



COUNTY OF OTTAWA, MICHIGAN

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017



Vredeveld Haefner LLC
CPAs and Consultants

Grand Haven Charter Township

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INDEPENDENT AUDITORS' REPORT

April 3, 2018

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, 2017, 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, 2017, 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 9 and the information on pages 41 through 45 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.

Uredexeld 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, 2017. 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

- New construction activity experienced the second highest year in building fees totaling \$54.4 million. About \$51 million was residential with 72 single family homes, 224 apartments and 65 mobile homes added. Commercial construction added \$3.4 million to the total, while industrial was very low at only \$20,000.
- About 2.7 miles of roadway were re-surfaced at a cost of almost \$350,000.
- The Fire/Rescue Department experienced another record year with over 1,198 emergency runs with a budget of about \$1.14 million.
- In the second year of a five-year project, the DPW department replaced 1,299 MXU's during 2017 at a cost of approximately \$225,000.
- Harbor Transit provided over 50,000 rides with the Township contributing about \$385,000 to this authority.
- A new Pathway fund was established to reflect the approved 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. Bonds were issued in the amount of \$4.54 million and 1.6 miles of new pathway were added at an approximate cost of \$725,000.
- The DDA completed the reconstruction of 168th Avenue from Ferris Street to Johnson Street, which included resurfacing, curb and gutter, storm water and extension of sanitary sewer at a cost of approximately \$1,047,000.
- Improvements were made to the Township's parks totaling just over \$222,000 which included the addition of an ADA compliant trail, security camera upgrades, reroofing of shelters at Pottawattomie Park, and new decking at Hofma Preserve.

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 seven 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, fire protection fund and pathways construction 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 \$21,069,849 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>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> |
| Current and other assets | \$7,114,038 | \$11,586,286 | \$3,384,090 | \$3,773,179 | \$10,498,128 | \$15,359,465 |
| Capital assets | 7,595,046 | 9,465,641 | 12,615,417 | 12,562,496 | 20,210,463 | 22,028,137 |
| Total assets | <u>14,709,084</u> | <u>21,051,927</u> | <u>15,999,507</u> | <u>16,335,675</u> | <u>30,708,591</u> | <u>37,387,602</u> |
| Deferred outflows of resources | - | 23,160 | 386,959 | 365,461 | 386,959 | 388,621 |
| Long-term liabilities outstanding | 1,011,826 | 5,313,599 | 6,400,133 | 5,843,724 | 7,411,959 | 11,157,323 |
| Other liabilities | 824,464 | 1,188,376 | 852,565 | 896,331 | 1,677,029 | 2,084,707 |
| Total liabilities | <u>1,836,290</u> | <u>6,501,975</u> | <u>7,252,698</u> | <u>6,740,055</u> | <u>9,088,988</u> | <u>13,242,030</u> |
| Deferred inflows of resources | 3,359,994 | 3,464,344 | 129,873 | - | 3,489,867 | 3,464,344 |
| Net position: | | | | | | |
| Net investment in capital assets | 6,535,046 | 8,121,366 | 6,458,487 | 6,270,898 | 12,993,533 | 14,392,264 |
| Restricted | 506,877 | 606,760 | 20,524 | - | 527,401 | 606,760 |
| Unrestricted | <u>2,470,877</u> | <u>2,380,642</u> | <u>2,524,884</u> | <u>3,690,183</u> | <u>4,995,761</u> | <u>6,070,825</u> |
| Total net position | <u>\$9,512,800</u> | <u>\$11,108,768</u> | <u>\$9,003,895</u> | <u>\$9,961,081</u> | <u>\$18,516,695</u> | <u>\$21,069,849</u> |

A significant portion of the Township's net position (26 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 \$2,306,048 during the current fiscal year.

Changes in Net Position

| | <u>Governmental activities</u> | | <u>Business-type activities</u> | | <u>Total</u> | |
|---|--------------------------------|---------------------|---------------------------------|--------------------|---------------------|---------------------|
| | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> |
| Revenue: | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$1,086,261 | \$1,071,400 | \$2,687,700 | \$3,049,003 | \$3,773,961 | \$4,120,403 |
| Operating grants and contributions | - | 42,360 | - | - | - | 42,360 |
| Capital grants and contributions | - | - | 386,379 | 397,531 | 386,379 | 397,531 |
| General revenue: | | | | | | |
| Property taxes | 3,176,761 | 3,538,233 | 144,254 | 129,903 | 3,321,015 | 3,668,136 |
| State sources | 1,216,107 | 1,307,952 | - | - | 1,216,107 | 1,307,952 |
| Unrestricted investment earnings | 32,230 | 23,115 | 31,004 | 18,568 | 63,234 | 41,683 |
| Other | 393,753 | 386,193 | 35,410 | 440,351 | 429,163 | 826,544 |
| Total revenue | <u>5,905,112</u> | <u>6,369,253</u> | <u>3,284,747</u> | <u>4,035,356</u> | <u>9,189,859</u> | <u>10,404,609</u> |
| | | | | | | |
| Expenses: | | | | | | |
| General government | 1,634,780 | 1,238,170 | - | - | 1,634,780 | 1,238,170 |
| Public safety | 1,643,145 | 1,092,331 | - | - | 1,643,145 | 1,092,331 |
| Public works | 439,094 | 614,446 | - | - | 439,094 | 614,446 |
| Community and economic development | 911,987 | 738,500 | - | - | 911,987 | 738,500 |
| Culture and recreation | 840,641 | 1,353,675 | - | - | 840,641 | 1,353,675 |
| Interest on long-term debt | 19,659 | 74,369 | - | - | 19,659 | 74,369 |
| Sewer fund | - | - | 591,125 | 568,026 | 591,125 | 568,026 |
| Water fund | - | - | 2,331,884 | 2,419,044 | 2,331,884 | 2,419,044 |
| Total expenses | <u>5,489,306</u> | <u>5,111,491</u> | <u>2,923,009</u> | <u>2,987,070</u> | <u>8,412,315</u> | <u>8,098,561</u> |
| | | | | | | |
| Change before contributions and transfers | 415,806 | 1,257,762 | 361,738 | 1,048,286 | 777,544 | 2,306,048 |
| Transfers | 90,380 | 91,100 | (90,380) | (91,100) | - | - |
| Change in net position | <u>506,186</u> | <u>1,348,862</u> | <u>271,358</u> | <u>957,186</u> | <u>777,544</u> | <u>2,306,048</u> |
| Net position - beginning of year, as restated | <u>9,006,614</u> | <u>9,759,906</u> | <u>8,732,537</u> | <u>9,003,895</u> | <u>17,739,151</u> | <u>18,763,801</u> |
| Net position - end of year | <u>\$9,512,800</u> | <u>\$11,108,768</u> | <u>\$9,003,895</u> | <u>\$9,961,081</u> | <u>\$18,516,695</u> | <u>\$21,069,849</u> |

Governmental Activities. During the year the Township invested \$1,353,675 or 26% of governmental activities expenses in culture and recreation. General government expenses amounted to \$1,238,170 or 24% of governmental activities while public safety, public works, community and economic development, and interest on long-term debt made up the remaining 50% of governmental activities expenses.

Beginning net position of governmental activities was reduced by \$133,056 to recognize the net other post-employment benefits liability at the beginning of the year in accordance with the implementation of GASB Statement No. 75. Beginning net position of governmental activities was increased by \$380,162 to correct depreciation of capital assets.

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 \$7,155,885, an increase of \$4,118,779 in comparison with the prior year. Of the \$7,155,885, \$2,528,069 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 \$2,131,240. 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 61% of total general fund expenditures. The fund balance of the Township's general fund decreased by \$1,842 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 \$5,891, a decrease of \$47,022 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 \$445,671, an increase of \$160,817 over the prior year.

The pathways construction fund is used to account for the bond proceeds and related capital outlay for new pathways within the Township. At the end of the current fiscal year, fund balance was \$4,020,725 primarily due to unspent bond proceeds from the \$4.5 million pathway construction bond issued during the 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 \$1,560,536 and \$2,129,647 respectively. The sewer fund had an increase in net position for the year of \$611,864. The water fund had an increase in net position for the year of \$345,322.

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, 2017, amounted to \$18,618,281 (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 | 4,454,309 | - | 4,454,309 |
| Land improvements | 8,138,614 | - | 8,138,614 |
| Furniture, machinery and equipment | 1,192,798 | 587,328 | 1,780,126 |
| Vehicles | 1,784,934 | - | 1,784,934 |
| Shared improvements | 543,386 | - | 543,386 |
| Utility systems | - | 20,768,889 | 20,768,889 |
| Accumulated depreciation | (8,670,455) | (12,259,384) | (20,929,839) |
| Total | \$ 9,465,641 | \$ 9,152,637 | \$ 18,618,278 |

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 | \$ 67,540 | \$ 25,817 | \$ 93,357 |
| Bonds payable | 5,365,000 | 5,558,605 | 10,923,605 |
| Total | \$5,432,540 | \$5,584,422 | \$11,016,962 |

The Township made principle payments on bonds outstanding totaling \$799,489 during the year. Capital improvement bonds totaling \$4,500,000 were issued.

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 and related trade permit fees exceeded the budgeted amount by approximately \$216,000 mainly due to The Village at Rosy Mound and Piper Lakes (Phase II) apartment projects as well as a record year in residential construction activity.
- The legislative budget was increased by approximately \$65,000 as a result of additional employee training, contributions to area wide programs, and contracted services to help residents clean up after the July wind storm.
- The Administrative budget showed an increase mid-year of approximately \$50,000 to reflect the hiring of a human resources manager and related benefits.
- The Community Development budget saw a corresponding increase in inspection fees of \$55,000 due to the high construction activity as well as vehicle purchase of \$27,000.
- Budget expenditures in the Drain account were increased by \$217,000 due to a board decision to pay the total cost of the Hiawatha Drain addition in one lump sum.
- The Parks and Recreation budget was increased by approximately \$167,000 to reflect the approval of several parks improvements including an ADA trail as well as extensive trail maintenance.
- The Bike Path account reflected a decrease in budgeted amounts of almost \$148,000 due to the postponement of a resurfacing project to fiscal year 2018.
- The DDA Fund revenues exceeded budgeted amounts by approximately \$110,000 as a result of a larger than anticipated reimbursement for lost personal property tax revenue from the State of Michigan.
- Budget amendments were made in the amount of \$78,000 for the creation of the Pathway Debt Service Fund to account for the annual pathway debt payments.
- The newly created Pathway fund showed budget increases for bond related revenues and pathway construction costs in the amount of \$4,878,000 and \$995,000, respectively.
- Budgeted expenditures in the water fund increased by approximately \$301,000 relating to increased water purchases of \$48,000 along with Nows audit billing of \$84,000, Nows plant expansion of \$106,000, and equipment purchases/maintenance of \$25,000.
- Contributions to the Information Technologies Fund as well as computer related expenditures increased by almost \$88,000 resulting from a board decision to switch IT management firms as well as the purchase of asset management software.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2018 fiscal year:

- Property values are expected to increase by about 3.93% in 2018 which will cause the Township's SEV to exceed \$1 billion.
- Revenues associated with construction activity are expected to continue with their current trend totaling \$360,000 in estimated permit fees.
- Parks expenditures are budgeted about \$230,000 less than 2017 expenditures to reflect the absence of major capital improvement projects planned for 2018.
- The second phase of pathway construction will be completed in 2018 at an estimated cost of \$1,736,000 along with planned resurfacing to portions of the existing pathway in the amount of \$214,000.
- The Township will resurface about 1.65 miles of subdivision roads during 2018 at a cost of about \$386,250.
- There are no budgeted projects for the DDA fund in 2018.
- A total of \$497,800 in debt payments will be made during 2018 from the Pathway Debt Fund and Refunded Building Debt Fund.
- The DPW department will continue a five-year long project to replace existing MXU's at a cost of approximately \$222,00 for 2018.
- The sewer and water departments have several capital projects planned that include the upgrading of three remaining pump stations to utilize the SCADA program for \$45,000, replacement of vehicles at \$38,000, and the upsizing of Brucker Street watermain totaling \$180,000.

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.

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BASIC FINANCIAL STATEMENTS

GRAND HAVEN CHARTER TOWNSHIP

STATEMENT OF NET POSITION

DECEMBER 31, 2017

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|----------------------|--------------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Downtown Development Authority |
| Assets | | | | |
| Cash and pooled investments | \$ 7,834,085 | \$ 2,906,817 | \$ 10,740,902 | \$ 840,939 |
| Receivables | | | | |
| Accounts | 4,003 | 522,320 | 526,323 | - |
| Taxes | 3,463,306 | - | 3,463,306 | 453,190 |
| Special assessments (current portion) | - | 26,495 | 26,495 | - |
| Due from other governments | 214,391 | - | 214,391 | - |
| Prepaid items | 70,501 | 205,193 | 275,694 | - |
| Total current assets | 11,586,286 | 3,660,825 | 15,247,111 | 1,294,129 |
| Noncurrent assets | | | | |
| Special assessments receivable | - | 107,053 | 107,053 | - |
| Unamortized bond discount | - | 5,301 | 5,301 | - |
| Capital assets: | | | | |
| Access rights, net | - | 3,409,859 | 3,409,859 | - |
| Non-depreciable | 2,022,055 | 55,804 | 2,077,859 | - |
| Depreciable capital assets, net | 7,443,586 | 9,096,833 | 16,540,419 | - |
| Total noncurrent assets | 9,465,641 | 12,674,850 | 22,140,491 | - |
| Total assets | 21,051,927 | 16,335,675 | 37,387,602 | 1,294,129 |
| Deferred outflows | | | | |
| Deferred loss on bond refunding | - | 365,461 | 365,461 | - |
| Deferred outflow related to OPEB | 23,160 | - | 23,160 | - |
| Total deferred outflows | 23,160 | 365,461 | 388,621 | - |
| Liabilities | | | | |
| Accounts payable | 737,882 | 369,443 | 1,107,325 | - |
| Accrued payroll and benefits | 75,348 | 11,996 | 87,344 | - |
| Accrued interest payable | 25,146 | 35,900 | 61,046 | - |
| Current portion of noncurrent liabilities | 350,000 | 478,992 | 828,992 | - |
| Total current liabilities | 1,188,376 | 896,331 | 2,084,707 | - |
| Long-term liabilities | | | | |
| Post-employment benefits | 231,059 | - | 231,059 | - |
| Compensated absences | 67,540 | 25,817 | 93,357 | - |
| Unamortized bond premium | - | 738,294 | 738,294 | - |
| Bonds and notes payable | 5,365,000 | 5,558,605 | 10,923,605 | - |
| Less current portion | (350,000) | (478,992) | (828,992) | - |
| Total long-term liabilities | 5,313,599 | 5,843,724 | 11,157,323 | - |
| Total liabilities | 6,501,975 | 6,740,055 | 13,242,030 | - |
| Deferred inflows of resources | | | | |
| Unearned revenue | 3,463,306 | - | 3,463,306 | 453,190 |
| Deferred inflow related to OPEB | 1,038 | - | 1,038 | - |
| Total deferred inflows of resources | 3,464,344 | - | 3,464,344 | 453,190 |
| Net position | | | | |
| Net investment in capital assets | 8,121,366 | 6,270,898 | 14,392,264 | - |
| Restricted for | | | | |
| Fire protection | 445,671 | - | 445,671 | - |
| Transportation | 5,891 | - | 5,891 | - |
| Police services | 155,198 | - | 155,198 | - |
| Unrestricted | 2,380,642 | 3,690,183 | 6,070,825 | 840,939 |
| Total net position | \$ 11,108,768 | \$ 9,961,081 | \$ 21,069,849 | \$ 840,939 |

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

GRAND HAVEN CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue |
|---------------------------------------|---------------------|-----------------------------|---|------------------------------|
| | | Charges for Services | Operating Grants and Contributions | |
| Primary government | | | | |
| Governmental activities | | | | |
| General government | \$ 1,238,170 | \$ 366,896 | \$ - | \$ - |
| Public safety | 1,092,331 | 52,080 | 8,479 | - |
| Public works | 614,446 | 620,245 | - | - |
| Community and economic development | 738,500 | - | - | - |
| Culture and recreation | 1,353,675 | 32,179 | 33,881 | - |
| Interest on long-term debt | 74,369 | - | - | - |
| Total governmental activities | 5,111,491 | 1,071,400 | 42,360 | - |
| Business-type activities | | | | |
| Sewer | 568,026 | 630,261 | - | 173,803 |
| Water | 2,419,044 | 2,418,742 | - | 223,728 |
| Total business-type activities | 2,987,070 | 3,049,003 | - | 397,531 |
| Total primary government | \$ 8,098,561 | \$ 4,120,403 | \$ 42,360 | \$ 397,531 |
| Component unit | | | | |
| Downtown Development Authority | \$ 1,184,459 | \$ - | \$ - | \$ - |
| Total component unit | \$ 1,184,459 | \$ - | \$ - | \$ - |

(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, 2017

| | Primary Government | | | Component Unit |
|---|----------------------------|-----------------------------|----------------|--------------------------------------|
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority |
| Changes in net position | | | | |
| Net (expense) revenue | \$ (3,997,731) | \$ 459,464 | \$ (3,538,267) | \$ (1,184,459) |
| General revenues | | | | |
| Property taxes | | | | |
| General purpose | 1,342,723 | - | 1,342,723 | 585,037 |
| Specific purpose | 2,195,510 | 129,903 | 2,325,413 | - |
| State shared revenues | 1,307,952 | - | 1,307,952 | - |
| Unrestricted interest | 23,115 | 18,568 | 41,683 | 4,524 |
| Miscellaneous | 386,193 | 440,351 | 826,544 | 245,999 |
| Transfers | 91,100 | (91,100) | - | - |
| Total general revenues and transfers | 5,346,593 | 497,722 | 5,844,315 | 835,560 |
| Change in net position | 1,348,862 | 957,186 | 2,306,048 | (348,899) |
| Net position, beginning of year, as restated | 9,759,906 | 9,003,895 | 18,763,801 | 1,189,838 |
| Net position, end of year | \$ 11,108,768 | \$ 9,961,081 | \$ 21,069,849 | \$ 840,939 |

(Concluded)

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

GRAND HAVEN CHARTER TOWNSHIP

**GOVERNMENTAL FUNDS
BALANCE SHEET**

DECEMBER 31, 2017

| | <u>General</u> | <u>Municipal Street</u> | <u>Fire Protection</u> | <u>Pathways Construction</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|--|---------------------|-----------------------------|----------------------------|----------------------------------|--|----------------------|
| Assets | | | | | | |
| Cash and pooled investments | \$ 2,928,468 | \$ 5,891 | \$ 460,915 | \$ 4,090,675 | \$ 208,416 | \$ 7,694,365 |
| Receivables | | | | | | |
| Accounts | 783 | - | - | - | 3,220 | 4,003 |
| Taxes | 802,994 | 650,543 | 1,301,189 | 311,354 | 397,226 | 3,463,306 |
| Due from other governments | 214,391 | - | - | - | - | 214,391 |
| Prepaid items | 26,829 | - | 27,296 | - | - | 54,125 |
| Total assets | <u>\$ 3,973,465</u> | <u>\$ 656,434</u> | <u>\$ 1,789,400</u> | <u>\$ 4,402,029</u> | <u>\$ 608,862</u> | <u>\$ 11,430,190</u> |
| Liabilities, deferred inflows of resources, and fund balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 592,901 | \$ - | \$ 16,694 | \$ 69,950 | \$ 56,106 | \$ 735,651 |
| Accrued payroll and benefits | 49,501 | - | 25,847 | - | - | 75,348 |
| Total liabilities | <u>642,402</u> | <u>-</u> | <u>42,541</u> | <u>69,950</u> | <u>56,106</u> | <u>810,999</u> |
| Deferred inflows of resources | | | | | | |
| Unearned revenue | 802,994 | 650,543 | 1,301,188 | 311,354 | 397,227 | 3,463,306 |
| Fund balances | | | | | | |
| Nonspendable | | | | | | |
| Prepaid items | 26,829 | - | 27,296 | - | - | 54,125 |
| Restricted | | | | | | |
| Fire Protection | - | - | 418,375 | - | - | 418,375 |
| Transportation | - | 5,891 | - | - | - | 5,891 |
| Police Services | - | - | - | - | 155,198 | 155,198 |
| Committed | | | | | | |
| Parks | 370,000 | - | - | - | - | 370,000 |
| Assigned | | | | | | |
| Debt service funds | - | - | - | - | 331 | 331 |
| Pathways capital projects | - | - | - | 4,020,725 | - | 4,020,725 |
| Unassigned | 2,131,240 | - | - | - | - | 2,131,240 |
| Total fund balances | <u>2,528,069</u> | <u>5,891</u> | <u>445,671</u> | <u>4,020,725</u> | <u>155,529</u> | <u>7,155,885</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 3,973,465</u> | <u>\$ 656,434</u> | <u>\$ 1,789,400</u> | <u>\$ 4,402,029</u> | <u>\$ 608,862</u> | <u>\$ 11,430,190</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, 2017

| | |
|---|---------------------|
| Fund balances - total governmental funds | \$ 7,155,885 |
|---|---------------------|

Amounts reported for *governmental activities* 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) | 7,338,466 |

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 | 258,985 |
|---|---------|

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

| | |
|--|-----------------|
| Deduct - post-employment benefits | (231,059) |
| Deduct - deferred inflows on OPEB | (1,038) |
| Add - deferred outflows on OPEB | 23,160 |
| Deduct - compensated absences payable | (67,540) |
| Deduct - bonds and notes payable | (5,365,000) |
| Deduct - accrued interest on bonds and notes payable | <u>(25,146)</u> |

| | |
|--|-----------------------------|
| Net position of governmental activities | <u>\$ 11,108,768</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, 2017

| | <u>General</u> | <u>Municipal Street</u> | <u>Fire Protection</u> | <u>Pathways Construction</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|---|---------------------|-----------------------------|----------------------------|----------------------------------|--|---------------------|
| Revenues | | | | | | |
| Property taxes | \$ 963,521 | \$ 631,130 | \$ 1,262,291 | \$ 302,089 | \$ 379,202 | \$ 3,538,233 |
| Licenses and permits | 889,018 | - | - | - | - | 889,018 |
| State | 1,307,952 | - | - | - | - | 1,307,952 |
| Charges for services | 80,549 | - | 10,847 | - | - | 91,396 |
| Fines | 49,753 | - | - | - | 49,712 | 99,465 |
| Interest | 19,526 | 81 | 2,100 | 33,881 | 1,408 | 56,996 |
| Miscellaneous | 380,102 | - | 5,911 | - | 180 | 386,193 |
| Total revenues | <u>3,690,421</u> | <u>631,211</u> | <u>1,281,149</u> | <u>335,970</u> | <u>430,502</u> | <u>6,369,253</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| General government | 1,739,374 | - | - | - | - | 1,739,374 |
| Public safety | - | - | 1,120,332 | - | 444,414 | 1,564,746 |
| Public works | 365,968 | 382,930 | - | - | - | 748,898 |
| Community and economic development | 612,631 | 385,303 | - | - | - | 997,934 |
| Culture and recreation | 433,946 | - | - | 54,571 | - | 488,517 |
| Debt service | | | | | | |
| Principal | - | - | - | - | 195,000 | 195,000 |
| Interest | - | - | - | - | 52,315 | 52,315 |
| Capital outlay | 329,589 | - | - | 725,201 | - | 1,054,790 |
| Total expenditures | <u>3,481,508</u> | <u>768,233</u> | <u>1,120,332</u> | <u>779,772</u> | <u>691,729</u> | <u>6,841,574</u> |
| Revenues over (under) expenditures | <u>208,913</u> | <u>(137,022)</u> | <u>160,817</u> | <u>(443,802)</u> | <u>(261,227)</u> | <u>(472,321)</u> |
| Other financing sources (uses) | | | | | | |
| Bond Issues | - | - | - | 4,500,000 | - | 4,500,000 |
| Transfers in | - | 90,000 | - | - | 247,328 | 337,328 |
| Transfers out | (210,755) | - | - | (35,473) | - | (246,228) |
| Total other financing sources (uses) | <u>(210,755)</u> | <u>90,000</u> | <u>-</u> | <u>4,464,527</u> | <u>247,328</u> | <u>4,591,100</u> |
| Net changes in fund balances | (1,842) | (47,022) | 160,817 | 4,020,725 | (13,899) | 4,118,779 |
| Fund balances, beginning of year | <u>2,529,911</u> | <u>52,913</u> | <u>284,854</u> | <u>-</u> | <u>169,428</u> | <u>3,037,106</u> |
| Fund balances, end of year | <u>\$ 2,528,069</u> | <u>\$ 5,891</u> | <u>\$ 445,671</u> | <u>\$ 4,020,725</u> | <u>\$ 155,529</u> | <u>\$ 7,155,885</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, 2017

| | |
|--|---------------------|
| Net changes in fund balances - total governmental funds | \$ 4,118,779 |
|--|---------------------|

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 | 2,002,882 |
| Deduct - depreciation expense | (535,955) |

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 | 86,805 |
|--|--------|

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 | 195,000 |
| Deduct - bond proceeds | (4,500,000) |

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.

| | |
|---|----------|
| Deduct - increase in OPEB liability | (13,868) |
| Deduct - increase in deferred inflows related to OPEB | (1,038) |
| Add - increase in deferred outflows related to OPEB | 23,160 |
| Deduct - increase in compensated absences | (4,849) |
| Deduct - increase in accrued interest | (22,054) |

| | |
|--|----------------------------|
| Change in net position of governmental activities | <u>\$ 1,348,862</u> |
|--|----------------------------|

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

GRAND HAVEN CHARTER TOWNSHIP

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION**

DECEMBER 31, 2017

| | Enterprise Funds | | Enterprise Fund Total | Governmental |
|--|---------------------|---------------------|-----------------------------|-----------------------------------|
| | Sewer | Water | | Activities Internal Service |
| Assets | | | | |
| Current assets | | | | |
| Cash and pooled investments | \$ 1,415,698 | \$ 1,491,119 | \$ 2,906,817 | \$ 139,720 |
| Receivables | | | | |
| Accounts | 85,206 | 437,114 | 522,320 | - |
| Special assessments (current portion) | 26,495 | - | 26,495 | - |
| Prepaid and other assets | 60,875 | 144,318 | 205,193 | 16,376 |
| Total current assets | 1,588,274 | 2,072,551 | 3,660,825 | 156,096 |
| Noncurrent assets | | | | |
| Special assessments receivable | 107,053 | - | 107,053 | - |
| Unamortized bond discount | 5,301 | - | 5,301 | - |
| Capital assets: | | | | |
| Access rights, net | - | 3,409,859 | 3,409,859 | - |
| Non-depreciable | 8,405 | 47,399 | 55,804 | - |
| Depreciable capital assets, net | 3,610,031 | 5,486,802 | 9,096,833 | 105,120 |
| Total noncurrent assets | 3,730,790 | 8,944,060 | 12,674,850 | 105,120 |
| Total assets | 5,319,064 | 11,016,611 | 16,335,675 | 261,216 |
| Deferred outflow | | | | |
| Deferred loss on bond refunding | - | 365,461 | 365,461 | - |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 127,889 | 241,554 | 369,443 | 2,231 |
| Accrued payroll and benefits | 6,902 | 30,911 | 37,813 | - |
| Accrued interest payable | - | 35,900 | 35,900 | - |
| Current portion of long-term liabilities | 50,000 | 428,992 | 478,992 | - |
| Total current liabilities | 184,791 | 737,357 | 922,148 | 2,231 |
| Long-term liabilities | | | | |
| Unamortized bond premium | - | 738,294 | 738,294 | - |
| Bonds payable and obligations | 680,000 | 4,878,605 | 5,558,605 | - |
| Less current portion | (50,000) | (428,992) | (478,992) | - |
| Total long-term liabilities | 630,000 | 5,187,907 | 5,817,907 | - |
| Total liabilities | 814,791 | 5,925,264 | 6,740,055 | 2,231 |
| Net position | | | | |
| Net investment in capital assets | 2,943,737 | 3,327,161 | 6,270,898 | 105,120 |
| Unrestricted | 1,560,536 | 2,129,647 | 3,690,183 | 153,865 |
| Total net position | \$ 4,504,273 | \$ 5,456,808 | \$ 9,961,081 | \$ 258,985 |

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, 2017

| | Enterprise Funds | | Enterprise Fund Total | Governmental |
|--|---------------------|---------------------|-----------------------------|-----------------------------------|
| | Sewer | Water | | Activities Internal Service |
| Operating revenue | | | | |
| Charges for services | | | | |
| Water sales | \$ - | \$ 2,370,729 | \$ 2,370,729 | \$ - |
| Sewage disposal services | 287,911 | - | 287,911 | - |
| Debt services charges | 246,915 | - | 246,915 | - |
| Penalties | 95,435 | 37,575 | 133,010 | - |
| Other charges | - | - | - | 314,280 |
| Total charges for services | 630,261 | 2,408,304 | 3,038,565 | 314,280 |
| Hydrant maintenance charges | - | 10,438 | 10,438 | - |
| Other revenue | 388,864 | 51,487 | 440,351 | - |
| Total operating revenue | <u>1,019,125</u> | <u>2,470,229</u> | <u>3,489,354</u> | <u>314,280</u> |
| Operating expense | | | | |
| Administration | 53,100 | 155,700 | 208,800 | 177,700 |
| Plant operations and maintenance | 296,571 | 1,397,411 | 1,693,982 | - |
| Depreciation | 182,044 | 378,317 | 560,361 | 49,775 |
| Amortization | - | 236,764 | 236,764 | - |
| Total operating expense | <u>531,715</u> | <u>2,168,192</u> | <u>2,699,907</u> | <u>227,475</u> |
| Operating income (loss) | <u>487,410</u> | <u>302,037</u> | <u>789,447</u> | <u>86,805</u> |
| Non-operating revenue (expense) | | | | |
| Interest income | 12,387 | 6,181 | 18,568 | - |
| Interest expense | (36,311) | (250,852) | (287,163) | - |
| Total non-operating revenue (expense) | <u>(23,924)</u> | <u>(244,671)</u> | <u>(268,595)</u> | <u>-</u> |
| Income (loss) before transfers and capital contributions | <u>463,486</u> | <u>57,366</u> | <u>520,852</u> | <u>86,805</u> |
| Other financing sources (uses) | | | | |
| Transfers out | (25,425) | (65,675) | (91,100) | - |
| Capital contributions | | | | |
| Connection fees and charges | 173,803 | 223,728 | 397,531 | - |
| Property taxes | - | 129,903 | 129,903 | - |
| Total capital contributions | <u>173,803</u> | <u>353,631</u> | <u>527,434</u> | <u>-</u> |
| Changes in net position | 611,864 | 345,322 | 957,186 | 86,805 |
| Net position, beginning of year | <u>3,892,409</u> | <u>5,111,486</u> | <u>9,003,895</u> | <u>172,180</u> |
| Net position, end of year | <u>\$ 4,504,273</u> | <u>\$ 5,456,808</u> | <u>\$ 9,961,081</u> | <u>\$ 258,985</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, 2017

| | Enterprise Funds | | Enterprise Fund Total | Governmental |
|---|---------------------|---------------------|-----------------------------|-----------------------------------|
| | Sewer | Water | | Activities Internal Service |
| Cash flows from operating activities | | | | |
| Receipts from internal services provided | \$ - | \$ - | \$ - | \$ 314,280 |
| Receipts from customers and users | 1,008,973 | 2,285,518 | 3,294,491 | - |
| Payments to employees | (101,184) | (491,134) | (592,318) | - |
| Payments to suppliers | (193,536) | (920,002) | (1,113,538) | (200,391) |
| Payments for interfund services used | (11,400) | (38,640) | (50,040) | - |
| Transfers | (25,425) | (65,675) | (91,100) | - |
| Net cash provided by (used in) operating activities | <u>677,428</u> | <u>770,067</u> | <u>1,447,495</u> | <u>113,889</u> |
| Cash flows from capital and related financing activities | | | | |
| Connection charges | 173,803 | 223,728 | 397,531 | - |
| Special assessments collected | (66,803) | - | (66,803) | - |
| Property taxes | - | 259,776 | 259,776 | - |
| Principal paid on bonds | (50,000) | (554,489) | (604,489) | - |
| Interest paid on bonds | (35,448) | (251,502) | (286,950) | - |
| Acquisition of capital assets | (482,796) | (314,872) | (797,668) | (73,281) |
| Net cash provided by (used in) capital and related financing activities | <u>(461,244)</u> | <u>(637,359)</u> | <u>(1,098,603)</u> | <u>(73,281)</u> |
| Cash flows from investing activities | | | | |
| Interest income | <u>12,387</u> | <u>6,181</u> | <u>18,568</u> | <u>-</u> |
| Net increase (decrease) in cash and pooled investments | 228,571 | 138,889 | 367,460 | 40,608 |
| Cash and pooled investments, beginning of year | <u>1,187,127</u> | <u>1,352,230</u> | <u>2,539,357</u> | <u>99,112</u> |
| Cash and pooled investments, end of year | <u>\$ 1,415,698</u> | <u>\$ 1,491,119</u> | <u>\$ 2,906,817</u> | <u>\$ 139,720</u> |
| Cash flows from operating activities | | | | |
| Operating income (loss) | \$ 487,410 | \$ 302,037 | \$ 789,447 | \$ 86,805 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Depreciation | 182,044 | 378,317 | 560,361 | 49,775 |
| Amortization | - | 236,764 | 236,764 | - |
| Transfers | (25,425) | (65,675) | (91,100) | - |
| Change in operating assets and liabilities which provided (used) cash: | | | | |
| Accounts receivable | (10,152) | (54,838) | (64,990) | - |
| Prepaid assets and other items | (8,393) | (12,179) | (20,572) | 16,945 |
| Accounts payable | 52,311 | 115,752 | 168,063 | (39,636) |
| Unearned revenue | - | (129,873) | (129,873) | - |
| Accrued liabilities | (367) | (238) | (605) | - |
| Net cash provided by (used in) operating activities | <u>\$ 677,428</u> | <u>\$ 770,067</u> | <u>\$ 1,447,495</u> | <u>\$ 113,889</u> |

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

GRAND HAVEN CHARTER TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF NET POSITION/BALANCE SHEET
DECEMBER 31, 2017

| | Other Post-employment Benefit <u>Trust</u> | Agency <u>Funds</u> |
|---|---|--------------------------------|
| Assets | | |
| Cash and pooled investments | \$ 404 | \$ 3,837,553 |
| Investments | 121,182 | - |
| Accounts receivable | 148 | 31,976 |
| Prepaid items | <u>180</u> | <u>-</u> |
| Total assets | <u>121,914</u> | <u>\$ 3,869,529</u> |
| Liabilities | | |
| Accounts payable | <u>-</u> | <u>\$ 3,869,529</u> |
| Net position | | |
| Restricted for other post-employment benefits | <u>\$ 121,914</u> | |

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

GRAND HAVEN CHARTER TOWNSHIP
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Other Post-employment Benefit Trust |
|--|--|
| Additions | |
| Contributions: | |
| Employer | \$ 26,040 |
| Retiree | 3,945 |
| Investment earnings | <u>5,236</u> |
| Total Additions | 35,221 |
| Deductions | |
| Benefits | 21,228 |
| Administrative expenses | <u>274</u> |
| Total deductions | <u>21,502</u> |
| Net increase | 13,719 |
| Net position, beginning of year | <u>108,195</u> |
| Net position, end of year | <u>\$ 121,914</u> |

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

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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.

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.

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.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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.

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 *Pathways Construction Fund* is used to account for a bond issue to be utilized for the construction of non-motorized pathways.

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.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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 Funds* are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

The *Internal Service Fund* is used to account for the accumulation of funds and the payment of information technology costs.

The *Other Post-employment Benefits Trust Fund* is used to account for the operations of the Township's Other Post-employment Benefits Plan for which assets are held in trust. This fund provides other post-employment benefits to the Township's retired employees as well as certain current employees under a collective bargaining agreement.

The *Agency Fund* is used to account for the collection and disbursement of funds that are collected on behalf of 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.

Cash and Pooled Investments

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

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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.
- h. The OPEB Trust may also invest in corporate debt and equity securities.

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.

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.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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 acquisition value (the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction) 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.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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 reports deferred refunding costs as a deferred outflow. The deferred costs will be amortized over the life of the related refunding bonds payable.

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 for which they are levied.

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. Bond premiums and discounts, are deferred and amortized over the life of the related bonds using the effective interest method.

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.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017

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.

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. 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, 2017, the Township incurred expenditures in excess of the amount appropriated as follows:

| | <u>Final Budget</u> | <u>Actual</u> | <u>Unfavorable Variance</u> |
|------------------------|--------------------------------|----------------------|--|
| General Fund | | | |
| Culture and recreation | | | |
| Parks and recreation | \$295,510 | \$297,566 | \$ 2,056 |
| Transfers out | 210,750 | 210,755 | 5 |

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

3. CASH AND INVESTMENTS

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

| | <u>Primary Government</u> | <u>Component Units</u> | <u>Fiduciary Funds</u> | <u>Total</u> |
|-----------------------------|-------------------------------|----------------------------|----------------------------|--------------|
| Cash and pooled investments | \$10,740,902 | \$840,939 | \$3,837,957 | \$15,419,798 |
| Investments | - | - | 121,182 | 121,182 |
| | \$10,740,902 | \$840,939 | \$3,959,139 | \$15,540,980 |

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

| | |
|--------------|---------------------|
| Deposits | \$ 7,736,593 |
| Petty cash | 300 |
| Investments | 7,804,087 |
| Total | \$15,540,980 |

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, \$6,779,936 of the Township's bank balance of \$7,686,549 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:

| | <u>Maturity</u> | <u>Fair Value</u> | <u>Rating</u> | <u>Source</u> |
|---|--------------------|--------------------|---------------|---------------|
| Negotiable CD's with interest ranging from 1.05% to 1.85% | 2/28/18 to 9/25/20 | \$2,390,306 | Unrated | N/A |
| MI Class Investment Pool | N/A | 5,044,936 | AAAm | S&P |
| Federal National Mortgage Assn. | 6/13/19 | 247,663 | AAA | Moody |
| MERS Trust Account | N/A | 121,182 | Unrated | N/A |
| Total | | <u>\$7,804,087</u> | | |

The Township categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

The Township has the following recurring fair value measurements as of year-end.

- The Township does not have any investments valued using quoted market prices (Level 1 inputs).
- FNMA bonds, Negotiable CD's, MI Class Investment Pool, and MERS investments are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The Township does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

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.

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. For the above funds on deposit with MERS and MI Class investments, the Township's custodial credit risk exposure cannot be determined because the Township's participation in the pools/funds do not consist of specifically identifiable securities.

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.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

| | <u>Balance January 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2017</u> |
|---|--|--------------------|------------------|--|
| Governmental Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$2,022,055 | \$ - | \$ - | \$2,022,055 |
| Capital assets, being depreciated | | | | |
| Land improvements | 6,317,049 | 1,821,565 | - | 8,138,614 |
| Buildings and improvements | 4,442,559 | 11,750 | - | 4,454,309 |
| Furniture and equipment | 1,031,602 | 161,196 | - | 1,192,798 |
| Vehicles | 1,769,338 | 81,652 | 66,056 | 1,784,934 |
| Shared improvements | 543,386 | - | - | 543,386 |
| Total capital assets, being depreciated | 14,103,934 | 2,076,163 | 66,056 | 16,114,041 |
| Less accumulated depreciation for | | | | |
| Land improvements | 3,916,661 | 276,187 | - | 4,192,848 |
| Buildings and improvements | 2,005,731 | 113,981 | - | 2,119,712 |
| Furniture and equipment | 770,702 | 112,651 | - | 883,353 |
| Vehicles | 941,808 | 81,242 | 66,056 | 956,994 |
| Shared improvements | 515,879 | 1,669 | - | 517,548 |
| Total accumulated depreciation | 8,150,781 | 585,730 | 66,056 | 8,670,455 |
| Net capital assets, being depreciated | 5,953,153 | 1,490,433 | - | 7,443,586 |
| Governmental Activities capital assets, net | \$7,975,208 | \$1,490,433 | \$ - | \$9,465,641 |
| Business-type Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 55,804 | \$ - | \$ - | \$ 55,804 |
| Capital assets being depreciated | | | | |
| Utility systems | 20,007,942 | 760,947 | - | 20,768,889 |
| Machinery and equipment | 574,175 | 36,722 | 23,569 | 587,328 |
| Total capital assets, being depreciated | 20,582,117 | 797,669 | 23,569 | 21,356,217 |
| Less accumulated depreciation for | | | | |
| Utility systems | 11,291,523 | 524,285 | - | 11,815,808 |
| Machinery and equipment | 431,069 | 36,076 | 23,569 | 443,576 |
| Total accumulated depreciation | 11,722,592 | 560,361 | 23,569 | 12,259,384 |
| Net capital assets, being depreciated | 8,859,525 | 237,308 | - | 9,096,833 |
| Business-type Activities capital assets, net | \$8,915,329 | \$237,308 | \$ - | \$9,152,637 |

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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

| | | |
|---|--|-------------------------|
| Governmental Activities | | |
| General government | | \$175,837 |
| Public safety | | 160,661 |
| Public works | | 46,577 |
| Culture and recreation | | 63,381 |
| Community and economic development | | 89,499 |
| Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets | | <u>49,775</u> |
| Total depreciation expense - governmental activities | | <u>\$585,730</u> |
| Business-type Activities | | |
| Sewer | | \$182,044 |
| Water | | <u>378,317</u> |
| Total depreciation expense - business- type activities | | <u>\$560,361</u> |

Access rights activity for the year was as follows:

| | <u>Balance January 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2017</u> |
|---------------------------------|--|--------------------|------------------|--|
| Business-type Activities | | | | |
| Access rights | \$6,433,568 | \$ - | \$ - | \$6,433,568 |
| Less accumulated amortization | 2,733,480 | 290,229 | - | 3,023,709 |
| Access rights, net | <u>\$3,700,088</u> | <u>\$(290,229)</u> | <u>\$ -</u> | <u>\$3,409,859</u> |

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

5. INTERFUND TRANSACTIONS

Transfers in and out for the year are as follows:

| | <u>Transfers in</u> | | |
|-----------------------|-----------------------------|-------------------------|-------------------------|
| | Municipal Street Fund | Non-Major Funds | Total |
| Transfers out | | | |
| General Fund | \$90,000 | \$120,755 | \$210,755 |
| Pathways Construction | - | 35,473 | 35,473 |
| Sewer Fund | - | 25,425 | 25,425 |
| Water Fund | - | 65,675 | 65,675 |
| | <u>\$90,000</u> | <u>\$247,328</u> | <u>\$337,328</u> |

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.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

6. LONG-TERM DEBT

The following is a summary of the debt transactions of the Township for the year ended December 31, 2017:

| | <u>Balance January 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2017</u> | <u>Due Within One Year</u> |
|---|--|--------------------|------------------|--|------------------------------------|
| 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 | \$1,060,000 | \$ - | \$195,000 | \$865,000 | \$205,000 |
| \$4,500,000 Capital Improvement Bonds of 2017; due in annual installments of \$145,000 to \$345,000 plus interest at 2.50-3.75% through May 2036 | - | 4,500,000 | - | 4,500,000 | 145,000 |
| Total | 1,060,000 | 4,500,000 | 195,000 | 5,365,000 | 350,000 |
| Accrued employee benefits | 62,691 | 4,849 | - | 67,540 | - |
| Total Governmental Activities | \$1,122,691 | \$4,504,849 | \$195,000 | \$5,432,540 | \$350,000 |
| Business-type Activities | | | | | |
| \$4,670,000 Township portion of Ottawa County Water Refunding Bonds of 2005; due in annual installments of \$280,000 to \$410,000 plus interest at 3.500-4.375% through July 2019 | \$985,000 | \$ - | \$410,000 | \$575,000 | \$280,000 |
| \$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 | 730,000 | - | 50,000 | 680,000 | 50,000 |
| \$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 \$46,590 plus interest at 2.4% to 6.05% through May 2019 | 125,793 | - | 44,260 | 81,533 | 41,931 |
| \$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 | 569,476 | - | 100,229 | 469,247 | 107,061 |

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Balance January 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2017</u> | <u>Due Within One Year</u> |
|---|--|------------------|------------------|--|------------------------------------|
| \$3,752,825 Township portion of Northwest Ottawa Water System Refunding Bonds of 2016; due in annual installments of \$16,307 to \$368,061 plus interest at 4.0-5.0% through May 2034 | 3,752,825 | - | - | 3,752,825 | - |
| Total | 6,163,094 | - | 604,489 | 5,558,605 | 478,992 |
| Bond discount | (6,164) | - | (863) | (5,301) | - |
| Bond premium | 813,256 | - | 74,962 | 738,294 | - |
| Accrued employee benefits | 28,271 | - | 2,454 | 25,817 | - |
| Total Business-type Activities | \$6,998,457 | \$ - | \$681,042 | \$6,317,415 | \$478,992 |

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, 2017 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> |
| 2018 | \$350,000 | \$147,269 | \$478,992 | \$257,515 |
| 2019 | 365,000 | 139,888 | 498,497 | 229,539 |
| 2020 | 385,000 | 132,125 | 192,035 | 207,506 |
| 2021 | 400,000 | 123,999 | 250,119 | 199,964 |
| 2022 | 180,000 | 117,612 | 274,314 | 189,777 |
| 2023-2027 | 1,050,000 | 512,780 | 1,548,670 | 760,391 |
| 2028-2032 | 1,330,000 | 342,729 | 1,596,163 | 379,117 |
| 2033-2036 | 1,305,000 | 99,568 | 719,815 | 36,398 |
| Total | \$5,365,000 | \$1,615,970 | \$5,558,605 | \$2,260,207 |

During fiscal 2016, Ottawa County issued refunding bonds with the portion to be paid by the Township amounting to \$3,752,825. The proceeds of the advance refunding were placed into a trust account to re-pay a portion of the 2009 Ottawa County Water Supply Bonds which are considered to be defeased. As of December 31, 2017, \$4,179,122 of the Township's portion of refunded bonds payable are considered to be defeased and are scheduled to be called and paid in full in 2019.

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 2017 was \$153,845 and the employees' contribution was \$76,922.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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

Plan Description. 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 Retiree Health Plan does not issue a publicly available financial report.

Benefits Provided. The plan provides employees, who retire with 15 years of full time employment, with partial payment of hospitalization benefits until Medicare eligible for a two person contract.

Contributions

The Plan was established and is being funded under the authority of the Township. The Plan's funding policy is that the employer will make contributions to a trust to the extent possible. There are no long term contracts for contributions to the Plan. The plan has no legally required reserves.

Net OPEB Liability

The employer's net OPEB liability was measured as December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an annual actuarial valuation as of that date.

The total OPEB liability in the December 31, 2017 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 2.5%

Investment rate of return: 3.0%, net of investment expense, including inflation

Healthcare cost trend rates: Not applicable the benefit at retirement is fixed

As set forth in IRS Regulations for 2018 (1.430(h)(3)) for Non-annuitants, separately for males and females as well as annuitants and non-annuitants. Based on RP-2000 Tables with Scale AA.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on OPEB plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Expected Rate of Return</u> |
|---------------------|--------------------------|--------------------------------|
| Global Fixed Income | 100% | 0.5% |

The Township, as plan sponsor and investment fiduciary, has chosen for the Plan an asset mix intended to meet or exceed a long term rate of return of 3.0%.

Concentrations. 100% of the plan is invested in MERS Diversified Bond Portfolio fund

Rate of return. For the year ended December 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 4.43 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total OPEB liability is 3.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

| | <u>Increase (Decrease)</u> | | |
|--|-----------------------------|------------------------------------|---------------------------|
| | <u>Total OPEB Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net OPEB Liability</u> |
| | <u>(a)</u> | <u>(b)</u> | <u>(a)-(b)</u> |
| Balance at 12/31/16 | \$325,051 | \$107,860 | \$217,191 |
| Changes for the Year: | | | |
| Service cost | 13,628 | - | 13,628 |
| Interest | 9,844 | - | 9,844 |
| Change in benefits | - | - | - |
| Differences between expected and actual experience | 3,209 | - | 3,209 |
| Change in assumptions | 21,742 | - | 21,742 |
| Contributions : employer | - | 29,725 | (29,725) |
| Contributions: employee | - | - | - |
| Net investment Income | - | 5,104 | (5,104) |
| Benefit payments, including refunds | (21,233) | (21,233) | - |
| Administrative expense | - | (274) | 274 |
| Other changes | - | - | - |
| Net changes | 27,190 | 13,322 | 13,868 |
| Balance at 12/31/17 | \$352,241 | \$121,182 | \$231,059 |

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Sensitivity of the Net OPEB Liability to changes in the discount rate.

The following presents the net OPEB liability of the employer, calculated using the discount rate of 3.0%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (2.0%) or 1% higher (4.0%) than the current rate.

| | 1% Decrease | Current Discount rate | 1 % increase |
|---|--------------------|----------------------------------|---------------------|
| Total OPEB liability | \$408,521 | \$352,241 | \$306,500 |
| Fiduciary net position | 121,182 | 121,182 | 121,182 |
| Net OPEB liability | \$287,339 | \$231,059 | \$185,318 |
| Plan fiduciary position as a percentage of the total OPEB liability | 34.40% | | |

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate of 8.0% in 2019 graded down 0.5% per year to 5.0%, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower (7.0%) or 1% higher (9.0%) than the current rate.

| | 1% Decrease | Current healthcare cost trend rate | 1 % increase |
|------------------------|--------------------|---|---------------------|
| Total OPEB liability | \$296,105 | \$352,241 | \$426,773 |
| Fiduciary net position | 121,182 | 121,182 | 121,182 |
| Net OBEB liability | \$174,923 | \$231,059 | \$305,591 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB Plan

For the year ended December 31, 2017 the employer recognized OPEB expense of \$21,471. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------------------|---|--|
| Differences in experience | \$ 2,979 | \$ - |
| Differences in assumptions | 20,181 | - |
| Excess(deficit) investment returns | - | 1,038 |
| Total | \$23,160 | \$1,038 |

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | |
|--------------|-----------------|
| 2018 | \$ 1,531 |
| 2019 | 1,531 |
| 2020 | 1,531 |
| 2021 | 1,533 |
| 2022 | 1,791 |
| Thereafter | 14,205 |
| Total | \$22,122 |

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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 \$170,427 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, 2017, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to approximately \$251,000. 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 \$688,260 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, 2017, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to approximately \$995,000. 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).

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, 2017 | <u>\$(523,649)</u> |
| Current year building permit revenues | 620,244 |
| Direct expenses | <u>358,094</u> |
| Excess for the year ended December 31, 2017 | <u>262,150</u> |
| Cumulative shortfall – December 31, 2017 | <u>\$(261,499)</u> |

GRAND HAVEN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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.

12. TAX ABATEMENTS

The Township entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 12 years for real property and 6 years for personal property as determined by the local unit of government. The agreements entered into by the Township include claw back provisions should the recipient of the tax abatement cease operations and no successor employer is providing employment during the term of the abatement. The IFT is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended December 31, 2017 the Township abated property tax revenues of approximately \$10,000

13. PRIOR PERIOD ADJUSTMENT

Beginning net position of governmental activities was decreased by \$133,056 to record the net OPEB liability in accordance with the implementation of GASB 75.

Beginning fund balance of the governmental activities was increased by \$380,162 to correct capital asset depreciation.

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, 2017

| | Budget Amounts | | Actual Amount | Variance Positive (Negative) |
|---|---------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property taxes | \$ 952,300 | \$ 965,300 | \$ 963,521 | \$ (1,779) |
| Licenses and permits | 641,180 | 860,690 | 889,018 | 28,328 |
| State | 1,213,840 | 1,288,840 | 1,307,952 | 19,112 |
| Charges for services | 60,000 | 80,510 | 80,549 | 39 |
| Fines | 48,620 | 49,620 | 49,753 | 133 |
| Interest | 15,840 | 25,070 | 19,526 | (5,544) |
| Miscellaneous | 344,850 | 381,630 | 380,102 | (1,528) |
| Total revenues | <u>3,276,630</u> | <u>3,651,660</u> | <u>3,690,421</u> | <u>38,761</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | | | | |
| Township board | 172,480 | 238,090 | 215,455 | 22,635 |
| Supervisor | 22,560 | 22,560 | 21,187 | 1,373 |
| Elections | 30,400 | 26,900 | 20,327 | 6,573 |
| Finance | 229,930 | 229,930 | 225,108 | 4,822 |
| Assessor | 269,800 | 260,910 | 253,048 | 7,862 |
| Clerk | 34,800 | 29,300 | 21,549 | 7,751 |
| Board of appeals | 4,730 | 5,130 | 2,533 | 2,597 |
| Board of review | 2,730 | 2,730 | 1,624 | 1,106 |
| Administration | 397,050 | 521,600 | 520,608 | 992 |
| Treasurer | 26,150 | 35,130 | 33,302 | 1,828 |
| Buildings and grounds | 343,150 | 304,680 | 275,404 | 29,276 |
| Cemetery | 145,900 | 155,340 | 149,229 | 6,111 |
| Public works | | | | |
| Street lighting | 118,500 | 118,600 | 117,681 | 919 |
| Waste collection | 9,500 | 9,500 | 9,119 | 381 |
| Drains | 30,000 | 247,100 | 239,168 | 7,932 |
| Community and economic development | | | | |
| Building and zoning | 486,430 | 579,430 | 575,309 | 4,121 |
| Planning commission | 54,120 | 54,120 | 37,322 | 16,798 |
| Culture and recreation | | | | |
| Parks and recreation | 248,480 | 295,510 | 297,566 | (2,056) |
| Bike paths | 164,620 | 172,040 | 136,380 | 35,660 |
| Capital outlay | <u>394,100</u> | <u>360,600</u> | <u>329,589</u> | <u>31,011</u> |
| Total expenditures | <u>3,185,430</u> | <u>3,669,200</u> | <u>3,481,508</u> | <u>187,692</u> |
| Revenues over (under) expenditures | 91,200 | (17,540) | 208,913 | 226,453 |
| Other financing sources (uses) | | | | |
| Transfers out | <u>(270,750)</u> | <u>(210,750)</u> | <u>(210,755)</u> | <u>(5)</u> |
| Net changes in fund balances | (179,550) | (228,290) | (1,842) | 226,448 |
| Fund balances, beginning of year | <u>2,529,911</u> | <u>2,529,911</u> | <u>2,529,911</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 2,350,361</u> | <u>\$ 2,301,621</u> | <u>\$ 2,528,069</u> | <u>\$ 226,448</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, 2017

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|---|-----------------------|-----------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property taxes | \$ 630,370 | \$ 631,040 | \$ 631,130 | \$ 90 |
| Interest | 540 | 540 | 81 | (459) |
| Total revenues | <u>630,910</u> | <u>631,580</u> | <u>631,211</u> | <u>(369)</u> |
| Expenditures | | | | |
| Current | | | | |
| Public works | 432,690 | 386,250 | 382,930 | 3,320 |
| Community and economic development | <u>370,380</u> | <u>385,570</u> | <u>385,303</u> | <u>267</u> |
| Total expenditures | <u>803,070</u> | <u>771,820</u> | <u>768,233</u> | <u>3,587</u> |
| Revenues over (under) expenditures | (172,160) | (140,240) | (137,022) | 3,218 |
| Other financing sources (uses) | | | | |
| Transfers in | <u>150,000</u> | <u>90,000</u> | <u>90,000</u> | <u>-</u> |
| Net changes in fund balances | (22,160) | (50,240) | (47,022) | 3,218 |
| Fund balances, beginning of year | <u>52,913</u> | <u>52,913</u> | <u>52,913</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 30,753</u> | <u>\$ 2,673</u> | <u>\$ 5,891</u> | <u>\$ 3,218</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, 2017

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|---|-----------------------|-------------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property taxes | \$ 1,260,640 | \$ 1,262,310 | \$ 1,262,291 | \$ (19) |
| Charges for services | 11,720 | 12,570 | 10,847 | (1,723) |
| Investment earnings | 2,320 | 2,920 | 2,100 | (820) |
| Miscellaneous | 900 | 6,500 | 5,911 | (589) |
| Total revenues | 1,275,580 | 1,284,300 | 1,281,149 | (3,151) |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 1,120,660 | 1,139,740 | 1,120,332 | 19,408 |
| Net changes in fund balances | 154,920 | 144,560 | 160,817 | 16,257 |
| Fund balances, beginning of year | 284,854 | 284,854 | 284,854 | - |
| Fund balances, end of year | <u>\$ 439,774</u> | <u>\$ 429,414</u> | <u>\$ 445,671</u> | <u>\$ 16,257</u> |

GRAND HAVEN CHARTER TOWNSHIP

DEFINED BENEFIT OPEB PLAN SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED DECEMBER 31, 2017

| | 2017 |
|--|----------------|
| Total OPEB liability | |
| Service cost | \$ 13,628 |
| Interest | 9,844 |
| Difference between expected and actual experience | 3,209 |
| Changes in assumptions | 21,742 |
| Benefit payments including employee refunds | (21,233) |
| Net change in total OPEB liability | 27,190 |
| Total OPEB liability, beginning of year | 325,051 |
| Total OPEB liability, ending of year | \$ 352,241 |
| Plan Fiduciary Net Position | |
| Contributions-employer | \$ 29,725 |
| Net Investment income | 5,104 |
| Benefit payments including employee refunds | (21,233) |
| Administrative expense | (274) |
| Net change in plan fiduciary net position | 13,322 |
| Plan fiduciary net position, beginning of year | 107,860 |
| Plan fiduciary net position, ending of year | \$ 121,182 |
| Employer net OPEB liability | \$ 231,059 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 34% |
| Covered employee payroll | N/A |
| Employer's net OPEB liability as a percentage of covered employee payroll | N/A |

Notes to schedule:

Above data is based on a December 31 measurement date.

The OPEB schedules are being accumulated prospectively until 10 years of information is presented.

GRAND HAVEN CHARTER TOWNSHIP

**DEFINED BENEFIT OPEB PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>2017</u> |
|---|-----------------------------------|
| Actuarial determined contributions | \$ 31,068 |
| Contributions in relation to the actuarially determined contribution | <u>29,725</u> |
| Contribution deficiency (excess) | <u>\$ 1,343</u> |
| | |
| Covered employee payroll | N/A |
| | |
| Contributions as a percentage of covered employee payroll | N/A |
| | |
| Notes to schedule | |
| Actuarial cost method | Entry Age |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 14 years |
| Asset valuation method | Market value |
| Inflation | 2.50% |
| Salary increases | 2.50% |
| Investment rate of return | 3.00% |
| Retirement age | 60 |
| Mortality | RP-2000 tables with Scale AA |

**DEFINED BENEFIT OPEB PLAN
SCHEDULE OF INVESTMENT RETURNS**

FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>2017</u> |
|---|-------------|
| Annual money-weighted rate of return net of investment expense | 4.43% |

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

GRAND HAVEN CHARTER TOWNSHIP

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

DECEMBER 31, 2017

| | <u>Special Revenue Fund</u> | <u>Debt Service Funds</u> | | |
|---|-------------------------------------|--|--------------------------|-------------------|
| | <u>Police Services</u> | <u>Refunded Township Building Debt</u> | <u>Pathways Debt</u> | <u>Total</u> |
| Assets | | | | |
| Cash and pooled investments | \$ 208,085 | \$ 330 | \$ 1 | \$ 208,416 |
| Receivables | | | | |
| Accounts | 3,220 | - | - | 3,220 |
| Taxes | <u>397,226</u> | <u>-</u> | <u>-</u> | <u>397,226</u> |
| Total assets | <u>\$ 608,531</u> | <u>\$ 330</u> | <u>\$ 1</u> | <u>\$ 608,862</u> |
| Liabilities, deferred inflows of resources, and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 56,106 | \$ - | \$ - | \$ 56,106 |
| Deferred inflows of resources | | | | |
| Unearned revenue - taxes | <u>397,227</u> | <u>-</u> | <u>-</u> | <u>397,227</u> |
| Fund balances | | | | |
| Restricted | | | | |
| Police services | 155,198 | - | - | 155,198 |
| Assigned | <u>-</u> | <u>330</u> | <u>1</u> | <u>331</u> |
| Total fund balances | <u>155,198</u> | <u>330</u> | <u>1</u> | <u>155,529</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 608,531</u> | <u>\$ 330</u> | <u>\$ 1</u> | <u>\$ 608,862</u> |

GRAND HAVEN CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Special Revenue Fund | Debt Service Funds | | |
|---|-------------------------------------|--|--------------------------|-------------------|
| | Police Services | Refunded Township Building Debt | Pathways Debt | Total |
| Revenues | | | | |
| Property taxes | \$ 379,202 | \$ - | \$ - | \$ 379,202 |
| Fines | 49,712 | - | - | 49,712 |
| Investment earnings | 1,408 | - | - | 1,408 |
| Miscellaneous | 180 | - | - | 180 |
| Total revenues | <u>430,502</u> | <u>-</u> | <u>-</u> | <u>430,502</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 444,414 | - | - | 444,414 |
| Debt Service | | | | |
| Principal | - | 195,000 | - | 195,000 |
| Interest | - | 16,843 | 35,472 | 52,315 |
| Total expenditures | <u>444,414</u> | <u>211,843</u> | <u>35,472</u> | <u>691,729</u> |
| Revenues over (under) expenditures | (13,912) | (211,843) | (35,472) | (261,227) |
| Other financing sources (uses) | | | | |
| Transfers in | - | 211,855 | 35,473 | 247,328 |
| Net changes in fund balances | (13,912) | 12 | 1 | (13,899) |
| Fund balances, beginning of year | <u>169,110</u> | <u>318</u> | <u>-</u> | <u>169,428</u> |
| Fund balances, end of year | <u>\$ 155,198</u> | <u>\$ 330</u> | <u>\$ 1</u> | <u>\$ 155,529</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, 2017

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|---|-----------------------|-------------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property taxes | \$ 379,320 | \$ 379,320 | \$ 379,202 | \$ (118) |
| Fines | 36,000 | 49,000 | 49,712 | 712 |
| Interest | 730 | 1,450 | 1,408 | (42) |
| Miscellaneous | 500 | 500 | 180 | (320) |
| Total revenues | 416,550 | 430,270 | 430,502 | 232 |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 448,180 | 453,180 | 444,414 | 8,766 |
| Net changes in fund balances | (31,630) | (22,910) | (13,912) | 8,998 |
| Fund balances, beginning of year | 169,110 | 169,110 | 169,110 | - |
| Fund balances, end of year | <u>\$ 137,480</u> | <u>\$ 146,200</u> | <u>\$ 155,198</u> | <u>\$ 8,998</u> |