

*Township of Ada*

*Kent County, Michigan*

**FINANCIAL STATEMENTS**

*Year ended March 31, 2022*

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## INDEPENDENT AUDITOR'S REPORT

Township Board of Trustees  
Township of Ada, Michigan

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Ada, Michigan (the Township), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the 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 units, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2022, 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 the Township, 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 the 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 the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township'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 Township'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 evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township'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, as listed in the contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the Township's basic financial statements. The component units' fund 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 was 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Siegfried Crandall P.C.*

July 21, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Township of Ada's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended March 31, 2022. Please read it in conjunction with the Township's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The Township's total net position increased by \$2,057,790 (4.7 percent) as a result of this year's activities. The net position of the governmental activities increased by \$1,330,533, and the net position of the business-type activities increased by \$727,257.
- Of the \$45,501,766 total net position reported, \$9,637,665 (21 percent) is available to be used to meet the Township's ongoing obligations to its citizens and customers, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$3,230,822, which represents 87 percent of the actual total General Fund expenditures for the current fiscal year.

### **Overview of the financial statements**

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents statements concerning the component units. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
  - Governmental funds statements explain how government services, like general government and public safety, were financed in the short-term, as well as what remains for future spending.
  - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business, such as the sewer and water systems and construction code inspection services.
  - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as a custodian for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2022 and 2021 is also presented.

### **Government-wide financial statements**

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets and liabilities) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements are divided into three categories:

- *Governmental activities* - Most of the Township's basic services are included here, such as police and fire protection and general government. Property taxes and state shared revenue finance most of these activities.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's sewer and water systems and construction code inspection operations are reported here.
- *Component units* - The Township includes two other entities in its report - the Ada Downtown Development Authority and the Ada Brownfield Redevelopment Authority. Although legally separate, these "component units" are important because the Township is financially accountable for them.

#### **Fund financial statements**

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and other revenues (like the public safety millage).

The Township has three types of funds:

- *Governmental funds*. Most of the Township's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Proprietary funds*. Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information. In fact, the Township's enterprise funds are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *Fiduciary funds*. These funds are used to account for the collection and disbursement of resources, primarily property taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances and activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.



## FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

## Net position

Total net position at the end of the fiscal year was \$45,501,766. Of this total, \$30,870,896 represents a net investment in capital assets and \$4,993,205 is restricted for various purposes. Consequently, unrestricted net position was \$9,637,665, or 21 percent of the total.

*Condensed financial information*  
*Net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 23,430,040	\$ 7,306,200	\$ 8,993,313	\$ 11,517,835	\$ 32,423,353	\$ 18,824,035
Capital assets	<u>25,351,179</u>	<u>23,799,257</u>	<u>22,061,795</u>	<u>19,158,420</u>	<u>47,412,974</u>	<u>42,957,677</u>
Total assets	<u>48,781,219</u>	<u>31,105,457</u>	<u>31,055,108</u>	<u>30,676,255</u>	<u>79,836,327</u>	<u>61,781,712</u>
Current and other liabilities	1,576,041	504,947	682,335	497,994	2,258,376	1,002,941
Long-term debt outstanding	<u>20,507,539</u>	<u>5,233,404</u>	<u>11,568,646</u>	<u>12,101,391</u>	<u>32,076,185</u>	<u>17,334,795</u>
Total liabilities	<u>22,083,580</u>	<u>5,738,351</u>	<u>12,250,981</u>	<u>12,599,385</u>	<u>34,334,561</u>	<u>18,337,736</u>
Net position:						
Net investment in capital assets	20,377,747	19,414,183	10,493,149	5,084,086	30,870,896	24,498,269
Restricted	2,832,217	1,997,192	2,160,988	5,857,854	4,993,205	7,855,046
Unrestricted	<u>3,487,675</u>	<u>3,955,731</u>	<u>6,149,990</u>	<u>7,134,930</u>	<u>9,637,665</u>	<u>11,090,661</u>
Total net position	<u>\$ 26,697,639</u>	<u>\$ 25,367,106</u>	<u>\$ 18,804,127</u>	<u>\$ 18,076,870</u>	<u>\$ 45,501,766</u>	<u>\$ 43,443,976</u>

## Changes in net position

The Township's total revenues for the current fiscal year amounted to \$13,145,334, compared to \$12,027,025 in the prior year. Charges for services account for approximately 47 percent of the Township's revenues, while property taxes account for 34 percent of the total revenues. State grants account for about 13 percent of the Township's revenues.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

The total cost of the Township's programs for fiscal year 2022, covering a wide range of services, totaled \$11,087,544. Approximately 43 percent of the Township's costs relates to the provision of utility services. Recreation and culture and general government costs represent 15 and 14 percent of total expenses, respectively.

*Condensed financial information**Changes in net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Program revenues:						
Charges for services	\$ 375,295	\$ 274,370	\$ 5,772,295	\$ 4,943,777	\$ 6,147,590	\$ 5,218,147
Operating grants and contributions	41,970	449,177	-	128,376	41,970	577,553
Capital grants and contributions	632,756	1,318,640	-	-	632,756	1,318,640
General revenues:						
Property taxes	4,460,614	3,210,387	-	-	4,460,614	3,210,387
State grants	1,676,411	1,349,517	-	-	1,676,411	1,349,517
Franchise fees	261,104	263,627	-	-	261,104	263,627
Interest	(83,849)	49,920	8,738	39,234	(75,111)	89,154
Insurance recoveries	-	-	-	-	-	-
Total revenues	<u>7,364,301</u>	<u>6,915,638</u>	<u>5,781,033</u>	<u>5,111,387</u>	<u>13,145,334</u>	<u>12,027,025</u>
Expenses:						
General government	1,597,669	1,565,352	-	-	1,597,669	1,565,352
Public safety	1,079,421	1,054,567	314,510	239,450	1,393,931	1,294,017
Public works	917,075	438,444	-	-	917,075	438,444
Recreation and culture	1,678,496	1,458,119	-	-	1,678,496	1,458,119
Community and economic development	204,956	164,240	-	-	204,956	164,240
Interest and issuance costs	556,151	150,144	-	-	556,151	150,144
Sewer	-	-	2,033,451	2,116,667	2,033,451	2,116,667
Water	-	-	2,705,815	2,565,052	2,705,815	2,565,052
Total expenses	<u>6,033,768</u>	<u>4,830,866</u>	<u>5,053,776</u>	<u>4,921,169</u>	<u>11,087,544</u>	<u>9,752,035</u>
Changes in net position	<u>\$ 1,330,533</u>	<u>\$ 2,084,772</u>	<u>\$ 727,257</u>	<u>\$ 190,218</u>	<u>\$ 2,057,790</u>	<u>\$ 2,274,990</u>
Net position, end of year	<u>\$ 26,697,639</u>	<u>\$ 25,367,106</u>	<u>\$ 18,804,127</u>	<u>\$ 18,076,870</u>	<u>\$ 45,501,766</u>	<u>\$ 43,443,976</u>

**Governmental activities**

Governmental activities increased the Township's net position by \$1,330,533 in the current year, compared to a \$2,084,772 increase in the prior year. The increase in net position was lower in the current year as revenues increased by \$448,663, while expenses increased by \$1,202,902. The increase in revenues is related to a \$1,250,227 increase in property taxes, as the millage rate for trails was increased and taxable values continue to grow. The increase in property taxes was offset by a \$407,207 reduction in operating grants, related to federal grants associated with COVID-19 in the prior year, and a \$685,884 reduction in capital grants, most of which related to contributions associated with the new library and community center in the prior year. Expenses increased due to higher costs in the public works function and an increase in interest and related fees. Public works costs increased by \$478,631, due to significant road improvements in the current year, and interest costs rose due to the issuance of a substantial capital improvement bond.

The following schedule shows the costs of the Township's three largest programs, as well as the net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the burden that was placed on the Township's taxpayers by each of these functions.

	<u>Total cost of services</u>	<u>Net cost of services</u>
General government	\$ 1,597,669	\$ (1,414,125)
Public safety	1,079,421	(1,059,541)
Recreation and culture	1,678,496	(1,292,707)
Other	<u>1,678,182</u>	<u>(1,217,374)</u>
Totals	<u>\$ 6,033,768</u>	<u>\$ (4,983,747)</u>

The total cost of governmental activities this year was \$6,033,768 compared to \$4,830,866 in the prior year. After subtracting the direct charges to those who directly benefited from the programs (\$375,295), operating grants (\$41,970), and capital grants (\$632,756), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$4,983,747.

#### **Business-type activities**

Business-type activities increased the Township's net position by \$727,257 in the current year compared to an increase of \$190,218 in the prior year. Net position has increased because customer charges are sufficient to cover all operating and nonoperating costs, including depreciation.

The increase in net position was higher in the current year as revenues increased by \$669,646, while expenses only increased by \$132,607. Revenues rose by \$669,646, as expected, due to an increase in rates charged to customers. The increase in expenses was primarily related to higher contract costs.

#### **FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

##### **Governmental funds**

As of March 31, 2022, the Township's governmental funds reported combined ending fund balances of \$21,798,299, which represents an increase of \$15,364,816 compared to last year's balances. Almost all of the increase relates to proceeds from the issuance of capital improvement bonds which have not yet been spent.

The General Fund is the primary operating fund of the Township. Its fund balance at the end of the fiscal year was \$3,589,998, though unassigned fund balance amounted to \$3,230,822. Revenues of \$3,744,322 exceeded expenditures of \$3,698,571, causing fund balance to increase by \$45,751 in the current year.

In addition, these other changes in fund balances should be noted:

- The fund balance of the Public Safety Fund at the end of the fiscal year was \$1,200,059, an increase of \$70,387, as revenues of \$1,073,393 were sufficient to cover expenditures of \$1,003,006 in the current year. The fund accounts for operating and capital costs of the Township's fire department and policing services.
- The fund balance of the Trails Fund at the end of the fiscal year was \$15,542,750, an increase of \$14,859,062. Revenues of \$1,695,163 were less than expenditures of \$2,125,050 in the current year; however, bond proceeds of \$15,288,949 were recognized that will be spent on trail improvements in the coming years. The fund's expenditures include trail improvement and maintenance costs and debt service.
- The fund balance of the Parks and Recreation Fund at the end of the fiscal year was \$1,638,556, an increase of \$666,218. Revenues of \$842,375 were less than expenditures of \$953,079; however, bonds proceeds of \$769,320 were recognized that will be spent on capital improvements in the future. The fund also received a \$7,602 transfer from the Parks Fund. The Township's parks and recreation costs are now supported by this fund.
- The fund balance of the Parks Fund at the end of the fiscal year was \$-0-, as the fund transferred its remaining equity of \$7,602 to the Parks and Recreation Fund, as the fund's restricted tax millage had expired. Now all parks and recreation costs will be financed by the Parks and Recreation Fund.
- The fund balance of the Parks and Open Space Fund at the end of the fiscal year was \$99,140, a decrease of \$389,281. The decrease was caused by the purchase of land for \$390,287 in the current year. The fund's restricted tax millage has expired, but the remaining fund balance is restricted for parks and open space costs.
- The fund balance of the Envision Ada Fund, a capital project fund, was a deficit of \$272,204 at the end of the current year, an increase of \$120,281. The Fund recognized revenue, in the amount of \$182,092, which consisted principally of capital contributions, that were used to fund the Envision Ada project. The fund's resources financed the construction of the library and community center in prior years. The deficit is expected to be eliminated through the collection of pledges receivable over the next two years.

**Proprietary funds**

The Sewer Fund generated operating income of \$638,979 and net position increased by \$638,532, due to net nonoperating expenses of \$447. The increase in net position is due to the fact that user charges were set to cover the full cost of providing services. Total net position is \$9,530,031 at year end, of which \$391,050 is restricted for capital improvements and \$3,549,817 is unrestricted.

The Water Fund generated an operating income of \$185,266, and net position increased by \$88,165, due to net nonoperating expenses of \$97,101. The increase in net position is due to the fact that user charges were set to cover the full cost of providing services. Total net position is \$8,733,301 at year end, of which \$1,769,938 is restricted for capital improvements and \$2,059,378 is unrestricted.

**General Fund budgetary highlights**

The Township amended the General Fund budget to reflect changes in anticipated revenues and expenditures which occurred during the year. Total budgeted revenues were increased by \$945,099 during the current year. Intergovernmental revenues were increased by \$630,756, to reflect contributions from other governments, and state grant revenues were increased by \$321,872, to reflect larger than anticipated distributions from the state. Expenditures were increased by \$1,050,397, primarily due to an increase in capital outlay expenditures of \$557,000, related to the purchase of property, and an increase in road maintenance and improvement costs of \$395,262.

Total actual revenues were \$29,604 more than budgeted primarily because state grant revenue was \$34,912 more than planned, as state distributions exceeded expectations. Total expenditures were \$119,186 less than the amounts appropriated, primarily because capital outlay expenditures were \$94,426 less than budgeted, as certain improvements were delayed.

These conditions resulted in a positive budget variance of \$148,790 due to a 45,751 increase in fund balance when the budget projected a \$103,039 decrease.

**CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital assets**

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2022, amounts to \$47,412,974, net of accumulated depreciation. This investment includes a broad range of assets, including land, sewer and water facilities, buildings, and equipment.

	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
Land and assets and construction in progress	\$ 5,204,807	\$ 3,459,550	\$ 8,664,357
Utility systems	-	18,571,834	18,571,834
Buildings and improvements	19,616,491	-	19,616,491
Equipment	326,393	30,411	356,804
Vehicles	203,488	-	203,488
<b>Totals</b>	<b>\$ 25,351,179</b>	<b>\$ 22,061,795</b>	<b>\$ 47,412,974</b>

The major capital asset events during the current fiscal year included the following:

- Ada Drive trail and boardwalk improvements were made at a cost of \$1,097,412
- Property was purchased on Bronson Street for \$567,812
- Property was purchased for Chief Hazy Cloud Park for \$390,287
- Sports field lighting costs, at Leonard Park, amounted to \$231,061
- Fase Street nonmotorized path improvements were made at a cost of \$212,547
- Water system improvements, which were in progress at year end, amounted to \$3,704,977

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

**Debt**

At the end of the fiscal year, the Township had long-term debt outstanding in the amount of \$32,076,185, which represents a net increase of \$14,741,390. Debt increased by \$16,058,269 as bonds were issued by the governmental activities to finance capital improvements. Debt was reduced by \$1,316,879 through timely principal payments. All debt is backed by the full faith and credit of the Township.

Other noncurrent liabilities, totaling \$139,150, represent accrued compensated absences.

More detailed information about the Township's long-term debt is presented in Note 7 of the notes to the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Township's 2023 fiscal year budget does not anticipate significant changes in the amounts or composition of its major revenue sources. The Township has budgeted expenditures for the upcoming year at amounts sufficient to support its ongoing programs and activities. The Township anticipates continued construction costs related to water system improvements that are being financed with bonds that were issued during fiscal year 2021.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Julius Suchy, Township Manager    Phone: (616) 676-9191  
Township of Ada  
7330 Thornapple River Drive  
P.O. Box 370  
Ada, Michigan 49301

You may also send an e-mail to any of the addresses noted below:

Ross Leisman  
Township Supervisor  
[rleisman@adatownshipmi.com](mailto:rleisman@adatownshipmi.com)

Jacqueline Smith  
Township Clerk  
[jsmith@adatownshipmi.com](mailto:jsmith@adatownshipmi.com)

Kevin Moran  
Township Treasurer  
[kmoran@adatownshipmi.com](mailto:kmoran@adatownshipmi.com)

## **BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**

March 31, 2022

	<b>Primary government</b>			<b>Component units</b>	
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Totals</b>	<b>Ada Downtown Development Authority</b>	<b>Ada Brownfield Redevelopment Authority</b>
<b>ASSETS</b>					
Current assets:					
Cash	\$ 6,023,331	\$ 4,643,513	\$ 10,666,844	\$ 978,936	\$ 3,500
Investments	16,481,939	3,420,603	19,902,542	-	-
Receivables	774,770	923,906	1,698,676	1,360	-
Inventory	-	5,291	5,291	-	-
Total current assets	<u>23,280,040</u>	<u>8,993,313</u>	<u>32,273,353</u>	<u>980,296</u>	<u>3,500</u>
Noncurrent assets:					
Receivables	150,000	-	150,000	-	-
Capital assets not being depreciated	5,204,807	3,459,550	8,664,357	-	-
Capital assets, net of depreciation	<u>20,146,372</u>	<u>18,602,245</u>	<u>38,748,617</u>	<u>118,650</u>	<u>-</u>
Total noncurrent assets	<u>25,501,179</u>	<u>22,061,795</u>	<u>47,562,974</u>	<u>118,650</u>	<u>-</u>
Total assets	<u>48,781,219</u>	<u>31,055,108</u>	<u>79,836,327</u>	<u>1,098,946</u>	<u>3,500</u>
<b>LIABILITIES</b>					
Current liabilities:					
Payables	655,124	682,335	1,337,459	2,050	3,500
Unearned revenue	781,767	-	781,767	-	-
Bonds payable - due within one year	<u>925,833</u>	<u>569,167</u>	<u>1,495,000</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>2,362,724</u>	<u>1,251,502</u>	<u>3,614,226</u>	<u>2,050</u>	<u>3,500</u>
Noncurrent liabilities:					
Compensated absences	139,150	-	139,150	752	-
Bonds payable	<u>19,581,706</u>	<u>10,999,479</u>	<u>30,581,185</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>19,720,856</u>	<u>10,999,479</u>	<u>30,720,335</u>	<u>752</u>	<u>-</u>
Total liabilities	<u>22,083,580</u>	<u>12,250,981</u>	<u>34,334,561</u>	<u>2,802</u>	<u>3,500</u>
<b>NET POSITION</b>					
Net investment in capital assets	20,377,747	10,493,149	30,870,896	118,650	-
Restricted for:					
Public safety	78,427	-	78,427	-	-
Recreation and culture	1,327,552	-	1,327,552	-	-
Debt service	1,426,238	-	1,426,238	-	-
Capital acquisitions and improvements	-	2,160,988	2,160,988	-	-
Unrestricted	<u>3,487,675</u>	<u>6,149,990</u>	<u>9,637,665</u>	<u>977,494</u>	<u>-</u>
Total net position	<u>\$ 26,697,639</u>	<u>\$ 18,804,127</u>	<u>\$ 45,501,766</u>	<u>\$ 1,096,144</u>	<u>\$ -</u>

See notes to financial statements



## STATEMENT OF ACTIVITIES

Year ended March 31, 2022

Functions/Programs	Net (expenses) revenues and changes in net position								
	Program revenues				Primary government			Component units	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Totals	Ada Downtown Development Authority	Ada Brownfield Redevelopment Authority
Primary government									
Governmental activities:									
General government	\$ 1,597,669	\$ 183,544	\$ -	\$ -	\$ (1,414,125)		\$ (1,414,125)		
Public safety	1,079,421	7,236	12,644	-	(1,059,541)		(1,059,541)		
Public works	917,075	63,321	18,629	368,438	(466,687)		(466,687)		
Recreation and culture	1,678,496	110,774	10,697	264,318	(1,292,707)		(1,292,707)		
Community and economic development	204,956	10,420	-	-	(194,536)		(194,536)		
Interest and fees on long-term debt	556,151	-	-	-	(556,151)		(556,151)		
Total governmental activities	6,033,768	375,295	41,970	632,756	(4,983,747)		(4,983,747)		
Business-type activities:									
Sewer	2,033,451	2,667,750	-	-		\$ 634,299	634,299		
Water	2,705,815	2,790,577	-	-		84,762	84,762		
Inspections	314,510	313,968	-	-		(542)	(542)		
Total business-type activities	5,053,776	5,772,295	-	-		718,519	718,519		
Total primary government	\$ 11,087,544	\$ 6,147,590	\$ 41,970	\$ 632,756	(4,983,747)	718,519	(4,265,228)		
Component units									
Downtown Development Authority	\$ 453,028	\$ 66,923	\$ -	\$ -				\$ (386,105)	\$ -
Brownfield Redevelopment Authority	188,989	-	-	-				-	(188,989)
Total component units	\$ 642,017	\$ 66,923	\$ -	\$ -				\$ (386,105)	\$ (188,989)
General revenues:									
Property taxes					4,460,614	-	4,460,614	427,055	188,989
State shared revenue					1,584,526	-	1,584,526	-	-
Local community stabilization share revenue					91,885	-	91,885	153,909	-
Franchise fees					261,104	-	261,104	-	-
Unrestricted investment return (loss)					(83,849)	8,738	(75,111)	1,595	-
Total general revenues					6,314,280	8,738	6,323,018	582,559	188,989
Changes in net position					1,330,533	727,257	2,057,790	196,454	-
Net position - beginning					25,367,106	18,076,870	43,443,976	899,690	-
Net position - ending					\$ 26,697,639	\$ 18,804,127	\$ 45,501,766	\$ 1,096,144	\$ -

See notes to financial statements

**BALANCE SHEET - governmental funds**

March 31, 2022

	Special revenue						Project	Total
	General	Public Safety	Trails	Parks and Recreation	Parks	Parks and Open Space	Envision Ada	governmental funds
<b>ASSETS</b>								
Cash	\$ 2,489,069	\$ 125,123	\$ 1,341,986	\$ 860,870	\$ -	\$ 99,140	\$ 779,347	\$ 6,023,331
Investments	133,638	1,121,632	14,437,112	789,557	-	-	-	16,481,939
Receivables	472,598	13,528	76,937	10,857	-	-	350,850	924,770
Due from other funds	600,000	-	-	-	-	-	-	600,000
Total assets	<u>\$ 3,695,305</u>	<u>\$ 1,260,283</u>	<u>\$ 15,856,035</u>	<u>\$ 1,661,284</u>	<u>\$ -</u>	<u>\$ 99,140</u>	<u>\$ 779,347</u>	<u>\$ 24,030,040</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities:								
Payables	\$ 102,887	\$ 60,224	\$ 313,285	\$ 22,728	\$ -	\$ -	\$ -	\$ 499,124
Due to other funds	-	-	-	-	-	-	600,000	600,000
Unearned revenue	2,420	-	-	-	-	-	779,347	781,767
Total liabilities	<u>105,307</u>	<u>60,224</u>	<u>313,285</u>	<u>22,728</u>	<u>-</u>	<u>-</u>	<u>779,347</u>	<u>1,880,891</u>
Deferred inflows of resources - unavailable contributions	-	-	-	-	-	-	350,850	350,850
Fund balances (deficit):								
Restricted for:								
Public safety	-	78,427	-	-	-	-	-	78,427
Recreation and culture	359,176	-	-	869,236	-	99,140	-	1,327,552
Debt service	-	-	1,582,238	-	-	-	-	1,582,238
Capital acquisitions	-	-	13,960,512	769,320	-	-	-	14,729,832
Assigned for capital acquisitions	-	1,121,632	-	-	-	-	-	1,121,632
Unassigned	3,230,822	-	-	-	-	-	(272,204)	2,958,618
Total fund balances (deficit)	<u>3,589,998</u>	<u>1,200,059</u>	<u>15,542,750</u>	<u>1,638,556</u>	<u>-</u>	<u>99,140</u>	<u>(272,204)</u>	<u>21,798,299</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,695,305</u>	<u>\$ 1,260,283</u>	<u>\$ 15,856,035</u>	<u>\$ 1,661,284</u>	<u>\$ -</u>	<u>\$ 99,140</u>	<u>\$ 779,347</u>	<u>\$ 24,030,040</u>

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - total governmental funds \$ 21,798,299

Amounts reported for *governmental activities* in the statement of net position (page 13) are different because:Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 25,351,179

Pledges receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 350,850

Expense accruals:  
Interest payable (156,000)  
Compensated absences (139,150)

Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds. (20,507,539)

Net position of *governmental activities* \$ 26,697,639

**Township of Ada**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds**

Year ended March 31, 2022

		Special revenue					Capital Project	Total
		Public Safety	Trails	Parks and Recreation	Parks	Parks and Open Space	Envision Ada	governmental funds
	General					ARPA		
<b>REVENUES</b>								
Property taxes	\$ 1,024,512	\$ 1,041,194	\$ 1,704,761	\$ 712,262	\$ -	\$ -	\$ -	\$ 4,482,729
Licenses and permits	261,104	-	-	-	-	-	-	261,104
Federal grants	-	12,644	-	-	-	-	-	12,644
State grants	1,606,571	1,381	84,635	3,953	-	-	-	1,696,540
Intergovernmental	630,756	-	-	-	-	-	-	630,756
Charges for services	40,370	-	-	48,289	-	-	-	88,659
Investment return (loss) and rentals	108,761	3,638	(94,876)	63,741	-	1,006	5	82,275
Other	72,248	14,536	643	14,130	-	-	182,087	283,644
<b>Total revenues</b>	<b>3,744,322</b>	<b>1,073,393</b>	<b>1,695,163</b>	<b>842,375</b>	<b>-</b>	<b>1,006</b>	<b>182,092</b>	<b>7,538,351</b>
<b>EXPENDITURES</b>								
Current:								
General government	1,528,732	-	-	-	-	-	-	1,528,732
Public safety	-	975,932	-	-	-	-	-	975,932
Public works	915,360	-	-	-	-	-	-	915,360
Recreation and culture	121,843	-	43,069	581,755	-	-	-	746,667
Community and economic development	201,586	-	-	-	-	-	-	201,586
Debt service:								
Principal	223,542	-	470,000	60,000	-	-	-	753,542
Interest and fees	126,484	-	5,385	9,750	-	-	-	141,619
Bond issuance costs	-	-	293,765	10,859	-	-	-	304,624
Capital outlay	581,024	27,074	1,312,831	290,715	-	390,287	61,811	2,663,742
<b>Total expenditures</b>	<b>3,698,571</b>	<b>1,003,006</b>	<b>2,125,050</b>	<b>953,079</b>	<b>-</b>	<b>390,287</b>	<b>61,811</b>	<b>8,231,804</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>45,751</b>	<b>70,387</b>	<b>(429,887)</b>	<b>(110,704)</b>	<b>-</b>	<b>(389,281)</b>	<b>120,281</b>	<b>(693,453)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Bond proceeds	-	-	14,885,680	769,320	-	-	-	15,655,000
Bond premium	-	-	403,269	-	-	-	-	403,269
Transfers in	-	-	-	7,602	-	-	-	7,602
Transfers out	-	-	-	-	(7,602)	-	-	(7,602)
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>15,288,949</b>	<b>776,922</b>	<b>(7,602)</b>	<b>-</b>	<b>-</b>	<b>16,058,269</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>45,751</b>	<b>70,387</b>	<b>14,859,062</b>	<b>666,218</b>	<b>(7,602)</b>	<b>(389,281)</b>	<b>120,281</b>	<b>15,364,816</b>
<b>FUND BALANCES (DEFICIT) - BEGINNING</b>	<b>3,544,247</b>	<b>1,129,672</b>	<b>683,688</b>	<b>972,338</b>	<b>7,602</b>	<b>488,421</b>	<b>(392,485)</b>	<b>6,433,483</b>
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<b>\$ 3,589,998</b>	<b>\$ 1,200,059</b>	<b>\$ 15,542,750</b>	<b>\$ 1,638,556</b>	<b>\$ -</b>	<b>\$ 99,140</b>	<b>\$ (272,204)</b>	<b>\$ 21,798,299</b>

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance - total governmental funds \$ 15,364,816

Amounts reported for *governmental activities* in the statement of activities (page 14) are different because:

Capital assets:

Assets acquired 2,568,479  
 Assets disposed, net (7,300)  
 Provision for depreciation (1,009,257)

Long-term debt:

Bond proceeds (15,655,000)  
 Bond premium (403,269)  
 Principal payments 753,542  
 Amortization of bond premium 30,592

Changes in other assets/liabilities:

Net increase in compensated absences (4,820)  
 Net increase in interest payable (140,500)

Change in deferred inflows of resources - decrease in unavailable capital contributions (166,750)

Change in net position of *governmental activities* \$ 1,330,533

See notes to financial statements

**Township of Ada**

**STATEMENT OF NET POSITION - *proprietary funds***

March 31, 2022

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor fund</u>	<u>Totals</u>
<b>ASSETS</b>				
Current assets:				
Cash	\$ 2,493,022	\$ 1,616,212	\$ 534,279	\$ 4,643,513
Investments	1,068,953	2,351,650	-	3,420,603
Receivables	546,898	340,530	36,478	923,906
Inventory	<u>-</u>	<u>5,291</u>	<u>-</u>	<u>5,291</u>
Total current assets	<u>4,108,873</u>	<u>4,313,683</u>	<u>570,757</u>	<u>8,993,313</u>
Noncurrent assets:				
Capital assets not being depreciated	-	3,459,550	-	3,459,550
Capital assets, net of depreciation	<u>9,323,232</u>	<u>9,279,013</u>	<u>-</u>	<u>18,602,245</u>
Total noncurrent assets	<u>9,323,232</u>	<u>12,738,563</u>	<u>-</u>	<u>22,061,795</u>
Total assets	<u>13,432,105</u>	<u>17,052,246</u>	<u>570,757</u>	<u>31,055,108</u>
<b>LIABILITIES</b>				
Current liabilities:				
Payables	168,006	484,367	29,962	682,335
Bonds payable - due within one year	<u>238,200</u>	<u>330,967</u>	<u>-</u>	<u>569,167</u>
Total current liabilities	406,206	815,334	29,962	1,251,502
Noncurrent liabilities - bonds payable	<u>3,495,868</u>	<u>7,503,611</u>	<u>-</u>	<u>10,999,479</u>
Total liabilities	<u>3,902,074</u>	<u>8,318,945</u>	<u>29,962</u>	<u>12,250,981</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,589,164	4,903,985	-	10,493,149
Restricted for capital improvements	391,050	1,769,938	-	2,160,988
Unrestricted	<u>3,549,817</u>	<u>2,059,378</u>	<u>540,795</u>	<u>6,149,990</u>
Total net position	<u>\$ 9,530,031</u>	<u>\$ 8,733,301</u>	<u>\$ 540,795</u>	<u>\$ 18,804,127</u>

See notes to financial statements

**Township of Ada**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - *proprietary funds***

*Year ended March 31, 2022*

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor fund</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Charges for services:				
Utility charges	\$ 2,617,745	\$ 2,700,412	\$ -	\$ 5,318,157
Inspection fees	-	-	313,968	313,968
	<u>2,617,745</u>	<u>2,700,412</u>	<u>313,968</u>	<u>5,632,125</u>
Total operating revenues				
<b>OPERATING EXPENSES</b>				
Personnel costs	56,577	78,933	56,705	192,215
Supplies	13,551	33,657	-	47,208
Contracted services:				
Sewage treatment	1,437,415	-	-	1,437,415
Water purchases	-	1,428,648	-	1,428,648
Inspections	-	-	252,391	252,391
Other	92,159	242,347	-	334,506
Utilities	60,497	31,288	-	91,785
Repairs and maintenance	84,199	117,448	5,414	207,061
Depreciation	225,583	567,909	-	793,492
Miscellaneous	8,785	14,916	-	23,701
	<u>1,978,766</u>	<u>2,515,146</u>	<u>314,510</u>	<u>4,808,422</u>
Total operating expenses				
<b>OPERATING INCOME (LOSS)</b>	<u>638,979</u>	<u>185,266</u>	<u>(542)</u>	<u>823,703</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Connection fee revenue	27,100	50,105	-	77,205
Connection fees remitted to the City of Grand Rapids	(19,560)	(32,685)	-	(52,245)
Tap and other fees	22,905	40,060	-	62,965
Interest revenue	4,233	3,403	1,102	8,738
Interest expense	(35,125)	(157,984)	-	(193,109)
	<u>(447)</u>	<u>(97,101)</u>	<u>1,102</u>	<u>(96,446)</u>
Net nonoperating revenues (expenses)				
<b>CHANGES IN NET POSITION</b>	638,532	88,165	560	727,257
<b>NET POSITION - BEGINNING</b>	<u>8,891,499</u>	<u>8,645,136</u>	<u>540,235</u>	<u>18,076,870</u>
<b>NET POSITION - ENDING</b>	<u>\$ 9,530,031</u>	<u>\$ 8,733,301</u>	<u>\$ 540,795</u>	<u>\$ 18,804,127</u>

See notes to financial statements

**STATEMENT OF CASH FLOWS - proprietary funds**

Year ended March 31, 2022

	<i>Sewer</i>	<i>Water</i>	<i>Nonmajor fund</i>	<i>Totals</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 2,536,705	\$ 2,664,042	\$ 295,767	\$ 5,496,514
Payments to vendors and suppliers	(1,683,880)	(1,830,163)	(257,680)	(3,771,723)
Payments to employees	(40,883)	(51,114)	(42,500)	(134,497)
Net cash provided by (used in) operating activities	<u>811,942</u>	<u>782,765</u>	<u>(4,413)</u>	<u>1,590,294</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Connection fees	27,100	50,105	-	77,205
Connection fees paid to City of Grand Rapids	(19,560)	(32,685)	-	(52,245)
Tap and other fees	22,905	40,060	-	62,965
Acquisition of capital assets	(12,481)	(3,417,400)	-	(3,429,881)
Decrease in payables	(134,013)	(35,042)	-	(169,055)
Principal payments on capital debt	(204,080)	(317,379)	-	(521,459)
Interest payments on capital debt	(59,389)	(167,306)	-	(226,695)
Net cash provided by (used in) capital and related financing activities	<u>(379,518)</u>	<u>(3,879,647)</u>	<u>-</u>	<u>(4,259,165)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(Purchases) sales of investments	(248)	3,998,452	-	3,998,204
Interest received	<u>4,233</u>	<u>3,403</u>	<u>1,102</u>	<u>8,738</u>
Net cash provided by (used in) investing activities	<u>3,985</u>	<u>4,001,855</u>	<u>1,102</u>	<u>4,006,942</u>
<b>NET CHANGE IN CASH</b>	436,409	904,973	(3,311)	1,338,071
<b>CASH - BEGINNING</b>	<u>2,056,613</u>	<u>711,239</u>	<u>537,590</u>	<u>3,305,442</u>
<b>CASH - ENDING</b>	<u>\$ 2,493,022</u>	<u>\$ 1,616,212</u>	<u>\$ 534,279</u>	<u>\$ 4,643,513</u>

See notes to financial statements

**STATEMENT OF CASH FLOWS - proprietary funds (Continued)**

Year ended March 31, 2022

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor fund</u>	<u>Totals</u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 638,979	\$ 185,266	\$ (542)	\$ 823,703
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	225,583	567,909	-	793,492
(Increase) decrease in receivables	(81,040)	(36,370)	(18,201)	(135,611)
Increase (decrease) in payables	28,420	65,960	14,330	108,710
Net cash provided by (used in) operating activities	<u>\$ 811,942</u>	<u>\$ 782,765</u>	<u>\$ (4,413)</u>	<u>\$ 1,590,294</u>
<b>Noncash capital and related financing activities:</b>				
Acquisition of capital assets	(12,481)	(3,704,977)	-	(3,717,458)
Less increase in payables	<u>-</u>	<u>287,577</u>	<u>-</u>	<u>287,577</u>
Cash used	<u>\$ (12,481)</u>	<u>\$ (3,417,400)</u>	<u>\$ -</u>	<u>\$ (3,429,881)</u>

See notes to financial statements

*Township of Ada*

**STATEMENT OF FIDUCIARY NET POSITION - *Custodial Fund***

*March 31, 2022*

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	<u><i>Tax Collection</i></u>
<b>ASSETS</b>	
Cash	<u>\$ 14,939</u>
<b>LIABILITIES</b>	
Due to other governments	<u>14,939</u>
<b>NET POSITION</b>	
Restricted for other governments	<u><u>\$ -</u></u>

*See notes to financial statements*



***Township of Ada***

**STATEMENT OF CHANGES IN FIDUCIARY NET POSTION - *Custodial Fund***

*Year ended March 31, 2022*

	<b><i>Tax Collection</i></b>
<b>ADDITIONS</b>	
Property taxes collected for other governments	\$ 35,983,695
<b>DEDUCTIONS</b>	
Property taxes distributed to other governments	<u>35,983,695</u>
<b>NET CHANGE IN FIDUCIARY NET POSITION</b>	-
<b>NET POSITION - BEGINNING</b>	<u>-</u>
<b>NET POSTION - ENDING</b>	<u><u>\$ -</u></u>

*See notes to financial statements*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Township of Ada, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

*Reporting entity:*

As required by generally accepted accounting principles, these financial statements present the Township (the primary government), located in Kent County, and its component units described below, for which the Township is financially accountable. The Township exercises oversight responsibility over each component unit, as their governing bodies are appointed by the Township Supervisor, and their budgets must be approved by the Township Board. The Township is also obligated to provide some of its tax revenues to each component unit, through tax increment financing, which represents a financial burden on the Township. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government. Separate financial statements for the component units have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component units.

*Discretely presented component units:*

*Ada Downtown Development Authority* - The Authority was established pursuant to Public Act 197 of 1975, as amended, to correct and prevent deterioration and promote economic growth within the downtown district.

*Ada Brownfield Redevelopment Authority* - The Authority was established pursuant to Public Act 381 of 1996, as amended, to promote the revitalization of environmentally distressed areas within the Township.

*Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from 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 funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Measurement focus, basis of accounting, and financial statement presentation (continued):*

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

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from state shared revenue and property taxes.

The Public Safety Fund, a special revenue fund, accounts for all financial resources used by the Township to provide police and fire protection services. Revenues are primarily derived from property taxes.

The Trails Fund, a special revenue fund, accounts for financial resources used by the Township to construct and improve the nonmotorized pathway system. Revenues are primarily derived from property taxes.

The Parks and Recreation Fund, a special revenue fund, accounts for financial resources used by the Township for parks and recreation purposes, including the acquisition and maintenance of park property. Revenues are primarily derived from property taxes.

The Parks Fund, a special revenue fund, accounts for financial resources used by the Township to maintain and improve recreational facilities. Revenues are primarily derived from property taxes from an expired millage.

The Parks and Open Space Fund, a special revenue fund, accounts for financial resources used by the Township for parks and recreation purposes, and to preserve land. Revenues are primarily derived from property taxes from an expired millage.

The ARPA Fund, a special revenue fund, is used to account for restricted resources provided by the American Rescue Plan Act. Revenues are derived from a federal grant.

The Envision Ada Fund, a capital project fund, accounts for the financial resources used by the Township to make infrastructure improvements related to the "Envision Ada" project. Resources are derived from bond proceeds and contributions.

The Township reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the Township's sewage collection system.

The Water Fund accounts for the activities of the Township's water distribution system.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Measurement focus, basis of accounting, and financial statement presentation (continued):*

The Township also reports a custodial fund, the Tax Collection Fund, which accounts for assets held by the Township in a fiduciary capacity for other governments.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Assets, liabilities, deferred inflows of resources, and equity:*

*Cash and investments* - Cash consists of cash on hand, demand deposits, and highly-liquid, short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value with changes in value recognized in the operating statement of each fund. Realized and unrealized gains and losses are included in investment income. Pooled interest income is allocated proportionately to all funds and component units.

*Receivables* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

*Prepays* - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund statements and the government-wide financial statements.

*Inventory* - Inventories, reported in the proprietary funds, are valued at the lower of cost or market. Cost is determined under the first-in, first-out method.

*Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., sewer and water systems), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$3,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. The Township elected to account for infrastructure assets of governmental activities either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 years
Equipment	5 - 20 years
Vehicles	5 - 10 years
Infrastructure - utility systems	67 years

*Unearned revenue* - Unearned revenue represents resources related to a federal grant, which have been received, but not yet been earned.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Assets, liabilities, deferred inflows of resources, and equity (continued):*

*Compensated absences* - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Vested compensated absences are accrued when earned in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

*Deferred inflows of resources* - The governmental funds balance sheet includes a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. Pledges receivable are included in this category. The pledges, which are recognized as they become available (collected within 60 days after the end of the Township's fiscal year), are deferred and recognized as an inflow of resources in the period that the revenues become available.

*Net position* - Net position represents the difference between assets and liabilities. The Township reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township's debt. Restricted net position is reduced by liabilities related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

*Net position flow assumption* - Sometimes, the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary funds 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.

*Fund equity* - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are not in spendable form. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Township Board retains the authority to assign fund balance. Unassigned fund balance is the residual classification for the General Fund. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

*Property tax revenue recognition* - Property taxes are levied each December 1 (lien date) on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. It is the Township's policy to recognize revenue from the tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

*Use of estimates* - The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

*Excess of expenditures over appropriations* - The following schedule sets forth the reportable budget variances:

<u>Entity</u>	<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Primary government	General	General government	Manager	\$ 137,380	\$ 140,945	\$ 3,565
			Clerk	191,492	198,884	7,392
			Building and grounds	157,668	187,385	29,717
			General administration	454,015	501,077	47,062
	Public safety	Public safety	Police protection	334,000	348,472	14,472
	Trails	Debt service	Issuance costs	30,000	293,765	263,765
		Capital outlay	Capital outlay	1,280,500	1,312,831	32,331
	Parks and Recreation	Debt service	Issuance costs	-	10,859	10,859
Component unit - Brownfield Redevelopment Authority	Operating	Public works		181,039	188,989	7,950

*Fund balance deficit* - The Envision Ada Fund, a capital project fund, has a fund balance deficit of \$272,204. The deficit occurred because project costs exceeded available resources. The deficit is expected to be eliminated as pledges receivable, in the amount of \$350,850 at year end, are collected.

**NOTE 3 - CASH AND INVESTMENTS**

At March 31, 2022, cash and investments are classified in the accompanying financial statements as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Primary government</u>	<u>Custodial activities</u>	<u>Component units</u>	<u>Totals</u>
Per financial statements:						
Cash	\$ 6,023,331	\$ 4,643,513	\$ 10,666,844	\$ 14,939	\$ 982,436	\$ 11,664,219
Investments	<u>16,481,939</u>	<u>3,420,603</u>	<u>19,902,542</u>	<u>-</u>	<u>-</u>	<u>19,902,542</u>
Totals	<u>\$ 22,505,270</u>	<u>\$ 8,064,116</u>	<u>\$ 30,569,386</u>	<u>\$ 14,939</u>	<u>\$ 982,436</u>	<u>\$ 31,566,761</u>
Composition:						
Cash on hand	\$ 200	\$ -	\$ 200	\$ -	\$ -	\$ 200
Deposits	6,023,131	4,643,513	10,666,644	14,939	982,436	11,664,019
Investments	<u>16,481,939</u>	<u>3,420,603</u>	<u>19,902,542</u>	<u>-</u>	<u>-</u>	<u>19,902,542</u>
Totals	<u>\$ 22,505,270</u>	<u>\$ 8,064,116</u>	<u>\$ 30,569,386</u>	<u>\$ 14,939</u>	<u>\$ 982,436</u>	<u>\$ 31,566,761</u>

*Deposits* - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township's investment policy does not specifically address custodial credit risk for deposits. At March 31, 2022, \$10,776,536 of the Township's bank balances of \$11,276,536 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Township maintains individual and pooled bank accounts for all of its funds and its component units. Due to the use of pooled deposits, it is not practicable to allocate insured and uninsured portions of certain bank balances between the primary government and the component units.

*Investments* - State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds composed of otherwise legal investments; and f) investment pools organized under the local government investment pool act. The Township's investment policy does not address credit risk or interest rate risk for investments.

The Township's investments are summarized as follows:

<u>Investment</u>	<u>Fair value</u>	<u>Maturity</u>	<u>Rating</u>
U.S. government securities - FNMA collateralized mortgage obligations	\$ 858,217	2050	N/A
Michigan CLASS Pool	17,666,413	N/A	N/A
Kent County Pool	<u>1,377,912</u>	N/A	N/A
Total investments	<u>\$ 19,902,542</u>		

Fair value measurement - The Township categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurement as of March 31, 2022:

- U.S. government securities and agency are valued using observable fair values of similar assets (Level 2).

*Investments in entities that calculate net asset value per share* - The Township holds shares in investment pools where the fair value of the investment is measured on a recurring basis using net asset value per share of the investment pool as a practical expedient. At March 31, 2022, the fair value, unfunded commitments, and redemption rules of these investments are as follows:

	<u>Michigan CLASS Pool</u>	<u>Kent County Pool</u>
Fair value at March 31, 2022	\$ 17,666,413	\$ 1,377,912
Unfunded commitments	none	none
Redemption frequency	n/a	n/a
Notice period	none	none

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

The Michigan CLASS investment Pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasury agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. The Pool purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The Kent County Investment Pool is a local government investment pool established under Michigan state statutes for participating Michigan municipalities. This Pool, which is a nonrisk categorized qualifying investment, is carried at fair value. The fair value of the Township's position in the Pool is the same as the value of its pool shares. The Pool operates like a money market fund, with each share valued at \$1, and is not rated (credit risk); it is not subject to regulatory oversight and is not registered with the SEC; the Pool issues a separate report, which is available at 300 Monroe Avenue, N.W., Grand Rapids, Michigan 49503-2221.

The Township's investments are subject to certain types of risk, which are discussed below:

*Custodial credit risk* - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. State law does not require, and the Township's investment policy does not contain, requirements that would limit the exposure to custodial credit risk for investments. At year end, the U.S. government investments were uninsured and unregistered and held by the same broker-dealer (counterparty) that purchased the securities for the Township.

*Interest rate risk* - Interest rate risk is the risk that the value of an investment will decrease as a result of an increase in market interest rates. Generally, longer investment maturities generate more sensitivity to changes in an investment's fair value due to changes in market interest rates. The Township's investment policy has no specific limitations with respect to maturities of investments. The maturities of the Township's investments are identified above.



## NOTE 4 - RECEIVABLES

Receivables as of March 31, 2022, for the Township's funds and its component units, all of which are considered fully collectible, were as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Accounts</i>	<i>Intergovern- mental</i>	<i>Pledges</i>	<i>Totals</i>
Governmental:					
General	\$ 13,424	\$ 65,382	\$ 393,792	\$ -	\$ 472,598
Public Safety	13,528	-	-	-	13,528
Trails	21,636	-	55,301	-	76,937
Parks and Recreation	9,254	1,603	-	-	10,857
Envision Ada	-	-	-	350,850	350,850
Total governmental	<u>\$ 57,842</u>	<u>\$ 66,985</u>	<u>\$ 449,093</u>	<u>\$ 350,850</u>	<u>\$ 924,770</u>
Noncurrent	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
Proprietary:					
Sewer	\$ -	\$ 546,898	\$ -	\$ -	\$ 546,898
Water	-	340,530	-	-	340,530
Nonmajor	-	-	36,478	-	36,478
Total proprietary	<u>\$ -</u>	<u>\$ 887,428</u>	<u>\$ 36,478</u>	<u>\$ -</u>	<u>\$ 923,906</u>
Component units:					
Ada Downtown Development Authority	<u>\$ 1,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,360</u>

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2022, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,936,749	\$ 958,099	\$ -	\$ 3,894,848
Construction in progress	-	1,309,959	-	1,309,959
Total capital assets not being depreciated	<u>2,936,749</u>	<u>2,268,058</u>	<u>-</u>	<u>5,204,807</u>
Capital assets being depreciated:				
Buildings and improvements	26,674,560	279,002	-	26,953,562
Equipment	1,721,793	21,419	(124,850)	1,618,362
Vehicles	<u>1,348,160</u>	<u>-</u>	<u>(2,000)</u>	<u>1,346,160</u>
Subtotal	<u>29,744,513</u>	<u>300,421</u>	<u>(126,850)</u>	<u>29,918,084</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,439,768)	(897,303)	-	(7,337,071)
Equipment	(1,338,231)	(71,288)	117,550	(1,291,969)
Vehicles	<u>(1,104,006)</u>	<u>(40,666)</u>	<u>2,000</u>	<u>(1,142,672)</u>
Subtotal	<u>(8,882,005)</u>	<u>(1,009,257)</u>	<u>119,550</u>	<u>(9,771,712)</u>
Total capital assets being depreciated	<u>20,862,508</u>	<u>(708,836)</u>	<u>(7,300)</u>	<u>20,146,372</u>
Governmental activities capital assets, net	<u>\$ 23,799,257</u>	<u>\$ 1,559,222</u>	<u>\$ (7,300)</u>	<u>\$ 25,351,179</u>
Business-type activities:				
Capital assets not being depreciated -				
construction in progress	<u>\$ 1,990,605</u>	<u>\$ 3,693,750</u>	<u>\$ (2,224,805)</u>	<u>\$ 3,459,550</u>
Capital assets being depreciated:				
Facilities	25,827,671	2,216,695	-	28,044,366
Buildings	41,090	-	-	41,090
Equipment	<u>126,536</u>	<u>11,227</u>	<u>-</u>	<u>137,763</u>
Subtotal	<u>25,995,297</u>	<u>2,227,922</u>	<u>-</u>	<u>28,223,219</u>
Less accumulated depreciation for:				
Facilities	(8,682,265)	(790,267)	-	(9,472,532)
Buildings	(41,090)	-	-	(41,090)
Equipment	<u>(104,127)</u>	<u>(3,225)</u>	<u>-</u>	<u>(107,352)</u>
Subtotal	<u>(8,827,482)</u>	<u>(793,492)</u>	<u>-</u>	<u>(9,620,974)</u>
Total capital assets being depreciated	<u>17,167,815</u>	<u>1,434,430</u>	<u>-</u>	<u>18,602,245</u>
Business-type activities capital assets, net	<u>\$ 19,158,420</u>	<u>\$ 5,128,180</u>	<u>\$ (2,224,805)</u>	<u>\$ 22,061,795</u>

## NOTE 5 - CAPITAL ASSETS (Continued)

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Component unit - Downtown Development Authority:				
Capital assets being depreciated:				
Improvements	\$ 161,794	\$ -	\$ -	\$ 161,794
Less accumulated depreciation for:				
Improvements	<u>(32,358)</u>	<u>(10,786)</u>	<u>-</u>	<u>(43,144)</u>
Component unit capital assets, net	<u>\$ 129,436</u>	<u>\$ (10,786)</u>	<u>\$ -</u>	<u>\$ 118,650</u>

Depreciation expense was charged to the Township's governmental activity functions as follows:

Governmental activities:	
General government	\$ 52,420
Public safety	92,211
Public works	1,585
Recreation and culture	<u>863,041</u>
Total governmental activities	<u>\$ 1,009,257</u>

## NOTE 6 - PAYABLES

Payables as of March 31, 2022, for the Township's funds and its component unit, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Interest</u>	<u>Totals</u>
Primary government:				
Governmental:				
General	\$ 70,110	\$ 32,777	\$ -	\$ 102,887
Public Safety	55,964	4,260	-	60,224
Trails	312,175	1,110	-	313,285
Parks and Recreation	<u>20,338</u>	<u>2,390</u>	<u>-</u>	<u>22,728</u>
Total governmental	<u>\$ 458,587</u>	<u>\$ 40,537</u>	<u>\$ -</u>	<u>\$ 499,124</u>
Proprietary:				
Sewer	\$ 158,006	\$ 400	\$ 9,600	\$ 168,006
Water	470,417	550	13,400	484,367
Nonmajor	<u>29,182</u>	<u>780</u>	<u>-</u>	<u>29,962</u>
Total proprietary	<u>\$ 657,605</u>	<u>\$ 1,730</u>	<u>\$ 23,000</u>	<u>\$ 682,335</u>
Component units:				
Downtown Development Authority	\$ 910	\$ 1,140	\$ -	\$ 2,050
Brownfield Redevelopment Authority	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
Total component units	<u>\$ 4,410</u>	<u>\$ 1,140</u>	<u>\$ -</u>	<u>\$ 5,550</u>

**NOTE 7 - LONG-TERM LIABILITIES**

Long-term liabilities, as of March 31, 2022, are comprised of the following individual items:

## Governmental activities:

Bonds: \$1,045,000 2016 Capital improvement bonds - payable in annual installments ranging from \$70,550 to \$134,560, plus interest at 2.0% to 3.0%; final payment due March 2036	\$ 797,500
\$4,720,000 2017 Capital improvement bonds - payable in annual installments ranging from \$220,000 to \$255,000, plus interest at 2.0 % to 3.0%; final payment due March 2032	3,580,000
\$15,655,000 2021 Capital improvement bonds - payable in annual installments ranging from \$630,000 to \$940,000, plus interest at 2.0000 % to 2.125%; final payment due May 2041	15,655,000
Premium - 2016 Capital improvement bonds	6,775
Premium - 2017 Capital improvement bonds	83,473
Premium - 2021 Capital improvement bonds	<u>384,791</u>
Total bonds	20,507,539
Accrued compensated absences	<u>139,150</u>
Total governmental activities long-term liabilities	<u><u>\$ 20,646,689</u></u>

## Business-type activities:

Bonds: \$1,235,000 2016 Capital improvement bonds - payable in annual installments ranging from \$70,550 to \$134,560, plus interest at 2.0% to 3.0%; final payment due March 2036	\$ 942,500
\$9,675,000, 2020 Capital improvement bonds - payable in annual installments ranging from \$360,000 to \$645,000, plus interest at 2.0%; final payment due March 2040	8,955,000
\$1,765,000 2021 General obligation limited tax refunding bonds - payable in annual installments ranging from \$140,000 to \$155,000, plus interest at .50% to 1.20%; final payment due May 2031	1,470,000
Premium - 2020 Capital improvement bonds	192,231
Premium - 2016 Capital improvement bonds	<u>8,915</u>
Total business-type activities long-term liabilities	<u><u>\$ 11,568,646</u></u>

## Component unit - Downtown Development Authority:

Accrued compensated absences	<u><u>\$ 752</u></u>
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## NOTE 7 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity for the year ended March 31, 2022, is as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Governmental activities:					
Bonds:					
2016 Capital improvement bonds	\$ 841,042	\$ -	\$ (43,542)	\$ 797,500	\$ 45,833
2017 Refunding bonds	470,000	-	(470,000)	-	-
2017 CIP Bonds, Series 2	3,820,000	-	(240,000)	3,580,000	250,000
2021 Capital improvement bonds	-	15,655,000	-	15,655,000	630,000
Total bonds	5,131,042	15,655,000	(753,542)	20,032,500	925,833
Premium - 2016 bonds	7,287	-	(512)	6,775	-
Premium - 2017 CIP Bonds	95,075	-	(11,602)	83,473	-
Premium - 2021 CIP Bonds	-	403,269	(18,478)	384,791	-
Totals	5,233,404	16,058,269	(784,134)	20,507,539	925,833
Compensated absences	134,330	134,460	(129,640)	139,150	-
Total governmental activities	<u>\$ 5,367,734</u>	<u>\$ 16,192,729</u>	<u>\$ (913,774)</u>	<u>\$ 20,646,689</u>	<u>\$ 925,833</u>
Business-type activities:					
Bonds:					
2011 CIP Bonds Series B	\$ 110,000	\$ -	\$ (110,000)	\$ -	\$ -
2016 Capital improvement bonds	993,959	-	(51,459)	942,500	54,167
2020 CIP Bonds	9,315,000	-	(360,000)	8,955,000	375,000
2021 Refunding Bonds	1,470,000	-	-	1,470,000	140,000
Total bonds	11,888,959	-	(521,459)	11,367,500	569,167
Premium - 2016 bonds	9,522	-	(607)	8,915	-
Premium - 2020 CIP Bonds	202,910	-	(10,679)	192,231	-
Total business-type activities	<u>\$ 12,101,391</u>	<u>\$ -</u>	<u>\$ (532,745)</u>	<u>\$ 11,568,646</u>	<u>\$ 569,167</u>
Component Unit:					
Compensated absences	<u>\$ -</u>	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ 752</u>	

**NOTE 7 - LONG-TERM LIABILITIES (Continued)**

At March 31, 2022, debt service requirements, excluding compensated absences, were as follows:

<i>Year ended</i> <i>March 31:</i>	<i>Governmental activities</i>		<i>Business-type activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2023	\$ 925,833	\$ 453,540	\$ 569,167	\$ 221,082
2024	963,125	415,626	586,875	211,749
2025	983,125	393,614	601,875	202,042
2026	1,015,417	371,151	614,583	191,889
2027	967,708	347,893	632,292	181,302
2028 - 2032	5,178,750	1,402,916	3,431,250	727,529
2033 - 2037	5,473,542	777,463	3,056,458	402,834
2038 - 2042	4,525,000	239,184	1,875,000	85,014
	<u>\$ 20,032,500</u>	<u>\$ 4,401,387</u>	<u>\$ 11,367,500</u>	<u>\$ 2,223,441</u>

All debt is secured by the full faith and credit of the Township. None of the individual items are considered direct borrowings or direct placement of debt.

**NOTE 8 - PROPERTY TAXES**

The 2021 taxable valuation of the Township approximated \$1,124,731,000, on which ad valorem taxes levied consisted of 0.8935 mills for operating purposes, 0.9379 mills for public safety, 1.5000 mills for trails, and 0.6416 mills for parks, recreation, and land preservation, raising approximately \$1,005,000 for operating purposes, \$1,055,000 for public safety, \$1,687,000 for trails, and \$722,000 for parks, recreation, and land preservation. These amounts are recognized in the fund financial statements as property tax revenue.

The 2021 taxable valuation of the Downtown Development Authority, a component unit, approximated \$171,671,000, on which ad valorem taxes levied consisted of 1.9724 mills for operating purposes raising approximately \$339,000 for operating purposes. This amount is recognized in the component unit financial statements as property tax revenue.

**NOTE 9 - TAX ABATEMENTS**

The Township enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within the Township. Each agreement was negotiated under a state law, which allows local units to abate property taxes for a variety of economic development purposes. The abatements may be granted to local businesses located within the Township or promising to relocate within the Township. Depending on the statute referenced for a particular abatement, the Township may grant abatements of up to 50% of annual property taxes through a direct reduction of the entity's property tax bill, not to exceed twelve years. Depending on the terms of the agreement and state law, abated taxes may be subject to recapture upon default of the entity. The Township has not made any commitments as part of the agreements other than to reduce taxes. The Township is not subject to any tax abatement agreements entered into by other governmental entities.

For the fiscal year ended March 31, 2022, the Township abated property taxes totaling \$46,787 under Public Act 198 of 1974, related to industrial facilities, which represents a 50% abatement of the millage rate on certain real and personal properties.

**NOTE 10 - INTERFUND BALANCES AND TRANSFERS**

At March 31, 2022, the Envision Ada Fund, a capital project fund, owes the General Fund \$600,000 related to a loan used to pay project construction costs. The loan will be repaid from the proceeds of pledged funds once received by the Township. It is anticipated that the pledged funds will be received by July, 2023. Interest on the unpaid balance of the loan shall accrue and be paid at the rate of 0.75% per annum.

During the year ended March 31, 2022, the Parks Fund was closed by transferring its remaining equity of \$7,602 to the Parks and Recreation Fund.

**NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN**

The Township and its employees contribute to the Ada Township Group Pension Plan, a defined contribution pension plan, which is administered by a third-party administrator. The plan covers two classes of employees, as allowed under Internal Revenue Code Section 401(a). The first class of employees includes elected officials, the fire chief, and all full-time employees (30 hours per week). The second class of employees includes paid on-call firefighters.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Township contributes 10% of covered payroll to the first class of qualifying employees. The Township contributes an amount equal to 5% of covered payroll to the second class of qualifying employees, with a required contribution of 6.2% of compensation by all covered employees in the second class. Covered employees may voluntarily contribute up to 10% of their compensation to the Plan. For the year ended March 31, 2022, the Township and eligible employees made contributions of \$147,333 and \$25,681, respectively. At March 31, 2022, the Township reported no accrued liability as part of the contributions to the plan.

The Township's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested on the day the employee is eligible to participate in the plan, which occurs after three months of service for the first class of employees and immediately for the second class of employees.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

**NOTE 12 - DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plans were held in trust (custodial account or annuity contract), as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the Township's financial statements.



**NOTE 13 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and medical claims; injuries to employees; and natural disasters. The risks of loss arising from general liability, building contents, employees' health insurance, workers' compensation, and casualty are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

**NOTE 14 - ECONOMIC DEPENDENCY**

For the fiscal year ended March 31, 2022, the Township received approximately 13% of its property tax revenue and 28% percent of its sewer and water utility revenue from one industrial property owner.

**NOTE 15 - OPERATING LEASE**

In 2018, the Township began leasing a parking lot from a property owner under a fifteen-year operating lease. The agreement provides for two automatic 10-year extensions unless terminated by either party. Written notice to terminate must be provided 120 days before the expiration of the initial lease term. The total costs associated with this lease were \$25,758 during the fiscal year ended March 31, 2022. The future minimum lease payments for this lease are as follows:

<i>Year ended</i> <u>March 31,</u>	<u>Amount</u>
2023	\$ 26,015
2024	26,275
2025	26,538
2026	26,803
2027	<u>27,071</u>
	<u>\$ 132,702</u>

**NOTE 16 - CONSTRUCTION COMMITMENTS**

At March 31, 2022, the Township had the following contractual construction commitments:

	<i>Project</i> <u>authorization</u>	<i>Expended through</i> <u>March 31, 2022</u>	<i>Committed</i> <u></u>
Adatowne and Adacraft Watermain Improvements	\$ 5,764,569	\$ 3,851,612	\$ 1,912,957
Fase Street nonmotorized path	271,291	212,547	58,744
Ade Drive Trail and boardwalk replacement	<u>835,370</u>	<u>723,049</u>	<u>112,321</u>
Total	<u>\$ 6,871,230</u>	<u>\$ 4,787,208</u>	<u>\$ 2,084,022</u>

The watermain improvements are being funded through the issuance of capital improvement bonds in fiscal year 2021 and trail and nonmotorized path improvements are being funded through a bond issued in fiscal year 2022.

**NOTE 17 - AMERICAN RESCUE PLAN ACT of 2021**

On March 11, 2021, the United States executed the American Rescue Plan Act of 2021 (ARPA), which included \$362 billion in funds to be awarded as economic assistance to state and local governments to prepare for and respond to COVID-19. Under the American Rescue Plan Act, the Township was awarded \$1,552,444 in federal Coronavirus Local Fiscal Recovery Funds (ARPA Funds). The Township received half of the ARPA Funds in September 2021, with the second half anticipated in 2022. The amount received in 2021 (\$779,347) is presented as unearned revenue in the ARPA Fund at March 31, 2022, as no expenditures were incurred during fiscal year 2022. The Township is subject to rules issued by the U.S. Treasury Department regarding the use of ARPA Funds and has identified the following allowable uses: support public health expenditures, address negative economic impacts caused by the COVID-19 public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure. The Township expects to spend the awarded funds under the applicable federal guidelines.

**NOTE 18 - PENDING ACCOUNTING PRONOUNCEMENT**

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for periods beginning after June 15, 2021. 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 previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of 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 lease 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.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023 fiscal year.

## REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes	\$ 1,025,520	\$ 1,017,991	\$ 1,024,512	\$ 6,521
Licenses and permits	268,500	268,500	261,104	(7,396)
State grants	1,249,787	1,571,659	1,606,571	34,912
Intergovernmental	-	630,756	630,756	-
Charges for services	36,000	36,000	40,370	4,370
Interest and rentals	109,936	109,936	108,761	(1,175)
Other:				
Special assessments	64,876	64,876	63,321	(1,555)
Miscellaneous	15,000	15,000	8,927	(6,073)
<b>Total revenues</b>	<b>2,769,619</b>	<b>3,714,718</b>	<b>3,744,322</b>	<b>29,604</b>
<b>EXPENDITURES</b>				
General government:				
Legislative	36,542	36,542	33,459	3,083
Supervisor	56,093	56,093	56,593	(500)
Manager	137,380	137,380	140,945	(3,565)
Elections	25,450	25,450	1,820	23,630
Assessor	228,654	228,654	214,856	13,798
Clerk	191,492	191,492	198,884	(7,392)
Board of review	2,017	2,017	1,716	301
Treasurer	192,663	192,663	191,997	666
Building and grounds	157,668	157,668	187,385	(29,717)
General administration	454,015	454,015	501,077	(47,062)
<b>Total general government</b>	<b>1,481,974</b>	<b>1,481,974</b>	<b>1,528,732</b>	<b>(46,758)</b>
Public works:				
Road maintenance and improvements	417,300	812,562	802,908	9,654
Street lighting	66,500	66,500	66,089	411
Cemeteries	49,483	49,483	46,363	3,120
<b>Total public works</b>	<b>533,283</b>	<b>928,545</b>	<b>915,360</b>	<b>13,185</b>
Recreation and culture - library	139,050	139,050	121,843	17,207

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>EXPENDITURES (Continued)</b>				
Community and economic development	\$ 242,916	\$ 242,916	\$ 201,586	\$ 41,330
Debt service:				
Principal	222,183	223,762	223,542	220
Interest	29,504	126,060	126,484	(424)
Capital outlay	118,450	675,450	581,024	94,426
Total expenditures	2,767,360	3,817,757	3,698,571	119,186
<b>NET CHANGES IN FUND BALANCES</b>	2,259	(103,039)	45,751	148,790
<b>FUND BALANCES - BEGINNING</b>	3,544,247	3,544,247	3,544,247	-
<b>FUND BALANCES - ENDING</b>	\$ 3,546,506	\$ 3,441,208	\$ 3,589,998	\$ 148,790

**BUDGETARY COMPARISON SCHEDULE - Public Safety Fund**

Year ended March 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes	\$ 1,043,000	\$ 1,043,000	\$ 1,041,194	\$ (1,806)
Federal grant	-	-	12,644	12,644
State grant	1,577	1,577	1,381	(196)
Interest	5,800	5,800	3,638	(2,162)
Other	-	-	14,536	14,536
Total revenues	<u>1,050,377</u>	<u>1,050,377</u>	<u>1,073,393</u>	<u>23,016</u>
<b>EXPENDITURES</b>				
Public safety:				
Police protection	334,000	334,000	348,472	(14,472)
Fire protection	<u>724,338</u>	<u>724,338</u>	<u>627,460</u>	<u>96,878</u>
Total public safety	1,058,338	1,058,338	975,932	82,406
Capital outlay	<u>41,000</u>	<u>41,000</u>	<u>27,074</u>	<u>13,926</u>
Total expenditures	<u>1,099,338</u>	<u>1,099,338</u>	<u>1,003,006</u>	<u>96,332</u>
<b>NET CHANGES IN FUND BALANCES</b>	(48,961)	(48,961)	70,387	119,348
<b>FUND BALANCES - BEGINNING</b>	<u>1,129,672</u>	<u>1,129,672</u>	<u>1,129,672</u>	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,080,711</u>	<u>\$ 1,080,711</u>	<u>\$ 1,200,059</u>	<u>\$ 119,348</u>

**BUDGETARY COMPARISON SCHEDULE - Trails Fund**

Year ended March 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes	\$ 1,709,236	\$ 1,709,236	\$ 1,704,761	\$ (4,475)
State grant	-	-	84,635	84,635
Investment return (loss)	-	-	(94,876)	(94,876)
Other	-	-	643	643
Total revenues	<u>1,709,236</u>	<u>1,709,236</u>	<u>1,695,163</u>	<u>(14,073)</u>
<b>EXPENDITURES</b>				
Recreation and culture	112,467	112,467	43,069	69,398
Debt service:				
Principal	470,000	470,000	470,000	-
Interest and fees	5,935	5,935	5,385	550
Issuance costs	30,000	30,000	293,765	(263,765)
Capital outlay	<u>2,161,500</u>	<u>1,280,500</u>	<u>1,312,831</u>	<u>(32,331)</u>
Total expenditures	<u>2,779,902</u>	<u>1,898,902</u>	<u>2,125,050</u>	<u>(226,148)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,070,666)</u>	<u>(189,666)</u>	<u>(429,887)</u>	<u>(240,221)</u>
<b>OTHER FINANCING SOURCES</b>				
Bond proceeds	2,000,000	245,273	14,885,680	14,640,407
Bond premium	-	-	403,269	403,269
Total other financing sources (uses)	<u>2,000,000</u>	<u>245,273</u>	<u>15,288,949</u>	<u>15,043,676</u>
<b>NET CHANGES IN FUND BALANCES</b>	929,334	55,607	14,859,062	14,803,455
<b>FUND BALANCES - BEGINNING</b>	<u>683,688</u>	<u>683,688</u>	<u>683,688</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,613,022</u>	<u>\$ 739,295</u>	<u>\$ 15,542,750</u>	<u>\$ 14,803,455</u>

*Township of Ada***BUDGETARY COMPARISON SCHEDULE - Parks and Open Space Fund***Year ended March 31, 2022*

	<i><b>Original budget</b></i>	<i><b>Final budget</b></i>	<i><b>Actual</b></i>	<i><b>Variance with final budget positive (negative)</b></i>
<b>REVENUES</b>				
Interest	\$ 500	\$ 500	\$ 1,006	\$ 506
<b>EXPENDITURES</b>				
Capital outlay	-	390,287	390,287	-
<b>NET CHANGES IN FUND BALANCES</b>	500	(389,787)	(389,281)	506
<b>FUND BALANCES - BEGINNING</b>	488,421	488,421	488,421	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 488,921</u>	<u>\$ 98,634</u>	<u>\$ 99,140</u>	<u>\$ 506</u>



**BUDGETARY COMPARISON SCHEDULE - Parks Fund**

Year ended March 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>OTHER FINANCING USES</b>				
Transfer out	\$ (7,602)	\$ (7,602)	\$ (7,602)	\$ -
<b>NET CHANGES IN FUND BALANCES</b>	(7,602)	(7,602)	(7,602)	-
<b>FUND BALANCES - BEGINNING</b>	7,602	7,602	7,602	-
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BUDGETARY COMPARISON SCHEDULE - Parks and Recreation Fund**

Year ended March 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes	\$ 714,108	\$ 714,108	\$ 712,262	\$ (1,846)
State grants	3,225	3,225	3,953	728
Charges for services	28,000	28,000	48,289	20,289
Interest and rentals	39,200	51,200	63,741	12,541
Other:				
Contributions	102,000	11,200	10,697	(503)
Miscellaneous	1,000	1,000	3,433	2,433
<b>Total revenues</b>	<u>887,533</u>	<u>808,733</u>	<u>842,375</u>	<u>33,642</u>
<b>EXPENDITURES</b>				
Recreation and culture	632,046	632,046	581,755	50,291
Debt service:				
Principal	60,000	60,000	60,000	-
Interest and fees	11,550	11,550	9,750	1,800
Issuance costs	-	-	10,859	(10,859)
Capital outlay	<u>384,450</u>	<u>384,450</u>	<u>290,715</u>	<u>93,735</u>
<b>Total expenditures</b>	<u>1,088,046</u>	<u>1,088,046</u>	<u>953,079</u>	<u>134,967</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(200,513)</u>	<u>(279,313)</u>	<u>(110,704)</u>	<u>168,609</u>
<b>OTHER FINANCING SOURCES</b>				
Bond proceeds	-	-	769,320	769,320
Transfer in	<u>7,602</u>	<u>7,602</u>	<u>7,602</u>	<u>-</u>
<b>Total other financing sources</b>	<u>7,602</u>	<u>7,602</u>	<u>776,922</u>	<u>769,320</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(192,911)</u>	<u>(271,711)</u>	<u>666,218</u>	<u>937,929</u>
<b>FUND BALANCES - BEGINNING</b>	<u>972,338</u>	<u>972,338</u>	<u>972,338</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 779,427</u>	<u>\$ 700,627</u>	<u>\$ 1,638,556</u>	<u>\$ 937,929</u>

## SUPPLEMENTARY INFORMATION

**BALANCE SHEET - component units**

March 31, 2022

	<b><i>Downtown Development Authority</i></b>	<b><i>Brownfield Redevelopment Authority</i></b>
<b>ASSETS</b>		
Cash	\$ 978,936	\$ 3,500
Receivables	<u>1,360</u>	<u>-</u>
Total assets	<u><u>\$ 980,296</u></u>	<u><u>\$ 3,500</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities - payables	\$ 2,050	\$ 3,500
Fund balance - unassigned	<u>978,246</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 980,296</u></u>	<u><u>\$ 3,500</u></u>
Total fund balance	\$ 978,246	\$ -
Amounts reported for the component units in the statement of net position (page 13) are different because:		
Capital assets used by the component units are not financial resources and, therefore, are not reported in the funds.	118,650	-
Expense accrual - compensated absences	<u>(752)</u>	<u>-</u>
Net position (unrestricted) of the component units	<u><u>\$ 1,096,144</u></u>	<u><u>\$ -</u></u>

**Township of Ada****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - component units***Year ended March 31, 2022*

	<b><i>Downtown Development Authority</i></b>	<b><i>Brownfield Redevelopment Authority</i></b>
<b>REVENUES</b>		
Property taxes	\$ 427,055	\$ -
Tax increment financing	-	188,989
State grant	153,909	-
Charges for services	64,590	-
Interest	1,595	-
Other	2,333	-
	<hr/>	<hr/>
Total revenues	649,482	188,989
	<hr/>	<hr/>
<b>EXPENDITURES</b>		
Current:		
Public works	262,318	188,989
Community and economic development	171,560	-
Capital outlay	7,612	-
	<hr/>	<hr/>
Total expenditures	441,490	188,989
	<hr/>	<hr/>
<b>NET CHANGES IN FUND BALANCES</b>	207,992	-
<b>FUND BALANCES - BEGINNING</b>	770,254	-
	<hr/>	<hr/>
<b>FUND BALANCES - ENDING</b>	\$ 978,246	\$ -
	<hr/>	<hr/>
Net change in fund balance	\$ 207,992	\$ -
Amounts reported for the component units in the statement of activities (page 14) are different because:		
Capital assets:		
Deduct - depreciation provision	(10,786)	-
Net increase in compensated absences	(752)	-
	<hr/>	<hr/>
Change in net position of component units	\$ 196,454	\$ -
	<hr/>	<hr/>

**Township of Ada**

**BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority -**

**Operating Fund**

Year ended March 31, 2022

	<i><b>Original budget</b></i>	<i><b>Final budget</b></i>	<i><b>Actual</b></i>	<i><b>Variance with final budget positive (negative)</b></i>
<b>REVENUES</b>				
Property taxes	\$ 427,519	\$ 427,519	\$ 427,055	\$ (464)
State grant	150,000	150,000	153,909	3,909
Charges for services	93,785	93,785	64,590	(29,195)
Interest	3,000	3,000	1,595	(1,405)
Other	1,000	1,000	2,333	1,333
Total revenues	<u>675,304</u>	<u>675,304</u>	<u>649,482</u>	<u>(25,822)</u>
<b>EXPENDITURES</b>				
Public works	262,308	262,308	262,318	(10)
Community and economic development	269,731	269,731	171,560	98,171
Capital outlay	67,000	67,000	7,612	59,388
Total expenditures	<u>599,039</u>	<u>599,039</u>	<u>441,490</u>	<u>157,549</u>
<b>NET CHANGES IN FUND BALANCES</b>	76,265	76,265	207,992	131,727
<b>FUND BALANCES - BEGINNING</b>	<u>770,254</u>	<u>770,254</u>	<u>770,254</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 846,519</u>	<u>\$ 846,519</u>	<u>\$ 978,246</u>	<u>\$ 131,727</u>

*Township of Ada*

**BUDGETARY COMPARISON SCHEDULE - *Brownfield Redevelopment Authority* -**

***Operating Fund***

*Year ended March 31, 2022*

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Tax increment financing	\$ 181,039	\$ 181,039	\$ 188,989	\$ 7,950
<b>EXPENDITURES</b>				
Public works	181,039	181,039	188,989	(7,950)
<b>NET CHANGES IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>	-	-	-	-
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>