TOWNSHIP OF ARLINGTON

FINANCIAL STATEMENTS

For the year ended March 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Township of Arlington
Van Buren County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Arlington, Van Buren County, Michigan, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Township of Arlington's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Arlington, Van Buren, County, Michigan, as of March 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Walker, Fluke & Sheldon, PLC
525 W. Apple Street, Hastings, MI 49058
wfscpas.com

Hastings
Phone: 269.945.9452
Fax: 269.945.4890

Ionia
Phone: 616.522.0792
Fax: 616.522.0873

Richland
Phone: 269.629.9658
Fax: 269.629.3126

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 21 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Arlington's basic financial statements. The combining non-major and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Walker, Fleh: Holden PLC

Hastings, Michigan
August 28, 2020

Management's Discussion and Analysis

As the Township Board of the Township of Arlington, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township of Arlington for the fiscal year ended March 31, 2020. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Township. We encourage readers to consider this information in conjunction with the letter of transmittal, which begins on page 1, and the financial statements, which begin on page 7.

Financial Highlights

- The assets of Township of Arlington exceeded its liabilities at the close of the most recent fiscal year by $1,898,959 (net position) compared to $1,745,710 last year. Of this amount, $962,903 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by $153,249 compared to an increase of $189,791 last year.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of $1,270,560, an increase of $161,856 compared to an ending fund balance of $1,108,704 the previous year, an increase of $207,873.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $954,599 or 324% of total general fund expenditures. In 2019 the ending unassigned fund balance for the general fund was $792,571.

Overview of the Financial Statements

Township of Arlington's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The government-wide financial statements can be found on pages 7-8 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet

and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Township of Arlington maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road fund, and fire fund which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. During the year, the Township did not have any fiduciary activity to report at year end.

The fiduciary fund financial statements can be found on page 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 13-20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Township adopts an annual budget for its general fund, emergency service fund and debt service fund. Within the required supplementary information, a budget comparison statement has been provided for the general, road and fire funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 21-24 of this report.

Combing non-major statements and schedules are presented immediately following the required supplementary information on budgets on pages 25-26.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Township of Arlington, assets exceeded liabilities by $1,898,959 at the close of the most recent fiscal year compared to $1,745,710 last year.

A portion of the Township's net position (50.71%) reflects its unrestricted net position ($962,903), which may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the Township's net position (16.20%) reflects restricted net position ($307,657), which are resources that are subject to external restrictions on how they may be used. The remaining portion of the Township's net position (33.09%) reflects its investment in capital assets (e.g. land, buildings, equipment and furniture and fixtures) ($628,399). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Township of Arlington's Condensed Financial Data

	Audited Governmental Activities 3/31/2020	Unaudited Governmental Activities 3/31/2019
Current and Other Assets	$ 1,297,899	$ 1,126,690
Capital Assets	628,399	637,006
Total Assets	1,926,298	1,763,696
Short-Term Liabilities	27,339	17,986
Total Liabilities	27,339	17,986
Net Position		
Invested in Capital Assets, Net of Related Debt	628,399	637,006
Restricted	307,657	307,942
Unrestricted	962,903	800,762
Total Net Position	$ 1,898,959	$ 1,745,710
Program Expenses		
Governmental Activities		
Legislative	$ 40,004	$ 35,639
General Government	156,339	127,637
Public Safety	196,831	171,836
Public Works	242,938	82,211
Health and Welfare	30,502	29,434
Community and Economic Development	57,302	34,223
Recreation and Culture	4,000	2,000
Other	1,000	500
Total Expenses	$ 728,916	$ 483,480
Program Revenues		
Charges for Services	$ 296,069	$ 109,863
General Revenues		
Property Taxes	384,337	370,345
State Grants	190,974	182,974
Interest and Rents	6,160	4,211
Other Revenue	4,625	5,878
Total Revenue	882,165	673,271
Change in Net Position	$ 153,249	$ 189,791

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

Governmental activities. Governmental activities increased the Township's net position by $153,249 mainly due to increased transfer, zoning, and land fee revenues.

For the most part, expenses in the current year were up compared to the prior year, except for public works. Public works was up significantly due to road projects during the year. Revenues were up due to increased zoning.

Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of $1,270,560 an increase of $161,856 from the prior year. Last year, the Township's governmental funds combined ending fund balance was $1,108,704, an increase of $207,872 in comparison with the prior year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was $954,599 and the total fund balance was $1,117,299. Unassigned fund balance represents 324% of the total general fund expenditures.

The fund balance of the Township's general fund increased $270,507 during the current fiscal year, compared to an increase of $158,164 in the prior year.

General Fund Budgetary Highlights

There were four large budget increases. Charges for service increased by $181,660, licenses and permits increased $21,000, attorney fees increased $25,135, planning and zoning increased $25,949 and capital outlay increased $4,552. All others were minor adjustments made between the original budget and the final amended general fund budget.

During the year, however, revenues were greater than budgetary estimates, and expenditures were less than budgetary estimates for the general fund.

Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2020, amounts to $628,399 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, improvements, and equipment.

During the year the Township made improvements to the transfer station, purchased new laptops, and began the plans for a new emergency building. Details of the Township's capital assets are continued in the notes to the financial statements on page 19.

Economic Factors and Next Year's Budgets and Rates

Budget Assumptions: The taxable values continue to increase gradually with land sale prices increasing slightly. The Township sees growth in Commercial Buildings due to our Medical Marihuana facilities in the Township. The Township continues to accumulate funds from the annual provisional licensing fee renewal fees for Medical Marihuana Facilities. These funds are restricted for use only in the administration of Medical Marihuana program. Voters in the Township did pass the renewal of 2 mill for 4 years road millage in November 2020 to continue to maintain road safety and minimal new construction.

Requests for Information

This financial report is designed to provide a general overview of Township of Arlington's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the (Supervisor/Treasurer/Clerk), Township of Arlington, 48030 CR 673, Lawrence, MI 49064.

TOWNSHIP OF ARLINGTON
GOVERNMENT-WIDE STATEMENT OF NET POSITION
March 31, 2020

	Primary Government	
ASSETS	**Governmental Activities**	**Total**
Cash and Cash Equivalents	$ 731,039	$ 731,039
Investments	473,405	473,405
Receivables (Net)		
Taxes	51,271	51,271
Due from State	29,932	29,932
Due from other Funds	3,948	3,948
Other Assets	8,304	8,304
Capital Assets not being Depreciated	52,175	52,175
Capital Assets being Depreciated, Net	576,224	576,224
Total Assets	1,926,298	1,926,298
LIABILITIES		
Accounts Payable	23,391	23,391
Due to other Funds	3,948	3,948
Total Liabilities	27,339	27,339
NET POSITION		
Invested in Capital Assets, Net of Related Debt	628,399	628,399
Restricted for Roads	150,033	150,033
Restricted for Fire Services	3,228	3,228
Restricted for MMMP	154,396	154,396
Unrestricted	962,903	962,903
Total Net Position	$ 1,898,959	$ 1,898,959

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2020

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities	Total
Primary Government				
Governmental Activities				
Legislative	$ 40,004	$ -	$ (40,004)	$ (40,004)
General Government	156,339	2,450	(153,889)	(153,889)
Public Safety	196,831	33,708	(163,123)	(163,123)
Public Works	242,938	3,611	(239,327)	(239,327)
Health and Welfare	30,502	-	(30,502)	(30,502)
Community and Economic Development	57,302	256,300	198,998	198,998
Recreation and Culture	4,000	-	(4,000)	(4,000)
Other	1,000	-	(1,000)	(1,000)
Total Governmental Activities	728,916	296,069	(432,847)	(432,847)
Total Primary Government	$ 728,916	$ 296,069	(432,847)	(432,847)
General Revenues				
Taxes and Penalties			384,337	384,337
State Grants			190,974	190,974
Interest and Rentals			6,160	6,160
Other Revenue			4,625	4,625
Total General Revenue			586,096	586,096
Change in Net Position			153,249	153,249
Net Position-Beginning			1,745,710	1,745,710
Net Position-Ending			$ 1,898,959	$ 1,898,959

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
GOVERNMENTAL FUNDS BALANCE SHEET
March 31, 2020

ASSETS	General	Roads	Fire	Non-Major Governmental Funds	Total Governmental
Cash and Cash Equivalents	$ 600,515	$ 130,296	$ 228	$ -	$ 731,039
Investments	473,405	-	-	-	473,405
Receivables					
Taxes	9,091	15,789	22,383	4,008	51,271
Due from State	29,932	-	-	-	29,932
Due from other Funds	-	3,948	-	-	3,948
Prepaid Assets	8,304	-	-	-	8,304
Total Assets	$1,121,247	$ 150,033	$ 22,611	$ 4,008	$ 1,297,899
LIABILITIES					
Accounts Payable	$ -	$ -	$ 19,383	$ 4,008	$ 23,391
Due To Other Funds	3,948	-	-	-	3,948
Total Liabilities	3,948	-	19,383	4,008	27,339
FUND BALANCE					
Non Spendable	8,304	-	-	-	8,304
Restricted	154,396	150,033	3,228	-	307,657
Unassigned	954,599	-	-	-	954,599
Total Fund Balances	1,117,299	150,033	3,228	-	1,270,560
Total Liabilities and Fund Balance	$1,121,247	$ 150,033	$ 22,611	$ 4,008	$ 1,297,899

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
March 31, 2020

Governmental Fund Balance - March 31, 2020		$ 1,270,560
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	$ 762,078	
Less: Accumulated depreciation	(133,679)	628,399
Net Position of Governmental Activities		$1,898,959

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended March 31, 2020

	General	Road	Fire	Non-Major Governmental Funds	Total Governmental
Revenues					
Taxes and Penalties	$ 71,047	$ 120,129	$ 162,659	$ 30,502	$ 384,337
Special Assessments	3,611	-	-	-	3,611
Licenses and Permits	33,708	-	-	-	33,708
State Grants	190,974	-	-	-	190,974
Charges for Services	258,750	-	-	-	258,750
Interest and Rentals	6,137	22	1	-	6,160
Other Revenue	677	3,948	-	-	4,625
Total Revenues	564,904	124,099	162,660	30,502	882,165
Expenditures					
Legislative	40,004	-	-	-	40,004
General Government	137,406	-	-	-	137,406
Public Safety	33,708	-	163,123	-	196,831
Public Works	10,651	232,287	-	-	242,938
Health and Welfare	-	-	-	30,502	30,502
Community and Economic Development	57,302	-	-	-	57,302
Recreation and Culture	4,000	-	-	-	4,000
Other	1,000	-	-	-	1,000
Capital Outlay	10,326	-	-	-	10,326
Total Expenditures	294,397	232,287	163,123	30,502	720,309
Excess of Revenues Over (Under) Expenditures	270,507	(108,188)	(463)	-	161,856
Fund Balance-April 1, 2019	846,792	258,221	3,691	-	1,108,704
Fund Balance-March 31, 2020	$1,117,299	$ 150,033	$ 3,228	$ -	$ 1,270,560

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ARLINGTON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2020

Net Change in Fund Balances - Total Governmental Funds		$ 161,856
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives		
Expenditures for capital assets	$ 10,326	
Less: Current year depreciation	18,933	(8,607)
Change in Net Position of Governmental Activities		$ 153,249

The Notes to Financial Statements are an integral part of this statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Township of Arlington is located in Van Buren County, Michigan. The Township operates under an elected board of five members and provides services to residents in many areas including roads, fire protection, and general government services. Education services are provided to citizens through several local school districts, which are separate governmental entities.

JOINT VENTURES

Fire Department
The Township, together with the Township of Bangor and the City of Bangor has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967. The department is known as the A.B.B. Joint Fire District. The A.B.B. Joint Fire District operates under an appointed board. Township of Arlington along with the other participating entities has representation on the board. A.B.B. Joint Fire District receives its operating budget from each participating entity at a ratio proportionate to their state taxable values of their real property.

The Township's contract to ABB and Lawrence Fire Department for fire protection for the year ended March 31, 2020 totaled $131,123.

The following information summarizes the activity of the joint venture through June 30, 2019, the most recent audited financial statements available.

Total Assets	$ 831,635	Total Revenues	$ 436,420
Total Liabilities	$ 146,106	Total Expenditures	$ 490,059
Total Net Assets	$ 685,529	Increase (Decrease) in Net Assets	$ (53,639)
Total Joint Venture Outstanding Debt	$ 130,480		

Complete financial statements for A.B.B. Joint Fire District can be obtained from:

Derek Babcock, Fire Chief
417 Arlington Street
Bangor, MI 49013

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Township's financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds).

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property 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 net position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers 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. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. 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; therefore, they have been recognized as revenue in the current fiscal period. All other revenues are considered to be measurable only when the Township receives cash.

Taxes Receivable - The Township property tax is levied on each December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 28th. After that date, they are added to the county delinquent tax rolls.

Although the Township ad valorem tax is levied and collectible on February 1st, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2019 State taxable valuation of the Township totaled $61,878,981 on which ad valorem taxes levied consisted of .7278 mills for Township operating purposes, 1.9415 mills for roads, 2.7522 mills for fire, and .4932 mills for senior services, raising $45,025, $120,125, $162,653, and $30,502, respectively.

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 general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.
- The Road Fund accounts for the maintenance of the Township's roads. Revenues are primarily derived from property taxes.
- The Fire Fund accounts for the Township's fire services. Revenues are primarily derived from property taxes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

The Township reports the following non major governmental funds:

- The Senior Service Fund accounts for the senior services provided by South Haven Area Senior Services. Revenues are primarily derived from property taxes collected by the township and remitted to the Organization.

Additionally, the government reports the following fiduciary fund types:

- The Trust and Agency Funds (current tax collection) account for the assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. During the year, the Township did not have any fiduciary activity to report at year end.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided. Intentionally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

The delinquent real property taxes of the Township are purchased by Van Buren County. The Township receives its settlement of delinquent property taxes from Van Buren County within the sixty-day period and therefore recognizes the revenue as current year property tax revenue.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than $500 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 estimated fair market value at the date of donation.

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

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Infrastructure	10 to 30 years
Fire Equipment	7 to 25 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

Fund Equity - In March 2009 the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned.

In the fund financial statements, governmental funds report the following components of fund balance:

- Nonspendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed: Amounts that have been formally set aside by the board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board.
- Assigned: Intent to spend resources on specific purposes expressed by the board, or the director, who is authorized by resolution approved by the board to make assignments.
- Unassigned: All other amounts available for any purpose.

Restricted/Unrestricted Resources - When expenses are incurred for which both restricted and unrestricted resources are available, it is the Township's policy to first apply restricted resources. Once restricted resources are exhausted, the Township's policy is to apply unrestricted resources in the following order: committed, assigned, and unassigned.

ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Township of Arlington.

USE OF ESTIMATES

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets were adopted for all required governmental fund types. The Township Boards prepares the annual budgets prior to March 31. A Public Hearing is conducted to obtain taxpayers' comments. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

During the year ended March 31, 2020 the Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

FUND	BUDGET APPROPRIATION	ACTUAL EXPENDITURE	BUDGET VARIANCE
General			
General Government			
Clerk	$ 17,187	$ 17,217	$ 30
Public Safety			
Building Inspection	$ 28,000	$ 33,708	$ 5,708

DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated four banks and two credit union for the deposit of Township of Arlington funds. The Township's deposits and investments are in accordance with statutory authority.

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

	GOVERNMENTAL ACTIVITIES	FIDUCIARY FUNDS	TOTAL PRIMARY GOVERNMENT
Cash and Cash Equivalents	$ 731,039	$ -	$ 731,039
Investments	473,405	-	473,405
Restricted Assets	-	-	-
Total	$ 1,204,444	$ -	$ 1,204,444

The breakdown between deposits and investments is:

	TOTAL PRIMARY GOVERNMENT
Cash and Cash Equivalents (Checking and Savings Accounts, Certificates of Deposit)	$ 1,204,444
Investment in Securities (Mutual Funds and Similar Vehicles)	-
Petty Cash and Cash on Hand	-
Total	$ 1,204,444

DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk is the risk that the Township will not be able to recover its deposits in the event of financial institution failure. The Township's deposits are exposed to the custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2020, the Township has deposits with a carrying amount of $1,204,444 and a bank balance of $1,247,336. Of the bank balance, $1,099,530 is covered by federal depository insurance and $147,806 is uninsured and $0 is collateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of the FDIC and SIPC insurance it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CAPITAL ASSETS

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

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities				
Capital Assets not being Depreciated				
Land	$ 47,465	$ 4,710	$ -	$ 52,175
Subtotal	47,465	4,710	-	52,175
Capital Assets being Depreciated				
Buildings	684,453	4,552	-	689,005
Land Improvements	10,745	-	-	10,745
Furniture and Fixtures	4,148	1,064	751	4,461
Machinery and Equipment	5,692	-	-	5,692
Subtotal	705,038	5,616	751	709,903
Less Accumulated Depreciation for				
Buildings	105,351	17,752	-	123,103
Land Improvements	1,173	716	-	1,889
Furniture and Fixtures	3,281	465	751	2,995
Machinery and Equipment	5,692	-	-	5,692
Subtotal	115,497	18,933	751	133,679
Net Capital Assets being Depreciated	589,541	(13,317)	-	576,224
Governmental Activities Total Capital Assets-Net of Depreciation	$ 637,006	$ (8,607)	$ -	$ 628,399

CAPITAL ASSETS (Continued)

Depreciation expense was charged to programs of the Township as follows:

Governmental Activities	
General Government	$ 18,933
Total Governmental Activities	$ 18,933

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

FUND	INTERFUND RECEIVABLES	FUND	INTERFUND PAYABLES
Road	$ 3,948	General	$ 3,948
Total	$ 3,948		$ 3,948

The interfund receivables and payables represent metro money owed to the road fund from general fund.

RISK MANAGEMENT

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its risk exposure and provides certain employee benefits through commercial insurance. At March 31, 2020, there were no claims, which exceeded insurance coverage. The Township had no significant reduction in insurance coverage from previous years.

SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Due to this, economic uncertainties have arisen that may negatively affect the Township. The Township expects this to negatively impact its operations and financial condition however the extent of this impact cannot be reasonably estimated at this time

ACCOUNTING PRONOUNCEMENTS

GASB issued Statement No. 84, *Fiduciary activities.* This standard seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This standard will be effective in 2021. The Township is currently evaluating this standard and the impact on its financial statements.

GASB issued Statement No. 87, *Leases.* The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases 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 recognize as inflows of resources or outflows of resources based on the payment provisions of the contract. This standard will be effective in 2023. The Township does not believe that this standard will have any impact on its financial statements.

ACCOUNTING PRONOUNCEMENTS (Continued)

GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* This statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62. This statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. The standard will be in effect for 2022. The Township does not believe that this standard will have any impact on its financial statements.

GASB issued Statement No. 90, *Majority Equity Interest* - An Amendment of GASB No. 14 and No. 16. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The standard will be in effect for 2021. The Township does not believe that this standard will have any impact on its financial statements

GASB issued Statement No. 91, *Conduit Debt Obligations.* The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The standard will be in effect for 2023. The Township does not believe that this standard will have any impact on its financial statements.

GASB issued Statement No. 92, *Omnibus.* The objectives of this statement are to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The standard will be in effect for 2022. The Township is currently evaluating this standard and the impact on its financial statements.

GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* The objectives of this statement is to address those and other accounting and financial reporting implication that result from the replacement of an interbank offered rate (IBOR). The standard will be in effect for 2022. The Township does not believe that this standard will have any impact on its financial statements.

GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The objectives of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements The standard will be in effect for 2024. The Township does not believe that this standard will have any impact on its financial statements.

GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* The objectives of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first become effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. The Township is currently evaluating this standard and the impact on its financial statements.

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The standard will be in effect for 2024. The Township does not believe that this standard will have any impact on its financial statements.

TOWNSHIP OF ARLINGTON
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended March 31, 2020

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	$ 846,792	$ 846,792	$ 846,792	$ -
Resources (Inflows)				
Taxes and Penalties	67,000	67,000	71,047	4,047
Special Assessments	3,800	3,800	3,611	(189)
Licenses and Permits	7,000	28,000	33,708	5,708
State Grants	176,100	178,948	190,974	12,026
Charges for Services	75,350	257,010	258,750	1,740
Interest and Rentals	2,000	3,300	6,137	2,837
Other Revenue	1,000	1,000	677	(323)
Total Resources	332,250	539,058	564,904	25,846
Charges to Appropriations (Outflows)				
Legislative	46,143	47,643	40,004	7,639
General Government				
Supervisor	15,116	15,116	14,116	1,000
Clerk	16,968	17,187	17,217	(30)
Professional	4,500	5,500	4,910	590
Board of Review	2,133	2,133	1,852	281
Treasurer	21,533	21,583	20,831	752
Assessor	14,900	15,500	15,205	295
Elections	3,700	3,965	1,771	2,194
Buildings and Grounds	15,800	15,800	11,946	3,854
Attorney	10,000	35,135	35,135	-
Cemetery	15,113	15,113	14,423	690
Public Safety				
Building Inspection Department	7,000	28,000	33,708	(5,708)
Public Works				
Drains	6,000	2,934	2,934	-
Street Lighting	3,800	3,800	3,112	688
Sanitation - Transfer Station	5,100	5,100	4,605	495
Community and Economic Development				
Planning and Zoning	35,766	61,715	57,302	4,413
Recreation and Culture				
Library	2,000	4,000	4,000	-
Other				
Other	500	1,000	1,000	-
Capital Outlay	9,700	14,252	10,326	3,926
Total Charges to Appropriations	235,772	315,476	294,397	21,079
Excess of Resources Over (Under) Appropriations	96,478	223,582	270,507	46,925

TOWNSHIP OF ARLINGTON
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Continued)
For the Year Ended March 31, 2020

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Other Financing Sources (Uses)				
Operating Transfer (Out)	(96,478)	(223,582)	-	223,582
Total Other Financing Sources (Uses)	(96,478)	(223,582)	-	223,582
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	-	-	270,507	270,507
Budgetary Fund Balance - March 31, 2020	$ 846,792	$ 846,792	$ 1,117,299	$ 270,507

TOWNSHIP OF ARLINGTON
BUDGETARY COMPARISON SCHEDULE - ROAD FUND
For the Year Ended March 31, 2020

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	$ 258,221	$ 258,221	$ 258,221	$ -
Resources (Inflows)				
Taxes and Penalties	113,000	113,000	120,129	7,129
Interest and Rentals	9	9	22	13
Other Revenue	4,000	4,000	3,948	(52)
Total Resources	117,009	117,009	124,099	7,090
Charges to Appropriations (Outflows)				
Public Works				
Highways and Roads	250,000	250,000	232,287	17,713
Total Charges to Appropriations	250,000	250,000	232,287	17,713
Excess of Resources Over (Under) Appropriations	(132,991)	(132,991)	(108,188)	24,803
Budgetary Fund Balance - March 31, 2020	$ 125,230	$ 125,230	$ 150,033	$ 24,803

TOWNSHIP OF ARLINGTON
BUDGETARY COMPARISON SCHEDULE - FIRE FUND
For the Year Ended March 31, 2020

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	$ 3,691	$ 3,691	$ 3,691	$ -
Resources (Inflows)				
Taxes and Penalties	163,123	163,123	162,659	(464)
Interest and Rentals	-	-	1	1
Total Resources	163,123	163,123	162,660	(463)
Charges to Appropriations (Outflows)				
Public Safety				
Fire Services	163,123	163,123	163,123	-
Total Charges to Appropriations	163,123	163,123	163,123	-
Excess of Resources Over (Under) Appropriations	-	-	(463)	(463)
Budgetary Fund Balance - March 31, 2020	$ 3,691	$ 3,691	$ 3,228	$ (463)

TOWNSHIP OF ARLINGTON
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS
March 31, 2020

	SENIOR SERVICES
ASSETS	
Receivables	
Taxes	$ 4,008
Total Assets	$ 4,008
LIABILITIES	
Accounts Payable	$ 4,008
Total Liabilities	4,008
FUND BALANCE	
Restricted	-
Unassigned	-
Total Fund Balances	-
Total Liabilities and Fund Balance	$ 4,008

TOWNSHIP OF ARLINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended March 31, 2020

	SENIOR SERVICES
Revenues	
Taxes and Penalties	$ 30,502
Total Revenues	30,502
Expenditures	
Health and Welfare	30,502
Total Expenditures	30,502
Excess of Revenues Over (Under) Expenditures	-
Fund Balance-April 1, 2019	-
Fund Balance-March 31, 2020	$ -