



**COUNTY OF OTTAWA, MICHIGAN**

**FINANCIAL STATEMENTS**

***YEAR ENDED DECEMBER 31, 2018***



Vredeveld Haefner LLC  
CPAs and Consultants

# Grand Haven Charter Township

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### INDEPENDENT AUDITORS' REPORT

April 30, 2019

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, 2018, 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, 2018, 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, 2018. 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 dropped in 2018 with only a moderate amount of building totaling \$33 million. About \$27.8 million was residential with 49 single family homes, 143 additions or alterations, 12 apartment units and 30 mobile homes added. Commercial construction accounted for about \$5.2 million of the total with 6 new commercial buildings and 9 commercial remodels.
- About 10.8 miles of roadway were improved by the Ottawa County Road Commission with the Township contributing just over \$567,000 for the subdivision resurfacing portion of these improvements.
- The Fire/Rescue Department experienced another record year with over 1,255 emergency runs with a budget of about \$1.2 million that included the purchase of a new rescue truck at a cost of just over \$50,000.
- In the third year of a five-year project, the DPW department replaced 1,179 MXU's during 2018 at a cost just over \$190,000.
- Harbor Transit provided over 55,000 rides within the Township who contributed about \$406,000 to help fund this authority.
- In the second year of a three-year pathway expansion project, 3.5 miles of new pathway were added at an approximate cost of \$1.9 million while maintenance of the existing pathway totaled just over \$187,000.
- Improvements were made to upgrade the remaining three sewer pump stations to utilize a SCADA programming system at a cost of about \$70,000.
- Several projects took place in the water department including the completion of 530 feet of watermain from 168<sup>th</sup> Avenue to Ferris Street, upsizing 810 feet of watermain on Brucker Street and relocating the watermain on Bittersweet Drive at costs of approximately \$142,000, \$152,000 and \$15,000, respectively.

### 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 \$22,448,086 at the close of the most recent fiscal year. A summary of net position is as follows:

	Net Position					
	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 9,966,922	\$11,586,286	\$3,877,049	\$3,773,179	\$13,843,971	\$15,359,465
Capital assets	11,605,864	9,465,641	12,326,314	12,562,496	23,932,178	22,028,137
Total assets	21,572,786	21,051,927	16,203,363	16,335,675	37,776,149	37,387,602
Deferred outflows of resources	-	23,160	343,963	365,461	343,963	388,621
Long-term liabilities outstanding	4,965,726	5,313,599	5,269,871	5,843,724	10,235,597	11,157,323
Other liabilities	1,071,431	1,188,376	714,410	896,331	1,785,841	2,084,707
Total liabilities	6,037,157	6,501,975	5,984,281	6,740,055	12,021,438	13,242,030
Deferred inflows of resources	3,650,588	3,464,344	-	-	3,650,588	3,464,344
Net position:						
Net investment in capital assets	8,121,366	8,121,366	6,504,352	6,270,898	14,625,718	14,392,264
Restricted	802,500	606,760	-	-	802,500	606,760
Unrestricted	2,961,175	2,380,642	4,058,693	3,690,183	7,019,868	6,070,825
Total net position	\$11,885,041	\$11,108,768	\$10,563,045	\$9,961,081	\$22,448,086	\$21,069,849

A significant portion of the Township's net position (31 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 \$1,378,237 during the current fiscal year.

### Changes in Net Position

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue:						
Program revenue:						
Charges for services	\$893,615	\$1,071,400	\$3,082,670	\$3,049,003	\$3,976,285	\$4,120,403
Operating grants and contributions	83,597	42,360	-	-	83,597	42,360
Capital grants and contributions	57,774	-	373,296	397,531	431,070	397,531
General revenue:						
Property taxes	3,649,292	3,538,233	-	129,903	3,649,292	3,668,136
State sources	1,347,334	1,307,952	-	-	1,347,334	1,307,952
Unrestricted investment earnings	51,820	23,115	54,619	18,568	106,439	41,683
Other	412,777	386,193	170,165	440,351	582,942	826,544
Total revenue	<u>6,496,209</u>	<u>6,369,253</u>	<u>3,680,750</u>	<u>4,035,356</u>	<u>10,176,959</u>	<u>10,404,609</u>
Expenses:						
General government	1,700,055	1,238,170	-	-	1,700,055	1,238,170
Public safety	1,362,825	1,092,331	-	-	1,362,825	1,092,331
Public works	875,831	614,446	-	-	875,831	614,446
Community and economic Development	1,115,221	738,500	-	-	1,115,221	738,500
Culture and recreation	651,081	1,353,675	-	-	651,081	1,353,675
Interest on long-term debt	146,568	74,369	-	-	146,568	74,369
Sewer fund	-	-	600,623	568,026	600,623	568,026
Water fund	-	-	2,346,518	2,419,044	2,346,518	2,419,044
Total expenses	<u>5,851,581</u>	<u>5,111,491</u>	<u>2,947,141</u>	<u>2,987,070</u>	<u>8,798,722</u>	<u>8,098,561</u>
Change before contributions and transfers	644,628	1,257,762	733,609	1,048,286	1,378,237	2,306,048
Transfers	131,645	91,100	(131,645)	(91,100)	-	-
Change in net position	<u>776,273</u>	<u>1,348,862</u>	<u>601,964</u>	<u>957,186</u>	<u>1,378,237</u>	<u>2,306,048</u>
Net position - beginning of year	<u>11,108,768</u>	<u>9,759,906</u>	<u>9,961,081</u>	<u>9,003,895</u>	<u>21,069,849</u>	<u>18,763,801</u>
Net position - end of year	<u>\$11,885,041</u>	<u>\$11,108,768</u>	<u>\$10,563,045</u>	<u>\$9,961,081</u>	<u>\$22,448,086</u>	<u>\$21,069,849</u>

**Governmental Activities.** During the year the Township invested \$1,362,825 or 23% of governmental activities expenses in public safety. General government expenses amounted to \$1,700,055 or 29% of governmental activities while culture and recreation, public works, community and economic development, and interest on long-term debt made up the remaining 48% of governmental activities expenses.

### Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Township's governmental funds reported combined ending

fund balances of \$5,614,509, a decrease of \$1,541,376 in comparison with the prior year. Of the \$5,614,509, \$2,407,744 is reported in the general fund.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,797,376. 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 66% of total general fund expenditures. The fund balance of the Township's general fund decreased by \$120,325 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 \$6,262, an increase of \$371 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 \$583,315, an increase of \$137,644 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 \$2,403,924 primarily due to unspent bond proceeds from the \$4.5 million pathway construction bonds.

**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 \$1,817,054 and \$2,241,639 respectively. The sewer fund had an increase in net position for the year of \$204,410. The water fund had an increase in net position for the year of \$397,554.

## 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, 2018, amounted to \$20,812,547 (net of accumulated depreciation).

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 2,022,055	\$ 55,804	\$ 2,077,859
Construction in progress	-	82,894	82,894
Buildings and improvements	4,466,634	-	4,466,634
Land improvements	10,308,018	-	10,308,018
Furniture, machinery and equipment	1,660,652	581,884	2,242,536
Vehicles	1,773,243	-	1,773,243
Shared improvements	543,386	-	543,386
Utility systems	-	21,303,988	21,303,988
Accumulated depreciation	(9,168,124)	(12,817,887)	(21,986,011)
<b>Total</b>	<b>\$ 11,605,864</b>	<b>\$ 9,206,683</b>	<b>\$ 20,812,547</b>

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:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Accrued employee benefits	\$ 71,092	\$ 24,810	\$ 95,902
Bonds payable	5,015,000	5,079,613	10,094,613
<b>Total</b>	<b>\$5,086,092</b>	<b>\$5,104,423</b>	<b>\$10,190,515</b>

The Township made principle payments on bonds outstanding totaling \$828,992 during the year.

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

## **Budgetary Highlights**

Significant budget adjustments were made for the following:

- The General Fund Designated Fund Balance was increased by \$180,000 as a result of a board decision to set aside money for future park expansion and development.
- Trade permit fees exceeded the budgeted amount by approximately \$78,000 mainly due to The Village at Rosy Mound apartment project as well as new residential construction activity.
- Interest income exceeded budgeted amounts in total for all funds by about \$94,000 due to an investment decision to switch excess funds to MI Class at an average yield of 2.03%.
- The legislative budget was increased by \$15,000 to reflect a contribution to "The Reimagine Project" in the City of Grand Haven.
- The Administrative budget showed an increase mid-year of approximately \$40,000 to reflect the increase in work hours for the human resources manager and related benefits.
- Budgeted amounts for capital outlay in the Building & Grounds department were increased by \$66,000 to account for the purchase of new audio/visual equipment for the board room.
- The Community Development budget saw a corresponding increase in inspection fees of \$80,000 due to higher than anticipated activity in residential construction and alterations.
- Budget expenditures in the Drain account were increased by \$37,700 due to higher than anticipated maintenance costs for Township drains-at-large.
- The Parks and Recreation budget was decreased by approximately \$52,000 to reflect the postponement of several projects to fiscal year 2019.
- Capital Outlay in the DDA Fund was increased by just over \$57,000 to account for engineering and construction costs related to the installation of traffic lights at Robbins Road and 172nd Avenue.
- The Pathway fund showed budget increases in operating transfer revenues from the General and Water Funds of about \$190,000 along with increases in pathway construction, engineering and easement costs totaling \$286,000.
- Budgeted trunkage revenues in the sewer fund were decreased by \$150,000 to reflect the postponement of the Regency nursing home construction to 2019 as well as the installation of a smaller meter at The Village of Rosy Mound.
- The Water fund budget was increased by about \$214,000 as a result of higher than anticipated water sales due to the dry summer as well as a reimbursement from the City of Grand Haven for an error in water billing.
- Transfers from the General Fund to the Transportation Fund, along with related expenditures in the Transportation Fund, increased by \$127,000 for additional subdivision road paving throughout the Township.
- Contributions to the Information Technologies Fund as well as computer related expenditures decreased by almost \$144,000 resulting from a board decision to utilize cash reserves from previous years to fund current expenditures.

## Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2019 fiscal year:

- Economic growth is expected to continue in West Michigan. The economic expansion in West Michigan is now seven years old and is stronger than most other areas in the United States or any other region of Michigan. Many businesses are expanding and/or are at capacity. This expansion is longer and, more recently, sharper than the post-war average of 58 months. Although the next recession could, in theory, be around the corner spurred by some unpredictable shock (*e.g., trade wars, political turmoil in Washington*); if the current pattern holds, the current expansion should continue for about two more years. By that yardstick, the expansion could last through 2020, which would make it the longest economic expansion on record.
- Property values are expected to increase by about 2.25% in 2019 to the current estimated taxable value of about \$802.2 million.
- The Disabled Veterans exemption - based upon current exemptions - is expected to reduce property tax collections. The FY 2019 revenue loss is estimated at \$2,742 for the General Fund; \$5,681 for the Fire/Rescue Fund; \$1,359 for the Pathway Fund; and, \$2,841 for the Municipal Street Fund.
- Revenues associated with construction activity are expected to exceed 2018 numbers due to two new subdivisions opening and a new apartment complex being constructed.
- Water and Sewer utility rates will increase by 3% for water and 3% for sewer with an additional \$.59 per 1,000 gallons for the debt related to the renovations at the sewage treatment plant.
- Platting, clearing and construction activities are planned at the Historic Cemetery to create additional sections at an estimated cost of \$167,500.
- The final phase of pathway construction will be completed in 2019 adding 4.9 miles of new pathway at an estimated cost of \$2,257,000 along with the purchase of a new Toolcat for maintenance of the pathway in the amount of \$76,000.
- The Township will supplement the street maintenance work of the Ottawa County Road Commission to resurface subdivision roads during 2019 at a cost of about \$450,000. Monies will also be included to "prime and double chip" up to 2 miles of gravel roads.
- The Fire/Rescue department will begin the 18-month process to design and build a new fire truck to replace a 23-year old pumper with 2 installments being paid in 2019 at an expected cost of \$310,000 of the estimated \$680,000 total.
- The DDA fund will collect about \$599,000 in revenues which will help finance the installation of watermain and a new sidewalk along Robbins Rd between 168<sup>th</sup> Ave and 172<sup>nd</sup> Ave at an approximate cost of \$610,000.
- A total of \$505,400 in debt payments will be made during 2019 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 \$200,000 for 2019.

It should be noted that voters approved a Headlee override election in November to return the Township's General Operating millage from the current 0.8895 mills to 1 mill. This will positively impact the 2020 fiscal year.

And finally, it is noted that Health Pointe has applied for a tax-exempt status of their real and personal property based upon their nonprofit status and the criteria set forth in *Wexford Medical Group v. City of Cadillac*. The fiscal impact of this revenue loss for the Township is about \$80,000, which will be partially offset through a PILOT agreement that is estimated to raise about \$46,000.

## 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, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>Assets</b>				
Cash and pooled investments	\$ 6,948,879	\$ 3,022,148	\$ 9,971,027	\$ 1,301,585
Receivables				
Accounts	4,722	507,214	511,936	-
Taxes	2,727,361	-	2,727,361	609,735
Special assessments (current portion)	-	26,725	26,725	-
Due from other governments	224,626	115,067	339,693	-
Prepaid items	61,334	13,493	74,827	-
<b>Total current assets</b>	<b>9,966,922</b>	<b>3,684,647</b>	<b>13,651,569</b>	<b>1,911,320</b>
Noncurrent assets				
Special assessments receivable	-	187,912	187,912	-
Unamortized bond discount	-	4,490	4,490	-
Capital assets:				
Access rights, net	-	3,119,631	3,119,631	-
Non-depreciable	2,022,055	55,804	2,077,859	-
Construction in progress	-	82,894	82,894	-
Depreciable capital assets, net	9,583,809	9,067,985	18,651,794	-
<b>Total noncurrent assets</b>	<b>11,605,864</b>	<b>12,518,716</b>	<b>24,124,580</b>	<b>-</b>
<b>Total assets</b>	<b>21,572,786</b>	<b>16,203,363</b>	<b>37,776,149</b>	<b>1,911,320</b>
<b>Deferred outflows</b>				
Deferred loss on bond refunding	-	343,963	343,963	-
<b>Liabilities</b>				
Accounts payable	599,804	169,416	769,220	-
Accrued payroll and benefits	82,683	11,277	93,960	-
Accrued interest payable	23,944	35,220	59,164	-
Current portion of noncurrent liabilities	365,000	498,497	863,497	-
<b>Total current liabilities</b>	<b>1,071,431</b>	<b>714,410</b>	<b>1,785,841</b>	<b>-</b>
Long-term liabilities				
Post-employment benefits	244,634	-	244,634	-
Compensated absences	71,092	24,810	95,902	-
Unamortized bond premium	-	663,945	663,945	-
Bonds payable	5,015,000	5,079,613	10,094,613	-
Less current portion	(365,000)	(498,497)	(863,497)	-
<b>Total long-term liabilities</b>	<b>4,965,726</b>	<b>5,269,871</b>	<b>10,235,597</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,037,157</b>	<b>5,984,281</b>	<b>12,021,438</b>	<b>-</b>
<b>Deferred inflows of resources</b>				
Unearned revenue	3,650,588	-	3,650,588	609,735
<b>Net position</b>				
Net investment in capital assets	8,121,366	6,504,352	14,625,718	-
Restricted for				
Fire protection	583,315	-	583,315	-
Transportation	6,262	-	6,262	-
Police services	212,923	-	212,923	-
Unrestricted	2,961,175	4,058,693	7,019,868	1,301,585
<b>Total net position</b>	<b>\$ 11,885,041</b>	<b>\$ 10,563,045</b>	<b>\$ 22,448,086</b>	<b>\$ 1,301,585</b>

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

**GRAND HAVEN CHARTER TOWNSHIP**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
<b>Primary government</b>					
Governmental activities					
General government	\$ 1,700,055	\$ 364,150	\$ -	\$ 57,774	\$ (1,278,131)
Public safety	1,362,825	73,910	11,768	-	(1,277,147)
Public works	875,831	426,812	-	-	(449,019)
Community and economic development	1,115,221	-	-	-	(1,115,221)
Culture and recreation	651,081	28,743	71,829	-	(550,509)
Interest on long-term debt	146,568	-	-	-	(146,568)
<b>Total governmental activities</b>	<b>5,851,581</b>	<b>893,615</b>	<b>83,597</b>	<b>57,774</b>	<b>(4,816,595)</b>
Business-type activities					
Sewer	600,623	587,012	-	189,717	176,106
Water	2,346,518	2,495,658	-	183,579	332,719
<b>Total business-type activities</b>	<b>2,947,141</b>	<b>3,082,670</b>	<b>-</b>	<b>373,296</b>	<b>508,825</b>
<b>Total primary government</b>	<b>\$ 8,798,722</b>	<b>\$ 3,976,285</b>	<b>\$ 83,597</b>	<b>\$ 431,070</b>	<b>\$ (4,307,770)</b>
<b>Component unit</b>					
Downtown Development Authority	\$ 126,796	\$ -	\$ -	\$ -	\$ (126,796)
<b>Total component unit</b>	<b>\$ 126,796</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (126,796)</b>

(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, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>Changes in net position</b>				
<b>Net (expense) revenue</b>	\$ (4,816,595)	\$ 508,825	\$ (4,307,770)	\$ (126,796)
General revenues				
Property taxes				
General purpose	1,387,528	-	1,387,528	453,188
Specific purpose	2,261,764	-	2,261,764	-
State shared revenues	1,347,334	-	1,347,334	-
Unrestricted interest	51,820	54,619	106,439	6,700
Miscellaneous	412,777	170,165	582,942	127,554
Transfers	131,645	(131,645)	-	-
Total general revenues and transfers	5,592,868	93,139	5,686,007	587,442
Change in net position	776,273	601,964	1,378,237	460,646
<b>Net position, beginning of year</b>	11,108,768	9,961,081	21,069,849	840,939
<b>Net position, end of year</b>	\$ 11,885,041	\$ 10,563,045	\$ 22,448,086	\$ 1,301,585

(Concluded)

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

**GRAND HAVEN CHARTER TOWNSHIP**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**DECEMBER 31, 2018**

	<u>General</u>	<u>Municipal Street</u>	<u>Fire Protection</u>	<u>Pathways Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>						
Cash and pooled investments	\$ 2,808,594	\$ 179,517	\$ 946,434	\$ 2,571,887	\$ 380,083	\$ 6,886,515
Receivables						
Accounts	234	-	-	-	4,488	4,722
Taxes	632,227	510,523	1,020,177	244,081	320,353	2,727,361
Due from other governments	224,626	-	-	-	-	224,626
Prepaid items	23,618	-	26,302	2,416	-	52,336
<b>Total assets</b>	<u>\$ 3,689,299</u>	<u>\$ 690,040</u>	<u>\$ 1,992,913</u>	<u>\$ 2,818,384</u>	<u>\$ 704,924</u>	<u>\$ 9,895,560</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 390,878	\$ -	\$ 7,899	\$ 84,993	\$ 64,010	\$ 547,780
Accrued payroll and benefits	45,223	-	34,984	2,476	-	82,683
<b>Total liabilities</b>	<u>436,101</u>	<u>-</u>	<u>42,883</u>	<u>87,469</u>	<u>64,010</u>	<u>630,463</u>
<b>Deferred inflows of resources</b>						
Unearned revenue	845,454	683,778	1,366,715	326,991	427,650	3,650,588
<b>Fund balances</b>						
Nonspendable						
Prepaid items	23,618	-	26,302	2,416	-	52,336
Restricted						
Fire Protection	-	-	557,013	-	-	557,013
Transportation	-	6,262	-	-	-	6,262
Police Services	-	-	-	-	212,923	212,923
Committed						
Parks	550,000	-	-	-	-	550,000
Assigned						
Subsequent year expenditures	36,750	-	-	-	-	36,750
Debt service funds	-	-	-	-	341	341
Pathways capital projects	-	-	-	2,401,508	-	2,401,508
Unassigned	1,797,376	-	-	-	-	1,797,376
<b>Total fund balances</b>	<u>2,407,744</u>	<u>6,262</u>	<u>583,315</u>	<u>2,403,924</u>	<u>213,264</u>	<u>5,614,509</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 3,689,299</u>	<u>\$ 690,040</u>	<u>\$ 1,992,913</u>	<u>\$ 2,818,384</u>	<u>\$ 704,924</u>	<u>\$ 9,895,560</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, 2018

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<b>Fund balances - total governmental funds</b>	<b>\$ 5,614,509</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - land	2,022,055
Add - capital assets (net of accumulated depreciation)	9,484,944
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	118,203
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - post-employment benefits	(244,634)
Deduct - compensated absences payable	(71,092)
Deduct - bonds payable	(5,015,000)
Deduct - accrued interest on bonds and notes payable	<u>(23,944)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 11,885,041</u></b>

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, 2018**

	<u>General</u>	<u>Municipal Street</u>	<u>Fire Protection</u>	<u>Pathways Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>						
Property taxes	\$ 990,366	\$ 650,145	\$ 1,300,379	\$ 311,240	\$ 397,162	\$ 3,649,292
Licenses and permits	697,005	-	-	-	-	697,005
State	1,347,334	-	-	-	-	1,347,334
Charges for services	121,413	-	4,392	-	-	125,805
Fines	1,287	-	-	-	69,518	70,805
Interest	29,975	1,424	14,959	71,829	5,319	123,506
Miscellaneous	408,937	-	15,596	-	12	424,545
<b>Total revenues</b>	<u>3,596,317</u>	<u>651,569</u>	<u>1,335,326</u>	<u>383,069</u>	<u>472,011</u>	<u>6,438,292</u>
<b>Expenditures</b>						
Current						
General government	1,542,543	-	-	-	-	1,542,543
Public safety	-	-	1,127,934	-	414,266	1,542,200
Public works	194,088	601,535	-	-	-	795,623
Community and economic development	609,693	406,638	-	-	-	1,016,331
Culture and recreation	265,188	-	-	178,765	-	443,953
Debt service						
Principal	-	-	-	-	350,000	350,000
Interest	-	-	-	-	147,770	147,770
Capital outlay	118,120	-	69,748	2,085,025	-	2,272,893
<b>Total expenditures</b>	<u>2,729,632</u>	<u>1,008,173</u>	<u>1,197,682</u>	<u>2,263,790</u>	<u>912,036</u>	<u>8,111,313</u>
Revenues over (under) expenditures	<u>866,685</u>	<u>(356,604)</u>	<u>137,644</u>	<u>(1,880,721)</u>	<u>(440,025)</u>	<u>(1,673,021)</u>
Other financing sources (uses)						
Transfers in	-	356,975	-	543,340	497,760	1,398,075
Transfers out	<u>(987,010)</u>	<u>-</u>	<u>-</u>	<u>(279,420)</u>	<u>-</u>	<u>(1,266,430)</u>
Total other financing sources (uses)	<u>(987,010)</u>	<u>356,975</u>	<u>-</u>	<u>263,920</u>	<u>497,760</u>	<u>131,645</u>
Net changes in fund balances	(120,325)	371	137,644	(1,616,801)	57,735	(1,541,376)
<b>Fund balances, beginning of year</b>	<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>
<b>Fund balances, end of year</b>	<u>\$ 2,407,744</u>	<u>\$ 6,262</u>	<u>\$ 583,315</u>	<u>\$ 2,403,924</u>	<u>\$ 213,264</u>	<u>\$ 5,614,509</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, 2018

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ (1,541,376)</b>
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Amounts reported for *governmental activities* in the statement of activities are different because

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

Add - capital outlay	2,738,667
Deduct - depreciation expense	(592,189)

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	(140,782)
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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	350,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in OPEB liability	(13,575)
Add - decrease in deferred inflows related to OPEB	1,038
Deduct - decrease in deferred outflows related to OPEB	(23,160)
Deduct - increase in compensated absences	(3,552)
Add - decrease in accrued interest	<u>1,202</u>

<b>Change in net position of governmental activities</b>	<b><u>\$ 776,273</u></b>
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The accompanying notes are an integral part of these financial statements.

**GRAND HAVEN CHARTER TOWNSHIP**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION**

**DECEMBER 31, 2018**

	Enterprise Funds		Enterprise	Governmental
	Sewer	Water	Fund Total	Activities Internal Service
<b>Assets</b>				
Current assets				
Cash and pooled investments	\$ 1,517,881	\$ 1,504,267	\$ 3,022,148	\$ 62,364
Receivables				
Accounts	95,479	411,735	507,214	-
Special assessments (current portion)	26,725	-	26,725	-
Due from other funds	2,000	-	2,000	-
Due from other government:	-	115,067	115,067	-
Prepaid and other assets	3,411	10,082	13,493	8,998
<b>Total current assets</b>	<b>1,645,496</b>	<b>2,041,151</b>	<b>3,686,647</b>	<b>71,362</b>
Noncurrent assets				
Special assessments receivable	187,912	-	187,912	-
Unamortized bond discount	4,490	-	4,490	-
Capital assets:				
Access rights, net	-	3,119,631	3,119,631	-
Non-depreciable	8,405	47,399	55,804	-
Construction in progress	72,370	10,524	82,894	-
Depreciable capital assets, net	3,508,734	5,559,251	9,067,985	98,865
<b>Total noncurrent assets</b>	<b>3,781,911</b>	<b>8,736,805</b>	<b>12,518,716</b>	<b>98,865</b>
<b>Total assets</b>	<b>5,427,407</b>	<b>10,777,956</b>	<b>16,205,363</b>	<b>170,227</b>
<b>Deferred outflow</b>				
Deferred loss on bond refunding	-	343,963	343,963	-
<b>Liabilities</b>				
Current liabilities				
Accounts payable	82,231	87,185	169,416	52,024
Accrued payroll and benefits	6,493	29,594	36,087	-
Due to other funds	-	2,000	2,000	-
Accrued interest payable	-	35,220	35,220	-
Current portion of long-term liabilities	50,000	448,497	498,497	-
<b>Total current liabilities</b>	<b>138,724</b>	<b>602,496</b>	<b>741,220</b>	<b>52,024</b>
Long-term liabilities				
Unamortized bond premium	-	663,945	663,945	-
Bonds payable	630,000	4,449,613	5,079,613	-
Less current portion	(50,000)	(448,497)	(498,497)	-
<b>Total long-term liabilities</b>	<b>580,000</b>	<b>4,665,061</b>	<b>5,245,061</b>	<b>-</b>
<b>Total liabilities</b>	<b>718,724</b>	<b>5,267,557</b>	<b>5,986,281</b>	<b>52,024</b>
<b>Net position</b>				
Net investment in capital assets	2,891,629	3,612,723	6,504,352	98,865
Unrestricted	1,817,054	2,241,639	4,058,693	19,338
<b>Total net position</b>	<b>\$ 4,708,683</b>	<b>\$ 5,854,362</b>	<b>\$ 10,563,045</b>	<b>\$ 118,203</b>

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, 2018**

	Enterprise Funds		Enterprise Fund Total	Governmental
	Sewer	Water		Internal Service
<b>Operating revenue</b>				
Charges for services				
Water sales	\$ -	\$ 2,443,786	\$ 2,443,786	\$ -
Sewage disposal services	332,321	-	332,321	-
Debt services charges	249,162	-	249,162	-
Penalties	5,529	40,640	46,169	-
Other charges	-	-	-	103,817
Total charges for services	587,012	2,484,426	3,071,438	103,817
Hydrant maintenance charges	-	11,232	11,232	-
Other revenue	16,995	153,170	170,165	-
<b>Total operating revenue</b>	<u>604,007</u>	<u>2,648,828</u>	<u>3,252,835</u>	<u>103,817</u>
<b>Operating expense</b>				
Administration	38,700	161,580	200,280	198,732
Plant operations and maintenance	346,729	1,331,861	1,678,590	-
Depreciation	181,135	382,812	563,947	46,010
Amortization	-	237,378	237,378	-
<b>Total operating expense</b>	<u>566,564</u>	<u>2,113,631</u>	<u>2,680,195</u>	<u>244,742</u>
Operating income (loss)	<u>37,443</u>	<u>535,197</u>	<u>572,640</u>	<u>(140,925)</u>
Non-operating revenue (expense)				
Interest income	37,509	17,110	54,619	143
Interest expense	(34,059)	(232,887)	(266,946)	-
Total non-operating revenue (expense)	<u>3,450</u>	<u>(215,777)</u>	<u>(212,327)</u>	<u>143</u>
Income (loss) before transfers and capital contributions	<u>40,893</u>	<u>319,420</u>	<u>360,313</u>	<u>(140,782)</u>
Other financing sources (uses)				
Transfers out	(26,200)	(105,445)	(131,645)	-
Capital contributions				
Connection fees and charges	81,873	183,579	265,452	-
Special assessments	107,844	-	107,844	-
Total capital contributions	<u>189,717</u>	<u>183,579</u>	<u>373,296</u>	<u>-</u>
Changes in net position	204,410	397,554	601,964	(140,782)
<b>Net position, beginning of year</b>	<u>4,504,273</u>	<u>5,456,808</u>	<u>9,961,081</u>	<u>258,985</u>
<b>Net position, end of year</b>	<u>\$ 4,708,683</u>	<u>\$ 5,854,362</u>	<u>\$ 10,563,045</u>	<u>\$ 118,203</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, 2018**

	Enterprise Funds		Enterprise Fund Total	Governmental Activities
	Sewer	Water		Internal Service
<b>Cash flows from operating activities</b>				
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ 103,817
Receipts from customers and users	593,734	2,559,140	3,152,874	-
Payments to employees	(88,293)	(480,954)	(569,247)	-
Payments to suppliers	(280,537)	(1,017,861)	(1,298,398)	(141,561)
Payments for interfund services used	(5,202)	(16,076)	(21,278)	-
Transfers	(26,200)	(105,445)	(131,645)	-
<b>Net cash provided by (used in) operating activities</b>	<u>193,502</u>	<u>938,804</u>	<u>1,132,306</u>	<u>(37,744)</u>
<b>Cash flows from capital and related financing activities</b>				
Connection charges	81,873	183,579	265,452	-
Special assessments issued	(107,409)	-	(107,409)	-
Special assessments collected	26,320	-	26,320	-
Due (from) to other funds	(2,000)	2,000	-	-
Principal paid on bonds	(50,000)	(428,992)	(478,992)	-
Interest paid on bonds	(33,248)	(233,568)	(266,816)	-
Acquisition of capital assets	(152,208)	(465,785)	(617,993)	(39,755)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(128,828)</u>	<u>(942,766)</u>	<u>(1,071,594)</u>	<u>(39,755)</u>
<b>Cash flows from investing activities</b>				
Interest income	37,509	17,110	54,619	143
<b>Net increase (decrease) in cash and pooled investments</b>	<u>102,183</u>	<u>13,148</u>	<u>115,331</u>	<u>(77,356)</u>
<b>Cash and pooled investments, beginning of year</b>	<u>1,415,698</u>	<u>1,491,119</u>	<u>2,906,817</u>	<u>139,720</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 1,517,881</u>	<u>\$ 1,504,267</u>	<u>\$ 3,022,148</u>	<u>\$ 62,364</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 37,443	\$ 535,197	\$ 572,640	\$ (140,925)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	181,135	382,812	563,947	46,010
Amortization	-	237,378	237,378	-
Transfers	(26,200)	(105,445)	(131,645)	-
Change in operating assets and liabilities which provided (used) cash:				
Accounts receivable	(10,273)	(89,688)	(99,961)	-
Prepaid assets and other items	57,464	134,236	191,700	7,378
Accounts payable	(45,658)	(154,369)	(200,027)	49,793
Accrued liabilities	(409)	(1,317)	(1,726)	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 193,502</u>	<u>\$ 938,804</u>	<u>\$ 1,132,306</u>	<u>\$ (37,744)</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, 2018**

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	<b>Other Post-employment Benefit <u>Trust</u></b>	<b>Agency <u>Funds</u></b>
<b>Assets</b>		
Cash and pooled investments	\$ 576	\$ 1,014,806
Investments	128,333	-
Prepaid items	<u>156</u>	<u>-</u>
<b>Total assets</b>	<u>129,065</u>	<u>\$ 1,014,806</u>
<b>Liabilities</b>		
Accounts payable	<u>-</u>	<u>\$ 1,014,806</u>
<b>Net position</b>		
Restricted for other post-employment benefits	<u>\$ 129,065</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, 2018**

	<b>Other Post-employment Benefit Trust</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 28,640
Retiree	4,712
Investment earnings	<u>(1,298)</u>
<b>Total Additions</b>	32,054
<b>Deductions</b>	
Benefits	24,609
Administrative expenses	<u>294</u>
<b>Total deductions</b>	<u>24,903</u>
Net increase	7,151
<b>Net position, beginning of year</b>	<u>121,914</u>
<b>Net position, end of year</b>	<u><u>\$ 129,065</u></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, 2018

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#### 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. The Township has no blended component units. Discretely presented component units are reported in separate columns in the financial statements to emphasize they are legally separate from the Township.

##### ***Discretely Presented Component Unit***

The Downtown Development Authority (the "DDA") was created to 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, 2018

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#### ***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, 2018

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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, 2018

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#### ***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. The Township follows the consumption method of accounting for prepaid items.

#### ***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, 2018

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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, 2018

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### ***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, 2018

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### *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, 2018, there were no expenditures in excess of the amount appropriated.

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

#### 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	\$9,971,027	\$1,301,585	\$1,015,382	\$12,287,994
Investments	-	-	128,333	128,333
	\$9,971,027	\$1,301,585	\$1,143,715	\$12,416,327

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

Deposits	\$ 7,603,080
Petty cash	300
Investments	4,812,947
Total	\$12,416,327

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, \$6,904,056 of the Township's bank balance of \$7,562,687 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>
MI Class Investment Pool	N/A	\$4,684,614	AAAm	S&P
MERS Trust Account	N/A	128,333	Unrated	N/A
Total		\$4,812,947		

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, 2018

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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).
- 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, 2018**

### 4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2018</u>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$2,022,055	\$ -	\$ -	\$2,022,055
<b>Capital assets, being depreciated</b>				
Land improvements	8,138,614	2,169,404	-	10,308,018
Buildings and improvements	4,454,309	12,325	-	4,466,634
Furniture and equipment	1,192,798	547,068	79,214	1,660,652
Vehicles	1,784,934	50,128	61,819	1,773,243
Shared improvements	543,386	-	-	543,386
Total capital assets, being depreciated	16,114,041	2,778,925	141,033	18,751,933
Less accumulated depreciation for				
Land improvements	4,192,848	304,395	-	4,497,243
Buildings and improvements	2,119,712	114,054	-	2,233,766
Furniture and equipment	883,353	134,917	78,711	939,559
Vehicles	956,994	83,164	61,819	978,339
Shared improvements	517,548	1,669	-	519,217
Total accumulated depreciation	8,670,455	638,199	140,530	9,168,124
<b>Net capital assets, being depreciated</b>	<b>7,443,586</b>	<b>2,140,726</b>	<b>503</b>	<b>9,583,809</b>
<b>Governmental Activities capital assets, net</b>	<b>\$9,465,641</b>	<b>\$2,140,726</b>	<b>\$ 503</b>	<b>\$11,605,864</b>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 55,804	\$ -	\$ -	\$ 55,804
Construction in progress	-	82,894	-	82,894
<b>Net capital assets, not being depreciated</b>	<b>55,804</b>	<b>82,894</b>	<b>-</b>	<b>138,698</b>
<b>Capital assets being depreciated</b>				
Utility systems	20,768,889	535,099	-	21,303,988
Machinery and equipment	587,328	-	5,444	581,884
Total capital assets, being depreciated	21,356,217	535,099	5,444	21,885,872
Less accumulated depreciation for				
Utility systems	11,815,808	529,920	-	12,345,728
Machinery and equipment	443,576	34,027	5,444	472,159
Total accumulated depreciation	12,259,384	563,947	5,444	12,817,887
<b>Net capital assets, being depreciated</b>	<b>9,096,833</b>	<b>(28,848)</b>	<b>-</b>	<b>9,067,985</b>
<b>Business-type Activities capital assets, net</b>	<b>\$9,152,637</b>	<b>\$54,046</b>	<b>\$ -</b>	<b>\$9,206,683</b>

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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

<b>Governmental Activities</b>	
General government	\$ 83,794
Public safety	177,518
Public works	51,464
Community and economic development	98,890
Culture and recreation	180,523
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	46,010
<b>Total depreciation expense - governmental activities</b>	<b>\$638,199</b>
 <b>Business-type Activities</b>	
Sewer	\$181,135
Water	382,812
<b>Total depreciation expense - business- type activities</b>	<b>\$563,947</b>

Access rights activity for the year was as follows:

	<b>Balance January 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2018</b>
<b>Business-type Activities</b>				
Access rights	\$6,433,568	\$ -	\$ -	\$6,433,568
Less accumulated amortization	3,023,709	290,228	-	3,313,937
Access rights, net	<b>\$3,409,859</b>	<b>\$(290,228)</b>	<b>\$ -</b>	<b>\$3,119,631</b>

Amortization of \$290,228 has been charged to the water enterprise fund.

#### 5. INTERFUND TRANSACTIONS

Transfers in and out for the year are as follows:

<b>Transfers out</b>	<b>Transfers in</b>			
	<u>Municipal Street</u>	<u>Pathway Construction</u>	<u>Non-Major Funds</u>	<u>Total</u>
General Fund	\$356,975	\$505,580	\$124,455	\$987,010
Pathways Construction	-	-	279,420	279,420
Sewer Fund	-	-	26,200	26,200
Water Fund	-	37,760	67,685	105,445
	<b>\$356,975</b>	<b>\$543,340</b>	<b>\$497,760</b>	<b>\$1,398,075</b>

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, 2018

#### 6. LONG-TERM DEBT

The following is a summary of the debt transactions of the Township for the year ended December 31, 2018:

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2018</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
\$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	\$865,000	\$ -	\$205,000	\$660,000	\$210,000
\$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	-	145,000	4,355,000	155,000
Total	5,365,000	-	350,000	5,015,000	365,000
Accrued employee benefits	67,540	3,552	-	71,092	-
<b>Total Governmental Activities</b>	<b>\$5,432,540</b>	<b>\$3,552</b>	<b>\$350,000</b>	<b>\$5,086,092</b>	<b>\$365,000</b>
<b>Business-type Activities</b>					
\$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	\$ 575,000	\$ -	\$280,000	\$ 295,000	\$295,000
\$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	680,000	-	50,000	630,000	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	81,533	-	41,931	39,602	39,602
\$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	469,247	-	107,061	362,186	113,895

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2018</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	5,558,605	-	478,992	5,079,613	498,497
Bond discount*	(5,301)	-	(811)	(4,490)	-
Bond premium	738,294	-	74,349	663,945	-
Accrued employee benefits	25,817	-	1,007	24,810	-
<b>Total Business-type Activities</b>	<b>\$6,317,415</b>	<b>\$ -</b>	<b>\$553,537</b>	<b>\$5,763,878</b>	<b>\$498,497</b>

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, 2018 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>
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	190,000	112,987	285,962	177,971
2024-2028	1,100,000	483,935	1,614,918	689,451
2029-2033	1,395,000	300,967	1,595,707	299,282
2034-2036	1,000,000	57,188	368,061	9,202
<b>Total</b>	<b>\$5,015,000</b>	<b>\$1,468,701</b>	<b>\$5,079,613</b>	<b>\$2,002,692</b>

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 the Municipal Employees Retirement System (MERS) of Michigan, 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 2018 was \$157,842 and the employees' contribution was \$78,904.

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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#### Deferred Compensation Plan

The Township offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to full-time 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. The plan is closed to new participants.

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

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (December 31, 2018):

Retirees and beneficiaries receiving benefits	4
Active plan members	<u>6</u>
Total	<u>10</u>

#### **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, 2018, 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, 2018 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.5%

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

Healthcare cost trend rates: 8.25% graded down .25 per year to 4.5%

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.

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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.

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>
Diversified Bond Portfolio	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, 2018, the annual money-weighted rate of return on investments, net of investment expense, was (1.17) 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

	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at 12/31/17	\$352,241	\$121,182	\$231,059
Changes for the Year:			
Service cost	13,333	-	13,333
Interest	10,396	-	10,396
Change in benefits	-	-	-
Differences between expected and actual experience	21,760	-	21,760
Change in assumptions	-	-	-
Contributions: employer	-	28,798	(28,798)
Contributions: employee	-	4,712	(4,712)
Net investment income	-	(1,302)	1,302
Benefit payments, including refunds	(24,763)	(24,763)	-
Administrative expense	-	(294)	294
Other changes	-	-	-
Net changes	20,726	7,151	13,575
Balance at 12/31/18	\$372,967	\$128,333	\$244,634

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

**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	\$416,769	\$372,967	\$330,917
Fiduciary net position	128,333	128,333	128,333
Net OPEB liability	\$288,436	\$244,634	\$202,584
Plan fiduciary position as a percentage of the total OPEB liability	34.41%		

**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 8.25% in 2019 graded down 0.25% per year to 4.5%, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower (7.25%) or 1% higher (9.25%) than the current rate.

	1% Decrease	Current healthcare cost trend rate	1% Increase
Total OPEB liability	\$356,446	\$372,967	\$393,367
Fiduciary net position	128,333	128,333	128,333
Net OBEB liability	\$228,113	\$244,634	\$265,034

#### 9. 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, 2018	\$(261,499)
Current year building permit revenues	426,811
Direct expenses	369,900
Excess for the year ended December 31, 2018	56,911
Cumulative shortfall – December 31, 2018	\$(204,588)

# **GRAND HAVEN CHARTER TOWNSHIP**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2018**

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#### **10. CONTIGENT 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.

#### **11. 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 \$207,412 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, 2018, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to approximately \$1,185,000. 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 System (System). 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 \$638,478 to the System to purchase water. The purpose of the Northwest Ottawa Water System 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, 2018, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to approximately \$944,000. The Township is unaware of any other circumstances that would cause an additional benefit or burden to the participating government in the near future. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street, Grand Haven, MI 49417).

# **GRAND HAVEN CHARTER TOWNSHIP**

## ***NOTES TO THE FINANCIAL STATEMENTS***

### ***FOR THE YEAR ENDED DECEMBER 31, 2018***

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#### **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, 2018 the Township abated property tax revenues of approximately \$12,500.

#### **13. COMMITMENTS**

The Township has various ongoing construction projects with total estimated commitments of approximately \$465,000 outstanding at December 31, 2018.

## **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, 2018**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 984,860	\$ 993,200	\$ 990,366	\$ (2,834)
Licenses and permits	629,650	709,520	697,005	(12,515)
State	1,286,150	1,321,450	1,347,334	25,884
Charges for services	116,130	125,630	121,413	(4,217)
Fines	2,100	2,100	1,287	(813)
Interest	22,500	35,800	29,975	(5,825)
Miscellaneous	405,930	407,630	408,937	1,307
<b>Total revenues</b>	<u>3,447,320</u>	<u>3,595,330</u>	<u>3,596,317</u>	<u>987</u>
<b>Expenditures</b>				
Current				
General government				
Township board	161,030	167,210	152,485	14,725
Supervisor	22,030	22,030	21,574	456
Elections	95,450	88,020	86,290	1,730
Finance	234,630	246,040	244,810	1,230
Assessor	234,830	230,670	221,090	9,580
Clerk	40,690	38,190	33,143	5,047
Board of appeals	4,740	4,740	3,130	1,610
Board of review	2,610	2,610	1,221	1,389
Administration	451,750	402,550	400,613	1,937
Treasurer	47,720	43,410	41,772	1,638
Buildings and grounds	191,000	199,640	179,548	20,092
Cemetery	158,110	166,110	156,867	9,243
Public works				
Street lighting	116,650	125,870	125,571	299
Waste collection	9,500	9,500	8,308	1,192
Drains	30,000	67,700	60,209	7,491
Community and economic development				
Building and zoning	519,020	593,195	574,903	18,292
Planning commission	37,450	37,450	34,790	2,660
Culture and recreation				
Parks and recreation	268,650	267,750	265,188	2,562
Capital outlay	<u>123,500</u>	<u>144,300</u>	<u>118,120</u>	<u>26,180</u>
<b>Total expenditures</b>	<u>2,749,360</u>	<u>2,856,985</u>	<u>2,729,632</u>	<u>127,353</u>
Revenues over (under) expenditures	697,960	738,345	866,685	128,340
Other financing sources (uses)				
Transfers out	<u>(706,920)</u>	<u>(987,060)</u>	<u>(987,010)</u>	<u>50</u>
Net changes in fund balances	(8,960)	(248,715)	(120,325)	128,390
<b>Fund balances, beginning of year</b>	<u>2,528,069</u>	<u>2,528,069</u>	<u>2,528,069</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,519,109</u>	<u>\$ 2,279,354</u>	<u>\$ 2,407,744</u>	<u>\$ 128,390</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, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 652,910	\$ 653,160	\$ 650,145	\$ (3,015)
Interest	150	2,350	1,424	(926)
<b>Total revenues</b>	<u>653,060</u>	<u>655,510</u>	<u>651,569</u>	<u>(3,941)</u>
<b>Expenditures</b>				
Current				
Public works	474,200	601,700	601,535	165
Community and economic development	<u>408,900</u>	<u>408,900</u>	<u>406,638</u>	<u>2,262</u>
<b>Total expenditures</b>	<u>883,100</u>	<u>1,010,600</u>	<u>1,008,173</u>	<u>2,427</u>
Revenues over (under) expenditures	(230,040)	(355,090)	(356,604)	(1,514)
Other financing sources (uses)				
Transfers in	<u>230,000</u>	<u>357,000</u>	<u>356,975</u>	<u>25</u>
Net changes in fund balances	(40)	1,910	371	(1,489)
<b>Fund balances, beginning of year</b>	<u>5,891</u>	<u>5,891</u>	<u>5,891</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 5,851</u>	<u>\$ 7,801</u>	<u>\$ 6,262</u>	<u>\$ (1,489)</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, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 1,305,890	\$ 1,306,390	\$ 1,300,379	\$ (6,011)
Charges for services	2,100	4,500	4,392	(108)
Investment earnings	3,840	15,140	14,959	(181)
Miscellaneous	15,090	23,190	15,596	(7,594)
<b>Total revenues</b>	<u>1,326,920</u>	<u>1,349,220</u>	<u>1,335,326</u>	<u>(13,894)</u>
<b>Expenditures</b>				
Current				
Public safety	1,122,110	1,142,060	1,127,934	14,126
Capital outlay	62,300	72,300	69,748	2,552
<b>Total expenditures</b>	<u>1,184,410</u>	<u>1,214,360</u>	<u>1,197,682</u>	<u>16,678</u>
Net changes in fund balances	142,510	134,860	137,644	2,784
<b>Fund balances, beginning of year</b>	<u>445,671</u>	<u>445,671</u>	<u>445,671</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 588,181</u>	<u>\$ 580,531</u>	<u>\$ 583,315</u>	<u>\$ 2,784</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, 2018**

	<u>2017</u>	<u>2018</u>
<b>Total OPEB liability</b>		
Service cost	\$ 13,628	\$ 13,333
Interest	9,844	10,396
Difference between expected and actual experience	3,209	21,760
Changes in assumptions	21,742	-
Benefit payments including employee refunds	<u>(21,233)</u>	<u>(24,763)</u>
<b>Net change in total OPEB liability</b>	27,190	20,726
<b>Total OPEB liability, beginning of year</b>	<u>325,051</u>	<u>352,241</u>
<b>Total OPEB liability, end of year</b>	<u>\$ 352,241</u>	<u>\$ 372,967</u>
 <b>Plan Fiduciary Net Position</b>		
Contributions-employer	\$ 29,725	\$ 28,798
Contributions-employee	-	4,712
Net investment income	5,104	(1,302)
Benefit payments including employee refunds	(21,233)	(24,763)
Administrative expense	<u>(274)</u>	<u>(294)</u>
<b>Net change in plan fiduciary net position</b>	13,322	7,151
<b>Plan fiduciary net position, beginning of year</b>	<u>107,860</u>	<u>121,182</u>
<b>Plan fiduciary net position, end of year</b>	<u>\$ 121,182</u>	<u>\$ 128,333</u>
 <b>Employer net OPEB liability</b>	 <u>\$ 231,059</u>	 <u>\$ 244,634</u>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	 34.4%	 34.4%
 <b>Covered employee payroll</b>	 \$ 389,714	 \$ 406,196
 <b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	 59.3%	 60.2%

**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, 2018**

	<u>2017</u>	<u>2018</u>
Actuarially determined contributions	\$ 31,068	\$ 21,791
Contributions in relation to the actuarially determined contribution	29,725	33,510
Contribution excess (deficiency)	<u>\$ (1,343)</u>	<u>\$ 11,719</u>
 Covered employee payroll	 \$ 389,714	 \$ 406,196
 Contributions as a percentage of covered employee payroll	 7.63%	 8.25%

**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	3.5% (2.5% in 2017)
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, 2018**

	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return net of investment expense	4.43%	-1.17%

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**GRAND HAVEN CHARTER TOWNSHIP**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**DECEMBER 31, 2018**

	<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>
<b>Assets</b>				
Cash and pooled investments	\$ 379,742	\$ 327	\$ 14	\$ 380,083
Receivables				
Accounts	4,488	-	-	4,488
Taxes	<u>320,353</u>	<u>-</u>	<u>-</u>	<u>320,353</u>
<b>Total assets</b>	<u>\$ 704,583</u>	<u>\$ 327</u>	<u>\$ 14</u>	<u>\$ 704,924</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 64,010	\$ -	\$ -	\$ 64,010
<b>Deferred inflows of resources</b>				
Unearned revenue - taxes	<u>427,650</u>	<u>-</u>	<u>-</u>	<u>427,650</u>
<b>Fund balances</b>				
Restricted				
Police services	212,923	-	-	212,923
Assigned	<u>-</u>	<u>327</u>	<u>14</u>	<u>341</u>
<b>Total fund balances</b>	<u>212,923</u>	<u>327</u>	<u>14</u>	<u>213,264</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 704,583</u>	<u>\$ 327</u>	<u>\$ 14</u>	<u>\$ 704,924</u>

**GRAND HAVEN CHARTER TOWNSHIP**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Special Revenue Fund	Debt Service Funds		
	Police Services	Refunded Township Building Debt	Pathways Debt	Total
<b>Revenues</b>				
Property taxes	\$ 397,162	\$ -	\$ -	\$ 397,162
Fines	69,518	-	-	69,518
Investment earnings	5,299	2	18	5,319
Miscellaneous	12	-	-	12
<b>Total revenues</b>	<u>471,991</u>	<u>2</u>	<u>18</u>	<u>472,011</u>
<b>Expenditures</b>				
Current				
Public safety	414,266	-	-	414,266
Debt Service				
Principal	-	205,000	145,000	350,000
Interest	-	13,345	134,425	147,770
<b>Total expenditures</b>	<u>414,266</u>	<u>218,345</u>	<u>279,425</u>	<u>912,036</u>
Revenues over (under) expenditures	57,725	(218,343)	(279,407)	(440,025)
Other financing sources (uses)				
Transfers in	-	218,340	279,420	497,760
Net changes in fund balances	57,725	(3)	13	57,735
<b>Fund balances, beginning of year</b>	<u>155,198</u>	<u>330</u>	<u>1</u>	<u>155,529</u>
<b>Fund balances, end of year</b>	<u>\$ 212,923</u>	<u>\$ 327</u>	<u>\$ 14</u>	<u>\$ 213,264</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, 2018**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 397,500	\$ 397,500	\$ 397,162	\$ (338)
Fines	42,000	72,000	69,518	(2,482)
Interest	1,260	5,260	5,299	39
Miscellaneous	300	300	12	(288)
<b>Total revenues</b>	441,060	475,060	471,991	(3,069)
<b>Expenditures</b>				
Current				
Public safety	449,830	454,580	414,266	40,314
Net changes in fund balances	(8,770)	20,480	57,725	37,245
<b>Fund balances, beginning of year</b>	155,198	155,198	155,198	-
<b>Fund balances, end of year</b>	<u>\$ 146,428</u>	<u>\$ 175,678</u>	<u>\$ 212,923</u>	<u>\$ 37,245</u>