

ALLENDALE CHARTER TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Allendale Charter Township (the "Township") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Township's operations, so data from these units are combined with data of the primary government. The Township has no blended component units. Discretely presented component units are reported in separate columns in the financial statements to emphasize they are legally separate from the Township.

Discretely Presented Component Unit

The Downtown Development Authority (the "DDA") was created to finance improvements to the central business district of the Township. The DDA governing body consists of individuals that are appointed by the Township's Board. The Township's Board approves the DDA's budget and has the ability to significantly influence operations of the DDA. Financial statements are not separately issued for the DDA.

This component unit provides services to the businesses located within the district. It is reported in a separate column to emphasize it is legally separate from 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 primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

ALLENDALE CHARTER TOWNSHIP

STATEMENT OF NET POSITION

DECEMBER 31, 2025

| | Primary Government | | | Component Unit Downtown Development Authority |
|--|----------------------------|-----------------------------|----------------------|--|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Cash and pooled investments | \$ 13,698,054 | \$ 14,035,925 | \$ 27,733,979 | \$ 6,466,572 |
| Receivables | | | | |
| Accounts | 69,251 | 2,144,092 | 2,213,343 | - |
| Taxes | 783,030 | - | 783,030 | 692,456 |
| Due from other governments | 519,225 | 722,004 | 1,241,229 | 359,346 |
| Inventory | - | 89,395 | 89,395 | - |
| Prepaid items | 53,066 | 17,219 | 70,285 | - |
| Total current assets | <u>15,122,626</u> | <u>17,008,635</u> | <u>32,131,261</u> | <u>7,518,374</u> |
| Noncurrent assets | | | | |
| Lease receivable | 424,146 | 424,146 | 848,292 | - |
| Special assessments receivable | 73,121 | 178,625 | 251,746 | - |
| Capital assets: | | | | |
| Land | 3,857,933 | 257,304 | 4,115,237 | - |
| Construction in progress | - | 43,536,576 | 43,536,576 | - |
| Depreciable capital assets, net | 11,626,669 | 37,129,856 | 48,756,525 | - |
| Total noncurrent assets | <u>15,981,869</u> | <u>81,526,507</u> | <u>97,508,376</u> | <u>-</u> |
| Total assets | <u>31,104,495</u> | <u>98,535,142</u> | <u>129,639,637</u> | <u>7,518,374</u> |
| Liabilities | | | | |
| Accounts payable | 153,983 | 2,664,820 | 2,818,803 | 21,666 |
| Accrued payroll and benefits | 101,365 | 39,095 | 140,460 | - |
| Accrued interest payable | - | 203,650 | 203,650 | - |
| Customer deposits | 1,822 | - | 1,822 | - |
| Unearned revenue | 566,815 | - | 566,815 | - |
| Current portion of bonds payable | - | 1,512,500 | 1,512,500 | - |
| Total current liabilities | <u>823,985</u> | <u>4,420,065</u> | <u>5,244,050</u> | <u>21,666</u> |
| Long-term liabilities | | | | |
| Compensated absences | 124,461 | 61,134 | 185,595 | - |
| Unamortized bond premium | - | 199,809 | 199,809 | - |
| Bonds payable | - | 37,470,134 | 37,470,134 | - |
| Total long-term liabilities | <u>124,461</u> | <u>37,731,077</u> | <u>37,855,538</u> | <u>-</u> |
| Total liabilities | <u>948,446</u> | <u>42,151,142</u> | <u>43,099,588</u> | <u>21,666</u> |
| Deferred inflows of resources | | | | |
| Unavailable revenue - taxes | 1,797,416 | - | 1,797,416 | 1,264,376 |
| Unavailable revenue - leases | 421,744 | 421,743 | 843,487 | - |
| Total deferred inflows of resources | <u>2,219,160</u> | <u>421,743</u> | <u>2,640,903</u> | <u>1,264,376</u> |
| Net position | | | | |
| Net investment in capital assets | 15,484,602 | 41,741,293 | 57,225,895 | - |
| Restricted for | | | | |
| Construction code activities | 106,219 | - | 106,219 | - |
| Cemetery improvements | 165,853 | - | 165,853 | - |
| Unrestricted | 12,180,215 | 14,220,964 | 26,401,179 | 6,232,332 |
| Total net position | <u>\$ 27,936,889</u> | <u>\$ 55,962,257</u> | <u>\$ 83,899,146</u> | <u>\$ 6,232,332</u> |

The accompanying notes are an integral part of these financial statements.

ALLENDALE CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2025

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue |
|------------------------------------|----------------------|-----------------------------|---|---|------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government | | | | | |
| Governmental activities | | | | | |
| General government | \$ 1,892,174 | \$ 218,379 | \$ - | \$ - | \$ (1,673,795) |
| Public safety | 2,364,909 | 455,731 | 671,836 | - | (1,237,342) |
| Public works | 670,152 | - | - | 431,789 | (238,363) |
| Community and economic development | 38,370 | 1,450 | - | - | (36,920) |
| Culture and recreation | 929,203 | 10,968 | - | - | (918,235) |
| Total governmental activities | 5,894,808 | 686,528 | 671,836 | 431,789 | (4,104,655) |
| Business-type activities | | | | | |
| Water and sewer | 6,576,721 | 9,026,657 | - | - | 2,449,936 |
| Total business-type activities | 6,576,721 | 9,026,657 | - | - | 2,449,936 |
| Total primary government | \$ 12,471,529 | \$ 9,713,185 | \$ 671,836 | \$ 431,789 | \$ (1,654,719) |
| Component unit | | | | | |
| Downtown Development Authority | \$ 894,919 | \$ - | \$ - | \$ - | \$ (894,919) |
| Total component unit | \$ 894,919 | \$ - | \$ - | \$ - | \$ (894,919) |

(Continued)

The accompanying notes are an integral part of these financial statements.

ALLENDALE CHARTER TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

| | Primary Government | | | Component Unit Downtown Development Authority |
|--|----------------------------|-----------------------------|----------------------|--|
| | Governmental Activities | Business-type Activities | Total | |
| Changes in net position | | | | |
| Net (expense) revenue | \$ (4,104,655) | \$ 2,449,936 | \$ (1,654,719) | \$ (894,919) |
| General revenues | | | | |
| Property taxes | | | | |
| General purpose | 2,230,530 | - | 2,230,530 | 2,365,982 |
| State shared revenues | 3,188,607 | - | 3,188,607 | 98,325 |
| Unrestricted investment income | 417,036 | 393,906 | 810,942 | 182,292 |
| Miscellaneous | 262,778 | 32,045 | 294,823 | - |
| Gain on sale of fixed assets | - | 21,670 | 21,670 | - |
| Total general revenues | <u>6,098,951</u> | <u>447,621</u> | <u>6,546,572</u> | <u>2,646,599</u> |
| Change in net position | 1,994,296 | 2,897,557 | 4,891,853 | 1,751,680 |
| Net position, beginning of year | <u>25,942,593</u> | <u>53,064,700</u> | <u>79,007,293</u> | <u>4,480,652</u> |
| Net position, end of year | <u>\$ 27,936,889</u> | <u>\$ 55,962,257</u> | <u>\$ 83,899,146</u> | <u>\$ 6,232,332</u> |

(Concluded)

The accompanying notes are an integral part of these financial statements.