

Township of Ada
Kent County, Michigan

FINANCIAL STATEMENTS

Year ended March 31, 2020

INDEPENDENT AUDITOR'S REPORT	3 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net position	13
Statement of activities	14
Fund financial statements:	
Balance sheet - governmental funds	15
Statement of revenues, expenditures, and changes in fund balances - governmental funds	16
Statement of net position - proprietary funds	17
Statement of revenues, expenses, and changes in net position - proprietary funds	18
Statement of cash flows - proprietary funds	19 - 20
Statement of fiduciary net position - custodial fund	21
Statement of changes in fiduciary net position - custodial fund	22
Notes to financial statements	23 - 37
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	38 - 39
Public Safety Fund	40
Trails Fund	41
Parks and Land Preservation Fund	42
Parks and Recreation Fund	43
Parks, Recreation, and Land Preservation Fund	44
SUPPLEMENTARY INFORMATION	
Balance sheet - component units	45
Statement of revenues, expenditures, and changes in fund balances - component units	46
Budgetary comparison schedules:	
Downtown Development Authority	47
Brownfield Redevelopment Authority	48

INDEPENDENT AUDITOR'S REPORT

Township Board of Trustees
Township of Ada, Michigan

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, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As discussed in Note 18 to the basic financial statements, the Township adopted GASB Statement No. 84 *Fiduciary Activities* in fiscal year 2020, which represents a change in its policy for reporting fiduciary activities. Our opinions are not modified with respect to this matter.

Other Matters

Required supplementary information

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

Supplementary information

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

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

Siegfried Crandall P.C.

July 10, 2020

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, 2020. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$1,761,666 (4.5 percent) as a result of this year's activities. The net position of the governmental activities increased by \$1,160,908, and the net position of the business-type activities increased by \$600,758.
- Of the \$41,168,986 total net position reported, \$9,842,711 (24 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 \$3,117,413, which represents 126 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 2020 and 2019 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 \$41,168,986. Of this total, \$26,564,988 represents a net investment in capital assets and \$4,761,287 is restricted for various purposes. Consequently, unrestricted net position was \$9,842,711, or 24 percent of the total.

Condensed financial information
Net position

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 13,601,069	\$ 16,537,325	\$ 5,685,817	\$ 5,772,263	\$ 19,286,886	\$ 22,309,588
Capital assets	<u>17,545,439</u>	<u>13,269,067</u>	<u>15,450,302</u>	<u>14,834,517</u>	<u>32,995,741</u>	<u>28,103,584</u>
Total assets	<u>31,146,508</u>	<u>29,806,392</u>	<u>21,136,119</u>	<u>20,606,780</u>	<u>52,282,627</u>	<u>50,413,172</u>
Current and other liabilities	1,676,802	744,463	376,520	281,782	2,053,322	1,026,245
Long-term debt outstanding	<u>6,187,372</u>	<u>6,940,503</u>	<u>2,872,947</u>	<u>3,039,104</u>	<u>9,060,319</u>	<u>9,979,607</u>
Total liabilities	<u>7,864,174</u>	<u>7,684,966</u>	<u>3,249,467</u>	<u>3,320,886</u>	<u>11,113,641</u>	<u>11,005,852</u>
Net position:						
Net investment in capital assets	14,744,779	10,387,866	11,820,209	11,795,413	26,564,988	22,183,279
Restricted	4,761,287	8,452,400	-	-	4,761,287	8,452,400
Unrestricted	<u>3,776,268</u>	<u>3,281,160</u>	<u>6,066,443</u>	<u>5,490,481</u>	<u>9,842,711</u>	<u>8,771,641</u>
Total net position	<u>\$ 23,282,334</u>	<u>\$ 22,121,426</u>	<u>\$ 17,886,652</u>	<u>\$ 17,285,894</u>	<u>\$ 41,168,986</u>	<u>\$ 39,407,320</u>

Changes in net position

The Township's total revenues for the current fiscal year amounted to \$10,535,459, compared to \$17,319,600 in the prior year. Charges for services account for approximately 45 percent of the Township's revenues, while property taxes account for 30 percent of the total revenues. State grants accounts for about 12 percent of the Township's revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The total cost of the Township's programs for fiscal year 2020, covering a wide range of services, totaled \$8,773,793. Approximately 42 percent of the Township's costs relates to the provision of utility services. General government and recreation and culture costs both represent 17 percent of total expenses.

*Condensed financial information**Changes in net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Program revenues:						
Charges for services	\$ 288,424	\$ 306,164	\$ 4,477,354	\$ 4,818,618	\$ 4,765,778	\$ 5,124,782
Operating grants and contributions	105,411	11,559	-	77,621	105,411	89,180
Capital grants and contributions	694,295	7,616,617	-	-	694,295	7,616,617
General revenues:						
Property taxes	3,119,377	2,781,980	-	-	3,119,377	2,781,980
State grants	1,256,255	1,254,469	-	-	1,256,255	1,254,469
Franchise fees	266,614	273,774	-	-	266,614	273,774
Interest	184,013	125,273	79,436	53,525	263,449	178,798
Insurance recoveries	64,280	-	-	-	64,280	-
Total revenues	<u>5,978,669</u>	<u>12,369,836</u>	<u>4,556,790</u>	<u>4,949,764</u>	<u>10,535,459</u>	<u>17,319,600</u>
Expenses:						
General government	1,499,206	1,409,967	-	-	1,499,206	1,409,967
Public safety	1,030,430	981,316	238,222	299,895	1,268,652	1,281,211
Public works	458,556	773,474	-	-	458,556	773,474
Recreation and culture	1,489,516	1,309,556	-	-	1,489,516	1,309,556
Community and economic development	176,218	167,094	-	-	176,218	167,094
Interest and issuance costs	163,835	175,415	-	-	163,835	175,415
Sewer	-	-	1,797,750	1,870,458	1,797,750	1,870,458
Water	-	-	1,920,060	2,088,169	1,920,060	2,088,169
Total expenses	<u>4,817,761</u>	<u>4,816,822</u>	<u>3,956,032</u>	<u>4,258,522</u>	<u>8,773,793</u>	<u>9,075,344</u>
Changes in net position	<u>\$ 1,160,908</u>	<u>\$ 7,553,014</u>	<u>\$ 600,758</u>	<u>\$ 691,242</u>	<u>\$ 1,761,666</u>	<u>\$ 8,244,256</u>
Net position, end of year	<u>\$ 23,282,334</u>	<u>\$ 22,121,426</u>	<u>\$ 17,886,652</u>	<u>\$ 17,285,894</u>	<u>\$ 41,168,986</u>	<u>\$ 39,407,320</u>

Governmental activities

Governmental activities increased the Township's net position by \$1,160,908 in the current year, compared to a \$7,553,014 increase in the prior year. The increase in net position was much lower in the current year as revenues decreased by \$6,391,167, though expenses only increased by \$939. The substantial decrease in revenues is related to a \$6,922,322 reduction in capital contributions, most of which related to contributions associated with the new library and community center in the prior year. Expenses remained consistent, though public works expenses decreased by \$314,918, primarily due to a reduction in costs associated with infrastructure improvements, not owned by the Township, compared to the prior year. The reduction in public works expenses was offset by increases in other functions, especially recreation and culture, where expenses increased by \$179,960, primarily due to additional repair and maintenance costs.

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.

	<i><u>Total cost of services</u></i>	<i><u>Net cost of services</u></i>
General government	\$ 1,499,206	\$ (1,372,336)
Public safety	1,030,430	(1,029,148)
Recreation and culture	1,489,516	(996,570)
Other	<u>798,609</u>	<u>(331,577)</u>
Totals	<u>\$ 4,817,761</u>	<u>\$ (3,729,631)</u>

The total cost of governmental activities this year was \$4,817,761 compared to \$4,816,822 in the prior year. After subtracting the direct charges to those who directly benefited from the programs (\$288,424), operating grants (\$105,411), and capital grants (\$694,295), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$3,729,631.

Business-type activities

Business-type activities increased the Township's net position by \$600,758 in the current year compared to an increase of \$691,242 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 lower in the current year as revenues fell by \$392,974, though expenses were also reduced by \$302,490. The decrease in revenues related to a reduction in water usage, hydrant rental fees not being charged in the current year, and the completion of the SAW grant in the prior year. The decrease in expenses is related to a reduction in water purchased during the year and a decline in repair and maintenance costs.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

As of March 31, 2020, the Township's governmental funds reported combined ending fund balances of \$9,795,591, which represents a decrease of \$1,078,319 compared to last year's balances.

The General Fund is the primary operating fund of the Township. Its fund balance at the end of the fiscal year was \$3,397,437, though unassigned fund balance amounted to \$3,117,413. Revenues exceeded expenditures by \$637,796, and net transfers out, amounting to \$427,322, caused the fund balance to increase by \$210,474 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 \$668,444, an increase of \$76,044. Revenues of \$998,982 exceeded expenditures of \$922,938, primarily due to minimal capital outlay expenditures 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 \$553,153, an increase of \$38,932. Expenditures of \$638,530 exceeded revenues of \$577,462, but a \$100,000 transfer from the General Fund caused fund balance to increase. The fund's expenditures include debt service and trail improvement and maintenance costs.
- The fund balance of the Parks and Land Preservation Fund at the end of the fiscal year was \$485,742, a decrease of \$235,597. The fund's revenues of \$69,545 were insufficient to cover the fund's expenditures of \$305,142 in the current year. The decrease in fund balance was primarily due to a \$300,000 contribution to the county to expand the Township's park system. The fund's restricted tax millage has expired, but the remaining fund balance is restricted for parks and land preservation costs.
- The fund balance of the Parks and Recreation Fund at the end of the fiscal year was \$52,242, a decrease of \$9,203. Fund balance decreased as revenues of \$1,278 were insufficient to cover expenditures of \$10,481 in the current year. The fund's restricted tax millage has expired, but the remaining fund balance is restricted for parks and recreation costs. Once the fund balance is depleted, all parks and recreation costs will be financed by the Parks, Recreation, and Land Preservation Fund.
- The fund balance of the Parks, Recreation, and Land Preservation Fund at the end of the fiscal year was \$831,946, an increase of \$22,403. Revenues of \$766,966 and insurance recoveries of \$64,280 exceeded expenditures of \$808,843.
- The fund balance of the Envision Ada Fund, a capital project fund, was \$3,806,627 at the end of the current year, a decrease of \$1,181,372. The Fund recognized capital contributions, in the amount of \$3,081,873, which were used to fund the Envision Ada project. The fund's resources financed infrastructure improvements associated with the Envision Ada project and the library and community center construction, which amounted to \$392,659 and \$4,284,101, respectively, in the current year. The remaining fund balance is expected to be used to finance additional infrastructure improvements in the subsequent year.

Proprietary funds

The Sewer Fund generated operating income of \$567,251 and net position increased by \$546,205. 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 \$8,628,859 at year end, of which \$3,438,886 is unrestricted.

The Water Fund generated an operating loss of \$18,444, though net position increased by \$12,350, due to net nonoperating revenues of \$30,794. The increase in net position is due to the fact that user charges have been set to cover the full cost of providing services. Total net position is \$8,759,898 at year end, of which \$2,129,662 is unrestricted.

General Fund budgetary highlights

The Township amended the General Fund budget to reflect changes which occurred during the year. Budgeted revenues were increased by \$63,711 during the current year, primarily to increase property tax revenue by \$61,239. Expenditures were increased by \$106,599, primarily to increase general government and capital outlay expenditures by \$41,094 and \$43,984, respectively.

Total actual revenues were \$196,804 more than budgeted primarily because other revenues were \$134,437 more than planned, as the Fund received contributions of \$119,000 that were not expected. Expenditures were \$483,744 less than the amounts appropriated, as virtually every function was under budget. The largest variance related to public works where road improvement expenditures were \$246,162 less than appropriated.

These conditions resulted in a \$680,548 positive budget variance, with a \$210,474 increase in fund balance compared to a budgeted decrease of \$470,074.

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, 2020, amounts to \$32,995,741, 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	\$ 9,256,230	\$ 992,986	\$ 10,249,216
Utility systems	-	14,443,988	14,443,988
Buildings and improvements	7,569,868	44	7,569,912
Equipment	433,488	13,284	446,772
Vehicles	285,853	-	285,853
Totals	\$ 17,545,439	\$ 15,450,302	\$ 32,995,741

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

- Library and Community Center costs amounted to \$4,155,368
- Settlers Grove Park improvements totaled \$392,659
- Trail improvements were made at a cost of \$134,779
- A memorial sculpture was acquired at a cost of \$128,733
- A Bobcat was purchased for \$63,017
- Sewer system improvements, which were in progress at year end, amounted to \$757,146
- Water system improvements, which were in progress at year end, amounted to \$235,840

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 outstanding in the amount of \$9,060,319, which represents a decrease of \$919,288. The decrease represents timely principal payments, in the amount of \$905,000 and amortization of premiums, in the amount of \$14,288. No new debt was issued. All debt is backed by the full faith and credit of the Township.

Other noncurrent liabilities, totaling \$113,190, 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 2021 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 the Envision Ada Project.

COVID-19 has created uncertainties that are likely to negatively impact our operations and financial condition. While it is difficult to estimate the financial impact of COVID-19, we expect certain revenues to decline. Because economic activity has weakened, state shared revenue and code inspection fees are expected to decrease, and interest revenue will be reduced due to lower interest rates.

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:

George Haga, Township Supervisor
Township of Ada
7330 Thornapple River Drive
P.O. Box 370
Ada, Michigan 49301

Phone: (616) 676-9191

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

George Haga
Township Supervisor
ghaga@adatownshipmi.com

Jacqueline Smith
Township Clerk
jsmith@adatownshipmi.com

Kevin Moran
Township Treasurer
kmoran@adatownshipmi.com

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

March 31, 2020

	Primary government			Component units	
	Governmental activities	Business-type activities	Totals	Ada Downtown Development Authority	Ada Brownfield Redevelopment Authority
ASSETS					
Current assets:					
Cash	\$ 6,174,130	\$ 4,805,630	\$ 10,979,760	\$ 652,183	\$ -
Investments	4,847,426	90,168	4,937,594	-	-
Receivables	1,548,742	784,728	2,333,470	1,703	-
Prepaid expenses	10,771	-	10,771	-	-
Inventory	-	5,291	5,291	-	-
Total current assets	12,581,069	5,685,817	18,266,886	653,886	-
Noncurrent assets:					
Receivables	1,020,000	-	1,020,000	-	-
Capital assets not being depreciated	9,256,230	992,986	10,249,216	-	-
Capital assets, net of depreciation	8,289,209	14,457,316	22,746,525	140,222	-
Total noncurrent assets	18,565,439	15,450,302	34,015,741	140,222	-
Total assets	31,146,508	21,136,119	52,282,627	794,108	-
LIABILITIES					
Current liabilities:					
Payables	1,559,292	376,520	1,935,812	3,312	-
Unearned revenue	4,320	-	4,320	-	-
Bonds payable - due within one year	761,742	173,258	935,000	-	-
Total current liabilities	2,325,354	549,778	2,875,132	3,312	-
Noncurrent liabilities:					
Compensated absences	113,190	-	113,190	920	-
Bonds payable	5,425,630	2,699,689	8,125,319	-	-
Total noncurrent liabilities	5,538,820	2,699,689	8,238,509	920	-
Total liabilities	7,864,174	3,249,467	11,113,641	4,232	-
NET POSITION					
Net investment in capital assets	14,744,779	11,820,209	26,564,988	-	-
Restricted for:					
Recreation and culture	1,639,183	-	1,639,183	-	-
Capital acquisitions	3,122,104	-	3,122,104	-	-
Unrestricted	3,776,268	6,066,443	9,842,711	789,876	-
Total net position	\$ 23,282,334	\$ 17,886,652	\$ 41,168,986	\$ 789,876	\$ -

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended March 31, 2020

Functions/Programs	Program revenues				Net (expenses) revenues and changes in net position				
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government			Component units	
					Governmental activities	Business-type activities	Totals	Ada Downtown Development Authority	Ada Brownfield Redevelopment Authority
Primary government									
Governmental activities:									
General government	\$ 1,499,206	\$ 126,870	\$ -	\$ -	\$ (1,372,336)		\$ (1,372,336)		
Public safety	1,030,430	1,282	-	-	(1,029,148)		(1,029,148)		
Public works	458,556	64,876	12,061	381,065	(554)		(554)		
Recreation and culture	1,489,516	86,366	93,350	313,230	(996,570)		(996,570)		
Community and economic development	176,218	9,030	-	-	(167,188)		(167,188)		
Interest and fees on long-term debt	163,835	-	-	-	(163,835)		(163,835)		
Total governmental activities	4,817,761	288,424	105,411	694,295	(3,729,631)		(3,729,631)		
Business-type activities:									
Sewer	1,797,750	2,302,608	-	-		\$ 504,858	504,858		
Water	1,920,060	1,900,895	-	-		(19,165)	(19,165)		
Inspections	238,222	273,851	-	-		35,629	35,629		
Total business-type activities	3,956,032	4,477,354	-	-		521,322	521,322		
Total primary government	\$ 8,773,793	\$ 4,765,778	\$ 105,411	\$ 694,295	(3,729,631)	521,322	(3,208,309)		
Component units									
Downtown Development Authority	\$ 490,033	\$ 6,560	\$ 94,053	\$ -				\$ (389,420)	\$ -
Brownfield Redevelopment Authority	118,809	-	-	-				-	(118,809)
Total component units	\$ 608,842	\$ 6,560	\$ 94,053	\$ -				\$ (389,420)	\$ (118,809)
General revenues:									
Property taxes					3,119,377	-	3,119,377	364,430	118,809
State shared revenue					1,223,777	-	1,223,777	-	-
Local community stabilization share revenue					32,478	-	32,478	140,185	-
Franchise fees					266,614	-	266,614	-	-
Unrestricted interest income					184,013	79,436	263,449	7,433	-
Insurance recoveries					64,280	-	64,280	-	-
Total general revenues					4,890,539	79,436	4,969,975	512,048	118,809
Changes in net position					1,160,908	600,758	1,761,666	122,628	-
Net position - beginning					22,121,426	17,285,894	39,407,320	667,248	-
Net position - ending					\$ 23,282,334	\$ 17,886,652	\$ 41,168,986	\$ 789,876	\$ -

See notes to financial statements

	Special revenue						Capital Project	Total governmental funds
	General	Public Safety	Trails	Parks and Land Preservation	Parks and Recreation	Parks, Recreation, and Land Preservation	Envision Ada	
ASSETS								
Cash	\$ 2,883,241	\$ -	\$ 562,858	\$ 485,742	\$ 21,933	\$ 874,420	\$ 1,345,936	\$ 6,174,130
Investments	131,628	951,520	-	-	30,629	-	3,733,649	4,847,426
Receivables	276,500	12,526	6,481	-	-	8,569	2,264,666	2,568,742
Due from other funds	180,560	-	-	-	-	-	-	180,560
Prepaid expenditures	10,771	-	-	-	-	-	-	10,771
Total assets	<u>\$ 3,482,700</u>	<u>\$ 964,046</u>	<u>\$ 569,339</u>	<u>\$ 485,742</u>	<u>\$ 52,562</u>	<u>\$ 882,989</u>	<u>\$ 7,344,251</u>	<u>\$ 13,781,629</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Payables	\$ 72,455	\$ 115,042	\$ 16,186	\$ -	\$ 320	\$ 51,043	\$ 1,272,958	\$ 1,528,004
Escrows	8,488	-	-	-	-	-	-	8,488
Due to other funds	-	180,560	-	-	-	-	-	180,560
Unearned revenue	4,320	-	-	-	-	-	-	4,320
Total liabilities	<u>85,263</u>	<u>295,602</u>	<u>16,186</u>	<u>-</u>	<u>320</u>	<u>51,043</u>	<u>1,272,958</u>	<u>1,721,372</u>
Deferred inflows of resources - unavailable contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,264,666</u>	<u>2,264,666</u>
Fund balances:								
Nonspendable - prepaids	10,771	-	-	-	-	-	-	10,771
Restricted for:								
Public works	-	-	-	-	-	-	2,949,189	2,949,189
Recreation and culture	269,253	-	-	485,742	19,854	831,946	-	1,606,795
Arboretum	-	-	-	-	32,388	-	-	32,388
Capital acquisitions	-	-	-	-	-	-	857,438	857,438
Assigned for:								
Debt service	-	-	553,153	-	-	-	-	553,153
Capital purchases	-	668,444	-	-	-	-	-	668,444
Unassigned	<u>3,117,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,117,413</u>
Total fund balances	<u>3,397,437</u>	<u>668,444</u>	<u>553,153</u>	<u>485,742</u>	<u>52,242</u>	<u>831,946</u>	<u>3,806,627</u>	<u>9,795,591</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,482,700</u>	<u>\$ 964,046</u>	<u>\$ 569,339</u>	<u>\$ 485,742</u>	<u>\$ 52,562</u>	<u>\$ 882,989</u>	<u>\$ 7,344,251</u>	<u>\$ 13,781,629</u>

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

Total fund balance - total governmental funds \$ 9,795,591

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. 17,545,439

Pledges receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 2,264,666

Expense accruals:
Interest payable (22,800)
Compensated absences (113,190)

Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds. (6,187,372)

Net position of *governmental activities* \$ 23,282,334

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

Year ended March 31, 2020

	Special revenue						Capital Project	Total governmental funds
	General	Public Safety	Trails	Parks and Land Preservation	Parks and Recreation	Parks, Recreation, and Land Preservation	Envision Ada	
REVENUES								
Property taxes	\$ 976,723	\$ 979,919	\$ 512,991	\$ -	\$ -	\$ 670,407	\$ -	\$ 3,140,040
Licenses and permits	266,614	-	-	-	-	-	-	266,614
State grants	1,237,340	1,577	28,320	-	-	1,079	-	1,268,316
Intergovernmental	261,065	-	-	-	-	-	32,473	293,538
Charges for services	41,345	-	-	-	-	30,968	-	72,313
Interest and rentals	131,613	16,204	3,041	9,195	1,278	53,360	81,766	296,457
Other	190,460	1,282	33,110	60,350	-	11,152	3,081,873	3,378,227
Total revenues	3,105,160	998,982	577,462	69,545	1,278	766,966	3,196,112	8,715,505
EXPENDITURES								
Current:								
General government	1,430,013	-	-	-	-	-	-	1,430,013
Public safety	-	902,231	-	-	-	-	-	902,231
Public works	428,395	-	-	-	-	-	28,046	456,441
Recreation and culture	-	-	161,951	-	-	599,941	-	761,892
Community and economic development	178,348	-	-	-	-	-	-	178,348
Debt service:								
Principal	229,450	-	455,000	-	-	55,000	-	739,450
Interest and fees	146,787	-	21,579	-	-	12,650	-	181,016
Capital outlay	54,371	20,707	-	305,142	10,481	141,252	4,676,760	5,208,713
Total expenditures	2,467,364	922,938	638,530	305,142	10,481	808,843	4,704,806	9,858,104
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	637,796	76,044	(61,068)	(235,597)	(9,203)	(41,877)	(1,508,694)	(1,142,599)
OTHER FINANCING SOURCES (USES)								
Insurance recoveries	-	-	-	-	-	64,280	-	64,280
Transfers in	-	-	100,000	-	-	-	327,322	427,322
Transfers out	(427,322)	-	-	-	-	-	-	(427,322)
Net other financing sources (uses)	(427,322)	-	100,000	-	-	64,280	327,322	64,280
NET CHANGES IN FUND BALANCES	210,474	76,044	38,932	(235,597)	(9,203)	22,403	(1,181,372)	(1,078,319)
FUND BALANCES - BEGINNING	3,186,963	592,400	514,221	721,339	61,445	809,543	4,987,999	10,873,910
FUND BALANCES - ENDING	\$ 3,397,437	\$ 668,444	\$ 553,153	\$ 485,742	\$ 52,242	\$ 831,946	\$ 3,806,627	\$ 9,795,591

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 \$ (1,078,319)

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

Capital assets:	
Assets acquired	4,963,859
Provision for depreciation	(687,487)
Long-term debt:	
Amortization of bond premium	13,681
Principal payments	739,450
Changes in other assets/liabilities:	
Net decrease in compensated absences	7,340
Net decrease in interest payable	3,500
Change in deferred inflows of resources - increase in unavailable capital contributions	(2,801,116)
Change in net position of <i>governmental activities</i>	\$ 1,160,908

Township of Ada**STATEMENT OF NET POSITION - *proprietary funds****March 31, 2020*

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor fund</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash	\$ 2,414,730	\$ 1,897,139	\$ 493,761	\$ 4,805,630
Investments	-	90,168	-	90,168
Receivables	481,094	279,612	24,022	784,728
Inventory	-	5,291	-	5,291
Total current assets	<u>2,895,824</u>	<u>2,272,210</u>	<u>517,783</u>	<u>5,685,817</u>
Noncurrent assets:				
Capital assets not being depreciated	757,146	235,840	-	992,986
Capital assets, net of depreciation	<u>7,200,321</u>	<u>7,256,995</u>	<u>-</u>	<u>14,457,316</u>
Total noncurrent assets	<u>7,957,467</u>	<u>7,492,835</u>	<u>-</u>	<u>15,450,302</u>
Total assets	<u>10,853,291</u>	<u>9,765,045</u>	<u>517,783</u>	<u>21,136,119</u>
LIABILITIES				
Current liabilities:				
Payables	214,084	142,548	19,888	376,520
Bonds payable - due within one year	<u>123,299</u>	<u>49,959</u>	<u>-</u>	<u>173,258</u>
Total current liabilities	<u>337,383</u>	<u>192,507</u>	<u>19,888</u>	<u>549,778</u>
Noncurrent liabilities - bonds payable	<u>1,887,049</u>	<u>812,640</u>	<u>-</u>	<u>2,699,689</u>
Total liabilities	<u>2,224,432</u>	<u>1,005,147</u>	<u>19,888</u>	<u>3,249,467</u>
NET POSITION				
Net investment in capital assets	5,189,973	6,630,236	-	11,820,209
Unrestricted	<u>3,438,886</u>	<u>2,129,662</u>	<u>497,895</u>	<u>6,066,443</u>
Total net position	<u>\$ 8,628,859</u>	<u>\$ 8,759,898</u>	<u>\$ 497,895</u>	<u>\$ 17,886,652</u>

See notes to financial statements

Township of Ada

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

Year ended March 31, 2020

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor fund</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services:				
Utility charges	\$ 2,272,298	\$ 1,856,750	\$ -	\$ 4,129,048
Inspection fees	-	-	273,851	273,851
	<u>2,272,298</u>	<u>1,856,750</u>	<u>273,851</u>	<u>4,402,899</u>
Total operating revenues				
OPERATING EXPENSES				
Personnel costs	55,959	81,443	19,005	156,407
Supplies	8,635	27,202	-	35,837
Contracted services:				
Sewage treatment	1,271,147	-	-	1,271,147
Water purchases	-	1,187,849	-	1,187,849
Inspections	-	-	219,217	219,217
Other	73,764	238,827	-	312,591
Utilities	53,407	16,633	-	70,040
Repairs and maintenance	54,898	108,212	-	163,110
Depreciation	177,820	199,381	-	377,201
Miscellaneous	9,417	15,647	-	25,064
	<u>1,705,047</u>	<u>1,875,194</u>	<u>238,222</u>	<u>3,818,463</u>
Total operating expenses				
OPERATING INCOME (LOSS)	<u>567,251</u>	<u>(18,444)</u>	<u>35,629</u>	<u>584,436</u>
NONOPERATING REVENUES (EXPENSES)				
Connection fee revenue	13,420	19,890	-	33,310
Connection fees remitted to the City of Grand Rapids	(13,420)	(19,890)	-	(33,310)
Tap and other fees	16,890	24,255	-	41,145
Interest revenue	41,347	31,515	6,574	79,436
Interest expense	(79,283)	(24,976)	-	(104,259)
	<u>(21,046)</u>	<u>30,794</u>	<u>6,574</u>	<u>16,322</u>
Net nonoperating revenues (expenses)				
CHANGES IN NET POSITION	<u>546,205</u>	<u>12,350</u>	<u>42,203</u>	<u>600,758</u>
NET POSITION - BEGINNING	<u>8,082,654</u>	<u>8,747,548</u>	<u>455,692</u>	<u>17,285,894</u>
NET POSITION - ENDING	<u>\$ 8,628,859</u>	<u>\$ 8,759,898</u>	<u>\$ 497,895</u>	<u>\$ 17,886,652</u>

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended March 31, 2020

	<i>Sewer</i>	<i>Water</i>	<i>Nonmajor fund</i>	<i>Totals</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,258,474	\$ 1,823,083	\$ 264,412	\$ 4,345,969
Payments to vendors and suppliers	(1,455,772)	(1,587,265)	(216,106)	(3,259,143)
Payments to employees	(38,022)	(57,468)	(14,445)	(109,935)
Net cash provided by operating activities	<u>764,680</u>	<u>178,350</u>	<u>33,861</u>	<u>976,891</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Connection fees	13,420	19,890	-	33,310
Connection fees paid to City of Grand Rapids	(13,420)	(19,890)	-	(33,310)
Tap and other fees	16,890	24,255	-	41,145
Acquisition of capital assets	(732,992)	(235,840)	-	(968,832)
Principal payments on capital debt	(117,336)	(48,214)	-	(165,550)
Interest payments on capital debt	(80,799)	(25,667)	-	(106,466)
Net cash used in capital and related financing activities	<u>(914,237)</u>	<u>(285,466)</u>	<u>-</u>	<u>(1,199,703)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net increase in investment	-	(1,650)	-	(1,650)
Interest received	<u>41,347</u>	<u>31,515</u>	<u>6,574</u>	<u>79,436</u>
Net cash provided by investing activities	<u>41,347</u>	<u>29,865</u>	<u>6,574</u>	<u>77,786</u>
NET CHANGE IN CASH	<u>(108,210)</u>	<u>(77,251)</u>	<u>40,435</u>	<u>(145,026)</u>
CASH - BEGINNING	<u>2,522,940</u>	<u>1,974,390</u>	<u>453,326</u>	<u>4,950,656</u>
CASH - ENDING	<u>\$ 2,414,730</u>	<u>\$ 1,897,139</u>	<u>\$ 493,761</u>	<u>\$ 4,805,630</u>

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds (Continued)

Year ended March 31, 2020

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor fund</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 567,251	\$ (18,444)	\$ 35,629	\$ 584,436
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	177,820	199,381	-	377,201
(Increase) decrease in receivables	(13,824)	(33,667)	(9,439)	(56,930)
Increase (decrease) in payables	<u>33,433</u>	<u>31,080</u>	<u>7,671</u>	<u>72,184</u>
Net cash provided by operating activities	<u>\$ 764,680</u>	<u>\$ 178,350</u>	<u>\$ 33,861</u>	<u>\$ 976,891</u>
Noncash capital and related financing activities:				
Acquisition of capital assets	(757,146)	(235,840)	-	(992,986)
Less increase in payables	<u>24,154</u>	<u>-</u>	<u>-</u>	<u>24,154</u>
Cash used	<u>\$ (732,992)</u>	<u>\$ (235,840)</u>	<u>\$ -</u>	<u>\$ (968,832)</u>

See notes to financial statements

STATEMENT OF FIDUCIARY NET POSITION - *Custodial Fund*

March 31, 2020

	<i>Tax Collection</i>
ASSETS	
Cash	\$ <u>-</u>
LIABILITIES	
Due to other governments	<u>-</u>
NET POSITION	
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, 2020

	<u>Tax Collection</u>
ADDITIONS	
Property taxes collected for other governments	\$ 34,224,972
DEDUCTIONS	
Property taxes distributed to other governments	<u>34,224,972</u>
NET CHANGE IN FIDUCIARY NET POSITION	-
NET POSITION - BEGINNING	<u>-</u>
NET POSTION - ENDING	<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 fiduciary funds, even though the latter are 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 property taxes and state shared revenue.

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 Land Preservation Fund, a special revenue fund, accounts for financial resources used by the Township to maintain and improve recreational facilities and preserve land. 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, Recreation, and Land Preservation 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.

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, including special assessments. 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 interest 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 fiscal years and are recorded as prepaid items in 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

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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of 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	Elections	\$ 10,003	\$ 32,303	\$ 22,300
		Public works	Street lighting	52,000	65,557	13,557
	Public Safety	Capital outlay		17,186	20,707	3,521
	Trails	Recreation and culture		147,783	161,951	14,168
	Parks, Recreation and Land Preservation	Recreation and culture		582,778	599,941	17,163
Component unit - Downtown Development Authority	Operating	Community and economic development		170,364	185,899	15,535

NOTE 3 - CASH AND INVESTMENTS

At March 31, 2020, 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>Component units</u>	<u>Totals</u>
Per financial statements:					
Cash	\$ 6,174,130	\$ 4,805,630	\$ 10,979,760	\$ 652,183	\$11,631,943
Investments	<u>4,847,426</u>	<u>90,168</u>	<u>4,937,594</u>	<u>-</u>	<u>4,937,594</u>
Totals	<u>\$ 11,021,556</u>	<u>\$ 4,895,798</u>	<u>\$ 15,917,354</u>	<u>\$ 652,183</u>	<u>\$16,569,537</u>
Composition:					
Cash on hand	\$ 200	\$ -	\$ 200	\$ -	\$ 200
Deposits	6,173,930	4,805,630	10,979,560	652,183	11,631,743
Investments	<u>4,847,426</u>	<u>90,168</u>	<u>4,937,594</u>	<u>-</u>	<u>4,937,594</u>
Totals	<u>\$ 11,021,556</u>	<u>\$ 4,895,798</u>	<u>\$ 15,917,354</u>	<u>\$ 652,183</u>	<u>\$16,569,537</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.

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, 2020, \$11,448,427 of the Township's bank balances of \$11,948,427 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

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, 2020, the fair value, unfunded commitments, and redemption rules of these investments are as follows:

	<i>MBIA CLASS</i>	<i>Kent County</i>	
	<i>Pool</i>	<i>Pool</i>	<i>Total</i>
Fair value at March 31, 2020	\$ 3,733,649	\$ 1,203,945	\$ 4,937,594
Unfunded commitments	none	none	
Redemption frequency	n/a	n/a	
Notice period	none	none	

The MBIA 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.

NOTE 4 - RECEIVABLES

Receivables as of March 31, 2020, for the Township's funds, and its component units, 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	\$ 12,465	\$ 66,534	\$ 197,501	\$ -	\$ 276,500
Public Safety	12,526	-	-	-	12,526
Trails	6,481	-	-	-	6,481
Parks, Recreation, and Land Preservation	8,569	-	-	-	8,569
Envision Ada	-	-	-	2,264,666	2,264,666
Total governmental	<u>\$ 40,041</u>	<u>\$ 66,534</u>	<u>\$ 197,501</u>	<u>\$ 2,264,666</u>	<u>\$ 2,568,742</u>
Noncurrent	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,020,000</u>	<u>\$ 1,020,000</u>
Proprietary:					
Sewer	\$ -	\$ 481,094	\$ -	\$ -	\$ 481,094
Water	-	279,612	-	-	279,612
Nonmajor	-	-	24,022	-	24,022
Total proprietary	<u>\$ -</u>	<u>\$ 760,706</u>	<u>\$ 24,022</u>	<u>\$ -</u>	<u>\$ 784,728</u>
Component unit:					
Ada Downtown Development Authority	<u>\$ 1,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,703</u>

All receivables are considered fully collectible.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2020, 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	\$ -	\$ -	\$ 2,936,749
Construction in progress	<u>1,771,454</u>	<u>4,548,027</u>	<u>-</u>	<u>6,319,481</u>
Total capital assets not being depreciated	<u>4,708,203</u>	<u>4,548,027</u>	<u>-</u>	<u>9,256,230</u>
Capital assets being depreciated:				
Buildings and improvements	12,871,447	275,792	-	13,147,239
Furniture, fixtures, and equipment	1,583,294	113,348	-	1,696,642
Vehicles	<u>1,321,468</u>	<u>26,692</u>	<u>-</u>	<u>1,348,160</u>
Subtotal	<u>15,776,209</u>	<u>415,832</u>	<u>-</u>	<u>16,192,041</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,013,530)	(563,840)	-	(5,577,370)
Furniture, fixtures, and equipment	(1,196,539)	(66,617)	-	(1,263,156)
Vehicles	<u>(1,005,276)</u>	<u>(57,030)</u>	<u>-</u>	<u>(1,062,306)</u>
Subtotal	<u>(7,215,345)</u>	<u>(687,487)</u>	<u>-</u>	<u>(7,902,832)</u>
Total capital assets being depreciated	<u>8,560,864</u>	<u>(271,655)</u>	<u>-</u>	<u>8,289,209</u>
Governmental activities capital assets, net	<u>\$ 13,269,067</u>	<u>\$ 4,276,372</u>	<u>\$ -</u>	<u>\$ 17,545,439</u>
Business-type activities:				
Capital assets not being depreciated -				
construction in progress	<u>\$ -</u>	<u>\$ 992,986</u>	<u>\$ -</u>	<u>\$ 992,986</u>
Capital assets being depreciated:				
Facilities	22,693,810	-	-	22,693,810
Buildings	41,090	-	-	41,090
Equipment	<u>105,341</u>	<u>-</u>	<u>-</u>	<u>105,341</u>
Subtotal	<u>22,840,241</u>	<u>-</u>	<u>-</u>	<u>22,840,241</u>
Less accumulated depreciation for:				
Facilities	(7,866,620)	(363,531)	-	(8,230,151)
Buildings	(38,307)	(1,368)	-	(39,675)
Equipment	<u>(100,797)</u>	<u>(12,302)</u>	<u>-</u>	<u>(113,099)</u>
Subtotal	<u>(8,005,724)</u>	<u>(377,201)</u>	<u>-</u>	<u>(8,382,925)</u>
Total capital assets being depreciated	<u>14,834,517</u>	<u>(377,201)</u>	<u>-</u>	<u>14,457,316</u>
Business-type activities capital assets, net	<u>\$ 14,834,517</u>	<u>\$ 615,785</u>	<u>\$ -</u>	<u>\$ 15,450,302</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>(10,786)</u>	<u>(10,786)</u>	<u>-</u>	<u>(21,572)</u>
Component unit capital assets, net	<u>\$ 151,008</u>	<u>\$ (10,786)</u>	<u>\$ -</u>	<u>\$ 140,222</u>

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

Governmental activities:	
General government	\$ 50,111
Public safety	113,138
Public works	1,685
Recreation and culture	<u>522,553</u>
Total governmental activities	<u>\$ 687,487</u>

NOTE 6 - PAYABLES

Payables as of March 31, 2020, 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	\$ 38,425	\$ 34,030	\$ -	\$ 72,455
Public Safety	93,862	21,180	-	115,042
Trails	15,786	400	-	16,186
Parks and Recreation	-	320	-	320
Parks, Recreation, and Land Preservation	42,843	8,200	-	51,043
Envision Ada	<u>1,272,958</u>	<u>-</u>	<u>-</u>	<u>1,272,958</u>
Total governmental	<u>\$1,463,874</u>	<u>\$ 64,130</u>	<u>\$ -</u>	<u>\$1,528,004</u>
Proprietary:				
Sewer	\$ 182,824	\$ 1,760	\$ 29,500	\$ 214,084
Water	135,648	2,300	4,600	142,548
Nonmajor	<u>19,218</u>	<u>670</u>	<u>-</u>	<u>19,888</u>
Total proprietary	<u>\$ 337,690</u>	<u>\$ 4,730</u>	<u>\$ 34,100</u>	<u>\$ 376,520</u>
Component unit:				
Downtown Development Authority	<u>\$ 172</u>	<u>\$ 3,140</u>	<u>\$ -</u>	<u>\$ 3,312</u>

NOTE 7 - LONG-TERM DEBT

At March 31, 2020, long-term debt consists of the following individual items:

Governmental activities:

Bonds: \$314,600 2011 Capital improvement bonds - payable in annual installments of \$13,000 to \$26,000, plus interest at 1.5% to 4.5%; final payment due May 2028	\$ 197,600
\$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	884,583
\$1,830,000 2017 General obligation refunding bonds - payable in annual installments ranging from \$440,000 to \$470,000, plus interest at 1.1% to 2.1%; final payment due May 2021	935,000
\$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	4,055,000
Premium - 2016 Capital improvement bonds	7,801
Premium - 2017 Capital improvement bonds	<u>107,388</u>
Total bonds	6,187,372
Accrued compensated absences	<u>113,190</u>
Total governmental activities noncurrent liabilities	<u><u>\$ 6,300,562</u></u>

Business-type activities:

Bonds: \$290,400 2011 Capital improvement bonds - payable in annual installments ranging from \$12,000 to \$24,000, plus interest at 1.5% to 4.5%; final payment due May 2028	\$ 182,400
\$2,325,000 2011 Capital improvement bonds - payable in annual installments ranging from \$75,000 to \$170,000, plus interest at 1.70% to 4.65%; final payment due May 2031	1,635,000
\$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	1,045,417
Premium - 2016 Capital improvement bonds	<u>10,130</u>
Total business-type activities noncurrent liabilities	<u><u>\$ 2,872,947</u></u>

Component unit - Downtown Development Authority:

Accrued compensated absences	<u><u>\$ 920</u></u>
------------------------------	----------------------

NOTE 7 - LONG-TERM DEBT (Continued)

Long-term debt activity for the year ended March 31, 2020, 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:					
2011 CIP Bonds Series A (52%)	\$ 215,800	\$ -	\$ (18,200)	\$ 197,600	\$ 18,200
2016 Capital improvement bonds	925,833	-	(41,250)	884,583	43,542
Premium - 2016 bonds	8,315	-	(514)	7,801	-
2017 Refunding bonds	1,390,000	-	(455,000)	935,000	465,000
2017 CIP Bonds, Series 2	4,280,000	-	(225,000)	4,055,000	235,000
Premium - 2017 CIP Bonds	<u>120,555</u>	<u>-</u>	<u>(13,167)</u>	<u>107,388</u>	<u>-</u>
Total bonds	6,940,503	-	(753,131)	6,187,372	761,742
Compensated absences	<u>120,530</u>	<u>89,277</u>	<u>(96,617)</u>	<u>113,190</u>	<u>-</u>
Total governmental activities	<u>\$ 7,061,033</u>	<u>\$ 89,277</u>	<u>\$ (849,748)</u>	<u>\$ 6,300,562</u>	<u>\$ 761,742</u>
Business-type activities:					
Bonds:					
2011 CIP Bonds Series A (48%)	\$ 199,200	\$ -	\$ (16,800)	\$ 182,400	\$ 16,800
2011 CIP Bonds Series B	1,735,000	-	(100,000)	1,635,000	105,000
2016 Capital improvement bonds	1,094,167	-	(48,750)	1,045,417	51,458
Premium - 2016 bonds	<u>10,737</u>	<u>-</u>	<u>(607)</u>	<u>10,130</u>	<u>-</u>
Total business-type activities	<u>\$ 3,039,104</u>	<u>\$ -</u>	<u>\$ (166,157)</u>	<u>\$ 2,872,947</u>	<u>\$ 173,258</u>
Component Unit:					
Compensated absences	<u>\$ 1,110</u>	<u>\$ 1,448</u>	<u>\$ (1,638)</u>	<u>\$ 920</u>	

NOTE 7 - LONG-TERM DEBT (Continued)

At March 31, 2020, 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>
2021	\$ 761,742	\$ 165,584	\$ 173,258	\$ 100,590
2022	771,742	148,014	178,258	95,359
2023	316,633	134,256	188,367	89,584
2024	328,925	125,008	196,075	83,265
2025	333,925	115,382	201,075	76,428
2026 - 2030	1,554,217	433,563	1,135,783	261,026
2031 - 2035	1,641,250	205,756	708,750	62,046
2036	363,749	10,913	81,251	2,438
	<u>\$ 6,072,183</u>	<u>\$ 1,338,476</u>	<u>\$ 2,862,817</u>	<u>\$ 770,736</u>

All debt is secured by the full faith and credit of the Township.

NOTE 8 - PROPERTY TAXES

The 2019 taxable valuation of the Township approximated \$1,040,567, on which ad valorem taxes levied consisted of 0.8976 mills for operating purposes, 0.9422 mills for public safety, 0.6646 mills for parks, recreation, and land preservation, and 0.4875 mills for trails, raising approximately \$934,000 for operating purposes, \$980,000 for public safety, \$671,000 for parks, recreation, and land preservation, and \$507,000 for trails. These amounts are recognized in the fund financial statements as property tax revenue.

The 2019 taxable valuation of the Downtown Development Authority, a component unit, approximated \$181,051,000, on which ad valorem taxes levied consisted of 1.9724 mills for operating purposes raising approximately \$311,000 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, 2020, the Township abated property taxes totaling \$34,838 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 - 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, 2020, the Township and eligible employees made contributions of \$132,567 and \$44,443, respectively. At March 31, 2020, 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 11 - 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 12 - INTERFUND BALANCE AND TRANSFERS

At March 31, 2020, the Public Safety Fund owes the General Fund \$180,560, as the Public Safety Fund used a portion of the General Fund's share of the cash available in the Township's pooled checking account.

During the year ended March 31, 2020, the General Fund transferred \$100,000 to the Trails Fund to support debt service costs. The General Fund also transferred \$327,322 to the Envision Ada Fund to support capital expenditures in the current year.

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, 2020, the Township received approximately 14% of its property tax revenue and 29% 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 \$25,250 during the fiscal year ended March 31, 2020. The future minimum lease payments for this lease are as follows:

<i>Year ended</i>	
<u>March 31,</u>	<u>Amount</u>
2021	\$ 25,503
2022	25,758
2023	26,015
2024	26,275
2025	<u>26,538</u>
	<u>\$ 130,089</u>

NOTE 16 - CONSTRUCTION COMMITMENTS

At March 31, 2020, the Township had the following contractual construction commitments:

	<u>Project</u> <u>authorization</u>	<u>Expended through</u> <u>March 31, 2020</u>	<u>Committed</u>
Ada Township Community Center and Library	\$ 10,188,804	\$ 4,385,507	\$ 5,803,297
Settlers Grove Park	1,753,656	1,636,193	117,463
Fulton lift station	564,693	483,072	81,621
Ada Drive Outlet sanitary sewer repair	1,622,682	-	1,622,682
Water main and street improvements	<u>2,476,503</u>	<u>-</u>	<u>2,476,503</u>
Total	<u>\$ 16,606,338</u>	<u>\$ 6,504,772</u>	<u>\$ 10,101,566</u>

The Community Center and Library and Settlers Grove Park improvements are being funded through the issuance of capital improvement bonds and private contributions, while the lift station improvement is being funded with available resources of the Sewer Fund.

NOTE 17 - CONTINGENT LIABILITY

In the normal course of its activities, the Township becomes a party in various legal actions. The Township is currently involved in a tax appeal, which could have a significant financial impact. Because the outcome of this lawsuit is not presently determinable, the possible range of the potential cost cannot be reasonably predicted; therefore, no accrual has been made for this amount in the financial statements. The Township intends to vigorously defend its position in these cases.

NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE

Effective April 1, 2019, the Township adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. As a result, a statement of fiduciary net position and a statement of changes in fiduciary net position have been presented. The statement of fiduciary net position reports all assets, liabilities, and net position of fiduciary funds, as in the past. However, liabilities are now only recognized when an event occurs that compels the government to disburse fiduciary resources. The statement of changes in fiduciary net position reports the additions and deductions from fiduciary net position, which is a new requirement for custodial funds, which replace agency funds.

NOTE 19 - 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.

NOTE 20 - SUBSEQUENT EVENTS

Bond issuance - Subsequent to the end of the year, the Township issued capital improvement bonds, in the amount of \$9,675,000, which will finance sewer and water system improvements.

COVID-19 - As a result of COVID-19, which occurred subsequent to the end of the fiscal year, economic uncertainties have arisen which are likely to negatively impact the Township. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the financial impact on the Township. Therefore, the Township expects this matter to negatively impact its operations and financial condition. However, the related financial impact and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended March 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 894,998	\$ 956,237	\$ 976,723	\$ 20,486
Licenses and permits	277,500	277,500	266,614	(10,886)
State grants	1,225,311	1,225,311	1,237,340	12,029
Intergovernmental	261,065	261,065	261,065	-
Charges for services	35,400	37,250	41,345	4,095
Interest and rentals	94,970	94,970	131,613	36,643
Other:				
Contributions	1,000	3,360	122,360	119,000
Special assessments	49,901	49,901	64,876	14,975
Miscellaneous	4,500	2,762	3,224	462
Total revenues	<u>2,844,645</u>	<u>2,908,356</u>	<u>3,105,160</u>	<u>196,804</u>
EXPENDITURES				
General government:				
Legislative	34,803	34,803	31,407	3,396
Supervisor	89,823	89,823	88,438	1,385
Elections	12,635	10,003	32,303	(22,300)
Assessor	234,967	234,967	207,593	27,374
Clerk	189,875	189,875	189,014	861
Board of review	2,098	2,098	1,413	685
Treasurer	184,370	184,370	181,449	2,921
Building and grounds	133,824	161,503	152,236	9,267
Cemeteries	42,487	49,277	41,609	7,668
General administration	537,102	546,359	504,551	41,808
Total general government	<u>1,461,984</u>	<u>1,503,078</u>	<u>1,430,013</u>	<u>73,065</u>
Public works:				
Road maintenance and improvements	609,000	609,000	362,838	246,162
Street lighting	52,000	52,000	65,557	(13,557)
Total public works	<u>661,000</u>	<u>661,000</u>	<u>428,395</u>	<u>232,605</u>
Community and economic development	<u>244,963</u>	<u>266,109</u>	<u>178,348</u>	<u>87,761</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
EXPENDITURES (Continued)				
Debt service:				
Principal	\$ 229,450	\$ 229,450	\$ 229,450	\$ -
Interest	144,912	145,287	146,787	(1,500)
Capital outlay	102,200	146,184	54,371	91,813
Total expenditures	2,844,509	2,951,108	2,467,364	483,744
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	136	(42,752)	637,796	680,548
OTHER FINANCING USES				
Transfers out	(300,000)	(427,322)	(427,322)	-
NET CHANGES IN FUND BALANCES	(299,864)	(470,074)	210,474	680,548
FUND BALANCES - BEGINNING	3,186,963	3,186,963	3,186,963	-
FUND BALANCES - ENDING	<u>\$ 2,887,099</u>	<u>\$ 2,716,889</u>	<u>\$ 3,397,437</u>	<u>\$ 680,548</u>

Township of Ada

BUDGETARY COMPARISON SCHEDULE - Public Safety Fund

Year ended March 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 916,907	\$ 981,182	\$ 979,919	\$ (1,263)
State grant	10,000	10,000	1,577	(8,423)
Interest	11,750	12,257	16,204	3,947
Other	1,000	1,000	1,282	282
Total revenues	939,657	1,004,439	998,982	(5,457)
EXPENDITURES				
Public safety:				
Police protection	350,000	350,000	320,098	29,902
Fire protection	746,800	746,800	582,133	164,667
Total public safety	1,096,800	1,096,800	902,231	194,569
Capital outlay	15,000	17,186	20,707	(3,521)
Total expenditures	1,111,800	1,113,986	922,938	191,048
NET CHANGES IN FUND BALANCES	(172,143)	(109,547)	76,044	185,591
FUND BALANCES - BEGINNING	592,400	592,400	592,400	-
FUND BALANCES - ENDING	\$ 420,257	\$ 482,853	\$ 668,444	\$ 185,591

BUDGETARY COMPARISON SCHEDULE - Trails Fund

Year ended March 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 490,660	\$ 512,998	\$ 512,991	\$ (7)
State grant	25,000	41,111	28,320	(12,791)
Interest and rentals	3,575	3,575	3,041	(534)
Other	-	13,000	33,110	20,110
Total revenues	<u>519,235</u>	<u>570,684</u>	<u>577,462</u>	<u>6,778</u>
EXPENDITURES				
Recreation and culture	145,750	147,783	161,951	(14,168)
Debt service:				
Principal	455,000	455,000	455,000	-
Interest and fees	21,079	21,079	21,579	(500)
Capital outlay	<u>100,005</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>721,834</u>	<u>623,862</u>	<u>638,530</u>	<u>(14,668)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(202,599)	(53,178)	(61,068)	(7,890)
OTHER FINANCING SOURCES				
Transfer in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(102,599)	46,822	38,932	(7,890)
FUND BALANCES - BEGINNING	<u>514,221</u>	<u>514,221</u>	<u>514,221</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 411,622</u>	<u>\$ 561,043</u>	<u>\$ 553,153</u>	<u>\$ (7,890)</u>

BUDGETARY COMPARISON SCHEDULE - Parks and Land Preservation Fund

Year ended March 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Interest and rentals	\$ -	\$ 5,624	\$ 9,195	\$ 3,571
Other	-	60,350	60,350	-
Total revenues	-	65,974	69,545	3,571
EXPENDITURES				
Capital outlay	4,846	307,177	305,142	2,035
NET CHANGES IN FUND BALANCES	(4,846)	(241,203)	(235,597)	5,606
FUND BALANCES - BEGINNING	721,339	721,339	721,339	-
FUND BALANCES - ENDING	<u>\$ 716,493</u>	<u>\$ 480,136</u>	<u>\$ 485,742</u>	<u>\$ 5,606</u>

BUDGETARY COMPARISON SCHEDULE - Parks and Recreation Fund

Year ended March 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Interest and rentals	\$ -	\$ 313	\$ 1,278	\$ 965
EXPENDITURES				
Capital outlay	<u>34,452</u>	<u>38,119</u>	<u>10,481</u>	<u>27,638</u>
NET CHANGES IN FUND BALANCES	(34,452)	(37,806)	(9,203)	28,603
FUND BALANCES - BEGINNING	<u>61,445</u>	<u>61,445</u>	<u>61,445</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 26,993</u>	<u>\$ 23,639</u>	<u>\$ 52,242</u>	<u>\$ 28,603</u>

Township of Ada

BUDGETARY COMPARISON SCHEDULE - Parks, Recreation, and Land Preservation Fund

Year ended March 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 627,341	\$ 673,352	\$ 670,407	\$ (2,945)
State grants	94,000	94,000	1,079	(92,921)
Charges for services	35,900	33,822	30,968	(2,854)
Interest and rentals	29,975	45,465	53,360	7,895
Other:				
Contributions	1,000	1,000	1,800	800
Miscellaneous	600	1,135	9,352	8,217
Total revenues	<u>788,816</u>	<u>848,774</u>	<u>766,966</u>	<u>(81,808)</u>
EXPENDITURES				
Recreation and culture	533,778	582,778	599,941	(17,163)
Debt service:				
Principal	55,000	55,000	55,000	-
Interest and fees	12,650	12,650	12,650	-
Capital outlay	<u>103,420</u>	<u>163,612</u>	<u>141,252</u>	<u>22,360</u>
Total expenditures	<u>704,848</u>	<u>814,040</u>	<u>808,843</u>	<u>5,197</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	83,968	34,734	(41,877)	(76,611)
OTHER FINANCING SOURCES				
Insurance recoveries	<u>-</u>	<u>64,280</u>	<u>64,280</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	83,968	99,014	22,403	(76,611)
FUND BALANCES - BEGINNING	<u>809,543</u>	<u>809,543</u>	<u>809,543</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 893,511</u>	<u>\$ 908,557</u>	<u>\$ 831,946</u>	<u>\$ (76,611)</u>

SUPPLEMENTARY INFORMATION

BALANCE SHEET - component units

March 31, 2020

	<i>Downtown Development Authority</i>	<i>Brownfield Redevelopment Authority</i>
ASSETS		
Cash	\$ 652,183	\$ -
Receivables	<u>1,703</u>	<u>-</u>
Total assets	<u><u>\$ 653,886</u></u>	<u><u>\$ -</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities - payables	\$ 3,312	\$ -
Fund balance - unassigned	<u>650,574</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 653,886</u></u>	<u><u>\$ -</u></u>
Total fund balance	\$ 650,574	\$ -
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.	140,222	-
Expense accrual - compensated absences	<u>(920)</u>	<u>-</u>
Net position (unrestricted) of the component units	<u><u>\$ 789,876</u></u>	<u><u>\$ -</u></u>

Township of Ada**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - component units***Year ended March 31, 2020*

	<i>Downtown Development Authority</i>	<i>Brownfield Redevelopment Authority</i>
REVENUES		
Property taxes	\$ 333,983	\$ -
Tax increment financing	30,447	118,809
State grant	140,185	-
Charges for services	6,560	-
Interest	7,433	-
Other	94,053	-
	<hr/>	<hr/>
Total revenues	612,661	118,809
	<hr/>	<hr/>
EXPENDITURES		
Current:		
Public works	293,538	118,809
Community and economic development	185,899	-
	<hr/>	<hr/>
Total expenditures	479,437	118,809
	<hr/>	<hr/>
NET CHANGES IN FUND BALANCES	133,224	-
	<hr/>	<hr/>
FUND BALANCES - BEGINNING	517,350	-
	<hr/>	<hr/>
FUND BALANCES - ENDING	\$ 650,574	\$ -
	<hr/>	<hr/>
Net change in fund balance	\$ 133,224	\$ -
Amounts reported for the component units in the statement of activities (page 14) are different because:		
Capital assets:		
Deduct - depreciation provision	(10,786)	-
	<hr/>	<hr/>
Net decrease in compensated absences	190	-
	<hr/>	<hr/>
Change in net position of component units	\$ 122,628	\$ -
	<hr/>	<hr/>

Township of Ada**BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority -****Operating Fund**

Year ended March 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 366,643	\$ 366,643	\$ 364,430	\$ (2,213)
State grant	121,000	121,003	140,185	19,182
Charges for services	10,600	6,520	6,560	40
Interest	4,000	4,000	7,433	3,433
Other	131,766	140,725	94,053	(46,672)
Total revenues	<u>634,009</u>	<u>638,891</u>	<u>612,661</u>	<u>(26,230)</u>
EXPENDITURES				
Public works	293,538	293,538	293,538	-
Community and economic development	228,264	170,364	185,899	(15,535)
Capital outlay	125,000	125,000	-	125,000
Total expenditures	<u>646,802</u>	<u>588,902</u>	<u>479,437</u>	<u>109,465</u>
NET CHANGES IN FUND BALANCES	(12,793)	49,989	133,224	83,235
FUND BALANCES - BEGINNING	<u>517,350</u>	<u>517,350</u>	<u>517,350</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 504,557</u>	<u>\$ 567,339</u>	<u>\$ 650,574</u>	<u>\$ 83,235</u>

Township of Ada**BUDGETARY COMPARISON SCHEDULE - Brownfield Redevelopment Authority -****Operating Fund***Year ended March 31, 2020*

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Tax increment financing	\$ 119,526	\$ 119,526	\$ 118,809	\$ (717)
EXPENDITURES				
Public works	<u>119,526</u>	<u>119,526</u>	<u>118,809</u>	<u>717</u>
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>