021, it is the Township's policy to recognize revenue from this levy in the year ended December 31, 2022, 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.



## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township incurred no expenditures in certain budgeted funds which were in excess of the amounts appropriated.

### 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:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total	Component Units
Cash and investments	<u>\$ 7,282,871</u>	<u>\$ 6,986,083</u>	<u>\$ 466,140</u>	<u>\$ 14,735,094</u>	<u>\$ 4,818,373</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Component Units
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 14,475,691	\$ 4,818,373
Investments	<u>259,403</u>	<u>-</u>
Total	<u>\$ 14,735,094</u>	<u>\$ 4,818,373</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 \$14,722,442 of which \$750,000 was covered by federal depository insurance and \$13,972,442 was exposed to custodial credit risk because it was uninsured and uncollateralized. The bank balance of the component unit's deposits was \$4,450,849 of which \$250,000 was covered by federal depository insurance and \$4,200,849 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, 2021, the Township had the following investments:

<u>Investment</u>	<u>Fair value</u>	<u>Weighted average maturity (years)</u>	<u>Rating</u>	<u>Rating Organization</u>
Michigan Class	\$ 259,403	0.1863	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, 2021.

Michigan Class Investment Pool holdings in the amount of \$259,403 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	\$ 1,050,538	\$ -	\$ 1,933,600
Construction in progress	<u>158,532</u>	<u>715,354</u>	<u>(158,532)</u>	<u>715,354</u>
Subtotal	<u>1,041,594</u>	<u>1,765,892</u>	<u>(158,532)</u>	<u>2,648,954</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and improvements	3,578,226	-	(2,012)	3,576,214
Land improvements	2,515,018	33,384	(11,566)	2,536,836
Machinery and equipment	1,619,306	5,500	(198,465)	1,426,341
Office furniture and equipment	195,013	-	-	195,013
Vehicles	1,578,410	77,707	(34,159)	1,621,958
Infrastructure	<u>2,597,052</u>	<u>-</u>	<u>-</u>	<u>2,597,052</u>
Subtotal	<u>12,083,025</u>	<u>116,591</u>	<u>(246,202)</u>	<u>11,953,414</u>
<b>Less Accumulated Depreciation for</b>				
Buildings and improvements	(1,626,605)	(86,752)	2,012	(1,711,345)
Land improvements	(1,247,834)	(111,747)	5,880	(1,353,701)
Machinery and equipment	(1,100,972)	(123,571)	188,371	(1,036,172)
Office furniture and equipment	(148,660)	(8,489)	-	(157,149)
Vehicles	(534,051)	(60,221)	34,159	(560,113)
Infrastructure	<u>(941,427)</u>	<u>(123,739)</u>	<u>-</u>	<u>(1,065,166)</u>
Subtotal	<u>(5,599,549)</u>	<u>(514,519)</u>	<u>230,422</u>	<u>(5,883,646)</u>
Net Capital Assets Being Depreciated	<u>6,483,476</u>	<u>(397,928)</u>	<u>(15,780)</u>	<u>6,069,768</u>
<b>Governmental Activities Total</b>				
Capital Assets - Net of Depreciation	<u>\$ 7,525,070</u>	<u>\$ 1,367,964</u>	<u>\$ (174,312)</u>	<u>\$ 8,718,722</u>

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

<b>Governmental activities</b>	
General government	\$ 108,341
Public safety	172,313
Public works	105,089
Recreation and culture	<u>128,776</u>
Total Governmental Activities	<u>\$ 514,519</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>2,203,753</u>	<u>360,382</u>	<u>(2,203,753)</u>	<u>360,382</u>
Subtotal	<u>2,461,057</u>	<u>360,382</u>	<u>(2,203,753)</u>	<u>617,686</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and improvements	192,380	-	-	192,380
Machinery and equipment	311,503	87,879	(10,589)	388,793
Water system	20,895,301	480,066	-	21,375,367
Sewer system	17,960,263	164,746	-	18,125,009
Sewer treatment plant	12,577,210	4,453,419	(4,950)	17,025,679
Vehicles	<u>238,715</u>	<u>-</u>	<u>-</u>	<u>238,715</u>
Subtotal	<u>52,175,372</u>	<u>5,186,110</u>	<u>(15,539)</u>	<u>57,345,943</u>
<b>Less Accumulated Depreciation for</b>				
Buildings and improvements	(184,267)	(1,359)	-	(185,626)
Machinery and equipment	(238,459)	(19,515)	10,589	(247,385)
Water system	(6,699,797)	(418,424)	-	(7,118,221)
Sewer system	(6,538,957)	(354,989)	-	(6,893,946)
Sewer treatment plant	(5,599,740)	(317,254)	4,950	(5,912,044)
Vehicles	<u>(193,013)</u>	<u>(15,701)</u>	<u>-</u>	<u>(208,714)</u>
Subtotal	<u>(19,454,233)</u>	<u>(1,127,242)</u>	<u>15,539</u>	<u>(20,565,936)</u>
<b>Net Capital Assets Being Depreciated</b>	<u>32,721,139</u>	<u>4,058,868</u>	<u>-</u>	<u>36,780,007</u>
<b>Business Type Activities Total</b>				
Capital Assets -Net of Depreciation	<u>\$ 35,182,196</u>	<u>\$ 4,419,250</u>	<u>\$ (2,203,753)</u>	<u>\$ 37,397,693</u>

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

**Business Type Activities**

Water and sewer \$ 1,127,242

*Construction Commitments*-The Township has construction commitments approximating \$492,149 as of December 31, 2021.

**5. RESTRICTED ASSETS**

The Township has no restricted assets at December 31, 2021.

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2021, 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	\$ 50,000 (1)
Rental Administration Fund	15,000 (2)
	<u>\$ 65,000</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:

	Original <u>Issue</u>	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
<b>Business-Type Activities</b>						
2006 Water Supply Improvement, interest rates from 3.50% to 4.20%, maturing 2026	\$ 1,175,000	\$ 475,000	\$ -	\$ (70,000)	\$ 405,000	\$ 75,000
2007 Michigan Municipal Bond Authority, interest rate of 2.125%, maturing 2027	2,521,368	991,968	-	(135,000)	856,968	135,000
2012 Michigan Finance Authority, interest rate of 2.5%, maturing 2033	1,340,000	945,000	-	(60,000)	885,000	65,000
2020 Wastewater Treatment Bond interest rate of 2.0%, maturing 2040	4,680,000	4,680,000	-	(185,000)	4,495,000	195,000
Unamortized bond premium/discount		<u>267,925</u>	<u>-</u>	<u>(13,623)</u>	<u>254,302</u>	<u>-</u>
Total Business-Type Activities		<u>\$ 7,359,893</u>	<u>\$ -</u>	<u>\$ (463,623)</u>	<u>\$ 6,896,270</u>	<u>\$ 470,000</u>

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

Year Ended <u>December 31</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 470,000	\$ 143,252
2023	480,000	131,739
2024	490,000	119,942
2025	510,000	107,691
2026	525,000	94,932
2027-2031	1,661,968	349,228
2032-2036	1,415,000	189,189
2037-2040	<u>1,090,000</u>	<u>55,000</u>
	6,641,968	218,815
Bond premiums	<u>254,302</u>	<u>-</u>
	<u>\$ 6,896,270</u>	<u>\$ 1,190,973</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, 2021, the Township's contribution was \$103,850 and employee contributions were \$72,383.

## **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, 2021, 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, 2021, the Township abated property tax revenues totaling \$5,781 under this program.

### 13. FUND BALANCES – GOVERNMENTAL FUNDS

Detailed information on governmental fund balances at December 31, 2021 is as follows:

	General Fund	Road Fund	ARPA Fund	Non-major Funds	Total
Non-spendable:					
Prepays	\$ 60,045	\$ -	\$ -	\$ 3,822	\$ 63,867
Restricted for:					
Construction code activities	-	-	-	19,963	19,963
Assigned for:					
Construction code activities	-	-	-	12,567	12,567
Rental administration	-	-	-	16,997	16,997
Cemetery improvements	-	-	-	96,462	96,462
Allendale Historical Society	-	-	-	8,011	8,011
Library capital projects	-	-	-	96,785	96,785
Fire station building	1,700,000	-	-	-	-
Road capital projects	-	470,304	-	-	470,304
American Rescue Plan Act	-	-	144	-	144
Total Assigned	<u>1,700,000</u>	<u>470,304</u>	<u>144</u>	<u>230,822</u>	<u>701,270</u>
Unassigned	<u>2,527,891</u>	-	-	-	<u>2,527,891</u>
Total fund balances governmental funds	<u>\$ 4,287,936</u>	<u>\$ 470,304</u>	<u>\$ 144</u>	<u>\$ 254,607</u>	<u>\$ 3,312,991</u>

### 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.

### 15. UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the Township's 2022 year-end. The objective of this statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions in the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Required  
Supplementary Information



**Allendale Charter Township**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,636,830	\$ 1,628,330	\$ 1,631,501	\$ 3,171
Licenses and permits	170,100	156,437	159,308	2,871
Federal grants	-	14,560	82,460	67,900
State shared revenues and grants	1,956,853	2,281,228	2,281,227	(1)
Charges for services	16,500	38,000	33,775	(4,225)
Fines and forfeits	90,100	98,791	100,355	1,564
Interest	20,000	2,000	1,850	(150)
Other	235,650	299,907	245,027	(54,880)
<b>Total Revenues</b>	<u>4,126,033</u>	<u>4,519,253</u>	<u>4,535,503</u>	<u>16,250</u>
<b>Expenditures</b>				
Current:				
General Government:				
Township Board	42,075	32,271	31,138	1,133
Supervisor	105,293	101,271	100,706	565
Elections	50,500	4,575	4,216	359
Finance	158,901	158,018	156,920	1,098
Audit	12,000	8,500	7,754	746
Assessor	274,193	197,958	194,146	3,812
Attorney	127,000	102,000	88,123	13,877
Clerk	109,891	108,637	106,783	1,854
Board of review	4,130	2,322	2,221	101
General office	240,164	279,376	266,468	12,908
Treasurer	16,688	16,738	16,389	349
Building and grounds	172,815	173,018	169,502	3,516
Cemetery	40,822	39,909	39,204	705
<b>Total General Government</b>	<u>1,354,472</u>	<u>1,224,593</u>	<u>1,183,570</u>	<u>41,023</u>
Public Safety:				
Sheriff	454,169	461,000	459,898	1,102
Fire department	781,550	851,085	820,460	30,625
<b>Total Public Safety</b>	<u>1,235,719</u>	<u>1,312,085</u>	<u>1,280,358</u>	<u>31,727</u>
Public Works:				
Drains	43,023	43,023	43,023	-
Roads	38,400	23,040	23,040	-
Highway M-45	208,144	208,744	198,794	9,950
Street lighting	112,500	108,483	107,547	936
<b>Total Public Works</b>	<u>402,067</u>	<u>383,290</u>	<u>372,404</u>	<u>10,886</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Community and Economic Development				
Planning commission	18,604	22,787	18,862	3,925
Planning and zoning department	73,278	164,081	152,590	11,491
Zoning board of appeals	2,503	646	291	355
Total Community and Economic Development	<u>94,385</u>	<u>187,514</u>	<u>171,743</u>	<u>15,771</u>
Recreation and Culture:				
Community promotions	49,900	51,529	50,037	1,492
Recreation and parks	114,726	110,533	101,131	9,402
Library	456,565	430,875	406,137	24,738
Senior citizens activities	36,865	31,381	31,365	16
Total Recreation and Culture	<u>658,056</u>	<u>624,318</u>	<u>588,670</u>	<u>35,648</u>
Other:				
Health insurance	223,443	232,608	229,535	3,073
Other fringes	33,000	28,979	28,938	41
Total Other	<u>256,443</u>	<u>261,587</u>	<u>258,473</u>	<u>3,114</u>
Capital Outlay:				
General government	27,800	416,623	393,346	23,277
Community and economic development	500	500	333	167
Recreation and culture	5,000	1,603	1,603	-
Total Capital Outlay	<u>33,300</u>	<u>418,726</u>	<u>395,282</u>	<u>23,444</u>
<b>Total Expenditures</b>	<u>4,034,442</u>	<u>4,412,113</u>	<u>4,250,500</u>	<u>161,613</u>
<b>Excess Of Revenues Over (Under) Expenditures</b>	91,591	107,140	285,003	177,863
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	9,000	9,000	-
Transfers out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	26,591	51,140	229,003	177,863
<b>Fund Balances - January 1</b>	<u>4,058,933</u>	<u>4,058,933</u>	<u>4,058,933</u>	<u>-</u>
<b>Fund Balances - December 31</b>	<u>\$ 4,085,524</u>	<u>\$ 4,110,073</u>	<u>\$ 4,287,936</u>	<u>\$ 177,863</u>

**Allendale Charter Township**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - ARPA FUND**  
**Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Interest	\$ -	\$ 150	\$ 144	\$ (6)
<b>Net Change in Fund Balances</b>	-	150	144	(6)
<b>Fund Balances - January 1</b>	-	-	-	-
<b>Fund Balances - December 31</b>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 144</u>	<u>\$ (6)</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, 2021**

	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	\$ 31,666	\$ 18,172	\$ 96,462	\$ 7,186	\$ 153,486	\$ 96,785	\$ 250,271
Receivables:							
Accounts	15,984	1,440	-	825	18,249	-	18,249
Prepaid expenses	<u>32</u>	<u>3,790</u>	<u>-</u>	<u>-</u>	<u>3,822</u>	<u>-</u>	<u>3,822</u>
<b>Total Assets</b>	<u>\$ 47,682</u>	<u>\$ 23,402</u>	<u>\$ 96,462</u>	<u>\$ 8,011</u>	<u>\$ 175,557</u>	<u>\$ 96,785</u>	<u>\$ 272,342</u>
<b>Liabilities</b>							
Accounts payable	\$ 14,493	\$ 465	\$ -	\$ -	\$ 14,958	\$ -	\$ 14,958
Accrued payroll	<u>627</u>	<u>2,150</u>	<u>-</u>	<u>-</u>	<u>2,777</u>	<u>-</u>	<u>2,777</u>
<b>Total liabilities</b>	<u>15,120</u>	<u>2,615</u>	<u>-</u>	<u>-</u>	<u>17,735</u>	<u>-</u>	<u>17,735</u>
<b>Fund Balances</b>							
Non-spendable	32	3,790	-	-	3,822	-	3,822
Restricted	19,963	-	-	-	19,963	-	19,963
Assigned	<u>12,567</u>	<u>16,997</u>	<u>96,462</u>	<u>8,011</u>	<u>134,037</u>	<u>96,785</u>	<u>230,822</u>
<b>Total Fund Balances</b>	<u>32,562</u>	<u>20,787</u>	<u>96,462</u>	<u>8,011</u>	<u>157,822</u>	<u>96,785</u>	<u>254,607</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 47,682</u>	<u>\$ 23,402</u>	<u>\$ 96,462</u>	<u>\$ 8,011</u>	<u>\$ 175,557</u>	<u>\$ 96,785</u>	<u>\$ 272,342</u>

**Allendale Charter Township**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2021**

	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	\$ 374,245	\$ -	\$ -	\$ -	\$ 374,245	\$ -	\$ 374,245
Charges for services	-	69,445	18,440	-	87,885	-	87,885
Interest	14	9	35	828	886	38	924
Other	100	-	150	75	325	-	325
<b>Total Revenues</b>	<u>374,359</u>	<u>69,454</u>	<u>18,625</u>	<u>903</u>	<u>463,341</u>	<u>38</u>	<u>463,379</u>
<b>Expenditures</b>							
Current:							
General government	-	-	248	2,480	2,728	-	2,728
Public safety	369,645	82,416	-	-	452,061	-	452,061
<b>Total Expenditures</b>	<u>369,645</u>	<u>82,416</u>	<u>248</u>	<u>2,480</u>	<u>454,789</u>	<u>-</u>	<u>454,789</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	4,714	(12,962)	18,377	(1,577)	8,552	38	8,590
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	15,000	-	-	15,000	-	15,000
<b>Net Change in Fund Balances</b>	4,714	2,038	18,377	(1,577)	23,552	38	23,590
<b>Fund Balances - January 1</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>Fund Balances - December 31</b>	<u>\$ 32,562</u>	<u>\$ 20,787</u>	<u>\$ 96,462</u>	<u>\$ 8,011</u>	<u>\$ 157,822</u>	<u>\$ 96,785</u>	<u>\$ 254,607</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, 2021**

<b>Assets</b>	
Cash and investments	\$ 4,818,373
Taxes receivable	<u>516,821</u>
<b>Total Assets</b>	<u><u>\$ 5,335,194</u></u>
<b>Liabilities</b>	
Accounts payable	<u>\$ 175,141</u>
<b>Deferred Inflows of Resources</b>	
Unavailable revenue-property taxes	<u>937,153</u>
<b>Fund Balance</b>	
Assigned for future land purchases	600,000
Unassigned	<u>3,622,900</u>
Total fund balances	<u>4,222,900</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u><u>\$ 5,335,194</u></u>



**Allendale Charter Township**  
**COMPONENT UNIT - DDA DEVELOPMENT**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Year Ended December 31, 2021**

<b>Revenues</b>	
Taxes	\$ 1,771,595
State shared revenue	89,002
Interest	2,075
Other	<u>1,000</u>
<b>Total Revenues</b>	<u>1,863,672</u>
 <b>Expenditures</b>	
Current:	
General government	62,894
Public works	158,123
Community and economic development	101,467
Capital Outlay	<u>1,769,197</u>
<b>Total Expenditures</b>	<u>2,091,681</u>
<b>Net Change in Fund Balance</b>	(228,009)
<b>Fund Balance - January 1</b>	<u>4,450,909</u>
<b>Fund Balance - December 31</b>	<u><u>\$ 4,222,900</u></u>