



COUNTY OF OTTAWA, MICHIGAN

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015



Vredeveld Haefner LLC

Grand Haven Charter Township

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INDEPENDENT AUDITORS' REPORT

May 4, 2016

Members of the Board of Trustees
Grand Haven Charter Township
Grand Haven, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Grand Haven Charter Township (the Township), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township'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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2015, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the information on pages 37 through 40 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's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules 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 combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wendell Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

As management of Grand Haven Charter Township (the Township), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The Fire/Rescue Fund received approximately \$1.2 million in tax revenues from a new 1.90 fire millage that was approved by the residents. This increase in revenue helped offset additional operating costs as the department reached a new record in terms of emergency responses with 1,094 runs.
- The Township acquired additional park land of 158 acres. The first parcel of 118 acres was transferred to the Township through the termination of the current lease holder. The second 40 acre parcel was purchased at a cost of \$308,210, of which \$234,270 was reimbursed by a State grant.
- The Township board voted on a change to the Township's retiree health care benefit program resulting in the elimination of the benefit for all non-union employees at a cost of approximately \$510,000.
- Construction activity continued to increase to just over \$27 million of new construction with the addition of 76 new single family homes, 54 remodels, and 18 additions.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Grand Haven Charter Township's financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information 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 financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government'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., earned but unused compensated absences, accrued interest, etc.).

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 general government, public safety, public works, community and economic development, and culture and recreation activities. The business-type activities of the Township include the water and sewer systems.

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. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, municipal street fund, and fire protection fund which are considered major funds.

Data is combined into a single aggregated presentation for the other governmental funds. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements and schedules*.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The Township maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses internal service funds to account for its other post employment benefits and information technologies services. Because these services primarily benefit the Township's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer funds, which are considered to be major funds of the Township. The internal service fund is included as a single column in the proprietary fund financial statements.

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 resource of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This consists of this management discussion and analysis, major fund budgetary schedules, and schedules of funding progress for the retiree health plan.

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 the Township, assets exceeded liabilities by \$17,739,151 at the close of the most recent fiscal year. A summary of net position is as follows:

	Net Position					
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Current and other assets	\$5,952,859	\$6,463,984	\$3,183,547	\$3,189,133	\$ 9,136,406	\$ 9,653,117
Capital assets	6,316,683	7,773,028	13,812,382	13,156,518	20,129,065	20,929,546
Total assets	<u>12,269,542</u>	<u>14,237,012</u>	<u>16,995,929</u>	<u>16,345,651</u>	<u>29,265,471</u>	<u>30,582,663</u>
Long-term liabilities outstanding	1,536,936	1,207,692	7,289,243	6,616,607	8,826,179	7,824,299
Other liabilities	794,554	920,611	903,620	852,262	1,698,174	1,772,873
Total liabilities	<u>2,331,490</u>	<u>2,128,303</u>	<u>8,192,863</u>	<u>7,468,869</u>	<u>10,524,353</u>	<u>9,597,172</u>
Deferred inflows of resources-taxes	2,892,410	3,102,095	176,703	144,245	3,069,113	3,246,340
Net position:						
Net investment in capital assets	4,881,683	6,523,028	5,908,670	5,901,938	10,790,353	12,424,966
Restricted	308,622	401,588	14,641	30,537	323,263	432,125
Unrestricted	<u>1,855,337</u>	<u>2,081,998</u>	<u>2,703,052</u>	<u>2,800,062</u>	<u>4,558,389</u>	<u>4,882,060</u>
Total net position	<u>\$7,045,642</u>	<u>\$9,006,614</u>	<u>\$8,626,363</u>	<u>\$8,732,537</u>	<u>\$15,672,005</u>	<u>\$17,739,151</u>

A significant portion of the Township's net position (27 percent) reflects unrestricted net position which is available for future operations while the largest portion of net position is invested in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The government's net position increased by \$2,067,146 during the current fiscal year.

Changes in Net Position

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
	Revenue:					
Program revenue:						
Charges for services	\$ 710,097	\$ 801,023	\$2,447,616	\$2,555,796	\$3,157,713	\$3,356,819
Operating grants and contributions	-	3,839	-	-	-	3,839
Capital grants and contributions	1,378	1,198,273	242,635	303,941	244,013	1,502,214
General revenue:						
Property taxes	2,712,998	3,066,992	132,606	176,755	2,845,604	3,243,747
State sources	1,185,378	1,186,567	-	-	1,185,378	1,186,567
Unrestricted investment earnings	18,130	20,040	21,645	19,813	39,775	39,853
Other	<u>338,293</u>	<u>395,850</u>	<u>44,721</u>	<u>35,150</u>	<u>383,014</u>	<u>431,000</u>
Total revenue	<u>4,966,274</u>	<u>6,672,584</u>	<u>2,889,223</u>	<u>3,091,455</u>	<u>7,855,497</u>	<u>9,764,039</u>

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Expenses:						
General government	\$1,086,419	\$1,567,682	\$ -	\$ -	\$1,086,419	\$1,567,682
Public safety	1,004,761	1,432,375	-	-	1,004,761	1,432,375
Public works	639,688	415,258	-	-	639,688	415,258
Community and economic development	594,157	797,925	-	-	594,157	797,925
Culture and recreation	397,168	565,077	-	-	397,168	565,077
Interest on long-term debt	25,987	22,955	-	-	25,987	22,955
Sewer fund	-	-	582,871	604,195	582,871	604,195
Water fund	-	-	2,394,490	2,291,426	2,394,490	2,291,426
Total expenses	<u>3,748,180</u>	<u>4,801,272</u>	<u>2,977,361</u>	<u>2,895,621</u>	<u>6,725,541</u>	<u>7,696,893</u>
Change before contributions and transfers	1,218,094	1,871,312	(88,138)	195,834	1,129,956	2,067,146
Transfers	75,860	89,660	(75,860)	(89,660)	-	-
Change in net position	<u>1,293,954</u>	<u>1,960,972</u>	<u>(163,998)</u>	<u>106,174</u>	<u>1,129,956</u>	<u>2,067,146</u>
Net position - beginning of year	<u>5,751,688</u>	<u>7,045,642</u>	<u>8,790,361</u>	<u>8,626,363</u>	<u>14,542,049</u>	<u>15,672,005</u>
Net position - end of year	<u>\$7,045,642</u>	<u>\$9,006,614</u>	<u>\$8,626,363</u>	<u>\$8,732,537</u>	<u>\$15,672,005</u>	<u>\$17,739,151</u>

Governmental Activities. During the year the Township invested \$1,432,375 or 30% of governmental activities expenses in public safety. General government expenses amounted to \$1,567,682 or 33% of governmental activities while public works, community and economic development, culture and recreation, and interest on long-term debt made up the remaining 37% of governmental activities expenses.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses 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. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,475,844, an increase of \$199,948 in comparison with the prior year. Of the \$2,475,844, \$2,073,925 is reported in the general fund.

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 \$1,863,350. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 59% of total general fund expenditures. The fund balance of the Township's general fund increased by \$106,651 during the current fiscal year.

The municipal street fund is used to account for a special tax millage levied by the Township for the construction and maintenance of local streets and support of Harbor Transit transportation services. At the end of the current fiscal year, fund balance was \$73,398, a decrease of \$8,494 over the prior

year. Approximately .6 mills are available for support of the Harbor Transit System while the remainder of the millage, supplemented by transfers from the general fund, is used for streets.

The fire protection fund is used to account for Fire Department operations of the Township. At the end of the current fiscal year, fund balance was \$158,553, an increase of \$78,130 over the prior year.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Unrestricted net position of the sewer and water funds at the end of the year amounted to \$1,264,866 and \$1,535,196 respectively. The sewer fund had an increase in net position for the year of \$10,536. The water fund had an increase in net position for the year of \$95,638.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounted to \$16,939,230 (net of accumulated depreciation).

The Township's capital assets (net of depreciation) are summarized as follows:

	Governmental Activities	Business-type Activities	Total
Land	\$2,022,055	\$ 55,804	\$ 2,077,859
Buildings and improvements	4,401,627	-	4,401,627
Land improvements	5,876,694	-	5,876,694
Machinery and equipment	-	528,695	528,695
Furniture and equipment	1,024,131	-	1,024,131
Vehicles	1,754,817	-	1,754,817
Shared improvements	543,386	-	543,386
Utility systems	-	19,794,082	19,794,082
Accumulated depreciation	(7,849,682)	(11,212,379)	(19,062,061)
Total	\$7,773,028	\$9,166,202	\$16,939,230

Additional information on the Township's capital assets can be found in the footnotes to the financial statements.

Debt. At the end of the current fiscal year, the Township had total debt outstanding as follows:

	Governmental Activities	Business-type Activities	Total
Accrued employee benefits	\$ 63,523	\$ 27,216	\$ 90,739
Other post-employment benefits	84,169	-	84,169
Bonds payable	1,250,000	7,261,653	8,511,653
Total	\$1,397,692	\$7,288,869	\$8,686,561

The Township made principle payments on bonds outstanding totaling \$835,087 during the year.

Additional information on the Township's long-term debt can be found in the footnotes to the financial statements.

Budgetary Highlights

Significant budget adjustments were made for the following:

- Building permit fees exceeded the budgeted amount by approximately \$40,000 due to the continued increase in construction activity within the Township.
- General Fund revenues exceeded budgeted amounts by approximately \$330,000 due to a State of Michigan grant reimbursement for the purchase of additional park land in the amount of \$234,270, increased cemetery fees of about \$17,000, the sale of equipment at auction for almost \$20,000, increased return on investments of about \$10,000, as well as additional reimbursement from the County for election costs in the amount of almost \$9,000.
- The cemetery budget was adjusted by approximately \$55,000 to cover the costs of increased activity as well as the installation of flag poles at both cemeteries.
- The Parks and Recreation budget was increased by approximately \$400,000 to reflect the purchase of additional Hofma Park land as well as increased costs related to the repair of the Pottawatomie Park floating dock and the addition of parking spaces at Hofma Park.
- The Bike Path budget was decreased by approximately \$210,000 as a result of a large overlay project being delayed until 2016.
- The Drains At-Large account exceeded budgeted amounts by approximately \$5,500 due to unanticipated drain work completed by the County Water Resources Commissioner.
- The DDA fund exceeded budgeted amounts by approximately \$172,000 for the final bill that was carried forward from the previous fiscal year and related to the 172nd Avenue re-construction project.
- Water fund budgeted revenue decreased by about \$180,000 due to an adjustment to the projected sales calculation to reflect actual water usage.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2016 fiscal year:

- Property values are expected to increase about 1% in 2016.
- The budget will not reflect any cost-of-living allowance for wages. Related benefits will reflect a small 3.42% increase for health insurance and a small decrease of 4.0% for dental insurance.
- The Township's Transportation Millage of 0.95 mills was renewed by the voters – garnering about 72% support.
- In November of 2016 the Township Board will request the residents of the Township to approve a 15 year 0.45 debt millage for an additional 10 miles of pathway to be added to the existing 26.7 miles throughout the Township.
- Construction activity is expected to increase with the continued expansion of 3 new subdivisions containing a total of 225 units and one new apartment complex with 204 units, as well as new commercial building activity.
- The DPW department will begin a five-year long project to replace all of the Township's MXU's at a cost of approximately \$ 1.2 million over the five years.
- The Township completed a cost of service study for the water and sewer funds that recommended a 3% increase in rates to be effective January 1, 2016.

Requests for Information

This financial report is designed to provide a general overview of Grand Haven Charter Township's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to William D. Cargo, Superintendent, Grand Haven Charter Township, 13300 168th Avenue, Grand Haven, Michigan, 49417, (616) 842-5988.

BASIC FINANCIAL STATEMENTS

GRAND HAVEN CHARTER TOWNSHIP

STATEMENT OF NET POSITION

DECEMBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and pooled investments	\$ 2,841,237	\$ 2,439,364	\$ 5,280,601	\$ 813,613
Receivables:				
Accounts	3,944	437,662	441,606	-
Taxes	3,102,095	144,245	3,246,340	539,018
Special assessments (current portion)	-	41,190	41,190	-
Due from other governments	432,935	-	432,935	23,824
Prepaid items	83,773	14,826	98,599	-
Total current assets	6,463,984	3,077,287	9,541,271	1,376,455
Noncurrent assets				
Restricted cash	-	30,537	30,537	-
Special assessments receivable	-	74,236	74,236	-
Unamortized bond discount	-	7,073	7,073	-
Capital assets:				
Access rights, net	-	3,990,316	3,990,316	-
Non-depreciable	2,022,055	55,804	2,077,859	-
Depreciable capital assets, ne	5,750,973	9,110,398	14,861,371	-
Total noncurrent assets	7,773,028	13,268,364	21,041,392	-
Total assets	14,237,012	16,345,651	30,582,663	1,376,455
Liabilities				
Accounts payable	666,740	135,715	802,455	153,308
Accrued payroll and benefits	60,225	8,365	68,590	-
Accrued interest payable	3,646	35,920	39,566	-
Current portion of noncurrent liability	190,000	672,262	862,262	-
Total current liabilities	920,611	852,262	1,772,873	153,308
Long-term liabilities				
Post-employment benefits	84,169	-	84,169	-
Compensated absences	63,523	27,216	90,739	-
Bonds and notes payable	1,250,000	7,261,653	8,511,653	-
Less current portior	(190,000)	(672,262)	(862,262)	-
Total long-term liabilities	1,207,692	6,616,607	7,824,299	-
Total liabilities	2,128,303	7,468,869	9,597,172	153,308
Deferred inflows of resources				
Unearned revenue	3,102,095	144,245	3,246,340	539,018
Net position				
Net investment in capital assets	6,523,028	5,901,938	12,424,966	-
Restricted for				
Debt service	-	30,537	30,537	-
Fire protection	158,553	-	158,553	-
Transportation	73,398	-	73,398	-
Police services	169,637	-	169,637	-
Unrestricted	2,081,998	2,800,062	4,882,060	684,129
Total net position	\$ 9,006,614	\$ 8,732,537	\$ 17,739,151	\$ 684,129

The accompanying notes are an integral part of these financial statements

GRAND HAVEN CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

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	\$ 1,567,682	\$ 370,689	\$ -	\$ -	\$ (1,196,993)
Public safety	1,432,375	61,708	-	-	(1,370,667)
Public works	415,258	348,512	3,839	-	(62,907)
Community and economic development	797,925	-	-	-	(797,925)
Culture and recreation	565,077	20,114	-	1,198,273	653,310
Interest on long-term deb	22,955	-	-	-	(22,955)
Total governmental activitie	<u>4,801,272</u>	<u>801,023</u>	<u>3,839</u>	<u>1,198,273</u>	<u>(2,798,137)</u>
Business-type activities					
Sewer	604,195	487,551	-	133,904	17,260
Water	2,291,426	2,068,245	-	170,037	(53,144)
Total business-type activitie:	<u>2,895,621</u>	<u>2,555,796</u>	<u>-</u>	<u>303,941</u>	<u>(35,884)</u>
Total primary government	<u>\$ 7,696,893</u>	<u>\$ 3,356,819</u>	<u>\$ 3,839</u>	<u>\$ 1,502,214</u>	<u>\$ (2,834,021)</u>
Component unit					
Downtown Development Authorit	\$ 483,612	\$ -	\$ -	\$ -	\$ (483,612)
Total component unit	<u>\$ 483,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (483,612)</u>

(Continued)

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

GRAND HAVEN CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Changes in net position				
Net (expense) revenue	\$ (2,798,137)	\$ (35,884)	\$ (2,834,021)	\$ (483,612)
General revenues				
Property taxes				
General purpose	1,268,431	-	1,268,431	493,736
Specific purpose	1,798,561	176,755	1,975,316	-
State shared revenues	1,186,567	-	1,186,567	-
Unrestricted interest	20,040	19,813	39,853	(1,065)
Miscellaneous	395,850	35,150	431,000	23,824
Transfers	89,660	(89,660)	-	-
Total general revenues and transfer	<u>4,759,109</u>	<u>142,058</u>	<u>4,901,167</u>	<u>516,495</u>
Change in net position	1,960,972	106,174	2,067,146	32,883
Net position, beginning of year	<u>7,045,642</u>	<u>8,626,363</u>	<u>15,672,005</u>	<u>651,246</u>
Net position, end of year	<u>\$ 9,006,614</u>	<u>\$ 8,732,537</u>	<u>\$ 17,739,151</u>	<u>\$ 684,129</u>

(Concluded)

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

GRAND HAVEN CHARTER TOWNSHIP

**GOVERNMENTAL FUNDS
BALANCE SHEET**

DECEMBER 31, 2015

	<u>General</u>	<u>Municipal Street</u>	<u>Fire Protection</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 2,075,938	\$ 177,911	\$ 162,240	\$ 277,766	\$ 2,693,855
Receivables					
Accounts	625	-	40	3,279	3,944
Taxes	769,165	720,604	1,245,264	367,062	3,102,095
Due from other governments	432,935	-	-	-	432,935
Prepaid items	26,185	-	29,727	-	55,912
Total assets	<u>\$ 3,304,848</u>	<u>\$ 898,515</u>	<u>\$ 1,437,271</u>	<u>\$ 648,107</u>	<u>\$ 6,288,741</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 423,500	\$ 104,513	\$ 11,487	\$ 111,077	\$ 650,577
Accrued payroll and benefits	38,258	-	21,967	-	60,225
Total liabilities	<u>461,758</u>	<u>104,513</u>	<u>33,454</u>	<u>111,077</u>	<u>710,802</u>
Deferred inflows of resources					
Deferred revenue	769,165	720,604	1,245,264	367,062	3,102,095
Fund balances					
Nonspendable					
Prepaid items	26,185	-	29,727	-	55,912
Restricted					
Fire Protection	-	-	128,826	-	128,826
Transportation	-	73,398	-	-	73,398
Police Services	-	-	-	169,637	169,637
Assigned					
Future years expenditures	184,390	-	-	-	184,390
Debt service funds	-	-	-	331	331
Unassigned	1,863,350	-	-	-	1,863,350
Total fund balances	<u>2,073,925</u>	<u>73,398</u>	<u>158,553</u>	<u>169,968</u>	<u>2,475,844</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,304,848</u>	<u>\$ 898,515</u>	<u>\$ 1,437,271</u>	<u>\$ 648,107</u>	<u>\$ 6,288,741</u>

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

GRAND HAVEN CHARTER TOWNSHIP

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

DECEMBER 31, 2015

Fund balances - total governmental funds	\$ 2,475,844
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - land	2,022,055
Add - capital assets (net of accumulated depreciation)	5,648,969
An internal service fund is used by management to account for the centralized services provided to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.	
Add - net position of governmental activities accounted for in the internal service funds	176,915
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	(63,523)
Deduct - bonds and notes payable	(1,250,000)
Deduct - accrued interest on bonds and notes payable	<u>(3,646)</u>
Net position of governmental activities	<u>\$ 9,006,614</u>

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

GRAND HAVEN CHARTER TOWNSHIP

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General</u>	<u>Municipal Street</u>	<u>Fire Protection</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Property taxes	\$ 914,122	\$ 599,510	\$ 1,199,051	\$ 354,309	\$ 3,066,992
Licenses and permits	610,492	-	-	-	610,492
Federal	3,839	-	-	-	3,839
State	1,420,840	-	-	-	1,420,840
Charges for services	84,600	-	8,334	-	92,934
Fines	44,223	-	-	53,374	97,597
Interest	18,627	603	348	462	20,040
Miscellaneous	394,623	-	967	260	395,850
Total revenues	<u>3,491,366</u>	<u>600,113</u>	<u>1,208,700</u>	<u>408,405</u>	<u>5,708,584</u>
Expenditures					
Current					
General government	1,645,977	-	-	-	1,645,977
Public safety	-	-	1,130,570	384,760	1,515,330
Public works	137,884	328,876	-	-	466,760
Community and economic development	455,374	379,711	-	-	835,085
Culture and recreation	411,094	-	-	-	411,094
Debt service					
Principal	-	-	-	185,000	185,000
Interest	-	-	-	23,494	23,494
Capital outlay	515,556	-	-	-	515,556
Total expenditures	<u>3,165,885</u>	<u>708,587</u>	<u>1,130,570</u>	<u>593,254</u>	<u>5,598,296</u>
Revenues over (under) expenditures	<u>325,481</u>	<u>(108,474)</u>	<u>78,130</u>	<u>(184,849)</u>	<u>110,288</u>
Other financing sources (uses)					
Transfers in	-	99,980	-	208,510	308,490
Transfers out	(218,830)	-	-	-	(218,830)
Total other financing sources (uses)	<u>(218,830)</u>	<u>99,980</u>	<u>-</u>	<u>208,510</u>	<u>89,660</u>
Net changes in fund balances	106,651	(8,494)	78,130	23,661	199,948
Fund balances, beginning of year	<u>1,967,274</u>	<u>81,892</u>	<u>80,423</u>	<u>146,307</u>	<u>2,275,896</u>
Fund balances, end of year	<u>\$ 2,073,925</u>	<u>\$ 73,398</u>	<u>\$ 158,553</u>	<u>\$ 169,968</u>	<u>\$ 2,475,844</u>

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

GRAND HAVEN CHARTER TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

Net changes in fund balances - total governmental funds	\$ 199,948
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Amounts reported for *governmental activities* in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	2,044,622
Deduct - depreciation expense	(585,859)

Internal service funds are used by management to account for central services provided to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

Add - net income from the internal service funds	50,432
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Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add - principal payments on debt	185,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in post-employment benefits	66,091
Add - decrease in compensated absences	199
Add - decrease in accrued interest	539

Change in net position of governmental activities	<u>\$ 1,960,972</u>
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The accompanying notes are an integral part of these financial statements.

GRAND HAVEN CHARTER TOWNSHIP

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION**

DECEMBER 31, 2015

	Enterprise Funds		Enterprise Fund Total	Governmental Activities
	Sewer	Water		Internal Service
Assets				
Current assets				
Cash and pooled investments	\$ 1,138,666	\$ 1,300,698	\$ 2,439,364	\$ 147,382
Receivables				
Accounts	73,795	363,867	437,662	-
Property taxes	-	144,245	144,245	-
Special assessments (current portion)	41,190	-	41,190	-
Prepaid and other assets	3,091	11,735	14,826	27,861
Total current assets	<u>1,256,742</u>	<u>1,820,545</u>	<u>3,077,287</u>	<u>175,243</u>
Noncurrent assets				
Restricted cash	-	30,537	30,537	-
Special assessments receivable	74,236	-	74,236	-
Unamortized bond discount	7,073	-	7,073	-
Capital assets:				
Access rights, net	-	3,990,316	3,990,316	-
Non-depreciable	8,405	47,399	55,804	-
Depreciable capital assets, net	3,403,658	5,706,740	9,110,398	102,004
Total noncurrent assets	<u>3,493,372</u>	<u>9,774,992</u>	<u>13,268,364</u>	<u>102,004</u>
Total assets	<u>4,750,114</u>	<u>11,595,537</u>	<u>16,345,651</u>	<u>277,247</u>
Liabilities				
Current liabilities				
Accounts payable	59,045	76,670	135,715	16,163
Accrued payroll and benefits	7,067	28,514	35,581	-
Accrued interest payable	-	35,920	35,920	-
Current portion of long-term liabilities	140,000	532,262	672,262	-
Total current liabilities	<u>206,112</u>	<u>673,366</u>	<u>879,478</u>	<u>16,163</u>
Long-term liabilities				
Post-employment benefits	-	-	-	84,169
Bonds payable and obligations	870,000	6,391,653	7,261,653	-
Less current portion	(140,000)	(532,262)	(672,262)	-
Total long-term liabilities	<u>730,000</u>	<u>5,859,391</u>	<u>6,589,391</u>	<u>84,169</u>
Total liabilities	<u>936,112</u>	<u>6,532,757</u>	<u>7,468,869</u>	<u>100,332</u>
Deferred inflows of resources				
Unearned revenue - taxes	-	144,245	144,245	-
Net position				
Net investment in capital assets	2,549,136	3,352,802	5,901,938	102,004
Restricted for capital and debt service	-	30,537	30,537	-
Unrestricted	1,264,866	1,535,196	2,800,062	74,911
Total net position	<u>\$ 3,814,002</u>	<u>\$ 4,918,535</u>	<u>\$ 8,732,537</u>	<u>\$ 176,915</u>

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

GRAND HAVEN CHARTER TOWNSHIP

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

FOR THE YEAR ENDED DECEMBER 31, 2015

	Enterprise Funds		Enterprise Fund Total	Governmental
	Sewer	Water		Activities Internal Service
Operating revenue				
Charges for services				
Water sales	\$ -	\$ 2,021,774	\$ 2,021,774	\$ -
Sewage disposal services	268,292	-	268,292	-
Debt services charges	215,310	-	215,310	-
Penalties	3,949	36,325	40,274	-
Other charges	-	-	-	669,260
Total charges for services	487,551	2,058,099	2,545,650	669,260
Hydrant maintenance charges	-	10,146	10,146	-
Other revenue	2,921	32,229	35,150	-
Total operating revenue	<u>490,472</u>	<u>2,100,474</u>	<u>2,590,946</u>	<u>669,260</u>
Operating expense				
Administration	32,940	128,280	161,220	568,061
Plant operations and maintenance	350,851	1,220,683	1,571,534	-
Depreciation	171,358	361,293	532,651	50,767
Amortization	-	290,228	290,228	-
Total operating expense	<u>555,149</u>	<u>2,000,484</u>	<u>2,555,633</u>	<u>618,828</u>
Operating income (loss)	<u>(64,677)</u>	<u>99,990</u>	<u>35,313</u>	<u>50,432</u>
Non-operating revenue (expense)				
Interest income	15,375	4,438	19,813	-
Interest expense	(49,046)	(290,942)	(339,988)	-
Total non-operating revenue (expense)	<u>(33,671)</u>	<u>(286,504)</u>	<u>(320,175)</u>	<u>-</u>
Income (loss) before transfers and capital contributions	(98,348)	(186,514)	(284,862)	50,432
Other financing sources (uses)				
Transfers out	(25,020)	(64,640)	(89,660)	-
Total other financing sources (uses)	<u>(25,020)</u>	<u>(64,640)</u>	<u>(89,660)</u>	<u>-</u>
Capital contributions				
Connection fees and charges	133,904	170,037	303,941	-
Property taxes	-	176,755	176,755	-
Total capital contributions	<u>133,904</u>	<u>346,792</u>	<u>480,696</u>	<u>-</u>
Changes in net position	10,536	95,638	106,174	50,432
Net position, beginning of year	<u>3,803,466</u>	<u>4,822,897</u>	<u>8,626,363</u>	<u>126,483</u>
Net position, end of year	<u>\$ 3,814,002</u>	<u>\$ 4,918,535</u>	<u>\$ 8,732,537</u>	<u>\$ 176,915</u>

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

GRAND HAVEN CHARTER TOWNSHIP

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2015

	Enterprise Funds		Enterprise	Governmental
	Sewer	Water	Fund Total	Activities Internal Service
Cash flows from operating activities				
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ 669,260
Receipts from customers and users	501,320	2,045,830	2,547,150	-
Payments to employees	(80,603)	(399,854)	(480,457)	-
Payments to suppliers	(232,203)	(889,377)	(1,121,580)	(667,523)
Payments for interfund services used	(68,380)	(137,270)	(205,650)	-
Transfers	(25,020)	(64,640)	(89,660)	-
Net cash provided by (used in) operating activities	<u>95,114</u>	<u>554,689</u>	<u>649,803</u>	<u>1,737</u>
Cash flows from capital and related financing activities				
Connection charges	133,904	170,037	303,941	-
Special assessments collected	52,021	-	52,021	-
Property taxes	-	209,214	209,214	-
Principal paid on bonds	(135,000)	(515,087)	(650,087)	-
Interest paid on bonds	(48,091)	(291,512)	(339,603)	-
Acquisition of capital assets	(88,571)	(78,444)	(167,015)	(48,349)
Net cash provided by (used in) capital and related financing activities	<u>(85,737)</u>	<u>(505,792)</u>	<u>(591,529)</u>	<u>(48,349)</u>
Cash flows from investing activities				
Interest income	<u>15,375</u>	<u>4,438</u>	<u>19,813</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>15,375</u>	<u>4,438</u>	<u>19,813</u>	<u>-</u>
Net increase (decrease) in cash and pooled investments	24,752	53,335	78,087	(46,612)
Cash and pooled investments, beginning of year	<u>1,113,914</u>	<u>1,277,900</u>	<u>2,391,814</u>	<u>193,994</u>
Cash and pooled investments, end of year	<u>\$ 1,138,666</u>	<u>\$ 1,331,235</u>	<u>\$ 2,469,901</u>	<u>\$ 147,382</u>
Cash flows from operating activities				
Operating income (loss)	\$ (64,677)	\$ 99,990	\$ 35,313	\$ 50,432
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	171,358	361,293	532,651	50,767
Amortization	-	290,228	290,228	-
Transfers	(25,020)	(64,640)	(89,660)	-
Change in operating assets and liabilities which provided (used) cash:				
Accounts receivable	10,848	(22,186)	(11,338)	-
Prepaid assets and other items	(330)	(1,266)	(1,596)	(27,861)
Accounts payable	2,390	(76,270)	(73,880)	1,353
Post-employment benefits	-	-	-	(72,954)
Unearned revenue	-	(32,458)	(32,458)	-
Accrued liabilities	545	(2)	543	-
Net cash provided by (used in) operating activities	<u>\$ 95,114</u>	<u>\$ 554,689</u>	<u>\$ 649,803</u>	<u>\$ 1,737</u>

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

GRAND HAVEN CHARTER TOWNSHIP

**AGENCY FUNDS
STATEMENT OF ASSETS AND LIABILITIES**

DECEMBER 31, 2015

	<u>Agency Funds</u>
Assets	
Cash and pooled investments	\$ <u>3,155,246</u>
Total assets	\$ <u><u>3,155,246</u></u>
Liabilities	
Accounts payable	\$ <u>3,155,246</u>
Total liabilities	\$ <u><u>3,155,246</u></u>

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

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GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Grand Haven 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. Discretely presented component units are reported in separate columns in the financial statements to emphasize they are legally separate from the Township.

Blended Component Unit

The Building Authority (the "Authority") serves all the citizens of the Township and is governed by a Board appointed by the Township's Board. The primary purpose of the Authority is to acquire and construct recreational facilities including bike paths. The Authority issues bonds that are approved by the Township Board, and the legal liability for the Authority's debt remains with the Township. The Authority then leases the assets to the Township to finance the repayment of the bonds. The Authority is reported as a debt service fund. The Building Authority was allowed to sunset during the year.

Discretely Presented Component Unit

The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown area and promote economic growth within downtown. 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. They are reported in a separate column to emphasize they are 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.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when 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 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for state shared revenue, reimbursement-based grants, and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise funds include depreciation or amortization on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental funds:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Municipal Street Fund* is used to account for a special tax millage levied by the Township for the construction and maintenance of local streets and support of Harbor Transit transportation services.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

The *Fire Protection Fund* is used to account for a special tax millage levied by the Township for the operation of the fire department.

The Township reports the following major proprietary funds:

The *Sewer Enterprise Fund* is used to account for the operations of the Township's Wastewater Department that provides sewer services on a user charge basis.

The *Water Enterprise Fund* is used to account for the operations of the Township's Water Department that provides water services on a user charge basis.

Additionally, the Township reports the following fund types:

The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Debt Service Fund* is used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

The *Internal Service Funds* are used to account for the accumulation of funds and the payment of other post employment benefits and information technology costs.

The *Agency Fund* is used to account for the collection and disbursement of funds that are collected on behalf of the Township and outside governments or other parties.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the general and special revenue funds. General and special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Superintendent submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of a resolution.
4. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year-end.
5. Supplemental appropriations, when required to provide for appropriate expenditures are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the Township Board. All appropriations lapse at year-end.

The appropriated budget is prepared by fund, function and department. The Township Superintendent may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level. Supplemental appropriations were made during the year.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Cash and Pooled Investments

For the purpose of the statement of cash flows, the Townships cash and pooled investments are considered to be cash equivalents because the balances are readily available similar to a demand deposit account.

Investments

Investments are stated at fair value at the balance sheet date.

State statutes authorize the Township to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase that are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Prepaid Items

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

Restricted Cash

Certain cash of the water fund consists of monies collected from the water debt service levy that are unspent and are shown as restricted because their use is restricted to debt service.

Capital Assets

Capital assets, which include land, buildings and equipment, access rights, vehicles, improvements, and infrastructure assets (e.g., water and sewer systems, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	40
Utility systems	40
Land improvements	15
Furniture and equipment	5-20
Vehicles	5-20
Shared improvements	20
Access rights	20

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Township has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. The governmental funds and governmental activities report unearned revenues from property taxes levied for the following year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. For bonds issued after the implementation of GASB Statement No. 34, bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Compensated Absences

Under contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation and sick leave under formulas and conditions specified in the contracts. Accumulated compensated absences of governmental funds is recorded on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net position of the individual enterprise funds.

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.
4. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Net Position and Fund Balance Flow Assumptions

Sometimes the government 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/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Property Taxes

Township property taxes attach as an enforceable lien on property as of December 1 of each year and are due without penalty on or before February 14. Tax bills include the Township's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the county for collection, which advances the Township 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer. The December 1 levy is recorded as a receivable and unearned revenue at the end of the year and is intended to fund expenditures of the following year.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Charges between enterprise funds and other functions of the Township are not reimbursements because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Remaining transactions are generally reflected as transfers.

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; injuries to employees and natural disasters. The Township manages its liability and property risks as a member of the Michigan Participating Plan (MPP), a public entity risk pool providing liability and property coverage to its participating members. The Township pays an annual premium to MPP for its insurance coverage. The MPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Township manages its workers' compensation risk by participating in the Michigan Municipal Workers' Compensation Self-Insurance Fund (MMWCSIF), a public entity risk pool providing workers' compensation coverage to its participating members. The Township pays an annual premium to MMWCSIF for its workers' compensation coverage. The MMWCSIF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The Township carries commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

2. STATUTORY COMPLIANCE

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a departmental basis. The approved budgets of the Township for these budgeted funds were adopted at the department level.

During the year ended December 31, 2015, the Township incurred the following expenditures which were in excess of the amounts appropriated:

	<u>Budget</u>	<u>Actual</u>	<u>Variance (Unfavorable)</u>
Municipal Street Fund			
Public Works	\$326,500	\$328,876	\$(2,376)

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

3. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	Primary Government	Component Units	Fiduciary Funds	Total
Cash and pooled investments	\$5,280,601	\$813,613	\$3,155,246	\$9,249,460
Restricted cash	30,537	-	-	30,537
	\$5,311,138	\$813,613	\$3,155,246	\$9,279,997

The cash and investments making up the above balances are as follows:

Deposits	\$6,402,045
Petty cash	300
Investments	2,877,652
Total	\$9,279,997

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts except as noted are in the name of the Township and a specific fund or common account. They are recorded in Township records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require, and the Township does not have, a policy for deposit custodial credit risk. As of year-end, \$5,240,665 of the Township's bank balance of \$6,391,384 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

Investments

The Township chooses to disclose its investments by type. As of year-end, the Township had the following investments:

	Maturity	Fair Value	Rating	Source
Negotiable CD's with interest ranging from 0.5% to 1.7%	2/18/16 to 7/5/19	\$2,385,652	Unrated	N/A
Federal Home Loan Mortgage Corp.	9/30/20	246,029	AAA	Moody
Federal National Mortgage Assn.	6/13/19	245,971	AAA	Moody
Total		\$2,877,652		

Investment and deposit risk

Interest Rate Risk. State law and Township policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the Township does not have, a policy for investment custodial credit risk. The above investment securities were uninsured, unregistered and held by the counterparty for the Township.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2015</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 745,655	\$1,276,400	\$ -	\$2,022,055
Capital assets, being depreciated				
Land improvements	5,217,475	659,219	-	5,876,694
Buildings and improvements	4,363,183	38,444	-	4,401,627
Furniture and equipment	927,107	108,924	11,900	1,024,131
Vehicles	1,772,833	9,984	28,000	1,754,817
Shared improvements	543,386	-	-	543,386
Total capital assets, being depreciated	12,823,984	816,571	39,900	13,600,655
Less accumulated depreciation for				
Land improvements	3,532,524	162,438	-	3,694,962
Buildings and improvements	1,751,156	134,239	-	1,885,395
Furniture and equipment	661,522	243,114	11,900	892,736
Vehicles	846,215	69,666	28,000	887,881
Shared improvements	461,539	27,169	-	488,708
Total accumulated depreciation	7,252,956	636,626	39,900	7,849,682
Net capital assets, being depreciated	5,571,028	179,945	-	5,750,973
Governmental Activities capital assets, net	\$6,316,683	\$1,456,345	\$ -	\$7,773,028

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>January 1,</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2015</u>
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 55,804	\$ -	\$ -	\$ 55,804
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	55,804	-	-	55,804
Capital assets being depreciated				
Utility systems	19,680,571	113,511	-	19,794,082
Machinery and equipment	475,190	53,505	-	528,695
Total capital assets, being depreciated	20,155,761	167,016	-	20,322,777
Less accumulated depreciation for				
Utility systems	9,963,940	494,904	-	10,458,844
Machinery and equipment	715,788	37,747	-	753,535
Total accumulated depreciation	10,679,728	532,651	-	11,212,379
Net capital assets, being depreciated	9,476,033	(365,635)	-	9,110,398
Business-type Activities capital assets, net	\$9,531,837	\$(365,635)	\$ -	\$9,166,202

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

Governmental Activities	
General government	\$170,998
Public safety	158,146
Public works	100,684
Culture and recreation	62,513
Community and economic development	93,518
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	50,767
Total depreciation expense - governmental activities	\$636,626
 Business-type Activities	
Sewer	\$171,358
Water	361,293
Total depreciation expense - business- type activities	\$532,651

Access rights activity for the year was as follows:

	<u>Balance</u> <u>January 1,</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2015</u>
Business-type Activities				
Access rights	\$6,433,568	\$ -	\$ -	\$6,433,568
Less accumulated amortization	2,153,023	290,229	-	2,443,252
Access rights, net	\$4,280,545	\$(290,229)	\$ -	\$3,990,316

Amortization of \$290,229 has been charged to the water enterprise fund.

GRAND HAVEN CHARTER TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

5. INTERFUND TRANSACTIONS

Transfers in and out for the year are as follows:

Transfers out	Transfers in		
	Municipal Street Fund	Non-Major Funds	Total
General Fund	\$99,980	\$118,850	\$218,830
Sewer Fund	-	25,020	25,020
Water Fund	-	64,640	64,640
	\$99,980	\$208,510	\$308,490

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move allocated cost of general operations to applicable funds.

6. LONG-TERM DEBT

The following is a summary of the debt transactions of the Township for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015	Due Within One Year
Governmental Activities					
\$1,585,000 Refunding Bonds of 2013; due in annual installments of \$150,000 to \$230,000 plus interest at 1.75% through May 2021	\$1,435,000	\$ -	\$185,000	\$1,250,000	\$190,000
Other post-employment benefits	223,214	-	139,045	84,169	-
Accrued employee benefits	63,722	-	199	63,523	-
Total Governmental Activities	\$1,721,936	\$ -	\$324,244	\$1,397,692	\$190,000

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2015</u>	<u>Due Within One Year</u>
Business-type Activities					
\$1,100,000 Township portion of Ottawa County Wastewater Collection Bonds of 1996; due in annual installments of \$60,000 to \$95,000 plus interest at 5.60-5.75% through July 2016	\$ 185,000	\$ -	\$ 90,000	\$ 95,000	\$ 95,000
\$4,670,000 Township portion of Ottawa County Refunding Bonds of 2005; due in annual installments of \$295,000 to \$410,000 plus interest at 3.500-4.375% through July 2019	1,750,000	-	375,000	1,375,000	390,000
\$985,000 Township portion of Ottawa County Wastewater System Improvement Bonds of 2008; due in annual installments of \$40,000 to \$75,000 plus interest at 4.25-5.10% through July 2028	820,000	-	45,000	775,000	45,000
\$4,677,636 Township portion of Ottawa County Water Supply Bonds of 2009 (Northwest Ottawa Water System Improvements) - expansion portion, due in annual installments of \$32,613 to \$407,663 plus interest at 2.4% to 7.25% through May 2034	4,402,754	-	51,249	4,351,505	46,590
\$1,015,944 Township portion of Ottawa County 2010 Water Supply Refunding Bonds, due in installments of \$35,000 to \$280,000 plus interest at 2.0% to 2.625% through May 2021	753,986	-	88,838	665,148	95,672
Total	7,911,740	-	650,087	7,261,653	672,262
Bond discount	(8,028)	-	(955)	(7,073)	-
Accrued employee benefits	27,590	-	374	27,216	-
Total Business-type Activities	\$7,931,302	\$ -	\$649,506	\$7,281,796	\$672,262

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

The annual requirements to amortize all debt outstanding (excluding issuance discount, bond issuance, other post-employment benefits and accrued employee benefits) as of December 31, 2015 are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 190,000	\$ 20,212	\$ 672,262	\$ 303,568
2017	195,000	16,844	604,487	278,326
2018	205,000	13,344	478,992	257,515
2019	210,000	9,713	498,497	238,756
2020	220,000	5,950	208,342	225,619
2021-2025	230,000	2,012	1,518,110	955,098
2026-2030	-	-	1,759,800	562,780
2031-2034	-	-	1,521,163	147,596
Total	\$1,250,000	\$68,075	\$7,261,653	\$2,969,258

7. PENSION PLANS

Defined Contribution Pension Plans

The Township maintains a defined contribution pension plan administered by Manulife Financial USA that covers substantially all full time employees. Participants contribute 5 percent of their salaries to the plan and the Township contributes 10 percent of each eligible employee's salary to the plan. Employees are also able to make additional voluntary contributions. Plan provision and contribution requirements are established and may be amended by the Board. The Township's contribution for 2015 was \$147,782 and the employees' contribution was \$73,903.

Deferred Compensation Plan

The Township offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All Assets of the plan are held in trust for employees and the related assets and liabilities are not included in this report.

8. OTHER POST-EMPLOYMENT BENEFITS

The Township administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). This benefit plan is authorized, and applicable benefit requirements are identified, in the Township personnel policy and union agreements. The plan provides employees retiring with 15 years of full time employment with partial payment of full hospitalization benefits until Medicare eligible for a two person contract. The Retiree Health Plan does not issue a publicly available financial report and a legal trust has not been established for the plan.

The Township's contribution to this plan is provided on a pay-as-you-go basis. For the current year, the annual required contribution (ARC) was \$23,900 while the Township contributed \$16,243 during 2015 to provide insurance coverage for 4 retired employees.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

The Township's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of governmental accounting standards. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The first valuation of the Retiree Health Plan was performed as of December 31, 2008 with the requirements of governmental accounting standards being implemented prospectively. Fiscal year 2009 was the first year for which an actuarially required contribution (ARC) was determined.

The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's OPEB obligation to the plan.

Annual required contribution	\$ 23,900
Interest on Net OPEB obligation	8,929
Adjustment to annual required contribution	<u>(155,631)</u>
Annual OPEB cost	(122,802)
Contribution made	<u>16,243</u>
Increase (decrease) in net OPEB obligation	(139,045)
Net OPEB obligation, beginning of year	<u>223,214</u>
Net OPEB obligation, end of year	<u>\$ 84,169</u>

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/31/13	\$68,768	4.7%	\$153,814
12/31/14	71,983	3.6%	223,214
12/31/15	(122,802)	n/a	84,169

Schedule of Funding Progress

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/15	\$ -	\$271,625	\$271,625	0%	\$377,566	72%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

In the December 31, 2015, actuarial valuation the Plan utilized the entry age normal actuarial cost method; level percent, closed amortization method; and an amortization period of 24 years. The actuarial assumptions included a 0% return on plan net position as the plan is not funded, a discount rate of 4%, a 2.5% salary scale, a 5% underlying inflation rate and 3% excess medical rate graded down to 0% over 6 years.

During 2015, the Township bought out certain classes of employees and they are no longer participating in the Plan.

9. JOINT VENTURES

The Township is a member of the Grand Haven - Spring Lake Sewer Authority (Authority). The Township appoints one member to the joint venture's governing board, which then approves the annual budget. In the current year, the Township paid \$158,761 to the Authority for sewage treatment. The purpose of the Grand Haven - Spring Lake Sewer Authority is to acquire, own, improve, enlarge, extend and operate a sewage disposal system. The Authority is governed by a Board of Trustees containing seven members. The participating communities (Cities of Grand Haven and Ferrysburg, Townships of Spring Lake and Grand Haven and the Village of Spring Lake) pay a set rate to the Authority to process waste. This rate includes amounts to finance the Authority's debt. At December 31, 2015, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to approximately \$270,000. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street, Grand Haven, MI 49417).

The Township is also a member of the Northwest Ottawa Water Treatment Plant. The Township appoints one member to the joint venture's governing board, which then approves the annual budget. In the current year, the Township paid \$535,289 to the plant to purchase water. The purpose of the Northwest Ottawa Water Treatment Plant is to acquire, construct, finance, operate and maintain a water production facility. The plant is governed by an administrative committee composed of one representative from each of the participating communities (Cities of Grand Haven and Ferrysburg, Townships of Grand Haven and Spring Lake and the Village of Spring Lake). These participating communities pay for water at a rate that is estimated to cover operation, maintenance, replacement and debt service. Ottawa County has issued general obligation bonds to provide for the acquisition, construction and financing of improvements to the Northwest Ottawa Water System. Each participating municipality has entered into contracts with Ottawa County pledging its full faith and credit for its respective share of the bond obligation. At December 31, 2015, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to approximately \$1,100,000. The Township is unaware of any other circumstances that would cause an additional benefit or burden to the participating government in the near future. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street, Grand Haven, MI 49417).

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

10. CONSTRUCTION CODE FEES

The Township oversees building construction in accordance with the State of Michigan Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall – January 1, 2015	<u>\$(854,757)</u>
Current year building permit revenues	348,512
Related Expenses	
Direct costs	301,044
Indirect Costs	<u>35,003</u>
Total construction code expenses	<u>336,047</u>
Excess for the year ended December 31, 2015	<u>12,465</u>
Cumulative shortfall – December 31, 2015	<u><u>\$(842,292)</u></u>

11. CONTINGENT LIABILITIES

In the normal course of its operations, the Township has become a party in various legal actions, including property tax appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

GRAND HAVEN CHARTER TOWNSHIP

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 908,910	\$ 913,900	\$ 914,122	\$ 222
Licenses and permits	539,250	598,725	610,492	11,767
Federal	-	3,840	3,839	(1)
State	1,214,150	1,490,650	1,420,840	(69,810)
Charges for services	52,000	70,500	84,600	14,100
Fines	39,760	44,085	44,223	138
Interest	12,080	22,080	18,627	(3,453)
Miscellaneous	369,520	394,380	394,623	243
Total revenues	<u>3,135,670</u>	<u>3,538,160</u>	<u>3,491,366</u>	<u>(46,794)</u>
Expenditures				
Current				
General government				
Township board	146,800	158,750	153,104	5,646
Supervisor	22,490	22,490	21,291	1,199
Elections	20,640	21,660	21,294	366
Finance	208,520	208,520	203,841	4,679
Assessor	199,550	199,550	190,436	9,114
Clerk	28,430	28,430	25,336	3,094
Board of appeals	3,180	5,940	5,660	280
Board of review	2,670	2,670	738	1,932
Administration	483,180	685,780	680,604	5,176
Treasurer	26,640	26,640	25,222	1,418
Buildings and grounds	212,820	184,190	173,513	10,677
Cemetery	109,060	146,060	144,938	1,122
Public works				
Street lighting	120,500	121,500	120,375	1,125
Waste collection	8,600	9,460	9,451	9
Drains	2,500	8,060	8,058	2
Community and economic development				
Building and zoning	437,930	449,300	435,854	13,446
Planning commission	23,790	23,790	19,520	4,270
Culture and recreation				
Parks and recreation	271,320	296,430	291,509	4,921
Bike paths	107,210	121,710	119,585	2,125
Capital outlay	390,720	563,620	515,556	48,064
Total expenditures	<u>2,826,550</u>	<u>3,284,550</u>	<u>3,165,885</u>	<u>118,665</u>
Revenues over (under) expenditures	<u>309,120</u>	<u>253,610</u>	<u>325,481</u>	<u>71,871</u>
Other financing sources (uses)				
Transfers out	<u>(318,850)</u>	<u>(218,850)</u>	<u>(218,830)</u>	<u>20</u>
Total other financing sources (uses)	<u>(318,850)</u>	<u>(218,850)</u>	<u>(218,830)</u>	<u>20</u>
Net changes in fund balances	(9,730)	34,760	106,651	71,891
Fund balances, beginning of year	<u>1,967,274</u>	<u>1,967,274</u>	<u>1,967,274</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,957,544</u>	<u>\$ 2,002,034</u>	<u>\$ 2,073,925</u>	<u>\$ 71,891</u>

GRAND HAVEN CHARTER TOWNSHIP

**MUNICIPAL STREET SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 600,590	\$ 600,590	\$ 599,510	\$ (1,080)
Interest	10	400	603	203
Total revenues	<u>600,600</u>	<u>600,990</u>	<u>600,113</u>	<u>(877)</u>
Expenditures				
Current				
Public works	421,400	326,500	328,876	(2,376)
Community and economic development	<u>379,200</u>	<u>380,050</u>	<u>379,711</u>	<u>339</u>
Total expenditures	<u>800,600</u>	<u>706,550</u>	<u>708,587</u>	<u>(2,037)</u>
Revenues over (under) expenditures	(200,000)	(105,560)	(108,474)	1,160
Other financing sources (uses)				
Transfers in	<u>200,000</u>	<u>100,000</u>	<u>99,980</u>	<u>20</u>
Net changes in fund balances	-	(5,560)	(8,494)	1,180
Fund balances, beginning of year	<u>81,892</u>	<u>81,892</u>	<u>81,892</u>	<u>-</u>
Fund balances, end of year	<u>\$ 81,892</u>	<u>\$ 76,332</u>	<u>\$ 73,398</u>	<u>\$ 1,180</u>

GRAND HAVEN CHARTER TOWNSHIP

**FIRE PROTECTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,200,780	\$ 1,200,780	\$ 1,199,051	\$ (1,729)
Federal	1,500	-	-	-
Charges for services	12,550	13,050	8,334	(4,716)
Investment earnings	50	1,550	348	(1,202)
Miscellaneous	2,900	2,900	967	(1,933)
Total revenues	1,217,780	1,218,280	1,208,700	(9,580)
Expenditures				
Current				
Public safety	1,077,520	1,131,080	1,130,570	510
Net changes in fund balances	140,260	87,200	78,130	(9,070)
Fund balances, beginning of year	80,423	80,423	80,423	-
Fund balances, end of year	\$ 220,683	\$ 167,623	\$ 158,553	\$ (9,070)

GRAND HAVEN CHARTER TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2015

**RETIREE HEALTH OTHER POST-EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2008	\$ -	\$ 191,727	\$ 191,727	0.00%	\$ 1,357,845	14.12%
12/31/2012	-	622,635	622,635	0.00%	1,330,585	46.79%
12/31/2015	-	271,625	271,625	0.00%	377,566	71.94%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
2013	\$ 68,842	\$ 3,265	5%
2014	72,111	2,583	4%
2015	23,900	16,243	68%

Note to required supplementary information

Budgets and Budgetary Accounting

The Township adopts an annual budget for general and special revenue funds following the GAAP basis of accounting. Unexpended appropriations lapse at year end.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

GRAND HAVEN CHARTER TOWNSHIP

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

DECEMBER 31, 2015

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
	<u>Police Services</u>	<u>Refunded Township Building Debt</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 277,435	\$ 331	\$ 277,766
Receivables:			
Accounts	3,279	-	3,279
Taxes	<u>367,062</u>	<u>-</u>	<u>367,062</u>
Total assets	<u>\$ 647,776</u>	<u>\$ 331</u>	<u>\$ 648,107</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 111,077	\$ -	\$ 111,077
Total liabilities	<u>111,077</u>	<u>-</u>	<u>111,077</u>
Deferred inflows of resources			
Unearned revenue - taxes	<u>367,062</u>	<u>-</u>	<u>367,062</u>
Fund balances			
Restricted			
Police services	169,637	-	169,637
Assigned	<u>-</u>	<u>331</u>	<u>331</u>
Total fund balances	<u>169,637</u>	<u>331</u>	<u>169,968</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 647,776</u>	<u>\$ 331</u>	<u>\$ 648,107</u>

GRAND HAVEN CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
	<u>Police Services</u>	<u>Refunded Township Building Debt</u>	<u>Total</u>
Revenues			
Property taxes	\$ 354,309	\$ -	\$ 354,309
Fines	53,374	-	53,374
Investment earnings	462	-	462
Miscellaneous	260	-	260
Total revenues	<u>408,405</u>	<u>-</u>	<u>408,405</u>
Expenditures			
Current			
Public safety	384,760	-	384,760
Debt Service			
Principal	-	185,000	185,000
Interest	-	23,494	23,494
Total expenditures	<u>384,760</u>	<u>208,494</u>	<u>593,254</u>
Revenues over (under) expenditures	23,645	(208,494)	(184,849)
Other financing sources (uses)			
Transfers in	-	208,510	208,510
Net changes in fund balances	23,645	16	23,661
Fund balances, beginning of year	<u>145,992</u>	<u>315</u>	<u>146,307</u>
Fund balances, end of year	<u>\$ 169,637</u>	<u>\$ 331</u>	<u>\$ 169,968</u>

GRAND HAVEN CHARTER TOWNSHIP

**POLICE SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 354,500	\$ 354,500	\$ 354,309	\$ (191)
Fines	45,000	52,000	53,374	1,374
Interest	20	470	462	(8)
Miscellaneous	500	500	260	(240)
Total revenues	400,020	407,470	408,405	935
Expenditures				
Current				
Public safety	406,980	406,980	384,760	22,220
Net changes in fund balances	(6,960)	490	23,645	23,155
Fund balances, beginning of year	145,992	145,992	145,992	-
Fund balances, end of year	<u>\$ 139,032</u>	<u>\$ 146,482</u>	<u>\$ 169,637</u>	<u>\$ 23,155</u>

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GRAND HAVEN CHARTER TOWNSHIP

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION**

DECEMBER 31, 2015

	Internal Service		Total
	OPEB	Information Technologies	
Assets			
Current assets			
Cash and pooled investments	\$ 100,939	\$ 46,443	\$ 147,382
Prepaid and other assets	-	27,861	27,861
	100,939	74,304	175,243
Total current assets			
Noncurrent assets			
Capital assets:			
Depreciable capital assets, net	-	102,004	102,004
	-	102,004	102,004
Total noncurrent assets			
	-	102,004	102,004
Total assets	100,939	176,308	277,247
Liabilities			
Current liabilities			
Accounts payable	-	16,163	16,163
Long-term liabilities			
Post-employment benefits	84,169	-	84,169
	84,169	-	84,169
Total liabilities	84,169	16,163	100,332
Net position			
Net investment in capital assets	-	102,004	102,004
Unrestricted	16,770	58,141	74,911
	16,770	58,141	74,911
Total net position	\$ 16,770	\$ 160,145	\$ 176,915

GRAND HAVEN CHARTER TOWNSHIP

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2015

	Internal Service		<u>Total</u>
	<u>OPEB</u>	<u>Information Technologies</u>	
Operating revenue			
Charges for services			
Other charges	\$ 471,980	\$ 197,280	\$ 669,260
Total operating revenue	<u>471,980</u>	<u>197,280</u>	<u>669,260</u>
Operating expense			
Administration	455,210	112,851	568,061
Depreciation	<u>-</u>	<u>50,767</u>	<u>50,767</u>
Total operating expense	<u>455,210</u>	<u>163,618</u>	<u>618,828</u>
Changes in net position	16,770	33,662	50,432
Net position, beginning of year	<u>-</u>	<u>126,483</u>	<u>126,483</u>
Net position, end of year	<u>\$ 16,770</u>	<u>\$ 160,145</u>	<u>\$ 176,915</u>

GRAND HAVEN CHARTER TOWNSHIP

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Internal Service		Total
	OPEB	Information Technologies	
Cash flows from operating activities			
Receipts from internal services provided	\$ 471,980	\$ 197,280	\$ 669,260
Payments to suppliers	(528,164)	(139,359)	(667,523)
Net cash provided by (used in) operating activities	(56,184)	57,921	1,737
Cash flows from capital and related financing activities			
Acquisition of capital assets	-	(48,349)	(48,349)
Net cash provided by (used in) capital and related financing activities	-	(48,349)	(48,349)
Net increase (decrease) in cash and pooled investments	(56,184)	9,572	(46,612)
Cash and pooled investments, beginning of year	157,123	36,871	193,994
Cash and pooled investments, end of year	<u>\$ 100,939</u>	<u>\$ 46,443</u>	<u>\$ 147,382</u>
Cash flows from operating activities			
Operating income (loss)	\$ 16,770	\$ 33,662	\$ 50,432
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	-	50,767	50,767
Change in operating assets and liabilities which provided (used) cash:			
Prepaid assets and other items	-	(27,861)	(27,861)
Accounts payable	-	1,353	1,353
Post-employment benefits	(72,954)	-	(72,954)
Net cash provided by (used in) operating activities	<u>\$ (56,184)</u>	<u>\$ 57,921</u>	<u>\$ 1,737</u>