



**COUNTY OF OTTAWA, MICHIGAN**

**FINANCIAL STATEMENTS**

***YEAR ENDED DECEMBER 31, 2019***



Vredeveld Haefner LLC  
CPAs and Consultants

# Grand Haven Charter Township

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### INDEPENDENT AUDITORS' REPORT

May 11, 2020

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, 2019, 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, 2019, 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, 2019. 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

- 2019 was a good year for builders and contractors with over \$51 million of new construction within the Township. The majority of the construction was residential with 279 new residential units permitted. This included 67 single family homes (with 6 homes being razed), 132 additions or alterations, 156 apartment units and 56 mobile homes. Commercial construction was about \$3.2 million of the total with 8 new commercial buildings and 9 commercial remodels.
- The Township received a donation of 73.8 acres of land for the Schmidt Heritage Park on Ferris Street. Planning has begun for the first phase of the park which will need to be completed by fiscal year 2023.
- About 2.4 miles of roadway were improved by the Ottawa County Road Commission with the Township contributing just under \$440,000 for the subdivision resurfacing portion of these improvements.
- The Fire/Rescue Department experienced another record year with a total of 1,398 emergency runs. This is an 11.4% increase over the previous record from 2018. The department also began the purchase of a new Seagrave Marauder Pumper with the first of four installments of \$162,467 being paid in 2019.
- In the fourth year of a five-year project, the DPW department replaced 1,073 MXU's during 2019 at a cost just over \$210,000.
- Harbor Transit provided about 55,070 rides within the Township, who contributed about \$430,000 to help fund this authority.
- In the final year of a three-year pathway expansion project, 3.8 miles of new pathway were added at an approximate cost of \$1.6 million while maintenance of the existing pathway totaled about \$440,000.
- The Township purchased three new trucks for various departments at a cost of just over \$103,000. An additional Bobcat was also purchased to aid in the sweeping/snow plowing of the extra miles of pathway totaling about \$75,000.
- Several projects from 2018 were completed in the water fund including the replacement of an altitude valve at the West water tank, Brucker Street watermain addition, and standby generator additions at the meter stations for an approximate combined cost of \$73,000.

### 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 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 \$25,094,504 at the close of the most recent fiscal year. A summary of net position is as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	Current and other assets	\$ 9,032,779	\$ 9,966,922	\$ 4,248,297	\$ 3,877,049	\$13,281,076
Capital assets	14,510,066	12,275,864	11,856,185	12,326,314	26,366,251	24,602,178
Total assets	<u>23,542,845</u>	<u>22,242,786</u>	<u>16,104,482</u>	<u>16,203,363</u>	<u>39,647,327</u>	<u>38,446,149</u>
Deferred outflows of resources	153,080	-	322,465	343,963	475,545	343,963
Long-term liabilities outstanding	4,688,631	4,965,726	5,012,426	5,269,871	9,701,057	10,235,597
Other liabilities	931,101	1,071,431	406,518	714,410	1,337,619	1,785,841
Total liabilities	<u>5,619,732</u>	<u>6,037,157</u>	<u>5,418,944</u>	<u>5,984,281</u>	<u>11,038,676</u>	<u>12,021,438</u>
Deferred inflows of resources	3,989,692	3,650,588	-	-	3,989,692	3,650,588
Net position:						
Net investment in capital assets	9,964,968	8,791,366	6,689,917	6,504,352	16,648,885	15,295,718
Restricted	901,332	802,500	-	-	901,332	802,500
Unrestricted	3,220,201	2,961,175	4,324,086	4,058,693	7,544,287	7,019,868
Total net position	<u>\$14,086,501</u>	<u>\$12,555,041</u>	<u>\$11,008,003</u>	<u>\$10,563,045</u>	<u>\$25,094,504</u>	<u>\$23,118,086</u>

A significant portion of the Township's net position (30 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 \$1,976,418 during the current fiscal year.

### Changes in Net Position

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue:						
Program revenue:						
Charges for services	\$1,042,585	\$893,615	\$3,115,011	\$3,082,670	\$4,157,596	\$3,976,285
Operating grants and contributions	49,937	83,597	-	-	49,937	83,597
Capital grants and contributions	711,173	57,774	253,626	373,296	964,799	431,070
General revenue:						
Property taxes	3,856,419	3,649,292	-	-	3,856,419	3,649,292
State sources	1,420,782	1,347,334	-	-	1,420,782	1,347,334
Unrestricted investment earnings	143,354	51,820	90,446	54,619	233,800	106,439
Other	537,225	412,777	174,616	170,165	711,841	582,942
Total revenue	<u>7,761,475</u>	<u>6,496,209</u>	<u>3,633,699</u>	<u>3,680,750</u>	<u>11,395,174</u>	<u>10,176,959</u>
Expenses:						
General government	1,737,339	1,700,055	-	-	1,737,339	1,700,055
Public safety	1,809,078	1,362,825	-	-	1,809,078	1,362,825
Public works	657,443	875,831	-	-	657,443	875,831
Community and economic Development	1,112,163	1,115,221	-	-	1,112,163	1,115,221
Culture and recreation	869,293	651,081	-	-	869,293	651,081
Interest on long-term debt	139,152	146,568	-	-	139,152	146,568
Sewer fund	-	-	758,786	600,623	758,786	600,623
Water fund	-	-	2,335,502	2,346,518	2,335,502	2,346,518
Total expenses	<u>6,324,468</u>	<u>5,851,581</u>	<u>3,094,288</u>	<u>2,947,141</u>	<u>9,418,756</u>	<u>8,798,722</u>
Change before contributions and transfers	1,437,007	644,628	539,411	733,609	1,976,418	1,378,237
Transfers	94,453	131,645	(94,453)	(131,645)	-	-
Change in net position	<u>1,531,460</u>	<u>776,273</u>	<u>444,958</u>	<u>601,964</u>	<u>1,976,418</u>	<u>1,378,237</u>
Net position - beginning of year	<u>12,555,041</u>	<u>11,778,768</u>	<u>10,563,045</u>	<u>9,961,081</u>	<u>23,118,086</u>	<u>21,739,849</u>
Net position - end of year	<u>\$14,086,501</u>	<u>\$12,555,041</u>	<u>\$11,008,003</u>	<u>\$10,563,045</u>	<u>\$25,094,504</u>	<u>\$23,118,086</u>

**Governmental Activities.** During the year the Township invested \$1,809,078 or 29% of governmental activities expenses in public safety. General government expenses amounted to \$1,737,339 or 27% of governmental activities while culture and recreation, public works, community and economic development, and interest on long-term debt made up the remaining 44% 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 \$4,462,608, a decrease of \$1,151,901 in comparison with the prior year. Of the \$4,462,608, \$2,861,742 is reported in the general fund.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,226,299. 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 62% of total general fund expenditures and transfers. The fund balance of the Township's general fund increased by \$453,998 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 \$6,633, 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 \$601,694, an increase of \$18,379 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 \$712,797 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 \$1,929,741 and \$2,394,345 respectively. The sewer fund had an increase in net position for the year of \$175,807. The water fund had an increase in net position for the year of \$269,151.

## 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, 2019, amounted to \$22,866,848 (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	\$ 3,403,228	\$ 55,804	\$ 3,459,032
Construction in progress	-	23,215	23,215
Buildings and improvements	4,533,574	-	4,533,574
Land improvements	12,074,640	-	12,074,640
Furniture, machinery and equipment	1,748,847	623,370	2,372,217
Vehicles	1,904,620	-	1,904,620
Shared improvements	664,012	-	664,012
Utility systems	-	21,699,170	21,699,170
Accumulated depreciation	(9,818,855)	(13,374,777)	(23,193,632)
<b>Total</b>	<b>\$ 14,510,066</b>	<b>\$ 9,026,782</b>	<b>\$ 23,536,848</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	\$ 72,982	\$ 28,461	\$ 101,443
Bonds payable	4,650,000	4,581,116	9,231,116
<b>Total</b>	<b>\$4,722,982</b>	<b>\$4,609,577</b>	<b>\$9,332,559</b>

The Township made principle payments on bonds outstanding totaling \$863,497 during the year.

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

## Budgetary Highlights

Significant budget adjustments were made for the following:

- Building and trade permit fees exceeded the budgeted amount by approximately \$133,000 mainly due to new residential construction activity as well as the Lakeshore Flats Apartment project.
- General fund revenues were increased by \$25,000 as a result of the Township securing grant funds to help reduce the costs of the Shoreline Erosion project at Pottawattomie Park.
- Interest income exceeded budgeted amounts in total for all funds by about \$99,000 due to interest rates remaining higher than anticipated through November of 2019.
- The legislative budget was increased by \$36,000 to reflect an increase in cost for the Economic Development Contract with the Chamber of Commerce as well as increased legal and professional fees.
- Budgeted amounts for capital outlay in the Building & Grounds department were increased by \$77,270 to account for the replacement of the roof over portions of the administration building that was postponed from 2019.
- The Parks and Recreation budget was increased by approximately \$48,000 due to costs associated with the Schmidt Heritage Park land donation as well as professional fees related to planning for the Pottawattomie Park MNTRF Grant project.
- Capital Outlay and related professional fees in the DDA Fund were decreased by just under \$580,000 to reflect the postponement of a large project to fiscal year 2020.
- The Pathway fund showed budget decreases of about \$475,000 due to lower than anticipated engineering, construction and easement costs to complete the final phase of the pathway addition.
- Budgeted water sales were decreased by \$250,000 to reflect the cool, wet spring as well as the mild summer that the Township experienced in 2019. Budgeted expenditures were increased by about \$120,000 to accelerate the MXU replacement project, add some additional shut-off valves to watermain extension projects, and the carry-forward of expenditure purchases from the previous fiscal year.

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

The following factors were considered in preparing the Township's budget for the 2020 fiscal year:

- There is much uncertainty as to how the COVID-19 pandemic will affect fiscal year 2020. 2020 Taxable Values have been established and any negative impact from the virus on property values will not be felt until Fiscal Year 2022. The pandemic will dramatically reduce the nations GNP and economic activity over the coming months. Because State Shared Revenues are based upon sales tax collections, a drop in consumer spending will reduce this income stream. The Township will likely experience a sharp drop in the current fiscal year-perhaps as high as \$200,000. This will also cause a sharp decline in building permit applications and a possible 25% reduction in permit fee revenue. The Township does not anticipate the pandemic to have any notable impact on utility fees.
- Property values are expected to increase by about 8.4% in 2020 to the current estimated taxable value of about \$833.2 million.

- The voters approved a Headlee override in November of 2019 to return the Township's General Operating millage from the current 0.8898 mills to 1 mill. This will positively impact the General Fund revenue by about \$150,000.
- Platting, clearing and construction activities were postponed to 2020 at the Historic Cemetery to create additional sections at an estimated cost of \$167,500.
- The Clerk's office will be in charge of running 4 elections in 2020 with a budget of just over \$150,000.
- Pathway operations and maintenance will include resurfacing a section of Lakeshore Drive pathway between Hayes Street and Ferris Street at an estimated cost of \$953,000.
- The Township will supplement the street maintenance work of the Ottawa County Road Commission to resurface subdivision roads during 2020 at a cost of about \$514,000. Monies will also be included to "prime and double chip" up to 2 miles of gravel roads.
- The Fire/Rescue department will provide services and respond to about 1,400 emergency calls. It will also complete the purchase of a new fire truck to replace a 23-year old pumper with the final three payments being made in 2020 at a cost of \$487,401.
- The Township will contract for police protection with five (5) deputies through the Ottawa County Sheriff's Department at an estimated cost of \$553,000.
- The DDA fund will collect about \$635,000 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 \$903,000.
- A total of \$518,000 in debt payments will be made during 2020 from the Pathway Debt Fund and Refunded Building Debt Fund. It should be noted that the building debt will expire in 2021.
- The water fund will purchase approximately 619 million gallons of water through Nows and Grand Rapids along with the operation and maintenance of the water distribution system at a cost of about \$2,480,000.
- The sewer fund will treat about 114 million gallons of wastewater through the Grand Haven/Spring Lake Sewer Authority along with operations of the sewage collection system as a cost of approximately \$797,000.

## **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, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>Assets</b>				
Cash and pooled investments	\$ 6,645,577	\$ 3,518,068	\$ 10,163,645	\$ 2,025,758
Receivables				
Accounts	9,389	523,844	533,233	-
Taxes	2,064,448	-	2,064,448	612,143
Special assessments (current portion)	-	21,328	21,328	-
Due from other governments	240,965	-	240,965	-
Prepaid items	72,400	14,364	86,764	-
<b>Total current assets</b>	<b>9,032,779</b>	<b>4,077,604</b>	<b>13,110,383</b>	<b>2,637,901</b>
Noncurrent assets				
Special assessments receivable	-	166,960	166,960	-
Unamortized bond discount	-	3,733	3,733	-
Capital assets:				
Access rights, net	-	2,829,403	2,829,403	-
Non-depreciable	3,403,228	55,804	3,459,032	-
Construction in progress	-	23,215	23,215	-
Depreciable capital assets, net	11,106,838	8,947,763	20,054,601	-
<b>Total noncurrent assets</b>	<b>14,510,066</b>	<b>12,026,878</b>	<b>26,536,944</b>	<b>-</b>
<b>Total assets</b>	<b>23,542,845</b>	<b>16,104,482</b>	<b>39,647,327</b>	<b>2,637,901</b>
<b>Deferred outflows</b>				
Deferred loss on bond refunding	-	322,465	322,465	-
Deferred outflow related to OPEB	153,080	-	153,080	-
<b>Total deferred outflows</b>	<b>153,080</b>	<b>322,465</b>	<b>475,545</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	512,947	121,267	634,214	-
Accrued payroll and benefits	10,445	62,965	73,410	-
Accrued interest payable	22,709	30,250	52,959	-
Current portion of noncurrent liabilities	385,000	192,036	577,036	-
<b>Total current liabilities</b>	<b>931,101</b>	<b>406,518</b>	<b>1,337,619</b>	<b>-</b>
Long-term liabilities				
Post-employment benefits	350,649	-	350,649	-
Compensated absences	72,982	28,461	101,443	-
Unamortized bond premium	-	594,885	594,885	-
Bonds payable	4,650,000	4,581,116	9,231,116	-
Less current portion	(385,000)	(192,036)	(577,036)	-
<b>Total long-term liabilities</b>	<b>4,688,631</b>	<b>5,012,426</b>	<b>9,701,057</b>	<b>-</b>
<b>Total liabilities</b>	<b>5,619,732</b>	<b>5,418,944</b>	<b>11,038,676</b>	<b>-</b>
<b>Deferred inflows of resources</b>				
Deferred revenue	3,985,159	-	3,985,159	612,143
Deferred inflow related to OPEB	4,533	-	4,533	-
<b>Total deferred inflows of resources</b>	<b>3,989,692</b>	<b>-</b>	<b>3,989,692</b>	<b>612,143</b>
<b>Net position</b>				
Net investment in capital assets	9,964,968	6,683,917	16,648,885	-
Restricted for				
Fire protection	601,694	-	601,694	-
Transportation	6,633	-	6,633	-
Police services	279,440	-	279,440	-
Building and zoning	13,565	-	13,565	-
Unrestricted	3,220,201	4,324,086	7,544,287	2,025,758
<b>Total net position</b>	<b>\$ 14,086,501</b>	<b>\$ 11,008,003</b>	<b>\$ 25,094,504</b>	<b>\$ 2,025,758</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, 2019**

<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	\$ 1,737,339	\$ 393,291	\$ -	\$ -	\$ (1,344,048)
Public safety	1,809,078	75,441	4,765	-	(1,728,872)
Public works	657,443	541,375	-	-	(116,068)
Community and economic development	1,112,163	-	-	-	(1,112,163)
Culture and recreation	869,293	32,478	45,172	711,173	(80,470)
Interest on long-term debt	139,152	-	-	-	(139,152)
<b>Total governmental activities</b>	<b>6,324,468</b>	<b>1,042,585</b>	<b>49,937</b>	<b>711,173</b>	<b>(4,520,773)</b>
Business-type activities					
Sewer	758,786	688,118	-	115,180	44,512
Water	2,335,502	2,426,893	-	138,446	229,837
<b>Total business-type activities</b>	<b>3,094,288</b>	<b>3,115,011</b>	<b>-</b>	<b>253,626</b>	<b>274,349</b>
<b>Total primary government</b>	<b>\$ 9,418,756</b>	<b>\$ 4,157,596</b>	<b>\$ 49,937</b>	<b>\$ 964,799</b>	<b>\$ (4,246,424)</b>
<b>Component unit</b>					
Downtown Development Authority	\$ 24,229	\$ -	\$ -	\$ -	\$ (24,229)
<b>Total component unit</b>	<b>\$ 24,229</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (24,229)</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, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>Changes in net position</b>				
<b>Net (expense) revenue</b>	\$ (4,520,773)	\$ 274,349	\$ (4,246,424)	\$ (24,229)
General revenues				
Property taxes				
General purpose	1,496,764	-	1,496,764	573,136
Specific purpose	2,359,655	-	2,359,655	-
State shared revenues	1,420,782	-	1,420,782	-
Unrestricted interest	143,354	90,446	233,800	50,932
Miscellaneous	537,225	174,616	711,841	124,334
Transfers	94,453	(94,453)	-	-
Total general revenues and transfers	<u>6,052,233</u>	<u>170,609</u>	<u>6,222,842</u>	<u>748,402</u>
Change in net position	1,531,460	444,958	1,976,418	724,173
<b>Net position, beginning of year, as restated</b>	<u>12,555,041</u>	<u>10,563,045</u>	<u>23,118,086</u>	<u>1,301,585</u>
<b>Net position, end of year</b>	<u>\$ 14,086,501</u>	<u>\$ 11,008,003</u>	<u>\$ 25,094,504</u>	<u>\$ 2,025,758</u>

(Concluded)

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

**GRAND HAVEN CHARTER TOWNSHIP**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**DECEMBER 31, 2019**

	<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	\$ 3,567,572	\$ 377,303	\$ 1,285,644	\$ 876,769	\$ 486,453	\$ 6,593,741
Receivables						
Accounts	3,255	-	2,725	-	3,409	9,389
Taxes	530,460	372,983	745,492	178,334	237,179	2,064,448
Due from other governments	240,965	-	-	-	-	240,965
Prepaid items	25,858	-	29,010	2,809	-	57,677
<b>Total assets</b>	<u>\$ 4,368,110</u>	<u>\$ 750,286</u>	<u>\$ 2,062,871</u>	<u>\$ 1,057,912</u>	<u>\$ 727,041</u>	<u>\$ 8,966,220</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 459,777	\$ 33,182	\$ 8,490	\$ 5,144	\$ 1,415	\$ 508,008
Accrued payroll and benefits	6,381	-	3,704	360	-	10,445
<b>Total liabilities</b>	<u>466,158</u>	<u>33,182</u>	<u>12,194</u>	<u>5,504</u>	<u>1,415</u>	<u>518,453</u>
<b>Deferred inflows of resources</b>						
Deferred revenue	1,040,210	710,471	1,448,983	339,611	445,884	3,985,159
<b>Fund balances</b>						
Nonspendable						
Prepaid items	25,858	-	29,010	2,809	-	57,677
Restricted						
Fire Protection	-	-	572,684	-	-	572,684
Transportation	-	6,633	-	-	-	6,633
Police Services	-	-	-	-	279,440	279,440
Building and zoning	13,565	-	-	-	-	13,565
Committed						
Parks	550,000	-	-	-	-	550,000
Assigned						
Subsequent year expenditures	46,020	-	-	-	-	46,020
Debt service funds	-	-	-	-	302	302
Pathways capital projects	-	-	-	709,988	-	709,988
Unassigned	2,226,299	-	-	-	-	2,226,299
<b>Total fund balances</b>	<u>2,861,742</u>	<u>6,633</u>	<u>601,694</u>	<u>712,797</u>	<u>279,742</u>	<u>4,462,608</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 4,368,110</u>	<u>\$ 750,286</u>	<u>\$ 2,062,871</u>	<u>\$ 1,057,912</u>	<u>\$ 727,041</u>	<u>\$ 8,966,220</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, 2019

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<b>Fund balances - total governmental funds</b>	<b>\$ 4,462,608</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	3,403,228
Add - capital assets (net of accumulated depreciation)	11,045,052
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	123,406
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - post-employment benefits	(350,649)
Deduct - compensated absences payable	(72,982)
Deduct - bonds payable	(4,650,000)
Deduct - accrued interest on bonds payable	<u>(22,709)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 14,086,501</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, 2019**

	<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	\$ 1,076,098	\$ 678,497	\$ 1,356,590	\$ 324,568	\$ 420,666	\$ 3,856,419
Licenses and permits	811,057	-	-	-	-	811,057
State	1,420,782	-	-	-	-	1,420,782
Charges for services	150,769	-	41,061	-	-	191,830
Fines	5,318	-	-	-	34,380	39,698
Interest	106,887	3,457	23,849	45,172	9,056	188,421
Miscellaneous	469,828	32	21,935	20,012	30,183	541,990
<b>Total revenues</b>	<u>4,040,739</u>	<u>681,986</u>	<u>1,443,435</u>	<u>389,752</u>	<u>494,285</u>	<u>7,050,197</u>
<b>Expenditures</b>						
Current						
General government	1,737,430	-	-	-	-	1,737,430
Public safety	-	-	1,250,079	-	427,759	1,677,838
Public works	170,727	476,115	-	-	-	646,842
Community and economic development	589,083	430,500	-	-	-	1,019,583
Culture and recreation	262,414	-	-	196,047	-	458,461
Debt service						
Principal	-	-	-	-	365,000	365,000
Interest	-	-	-	-	140,387	140,387
Capital outlay	230,265	-	174,977	1,845,768	-	2,251,010
<b>Total expenditures</b>	<u>2,989,919</u>	<u>906,615</u>	<u>1,425,056</u>	<u>2,041,815</u>	<u>933,146</u>	<u>8,296,551</u>
Revenues over (under) expenditures	<u>1,050,820</u>	<u>(224,629)</u>	<u>18,379</u>	<u>(1,652,063)</u>	<u>(438,861)</u>	<u>(1,246,354)</u>
Other financing sources (uses)						
Transfers in	-	225,000	-	246,600	505,339	976,939
Transfers out	<u>(596,822)</u>	<u>-</u>	<u>-</u>	<u>(285,664)</u>	<u>-</u>	<u>(882,486)</u>
Total other financing sources (uses)	<u>(596,822)</u>	<u>225,000</u>	<u>-</u>	<u>(39,064)</u>	<u>505,339</u>	<u>94,453</u>
Net changes in fund balances	453,998	371	18,379	(1,691,127)	66,478	(1,151,901)
<b>Fund balances, beginning 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>
<b>Fund balances, end of year</b>	<u>\$ 2,861,742</u>	<u>\$ 6,633</u>	<u>\$ 601,694</u>	<u>\$ 712,797</u>	<u>\$ 279,742</u>	<u>\$ 4,462,608</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, 2019

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**Net changes in fund balances - total governmental funds** \$ (1,151,901)

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	3,031,160
Deduct - depreciation expense	(759,879)

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	5,203
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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	365,000
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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	(106,015)
Deduct - increase in deferred inflows related to OPEB	(4,533)
Add - increase in deferred outflows related to OPEB	153,080
Deduct - increase in compensated absences	(1,890)
Add - decrease in accrued interest	<u>1,235</u>

**Change in net position of governmental activities** \$ 1,531,460

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

**GRAND HAVEN CHARTER TOWNSHIP**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION**

**DECEMBER 31, 2019**

	<u>Enterprise Funds</u>		<u>Enterprise</u>	<u>Governmental</u>
	<u>Sewer</u>	<u>Water</u>	<u>Fund</u>	<u>Activities</u>
<b>Assets</b>			<u>Total</u>	<u>Internal</u>
				<u>Service</u>
Current assets				
Cash and pooled investments	\$ 1,690,017	\$ 1,828,051	\$ 3,518,068	\$ 51,836
Receivables				
Accounts	101,943	421,901	523,844	-
Special assessments (current portion)	21,328	-	21,328	-
Prepaid and other assets	<u>3,393</u>	<u>10,971</u>	<u>14,364</u>	<u>14,723</u>
Total current assets	<u>1,816,681</u>	<u>2,260,923</u>	<u>4,077,604</u>	<u>66,559</u>
Noncurrent assets				
Special assessments receivable	166,960	-	166,960	-
Unamortized bond discount	3,733	-	3,733	-
Capital assets:				
Access rights, net	-	2,829,403	2,829,403	-
Non-depreciable	8,405	47,399	55,804	-
Construction in progress	23,215	-	23,215	-
Depreciable capital assets, net	<u>3,499,396</u>	<u>5,448,367</u>	<u>8,947,763</u>	<u>61,786</u>
Total noncurrent assets	<u>3,701,709</u>	<u>8,325,169</u>	<u>12,026,878</u>	<u>61,786</u>
<b>Total assets</b>	<u>5,518,390</u>	<u>10,586,092</u>	<u>16,104,482</u>	<u>128,345</u>
<b>Deferred outflow</b>				
Deferred loss on bond refunding	<u>-</u>	<u>322,465</u>	<u>322,465</u>	<u>-</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	47,959	73,308	121,267	4,939
Accrued payroll and benefits	5,941	85,485	91,426	-
Accrued interest payable	-	30,250	30,250	-
Current portion of long-term liabilities	<u>55,000</u>	<u>137,036</u>	<u>192,036</u>	<u>-</u>
Total current liabilities	<u>108,900</u>	<u>326,079</u>	<u>434,979</u>	<u>4,939</u>
Long-term liabilities				
Unamortized bond premium	-	594,885	594,885	-
Bonds payable	580,000	4,001,116	4,581,116	-
Less current portion	<u>(55,000)</u>	<u>(137,036)</u>	<u>(192,036)</u>	<u>-</u>
Total long-term liabilities	<u>525,000</u>	<u>4,458,965</u>	<u>4,983,965</u>	<u>-</u>
<b>Total liabilities</b>	<u>633,900</u>	<u>4,785,044</u>	<u>5,418,944</u>	<u>4,939</u>
<b>Net position</b>				
Net investment in capital assets	2,954,749	3,729,168	6,683,917	61,786
Unrestricted	<u>1,929,741</u>	<u>2,394,345</u>	<u>4,324,086</u>	<u>61,620</u>
<b>Total net position</b>	<u>\$ 4,884,490</u>	<u>\$ 6,123,513</u>	<u>\$ 11,008,003</u>	<u>\$ 123,406</u>

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

**GRAND HAVEN CHARTER TOWNSHIP**

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

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Enterprise Funds		Enterprise Fund Total	Governmental
	Sewer	Water		Internal Service
<b>Operating revenue</b>				
Charges for services				
Water sales	\$ -	\$ 2,374,531	\$ 2,374,531	\$ -
Sewage disposal services	390,872	-	390,872	-
Debt services charges	291,300	-	291,300	-
Penalties	5,946	39,065	45,011	-
Other charges	-	-	-	267,000
Total charges for services	688,118	2,413,596	3,101,714	267,000
Hydrant maintenance charges	-	13,297	13,297	-
Other revenue	97,335	77,281	174,616	-
<b>Total operating revenue</b>	<u>785,453</u>	<u>2,504,174</u>	<u>3,289,627</u>	<u>267,000</u>
<b>Operating expense</b>				
Administration	55,320	236,280	291,600	224,822
Plant operations and maintenance	484,182	1,257,080	1,741,262	-
Depreciation	187,567	400,669	588,236	37,080
Amortization	-	242,666	242,666	-
<b>Total operating expense</b>	<u>727,069</u>	<u>2,136,695</u>	<u>2,863,764</u>	<u>261,902</u>
Operating income (loss)	<u>58,384</u>	<u>367,479</u>	<u>425,863</u>	<u>5,098</u>
Non-operating revenue (expense)				
Interest income	60,313	30,133	90,446	105
Interest expense	(31,717)	(198,807)	(230,524)	-
Total non-operating revenue (expense)	<u>28,596</u>	<u>(168,674)</u>	<u>(140,078)</u>	<u>105</u>
Income (loss) before transfers and capital contributions	<u>86,980</u>	<u>198,805</u>	<u>285,785</u>	<u>5,203</u>
Other financing sources (uses)				
Transfers out	(26,353)	(68,100)	(94,453)	-
Capital contributions				
Connection fees and charges	112,877	138,446	251,323	-
Special assessments	2,303	-	2,303	-
Total capital contributions	<u>115,180</u>	<u>138,446</u>	<u>253,626</u>	<u>-</u>
Changes in net position	175,807	269,151	444,958	5,203
<b>Net position, beginning of year</b>	<u>4,708,683</u>	<u>5,854,362</u>	<u>10,563,045</u>	<u>118,203</u>
<b>Net position, end of year</b>	<u>\$ 4,884,490</u>	<u>\$ 6,123,513</u>	<u>\$ 11,008,003</u>	<u>\$ 123,406</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, 2019**

	Enterprise Funds		Enterprise Fund Total	Governmental Activities
	Sewer	Water		Internal Service
<b>Cash flows from operating activities</b>				
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ 267,000
Receipts from customers and users	778,989	2,494,008	3,272,997	-
Payments to employees	(105,857)	(402,646)	(508,503)	-
Payments to suppliers	(447,810)	(890,900)	(1,338,710)	(277,633)
Payments for interfund services used	(20,640)	(43,620)	(64,260)	-
Transfers	(26,353)	(68,100)	(94,453)	-
<b>Net cash provided by (used in) operating activities</b>	<u>178,329</u>	<u>1,088,742</u>	<u>1,267,071</u>	<u>(10,633)</u>
<b>Cash flows from capital and related financing activities</b>				
Connection charges	112,877	138,446	251,323	-
Special assessments issued	(2,303)	-	(2,303)	-
Special assessments collected	28,652	-	28,652	-
Due (from) to other funds	2,000	(2,000)	-	-
Principal paid on bonds	(50,000)	(448,497)	(498,497)	-
Interest paid on bonds	(30,960)	(203,777)	(234,737)	-
Acquisition of capital assets	(129,075)	(279,263)	(408,338)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(66,506)</u>	<u>(795,091)</u>	<u>(861,597)</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Interest income	60,313	30,133	90,446	105
<b>Net increase (decrease) in cash and pooled investments</b>	<u>172,136</u>	<u>323,784</u>	<u>495,920</u>	<u>(10,528)</u>
<b>Cash and pooled investments, beginning of year</b>	<u>1,517,881</u>	<u>1,504,267</u>	<u>3,022,148</u>	<u>62,364</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 1,690,017</u>	<u>\$ 1,828,051</u>	<u>\$ 3,518,068</u>	<u>\$ 51,836</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 58,384	\$ 367,479	\$ 425,863	\$ 5,098
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	187,567	400,669	588,236	37,080
Amortization	-	242,666	242,666	-
Transfers	(26,353)	(68,100)	(94,453)	-
Change in operating assets and liabilities which provided (used) cash:				
Accounts receivable	(6,464)	(10,166)	(16,630)	-
Due from other governments	-	115,067	115,067	-
Prepaid assets and other items	18	(889)	(871)	(5,725)
Accounts payable	(34,271)	(13,875)	(48,146)	(47,086)
Accrued liabilities	(552)	55,891	55,339	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 178,329</u>	<u>\$ 1,088,742</u>	<u>\$ 1,267,071</u>	<u>\$ (10,633)</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, 2019**

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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	\$ 646	\$ 1,597,884
Investments	150,924	-
Prepaid items	<u>234</u>	<u>-</u>
<b>Total assets</b>	<u>151,804</u>	<u>\$ 1,597,884</u>
<b>Liabilities</b>		
Accounts payable	<u>78</u>	<u>\$ 1,597,884</u>
<b>Net position</b>		
Restricted for other post-employment benefits	<u>\$ 151,726</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, 2019**

	<b>Other Post-employment Benefit Trust</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 31,560
Retiree	669
Investment earnings	<u>13,161</u>
<b>Total Additions</b>	45,390
<b>Deductions</b>	
Benefits	22,477
Administrative expenses	<u>252</u>
<b>Total deductions</b>	<u>22,729</u>
Net increase	22,661
<b>Net position, beginning of year</b>	<u>129,065</u>
<b>Net position, end of year</b>	<u><u>\$ 151,726</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, 2019

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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, 2019

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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, 2019

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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, 2019

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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, 2019

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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 and certain other post-employment benefits related costs as deferred outflows. The deferred refunding costs will be amortized over the life of the related refunding bonds payable. The other post-employment benefits are discussed in Note 8.

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 items that qualify for reporting in this category. The governmental funds and governmental activities report deferred revenues from property taxes levied for the following year; in addition, governmental activities report deferred inflows related to certain other post-employment benefits items. The tax amounts are deferred and recognized as an inflow of resources in the period for which they are levied. The other post-employment benefits are discussed in Note 8.

#### ***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/expenses regardless of fund or activity.

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2019

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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, 2019

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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, 2019, 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, 2019

#### 3. CASH AND INVESTMENTS

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$10,163,645	\$2,025,758	\$1,598,530	\$13,787,933
Investments	-	-	150,924	150,924
	\$10,163,645	\$2,025,758	\$1,749,454	\$13,938,857

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

Deposits	\$ 8,731,561
Petty cash	300
Investments	5,206,996
Total	\$13,938,857

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require, and the Township does not have, a policy for deposit custodial credit risk. As of year-end, \$5,424,749 of the Township's bank balance of \$8,731,412 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	\$4,305,862	AAAm	S&P
FFCB bond	10/01/21	500,200	Aaa	Moody
FHLMC note	2/27/20	250,010	Aaa	Moody
MERS Trust Account	N/A	150,924	Unrated	N/A
Total		\$5,206,996		

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, 2019

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

- The FFCB bond and FHLMC note are 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, 2019

#### 4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance January 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2019</u>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 2,692,055	\$ 711,173	\$ -	\$ 3,403,228
<b>Capital assets, being depreciated</b>				
Land improvements	10,308,018	1,766,622	-	12,074,640
Buildings and improvements	4,466,634	66,940	-	4,533,574
Furniture and equipment	1,660,652	135,697	47,502	1,748,847
Vehicles	1,773,243	230,102	98,725	1,904,620
Shared improvements	543,386	120,626	-	664,012
Total capital assets, being depreciated	18,751,933	2,319,987	146,227	20,925,693
Less accumulated depreciation for				
Land improvements	4,497,242	425,334	-	4,922,576
Buildings and improvements	2,233,766	105,590	-	2,339,356
Furniture and equipment	939,559	164,630	47,502	1,056,687
Vehicles	978,339	92,248	98,725	971,862
Shared improvements	519,217	9,157	-	528,374
Total accumulated depreciation	9,168,123	796,959	146,227	9,818,855
<b>Net capital assets, being depreciated</b>	<b>9,583,810</b>	<b>1,523,028</b>	<b>-</b>	<b>11,106,838</b>
<b>Governmental Activities capital assets, net</b>	<b>\$12,275,865</b>	<b>\$2,234,201</b>	<b>\$ -</b>	<b>\$14,510,066</b>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 55,804	\$ -	\$ -	\$ 55,804
Construction in progress	82,894	-	59,679	23,215
<b>Net capital assets, not being depreciated</b>	<b>138,698</b>	<b>-</b>	<b>59,679</b>	<b>79,019</b>
<b>Capital assets being depreciated</b>				
Utility systems	21,303,988	395,182	-	21,699,170
Machinery and equipment	581,884	72,835	31,349	623,370
Total capital assets, being depreciated	21,885,872	468,017	31,349	22,322,540
Less accumulated depreciation for				
Utility systems	12,345,731	543,173	-	12,888,904
Machinery and equipment	472,159	45,063	31,349	485,873
Total accumulated depreciation	12,817,890	588,236	31,349	13,374,777
<b>Net capital assets, being depreciated</b>	<b>9,067,982</b>	<b>(120,219)</b>	<b>-</b>	<b>8,947,763</b>
<b>Business-type Activities capital assets, net</b>	<b>\$9,206,680</b>	<b>\$(120,219)</b>	<b>\$59,679</b>	<b>\$9,026,782</b>

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2019

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

<b>Governmental Activities</b>	
General government	\$ 78,448
Public safety	166,192
Public works	48,180
Community and economic development	92,580
Culture and recreation	374,479
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	37,080
<b>Total depreciation expense - governmental activities</b>	<b>\$796,959</b>
 <b>Business-type Activities</b>	
Sewer	\$187,567
Water	400,669
<b>Total depreciation expense - business- type activities</b>	<b>\$588,236</b>

Access rights activity for the year was as follows:

	<b>Balance January 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2019</b>
<b>Business-type Activities</b>				
Access rights	\$6,433,568	\$ -	\$ -	\$6,433,568
Less accumulated amortization	3,313,937	290,228	-	3,604,165
Access rights, net	<b>\$3,119,631</b>	<b>\$(290,228)</b>	<b>\$ -</b>	<b>\$2,829,403</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 in</b>			
	<b>Municipal Street</b>	<b>CP Bike Paths</b>	<b>Non-Major Funds</b>	<b>Total</b>
<b>Transfers out</b>				
General Fund	\$225,000	\$246,600	\$125,222	\$596,822
CP Bike Paths	-	-	285,664	285,664
Sewer Fund	-	-	26,353	26,353
Water Fund	-	-	68,100	68,100
	<b>\$225,000</b>	<b>\$246,600</b>	<b>\$505,339</b>	<b>\$976,939</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, 2019

#### 6. LONG-TERM DEBT

The following is a summary of the debt transactions of the Township for the year ended December 31, 2019:

	<u>Balance January 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2019</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	\$ 660,000	\$ -	\$210,000	\$ 450,000	\$220,000
*\$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	4,355,000	-	155,000	4,200,000	165,000
Total	5,015,000	-	365,000	4,650,000	385,000
Accrued employee benefits	71,092	1,890	-	72,982	-
<b>Total Governmental Activities</b>	<b>\$5,086,092</b>	<b>\$1,890</b>	<b>\$365,000</b>	<b>\$4,722,982</b>	<b>\$385,000</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	\$ 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	630,000	-	50,000	580,000	55,000
\$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	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	362,186	-	113,895	248,291	120,729

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Balance January 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2019</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	\$ 16,307
Total	5,079,613	-	498,497	4,581,116	192,036
Bond discount	(4,490)	-	(757)	(3,733)	-
Bond premium	663,945	-	69,060	594,885	-
Accrued employee benefits	24,810	3,651	-	28,461	-
<b>Total Business-type Activities</b>	<b>\$5,763,878</b>	<b>\$3,651</b>	<b>\$566,800</b>	<b>\$5,200,729</b>	<b>\$192,036</b>

\*= Public offering for GASB 88 purposes.

The outstanding direct borrowings contain a provision that in the event of default, the Township will be required to use money from its general fund or levy an ad valorem tax sufficient to pay the obligation, subject to applicable constitutional, statutory, and charter limitations.

The annual requirements to amortize all debt outstanding (excluding bond discount, bond premium, and accrued employee benefits) as of December 31, 2019 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>
2020	\$ 385,000	\$ 132,125	\$ 192,035	\$ 207,505
2021	400,000	124,000	250,119	199,963
2022	180,000	117,612	274,314	189,776
2023	190,000	112,987	285,962	177,970
2024	200,000	108,114	297,950	165,667
2025-2029	1,150,000	452,617	1,605,826	614,749
2030-2034	1,465,000	255,676	1,674,910	217,517
2035-2036	680,000	25,688	-	-
<b>Total</b>	<b>\$4,650,000</b>	<b>\$1,328,819</b>	<b>\$4,581,116</b>	<b>\$1,773,147</b>

## 7. PENSION PLANS

### Defined Contribution Pension Plan

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 2019 was \$171,063 and the employees' contribution was \$82,719.

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2019

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

#### 8. OTHER POST-EMPLOYMENT BENEFITS

**Plan Description.** The Township administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). This benefit plan is authorized, and applicable benefit requirements are identified, in the Township personnel policy and union agreements. The Retiree Health Plan does not issue a publicly available financial report. 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, 2019):

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, 2019, 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, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate: 3.26%

Salary increases: 2.5%

Investment rate of return: 2.6%, net of investment expense, including inflation

Healthcare cost trend rates: 8.2% graded down .25 per year to 4.5%

Mortality rates: 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 Public Service employee 2010 tables.

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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 2.6%.

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

Rate of return. For the year ended December 31, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 8.3%. 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 3.26%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at 12/31/18	\$372,967	\$128,333	\$244,634
Changes for the Year:			
Service cost	13,333	-	13,333
Interest	11,251	-	11,251
Differences between expected and actual experience	99,298	-	99,298
Change in assumptions	27,229	-	27,229
Contributions	-	32,192	(32,192)
Net investment income	-	13,156	(13,156)
Benefit payments, including refunds	(22,505)	(22,505)	-
Administrative expense	-	(252)	252
Net changes	128,606	22,591	106,015
Balance at 12/31/19	\$501,573	\$150,924	\$350,649

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2019

**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 3.26%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower or 1% higher than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total OPEB liability	\$575,793	\$501,573	\$441,200
Fiduciary net position	150,924	150,924	150,924
Net OPEB liability	\$424,869	\$350,649	\$290,276
Plan fiduciary position as a percentage of the total OPEB liability	30.1%		

**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 8.5% 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 or 1% higher than the current rate.

	1% Decrease	Current healthcare cost trend rate	1% Increase
Total OPEB liability	\$434,311	\$501,573	\$587,655
Fiduciary net position	150,924	150,924	150,924
Net OBEB liability	\$283,387	\$350,649	\$436,731

#### 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, 2019	\$(204,588)
Current year building permit revenues	541,375
Direct expenses	323,222
Excess for the year ended December 31, 2019	218,153
Cumulative excess – December 31, 2019	\$13,565

# GRAND HAVEN CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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### 10. CONTINGENT LIABILITIES

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

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

### 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 \$294,268 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, 2019, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to approximately \$1,127,000. 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 \$566,236 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, 2019, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to approximately \$890,000. 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, 2019***

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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, 2019 the Township abated property tax revenues of approximately \$6,000.

#### **13. COMMITMENTS**

The Township has various ongoing construction projects with total estimated commitments of approximately \$600,000 outstanding at December 31, 2019.

#### **14. PRIOR PERIOD ADJUSTMENT**

Beginning net assets of governmental activities was increased by \$670,000 to recognize the donation of land in a previous year.

## **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, 2019**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,041,050	\$ 1,075,950	\$ 1,076,098	\$ 148
Licenses and permits	694,900	807,400	811,057	3,657
State	1,345,910	1,370,910	1,420,782	49,872
Charges for services	113,260	150,600	150,769	169
Fines	1,500	4,700	5,318	618
Interest	31,100	60,100	106,887	46,787
Miscellaneous	465,550	469,100	469,828	728
<b>Total revenues</b>	<u>3,693,270</u>	<u>3,938,760</u>	<u>4,040,739</u>	<u>101,979</u>
<b>Expenditures</b>				
Current				
General government				
Township board	158,420	194,990	180,008	14,982
Supervisor	22,270	22,270	22,145	125
Elections	32,820	35,820	28,791	7,029
Finance	255,310	256,510	254,861	1,649
Assessor	232,220	232,220	222,466	9,754
Clerk	33,810	37,810	33,870	3,940
Board of appeals	3,320	3,320	2,492	828
Board of review	2,630	2,860	2,506	354
Administration	525,420	537,160	536,556	604
Treasurer	43,450	40,450	38,569	1,881
Buildings and grounds	243,200	216,600	202,147	14,453
Cemetery	329,530	351,070	213,019	138,051
Public works				
Street lighting	125,240	127,740	127,663	77
Waste collection	9,500	9,500	8,801	699
Drains	30,000	34,600	34,263	337
Community and economic development				
Building and zoning	593,530	583,140	566,317	16,823
Planning commission	58,970	33,970	22,766	11,204
Culture and recreation				
Parks and recreation	313,560	269,850	262,414	7,436
Capital outlay	<u>120,000</u>	<u>279,870</u>	<u>230,265</u>	<u>49,605</u>
<b>Total expenditures</b>	<u>3,133,200</u>	<u>3,269,750</u>	<u>2,989,919</u>	<u>279,831</u>
Revenues over (under) expenditures	560,070	669,010	1,050,820	381,810
Other financing sources (uses)				
Transfers out	<u>(596,820)</u>	<u>(596,820)</u>	<u>(596,822)</u>	<u>(2)</u>
Net changes in fund balances	(36,750)	72,190	453,998	381,808
<b>Fund balances, beginning of year</b>	<u>2,407,744</u>	<u>2,407,744</u>	<u>2,407,744</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,370,994</u>	<u>\$ 2,479,934</u>	<u>\$ 2,861,742</u>	<u>\$ 381,808</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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 685,160	\$ 685,160	\$ 678,497	\$ (6,663)
Interest	1,550	4,050	3,457	(593)
Miscellaneous	-	-	32	32
<b>Total revenues</b>	<u>686,710</u>	<u>689,210</u>	<u>681,986</u>	<u>(7,224)</u>
<b>Expenditures</b>				
Current				
Public works	483,450	483,450	476,115	7,335
Community and economic development	<u>431,290</u>	<u>431,290</u>	<u>430,500</u>	<u>790</u>
<b>Total expenditures</b>	<u>914,740</u>	<u>914,740</u>	<u>906,615</u>	<u>8,125</u>
Revenues over (under) expenditures	(228,030)	(225,530)	(224,629)	901
Other financing sources (uses)				
Transfers in	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>-</u>
Net changes in fund balances	(3,030)	(530)	371	901
<b>Fund balances, beginning of year</b>	<u>6,262</u>	<u>6,262</u>	<u>6,262</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 3,232</u>	<u>\$ 5,732</u>	<u>\$ 6,633</u>	<u>\$ 901</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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 1,370,400	\$ 1,370,400	\$ 1,356,590	\$ (13,810)
Charges for services	2,600	41,790	41,061	(729)
Investment earnings	16,500	24,000	23,849	(151)
Miscellaneous	6,600	20,820	21,935	1,115
<b>Total revenues</b>	<u>1,396,100</u>	<u>1,457,010</u>	<u>1,443,435</u>	<u>(13,575)</u>
<b>Expenditures</b>				
Current				
Public safety	1,206,380	1,260,540	1,250,079	10,461
Capital outlay	319,600	319,600	174,977	144,623
<b>Total expenditures</b>	<u>1,525,980</u>	<u>1,580,140</u>	<u>1,425,056</u>	<u>155,084</u>
Net changes in fund balances	(129,880)	(123,130)	18,379	141,509
<b>Fund balances, beginning of year</b>	<u>583,315</u>	<u>583,315</u>	<u>583,315</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 453,435</u>	<u>\$ 460,185</u>	<u>\$ 601,694</u>	<u>\$ 141,509</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, 2019**

	2017	2018	2019
<b>Total OPEB liability</b>			
Service cost	\$ 13,628	\$ 13,333	\$ 13,333
Interest	9,844	10,396	11,251
Difference between expected and actual experience	3,209	21,760	99,298
Changes in assumptions	21,742	-	27,229
Benefit payments including employee refunds	(21,233)	(24,763)	(22,505)
<b>Net change in total OPEB liability</b>	<b>27,190</b>	<b>20,726</b>	<b>128,606</b>
<b>Total OPEB liability, beginning of year</b>	<b>325,051</b>	<b>352,241</b>	<b>372,967</b>
<b>Total OPEB liability, end of year</b>	<b>\$ 352,241</b>	<b>\$ 372,967</b>	<b>\$ 501,573</b>
<b>Plan Fiduciary Net Position</b>			
Contributions-employer	\$ 29,725	\$ 28,798	\$ 32,192
Contributions-employee	-	4,712	-
Net investment income	5,104	(1,302)	13,156
Benefit payments including employee refunds	(21,233)	(24,763)	(22,505)
Administrative expense	(274)	(294)	(252)
<b>Net change in plan fiduciary net position</b>	<b>13,322</b>	<b>7,151</b>	<b>22,591</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>107,860</b>	<b>121,182</b>	<b>128,333</b>
<b>Plan fiduciary net position, end of year</b>	<b>\$ 121,182</b>	<b>\$ 128,333</b>	<b>\$ 150,924</b>
<b>Employer net OPEB liability</b>	<b>\$ 231,059</b>	<b>\$ 244,634</b>	<b>\$ 350,649</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>34.4%</b>	<b>34.4%</b>	<b>30.1%</b>
<b>Covered employee payroll</b>	<b>\$ 389,714</b>	<b>\$ 406,196</b>	<b>\$ 439,142</b>
<b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	<b>59.3%</b>	<b>60.2%</b>	<b>79.8%</b>

**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, 2019**

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contributions	\$ 31,068	\$ 21,791	\$ 27,782
Contributions in relation to the actuarially determined contribution	29,725	33,510	32,192
Contribution excess (deficiency)	<u>\$ (1,343)</u>	<u>\$ 11,719</u>	<u>\$ 4,410</u>
Covered employee payroll	\$ 389,714	\$ 406,196	\$ 439,142
Contributions as a percentage of covered employee payroll	7.63%	8.25%	7.33%

**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
Discount rate	3.26% (3.0% in 2018)
Salary increases	2.5% (3.5% in 2018)
Investment rate of return	2.6% (3% in 2018)
Retirement age	60
Mortality	PS employee 2010 retiree, headcount weighted
Medical inflation rate	8.5% graded down .25% per year to rate of 4.5%

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

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return net of investment expense	4.43%	-1.17%	8.30%

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**GRAND HAVEN CHARTER TOWNSHIP**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**DECEMBER 31, 2019**

	<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	\$ 486,151	\$ 299	\$ 3	\$ 486,453
Receivables				
Accounts	3,409	-	-	3,409
Taxes	<u>237,179</u>	<u>-</u>	<u>-</u>	<u>237,179</u>
<b>Total assets</b>	<u>\$ 726,739</u>	<u>\$ 299</u>	<u>\$ 3</u>	<u>\$ 727,041</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	<u>\$ 1,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,415</u>
<b>Deferred inflows of resources</b>				
Unearned revenue - taxes	<u>445,884</u>	<u>-</u>	<u>-</u>	<u>445,884</u>
<b>Fund balances</b>				
Restricted				
Police services	279,440	-	-	279,440
Assigned	<u>-</u>	<u>299</u>	<u>3</u>	<u>302</u>
<b>Total fund balances</b>	<u>279,440</u>	<u>299</u>	<u>3</u>	<u>279,742</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 726,739</u>	<u>\$ 299</u>	<u>\$ 3</u>	<u>\$ 727,041</u>

**GRAND HAVEN CHARTER TOWNSHIP**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Special Revenue Fund	Debt Service Funds		
	Police Services	Refunded Township Building Debt	Pathways Debt	Total
<b>Revenues</b>				
Property taxes	\$ 420,666	\$ -	\$ -	\$ 420,666
Fines	34,380	-	-	34,380
Investment earnings	9,047	9	-	9,056
Miscellaneous	30,183	-	-	30,183
<b>Total revenues</b>	<u>494,276</u>	<u>9</u>	<u>-</u>	<u>494,285</u>
<b>Expenditures</b>				
Current				
Public safety	427,759	-	-	427,759
Debt Service				
Principal	-	210,000	155,000	365,000
Interest	-	9,712	130,675	140,387
<b>Total expenditures</b>	<u>427,759</u>	<u>219,712</u>	<u>285,675</u>	<u>933,146</u>
Revenues over (under) expenditures	66,517	(219,703)	(285,675)	(438,861)
Other financing sources (uses)				
Transfers in	-	219,675	285,664	505,339
Net changes in fund balances	66,517	(28)	(11)	66,478
<b>Fund balances, beginning of year</b>	<u>212,923</u>	<u>327</u>	<u>14</u>	<u>213,264</u>
<b>Fund balances, end of year</b>	<u>\$ 279,440</u>	<u>\$ 299</u>	<u>\$ 3</u>	<u>\$ 279,742</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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 441,240	\$ 441,240	\$ 420,666	\$ (20,574)
Fines	78,000	38,000	34,380	(3,620)
Interest	6,000	8,950	9,047	97
Miscellaneous	300	30,200	30,183	(17)
<b>Total revenues</b>	525,540	518,390	494,276	(24,114)
<b>Expenditures</b>				
Current				
Public safety	442,800	442,800	427,759	15,041
Net changes in fund balances	82,740	75,590	66,517	(9,073)
<b>Fund balances, beginning of year</b>	212,923	212,923	212,923	-
<b>Fund balances, end of year</b>	<u>\$ 295,663</u>	<u>\$ 288,513</u>	<u>\$ 279,440</u>	<u>\$ (9,073)</u>