



# **CITY OF GRAND HAVEN, MICHIGAN**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2020**



Vredeveld Haefner LLC  
CPAs and Consultants

# CITY OF GRAND HAVEN

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### INDEPENDENT AUDITORS' REPORT

November 9, 2020

Honorable Mayor and Members of the City Council  
City of Grand Haven, Michigan

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Haven, Michigan, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Haven, Michigan, as of June 30, 2020, 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 required supplementary information on pages 55 through 59 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 City's basic financial statements. The combining and individual fund financial statements and schedules and schedule of debt issued and outstanding are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Uredaxeld Haefner LLC*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the City of Grand Haven (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. 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

- Property values continue to rise in Grand Haven. The 2019 total taxable value increased approximately 5% from the prior tax year.
- The Riverwatch project, on Harbor Drive between Washington and Columbus, was partially completed during the fiscal year. Due to the COVID-19 pandemic, there was a delay in construction and the project will be finished in FY2020/21. The improvements include an increase in access to the waterfront for all demographics, enhanced pedestrian circulation and walkability, and upgraded visibility of the waterfront. This project is being done with the assistance of federal grant funding through the Community Development Block Grant program.
- Sluka Field received improvements with assistance from the Michigan Department of Natural Resources Trust Fund grant program. The project began during the current fiscal year and will be finished in FY2020/21. The improvement included removing the antiquated storage building and replacing it with a new bathroom/concession/storage facility. The project incorporated aspects of the master plan for the park.
- General fund decreased its fund balance by \$1,082,162. During the fiscal year, General fund transferred funds to support Local Streets, Chinook Pier Rental, and the Marina.
- Grand Haven Department of Public Safety ordered a new fire truck during the fiscal year and paid 75% of the cost, reducing the Fire Truck Replacement fund balance to \$237,037.
- Municipal Sewer fund had increased expenditures of \$247,119, primarily due to the increased expenses to the GH/SL Sewer Authority for sewage treatment.
- The City provides financial and administrative support for the GH/SL Sewer Authority, the Northwest Ottawa Water System, the Northwest Ottawa Recreation Authority and the Ottawa County Central Dispatch Authority. The City Finance Department also provided, on a contract basis, 40 hours of weekly accounting and finance services to Spring Lake Township.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Grand Haven's financial statements. The City'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 City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City'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 City is improving or deteriorating.

The *statement of activities* presents information showing how the City'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 City of Grand Haven 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 City include general government administration, public safety, public works including major and local street construction and maintenance, culture and recreation, and debt service activities. The major business-type activities of the City consist primarily of Board of Light and Power, sewer, and water operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Economic Development Corporation, Main Street Downtown Development Authority, and the Brownfield Redevelopment Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

**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 City, 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 City 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 the City's near-term financing requirements.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund which is considered to be a major fund. 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 City adopts an annual appropriated budget for its governmental funds. Budgetary comparison schedules have been provided herein for the General and special revenue funds to demonstrate compliance with those budgets.

**Proprietary funds.** The City maintains two different 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 City uses enterprise funds to account for its Board of Light and Power, sewer, water, and other operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, insurance, and health benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial 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 Board of Light and Power, water and sewer activities, all of which are considered to be major funds of the City. Data is combined into a single aggregated presentation for the other enterprise funds. Individual fund data for each of the non-major enterprise funds is provided in the form of combining statements and schedules.



**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City'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 for 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* which includes this management discussion and analysis as well as major fund budgetary schedules, pension and other post-employment benefit schedules.

## 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 City of Grand Haven, assets exceeded liabilities by \$115,569,403 at the close of the most recent fiscal year.

A portion of the City's net position reflects unrestricted net position which is available for future operation while a more significant 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 City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Summary of Net Position

|                                  | Governmental Activities |                     | Business-type Activities |                     | Totals               |                      |
|----------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|                                  | <u>2020</u>             | <u>2019</u>         | <u>2020</u>              | <u>2019</u>         | <u>2020</u>          | <u>2019</u>          |
| Current and other assets         | \$19,762,248            | \$21,036,932        | \$37,171,783             | \$33,556,572        | \$ 56,934,031        | \$ 54,593,504        |
| Capital assets                   | 60,805,700              | 59,715,233          | 57,297,959               | 55,203,152          | 118,103,659          | 114,918,385          |
| <b>Total assets</b>              | <b>80,567,948</b>       | <b>80,752,165</b>   | <b>94,469,742</b>        | <b>88,759,724</b>   | <b>175,037,690</b>   | <b>169,511,889</b>   |
| Deferred outflows of resources   | 4,553,039               | 7,483,307           | 2,264,286                | 2,414,284           | 6,817,325            | 9,897,591            |
| Current and other liabilities    | 3,362,799               | 2,531,559           | 4,574,920                | 2,602,069           | 7,937,719            | 5,133,628            |
| Long-term liabilities            | 42,261,872              | 42,255,315          | 15,914,355               | 11,512,238          | 58,176,227           | 53,767,553           |
| <b>Total liabilities</b>         | <b>45,624,671</b>       | <b>44,786,874</b>   | <b>20,489,275</b>        | <b>14,114,307</b>   | <b>66,113,946</b>    | <b>58,901,181</b>    |
| Deferred inflows of resources    | -                       | -                   | 171,666                  | -                   | 171,666              | -                    |
| Net position                     |                         |                     |                          |                     |                      |                      |
| Net investment in capital assets | 45,722,395              | 44,390,380          | 55,936,186               | 53,716,603          | 101,658,581          | 98,106,983           |
| Restricted                       | 6,906,754               | 8,340,455           | -                        | -                   | 6,906,754            | 8,340,455            |
| Unrestricted                     | (13,132,833)            | (9,282,237)         | 20,136,901               | 23,343,098          | 7,004,068            | 14,060,861           |
| <b>Total net position</b>        | <b>\$39,496,316</b>     | <b>\$43,448,598</b> | <b>\$76,073,087</b>      | <b>\$77,059,701</b> | <b>\$115,569,403</b> | <b>\$120,508,299</b> |

The net position of the City's governmental activities decreased by \$3,570,762 which is primarily due to General fund transfers to the Marina, Chinook Pier Rental and Local Streets funds to aid in funding projects. The business-type activities decrease in net position of \$1,368,134 is primarily due to Board of Light and Power asset retirement expenses.

## Summary of Activities

|  | Governmental Activities |                     | Business-type Activities |                     | Totals               |                      |
|--|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|  | <u>2020</u>             | <u>2019</u>         | <u>2020</u>              | <u>2019</u>         | <u>2020</u>          | <u>2019</u>          |
| <b>Revenue</b>                                     |                         |                     |                          |                     |                      |                      |
| Program revenue                                    |                         |                     |                          |                     |                      |                      |
| Charges for services                               | \$1,845,497             | \$1,874,335         | \$41,103,043             | \$43,408,833        | \$42,948,540         | \$45,283,168         |
| Operating grants and contributions                 | 2,367,716               | 2,521,554           | 455,621                  | 625,511             | 2,823,337            | 3,147,065            |
| Capital grants and Contributions                   | 1,284,017               | 2,967,597           | 662                      | 411,808             | 1,284,679            | 3,379,405            |
| General revenue                                    |                         |                     |                          |                     |                      |                      |
| Property taxes                                     | 9,204,475               | 8,813,458           | -                        | -                   | 9,204,475            | 8,813,458            |
| State revenues                                     | 1,038,896               | 1,058,212           | -                        | -                   | 1,038,896            | 1,058,212            |
| Unrestricted investment earnings                   | 540,250                 | 573,124             | -                        | -                   | 540,250              | 573,124              |
| Other  | 122,415                 | 113,338             | -                        | -                   | 122,415              | 113,338              |
| <b>Total revenues</b>                              | <b>16,403,266</b>       | <b>17,921,618</b>   | <b>41,559,326</b>        | <b>44,446,152</b>   | <b>57,962,592</b>    | <b>62,367,770</b>    |
| <b>Expenses</b>                                    |                         |                     |                          |                     |                      |                      |
| General government                                 | 5,130,638               | 4,636,496           | -                        | -                   | 5,130,638            | 4,636,496            |
| Public safety                                      | 6,565,869               | 5,209,042           | -                        | -                   | 6,565,869            | 5,209,042            |
| Public works                                       | 7,780,001               | 7,360,089           | -                        | -                   | 7,780,001            | 7,360,089            |
| Culture and recreation                             | 1,782,309               | 868,431             | -                        | -                   | 1,782,309            | 868,431              |
| Interest   | 389,196                 | 426,891             | -                        | -                   | 389,196              | 426,891              |
| Board of Light & Power                             | -                       | -                   | 34,934,879               | 30,415,828          | 34,934,879           | 30,415,828           |
| Municipal Sewer                                    | -                       | -                   | 2,810,304                | 2,493,502           | 2,810,304            | 2,493,502            |
| Municipal Water                                    | -                       | -                   | 1,870,415                | 2,213,001           | 1,870,415            | 2,213,001            |
| Other business-type                                | -                       | -                   | 1,637,877                | 1,138,702           | 1,637,877            | 1,138,702            |
| <b>Total expenses</b>                              | <b>21,648,013</b>       | <b>18,500,949</b>   | <b>41,253,475</b>        | <b>36,261,033</b>   | <b>62,901,488</b>    | <b>54,761,982</b>    |
| Change in net position before transfers            | (5,244,747)             | (579,331)           | 305,851                  | 8,185,119           | (4,938,896)          | 7,605,788            |
| Transfers  | 1,673,985               | 1,629,510           | (1,673,985)              | (1,629,510)         | -                    | -                    |
| Change in net position                             | (3,570,762)             | 1,050,179           | (1,368,134)              | 6,555,609           | (4,938,896)          | 7,605,788            |
| <b>Net position-beginning of year, as restated</b> | <b>43,067,078</b>       | <b>42,398,419</b>   | <b>77,441,221</b>        | <b>70,504,092</b>   | <b>120,508,299</b>   | <b>112,902,511</b>   |
| <b>Net position-end of year</b>                    | <b>\$39,496,316</b>     | <b>\$43,448,598</b> | <b>\$76,073,087</b>      | <b>\$77,059,701</b> | <b>\$115,569,403</b> | <b>\$120,508,299</b> |

**Governmental activities.** During the year the City invested \$7,780,001 or 36% of governmental activities expenses in public works. Public safety was \$6,565,869 or 30% of governmental activities expenses while general government, culture and recreation, and interest on long-term debt made up the remaining 34% of governmental activities expenses. Net position of governmental activities was decreased by \$381,520 and net position of business-type activities was increased by \$381,520 at July 1, 2019 to reflect the forgiveness of an interfund loan.

**Business-type activities.** Business-type activities decreased the City's net position by \$1,368,134 for the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$6,555,609. The primary reason for the decrease is Board of Light and Power asset retirement expenses totaling \$3,431,203.

## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City'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 City's governmental funds reported combined ending fund balances of \$12,617,434, a decrease of \$2,202,983 in comparison with the prior year.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General fund was \$869,443 while total fund balance was \$4,057,436. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The City Council has adopted a minimum fund balance policy in which the total fund balance of the General fund will be equal to at least 25 percent of the previous year's expenditures. At June 30, 2020, total fund balance represents 35 percent of total prior year General fund expenditures.

The fund balance of the City's General fund decreased by \$1,082,162 during the current fiscal year.

**Proprietary funds.** The City'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 Board of Light and Power, Municipal Sewer and Municipal Water funds at the end of the year amounted to \$18,486,643, \$751,757 and \$572,157, respectively. The Board of Light and Power had a decrease of \$819,661, the Municipal Sewer fund had a decrease of \$447,939, and the Municipal Water fund had an increase of \$617,595 in net position for the year. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

Differences between original and final budgets for the General fund were the result of the following:

- Local Community Stabilization Authority funding was \$37,245 higher than the amended budget.
- State shared revenue was \$21,852 less than the prior fiscal year, which is a 2.1% decrease. This was due to not receiving a payment for the City, Village, Township Revenue Sharing (CVTRS) that would have been posted to June 2020. This funding was replaced in FY2020/21 with CARES funding from the State of Michigan.
- Interest revenue was \$163,965 higher than anticipated due to positive investment returns.
- The public safety amended budget for expenditures was \$5,192,664 and resulted in actual costs of \$5,178,731 for the year.
- Public works administrative expenditures were \$22,165 under the amended budget for the year.
- Community center building rental revenue decreased by \$99,613 due to rental cancellations during the COVID-19 pandemic and social gathering restrictions.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of June 30, 2020, amounted to \$118,103,659 (net of accumulated depreciation).

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

| <b>Capital Assets</b>                        |                                    |                                     |                      |
|--|------------------------------------|-------------------------------------|----------------------|
|  | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
| Land   | \$ 8,746,444                       | \$ 504,145                          | \$ 9,250,589         |
| Construction in progress                     | 3,341,870                          | 5,206,959                           | 8,548,829            |
| Structures & improvements                    | 8,682,340                          | 3,530,715                           | 12,213,055           |
| Machinery, equipment,<br>vehicles & fixtures | 3,518,205                          | 190,358                             | 3,708,563            |
| Buildings                                    | 9,104,325                          | -                                   | 9,104,325            |
| Parking facilities                           | 4,447,565                          | -                                   | 4,447,565            |
| Infrastructure                               | 22,964,951                         | -                                   | 22,964,951           |
| Transmission and distribution                | -                                  | 46,267,415                          | 46,267,415           |
| General plant                                | -                                  | 1,598,367                           | 1,598,367            |
| <b>Total</b>                                 | <b>\$60,805,700</b>                | <b>\$57,297,959</b>                 | <b>\$118,103,659</b> |

Additional information on the City of Grand Haven's capital assets can be found in Note 5 of these financial statements.

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

| <b>Debt</b>                             |                                    |                                     |                     |
|---|------------------------------------|-------------------------------------|---------------------|
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>        |
| Public offering bonds                   | \$ 7,448,226                       | \$1,361,773                         | \$ 8,809,999        |
| Direct placements and direct borrowings | 6,164,000                          | -                                   | 6,164,000           |
| Capital lease obligations               | 939,107                            | -                                   | 939,107             |
| Bond premiums                           | 531,972                            | -                                   | 531,972             |
| Accrued employee benefits               | 972,211                            | 487,030                             | 1,464,154           |
| <b>Total</b>                            | <b>\$16,055,516</b>                | <b>\$1,848,803</b>                  | <b>\$17,909,232</b> |

Additional information on the City's long-term debt can be found in Note 7 of these financial statements.

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

The following factors were considered in preparing the City's budget for the 2020-21 fiscal year:

- We conservatively estimate property values to increase 2% for the next tax year.
- The COVID-19 pandemic has caused unknown for revenue and expenses, so a conservative approach was taken to capital projects as well as any State or outside funding that the City does or could receive.
- Health benefit costs continue to be reviewed with our provider and third-party administrator. Each year adjustments are made to maintain the best benefit with the lowest possible cost. We forecast an average 10% increase in health care costs.

## Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information, contact us at 519 Washington Ave, Grand Haven, MI 49417, or as noted below:

Patrick McGinnis  
City Manager  
616 847-4888  
[pmcginnis@grandhaven.org](mailto:pmcginnis@grandhaven.org)

Amy Bessinger  
Finance Director  
616-847-4893  
[abessinger@grandhaven.org](mailto:abessinger@grandhaven.org)

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF GRAND HAVEN**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

|   | Primary Government   |                      |                       | Component             |
|---|----------------------|----------------------|-----------------------|-----------------------|
|   | Governmental         | Business-Type        | Total                 | Units                 |
|   | Activities           | Activities           |                       |                       |
| <b>Assets</b>                               |                      |                      |                       |                       |
| Cash and pooled investments                 | \$ 17,411,180        | \$ 25,338,508        | \$ 42,749,688         | \$ 631,632            |
| Accounts receivable                         | 540,513              | 4,937,107            | 5,477,620             | 307,084               |
| Due from other governments                  | 1,092,417            | 6,879,402            | 7,971,819             | -                     |
| Taxes receivable                            | 10,340               | -                    | 10,340                | 594                   |
| Special assessments receivable              | 226,072              | 79,798               | 305,870               | 60,751                |
| Internal balances                           | 197,508              | (197,508)            | -                     | -                     |
| Capital lease receivable                    | -                    | -                    | -                     | 1,296,736             |
| Prepaid items                               | 179,341              | 49,905               | 229,246               | 7,481                 |
| Inventory                                   | 104,877              | 84,571               | 189,448               | -                     |
| Capital assets                              |                      |                      |                       |                       |
| Land  | 8,746,444            | 504,145              | 9,250,589             | -                     |
| Construction in progress                    | 3,341,870            | 5,206,959            | 8,548,829             | -                     |
| Depreciable capital assets, net             | 48,717,386           | 51,586,855           | 100,304,241           | -                     |
| <b>Total assets</b>                         | <b>80,567,948</b>    | <b>94,469,742</b>    | <b>175,037,690</b>    | <b>2,304,278</b>      |
| <b>Deferred outflows of resources</b>       |                      |                      |                       |                       |
| Pension related                             | 3,404,433            | 1,928,539            | 5,332,972             | 28,505                |
| Other post-employment benefits related      | 1,015,784            | 335,747              | 1,351,531             | -                     |
| Deferred charge on refunding                | 132,822              | -                    | 132,822               | 151,282               |
| <b>Total deferred outflows of resources</b> | <b>4,553,039</b>     | <b>2,264,286</b>     | <b>6,817,325</b>      | <b>179,787</b>        |
| <b>Liabilities</b>                          |                      |                      |                       |                       |
| Accounts payable                            | 1,751,334            | 3,957,055            | 5,708,389             | 108,674               |
| Accrued liabilities                         | 414,586              | 475,148              | 889,734               | 2,284                 |
| Due to other governments                    | 801                  | 21                   | 822                   | -                     |
| Accrued interest payable                    | 94,621               | 13,618               | 108,239               | 75,931                |
| Debt due within one year                    | 1,101,457            | 129,078              | 1,230,535             | 2,086,150             |
| Noncurrent liabilities                      |                      |                      |                       |                       |
| Accrued compensated absences                | 972,211              | 487,030              | 1,459,241             | 4,913                 |
| Asset retirement obligation                 | -                    | 3,529,019            | 3,529,019             | -                     |
| Other post-employment benefits obligation   | 4,775,243            | 1,408,786            | 6,184,029             | -                     |
| Net pension liability                       | 22,532,570           | 9,256,825            | 31,789,395            | 188,666               |
| Bond premium                                | 531,972              | -                    | 531,972               | 463,322               |
| Due in more than one year                   | 13,449,876           | 1,232,695            | 14,682,571            | 7,970,000             |
| <b>Total liabilities</b>                    | <b>45,624,671</b>    | <b>20,489,275</b>    | <b>66,113,946</b>     | <b>10,899,940</b>     |
| <b>Deferred inflows of resources</b>        |                      |                      |                       |                       |
| Pension related                             | -                    | 171,666              | 171,666               | -                     |
| <b>Net position</b>                         |                      |                      |                       |                       |
| Net investment in capital assets            | 45,722,395           | 55,936,186           | 101,658,581           | -                     |
| Restricted for                              |                      |                      |                       |                       |
| Debt service                                | 1,342,270            | -                    | 1,342,270             | -                     |
| Streets                                     | 859,257              | -                    | 859,257               | -                     |
| Capital projects                            | 2,674,703            | -                    | 2,674,703             | -                     |
| Permanent trust                             |                      |                      |                       |                       |
| Cemetery - nonexpendable portion            | 2,030,524            | -                    | 2,030,524             | -                     |
| Unrestricted (deficit)                      | (13,132,833)         | 20,136,901           | 7,004,068             | (8,415,875)           |
| <b>Total net position</b>                   | <b>\$ 39,496,316</b> | <b>\$ 76,073,087</b> | <b>\$ 115,569,403</b> | <b>\$ (8,415,875)</b> |

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



**CITY OF GRAND HAVEN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

| <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>Primary government</b>                  |                      |                             | <b>Capital Grants and Contributions</b>   |                              |
| Governmental activities                    |                      |                             |   |                              |
| General government                         | \$ 5,130,638         | \$ 305,252                  | \$ 668,133                                | \$ 1,298,572                 |
| Public safety                              | 6,565,869            | 220,282                     | 5,072                                     | -                            |
| Public works                               | 7,780,001            | 1,015,383                   | 1,694,511                                 | (15,161)                     |
| Culture and recreation                     | 1,782,309            | 304,580                     | -   | 606                          |
| Interest on long-term debt                 | 389,196              | -                           | -   | -                            |
| Total governmental activities              | 21,648,013           | 1,845,497                   | 2,367,716                                 | 1,284,017                    |
| Business-type activities                   |                      |                             |   |                              |
| Board of Light and Power                   | 34,934,879           | 35,622,861                  | 254,222                                   | -                            |
| Sewer                                      | 2,810,304            | 2,473,115                   | 102,921                                   | -                            |
| Water                                      | 1,870,415            | 2,427,130                   | 64,329                                    | -                            |
| Other business-type activities             | 1,637,877            | 579,937                     | 34,149                                    | 662                          |
| Total business-type activities             | 41,253,475           | 41,103,043                  | 455,621                                   | 662                          |
| <b>Total primary government</b>            | <b>\$ 62,901,488</b> | <b>\$ 42,948,540</b>        | <b>\$ 2,823,337</b>                       | <b>\$ 1,284,679</b>          |
| <b>Component Units</b>                     |                      |                             |   |                              |
| Economic Development Corporation           | \$ 27,762            | \$ -                        | \$ 21,000                                 | \$ -                         |
| Main Street Downtown Development Authority | 368,161              | -                           | 22,389                                    | 63,206                       |
| Brownfield Redevelopment Authority         | 260,957              | -                           | 993,937                                   | 17,819                       |
| <b>Total component units</b>               | <b>\$ 656,880</b>    | <b>\$ -</b>                 | <b>\$ 1,037,326</b>                       | <b>\$ 81,025</b>             |

(Continued)

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

**CITY OF GRAND HAVEN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|   | Primary Government         |                             |                        | Component<br>Units    |
|---|----------------------------|-----------------------------|------------------------|-----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                  |                       |
| <b>Changes in net position</b>                      |                            |                             |                        |                       |
| <b>Net (expense) revenue</b>                        | <u>\$ (16,150,783)</u>     | <u>\$ 305,851</u>           | <u>\$ (15,844,932)</u> | <u>\$ 461,471</u>     |
| General revenues                                    |                            |                             |                        |                       |
| Property taxes                                      | 9,204,475                  | -                           | 9,204,475              | 1,419,460             |
| State shared revenues                               | 1,038,896                  | -                           | 1,038,896              | -                     |
| Unrestricted investment earnings                    | 540,250                    | -                           | 540,250                | 47,482                |
| Other general revenues                              | 122,415                    | -                           | 122,415                | 39,708                |
| Transfers - internal activities                     | <u>1,673,985</u>           | <u>(1,673,985)</u>          | <u>-</u>               | <u>-</u>              |
| Total general revenues and transfers                | <u>12,580,021</u>          | <u>(1,673,985)</u>          | <u>10,906,036</u>      | <u>1,506,650</u>      |
| Change in net position                              | (3,570,762)                | (1,368,134)                 | (4,938,896)            | 1,968,121             |
| <b>Net position, beginning of year, as restated</b> | <u>43,067,078</u>          | <u>77,441,221</u>           | <u>120,508,299</u>     | <u>(10,383,996)</u>   |
| <b>Net position, end of year</b>                    | <u>\$ 39,496,316</u>       | <u>\$ 76,073,087</u>        | <u>\$ 115,569,403</u>  | <u>\$ (8,415,875)</u> |

(Concluded)

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

# CITY OF GRAND HAVEN

## GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2020

|  | <u>General</u>      | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total</u>         |
|--|---------------------|--|----------------------|
| <b>Assets</b>  |                     |  |                      |
| Cash and pooled investments                                  | \$ 3,945,228        | \$ 8,869,968                               | \$ 12,815,196        |
| Accounts receivable  | 437,595             | 98,425                                     | 536,020              |
| Due from other governments                                   | 156,212             | 935,674                                    | 1,091,886            |
| Taxes receivable   | 8,814               | 1,526                                      | 10,340               |
| Special assessments receivable                               | 215,293             | 10,779                                     | 226,072              |
| Due from other funds   | 256,569             | -  | 256,569              |
| Prepaid items  | 19,711              | 40,378                                     | 60,089               |
| Inventory  | 21,378              | 34,208                                     | 55,586               |
| <b>Total assets</b>  | <u>\$ 5,060,800</u> | <u>\$ 9,990,958</u>                        | <u>\$ 15,051,758</u> |
| <b>Liabilities, deferred inflows and fund balances</b>       |                     |  |                      |
| <b>Liabilities</b>   |                     |  |                      |
| Accounts payable   | \$ 410,775          | \$ 1,308,409                               | \$ 1,719,184         |
| Accrued liabilities  | 288,855             | 14,414                                     | 303,269              |
| Due to other governments                                     | 757                 | 44   | 801                  |
| Due to other funds   | 32,287              | 97,287                                     | 129,574              |
| <b>Total liabilities</b>                                     | <u>732,674</u>      | <u>1,420,154</u>                           | <u>2,152,828</u>     |
| <b>Deferred inflows of resources</b>                         |                     |  |                      |
| Unavailable revenue  | <u>270,690</u>      | <u>10,806</u>                              | <u>281,496</u>       |
| <b>Fund balances</b>   |                     |  |                      |
| Non-spendable  |                     |  |                      |
| Prepaid items  | 19,711              | 40,378                                     | 60,089               |
| Permanent fund corpus  | -                   | 2,030,524                                  | 2,030,524            |
| Inventory  | 21,378              | 34,208                                     | 55,586               |
| Restricted   |                     |  |                      |
| Streets  | -                   | 826,012                                    | 826,012              |
| Public works   | -                   | 1,652,982                                  | 1,652,982            |
| Debt service funds   | -                   | 1,342,270                                  | 1,342,270            |
| Committed  |                     |  |                      |
| Capital projects   | -                   | 2,652,640                                  | 2,652,640            |
| Budget stabilization   | 2,694,004           | -  | 2,694,004            |
| Assigned   |                     |  |                      |
| Future years expenditures                                    | 452,900             | -  | 452,900              |
| Unassigned   | 869,443             | (19,016)                                   | 850,427              |
| <b>Total fund balances</b>                                   | <u>4,057,436</u>    | <u>8,559,998</u>                           | <u>12,617,434</u>    |
| <b>Total liabilities, deferred inflows and fund balances</b> | <u>\$ 5,060,800</u> | <u>\$ 9,990,958</u>                        | <u>\$ 15,051,758</u> |

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

# CITY OF GRAND HAVEN

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

**JUNE 30, 2020**

---

|   |                      |
|---|----------------------|
| <b>Fund balances - total governmental funds</b> | <b>\$ 12,617,434</b> |
|---|----------------------|

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

|  |            |
|--|------------|
| Add - land   | 8,746,444  |
| Add - construction in progress                         | 3,341,870  |
| Add - capital assets (net of accumulated depreciation) | 45,922,944 |

Certain assets are not due and receivable in the current period and therefore are offset with unavailable revenue in the funds.

|                                      |         |
|--------------------------------------|---------|
| Add - long-term deferred receivables | 281,496 |
|--------------------------------------|---------|

Internal service funds are used by management to charge the costs of centralized services, 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 | 7,186,798 |
|---|-----------|

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

|  |              |
|--|--------------|
| Deduct - compensated absences payable                  | (968,498)    |
| Deduct - other post-employment benefits                | (4,665,209)  |
| Deduct - long-term debt                                | (14,551,333) |
| Deduct - bond premium                                  | (531,972)    |
| Deduct - net pension liability                         | (22,281,728) |
| Add - deferred charge on refunding                     | 132,822      |
| Add - deferred inflows and outflows related to pension | 3,366,534    |
| Add - deferred inflows and outflows related to OPEB    | 993,335      |
| Deduct - accrued interest on long-term debt            | (94,621)     |

|  |                             |
|--|-----------------------------|
| <b>Net position of governmental activities</b> | <b><u>\$ 39,496,316</u></b> |
|--|-----------------------------|

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

**CITY OF GRAND HAVEN**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|   | <u>General</u>      | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total</u>         |
|---|---------------------|--|----------------------|
| <b>Revenues</b>                         |                     |  |                      |
| Taxes                                   | \$ 7,464,936        | \$ 1,731,947                               | \$ 9,196,883         |
| Intergovernmental revenues              |                     |  |                      |
| Federal                                 | -                   | 660,580                                    | 660,580              |
| State                                   | 1,043,968           | 1,804,820                                  | 2,848,788            |
| Local                                   | 33,951              | 579,878                                    | 613,829              |
| Special assessments                     | 12,678              | 51,237                                     | 63,915               |
| Licenses and permits                    | 634,955             | -  | 634,955              |
| Charges for services                    | 1,660,252           | 531  | 1,660,783            |
| Fines                                   | 80,389              | -  | 80,389               |
| Investment earnings                     | 374,366             | 165,884                                    | 540,250              |
| Miscellaneous                           | <u>171,258</u>      | <u>5,754</u>                               | <u>177,012</u>       |
| <b>Total revenues</b>                   | <u>11,476,753</u>   | <u>5,000,631</u>                           | <u>16,477,384</u>    |
| <b>Expenditures</b>                     |                     |  |                      |
| Current                                 |                     |  |                      |
| General government                      | 3,057,119           | 716,415                                    | 3,773,534            |
| Public safety                           | 5,178,731           | -  | 5,178,731            |
| Public works                            | 3,052,069           | 1,981,590                                  | 5,033,659            |
| Culture and recreation                  | 936,450             | 606  | 937,056              |
| Debt service                            |                     |  |                      |
| Principal                               | 15,353              | 987,355                                    | 1,002,708            |
| Interest                                | 12,201              | 441,420                                    | 453,621              |
| Capital outlay                          | <u>839,586</u>      | <u>3,974,457</u>                           | <u>4,814,043</u>     |
| <b>Total expenditures</b>               | <u>13,091,509</u>   | <u>8,101,843</u>                           | <u>21,193,352</u>    |
| Revenues over (under) expenditures      | <u>(1,614,756)</u>  | <u>(3,101,212)</u>                         | <u>(4,715,968)</u>   |
| Other financing sources (uses)          |                     |  |                      |
| Issuance of debt                        | 839,000             | -  | 839,000              |
| Transfers in                            | 2,090,617           | 5,035,701                                  | 7,126,318            |
| Transfers out                           | <u>(2,397,023)</u>  | <u>(3,055,310)</u>                         | <u>(5,452,333)</u>   |
| Total other financing sources (uses)    | <u>532,594</u>      | <u>1,980,391</u>                           | <u>2,512,985</u>     |
| Net changes in fund balances            | (1,082,162)         | (1,120,821)                                | (2,202,983)          |
| <b>Fund balances, beginning of year</b> | <u>5,139,598</u>    | <u>9,680,819</u>                           | <u>14,820,417</u>    |
| <b>Fund balances, end of year</b>       | <u>\$ 4,057,436</u> | <u>\$ 8,559,998</u>                        | <u>\$ 12,617,434</u> |

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

# CITY OF GRAND HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2020

---

|   |                |
|---|----------------|
| Net changes in fund balances - total governmental funds | \$ (2,202,983) |
|---|----------------|

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          | 3,921,926   |
| Deduct - depreciation expense | (3,044,655) |

Certain receivables are long-term in nature and are collectable over several years. However only the current year's receipts are reflected as revenues on the fund statements.

|   |          |
|---|----------|
| Deduct - decrease in unavailable revenues | (74,118) |
|---|----------|

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

|  |           |
|--|-----------|
| Add - principal payments on debt                       | 1,002,708 |
| Deduct - bond issue                                    | (839,000) |
| Deduct - amortization of deferred bond refunding costs | (32,360)  |
| Add - bond premium amortization                        | 77,840    |

Some expenses and changes in deferred items reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the funds.

|  |             |
|--|-------------|
| Deduct - increase in accrued employee benefits               | (117,372)   |
| Add - decrease in net pension liability                      | 416,755     |
| Add - increase in deferred outflows                          | (2,802,200) |
| Deduct - increase in other post-employment benefit liability | (872,218)   |
| Add - decrease in accrued interest                           | 18,945      |

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

|  |                |
|--|----------------|
| Add - increase in net position from the internal service funds | <u>975,970</u> |
|--|----------------|

|   |                       |
|---|-----------------------|
| Change in net position of governmental activities | <u>\$ (3,570,762)</u> |
|---|-----------------------|

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

**CITY OF GRAND HAVEN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

|   | Enterprise Funds               |                     |                      |                                 |                             | Governmental Activities      |
|---|--------------------------------|---------------------|----------------------|---------------------------------|-----------------------------|------------------------------|
|   | Board of<br>Light and<br>Power | Municipal<br>Sewer  | Municipal<br>Water   | Nonmajor<br>Enterprise<br>Funds | Enterprise<br>Fund<br>Total | Internal<br>Service<br>Funds |
| <b>Assets</b>                             |                                |                     |                      |                                 |                             |                              |
| Current assets                            |                                |                     |                      |                                 |                             |                              |
| Cash and pooled investments               | \$ 22,311,169                  | \$ 1,303,949        | \$ 1,281,898         | \$ 441,492                      | \$ 25,338,508               | \$ 4,595,984                 |
| Accounts receivable                       | 4,151,014                      | 331,664             | 390,525              | 63,904                          | 4,937,107                   | 4,493                        |
| Due from other governments                | 6,867,458                      | -                   | -                    | 11,944                          | 6,879,402                   | 531                          |
| Special assessments receivable            | -                              | 79,798              | -                    | -                               | 79,798                      | -                            |
| Due from other funds                      | -                              | -                   | -                    | -                               | -                           | 70,513                       |
| Prepaid items                             | 14,852                         | 17,995              | 13,917               | 3,141                           | 49,905                      | 119,252                      |
| Inventory                                 | -                              | 6,229               | 78,342               | -                               | 84,571                      | 49,291                       |
| Total current assets                      | 33,344,493                     | 1,739,635           | 1,764,682            | 520,481                         | 37,369,291                  | 4,840,064                    |
| Noncurrent assets                         |                                |                     |                      |                                 |                             |                              |
| Capital assets                            |                                |                     |                      |                                 |                             |                              |
| Land                                      | 194,823                        | 5,260               | -                    | 304,062                         | 504,145                     | -                            |
| Construction in progress                  | 4,775,189                      | 164                 | 316,650              | 114,956                         | 5,206,959                   | -                            |
| Depreciable capital assets, net           | 25,614,230                     | 9,020,353           | 13,404,178           | 3,548,094                       | 51,586,855                  | 2,794,442                    |
| Total noncurrent assets                   | 30,584,242                     | 9,025,777           | 13,720,828           | 3,967,112                       | 57,297,959                  | 2,794,442                    |
| <b>Total assets</b>                       | <b>63,928,735</b>              | <b>10,765,412</b>   | <b>15,485,510</b>    | <b>4,487,593</b>                | <b>94,667,250</b>           | <b>7,634,506</b>             |
| <b>Deferred outflows of resources</b>     |                                |                     |                      |                                 |                             |                              |
| Pension related                           | 1,666,236                      | 100,712             | 145,478              | 16,113                          | 1,928,539                   | 37,899                       |
| Other post-employment benefits related    | 282,437                        | 22,416              | 26,388               | 4,506                           | 335,747                     | 22,449                       |
| Total deferred outflows of resources      | 1,948,673                      | 123,128             | 171,866              | 20,619                          | 2,264,286                   | 60,348                       |
| <b>Liabilities</b>                        |                                |                     |                      |                                 |                             |                              |
| Current liabilities                       |                                |                     |                      |                                 |                             |                              |
| Accounts payable                          | 3,467,585                      | 278,188             | 181,845              | 29,437                          | 3,957,055                   | 32,150                       |
| Accrued liabilities                       | 445,553                        | 5,685               | 12,826               | 11,084                          | 475,148                     | 111,317                      |
| Due to other governments                  | -                              | -                   | 21                   | -                               | 21                          | -                            |
| Accrued interest payable                  | -                              | -                   | 13,618               | -                               | 13,618                      | -                            |
| Due to other funds                        | 158,740                        | 3,869               | 4,480                | 30,419                          | 197,508                     | -                            |
| Current portion of long-term debt         | -                              | -                   | 129,078              | -                               | 129,078                     | -                            |
| Total current liabilities                 | 4,071,878                      | 287,742             | 341,868              | 70,940                          | 4,772,428                   | 143,467                      |
| Long-term liabilities                     |                                |                     |                      |                                 |                             |                              |
| Accrued compensated absences              | 421,409                        | 31,714              | 26,780               | 7,127                           | 487,030                     | 3,713                        |
| Asset retirement obligation               | 3,529,019                      | -                   | -                    | -                               | 3,529,019                   | -                            |
| Net pension liability                     | 7,520,756                      | 666,576             | 962,850              | 106,643                         | 9,256,825                   | 250,842                      |
| Other post-employment benefits obligation | 1,091,795                      | 124,974             | 161,971              | 30,046                          | 1,408,786                   | 110,034                      |
| Bonds payable, net of current portion     | -                              | -                   | 1,232,695            | -                               | 1,232,695                   | -                            |
| Total long-term liabilities               | 12,562,979                     | 823,264             | 2,384,296            | 143,816                         | 15,914,355                  | 364,589                      |
| <b>Total liabilities</b>                  | <b>16,634,857</b>              | <b>1,111,006</b>    | <b>2,726,164</b>     | <b>214,756</b>                  | <b>20,686,783</b>           | <b>508,056</b>               |
| <b>Deferred inflows of resources</b>      |                                |                     |                      |                                 |                             |                              |
| Pension related                           | 171,666                        | -                   | -                    | -                               | 171,666                     | -                            |
| <b>Net position</b>                       |                                |                     |                      |                                 |                             |                              |
| Net investment in capital assets          | 30,584,242                     | 9,025,777           | 12,359,055           | 3,967,112                       | 55,936,186                  | 2,794,442                    |
| Unrestricted                              | 18,486,643                     | 751,757             | 572,157              | 326,344                         | 20,136,901                  | 4,392,356                    |
| <b>Total net position</b>                 | <b>\$ 49,070,885</b>           | <b>\$ 9,777,534</b> | <b>\$ 12,931,212</b> | <b>\$ 4,293,456</b>             | <b>\$ 76,073,087</b>        | <b>\$ 7,186,798</b>          |

The accompanying notes are an integral part of these financial statements

**CITY OF GRAND HAVEN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  | Enterprise Funds         |                     |                      |                           | Enterprise Fund Total | Governmental Activities Internal Service Funds |
|--|--------------------------|---------------------|----------------------|---------------------------|-----------------------|--|
|  | Board of Light and Power | Municipal Sewer     | Municipal Water      | Nonmajor Enterprise Funds |                       |  |
| <b>Operating revenues</b>                      |                          |                     |                      |                           |                       |  |
| Charges for services                           | \$ 35,622,861            | \$ 2,473,115        | \$ 2,427,130         | \$ 579,731                | \$ 41,102,837         | \$ 6,729,454                                   |
| Employer contributions                         | -                        | -                   | -                    | -                         | -                     | 690,600  |
| <b>Total operating revenue</b>                 | <u>35,622,861</u>        | <u>2,473,115</u>    | <u>2,427,130</u>     | <u>579,731</u>            | <u>41,102,837</u>     | <u>7,420,054</u>                               |
| <b>Operating expenses</b>                      |                          |                     |                      |                           |                       |  |
| Operating costs and expenses                   | 21,415,634               | 2,277,236           | 1,288,036            | 511,865                   | 25,492,771            | 4,992,559                                      |
| Insurance payments                             | -                        | -                   | -                    | -                         | -                     | 916,472  |
| Distribution                                   | 2,838,855                | -                   | -                    | -                         | 2,838,855             | -  |
| Customer accounts                              | 1,246,990                | -                   | -                    | -                         | 1,246,990             | -  |
| Administrative and general                     | 2,216,410                | 241,106             | 248,654              | 12,450                    | 2,718,620             | 251,734  |
| Depreciation                                   | 3,785,787                | 228,168             | 262,365              | 302,019                   | 4,578,339             | 389,036  |
| <b>Total operating expenses</b>                | <u>31,503,676</u>        | <u>2,746,510</u>    | <u>1,799,055</u>     | <u>826,334</u>            | <u>36,875,575</u>     | <u>6,549,801</u>                               |
| Operating income (loss)                        | <u>4,119,185</u>         | <u>(273,395)</u>    | <u>628,075</u>       | <u>(246,603)</u>          | <u>4,227,262</u>      | <u>870,253</u>                                 |
| <b>Non-operating revenues (expenses)</b>       |                          |                     |                      |                           |                       |  |
| Gain (loss) on disposal of capital assets      | -                        | (488)               | -                    | (811,543)                 | (812,031)             | (20,625)                                       |
| Asset retirement                               | (3,431,203)              | -                   | -                    | -                         | (3,431,203)           | -  |
| Investment earnings                            | 153,889                  | 68,314              | 32,996               | 284                       | 255,483               | 75,035   |
| Other  | 100,333                  | 34,607              | 31,333               | 34,071                    | 200,344               | 51,307   |
| Interest expense                               | -                        | (63,306)            | (71,360)             | -                         | (134,666)             | -  |
| <b>Total non-operating revenues (expenses)</b> | <u>(3,176,981)</u>       | <u>39,127</u>       | <u>(7,031)</u>       | <u>(777,188)</u>          | <u>(3,922,073)</u>    | <u>105,717</u>                                 |
| Income (loss) before other items               | <u>942,204</u>           | <u>(234,268)</u>    | <u>621,044</u>       | <u>(1,023,791)</u>        | <u>305,189</u>        | <u>975,970</u>                                 |
| <b>Transfers and other items</b>               |                          |                     |                      |                           |                       |  |
| Contribution in aid of construction            | -                        | -                   | -                    | 662                       | 662                   | -  |
| Transfers in                                   | -                        | 164                 | 97,519               | 305,000                   | 402,683               | -  |
| Transfers out                                  | (1,761,865)              | (213,835)           | (100,968)            | -                         | (2,076,668)           | -  |
| <b>Total transfers and other items</b>         | <u>(1,761,865)</u>       | <u>(213,671)</u>    | <u>(3,449)</u>       | <u>305,662</u>            | <u>(1,673,323)</u>    | <u>-</u>                                       |
| Changes in net position                        | <u>(819,661)</u>         | <u>(447,939)</u>    | <u>617,595</u>       | <u>(718,129)</u>          | <u>(1,368,134)</u>    | <u>975,970</u>                                 |
| <b>Net position, beginning of year</b>         | <u>49,890,546</u>        | <u>10,225,473</u>   | <u>12,313,617</u>    | <u>5,011,585</u>          | <u>77,441,221</u>     | <u>6,210,828</u>                               |
| <b>Net position, end of year</b>               | <u>\$ 49,070,885</u>     | <u>\$ 9,777,534</u> | <u>\$ 12,931,212</u> | <u>\$ 4,293,456</u>       | <u>\$ 76,073,087</u>  | <u>\$ 7,186,798</u>                            |

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



**CITY OF GRAND HAVEN**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2020**

|   | Enterprise Funds         |                     |                     |                           | Enterprise Fund Total | Governmental Activities Internal Service Funds |
|---|--------------------------|---------------------|---------------------|---------------------------|-----------------------|--|
|   | Board of Light and Power | Municipal Sewer     | Municipal Water     | Nonmajor Enterprise Funds |                       |  |
| <b>Cash flows from operating activities</b>   |                          |                     |                     |                           |                       |  |
| Receipts from internal services provided  | \$ -                     | \$ -                | \$ -                | \$ -                      | \$ -                  | \$ 7,439,894                                   |
| Receipts from customers and users   | 35,903,333               | 2,414,758           | 2,283,849           | 611,236                   | 41,213,176            | -  |
| Payments to employees   | (7,541,911)              | (274,104)           | (406,034)           | (106,878)                 | (8,328,927)           | (124,541)                                      |
| Payments to suppliers   | (13,464,995)             | (1,964,788)         | (956,830)           | (461,108)                 | (16,847,721)          | (2,051,081)                                    |
| Claims paid   | -                        | -                   | -                   | -                         | -                     | (4,247,042)                                    |
| <b>Net cash provided by (used in) operating activities</b>  | <u>14,896,427</u>        | <u>175,866</u>      | <u>920,985</u>      | <u>43,250</u>             | <u>16,036,528</u>     | <u>1,017,230</u>                               |
| <b>Cash flows from non-capital financing activities</b>   |                          |                     |                     |                           |                       |  |
| Transfers in  | -                        | 164                 | 97,519              | 305,000                   | 402,683               | -  |
| Transfers out   | (1,945,932)              | (213,835)           | (100,968)           | -                         | (2,260,735)           | -  |
| <b>Net cash provided by (used in) non-capital financing activities</b>                                  | <u>(1,945,932)</u>       | <u>(213,671)</u>    | <u>(3,449)</u>      | <u>305,000</u>            | <u>(1,858,052)</u>    | <u>-</u>                                       |
| <b>Cash flows from capital and related financing activities</b>   |                          |                     |                     |                           |                       |  |
| Interest paid on long-term debt   | -                        | (63,306)            | (72,607)            | -                         | (135,913)             | -  |
| Special assessments receivable  | -                        | 7,392               | -                   | -                         | 7,392                 | -  |
| Contribution in aid of construction   | -                        | -                   | -                   | 662                       | 662                   | -  |
| Principal paid on long-term debt  | -                        | -                   | (124,776)           | -                         | (124,776)             | -  |
| Asset retirement  | (914,374)                | -                   | -                   | -                         | (914,374)             | -  |
| Acquisitions of capital assets  | (6,849,547)              | (691,663)           | (320,571)           | (111,206)                 | (7,972,987)           | (622,858)                                      |
| <b>Net cash provided by (used in) capital and related financing activities</b>                          | <u>(7,763,921)</u>       | <u>(747,577)</u>    | <u>(517,954)</u>    | <u>(110,544)</u>          | <u>(9,139,996)</u>    | <u>(622,858)</u>                               |
| <b>Cash flows from investing activities</b>   |                          |                     |                     |                           |                       |  |
| Interest received   | <u>153,889</u>           | <u>68,314</u>       | <u>32,996</u>       | <u>284</u>                | <u>255,483</u>        | <u>75,036</u>                                  |
| Net increase (decrease) in cash and pooled investments  | 5,340,463                | (717,068)           | 432,578             | 237,990                   | 5,293,963             | 469,408  |
| <b>Cash and pooled investments, beginning of year</b>   | <u>16,970,706</u>        | <u>2,021,017</u>    | <u>849,320</u>      | <u>203,502</u>            | <u>20,044,545</u>     | <u>4,126,576</u>                               |
| <b>Cash and pooled investments, end of year</b>   | <u>\$ 22,311,169</u>     | <u>\$ 1,303,949</u> | <u>\$ 1,281,898</u> | <u>\$ 441,492</u>         | <u>\$ 25,338,508</u>  | <u>\$ 4,595,984</u>                            |
| <b>Cash flows from operating activities</b>   |                          |                     |                     |                           |                       |  |
| Operating income (loss)   | \$ 4,296,272             | \$ (273,395)        | \$ 628,075          | \$ (246,603)              | \$ 4,404,349          | \$ 870,253                                     |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities |                          |                     |                     |                           |                       |  |
| Depreciation  | 3,785,787                | 228,168             | 262,365             | 302,019                   | 4,578,339             | 389,036  |
| Miscellaneous revenue   | 100,333                  | 34,607              | 31,333              | 34,071                    | 200,344               | 51,307   |
| Deferred outflows of resources for pension  | (49,625)                 | 65,823              | 163,668             | 45,951                    | 225,817               | 102,742  |
| Deferred outflows of resources for OPEB   | (69,932)                 | (2,944)             | (2,943)             | -                         | (75,819)              | (7,034)  |
| Deferred inflows of resources for pension   | 171,666                  | -                   | -                   | -                         | 171,666               | -  |
| Change in operating assets and liabilities which provided (used) cash                                   |                          |                     |                     |                           |                       |  |
| Accounts receivable   | 101,896                  | (92,964)            | (174,614)           | 14,029                    | (151,653)             | (3,788)  |
| Due from other funds  | -                        | -                   | -                   | -                         | -                     | (31,234)                                       |
| Due from other governmental units   | -                        | -                   | -                   | 17,476                    | 17,476                | 3,555  |
| Prepaid items   | 12,795                   | 1,671               | 1,687               | (1,431)                   | 14,722                | (81,513)                                       |
| Inventory   | 4,426,003                | 772                 | (358)               | -                         | 4,426,417             | 2,304  |
| Deposit with others   | (2,271,035)              | -                   | -                   | -                         | (2,271,035)           | -  |
| Accounts payable  | 1,600,612                | 95,963              | 91,351              | (19,743)                  | 1,768,183             | 3,913  |
| Accrued liabilities   | 131,940                  | 2,913               | 4,629               | 1,598                     | 141,080               | (56,330)                                       |
| Other liabilities   | 78,243                   | -                   | -                   | -                         | 78,243                | -  |
| Due to other governmental units   | -                        | -                   | 21                  | -                         | 21                    | -  |
| Due to other funds  | -                        | 2,454               | 3,256               | 491                       | 6,201                 | -  |
| Compensated absences  | 56,051                   | 16,860              | 13,557              | 3,414                     | 89,882                | (3,205)  |
| Net pension liability   | 2,579,639                | 90,571              | (106,408)           | (108,022)                 | 2,455,780             | (235,600)                                      |
| Net OPEB obligation   | (54,218)                 | 5,367               | 5,366               | -                         | (43,485)              | 12,824   |
| <b>Net cash provided by (used in) operating activities</b>  | <u>\$ 14,896,427</u>     | <u>\$ 175,866</u>   | <u>\$ 920,985</u>   | <u>\$ 43,250</u>          | <u>\$ 16,036,528</u>  | <u>\$ 1,017,230</u>                            |

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

**CITY OF GRAND HAVEN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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|   | <b>Retiree<br/>Health<br/>Care</b> | <b>Agency<br/>Funds</b> |
|---|------------------------------------|-------------------------|
| <b>Assets</b>                           |                                    |                         |
| Cash and pooled investments             | \$ -                               | \$ 998,147              |
| Funds on deposit with MERS              | 2,198,690                          | -                       |
| Due from other governmental units       | <u>-</u>                           | <u>85,548</u>           |
| <b>Total assets</b>                     | <u>\$ 2,198,690</u>                | <u>\$ 1,083,695</u>     |
| <b>Liabilities</b>                      |                                    |                         |
| Accounts payable                        | -                                  | 308,676                 |
| Accrued liabilities                     | -                                  | 6,893                   |
| Due to other governmental units         | -                                  | 74                      |
| Trust deposits                          | <u>-</u>                           | <u>768,052</u>          |
| <b>Total liabilities</b>                | <u>\$ -</u>                        | <u>\$ 1,083,695</u>     |
| <b>Net Position</b>                     |                                    |                         |
| Restricted for post-employment benefits | <u>\$ 2,198,690</u>                |                         |

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

**CITY OF GRAND HAVEN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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|  | <b>Retiree<br/>Health<br/>Care</b> |
|--|------------------------------------|
| <b>Additions</b>                       |                                    |
| Investment earnings                    | \$ 46,266                          |
| <b>Deductions</b>                      |                                    |
| Administrative expenses                | -                                  |
| Changes in net position                | 46,266                             |
| <b>Net position, beginning of year</b> | 2,152,424                          |
| <b>Net position, end of year</b>       | <u>\$ 2,198,690</u>                |

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

**CITY OF GRAND HAVEN**  
**COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

|   | <u>Economic<br/>Development<br/>Corporation</u> | <u>Main Street<br/>Downtown<br/>Development<br/>Authority</u> | <u>Brownfield<br/>Redevelopment<br/>Authority</u> | <u>Total</u>          |
|---|---|---|---|-----------------------|
| <b>Assets</b>                               |   |   |   |                       |
| Cash and pooled investments                 | \$ 137,624                                      | \$ 229,092  | \$ 264,916  | \$ 631,632            |
| Accounts receivable                         | 214,482   | 46,060  | 46,542  | 307,084               |
| Taxes receivable                            | -   | -   | 594   | 594                   |
| Special assessments receivable              | -   | 60,751  | -   | 60,751                |
| Capital lease receivable                    | -   | 1,296,736   | -   | 1,296,736             |
| Prepaid items                               | 6,553   | 928   | -   | 7,481                 |
| <b>Total assets</b>                         | <u>358,659</u>                                  | <u>1,633,567</u>  | <u>312,052</u>                                    | <u>2,304,278</u>      |
| <b>Deferred outflows of resources</b>       |   |   |   |                       |
| Pension related                             | -   | 28,505  | -   | 28,505                |
| Deferred charge on refunding                | -   | 107,940   | 43,342  | 151,282               |
| <b>Total deferred outflows of resources</b> | <u>-</u>  | <u>136,445</u>  | <u>43,342</u>                                     | <u>179,787</u>        |
| <b>Liabilities</b>                          |   |   |   |                       |
| Accounts payable                            | 16,628  | 92,046  | -   | 108,674               |
| Accrued liabilities                         | -   | 2,284   | -   | 2,284                 |
| Accrued interest                            | -   | 53,366  | 22,565  | 75,931                |
| Debt due within one year                    | -   | 410,000   | 1,676,150   | 2,086,150             |
| Noncurrent liabilities                      |   |   |   |                       |
| Accrued compensated absences                | -   | 4,913   | -   | 4,913                 |
| Net pension liability                       | -   | 188,666   | -   | 188,666               |
| Bond premium                                | -   | 378,726   | 84,596  | 463,322               |
| Debt due in more than one year              | -   | 6,220,000   | 1,750,000   | 7,970,000             |
| <b>Total liabilities</b>                    | <u>16,628</u>                                   | <u>7,350,001</u>  | <u>3,533,311</u>                                  | <u>10,899,940</u>     |
| <b>Net position (deficit)</b>               |   |   |   |                       |
| Unrestricted                                | <u>\$ 342,031</u>                               | <u>\$ (5,579,989)</u>   | <u>\$ (3,177,917)</u>                             | <u>\$ (8,415,875)</u> |

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

**CITY OF GRAND HAVEN**  
**COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <u>Economic<br/>Development<br/>Corporation</u> | <u>Main Street<br/>Downtown<br/>Development<br/>Authority</u> | <u>Brownfield<br/>Redevelopment<br/>Authority</u> | <u>Total</u>          |
|--|---|---|---|-----------------------|
| <b>Expenses</b>                                  |   |   |   |                       |
| Economic Development Corp                        | \$ 27,762                                       | \$ -  | \$ -  | \$ 27,762             |
| Main Street Downtown<br>Development Authority    | -   | 368,161   | -   | 368,161               |
| Brownfield Redevelopment Authority               | -   | -   | 260,957   | 260,957               |
| <b>Total expenses</b>                            | <u>27,762</u>                                   | <u>368,161</u>  | <u>260,957</u>                                    | <u>656,880</u>        |
| <b>Revenues</b>                                  |   |   |   |                       |
| Program revenues                                 |   |   |   |                       |
| Operating grants and contributions               | 21,000  | 22,389  | 993,937   | 1,037,326             |
| Capital grants                                   | -   | 63,206  | 17,819  | 81,025                |
| General revenues                                 |   |   |   |                       |
| Property taxes                                   | -   | 541,110   | 878,350   | 1,419,460             |
| Unrestricted investment earnings                 | 4,349   | 42,851  | 282   | 47,482                |
| Miscellaneous                                    | <u>8,228</u>                                    | <u>30,040</u>   | <u>1,440</u>                                      | <u>39,708</u>         |
| <b>Total revenues</b>                            | <u>33,577</u>                                   | <u>699,596</u>  | <u>1,891,828</u>                                  | <u>2,625,001</u>      |
| Change in net position                           | 5,815   | 331,435   | 1,630,871   | 1,968,121             |
| <b>Net position (deficit), beginning of year</b> | <u>336,216</u>                                  | <u>(5,911,424)</u>  | <u>(4,808,788)</u>                                | <u>(10,383,996)</u>   |
| <b>Net position (deficit), end of year</b>       | <u>\$ 342,031</u>                               | <u>\$ (5,579,989)</u>   | <u>\$ (3,177,917)</u>                             | <u>\$ (8,415,875)</u> |

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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grand Haven, Michigan (the City) was established in 1854 and incorporated in 1867 under the provisions of Act 279, P.A. 1909, as amended. The City operates under a council-manager form of government and provides services as authorized by its charter.

The accounting policies of the City 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 City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. The City has one blended component unit. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize they are legally separate from the City.

#### ***Blended Component Unit***

The City of Grand Haven Building Authority was established on April 12, 1993 under State Law (Act 31 of 1948, as amended) to effect improvements within the City. The Building Authority is a blended component unit as its relationship with the City permeates the financial operations of the City. The Building Authority's governing body is selected by City Council and currently includes the City Manager, the City Clerk and the Finance Director. A separate report is not prepared for the Building Authority. The Building Authority paid the final debt service payment on the community center building authority bond in October 2014. The Building Authority is currently inactive but is available for future use as necessary.

#### ***Discretely Presented Component Units***

The **Economic Development Corporation** (the Corporation) was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The Corporation's governing body, which consists of 10 individuals, is selected by the City Council.

The **Main Street Downtown Development Authority** (MSDDA) operates to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of 10 individuals, is selected by the City Council.

Recommended in December 2004, the City Council adopted the MSDDA's Tax Increment Financing (TIF) and Development Plan which set forth guidelines for downtown public improvements. In January 2006, the City issued \$3,345,000 in Downtown TIF bonds for the first project series, being improvements to parking lots on Franklin Street between Harbor Avenue and Third Street.

In October 2009, to provide funding for reconstruction of utilities and Washington Avenue, a \$5,600,000 Capital Improvement (Recovery Zone Economic Development Bond) was issued with a Standard and Poor's "AA" rating at 5.6%. The effective municipal interest cost of the bond was 3.12%. The Federal Government will pay 45% of the annual interest costs over the life of the bond. Funds for debt service will be drawn from the MSDDA taxation, streets, water and sewer funds as needed. The 2013 Federal Sequester has reduced the Federal portion of interest beginning in the Fall of 2013 and ended in 2019.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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The **Brownfield Redevelopment Authority** (the Brownfield) was created to account for the redevelopment of environmentally contaminated and other underutilized sites within the City. The Brownfield's governing body, which consists of 10 individuals, is selected by the City Council.

The Brownfield Redevelopment Authority assisted razing the Grand Haven Brass Foundry and constructing the Grand Haven Boat Storage facility in fiscal year 2005-06. Public infrastructure reconstruction costs were paid by a \$710,000 Brownfield Tax Increment Financing Bond issued March 31, 2005. Payments of principal and interest on the bond from tax revenue began in October 2005 and continued to October 2017.

In 2006, the Brownfield Redevelopment Authority assisted with the sale of City-owned property to Grand Landing, LLC, on the City's north end. Public infrastructure reconstruction was supported by a \$15,095,000 Brownfield Tax Increment Financing Bond issued October 10, 2006. Payments of principal and interest on the bond from tax revenue began in May 2007 and continue to November 2021. The Brownfield Redevelopment Authority created three internal funds to account for project and debt service costs including a special revenue fund to account for tax and interest revenue, a debt service fund to account for principal and interest payments and a capital projects fund to account for construction costs. In the summer of 2012, the property was sold to Redstar Development, LLC after the bankruptcy of Grand Landing, LLC. The City completed its public infrastructure improvements. No or very limited future public investment on the property is anticipated.

The Brownfield Redevelopment Authority maintains a single sub-fund to consider future Brownfield projects within the City. This fund receives transfers from the Economic Development Corporation (EDC) to cover its costs. As new projects are considered, the EDC may be reimbursed for costs leading up to new projects, however, no guarantee of reimbursement is noted. If no project is forthcoming from certain costs, the EDC is not anticipated to be reimbursed.

Condensed financial statements for each of the discretely presented component units are included in the government-wide financial statements. Complete financial statements of the individual component units can be obtained from their respective administrative offices at 519 Washington, Grand Haven, MI 49417.

#### **Joint Ventures**

The City participates in the following activities, which are considered to be joint ventures in relation to the City due to the formation of an organization by contractual agreement between two or more participants that maintain joint control, financial interest, and fiscal responsibility.

The City is a member of the Grand Haven – Spring Lake Sewer Authority (the Authority). The City can appoint two members to the joint venture's governing board, which then approves the annual budget. In the current year, the City incurred expenses totaling \$1,612,932 to the Authority. 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 six members. The participating communities (Cities of Grand Haven and Ferrysburg, Townships of Spring Lake and Grand Haven, Village of Spring Lake, and County of Ottawa) pay a set rate to the Authority to process waste. This rate includes amounts to finance the Authority's debt. The City 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.

The City is a member of the Harbor Transit Multi-Modal Transportation System (HTMMTS), created January 1, 2012 from Harbor Transit, formerly an enterprise fund of the City. HTMMTS provides transportation services within and for the Cities of Grand Haven and Ferrysburg, Charter Township of Grand Haven, the Village of Spring Lake and Spring Lake Township. HTMMTS is governed by a Board of Trustees containing 11 members. The HTMMTS Articles of Incorporation require the Members to have two members serving

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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on the HTMMTS Board, one being the local unit Manager. The participating communities provide local support through taxation for services provided. HTMMTS also receives revenue from Federal and State grants, farebox and other revenue sources. During the year ended June 30, 2020, the City distributed tax revenues of \$327,261 to HTMMTS. Complete financial statements for the Harbor Transit Multi-Modal Transportation System can be obtained from the administrative offices at 440 North Ferry Street, Grand Haven, Michigan 49417.

The Board of Light and Power is a member of a joint venture, the Michigan Public Power Agency (MPPA), with 16 other municipal electric systems. The MPPA was formed to undertake the planning, financing, development, acquisition, construction, improvement, operation and maintenance of projects to supply electric power and energy for present or future needs of its members. Each MPPA member is a municipal corporation organized under the laws of the State of Michigan and owns and operates a municipal electric system. Complete financial statements for the Michigan Public Power Agency can be obtained from the administrative offices at 809 Centennial Way, Lansing, Michigan 48917.

The MPPA operates various projects. The Board of Light and Power currently participates in the Transmission Project, Granger Project, North American Natural Resources Project, Energy Service Project and Pegasus Wind Project. The dollar amount of Board of Light and Power's commitments for participation in the various MPPA projects of \$100,000,000 declines from a commitment maximum of approximately \$10,120,000 in 2022 to zero in 2047.

The Transmission Project was financed with initial capital contributions of 13 MPPA participants which were utilized to purchase an undivided interest in the transmission grid by the MPPA.

The Granger, North American Natural Resources (NANR) and Pegasus Wind projects are renewable energy projects operated by the MPPA which provides MPPA participants with renewable energy to meet Michigan requirements.

The Energy Services Project provides 21 MPPA participants with capacity and energy provided by third parties through the MPPA.

During the current year the Board of Light and Power had the following transactions with the MPPA:

|   |             |
|---|-------------|
| Electricity purchase from/through MPPA        | \$3,905,841 |
| Payments to MPPA for electricity transmission | 1,623,460   |
| Payments to MPPA for renewable energy         | 2,804,022   |
| Payments to MPPA for capacity                 | 77,019      |
| Payments to MPPA for other                    | 388,231     |

#### ***Joint Purchase Agreement***

The City is also a member of the Northwest Ottawa Water Treatment Plant (the Plant). The City appoints one member to the Plant's governing board, which then approves the annual budget. In the current year, the City incurred expenses totaling \$647,991 to the Plant. The purpose of the Northwest Ottawa Water Treatment Plant is to acquire, construct, finance, operate and maintain a water production facility. The Plant is governed by an administrative committee composed of one representative from each of the participating communities (Cities of Grand Haven and Ferrysburg, Village of Spring Lake, Townships of Grand Haven and Spring Lake, and County of Ottawa). These participating communities pay for water at a rate that is estimated to cover operation, maintenance, replacement and debt service. Complete financial statements can be obtained at Grand Haven City Hall.



# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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### **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. For the most part, the effect of interfund activity has been removed from these statements. *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.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

### **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 one year. 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, intergovernmental revenue, charges 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 government.

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. The principal operating revenues of the City's internal service fund are charges to City departments for repairs and equipment utilization. Operating expenses for the enterprise funds include

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

The *Board of Light and Power* fund accounts for the operation, maintenance, capital additions and retirement of revenue bonds of the electric supply system. Financing is provided by user charges from the sale of electricity.

The *Municipal Sewer Enterprise* fund is used to account for the cost of collecting and treating wastewater. Revenues are chiefly from service charges to customers. These revenues are also used to pay principal and interest on bonds which were used to finance improvements to the system.

The *Municipal Water Enterprise* fund is used to account for the cost of providing water services to customers. Revenues are primarily charges to customers for water usage. These revenues are used to pay operating costs and principal and interest on bonds which were used to finance improvements to the system.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for the financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The *Capital Projects Funds* are used to account for the financial resources and activities relating to specific construction projects.

The *Permanent Fund* is used to record activity of legal trusts for which the interest on the corpus provides funds for the City cemetery operations.

The *Internal Service Funds* are used to account for the revenues and costs of goods or services provided by the City to other departments and funds or to other governmental units on a cost reimbursement basis.

The *Retiree Health Care Trust Fund* is used to account for the operations of the other post-employment benefits plan which provides post-employment benefits to the City's employees.

The *Agency Fund* is used to account for assets held in a trustee or agency capacity on behalf of outside parties, including other governments.

#### **Budgets and Budgetary Accounting**

Comparisons to budget are presented for governmental funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

# **CITY OF GRAND HAVEN**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2020**

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1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted at the activity level.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all funds except agency funds.
5. Budgets for the General and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Adoption and amendments of all budgets used by the City are governed by Public Act 621. The appropriations ordinances are based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Public Act 621. The City did amend its budget during the year. Any revisions that alter the total expenditures of any activity must be approved by the City Council.
7. Budgeted amounts are as originally adopted, or as amended, by the City Council.

#### ***Cash and Pooled Investments***

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal of these balances at any time similar to a demand deposit account.

#### ***Statutory Authority***

State statutes authorize the City 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 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 Retiree Health Care fund is also allowed to invest in corporate debt and equity securities.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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### **Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances at year-end were immaterial.

### **Inventory and Prepaid Items**

Inventory consists principally of coal and supplies and is stated at the lower of costs, determined principally by the moving average method, or market. Inventory also consists of meters and parts for the Municipal Water and Municipal Sewer enterprise funds, which is valued at cost on the first-in/first-out (FIFO) method. Inventory is recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

### **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, 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 three years. 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 an equivalent service potential in an orderly market transaction) on the date received. The amount reported for infrastructure includes only assets added since 2003.

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.

No interest expense has been capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure), is computed using the straight-line method over the following estimated useful lives:

|   | <u>Years</u> |
|---|--------------|
| Structures and improvements                 | 3-200        |
| Machinery, equipment, vehicles and fixtures | 2-30         |
| Buildings                                   | 5-100        |
| Parking facilities                          | 1-35         |
| Production and treatment                    | 5-50         |
| Transmission and distribution               | 5-50         |
| General plant                               | 5-30         |
| Infrastructure                              | 7-150        |

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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#### **Property Taxes**

City property taxes are attached as an enforceable lien on property as of December 31. Summer Taxes are levied July 1 and are due without penalty on or before September 15, and winter taxes are levied on December 1 and are due without penalty on or before February 14. The summer tax bills include the City's own property taxes. When property owners' aggregate winter taxes are less than \$100, their winter taxes are added to the summer tax bill. Real property taxes not collected are turned over to the County for collection, which advances the City 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer.

#### **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 City has several items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has items that qualify for reporting in this category related to pension and other post-employment benefits which are discussed in Notes 9 and 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments, capital leases, and other long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has items that qualify for reporting in this category related to pension and other post-employment benefits which are discussed in Notes 9 and 10.

#### **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 City's governing board.
4. Assigned – the related assets can only be spent for a specific purpose identified by the City Manager or his designee as authorized by the City's governing board.
5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

# **CITY OF GRAND HAVEN**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2020**

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#### ***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 resources 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.

The City Council has adopted a minimum fund balance policy in which the total fund balance of the General fund will be equal to at least 25 percent of the previous year's expenditures. If the fund balance of the General fund falls below the minimum range, the City will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy. Stabilization amounts are established by formal action of the Board. Any increases or uses of stabilization amounts are required to be authorized by the Board. At year-end, the fund balance of the General fund was approximately 35 percent of the previous year's expenditures.

#### ***Interfund Transactions***

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements 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 reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

#### ***Compensated Absences***

Under contracts and employee policy, employee groups and individual employees have a vested right to receive payments for unused vacation benefits under formulas and conditions specified in the contracts. Accumulated vacation time of governmental funds is recorded on the statement of net position and not on the governmental fund balance sheets because it is not expected to be liquidated with expendable available financial resources.

#### ***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 bonds using the straight-line method which approximates 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.

#### ***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose,

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### 2. DEFICIT NET POSITION/FUND BALANCE

At June 30, 2020, the City reported an unassigned deficit fund balance of \$19,016 in the Local Streets special revenue fund and an unrestricted deficit net position of \$13,132,833 for governmental activities. The Main Street Downtown Development Authority reported unrestricted deficit net position of \$5,579,989 and the Brownfield Redevelopment Authority reported unrestricted deficit net position of \$3,177,917.

#### 3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

PA. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown at the functional level. The approved budgets of the City for these budgetary funds were adopted at the activity level.

During the year ended June 30, 2020, the City incurred expenditures in the General and special revenue funds which were in excess of the amounts appropriated as follows:

|                               | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>(Unfavorable)</u> |
|-------------------------------|-------------------------|---------------|-----------------------------------|
| <b>General Fund</b>           |                         |               |                                   |
| City Manager                  | \$ 395,010              | \$ 415,317    | \$ (20,307)                       |
| City Clerk - Elections        | 36,450                  | 37,101        | (651)                             |
| City Attorney                 | 205,000                 | 231,126       | (26,126)                          |
| Human Resources               | 203,591                 | 228,170       | (24,579)                          |
| DPW - Cemetery                | 346,840                 | 366,284       | (19,444)                          |
| Public Safety – Police & Fire | 4,409,311               | 4,424,216     | (14,905)                          |
| DPW – Street Lighting         | 240,000                 | 240,744       | (744)                             |
| DPW – Parks/Playgrounds       | 924,487                 | 938,715       | (14,228)                          |
| Duncan Woods                  | 19,894                  | 19,945        | (51)                              |
| DPW – Mulligan's Lodge/Ski    | 97,056                  | 103,554       | (6,498)                           |
| Coast Guard Festival          | 76,664                  | 77,092        | (428)                             |
| Housing Division              | 80,542                  | 136,931       | (56,389)                          |
| HTMMTS Operations Personnel   | 1,114,926               | 1,156,646     | (41,720)                          |
| HTMMTS Maint Personnel        | 59,006                  | 61,441        | (2,435)                           |
| HTMMTS Dispatch Personnel     | 288,417                 | 289,640       | (1,223)                           |
| HTMMTS Admin Personnel        | 332,695                 | 348,712       | (16,017)                          |
| <b>Major Streets Fund</b>     |                         |               |                                   |
| Administration                | 364,200                 | 371,065       | (6,865)                           |
| Sweep and Flush               | 85,078                  | 87,026        | (1,948)                           |
| <b>Housing Fund</b>           |                         |               |                                   |
| Expenditures                  | 229,797                 | 239,573       | (9,776)                           |

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2020**

### 4. DEPOSITS

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

|                             | <b>Governmental<br/>Activities</b> | <b>Business-<br/>type<br/>Activities</b> | <b>Fiduciary<br/>Activities</b> | <b>Component<br/>Units</b> | <b>Total</b>        |
|-----------------------------|------------------------------------|--|---------------------------------|----------------------------|---------------------|
| Cash and pooled investments | \$17,411,180                       | \$25,338,508                             | \$ 998,147                      | \$631,632                  | \$44,379,467        |
| Funds on deposit with MERS  | -                                  | -  | 2,198,690                       | -                          | 2,198,690           |
|                             | <u>\$17,411,180</u>                | <u>\$25,338,508</u>                      | <u>\$3,196,837</u>              | <u>\$631,632</u>           | <u>\$46,578,157</u> |

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

|             |                     |
|-------------|---------------------|
| Deposits    | \$37,017,281        |
| Investments | 9,557,196           |
| Petty cash  | <u>3,680</u>        |
| Total       | <u>\$46,578,157</u> |

These deposits are in financial institutions located in Michigan. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value.

### Investments

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following investments:

|   | <b><u>Maturity</u></b> | <b><u>Fair Value</u></b> | <b><u>Rating</u></b> | <b><u>Source</u></b> |
|---|------------------------|--------------------------|----------------------|----------------------|
| Government money market funds             | N/A                    | \$ 290,280               | Unrated              |                      |
| Funds on deposit with MERS                | N/A                    | 2,198,690                | Unrated              |                      |
| Michigan CLASS pool                       | N/A                    | 1,545,067                | AAAm                 | S&P                  |
| Commercial paper                          |                        |                          |                      |                      |
| TOYOTA CR CORP DISC                       | 9/3/20                 | 499,838                  | A1+                  | S&P                  |
| US Government and agency securities/pools |                        |                          |                      |                      |
| GNMA pool 2.5%                            | 1/20/47                | 106,183                  | Unrated              |                      |
| GNMA pool 2.25%                           | 3/20/47                | 177,458                  | Unrated              |                      |
| GNMA pool 2%                              | 3/20/49                | 294,049                  | Unrated              |                      |
| FHLMC pool 2%                             | 7/25/49                | 206,819                  | Unrated              |                      |
| FNMA pool 2%                              | 6/25/39                | 127,545                  | Unrated              |                      |
| FHLMC pool 3%                             | 12/15/41               | 191,517                  | Unrated              |                      |
| GNMA pool 2.5%                            | 1/20/47                | 131,332                  | Unrated              |                      |
| GNMA pool 2.5%                            | 3/20/47                | 113,573                  | Unrated              |                      |
| FHLMC pool 2.5%                           | 7/15/47                | 182,252                  | Unrated              |                      |
| FNMA pool 2.25%                           | 11/25/47               | 190,695                  | Unrated              |                      |
| GNMA pool 2.5%                            | 12/20/48               | 144,518                  | Unrated              |                      |
| GNMA pool 2.75%                           | 3/20/49                | 183,259                  | Unrated              |                      |
| FHLMC pool 2%                             | 7/25/49                | 206,819                  | Unrated              |                      |
| FNMA pool 2.5%                            | 3/25/28                | 126,178                  | Unrated              |                      |
| FNMA pool 4%                              | 6/25/41                | 183,146                  | Unrated              |                      |



# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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|                 | <u>Maturity</u> | <u>Fair Value</u>         | <u>Rating</u> | <u>Source</u> |
|-----------------|-----------------|---------------------------|---------------|---------------|
| FHLMC pool 2.5% | 7/15/42         | \$ 273,396                | Unrated       |               |
| FNMA pool 2.25% | 7/25/43         | 258,421                   | Unrated       |               |
| FNMA pool 3%    | 12/25/43        | 140,513                   | Unrated       |               |
| GNMA pool 2%    | 1/16/45         | 251,351                   | Unrated       |               |
| FHLMC pool 2%   | 10/15/46        | 111,478                   | Unrated       |               |
| GNMA pool 2.5%  | 1/20/47         | 69,857                    | Unrated       |               |
| GNMA pool 2.5%  | 3/20/47         | 417,804                   | Unrated       |               |
| FHLMC pool 2.5% | 7/15/47         | 85,247                    | Unrated       |               |
| FNMA pool 2.25% | 11/25/47        | 206,637                   | Unrated       |               |
| GNMA pool 2.75% | 3/20/49         | 515,243                   | Unrated       |               |
| FHLMC pool 2%   | 7/25/49         | 128,031                   | Unrated       |               |
| <b>Total</b>    |                 | <b><u>\$9,557,196</u></b> |               |               |

### ***Investment and deposit risk***

***Custodial Credit Risk - Deposits.*** Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. As of year-end, \$35,799,458 of the City's bank balance of \$37,799,458 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

***Interest Rate Risk.*** State law and City 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 City'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.

***Custodial Credit Risk - Investments.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City 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 City does not have a policy for investment custodial credit risk. Of the above \$9,557,196 of investments, the City has custodial credit risk of \$5,523,159 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Of the above investments, \$4,034,037 is invested in money market funds and external investment pools for which the City's custodial credit risk exposure cannot be determined because the money market funds and external investment pools 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 City'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.

The City 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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

- U.S. Government agency bonds and notes are valued using quoted market prices (Level 1 inputs).
- Money market funds, funds on deposit with MERS, Michigan CLASS pool, US Government agency pools and municipal bonds 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 City does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

#### 5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

|  | Balance<br>July 1,<br><u>2019</u> | <u>Additions</u>   | <u>Deletions</u>   | Balance<br>June 30,<br><u>2020</u> |
|--|-----------------------------------|--------------------|--------------------|------------------------------------|
| <b>Governmental activities</b>                     |                                   |                    |                    |                                    |
| <b>Capital assets, not being depreciated</b>       |                                   |                    |                    |                                    |
| Land   | \$ 8,746,444                      | \$ -               | \$ -               | \$ 8,746,444                       |
| Construction in progress                           | 1,243,535                         | 3,438,779          | 1,340,444          | 3,341,870                          |
| Total capital assets, not being depreciated        | 9,989,979                         | 3,438,779          | 1,340,444          | 12,088,314                         |
| <b>Capital assets, being depreciated</b>           |                                   |                    |                    |                                    |
| Structures and improvements                        | 14,459,771                        | 1,306,914          | -                  | 15,766,685                         |
| Machinery, equipment, vehicles<br>and fixtures     | 7,120,853                         | 734,837            | 253,555            | 7,602,135                          |
| Buildings  | 14,791,884                        | -                  | 249,962            | 14,541,922                         |
| Parking facilities                                 | 9,758,343                         | 24,398             | -                  | 9,782,741                          |
| Infrastructure                                     | 35,549,937                        | 380,299            | -                  | 35,930,236                         |
| Total capital assets, being depreciated            | 81,680,788                        | 2,446,448          | 503,517            | 83,623,719                         |
| Less accumulated depreciation:                     |                                   |                    |                    |                                    |
| Structures and improvements                        | 6,565,337                         | 519,008            | -                  | 7,084,345                          |
| Machinery, equipment, vehicles<br>and fixtures     | 3,792,219                         | 524,641            | 232,930            | 4,083,930                          |
| Buildings  | 5,289,502                         | 398,057            | 249,962            | 5,437,597                          |
| Parking facilities                                 | 5,057,506                         | 277,670            | -                  | 5,335,176                          |
| Infrastructure                                     | 11,250,970                        | 1,714,315          | -                  | 12,965,285                         |
| Total accumulated depreciation                     | 31,955,534                        | 3,433,691          | 482,892            | 34,906,333                         |
| <b>Net capital assets, being depreciated</b>       | 49,725,254                        | (987,243)          | 20,625             | 48,717,386                         |
| <b>Governmental activities capital assets, net</b> | <b>\$59,715,233</b>               | <b>\$2,451,536</b> | <b>\$1,361,069</b> | <b>\$60,805,700</b>                |

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2020**

|   | Balance<br>July 1,<br><u>2019</u> | <u>Additions</u>          | <u>Deletions</u>           | Balance<br>June 30,<br><u>2020</u> |
|---|-----------------------------------|---------------------------|----------------------------|------------------------------------|
| <b>Business-type activities</b>                     |                                   |                           |                            |                                    |
| <b>Capital assets, not being depreciated</b>        |                                   |                           |                            |                                    |
| Land  | \$ 531,603                        | \$ -                      | \$ 27,458                  | \$ 504,145                         |
| Construction in progress                            | 571,831                           | 7,284,901                 | 2,649,773                  | 5,206,959                          |
| Total capital assets, not being depreciated         | <u>1,103,434</u>                  | <u>7,284,901</u>          | <u>2,677,231</u>           | <u>5,711,104</u>                   |
| <b>Capital assets being depreciated</b>             |                                   |                           |                            |                                    |
| Structures and improvements                         | 10,421,718                        | -                         | 1,534,148                  | 8,887,570                          |
| Machinery, equipment, vehicles<br>and fixtures      | 489,701                           | 49,528                    | 26,200                     | 513,029                            |
| Production and treatment                            | 104,649,931                       | -                         | 104,649,931                | -                                  |
| Transmission and distribution                       | 76,326,739                        | 4,613,174                 | 2,408,380                  | 78,531,533                         |
| General plant                                       | 2,655,035                         | 30,444                    | -                          | 2,685,479                          |
| Total capital assets, being depreciated             | <u>194,543,124</u>                | <u>4,693,146</u>          | <u>108,618,659</u>         | <u>90,617,611</u>                  |
| Less accumulated depreciation for:                  |                                   |                           |                            |                                    |
| Structures and improvements                         | 5,794,740                         | 288,170                   | 726,055                    | 5,356,855                          |
| Machinery, equipment, vehicles<br>and fixtures      | 308,141                           | 37,280                    | 22,750                     | 322,671                            |
| Production and treatment                            | 101,762,301                       | 2,407,757                 | 104,170,058                | -                                  |
| Transmission and distribution                       | 31,647,577                        | 1,688,667                 | 1,072,126                  | 32,264,118                         |
| General plant                                       | 930,647                           | 156,465                   | -                          | 1,087,112                          |
| Total accumulated depreciation                      | <u>140,443,406</u>                | <u>4,578,339</u>          | <u>105,990,989</u>         | <u>39,030,756</u>                  |
| <b>Net capital assets, being depreciated</b>        | <u>54,099,718</u>                 | <u>114,807</u>            | <u>2,627,670</u>           | <u>51,586,855</u>                  |
| <b>Business-type activities capital assets, net</b> | <u><b>\$ 55,203,152</b></u>       | <u><b>\$7,399,708</b></u> | <u><b>\$ 5,304,901</b></u> | <u><b>\$57,297,959</b></u>         |

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

|  |                           |
|--|---------------------------|
| <b>Governmental activities</b>   |                           |
| General government   | \$ 554,522                |
| Public safety  | 78,494                    |
| Public works   | 1,829,423                 |
| Culture and recreation   | 582,216                   |
| Capital assets held by the government's internal service<br>funds are charged to the various functions based on<br>their usage of the assets | <u>389,036</u>            |
| <b>Total depreciation expense - governmental activities</b>  | <u><b>\$3,433,691</b></u> |
| <b>Business-type activities</b>  |                           |
| Board of Light and Power   | \$3,785,787               |
| Municipal Sewer  | 228,168                   |
| Municipal Water  | 262,365                   |
| Other business-type  | <u>302,019</u>            |
| <b>Total depreciation expense - business-type activities</b>   | <u><b>\$4,578,339</b></u> |

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

### 6. INTERFUND TRANSACTIONS

Internal balances for the year ended June 30, 2020 are as follows:

| <u>Due from</u> | <u>Due to</u>       |                                 |                   |                   |                        | <u>Total</u>     |
|-----------------|---------------------|---------------------------------|-------------------|-------------------|------------------------|------------------|
|                 | <u>General Fund</u> | <u>Board of Light and Power</u> | <u>Sewer Fund</u> | <u>Water Fund</u> | <u>Non-major Funds</u> |                  |
| General fund    | \$ -                | \$141,008                       | \$ -              | \$ -              | \$115,561              | \$256,569        |
| Non-major funds | 32,287              | 17,732                          | 3,869             | 4,480             | 12,145                 | 70,513           |
|                 | <b>\$32,287</b>     | <b>\$158,740</b>                | <b>\$3,869</b>    | <b>\$4,480</b>    | <b>\$127,706</b>       | <b>\$327,082</b> |

Interfund balances reflect loans made from funds with cash and pooled investments to those funds requiring temporary cash flow.

Transfers in and out for the year ended June 30, 2020 are as follows:

| <u>Transfers in</u> | <u>Transfers out</u> |                                 |                   |                   |                        | <u>Total</u>       |
|---------------------|----------------------|---------------------------------|-------------------|-------------------|------------------------|--------------------|
|                     | <u>General Fund</u>  | <u>Board of Light and Power</u> | <u>Sewer Fund</u> | <u>Water Fund</u> | <u>Non-major Funds</u> |                    |
| General fund        | \$ -                 | \$1,761,865                     | \$121,716         | \$100,968         | \$ 106,068             | \$2,090,617        |
| Sewer fund          | -                    | -                               | -                 | -                 | 164                    | 164                |
| Water fund          | -                    | -                               | 92,119            | -                 | 5,400                  | 97,519             |
| Non-major funds     | 2,397,023            | -                               | -                 | -                 | 2,943,678              | 5,340,701          |
| Totals              | <b>\$2,397,023</b>   | <b>\$1,761,865</b>              | <b>\$213,835</b>  | <b>\$100,968</b>  | <b>\$3,055,310</b>     | <b>\$7,529,001</b> |

Transfers are used to allocate various costs and move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them. The amount transferred from the Board of Light and Power, Municipal Sewer fund, and Municipal Water fund, to the General fund consists of payments in lieu of tax.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2020**

### 7. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2020.

|   | <u>Balance<br/>July 1,<br/>2019</u> | <u>Additions</u>   | <u>Deletions</u>   | <u>Balance<br/>June 30,<br/>2020</u> | <u>Due<br/>Within<br/>One<br/>Year</u> |
|---|-------------------------------------|--------------------|--------------------|--------------------------------------|--|
| <b>Governmental Activities</b>  |                                     |                    |                    |                                      |  |
| <b>Public offering bonds</b>  |                                     |                    |                    |                                      |  |
| \$4,775,000 2014 Unlimited Tax General<br>Obligation Bonds due in annual installments of<br>\$255,000 to \$405,000 through April 2029;<br>interest at 2.0 to 4.0%   | \$1,968,451                         | \$ -               | \$165,225          | \$1,803,227                          | \$170,922                              |
| \$6,720,000 2017 Unlimited Tax General<br>Obligation Refunding Bonds due in annual<br>installments of \$20,000 to \$845,000 through<br>April 2028; interest at 2.0% | 6,185,000                           | -                  | 540,000            | 5,645,000                            | 575,000                                |
| Total public offering bonds   | 8,153,451                           | -                  | 705,225            | 7,448,227                            | 745,922                                |
| <b>Direct placements and direct borrowings</b>  |                                     |                    |                    |                                      |  |
| \$6,545,000 2015 Unlimited Tax General<br>Obligation Bonds due in annual installments of<br>\$230,000 to \$460,000 through April 2035;<br>interest at 2.0 to 4.0%   | 5,585,000                           | -                  | 260,000            | 5,325,000                            | 265,000                                |
| \$839,000 2020 General Obligation Bonds due in<br>annual installments of \$47,000 to \$67,000<br>through April 2035; interest at 2.73%                              | -                                   | 839,000            | -                  | 839,000                              | 49,000                                 |
| Total direct placements and direct borrowings   | 5,585,000                           | 839,000            | 260,000            | 6,164,000                            | 314,000                                |
| <b>Other debt</b>   |                                     |                    |                    |                                      |  |
| \$1,134,626 2010 Capital Lease due in annual<br>installments of \$18,235 to \$91,175 through April<br>2034; interest at 3.25 to 6.5%                                | 976,590                             | -                  | 37,483             | 939,106                              | 41,535                                 |
| Bond premiums   | 609,812                             | -                  | 77,840             | 531,972                              | 73,423                                 |
| Accrued employee benefits   | 858,044                             | 606,049            | 486,969            | 977,124                              | -                                      |
| <b>Total Governmental Activities</b>  | <b>\$16,182,897</b>                 | <b>\$1,445,049</b> | <b>\$1,567,517</b> | <b>\$16,060,429</b>                  | <b>\$1,174,880</b>                     |

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2020**

|   | <u>Balance<br/>July 1,<br/>2019</u> | <u>Additions</u> | <u>Deletions</u>   | <u>Balance<br/>June 30,<br/>2020</u> | <u>Due<br/>Within<br/>One<br/>Year</u> |
|---|-------------------------------------|------------------|--------------------|--------------------------------------|--|
| <b>Business-type Activities</b>   |                                     |                  |                    |                                      |  |
| <b>Public offering bonds</b>  |                                     |                  |                    |                                      |  |
| \$4,775,000 2014 Unlimited Tax General<br>Obligation Bonds due in annual installments of<br>\$255,000 to \$405,000 through April 2029;<br>interest at 2.0 to 4.0% | \$1,486,549                         | \$ -             | \$124,776          | \$1,361,773                          | \$129,078                              |
| <b>Other debt</b>   |                                     |                  |                    |                                      |  |
| Accrued employee benefits   | 397,148                             | 168,903          | 79,021             | 487,030                              | -                                      |
| <b>Total Business-type Activities</b>   | <b>\$1,883,697</b>                  | <b>\$168,903</b> | <b>\$203,797</b>   | <b>\$1,848,803</b>                   | <b>\$129,078</b>                       |
| <b>Component Units</b>  |                                     |                  |                    |                                      |  |
| <b>Public offering bonds</b>  |                                     |                  |                    |                                      |  |
| \$1,000,000 2011 Brownfield Redevelopment<br>Bonds due in annual installments of \$67,473<br>through May 2021; interest at 2.0%                                   | \$ 131,003                          | \$ -             | \$ 64,853          | \$ 66,150                            | \$ 66,150                              |
| \$7,355,000 2016 Brownfield Redevelopment<br>Bonds due in annual installments of \$1,240,000<br>to \$1,750,000 through November 2021; interest<br>at 3.0% to 4.0% | 4,780,000                           | -                | 1,420,000          | 3,360,000                            | 1,610,000                              |
| \$4,540,000 2019 General Obligation Refunding<br>Bonds due in annual installments of \$175,000 to<br>\$440,000 through April 2034; interest at 3.0% to<br>4.0%    | 4,540,000                           | -                | 180,000            | 4,360,000                            | 175,000                                |
| Total public offering bonds   | 9,451,003                           | -                | 1,664,853          | 7,786,150                            | 1,851,150                              |
| <b>Direct placements and direct borrowings</b>  |                                     |                  |                    |                                      |  |
| \$2,960,000 2015 General Obligation Refunding<br>Bonds due in annual installments of \$135,000 to<br>\$380,000 through October 2026; interest at 2.3%             | 2,480,000                           | -                | 210,000            | 2,270,000                            | 235,000                                |
| <b>Other debt</b>   |                                     |                  |                    |                                      |  |
| Bond premiums   | 599,225                             | -                | 135,903            | 463,322                              | 108,546                                |
| <b>Total Component Units</b>  | <b>\$12,530,228</b>                 | <b>\$ -</b>      | <b>\$2,010,756</b> | <b>\$10,519,472</b>                  | <b>\$2,194,696</b>                     |

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

The annual requirements to amortize all public offering bonds and leases outstanding as of June 30, 2020 are as follows:

| Year Ending<br>June 30 | Governmental Activities |                    | Business-type Activities |                  | Component Units    |                    |
|------------------------|-------------------------|--------------------|--------------------------|------------------|--------------------|--------------------|
|                        | Principal               | Interest           | Principal                | Interest         | Principal          | Interest           |
| 2021                   | \$ 787,457              | \$ 181,940         | \$ 129,078               | \$ 54,470        | \$1,851,150        | \$ 264,823         |
| 2022                   | 834,043                 | 195,346            | 135,532                  | 49,308           | 1,940,000          | 189,300            |
| 2023                   | 877,779                 | 174,620            | 139,835                  | 43,886           | 210,000            | 146,700            |
| 2024                   | 927,529                 | 152,841            | 144,137                  | 38,294           | 230,000            | 138,300            |
| 2025                   | 971,265                 | 129,878            | 148,440                  | 32,528           | 245,000            | 129,100            |
| 2026-2030              | 3,632,662               | 279,439            | 664,751                  | 67,633           | 1,600,000          | 478,100            |
| 2031-2035              | 356,598                 | 29,235             | -                        | -                | 1,710,000          | 133,900            |
| <b>Total</b>           | <b>\$8,387,333</b>      | <b>\$1,143,299</b> | <b>\$1,361,773</b>       | <b>\$286,119</b> | <b>\$7,786,150</b> | <b>\$1,480,223</b> |

The annual requirements to amortize all direct placements and direct borrowings outstanding as of June 30, 2020 are as follows:

| Year Ending<br>June 30 | Governmental Activities |                    | Component Units    |                  |
|------------------------|-------------------------|--------------------|--------------------|------------------|
|                        | Principal               | Interest           | Principal          | Interest         |
| 2021                   | \$ 314,000              | \$ 232,723         | \$ 235,000         | \$ 49,464        |
| 2022                   | 322,000                 | 223,968            | 270,000            | 43,662           |
| 2023                   | 333,000                 | 211,684            | 300,000            | 37,113           |
| 2024                   | 350,000                 | 198,974            | 330,000            | 29,874           |
| 2025                   | 361,000                 | 185,608            | 370,000            | 21,831           |
| 2026-2030              | 2,032,000               | 709,514            | 765,000            | 17,522           |
| 2031-2035              | 2,452,000               | 289,228            | -                  | -                |
| <b>Total</b>           | <b>\$6,164,000</b>      | <b>\$2,051,699</b> | <b>\$2,270,000</b> | <b>\$199,466</b> |

In the event of default, the City 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.

#### 8. LEASES RECEIVABLE

The Main Street Downtown Development Authority has capital leases receivable from the primary government for the acquisition and construction of infrastructure assets and water and sewer projects. The amount each fund of the primary government is required to contribute for repayment of debt is a percentage of the project applicable. The future lease payments for these leases are as follows:

| Year Ending<br>June 30 | Principal          | Interest         |
|------------------------|--------------------|------------------|
| 2021                   | \$ 57,353          | \$ 39,743        |
| 2022                   | 61,549             | 38,165           |
| 2023                   | 65,746             | 36,473           |
| 2024                   | 71,341             | 34,620           |
| 2025                   | 75,538             | 32,560           |
| 2026-2030              | 472,812            | 125,097          |
| 2031-2035              | 492,397            | 40,368           |
| <b>Total</b>           | <b>\$1,296,736</b> | <b>\$347,026</b> |

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

### 9. PENSION PLANS

#### **Defined Benefit Pension Plan**

##### **Plan Description**

The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

##### **Benefits Provided**

Pension benefits approved by the City Council are provided to all full time employees based on division/bargaining unit. Benefits provided include a multiplier of from 2.25 to 2.5 times final average compensation. Vesting period of 6 years. Normal retirement age is 60 with early retirement at 50 to 55 with from 15 to 25 years of service. Final average compensation is calculated based on a 3 year average.

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

|  | Total City |
|--|------------|
| Active plan members  | 163        |
| Inactive employees or beneficiaries currently receiving benefits | 220        |
| Inactive employees entitled but not yet receiving benefits       | 100        |
| Total  | 483        |

##### **Contributions**

The City is required to contribute at an actuarially determined rate, which for the current year was from 14.69 to 23.55% of annual covered payroll depending on position and classification. Participating employees are required to contribute from 0 to 17.0% percent of covered payroll to the Plan based on position and classification. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

##### **Net Pension Liability**

The City's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% in the long-term (plus merit and longevity from 0 to 11% based on age)

Investment rate of return: 7.35%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on a weighted blend of RP-2014 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of RP-2014 disabled retiree mortality tables of a 50% Male and 50% Female blend of disabled retirees



# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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

The long-term expected rate of return on pension 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>Long-Term Expected Real Rate of Return</u> | <u>Expected Money Weighted Rate of Return*</u> |
|---------------------------|--------------------------|---|--|
| Global Equity             | 60.0%                    | 7.75%   | 3.15%  |
| Global Fixed Income       | 20.0%                    | 3.75%   | 0.25%  |
| Private investments       | 20.0%                    | 9.75%   | 1.45%  |
| Inflation                 |                          |   | 2.50%  |
| Administrative fee        |                          |   | 0.25%  |
| Investment rate of return |                          |   | 7.60%  |

Discount rate. The discount rate used to measure the total pension liability is 7.60%. 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 pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Changes in the Net Pension Liability

|  | <u>Increase (Decrease)</u>     |                                    |                              |
|--|--------------------------------|------------------------------------|------------------------------|
|  | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
|  | <u>(a)</u>                     | <u>(b)</u>                         | <u>(a)-(b)</u>               |
| Balance at December 31, 2018                       | \$110,233,536                  | \$80,052,419                       | \$30,181,117                 |
| Changes for the Year:                              |                                |                                    |                              |
| Service cost                                       | 1,787,913                      | -                                  | 1,787,913                    |
| Interest   | 8,623,427                      | -                                  | 8,623,427                    |
| Change in benefits                                 | (25,121)                       | -                                  | (25,121)                     |
| Differences between expected and actual experience | 1,579,667                      | -                                  | 1,579,667                    |
| Change in assumptions                              | 4,122,192                      | -                                  | 4,122,192                    |
| Contributions: employer                            | -                              | 2,096,768                          | (2,096,768)                  |
| Contributions: employee                            | -                              | 1,619,918                          | (1,619,918)                  |
| Net investment Income                              | -                              | 10,759,791                         | (10,759,791)                 |
| Benefit payments, including refunds                | (6,669,279)                    | (6,669,279)                        | -                            |
| Administrative expense                             | -                              | (185,343)                          | 185,343                      |
| Net changes  | 9,418,795                      | 7,621,855                          | 1,796,940                    |
| Balance at December 31, 2019                       | \$119,652,335                  | \$87,674,274                       | \$31,978,061                 |

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.60%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.60%) or 1% higher (8.60%) than the current rate.

|                         | 1% Decrease   | Current<br>Discount rate | 1% Increase   |
|-------------------------|---------------|--------------------------|---------------|
| Total Pension Liability | \$133,763,022 | \$119,652,331            | \$107,899,652 |
| Fiduciary Net Position  | 87,674,274    | 87,674,274               | 87,674,274    |
| Net Pension Liability   | \$ 46,088,748 | \$ 31,978,057            | \$ 20,225,378 |

#### Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2020 the City recognized pension expense of \$6,951,384. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences in experience                            | \$1,003,786                          | \$171,666                           |
| Differences in assumptions                           | 2,748,126                            | -                                   |
| Deficit investment returns                           | 525,642                              | -                                   |
| Contributions subsequent to the<br>measurement date* | 1,083,923                            | -                                   |
| Total  | \$5,361,477                          | \$171,666                           |

\* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2020.

Amounts reported as deferred outflows and inflows of resources related to City pensions (excluding contributions subsequent to the measurement date) will be recognized in pension expense as follows:

|            |             |
|------------|-------------|
| 2021       | \$1,835,549 |
| 2022       | 2,046,450   |
| 2023       | 1,120,111   |
| 2024       | (896,222)   |
| 2025       | -           |
| Thereafter | -           |
| Total      | \$4,105,888 |

#### Defined Contribution Plans

The City provides an externally managed IRS Section 457 plan which provides pension benefits to qualified employees. The City does not contribute to the plan. Participants may elect to contribute up to the legal maximum. The plan provisions and contribution amounts were established by the City Council and may be amended by the Council. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The balance of employee contributions and earnings are held in trust for employees by an organization separate from the City.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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The City provides a defined contribution pension plan (externally managed IRS Section 401a plan), which provides pension benefits to qualified employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate in the plans vests immediately. Participants contribute from 2% of covered wages which is matched by the City. During fiscal 2019, employees who were hired prior to March 1, 2019 and previously opted out of the plan, had a one-time opportunity to participate to obtain the employer match if the employee agrees to contribute 2% of covered wages into the IRS Section 457 plan with the employer match being contributed to the IRS Section 401a plan. City contributions were \$77,594 and participant contributions were \$72,503 to the plan during the year. The plan provisions and contribution amounts were established by the City Council and may be amended by the Council.

The Board of Light and Power provides a defined contribution pension plan (the Plan) that provides pension benefits to all fulltime employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to contribute 4% and the Board contributes 8% of each participant's compensation to the Plan. The Board's contributions are fully vested after four years of service. During the year employees contributed \$65,108 and the Board contributed \$130,217 to the plan.

#### 10. OTHER POST-EMPLOYMENT BENEFITS

##### **Defined Benefit Plan**

###### ***Plan description***

The City administers a single-employer defined benefit healthcare plan (the Plan). In addition to retirement benefits, the Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on a discretionary basis. In accordance with the City's policy, the City provides health care benefits to retirees in accordance with the pension ordinance. For retirees below age 65, the City pays 75 percent to 80 percent of the annual premium (depending on the bargaining unit) and the retiree pays the balance. For retirees age 65 and older, the City pays up to 10 percent on the annual premium (depending on the bargaining unit) and the retiree pays the balance. Retirees are required to purchase and pay for Medicare supplemental insurance when they become eligible. The Plan is closed to new participants. The City adopted a legal trust for the Plan which is included in the City's financial statements. The Plan does not issue a publicly available financial report.

###### ***Contributions***

The Plan was established and is being funded under the authority of the City Council and under agreements with unions representing various classes of employees. The Plan's funding policy is that the employer will contribute any discretionary contributions. There are no long-term contracts for contributions to the Plan. The plan has no legally required reserves.

The contribution requirements of the plan members and the City are determined and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City. For the current year the City's actuarially determined contribution (ADC) was \$1,119,545 while actual contributions were \$713,057.

###### ***Benefits provided***

In accordance with the collective bargaining agreements, retirees receive an employer-paid benefit toward health and life insurance premiums for the retiree and spouse. For employees hired before October 1, 2013 based on hire date the Plan pays from 75% to 80% of the premium payment until age 65 and 0-10% thereafter.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (June 30, 2020):

|   |     |
|---|-----|
| Retirees and beneficiaries receiving benefits | 78  |
| Covered spouses                               | 28  |
| Active plan members                           | 61  |
| Total   | 167 |

The plan is closed to new participants.

#### **Net OPEB Liability**

The total OPEB liability in the June 30, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5 %

Salary Increases: 2.0%

Investment rate of return: 7.35%, including inflation

Healthcare cost trend rates: 8.25% graded down 0.25% per year to an ultimate rate of 4.5%

Mortality: 2010 Employee and Healthy Retiree, headcount weighted, 2019 improvement.

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 building-block 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> |
|---------------------|--------------------------|--------------------------------|
| Global Equity       | 60.0%                    | 5.25%                          |
| Global Fixed Income | 20.0%                    | 1.25%                          |
| Private Equity      | 20.0%                    | 7.25%                          |
| Cash                | 0.0%                     | 0.00%                          |

The City, 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 7.35% including 2.5% inflation.

Concentrations. 100% of the Plan's investments are invested in the MERS total market portfolio.

Rate of return. For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 7.2%. 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 7.35%. 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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate used for the beginning of year total OPEB liability was 7.75%.

#### Changes in the Net OPEB Liability

|  | Increase (Decrease)  |                             |                    |
|--|----------------------|-----------------------------|--------------------|
|  | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
|  | (a)                  | (b)                         | (a)-(b)            |
| Balance at June 30, 2019                           | \$8,354,849          | \$2,152,424                 | \$6,202,425        |
| Changes for the Year:                              |                      |                             |                    |
| Service cost                                       | 46,820               | -                           | 46,820             |
| Interest   | 623,499              | -                           | 623,499            |
| Change in benefits                                 | (34,994)             | -                           | (34,994)           |
| Differences between expected and actual experience | (101,970)            | -                           | (101,970)          |
| Change in assumptions                              | 207,572              | -                           | 207,572            |
| Contributions: employer                            | -                    | 713,057                     | (713,057)          |
| Net investment Income                              | -                    | 50,205                      | (50,205)           |
| Benefit payments, including refunds                | (713,057)            | (713,057)                   | -                  |
| Administrative expense                             | -                    | (3,939)                     | 3,939              |
| Other changes                                      | -                    | -                           | -                  |
| Net changes  | 27,870               | 46,266                      | (18,396)           |
| Balance at June 30, 2020                           | \$8,382,719          | \$2,198,690                 | \$6,184,029        |

#### 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 7.35%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (6.35%) or 1% higher (8.35%) than the current rate.

|   | 1% Decrease | Current Discount rate | 1 % increase |
|---|-------------|-----------------------|--------------|
| Total OPEB liability  | \$8,948,496 | \$8,382,719           | \$7,873,646  |
| Fiduciary net position  | 2,198,690   | 2,198,690             | 2,198,690    |
| Net OPEB liability  | \$6,749,806 | \$6,184,029           | \$5,674,956  |
| Plan fiduciary position as a percentage of the total OPEB liability | 24.57%      | 26.23%                | 27.92%       |

#### 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%, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower (7%) or 1% higher (9%) than the current rate.

|                        | 1% Decrease | Current Healthcare Cost Trend Rate | 1% increase |
|------------------------|-------------|------------------------------------|-------------|
| Total OPEB liability   | \$7,833,723 | \$8,382,719                        | \$8,994,602 |
| Fiduciary net position | 2,198,690   | 2,198,690                          | 2,198,690   |
| Net OBEB liability     | \$5,635,033 | \$6,184,029                        | \$6,795,912 |

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020 the employer recognized OPEB expense of \$1,010,322. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

|                                     | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows of<br>Resources |
|-------------------------------------|--------------------------------------|-------------------------------------|
| Differences in experience           | \$ 506,616                           | \$78,689                            |
| Differences in assumptions          | 772,547                              | -                                   |
| Excess (deficit) investment returns | 151,057                              | -                                   |
| Total                               | <u>\$1,430,220</u>                   | <u>\$78,689</u>                     |

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

|            |                    |
|------------|--------------------|
| 2021       | \$ 537,718         |
| 2022       | 537,716            |
| 2023       | 243,639            |
| 2024       | 32,458             |
| 2025       | -                  |
| Thereafter | -                  |
| Total      | <u>\$1,351,531</u> |

### Defined Contribution Plan

The City provides a Health Care Savings Plan (HCSP), which provides health insurance benefits to qualified employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. In 2008 the HCSP was opened with a mandatory employee contribution rate of .25% of covered wages. Employees could elect to contribute up to 10%. In May 2011 MERS determined that the range was not allowed and froze contributions at the levels they were currently at. The City was not required to contribute. Employees hired after May 2011 are required to contribute 3% with a 3% City match, except for SEIU union employees who in the fall of 2013 voted to increase employee contributions to 5% with the City matching 3%. City contributions were \$153,235 and participant contributions were \$371,556 to the plan during the year. The plan provisions and contribution amounts were established and may be amended by MERS.

## 11. RISK MANAGEMENT

### Primary Government

The City purchases insurance and participates in public entity risk pools for the various risks associated with City operations. Significant risk management activities of the City are accounted for and disclosed below.

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains its liability insurance coverage from Municipal Underwriters of West Michigan, Inc. The City pays an annual premium to Municipal Underwriters of West Michigan, Inc. for liability insurance coverage. Municipal Underwriters of West Michigan, Inc. is self-sustaining through member premiums and provides, subject to certain deductibles, occurrences-based coverage by internally insuring certain risks and reinsuring risks through commercial companies. A \$1,000

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

deductible is maintained to place the responsibility for small charges with the City. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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

The City is self-funded for medical, dental, optical and disability insurance. The claims liability of \$107,367 reported at June 30, 2020 is based on the requirements of accounting standards which require that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

The activity of the self-funded insurance is accounted for in the Insurance internal service fund. An independent administrator is contracted to process the daily claims. An excess coverage insurance policy covers individual claims in excess of \$70,000 per covered individual with a 125% aggregate. The City is responsible for paying administrative charges which are included in this fund. The revenues for this fund's operation are charges to various funds, employee withholdings, and co-payments. The liability at the end of the year included claims already incurred and reported as well as an estimate for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation and recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Settled claims have not exceeded insurance coverage in the history of the self-insurance program, and there have been no significant reductions in insurance coverage from the prior year.

The changes in the claims liability for the years ended June 30, 2019 and 2020 were as follows:

| <u>Year</u> | <u>Beginning of<br/>Year<br/>Liability</u> | <u>Current Year<br/>Claims and<br/>Changes in<br/>Estimates</u> | <u>Claim<br/>Payments</u> | <u>End of Year<br/>Liability</u> |
|-------------|--|---|---------------------------|----------------------------------|
| 2019        | \$ 68,504                                  | \$3,730,679   | \$3,636,179               | \$163,004                        |
| 2020        | 163,004                                    | 4,136,680   | 4,192,317                 | 107,367                          |

The Board of Light and Power is exposed to various risks related to liability, damage or loss for which it participated in the creation of a self-insurance program known as the Michigan Professional Insurance Association (MPIA). The MPIA was established pursuant to the State of Michigan Act 35 of 1951; Intergovernmental Contracts between Municipal Corporations.

MPIA administers an actuarially based risk management fund and utilizes such funds deposited by the Board of Light and Power to defend and protect Board of Light and Power. MPIA has purchased commercial insurance for coverage in excess of the Board of Light and Power's self-insured reserve limits. MPIA assumes risk of loss within the scope of the memorandum of coverage to the extent of the coverage limits offered by the memorandum of coverage.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

Following is insurance coverage and related deductibles effect at year-end:

|                             | <u>Deductible/Retention</u> |                    |
|-----------------------------|-----------------------------|--------------------|
|                             | <u>2020</u>                 | <u>2019</u>        |
| Property and equipment      | \$50,000 - 500,000          | \$50,000 - 500,000 |
| General liability           | 50,000                      | 50,000             |
| Public officials liability  | 50,000                      | 50,000             |
| Employee benefits liability | 100,000                     | 100,000            |
| Crime                       | 25,000                      | 25,000             |

The Board of Light and Power makes annual payments to the MPIA for administrative charges, insurance purchases and estimated risk retention reserves. At year-end the risk retention reserve balance held by the MPIA for the Board of Light and Power was \$4,867,458 which excluded assets set aside for estimated claims of \$69,500. The estimated claims at the end of the year included claims already incurred and reported as well as an estimate for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation and recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Settled claims have not exceeded insurance coverage in any of the past three years, and changes in insurance coverage are reflected above.

The claims liability for the Board of Light and Power as reported by the MPIA for the years ended June 30, 2020 and 2019 was \$69,500 and \$69,500 respectively. Claims adjustment expense cannot be specifically identified to each participant in the MPIA. Total claims expense reported by the MPIA for the years ended June 30, 2020 and 2019 were \$0 and \$0 respectively.

#### 12. DEFERRED SPECIAL ASSESSMENTS RECEIVABLE

The Brownfield Redevelopment Authority component unit has outstanding deferred special assessments receivable totaling \$5,900,912 at June 30, 2020. The assessments are in place for condominium units, retail outlets, and property not yet developed. Considering the uncertainty of collection of the assessments, and the amount of the assessments to be received not readily determinable, the assessments receivable have been fully offset with an allowance for doubtful accounts, and as such, there is no net receivable reported in the financial statements of the Brownfield Redevelopment Authority component unit at June 30, 2020.

#### 13. TAX ABATEMENTS

The City entered into property tax abatements 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 1-12 years as determined by the local unit of government. The agreements entered into by the City include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. 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 June 30, 2020 the City abated property tax revenues of approximately \$163,000.



# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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### 14. CONTINGENCIES

In the normal course of its activities, the City has become a party in various legal actions, including property tax assessment appeals. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City and, therefore, has not reflected loss reserves in the financial statements.

### 15. COMMITMENTS

The Board of Light and Power has entered into an agreement to transfer a portion of electric revenue generated at the Grand Landing location to help fund payment of component unit debt. These transfers began during 2016 and are contingent upon electric sales revenue and future development at the Grand Landing location. The agreement provides for contingent transfers through 2020.

The Board of Light and Power has entered into contracts for demolition of SIM III and remediation activities with remaining commitments of approximately \$4,000,000 at year-end.

As disclosed in Note 1, the City is a member of the Grand Haven-Spring Lake Sewer Authority and the Northwest Ottawa Water Treatment Plant. The City, along with the other participating communities, has pledged their full faith and credit for repayment of the outstanding debt of these entities. For all debt, the amount the City is required to contribute to these entities for repayment of debt is not a fixed amount, but is based on the volume of sewage treated and water purchased and is included in the rate charged by these entities.

### 16. RELATED PARTY TRANSACTIONS

City-owned facilities are users of Board of Light and Power electric services. The Board of Light and Power includes the sale of such services in its charges for services revenue and reflects balances receivable for these services as accounts receivable. The Board of Light and Power is required to pay five percent of gross retail sales to the City under provisions of the City Charter. The payment of the five percent of gross sales to the City is reported as transfers out to the City of Grand Haven.

### 17. CONSTRUCTION CODE FEES

The City 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 City 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:

|                                       |                    |
|---------------------------------------|--------------------|
| Cumulative shortfall – July 1, 2019   | \$(604,547)        |
| Current year building permit revenues | 301,821            |
| Related expenses                      |                    |
| Direct costs                          | (326,814)          |
| Estimated indirect costs              | (46,816)           |
| Cumulative shortfall – June 30, 2020  | <u>\$(676,356)</u> |

# **CITY OF GRAND HAVEN**

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

***FOR THE YEAR ENDED JUNE 30, 2020***

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### **18. ASSET RETIREMENT**

The Board of Light and Power closed the Sims III 70 megawatt coal fired power plant in fiscal year 2020. The Board's operation of electricity generating facilities required use of fuel and ash management facilities that will require environmental remediation under various state and federal laws. The Board of Light and Power has estimated the remaining cost of remediating fuel and ash management facilities at \$3,529,019 based on known costs of similar plant closures and engineering estimates. The Board of Light and Power is expensing the cost of plant demolition and other remediation as they occur.

### **19. SUBSEQUENT EVENTS**

Subsequent to year-end the Board of Light and Power entered into an agreement with a financial institution for the sale of up to \$20,000,000 of electric utility system revenue bond anticipation notes. The Board of Light and Power issued and received payment for \$5,348,000 of the electric utility system revenue bond anticipation notes on July 31, 2020.

### **20. PRIOR PERIOD ADJUSTMENT**

Beginning net position of the Public Improvement capital projects fund and governmental activities were decreased by \$381,520 to reflect forgiveness of a receivable from the Marina fund. Beginning net position of the Marina fund and business-type activities were increased by \$381,520 to reflect forgiveness of a payable to the Public Improvement capital projects fund.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF GRAND HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2020**

|   | <u>Budget Amounts</u> |                     | <u>Actual</u>       | <u>Variance</u>                      |
|---|-----------------------|---------------------|---------------------|--------------------------------------|
|   | <u>Original</u>       | <u>Final</u>        | <u>Amount</u>       | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                             |                       |                     |                     |                                      |
| Taxes                                       |                       |                     |                     |                                      |
| Property taxes                              | \$ 6,524,640          | \$ 7,465,560        | \$ 7,464,936        | \$ (624)                             |
| Intergovernmental revenues                  |                       |                     |                     |                                      |
| State                                       | 1,046,045             | 1,029,732           | 1,043,968           | 14,236                               |
| Local                                       | 26,500                | 25,835              | 33,951              | 8,116                                |
| Special assessments                         | 18,000                | 18,000              | 12,678              | (5,322)                              |
| Licenses and permits                        | 621,300               | 640,400             | 634,955             | (5,445)                              |
| Charges for services                        | 1,641,350             | 1,662,931           | 1,660,252           | (2,679)                              |
| Fines                                       | 99,500                | 99,500              | 80,389              | (19,111)                             |
| Investment earnings                         | 210,000               | 200,000             | 374,366             | 174,366                              |
| Miscellaneous                               | 80,000                | 181,000             | 171,258             | (9,742)                              |
| <b>Total revenues</b>                       | <u>10,267,335</u>     | <u>11,322,958</u>   | <u>11,476,753</u>   | <u>153,795</u>                       |
| <b>Expenditures</b>                         |                       |                     |                     |                                      |
| Current                                     |                       |                     |                     |                                      |
| General government                          | 3,018,875             | 3,100,392           | 3,057,119           | 43,273                               |
| Public safety                               | 4,959,444             | 5,192,664           | 5,178,731           | 13,933                               |
| Public works                                | 3,086,830             | 3,190,541           | 3,052,069           | 138,472                              |
| Culture and recreation                      | 897,055               | 960,207             | 936,450             | 23,757                               |
| Debt service                                |                       |                     |                     |                                      |
| Principal                                   | -                     | -                   | 15,353              | (15,353)                             |
| Interest and fiscal charges                 | 13,500                | 13,500              | 12,201              | 1,299                                |
| Capital outlay                              | -                     | 839,586             | 839,586             | -                                    |
| <b>Total expenditures</b>                   | <u>11,975,704</u>     | <u>13,296,890</u>   | <u>13,091,509</u>   | <u>205,381</u>                       |
| <b>Revenues over (under) expenditures</b>   | <u>(1,708,369)</u>    | <u>(1,973,932)</u>  | <u>(1,614,756)</u>  | <u>359,176</u>                       |
| Other financing sources (uses)              |                       |                     |                     |                                      |
| Issuance of debt                            | -                     | 839,000             | 839,000             | -                                    |
| Transfers in                                | 2,230,445             | 2,262,945           | 2,090,617           | (172,328)                            |
| Transfers out                               | (1,338,360)           | (2,397,020)         | (2,397,023)         | (3)                                  |
| <b>Total other financing sources (uses)</b> | <u>892,085</u>        | <u>704,925</u>      | <u>532,594</u>      | <u>(172,331)</u>                     |
| <b>Net changes in fund balance</b>          | <u>(816,284)</u>      | <u>(1,269,007)</u>  | <u>(1,082,162)</u>  | <u>186,845</u>                       |
| <b>Fund balance, beginning of year</b>      | <u>5,139,598</u>      | <u>5,139,598</u>    | <u>5,139,598</u>    | <u>-</u>                             |
| <b>Fund balance, end of year</b>            | <u>\$ 4,323,314</u>   | <u>\$ 3,870,591</u> | <u>\$ 4,057,436</u> | <u>\$ 186,845</u>                    |

**CITY OF GRAND HAVEN**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION**  
**LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|   | 2014                 | 2015                 | 2016                  | 2017                  | 2018                  | 2019                  |
|---|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total pension liability</b>  |                      |                      |                       |                       |                       |                       |
| Service cost  | \$ 1,714,380         | \$ 1,784,375         | \$ 1,938,291          | \$ 1,896,453          | \$ 1,876,313          | \$ 1,787,913          |
| Interest  | 6,872,845            | 6,970,006            | 7,719,273             | 7,931,391             | 8,390,678             | 8,623,427             |
| Changes in benefit terms  | -                    | (8,167)              | (27,927)              | (54,797)              | 2,423                 | (25,121)              |
| Difference between expected and actual experience                                   | -                    | 1,069,871            | (1,279,520)           | 2,035,707             | (948,030)             | 1,579,667             |
| Changes in assumptions  | -                    | 4,451,385            | -                     | -                     | -                     | 4,122,192             |
| Benefit payments including employee refunds   | (4,522,352)          | (5,086,362)          | (5,306,454)           | (6,048,965)           | (6,066,289)           | (6,669,279)           |
| Other   | -                    | 217,812              | -                     | -                     | (4)                   | -                     |
| <b>Net change in total pension liability</b>  | <u>4,064,873</u>     | <u>9,398,920</u>     | <u>3,043,663</u>      | <u>5,759,789</u>      | <u>3,255,091</u>      | <u>9,418,799</u>      |
| <b>Total pension liability, beginning of year</b>                                   | <u>84,711,200</u>    | <u>88,776,073</u>    | <u>98,174,993</u>     | <u>101,218,656</u>    | <u>106,978,445</u>    | <u>110,233,536</u>    |
| <b>Total pension liability, end of year</b>   | <u>\$ 88,776,073</u> | <u>\$ 98,174,993</u> | <u>\$ 101,218,656</u> | <u>\$ 106,978,445</u> | <u>\$ 110,233,536</u> | <u>\$ 119,652,335</u> |
| <b>Plan Fiduciary Net Position</b>  |                      |                      |                       |                       |                       |                       |
| Contributions-employer  | \$ 1,230,140         | \$ 1,351,197         | \$ 1,528,835          | \$ 6,969,429          | \$ 2,803,011          | \$ 2,096,768          |
| Contributions-employee  | 1,017,387            | 1,188,014            | 1,399,568             | 1,649,872             | 1,583,711             | 1,619,918             |
| Net investment income   | 4,384,730            | (1,056,807)          | 7,662,061             | 9,637,326             | (3,336,775)           | 10,759,791            |
| Benefit payments including employee refunds   | (4,522,352)          | (5,086,362)          | (5,306,454)           | (6,048,965)           | (6,066,289)           | (6,669,279)           |
| Administrative expense  | (160,769)            | (155,709)            | (151,314)             | (152,492)             | (164,445)             | (185,343)             |
| <b>Net change in plan fiduciary net position</b>                                    | <u>1,949,136</u>     | <u>(3,759,667)</u>   | <u>5,132,696</u>      | <u>12,055,170</u>     | <u>(5,180,787)</u>    | <u>7,621,855</u>      |
| <b>Plan fiduciary net position, beginning of year</b>                               | <u>69,855,871</u>    | <u>71,805,007</u>    | <u>68,045,340</u>     | <u>73,178,036</u>     | <u>85,233,206</u>     | <u>80,052,419</u>     |
| <b>Plan fiduciary net position, end of year</b>                                     | <u>\$ 71,805,007</u> | <u>\$ 68,045,340</u> | <u>\$ 73,178,036</u>  | <u>\$ 85,233,206</u>  | <u>\$ 80,052,419</u>  | <u>\$ 87,674,274</u>  |
| <b>Total net pension liability</b>  | <u>\$ 16,971,066</u> | <u>\$ 30,129,653</u> | <u>\$ 28,040,620</u>  | <u>\$ 21,745,239</u>  | <u>\$ 30,181,117</u>  | <u>\$ 31,978,061</u>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b>   | 81%                  | 69%                  | 72%                   | 80%                   | 73%                   | 73%                   |
| <b>Covered employee payroll</b>   | \$ 11,071,127        | \$ 11,535,426        | \$ 12,103,488         | \$ 11,544,999         | \$ 11,230,904         | \$ 10,471,556         |
| <b>Employer's net pension liability as a percentage of covered employee payroll</b> | 153%                 | 261%                 | 232%                  | 188%                  | 269%                  | 305%                  |

**CITY OF GRAND HAVEN**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  | 2015          | 2016          | 2017          | 2018           | 2019           | 2020          |
|--|---------------|---------------|---------------|----------------|----------------|---------------|
| Actuarially determined contributions                                 | \$ 1,285,986  | \$ 1,533,911  | \$ 1,528,835  | \$ 1,976,799   | \$ 1,832,196   | \$ 2,259,855  |
| Contributions in relation to the actuarially determined contribution | 1,285,986     | 1,533,911     | 1,528,835     | 6,976,799      | 2,832,196      | 2,259,855     |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ (5,000,000) | \$ (1,000,000) | \$ -          |
| Covered employee payroll   | \$ 11,071,127 | \$ 11,535,426 | \$ 12,103,488 | \$ 11,544,999  | \$ 11,230,904  | \$ 10,471,556 |
| Contributions as a percentage of covered employee payroll            | 11.6%         | 13.3%         | 12.6%         | 60.4%          | 25.2%          | 21.6%         |

**Notes to schedule**

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry Age                                    |
| Amortization method           | Level percentage of payroll, open            |
| Remaining amortization period | 25 years                                     |
| Asset valuation method        | 5 year smoothed                              |
| Inflation                     | 2.50%  |
| Salary increases              | 3.00% (3.75% for 2015 through 2019)          |
| Investment rate of return     | 7.35% (7.75% for 2015 through 2019)          |
| Retirement age                | Varies depending on plan adoption            |
| Mortality                     | 50% female/ 50% male RP-2014 mortality table |

# CITY OF GRAND HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2020**

|  | 2017                | 2018                | 2019                | 2020                |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>Total OPEB liability</b>  |                     |                     |                     |                     |
| Service cost   | \$ 52,122           | \$ 49,554           | \$ 42,889           | \$ 46,820           |
| Interest   | 456,376             | 456,247             | 556,550             | 623,499             |
| Changes in benefit terms   | -                   | -                   | -                   | (34,994)            |
| Difference between expected and actual experience                                | 79,952              | 1,015,790           | 141,760             | (101,970)           |
| Changes in assumptions   | -                   | 292,450             | 864,802             | 207,572             |
| Benefit payments including employee refunds                                      | (535,595)           | (639,638)           | (779,102)           | (713,057)           |
| Other  | -                   | -                   | -                   | -                   |
| <b>Net change in total OPEB liability</b>  | <u>52,855</u>       | <u>1,174,403</u>    | <u>826,899</u>      | <u>27,870</u>       |
| <b>Total OPEB liability, beginning of year</b>                                   | <u>6,300,692</u>    | <u>6,353,547</u>    | <u>7,527,950</u>    | <u>8,354,849</u>    |
| <b>Total OPEB liability, end of year</b>   | <u>\$ 6,353,547</u> | <u>\$ 7,527,950</u> | <u>\$ 8,354,849</u> | <u>\$ 8,382,719</u> |
| <b>Plan Fiduciary Net Position</b>   |                     |                     |                     |                     |
| Contributions-employer   | \$ 500,000          | \$ -                | \$ -                | \$ -                |
| Contributions/benefit payments made from general operating funds                 | 535,595             | 639,638             | 779,102             | 713,057             |
| Net investment income  | 198,865             | 151,458             | 62,008              | 50,205              |
| Benefit payments including employee refunds                                      | (535,595)           | (639,638)           | (779,102)           | (713,057)           |
| Administrative expense   | (4,014)             | (4,916)             | (4,396)             | (3,939)             |
| Other  | -                   | -                   | -                   | -                   |
| <b>Net change in plan fiduciary net position</b>                                 | <u>694,851</u>      | <u>146,542</u>      | <u>57,612</u>       | <u>46,266</u>       |
| <b>Plan fiduciary net position, beginning of year</b>                            | <u>1,253,419</u>    | <u>1,948,270</u>    | <u>2,094,812</u>    | <u>2,152,424</u>    |
| <b>Plan fiduciary net position, end of year</b>                                  | <u>\$ 1,948,270</u> | <u>\$ 2,094,812</u> | <u>\$ 2,152,424</u> | <u>\$ 2,198,690</u> |
| <b>Employer net OPEB liability</b>   | <u>\$ 4,405,277</u> | <u>\$ 5,433,138</u> | <u>\$ 6,202,425</u> | <u>\$ 6,184,029</u> |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>   | 31%                 | 28%                 | 26%                 | 26%                 |
| <b>Covered employee payroll</b>  | \$ 11,180,895       | \$ 5,713,567        | \$ 5,833,306        | \$ 4,286,167        |
| <b>Employer's net OPEB liability as a percentage of covered employee payroll</b> | 39%                 | 95%                 | 106%                | 144%                |

## SCHEDULE OF INVESTMENT RETURNS

**FOR THE YEAR ENDED JUNE 30, 2020**

|  | 2017  | 2018 | 2019 | 2020 |
|--|-------|------|------|------|
| Annual money-weighted rate of return net of investment expense | 12.2% | 7.7% | 2.9% | 7.2% |



**CITY OF GRAND HAVEN**  
**DEFINED BENEFIT OPEB PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  | 2017                | 2018            | 2019              | 2020              |
|--|---------------------|-----------------|-------------------|-------------------|
| Actuarially determined contributions                                 | \$ 859,095          | \$ 646,318      | \$ 906,928        | \$ 1,119,545      |
| Contributions in relation to the actuarially determined contribution | 1,035,595           | 639,638         | 779,102           | 713,057           |
| Contribution deficiency (excess)                                     | <u>\$ (176,500)</u> | <u>\$ 6,680</u> | <u>\$ 127,826</u> | <u>\$ 406,488</u> |
| Covered employee payroll   | \$ 11,180,895       | \$ 5,713,567    | \$ 5,833,306      | \$ 4,286,167      |
| Contributions as a percentage of covered employee payroll            | 9%                  | 11%             | 13%               | 17%               |

**Notes to schedule**

|                               |                                   |
|-------------------------------|-----------------------------------|
| Actuarial cost method         | Entry Age                         |
| Amortization method           | Level dollar                      |
| Remaining amortization period | 8 years                           |
| Asset valuation method        | Market value                      |
| Inflation                     | 2.50%                             |
| Healthcare cost trend rates   | 8.00%                             |
| Salary increases              | 2.00%                             |
| Investment rate of return     | 7.35%                             |
| Retirement age                | Varies depending on plan adoption |
| Mortality                     | RP-2000 tables with Scale AA      |

**State of Michigan PA 202 information**

|   |              |
|---|--------------|
| Actuarially recommended contributions in accordance with State PA 202 | \$ 1,149,917 |
| Minimum required contribution under PA 202                            | 713,057      |
| Actual contribution   | 713,057      |
| Contribution for employees hired after June 30, 2019                  | n/a          |

State of Michigan PA 202 assumptions, if different from GASB:

Mortality - Public Employee and Police, headcount weighted, MP-2018  
Expected asset return - 7.0%  
Expected salary increase - 3.5%  
Effective discount rate - 7.0%  
Medical trend - Pre-medicare: 8.5% graded down to 4.25% by .25% per year, Post-medicare  
7.0% graded to 4.5% by .25% per year

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Basis of Accounting**

Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**Pension and OPEB data**

The data presented on the schedule of changes in employers net pension liability schedule is based on a December 31 measurement date.

The data presented on the schedule of changes in employers net OPEB liability schedule is based on a June 30 measurement date.

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

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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# CITY OF GRAND HAVEN

## NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

JUNE 30, 2020

|  | Special Revenue   |                   |                   |                                      |                    |                                 |                           |
|--|-------------------|-------------------|-------------------|--------------------------------------|--------------------|---------------------------------|---------------------------|
|  | Major<br>Streets  | Local<br>Streets  | Housing           | 2014 Capital<br>Improvement<br>Bonds | 2008 UTGO<br>Bonds | 2015<br>Infrastructure<br>Bonds | Lighthouse<br>Maintenance |
| <b>Assets</b>  |                   |                   |                   |                                      |                    |                                 |                           |
| Cash and pooled investments                                      | \$ 708,645        | \$ 276,586        | \$ 38,296         | \$ 143,336                           | \$ 847,957         | \$ 628,347                      | \$ -                      |
| Accounts receivable  | 9,646             | 2,880             | 65,454            | -                                    | -                  | -                               | -                         |
| Due from other governments                                       | 145,088           | 45,120            | 26,272            | -                                    | -                  | -                               | -                         |
| Taxes receivable   | -                 | -                 | -                 | -                                    | -                  | 713                             | -                         |
| Special assessments receivable                                   | 10,358            | 421               | -                 | -                                    | -                  | -                               | -                         |
| Prepaid items  | 9,783             | 8,270             | 262               | -                                    | -                  | -                               | -                         |
| Inventory  | 17,104            | 17,104            | -                 | -                                    | -                  | -                               | -                         |
| <b>Total assets</b>  | <u>\$ 900,624</u> | <u>\$ 350,381</u> | <u>\$ 130,284</u> | <u>\$ 143,336</u>                    | <u>\$ 847,957</u>  | <u>\$ 629,060</u>               | <u>\$ -</u>               |
| <b>Liabilities, deferred inflows and<br/>fund balances</b>       |                   |                   |                   |                                      |                    |                                 |                           |
| <b>Liabilities</b>   |                   |                   |                   |                                      |                    |                                 |                           |
| Accounts payable   | \$ 19,284         | \$ 337,970        | \$ 10,149         | \$ -                                 | \$ -               | \$ -                            | \$ -                      |
| Accrued liabilities  | 10,539            | 3,875             | -                 | -                                    | -                  | -                               | -                         |
| Due to other governments   | 44                | -                 | -                 | -                                    | -                  | -                               | -                         |
| Due to other funds   | 8,578             | 2,178             | 86,531            | -                                    | -                  | -                               | -                         |
| <b>Total liabilities</b>   | <u>38,445</u>     | <u>344,023</u>    | <u>96,680</u>     | <u>-</u>                             | <u>-</u>           | <u>-</u>                        | <u>-</u>                  |
| <b>Deferred inflows of resources</b>                             |                   |                   |                   |                                      |                    |                                 |                           |
| Unavailable revenue  | 9,280             | -                 | -                 | -                                    | -                  | 713                             | -                         |
| <b>Fund balances (deficit)</b>                                   |                   |                   |                   |                                      |                    |                                 |                           |
| Non-spendable  |                   |                   |                   |                                      |                    |                                 |                           |
| Prepaid items  | 9,783             | 8,270             | 262               | -                                    | -                  | -                               | -                         |
| Permanent fund corpus  | -                 | -                 | -                 | -                                    | -                  | -                               | -                         |
| Inventory  | 17,104            | 17,104            | -                 | -                                    | -                  | -                               | -                         |
| Restricted   |                   |                   |                   |                                      |                    |                                 |                           |
| Streets  | 826,012           | -                 | -                 | -                                    | -                  | -                               | -                         |
| Public works   | -                 | -                 | 33,342            | 143,336                              | 847,957            | 628,347                         | -                         |
| Debt service funds   | -                 | -                 | -                 | -                                    | -                  | -                               | -                         |
| Committed  |                   |                   |                   |                                      |                    |                                 |                           |
| Capital projects   | -                 | -                 | -                 | -                                    | -                  | -                               | -                         |
| Unassigned (deficit)   | -                 | (19,016)          | -                 | -                                    | -                  | -                               | -                         |
| <b>Total fund balances</b>                                       | <u>852,899</u>    | <u>6,358</u>      | <u>33,604</u>     | <u>143,336</u>                       | <u>847,957</u>     | <u>628,347</u>                  | <u>-</u>                  |
| <b>Total liabilities, deferred inflows and<br/>fund balances</b> | <u>\$ 900,624</u> | <u>\$ 350,381</u> | <u>\$ 130,284</u> | <u>\$ 143,336</u>                    | <u>\$ 847,957</u>  | <u>\$ 629,060</u>               | <u>\$ -</u>               |

| Debt Service                         |                                 |                               |                       | Capital Projects      |                   |                                 | Permanent                     |                     |  |
|--------------------------------------|---------------------------------|-------------------------------|-----------------------|-----------------------|-------------------|---------------------------------|-------------------------------|---------------------|--|
| 2014 Capital<br>Improvement<br>Bonds | 2015<br>Infrastructure<br>Bonds | Brownfield<br>Debt<br>Support | 2008<br>UTGO<br>Bonds | Public<br>Improvement | Fire<br>Truck     | 2015<br>Infrastructure<br>Bonds | Cemetery<br>Perpetual<br>Care | Total               |  |
| \$ -                                 | \$ -                            | \$ 1,342,270                  | \$ -                  | \$ 2,617,260          | \$ 237,037        | \$ -                            | \$ 2,030,234                  | \$ 8,869,968        |  |
| -                                    | -                               | -                             | -                     | 20,155                | -                 | -                               | 290                           | 98,425              |  |
| -                                    | -                               | -                             | -                     | 719,194               | -                 | -                               | -                             | 935,674             |  |
| -                                    | -                               | 813                           | -                     | -                     | -                 | -                               | -                             | 1,526               |  |
| -                                    | -                               | -                             | -                     | -                     | -                 | -                               | -                             | 10,779              |  |
| -                                    | -                               | -                             | -                     | 22,063                | -                 | -                               | -                             | 40,378              |  |
| -                                    | -                               | -                             | -                     | -                     | -                 | -                               | -                             | 34,208              |  |
| <u>\$ -</u>                          | <u>\$ -</u>                     | <u>\$ 1,343,083</u>           | <u>\$ -</u>           | <u>\$ 3,378,672</u>   | <u>\$ 237,037</u> | <u>\$ -</u>                     | <u>\$ 2,030,524</u>           | <u>\$ 9,990,958</u> |  |
|                                      |                                 |                               |                       |                       |                   |                                 |                               |                     |  |
| \$ -                                 | \$ -                            | \$ -                          | \$ -                  | \$ 941,006            | \$ -              | \$ -                            | \$ -                          | \$ 1,308,409        |  |
| -                                    | -                               | -                             | -                     | -                     | -                 | -                               | -                             | 14,414              |  |
| -                                    | -                               | -                             | -                     | -                     | -                 | -                               | -                             | 44                  |  |
| -                                    | -                               | -                             | -                     | -                     | -                 | -                               | -                             | 97,287              |  |
| -                                    | -                               | -                             | -                     | 941,006               | -                 | -                               | -                             | 1,420,154           |  |
| -                                    | -                               | -                             | -                     | -                     | -                 | -                               | -                             | -                   |  |
| -                                    | -                               | 813                           | -                     | -                     | -                 | -                               | -                             | 10,806              |  |
| -                                    | -                               | -                             | -                     | 22,063                | -                 | -                               | -                             | 40,378              |  |
| -                                    | -                               | -                             | -                     | -                     | -                 | -                               | 2,030,524                     | 2,030,524           |  |
| -                                    | -                               | -                             | -                     | -                     | -                 | -                               | -                             | 34,208              |  |
| -                                    | -                               | -                             | -                     | -                     | -                 | -                               | -                             | 826,012             |  |
| -                                    | -                               | -                             | -                     | -                     | -                 | -                               | -                             | 1,652,982           |  |
| -                                    | -                               | 1,342,270                     | -                     | -                     | -                 | -                               | -                             | 1,342,270           |  |
| -                                    | -                               | -                             | -                     | 2,415,603             | 237,037           | -                               | -                             | 2,652,640           |  |
| -                                    | -                               | -                             | -                     | -                     | -                 | -                               | -                             | (19,016)            |  |
| -                                    | -                               | 1,342,270                     | -                     | 2,437,666             | 237,037           | -                               | 2,030,524                     | 8,559,998           |  |
| <u>\$ -</u>                          | <u>\$ -</u>                     | <u>\$ 1,343,083</u>           | <u>\$ -</u>           | <u>\$ 3,378,672</u>   | <u>\$ 237,037</u> | <u>\$ -</u>                     | <u>\$ 2,030,524</u>           | <u>\$ 9,990,958</u> |  |

**CITY OF GRAND HAVEN**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <b>Special Revenue</b>   |                          |                  |   |                            |  |                                   |
|--|--------------------------|--------------------------|------------------|---|----------------------------|--|-----------------------------------|
|  | <b>Major<br/>Streets</b> | <b>Local<br/>Streets</b> | <b>Housing</b>   | <b>2014 Capital<br/>Improvement<br/>Bonds</b> | <b>2008 UTGO<br/>Bonds</b> | <b>2015<br/>Infrastructure<br/>Bonds</b> | <b>Lighthouse<br/>Maintenance</b> |
| <b>Revenues</b>                                      |                          |                          |                  |   |                            |  |                                   |
| Taxes  | \$ -                     | \$ -                     | \$ -             | \$ 71,383                                     | \$ 688,934                 | \$ 548,658                               | \$ -                              |
| Intergovernmental revenues                           |                          |                          |                  |   |                            |  |                                   |
| Federal  | -                        | -                        | 129,234          | -   | -                          | 29,457                                   | -                                 |
| State  | 1,044,829                | 347,792                  | 79,887           | -   | -                          | -  | -                                 |
| Local  | 37,609                   | -                        | 55,421           | -   | -                          | -  | 345                               |
| Special assessments                                  | 531                      | -                        | -                | -   | -                          | -  | -                                 |
| Charges for services                                 | -                        | -                        | -                | -   | -                          | -  | -                                 |
| Investment earnings                                  | 13,682                   | (311)                    | 93               | 56  | 20,726                     | 8,638                                    | -                                 |
| Miscellaneous  | -                        | 5,414                    | 236              | -   | -                          | -  | -                                 |
| <b>Total revenues</b>                                | <b>1,096,651</b>         | <b>352,895</b>           | <b>264,871</b>   | <b>71,439</b>                                 | <b>709,660</b>             | <b>586,753</b>                           | <b>345</b>                        |
| <b>Expenditures</b>                                  |                          |                          |                  |   |                            |  |                                   |
| Current  |                          |                          |                  |   |                            |  |                                   |
| General government                                   | -                        | -                        | -                | -   | -                          | -  | -                                 |
| Public works   | 1,067,865                | 760,683                  | 153,042          | -   | -                          | -  | -                                 |
| Culture and recreation                               | -                        | -                        | -                | -   | -                          | -  | 606                               |
| Debt service   |                          |                          |                  |   |                            |  |                                   |
| Principal  | -                        | 22,130                   | -                | -   | -                          | -  | -                                 |
| Interest   | -                        | 17,590                   | -                | -   | -                          | -  | -                                 |
| Capital outlay                                       | -                        | 1,166,538                | -                | -   | -                          | -  | -                                 |
| <b>Total expenditures</b>                            | <b>1,067,865</b>         | <b>1,966,941</b>         | <b>153,042</b>   | <b>-</b>                                      | <b>-</b>                   | <b>-</b>                                 | <b>606</b>                        |
| Revenues over (under) expenditures                   | 28,786                   | (1,614,046)              | 111,829          | 71,439  | 709,660                    | 586,753                                  | (261)                             |
| Other financing sources (uses)                       |                          |                          |                  |   |                            |  |                                   |
| Transfers in   | 494,530                  | 1,964,060                | -                | 243,963                                       | -                          | -  | -                                 |
| Transfers out  | (200,564)                | (150,000)                | (86,531)         | (244,263)                                     | (663,492)                  | (991,393)                                | -                                 |
| Total other financing sources (uses)                 | 293,966                  | 1,814,060                | (86,531)         | (300)   | (663,492)                  | (991,393)                                | -                                 |
| Net changes in fund balances                         | 322,752                  | 200,014                  | 25,298           | 71,139  | 46,168                     | (404,640)                                | (261)                             |
| <b>Fund balances, beginning of year, as restated</b> | <b>530,147</b>           | <b>(193,656)</b>         | <b>8,306</b>     | <b>72,197</b>                                 | <b>801,789</b>             | <b>1,032,987</b>                         | <b>261</b>                        |
| <b>Fund balances, end of year</b>                    | <b>\$ 852,899</b>        | <b>\$ 6,358</b>          | <b>\$ 33,604</b> | <b>\$ 143,336</b>                             | <b>\$ 847,957</b>          | <b>\$ 628,347</b>                        | <b>\$ -</b>                       |

| <u>Debt Service</u>                   |                                  |                                |                        | <u>Capital Projects</u>   |                   |                                  | <u>Permanent</u>               | <u>Total</u> |
|---------------------------------------|----------------------------------|--------------------------------|------------------------|---------------------------|-------------------|----------------------------------|--------------------------------|--------------|
| <u>2014 Capital Improvement Bonds</u> | <u>2015 Infrastructure Bonds</u> | <u>Brownfield Debt Support</u> | <u>2008 UTGO Bonds</u> | <u>Public Improvement</u> | <u>Fire Truck</u> | <u>2015 Infrastructure Bonds</u> | <u>Cemetery Perpetual Care</u> |              |
| \$ -                                  | \$ -                             | \$ 422,785                     | \$ -                   | \$ 187                    | \$ -              | \$ -                             | \$ -                           | \$ 1,731,947 |
| -                                     | -                                | -                              | -                      | 501,889                   | -                 | -                                | -                              | 660,580      |
| -                                     | -                                | -                              | -                      | 332,312                   | -                 | -                                | -                              | 1,804,820    |
| -                                     | -                                | -                              | -                      | 486,503                   | -                 | -                                | -                              | 579,878      |
| -                                     | -                                | -                              | -                      | -                         | -                 | -                                | -                              | 531          |
| -                                     | -                                | -                              | -                      | -                         | -                 | -                                | 51,237                         | 51,237       |
| -                                     | -                                | 36,816                         | -                      | 72,848                    | (25,739)          | -                                | 39,075                         | 165,884      |
| -                                     | -                                | -                              | -                      | 104                       | -                 | -                                | -                              | 5,754        |
| -                                     | -                                | 459,601                        | -                      | 1,393,843                 | (25,739)          | -                                | 90,312                         | 5,000,631    |
| -                                     | -                                | 716,415                        | -                      | -                         | -                 | -                                | -                              | 716,415      |
| -                                     | -                                | -                              | -                      | -                         | -                 | -                                | -                              | 1,981,590    |
| -                                     | -                                | -                              | -                      | -                         | -                 | -                                | -                              | 606          |
| 165,225                               | 260,000                          | -                              | 540,000                | -                         | -                 | -                                | -                              | 987,355      |
| 79,038                                | 221,300                          | -                              | 123,492                | -                         | -                 | -                                | -                              | 441,420      |
| -                                     | -                                | -                              | -                      | 2,341,535                 | 422,128           | 44,256                           | -                              | 3,974,457    |
| 244,263                               | 481,300                          | 716,415                        | 663,492                | 2,341,535                 | 422,128           | 44,256                           | -                              | 8,101,843    |
| (244,263)                             | (481,300)                        | (256,814)                      | (663,492)              | (947,692)                 | (447,867)         | (44,256)                         | 90,312                         | (3,101,212)  |
| 244,263                               | 481,300                          | -                              | 663,492                | 434,000                   | -                 | 510,093                          | -                              | 5,035,701    |
| -                                     | -                                | -                              | -                      | -                         | -                 | (699,530)                        | (19,537)                       | (3,055,310)  |
| 244,263                               | 481,300                          | -                              | 663,492                | 434,000                   | -                 | (189,437)                        | (19,537)                       | 1,980,391    |
| -                                     | -                                | (256,814)                      | -                      | (513,692)                 | (447,867)         | (233,693)                        | 70,775                         | (1,120,821)  |
| -                                     | -                                | 1,599,084                      | -                      | 2,951,358                 | 684,904           | 233,693                          | 1,959,749                      | 9,680,819    |
| \$ -                                  | \$ -                             | \$ 1,342,270                   | \$ -                   | \$ 2,437,666              | \$ 237,037        | \$ -                             | \$ 2,030,524                   | \$ 8,559,998 |



# CITY OF GRAND HAVEN

## MAJOR STREETS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <b>Budget Amounts</b>    |                          | <b>Actual</b>            | <b>Variance</b>                       |
|--|--------------------------|--------------------------|--------------------------|---------------------------------------|
|  | <b><u>Original</u></b>   | <b><u>Final</u></b>      | <b><u>Amount</u></b>     | <b><u>Positive<br/>(Negative)</u></b> |
| <b>Revenues</b>                        |                          |                          |                          |                                       |
| Intergovernmental revenues             |                          |                          |                          |                                       |
| State                                  | \$ 1,734,800             | \$ 1,334,800             | \$ 1,044,829             | \$ (289,971)                          |
| Local                                  | 46,000                   | 30,950                   | 37,609                   | 6,659                                 |
| Special assessments                    | -                        | -                        | 531                      | 531                                   |
| Investment earnings                    | -                        | 2,600                    | 13,682                   | 11,082                                |
| <b>Total revenues</b>                  | <b>1,780,800</b>         | <b>1,368,350</b>         | <b>1,096,651</b>         | <b>(271,699)</b>                      |
| <b>Expenditures</b>                    |                          |                          |                          |                                       |
| Current                                |                          |                          |                          |                                       |
| Public works                           | <u>2,443,750</u>         | <u>2,623,553</u>         | <u>1,067,865</u>         | <u>1,555,688</u>                      |
| Revenues over (under) expenditures     | <u>(662,950)</u>         | <u>(1,255,203)</u>       | <u>28,786</u>            | <u>1,283,989</u>                      |
| Other financing sources (uses)         |                          |                          |                          |                                       |
| Transfers in                           | 1,094,530                | 1,151,530                | 494,530                  | (657,000)                             |
| Transfers out                          | -                        | (195,000)                | (200,564)                | (5,564)                               |
| Total other financing sources (uses)   | <u>1,094,530</u>         | <u>956,530</u>           | <u>293,966</u>           | <u>(662,564)</u>                      |
| Net changes in fund balance            | 431,580                  | (298,673)                | 322,752                  | 621,425                               |
| <b>Fund balance, beginning of year</b> | <u>530,147</u>           | <u>530,147</u>           | <u>530,147</u>           | <u>-</u>                              |
| <b>Fund balance, end of year</b>       | <u><u>\$ 961,727</u></u> | <u><u>\$ 231,474</u></u> | <u><u>\$ 852,899</u></u> | <u><u>\$ 621,425</u></u>              |

# CITY OF GRAND HAVEN

## LOCAL STREETS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <u>Budget Amounts</u> |                  | <u>Actual</u>    | <u>Variance</u>                      |
|--|-----------------------|------------------|------------------|--------------------------------------|
|  | <u>Original</u>       | <u>Final</u>     | <u>Amount</u>    | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                        |                       |                  |                  |                                      |
| Intergovernmental revenues             |                       |                  |                  |                                      |
| State                                  | \$ 1,109,090          | \$ 739,090       | \$ 347,792       | \$ (391,298)                         |
| Special assessments                    | 1,500                 | -                | -                | -                                    |
| Investment earnings                    | -                     | -                | (311)            | (311)                                |
| Miscellaneous                          | 3,500                 | 2,500            | 5,414            | 2,914                                |
| <b>Total revenues</b>                  | <u>1,114,090</u>      | <u>741,590</u>   | <u>352,895</u>   | <u>(388,695)</u>                     |
| <b>Expenditures</b>                    |                       |                  |                  |                                      |
| Current                                |                       |                  |                  |                                      |
| Public works                           | 649,150               | 705,643          | 760,683          | (55,040)                             |
| Debt service                           |                       |                  |                  |                                      |
| Principal                              | -                     | 21,535           | 22,130           | (595)                                |
| Interest                               | 39,720                | 16,910           | 17,590           | (680)                                |
| Capital outlay                         | 1,903,500             | 2,516,000        | 1,166,538        | 1,349,462                            |
| <b>Total expenditures</b>              | <u>2,592,370</u>      | <u>3,260,088</u> | <u>1,966,941</u> | <u>1,293,147</u>                     |
| Revenues over (under) expenditures     | (1,478,280)           | (2,518,498)      | (1,614,046)      | 904,452                              |
| Other financing sources (uses)         |                       |                  |                  |                                      |
| Transfers in                           | 1,339,305             | 2,864,530        | 1,964,060        | (900,470)                            |
| Transfers out                          | (150,000)             | (150,000)        | (150,000)        | -                                    |
| Total other financing sources (uses)   | <u>1,189,305</u>      | <u>2,714,530</u> | <u>1,814,060</u> | <u>(900,470)</u>                     |
| Net changes in fund balance            | (288,975)             | 196,032          | 200,014          | 3,982                                |
| <b>Fund balance, beginning of year</b> | <u>(193,656)</u>      | <u>(193,656)</u> | <u>(193,656)</u> | <u>-</u>                             |
| <b>Fund balance, end of year</b>       | <u>\$ (482,631)</u>   | <u>\$ 2,376</u>  | <u>\$ 6,358</u>  | <u>\$ 3,982</u>                      |

# CITY OF GRAND HAVEN

## HOUSING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <u>Budget Amounts</u> |                 | <u>Actual</u>    | <u>Variance</u>                      |
|--|-----------------------|-----------------|------------------|--------------------------------------|
|  | <u>Original</u>       | <u>Final</u>    | <u>Amount</u>    | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                        |                       |                 |                  |                                      |
| Intergovernmental revenues             |                       |                 |                  |                                      |
| Federal                                | \$ 15,000             | \$ 15,000       | \$ 129,234       | \$ 114,234                           |
| State                                  | 109,500               | 159,500         | 79,887           | (79,613)                             |
| Local                                  | 46,800                | 46,800          | 55,421           | 8,621                                |
| Investment earnings                    | -                     | -               | 93               | 93                                   |
| Miscellaneous                          | <u>5,000</u>          | <u>5,000</u>    | <u>236</u>       | <u>(4,764)</u>                       |
| <b>Total revenues</b>                  | 176,300               | 226,300         | 264,871          | 38,571                               |
| <b>Expenditures</b>                    |                       |                 |                  |                                      |
| Current                                |                       |                 |                  |                                      |
| Public works                           | <u>83,450</u>         | <u>144,352</u>  | <u>153,042</u>   | <u>(8,690)</u>                       |
| Revenues over (under) expenditures     | 92,850                | 81,948          | 111,829          | 29,881                               |
| Other financing sources (uses)         |                       |                 |                  |                                      |
| Transfers out                          | <u>(85,445)</u>       | <u>(85,445)</u> | <u>(86,531)</u>  | <u>(1,086)</u>                       |
| Net changes in fund balance            | 7,405                 | (3,497)         | 25,298           | 28,795                               |
| <b>Fund balance, beginning of year</b> | <u>8,306</u>          | <u>8,306</u>    | <u>8,306</u>     | <u>-</u>                             |
| <b>Fund balance, end of year</b>       | <u>\$ 15,711</u>      | <u>\$ 4,809</u> | <u>\$ 33,604</u> | <u>\$ 28,795</u>                     |

# CITY OF GRAND HAVEN

## 2014 CAPITAL IMPROVEMENT BONDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <u>Budget Amounts</u> |                   | <u>Actual</u>     | <u>Variance</u>                      |
|--|-----------------------|-------------------|-------------------|--------------------------------------|
|  | <u>Original</u>       | <u>Final</u>      | <u>Amount</u>     | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                        |                       |                   |                   |                                      |
| Taxes                                  | \$ -                  | \$ 28,258         | \$ 71,383         | \$ 43,125                            |
| Investment earnings                    | -                     | 8                 | 56                | 48                                   |
| <b>Total revenues</b>                  | -                     | 28,266            | 71,439            | 43,173                               |
| <b>Expenditures</b>                    |                       |                   |                   |                                      |
| Current                                |                       |                   |                   |                                      |
| General government                     | -                     | -                 | -                 | -                                    |
| Revenues over (under) expenditures     | -                     | 28,266            | 71,439            | 43,173                               |
| Other financing sources (uses)         |                       |                   |                   |                                      |
| Transfers in                           | 428,200               | 428,200           | 243,963           | (184,237)                            |
| Transfers out                          | (428,800)             | (428,500)         | (244,263)         | 184,237                              |
| Total other financing sources (uses)   | (600)                 | (300)             | (300)             | -                                    |
| Net changes in fund balance            | (600)                 | 27,966            | 71,139            | 43,173                               |
| <b>Fund balance, beginning of year</b> | <u>72,197</u>         | <u>72,197</u>     | <u>72,197</u>     | <u>-</u>                             |
| <b>Fund balance, end of year</b>       | <u>\$ 71,597</u>      | <u>\$ 100,163</u> | <u>\$ 143,336</u> | <u>\$ 43,173</u>                     |

# CITY OF GRAND HAVEN

## 2008 UTGO BOND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <u>Budget Amounts</u> |                   | <u>Actual</u>     | <u>Variance</u>                      |
|--|-----------------------|-------------------|-------------------|--------------------------------------|
|  | <u>Original</u>       | <u>Final</u>      | <u>Amount</u>     | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                        |                       |                   |                   |                                      |
| Taxes                                  | \$ 613,500            | \$ 630,328        | \$ 688,934        | \$ 58,606                            |
| Investment earnings                    | <u>1,500</u>          | <u>1,889</u>      | <u>20,726</u>     | <u>18,837</u>                        |
| <b>Total revenues</b>                  | 615,000               | 632,217           | 709,660           | 77,443                               |
| <b>Expenditures</b>                    |                       |                   |                   |                                      |
| Current                                |                       |                   |                   |                                      |
| General government                     | <u>-</u>              | <u>-</u>          | <u>-</u>          | <u>-</u>                             |
| Revenues over (under) expenditures     | 615,000               | 632,217           | 709,660           | 77,443                               |
| Other financing sources (uses)         |                       |                   |                   |                                      |
| Transfers out                          | <u>(665,690)</u>      | <u>(663,492)</u>  | <u>(663,492)</u>  | <u>-</u>                             |
| Net changes in fund balance            | (50,690)              | (31,275)          | 46,168            | 77,443                               |
| <b>Fund balance, beginning of year</b> | <u>801,789</u>        | <u>801,789</u>    | <u>801,789</u>    | <u>-</u>                             |
| <b>Fund balance, end of year</b>       | <u>\$ 751,099</u>     | <u>\$ 770,514</u> | <u>\$ 847,957</u> | <u>\$ 77,443</u>                     |

# CITY OF GRAND HAVEN

## 2015 INFRASTRUCTURE BONDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <u>Budget Amounts</u> |                     | <u>Actual</u>     | <u>Variance</u>                      |
|--|-----------------------|---------------------|-------------------|--------------------------------------|
|  | <u>Original</u>       | <u>Final</u>        | <u>Amount</u>     | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                        |                       |                     |                   |                                      |
| Taxes                                  | \$ 520,000            | \$ 548,445          | \$ 548,658        | \$ 213                               |
| Intergovernmental revenues             |                       |                     |                   |                                      |
| Federal                                | 403,090               | 29,457              | 29,457            | -                                    |
| Investment earnings                    | <u>1,000</u>          | <u>7,000</u>        | <u>8,638</u>      | <u>1,638</u>                         |
| <b>Total revenues</b>                  | 924,090               | 584,902             | 586,753           | 1,851                                |
| <b>Expenditures</b>                    |                       |                     |                   |                                      |
| Current                                |                       |                     |                   |                                      |
| General government                     | <u>-</u>              | <u>-</u>            | <u>-</u>          | <u>-</u>                             |
| Revenues over (under) expenditures     | 924,090               | 584,902             | 586,753           | 1,851                                |
| Other financing sources (uses)         |                       |                     |                   |                                      |
| Transfers out                          | <u>(2,076,175)</u>    | <u>(2,075,575)</u>  | <u>(991,393)</u>  | <u>1,084,182</u>                     |
| Net changes in fund balance            | (1,152,085)           | (1,490,673)         | (404,640)         | 1,086,033                            |
| <b>Fund balance, beginning of year</b> | <u>1,032,987</u>      | <u>1,032,987</u>    | <u>1,032,987</u>  | <u>-</u>                             |
| <b>Fund balance, end of year</b>       | <u>\$ (119,098)</u>   | <u>\$ (457,686)</u> | <u>\$ 628,347</u> | <u>\$ 1,086,033</u>                  |

# CITY OF GRAND HAVEN

## **LIGHTHOUSE MAINTENANCE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2020**

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|  | <u>Budget Amounts</u> |               | <u>Actual</u> | <u>Variance</u>                      |
|--|-----------------------|---------------|---------------|--------------------------------------|
|  | <u>Original</u>       | <u>Final</u>  | <u>Amount</u> | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                        |                       |               |               |                                      |
| Intergovernmental revenues             |                       |               |               |                                      |
| Local                                  | -                     | 606           | 345           | (261)                                |
| <b>Expenditures</b>                    |                       |               |               |                                      |
| Current                                |                       |               |               |                                      |
| Culture and recreation                 | -                     | 606           | 606           | -                                    |
| Net changes in fund balance            | -                     | -             | (261)         | (261)                                |
| <b>Fund balance, beginning of year</b> | 261                   | 261           | 261           | -                                    |
| <b>Fund balance, end of year</b>       | <u>\$ 261</u>         | <u>\$ 261</u> | <u>\$ -</u>   | <u>\$ (261)</u>                      |

**CITY OF GRAND HAVEN**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**

**JUNE 30, 2020**

|   | <u>Marina</u>       | <u>Airport</u>      | <u>Chinook<br/>Pier<br/>Rental</u> | <u>Total</u>        |
|---|---------------------|---------------------|------------------------------------|---------------------|
| <b>Assets</b>                               |                     |                     |                                    |                     |
| Current assets                              |                     |                     |                                    |                     |
| Cash and pooled investments                 | \$ 130,959          | \$ 107,928          | \$ 202,605                         | \$ 441,492          |
| Accounts receivable                         | 43,213              | 13,718              | 6,973                              | 63,904              |
| Due from other governments                  | 182                 | 11,762              | -                                  | 11,944              |
| Prepaid items                               | 386                 | 2,755               | -                                  | 3,141               |
|   | <u>174,740</u>      | <u>136,163</u>      | <u>209,578</u>                     | <u>520,481</u>      |
| Total current assets                        |                     |                     |                                    |                     |
| Non-current assets                          |                     |                     |                                    |                     |
| Capital assets                              |                     |                     |                                    |                     |
| Land  | 94,000              | 181,762             | 28,300                             | 304,062             |
| Construction in progress                    | -                   | 114,956             | -                                  | 114,956             |
| Depreciable capital assets, net             | 1,969,842           | 1,577,261           | 991                                | 3,548,094           |
|   | <u>2,063,842</u>    | <u>1,873,979</u>    | <u>29,291</u>                      | <u>3,967,112</u>    |
| Total non-current assets                    |                     |                     |                                    |                     |
| <b>Total assets</b>                         | <u>2,238,582</u>    | <u>2,010,142</u>    | <u>238,869</u>                     | <u>4,487,593</u>    |
| <b>Deferred outflows of resources</b>       |                     |                     |                                    |                     |
| Pension related                             | 16,113              | -                   | -                                  | 16,113              |
| Other post-employment benefits related      | 4,506               | -                   | -                                  | 4,506               |
|   | <u>20,619</u>       | <u>-</u>            | <u>-</u>                           | <u>20,619</u>       |
| <b>Total deferred outflows of resources</b> |                     |                     |                                    |                     |
| <b>Liabilities</b>                          |                     |                     |                                    |                     |
| Current liabilities                         |                     |                     |                                    |                     |
| Accounts payable                            | 9,906               | 13,121              | 6,410                              | 29,437              |
| Accrued liabilities                         | 9,282               | 1,802               | -                                  | 11,084              |
| Due to other funds                          | 1,389               | -                   | 29,030                             | 30,419              |
|   | <u>20,577</u>       | <u>14,923</u>       | <u>35,440</u>                      | <u>70,940</u>       |
| Total current liabilities                   |                     |                     |                                    |                     |
| Long-term liabilities                       |                     |                     |                                    |                     |
| Accrued compensated absences                | 4,529               | 2,598               | -                                  | 7,127               |
| Other post-employment benefits              | 30,046              | -                   | -                                  | 30,046              |
| Net pension liability                       | 106,643             | -                   | -                                  | 106,643             |
|   | <u>141,218</u>      | <u>2,598</u>        | <u>-</u>                           | <u>143,816</u>      |
| Total long-term liabilities                 |                     |                     |                                    |                     |
| <b>Total liabilities</b>                    | <u>161,795</u>      | <u>17,521</u>       | <u>35,440</u>                      | <u>214,756</u>      |
| <b>Net position</b>                         |                     |                     |                                    |                     |
| Net investment in capital assets            | 2,063,842           | 1,873,979           | 29,291                             | 3,967,112           |
| Unrestricted                                | 33,564              | 118,642             | 174,138                            | 326,344             |
|   | <u>\$ 2,097,406</u> | <u>\$ 1,992,621</u> | <u>\$ 203,429</u>                  | <u>\$ 4,293,456</u> |
| <b>Total net position</b>                   |                     |                     |                                    |                     |



# CITY OF GRAND HAVEN

## NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**FOR THE YEAR ENDED JUNE 30, 2020**

|   | <u>Marina</u>       | <u>Airport</u>      | <u>Chinook<br/>Pier<br/>Rental</u> | <u>Total</u>        |
|---|---------------------|---------------------|------------------------------------|---------------------|
| <b>Operating revenue</b>                            |                     |                     |                                    |                     |
| Charges for services                                | \$ 198,896          | \$ 317,780          | \$ 63,055                          | \$ 579,731          |
| <b>Operating expense</b>                            |                     |                     |                                    |                     |
| Operating   | 175,424             | 213,742             | 122,699                            | 511,865             |
| Administrative and general                          | -                   | 12,450              | -                                  | 12,450              |
| Depreciation  | 122,259             | 125,650             | 54,110                             | 302,019             |
| <b>Total operating expense</b>                      | <u>297,683</u>      | <u>351,842</u>      | <u>176,809</u>                     | <u>826,334</u>      |
| Operating income (loss)                             | <u>(98,787)</u>     | <u>(34,062)</u>     | <u>(113,754)</u>                   | <u>(246,603)</u>    |
| Non-operating revenue (expense)                     |                     |                     |                                    |                     |
| Gain (loss) on disposal of capital assets           | -                   | (3,450)             | (808,093)                          | (811,543)           |
| Investment earnings                                 | 66                  | 147                 | 71                                 | 284                 |
| Other   | 206                 | 658                 | 33,207                             | 34,071              |
| Total non-operating revenue (expense)               | <u>272</u>          | <u>(2,645)</u>      | <u>(774,815)</u>                   | <u>(777,188)</u>    |
| Income (loss) before other items                    | <u>(98,515)</u>     | <u>(36,707)</u>     | <u>(888,569)</u>                   | <u>(1,023,791)</u>  |
| Transfers and other items                           |                     |                     |                                    |                     |
| Contribution in aid of construction                 | -                   | 662                 | -                                  | 662                 |
| Transfers in  | 100,000             | -                   | 205,000                            | 305,000             |
| Total transfers and other items                     | <u>100,000</u>      | <u>662</u>          | <u>205,000</u>                     | <u>305,662</u>      |
| Changes in net position                             | 1,485               | (36,045)            | (683,569)                          | (718,129)           |
| <b>Net position, beginning of year, as restated</b> | <u>2,095,921</u>    | <u>2,028,666</u>    | <u>886,998</u>                     | <u>5,011,585</u>    |
| <b>Net position, end of year</b>                    | <u>\$ 2,097,406</u> | <u>\$ 1,992,621</u> | <u>\$ 203,429</u>                  | <u>\$ 4,293,456</u> |

**CITY OF GRAND HAVEN**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <u>Marina</u>     | <u>Airport</u>    | <u>Chinook<br/>Pier<br/>Rental</u> | <u>Total</u>      |
|--|-------------------|-------------------|------------------------------------|-------------------|
| <b>Cash flows from operating activities</b>  |                   |                   |                                    |                   |
| Receipts from customers and users  | \$ 228,421        | \$ 305,276        | \$ 77,539                          | \$ 611,236        |
| Payments to employees  | (109,476)         | 2,598             | -                                  | (106,878)         |
| Payments to suppliers  | <u>(127,300)</u>  | <u>(229,807)</u>  | <u>(104,001)</u>                   | <u>(461,108)</u>  |
| <b>Net cash provided by (used in) operating activities</b>   | <u>(8,355)</u>    | <u>78,067</u>     | <u>(26,462)</u>                    | <u>43,250</u>     |
| <b>Cash flows from non-capital financing activities</b>  |                   |                   |                                    |                   |
| Transfers in   | <u>100,000</u>    | <u>-</u>          | <u>205,000</u>                     | <u>305,000</u>    |
| <b>Cash flows from capital and related financing activities</b>  |                   |                   |                                    |                   |
| Contribution in aid of construction  | -                 | 662               | -                                  | 662               |
| Acquisitions of capital assets   | <u>-</u>          | <u>(111,206)</u>  | <u>-</u>                           | <u>(111,206)</u>  |
| <b>Net cash provided by (used in) capital and related financing activities</b>                             | <u>-</u>          | <u>(110,544)</u>  | <u>-</u>                           | <u>(110,544)</u>  |
| <b>Cash flows from investing activities</b>  |                   |                   |                                    |                   |
| Interest income  | <u>67</u>         | <u>146</u>        | <u>71</u>                          | <u>284</u>        |
| Net increase (decrease) in cash and pooled investments   | 91,712            | (32,331)          | 178,609                            | 237,990           |
| <b>Cash and pooled investments, beginning of year</b>  | <u>39,247</u>     | <u>140,259</u>    | <u>23,996</u>                      | <u>203,502</u>    |
| <b>Cash and pooled investments, end of year</b>  | <u>\$ 130,959</u> | <u>\$ 107,928</u> | <u>\$ 202,605</u>                  | <u>\$ 441,492</u> |
| <b>Cash flows from operating activities</b>  |                   |                   |                                    |                   |
| Operating income (loss)  | \$ (98,787)       | \$ (34,062)       | \$ (113,754)                       | \$ (246,603)      |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by (used in) operating activities |                   |                   |                                    |                   |
| Depreciation   | 122,259           | 125,650           | 54,110                             | 302,019           |
| Miscellaneous revenue  | 206               | 658               | 33,207                             | 34,071            |
| Deferred outflows of resources for pension   | 45,951            | -                 | -                                  | 45,951            |
| Change in operating assets and liabilities<br>which provided (used) cash                                   |                   |                   |                                    |                   |
| Accounts receivable  | 11,387            | (11,842)          | 14,484                             | 14,029            |
| Due from other governmental units  | 18,138            | (662)             | -                                  | 17,476            |
| Prepaid expenses   | (353)             | (1,078)           | -                                  | (1,431)           |
| Accounts payable   | (2,108)           | (3,126)           | (14,509)                           | (19,743)          |
| Accrued liabilities  | 1,667             | (69)              | -                                  | 1,598             |
| Due to other funds   | 491               | -                 | -                                  | 491               |
| Compensated absences   | 816               | 2,598             | -                                  | 3,414             |
| Net pension liability  | <u>(108,022)</u>  | <u>-</u>          | <u>-</u>                           | <u>(108,022)</u>  |
| <b>Net cash provided by (used in) operating activities</b>   | <u>\$ (8,355)</u> | <u>\$ 78,067</u>  | <u>\$ (26,462)</u>                 | <u>\$ 43,250</u>  |

**CITY OF GRAND HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

|   | <b>Motor<br/>Pool</b> | <b>Insurance</b>    | <b>Health<br/>Benefits</b> | <b>Retiree<br/>Health<br/>Care</b> | <b>Total</b>        |
|---|-----------------------|---------------------|----------------------------|------------------------------------|---------------------|
| <b>Assets</b>                               |                       |                     |                            |                                    |                     |
| Current assets                              |                       |                     |                            |                                    |                     |
| Cash and pooled investments                 | \$ 1,394,277          | \$ 1,177,323        | \$ 1,286,950               | \$ 737,434                         | \$ 4,595,984        |
| Accounts receivable                         | 400                   | -                   | 4,093                      | -                                  | 4,493               |
| Due from other governments                  | 531                   | -                   | -                          | -                                  | 531                 |
| Due from other funds                        | 52,780                | -                   | 1                          | 17,732                             | 70,513              |
| Prepaid items                               | 370                   | 81,513              | 37,369                     | -                                  | 119,252             |
| Inventory                                   | 49,291                | -                   | -                          | -                                  | 49,291              |
| Total current assets                        | 1,497,649             | 1,258,836           | 1,328,413                  | 755,166                            | 4,840,064           |
| Non-current assets                          |                       |                     |                            |                                    |                     |
| Capital assets                              |                       |                     |                            |                                    |                     |
| Depreciable capital assets, net             | 2,794,442             | -                   | -                          | -                                  | 2,794,442           |
| <b>Total assets</b>                         | <b>4,292,091</b>      | <b>1,258,836</b>    | <b>1,328,413</b>           | <b>755,166</b>                     | <b>7,634,506</b>    |
| <b>Deferred outflows of resources</b>       |                       |                     |                            |                                    |                     |
| Pension related                             | 37,899                | -                   | -                          | -                                  | 37,899              |
| Other post-employment benefits related      | 22,449                | -                   | -                          | -                                  | 22,449              |
| <b>Total deferred outflows of resources</b> | <b>60,348</b>         | <b>-</b>            | <b>-</b>                   | <b>-</b>                           | <b>60,348</b>       |
| <b>Liabilities</b>                          |                       |                     |                            |                                    |                     |
| Current liabilities                         |                       |                     |                            |                                    |                     |
| Accounts payable                            | 25,586                | 4,893               | 1,671                      | -                                  | 32,150              |
| Accrued liabilities                         | 3,950                 | -                   | 107,367                    | -                                  | 111,317             |
| Total current liabilities                   | 29,536                | 4,893               | 109,038                    | -                                  | 143,467             |
| Long-term liabilities                       |                       |                     |                            |                                    |                     |
| Accrued compensated absences                | 3,713                 | -                   | -                          | -                                  | 3,713               |
| Other post-employment benefits              | 110,034               | -                   | -                          | -                                  | 110,034             |
| Net pension liability                       | 250,842               | -                   | -                          | -                                  | 250,842             |
| Total long-term liabilities                 | 364,589               | -                   | -                          | -                                  | 364,589             |
| <b>Total liabilities</b>                    | <b>394,125</b>        | <b>4,893</b>        | <b>109,038</b>             | <b>-</b>                           | <b>508,056</b>      |
| <b>Net position</b>                         |                       |                     |                            |                                    |                     |
| Net investment in capital assets            | 2,794,442             | -                   | -                          | -                                  | 2,794,442           |
| Unrestricted                                | 1,163,872             | 1,253,943           | 1,219,375                  | 755,166                            | 4,392,356           |
| <b>Total net position</b>                   | <b>\$ 3,958,314</b>   | <b>\$ 1,253,943</b> | <b>\$ 1,219,375</b>        | <b>\$ 755,166</b>                  | <b>\$ 7,186,798</b> |

**CITY OF GRAND HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|   | <b><u>Motor<br/>Pool</u></b> | <b><u>Insurance</u></b> | <b><u>Health<br/>Benefits</u></b> | <b><u>Retiree<br/>Health<br/>Care</u></b> | <b><u>Total</u></b> |
|---|------------------------------|-------------------------|-----------------------------------|---|---------------------|
| <b>Operating revenue</b>                  |                              |                         |                                   |   |                     |
| Charges for services                      | \$ 1,325,846                 | \$ 461,134              | \$ 4,942,474                      | \$ -                                      | \$ 6,729,454        |
| Employer contributions                    | <u>-</u>                     | <u>-</u>                | <u>-</u>                          | <u>690,600</u>                            | <u>690,600</u>      |
| <b>Total operating revenue</b>            | <u>1,325,846</u>             | <u>461,134</u>          | <u>4,942,474</u>                  | <u>690,600</u>                            | <u>7,420,054</u>    |
| <b>Operating expense</b>                  |                              |                         |                                   |   |                     |
| Operating                                 | 416,174                      | 384,980                 | 4,191,405                         | -   | 4,992,559           |
| Insurance payments                        | -                            | -                       | -                                 | 916,472                                   | 916,472             |
| Administrative and general                | -                            | -                       | 251,734                           | -   | 251,734             |
| Depreciation                              | <u>389,036</u>               | <u>-</u>                | <u>-</u>                          | <u>-</u>                                  | <u>389,036</u>      |
| <b>Total operating expense</b>            | <u>805,210</u>               | <u>384,980</u>          | <u>4,443,139</u>                  | <u>916,472</u>                            | <u>6,549,801</u>    |
| Operating income (loss)                   | <u>520,636</u>               | <u>76,154</u>           | <u>499,335</u>                    | <u>(225,872)</u>                          | <u>870,253</u>      |
| Non-operating revenue (expense)           |                              |                         |                                   |   |                     |
| Gain (loss) on disposal of capital assets | (20,625)                     | -                       | -                                 | -   | (20,625)            |
| Investment earnings                       | 26,845                       | 11,308                  | (1,206)                           | 38,088                                    | 75,035              |
| Other                                     | <u>51,307</u>                | <u>-</u>                | <u>-</u>                          | <u>-</u>                                  | <u>51,307</u>       |
| Total non-operating revenue (expense)     | <u>57,527</u>                | <u>11,308</u>           | <u>(1,206)</u>                    | <u>38,088</u>                             | <u>105,717</u>      |
| Changes in net position                   | 578,163                      | 87,462                  | 498,129                           | (187,784)                                 | 975,970             |
| <b>Net position, beginning of year</b>    | <u>3,380,151</u>             | <u>1,166,481</u>        | <u>721,246</u>                    | <u>942,950</u>                            | <u>6,210,828</u>    |
| <b>Net position, end of year</b>          | <u>\$ 3,958,314</u>          | <u>\$ 1,253,943</u>     | <u>\$ 1,219,375</u>               | <u>\$ 755,166</u>                         | <u>\$ 7,186,798</u> |

**CITY OF GRAND HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <b>Motor<br/>Pool</b> | <b>Insurance</b>    | <b>Health<br/>Benefits</b> | <b>Retiree<br/>Health<br/>Care</b> | <b>Total</b>        |
|--|-----------------------|---------------------|----------------------------|------------------------------------|---------------------|
| <b>Cash flows from operating activities</b>  |                       |                     |                            |                                    |                     |
| Receipts from internal services provided   | \$ 1,362,344          | \$ 465,100          | \$ 4,939,582               | \$ 672,868                         | \$ 7,439,894        |
| Payments to employees  | (124,541)             | -                   | -                          | -                                  | (124,541)           |
| Payments to suppliers  | (422,523)             | (461,600)           | (250,486)                  | (916,472)                          | (2,051,081)         |
| Claims paid  | -                     | -                   | (4,247,042)                | -                                  | (4,247,042)         |
| <b>Net cash provided by (used in) operating activities</b>   | <b>815,280</b>        | <b>3,500</b>        | <b>442,054</b>             | <b>(243,604)</b>                   | <b>1,017,230</b>    |
| <b>Cash flows from capital and related financing activities</b>  |                       |                     |                            |                                    |                     |
| Acquisitions of capital assets   | (622,858)             | -                   | -                          | -                                  | (622,858)           |
| <b>Cash flows from investing activities</b>  |                       |                     |                            |                                    |                     |
| Interest income  | 26,846                | 11,308              | (1,206)                    | 38,088                             | 75,036              |
| Net increase (decrease) in cash and pooled investments   | 219,268               | 14,808              | 440,848                    | (205,516)                          | 469,408             |
| <b>Cash and pooled investments, beginning of year</b>  | <b>1,175,009</b>      | <b>1,162,515</b>    | <b>846,102</b>             | <b>942,950</b>                     | <b>4,126,576</b>    |
| <b>Cash and pooled investments, end of year</b>  | <b>\$ 1,394,277</b>   | <b>\$ 1,177,323</b> | <b>\$ 1,286,950</b>        | <b>\$ 737,434</b>                  | <b>\$ 4,595,984</b> |
| <b>Cash flows from operating activities</b>  |                       |                     |                            |                                    |                     |
| Operating income (loss)  | \$ 520,636            | \$ 76,154           | \$ 499,335                 | \$ (225,872)                       | \$ 870,253          |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by (used in) operating activities |                       |                     |                            |                                    |                     |
| Depreciation   | 389,036               | -                   | -                          | -                                  | 389,036             |
| Miscellaneous revenue  | 51,307                | -                   | -                          | -                                  | 51,307              |
| Deferred outflows of resources for pension   | 102,742               | -                   | -                          | -                                  | 102,742             |
| Deferred outflows of resources for OPEB  | (7,034)               | -                   | -                          | -                                  | (7,034)             |
| Change in operating assets and liabilities<br>which provided (used) cash                                   |                       |                     |                            |                                    |                     |
| Accounts receivable  | (400)                 | -                   | (3,388)                    | -                                  | (3,788)             |
| Due from other funds   | (13,998)              | -                   | 496                        | (17,732)                           | (31,234)            |
| Due from other governmental units  | (411)                 | 3,966               | -                          | -                                  | 3,555               |
| Prepaid expenses   | (89)                  | (81,513)            | 89                         | -                                  | (81,513)            |
| Inventory  | 2,304                 | -                   | -                          | -                                  | 2,304               |
| Accounts payable   | (2,139)               | 4,893               | 1,159                      | -                                  | 3,913               |
| Accrued liabilities  | (693)                 | -                   | (55,637)                   | -                                  | (56,330)            |
| Compensated absences   | (3,205)               | -                   | -                          | -                                  | (3,205)             |
| Net pension liability  | (235,600)             | -                   | -                          | -                                  | (235,600)           |
| Net OPEB obligation  | 12,824                | -                   | -                          | -                                  | 12,824              |
| <b>Net cash provided by (used in) operating activities</b>   | <b>\$ 815,280</b>     | <b>\$ 3,500</b>     | <b>\$ 442,054</b>          | <b>\$ (243,604)</b>                | <b>\$ 1,017,230</b> |

# CITY OF GRAND HAVEN

## AGENCY FUNDS COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2020

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|                                   | <u>Payroll Tax<br/>Collection</u> | <u>Current Tax<br/>Fund</u> | <u>Trust and<br/>Agency</u> | <u>Northwest<br/>Ottawa Water<br/>Treatment<br/>Plant</u> | <u>Total</u>        |
|-----------------------------------|-----------------------------------|-----------------------------|-----------------------------|---|---------------------|
| <b>Assets</b>                     |                                   |                             |                             |   |                     |
| Cash and pooled investments       | \$ 222,811                        | \$ 7,284                    | \$ 95,237                   | \$ 672,815  | \$ 998,147          |
| Due from other governmental units | <u>85,548</u>                     | <u>-</u>                    | <u>-</u>                    | <u>-</u>  | <u>85,548</u>       |
| <b>Total assets</b>               | <u>\$ 308,359</u>                 | <u>\$ 7,284</u>             | <u>\$ 95,237</u>            | <u>\$ 672,815</u>   | <u>\$ 1,083,695</u> |
| <b>Liabilities</b>                |                                   |                             |                             |   |                     |
| Accounts payable                  | \$ 301,466                        | \$ 7,210                    | \$ -                        | \$ -  | \$ 308,676          |
| Accrued liabilities               | 6,893                             | -                           | -                           | -   | 6,893               |
| Due to other governmental units   | -                                 | 74                          | -                           | -   | 74                  |
| Trust deposits                    | <u>-</u>                          | <u>-</u>                    | <u>95,237</u>               | <u>672,815</u>  | <u>768,052</u>      |
| <b>Total liabilities</b>          | <u>\$ 308,359</u>                 | <u>\$ 7,284</u>             | <u>\$ 95,237</u>            | <u>\$ 672,815</u>   | <u>\$ 1,083,695</u> |

# CITY OF GRAND HAVEN

## ***ECONOMIC DEVELOPMENT CORPORATION BALANCE SHEET/STATEMENT OF NET POSITION***

***JUNE 30, 2020***

|  | <u>Governmental<br/>Fund Type</u> |                    | <u>Statement<br/>of<br/>Net Position</u> |
|--|-----------------------------------|--------------------|--|
|  | <u>General<br/>Fund</u>           | <u>Adjustments</u> |  |
| <b>Assets</b>                              |                                   |                    |  |
| Cash and pooled investments                | \$ 137,624                        | \$ -               | \$ 137,624                               |
| Accounts receivable                        | 214,482                           | -                  | 214,482                                  |
| Prepaid items                              | <u>6,553</u>                      | <u>-</u>           | <u>6,553</u>                             |
| <b>Total assets</b>                        | <u>\$ 358,659</u>                 | <u>-</u>           | <u>358,659</u>                           |
| <b>Liabilities and fund balances</b>       |                                   |                    |  |
| <b>Liabilities</b>                         |                                   |                    |  |
| Accounts payable                           | <u>\$ 16,628</u>                  | <u>-</u>           | <u>16,628</u>                            |
| <b>Fund balances</b>                       |                                   |                    |  |
| Unassigned                                 | <u>342,031</u>                    | <u>(342,031)</u>   |  |
| <b>Total liabilities and fund balances</b> | <u>\$ 358,659</u>                 |                    |  |
| <b>Net position</b>                        |                                   |                    |  |
| Unrestricted                               |                                   | <u>\$ 342,031</u>  | <u>\$ 342,031</u>                        |
| <b>Total net position</b>                  |                                   | <u>\$ 342,031</u>  | <u>\$ 342,031</u>                        |

# CITY OF GRAND HAVEN

## **ECONOMIC DEVELOPMENT CORPORATION STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2020**

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|  | <u>General<br/>Fund</u> | <u>Adjustments</u> | <u>Statement<br/>of<br/>Activities</u> |
|--|-------------------------|--------------------|--|
| <b>Revenues</b>                                      |                         |                    |  |
| Intergovernmental revenues                           |                         |                    |  |
| Local  | \$ 21,000               | \$ -               | \$ 21,000                              |
| Investment earnings                                  | 4,349                   | -                  | 4,349                                  |
| Miscellaneous  | <u>8,228</u>            | <u>-</u>           | <u>8,228</u>                           |
| <b>Total revenues</b>                                | <u>33,577</u>           | <u>-</u>           | <u>33,577</u>                          |
| <b>Expenditures/expenses</b>                         |                         |                    |  |
| Operations   | <u>27,762</u>           | <u>-</u>           | <u>27,762</u>                          |
| Revenues over (under) expenditures/expenses          | <u>5,815</u>            | <u>-</u>           | <u>5,815</u>                           |
| Net changes in fund balances                         | 5,815                   | (5,815)            |  |
| Change in net position                               |                         | 5,815              | 5,815                                  |
| <b>Fund balances/net position, beginning of year</b> | <u>336,216</u>          |                    | <u>336,216</u>                         |
| <b>Fund balances/net position, end of year</b>       | <u>\$ 342,031</u>       |                    | <u>\$ 342,031</u>                      |



# CITY OF GRAND HAVEN

## MAIN STREET DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2020

|  | <u>General<br/>Fund</u> | <u>Adjustments</u> | <u>Statement<br/>of<br/>Net Position</u> |
|--|-------------------------|--------------------|--|
| <b>Assets</b>  |                         |                    |  |
| Cash and pooled investments                                  | \$ 229,092              | \$ -               | \$ 229,092                               |
| Accounts receivable  | 46,060                  | -                  | 46,060                                   |
| Special assessments receivable                               | 60,751                  | -                  | 60,751                                   |
| Capital lease receivable                                     | 1,296,736               | -                  | 1,296,736                                |
| Prepaid items  | 928                     | -                  | 928                                      |
| <b>Total assets</b>  | <u>\$ 1,633,567</u>     | <u>-</u>           | <u>1,633,567</u>                         |
| <b>Deferred outflows of resources</b>                        |                         |                    |  |
| Pension related  | -                       | 28,505             | 28,505                                   |
| Deferred charge on refunding                                 | -                       | 107,940            | 107,940                                  |
| <b>Total deferred outflows of resources</b>                  | <u>-</u>                | <u>136,445</u>     | <u>136,445</u>                           |
| <b>Liabilities, deferred inflows and fund balances</b>       |                         |                    |  |
| <b>Liabilities</b>   |                         |                    |  |
| Accounts payable   | \$ 92,046               | -                  | 92,046                                   |
| Accrued liabilities  | 2,284                   | -                  | 2,284                                    |
| Accrued interest   | -                       | 53,366             | 53,366                                   |
| Debt due within one year                                     | -                       | 410,000            | 410,000                                  |
| Long-term debt   |                         |                    |  |
| Accrued compensated absences                                 | 4,913                   | -                  | 4,913                                    |
| Debt due in more than one year                               | -                       | 6,220,000          | 6,220,000                                |
| Net pension liability  | -                       | 188,666            | 188,666                                  |
| Bond premium   | -                       | 378,726            | 378,726                                  |
| <b>Total liabilities</b>                                     | <u>99,243</u>           | <u>7,250,758</u>   | <u>7,350,001</u>                         |
| <b>Deferred inflows of resources</b>                         |                         |                    |  |
| Unavailable revenue  | 1,358,105               | (1,358,105)        | -  |
| <b>Fund balances</b>   |                         |                    |  |
| Unassigned   | 176,219                 | (176,219)          |  |
| <b>Total liabilities, deferred inflows and fund balances</b> | <u>\$ 1,633,567</u>     |                    |  |
| <b>Net position (deficit)</b>                                |                         |                    |  |
| Unrestricted   |                         | \$ (7,074,539)     | \$ (5,579,989)                           |

### Reconciliation of Fund Balance on the Balance Sheet for the General Fund to Net Position on the Statement of Net Position

|                                    |                       |
|------------------------------------|-----------------------|
| <b>Fund balance - general fund</b> | \$ 176,219            |
| Add deferred outflows of resources | 136,445               |
| Deduct accrued interest            | (53,366)              |
| Deduct long-term debt              | (6,630,000)           |
| Deduct net pension liability       | (188,666)             |
| Deduct bond premium                | (378,726)             |
| Add long-term deferred receivables | 1,358,105             |
| <b>Net position (deficit)</b>      | <u>\$ (5,579,989)</u> |

# CITY OF GRAND HAVEN

## MAIN STREET DOWNTOWN DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

|  | General<br>Fund   | Adjustments      | Statement<br>of<br>Activities |
|--|-------------------|------------------|-------------------------------|
| <b>Revenues</b>  |                   |                  |                               |
| Taxes  | \$ 541,110        | \$ -             | \$ 541,110                    |
| Intergovernmental revenues   |                   |                  |                               |
| Local  | 114,465           | (55,137)         | 59,328                        |
| Operating grants and contributions   | 22,389            | -                | 22,389                        |
| Special assessments  | 64,629            | (60,751)         | 3,878                         |
| Investment earnings  | 42,851            | -                | 42,851                        |
| Miscellaneous  | 30,040            | -                | 30,040                        |
| <b>Total revenues</b>  | <u>815,484</u>    | <u>(115,888)</u> | <u>699,596</u>                |
| <b>Expenditures/expenses</b>   |                   |                  |                               |
| Salaries   | 79,104            | 21,435           | 100,539                       |
| Administration   | 20,653            | -                | 20,653                        |
| Operations   | 62,948            | -                | 62,948                        |
| Debt service   |                   |                  |                               |
| Principal  | 390,000           | (390,000)        | -                             |
| Interest   | 196,430           | (12,409)         | 184,021                       |
| <b>Total expenditures/expenses</b>   | <u>749,135</u>    | <u>(380,974)</u> | <u>368,161</u>                |
| Revenues over (under) expenditures/expenses  | <u>66,349</u>     | <u>265,086</u>   | <u>331,435</u>                |
| Net changes in fund balances   | 66,349            | (66,349)         |                               |
| Change in net position   |                   | 331,435          | 331,435                       |
| <b>Fund balances/net position (deficit), beginning of year</b>   | <u>109,870</u>    |                  | <u>(5,911,424)</u>            |
| <b>Fund balances/net position (deficit), end of year</b>   | <u>\$ 176,219</u> |                  | <u>\$ (5,579,989)</u>         |
| <b>Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of<br/>the General Fund to the Change in Net Position on the Statement of Activities</b> |                   |                  |                               |
| <b>Net change in fund balance - general fund</b>   |                   |                  | \$ 66,349                     |
| Add principal payments on debt   |                   |                  | 390,000                       |
| Deduct increase in unavailable revenues  |                   |                  | (115,888)                     |
| Deduct increase in accrued interest  |                   |                  | (10,567)                      |
| Add amortization of bond premium   |                   |                  | 39,900                        |
| Deduct amortization of refunding charges   |                   |                  | (16,924)                      |
| Add decrease in net pension liability  |                   |                  | 6,481                         |
| Deduct decrease in deferred outflows   |                   |                  | (27,916)                      |
| <b>Change in net position</b>  |                   |                  | <u>\$ 331,435</u>             |

**CITY OF GRAND HAVEN**  
**BROWNFIELD REDEVELOPMENT AUTHORITY**  
**BALANCE SHEET/STATEMENT OF NET POSITION**

**JUNE 30, 2020**

|  | <u>General<br/>Fund</u> | <u>Adjustments</u>    | <u>Statement<br/>of<br/>Net Position</u> |
|--|-------------------------|-----------------------|--|
| <b>Assets</b>  |                         |                       |  |
| Cash and pooled investments  | \$ 264,916              | \$ -                  | \$ 264,916                               |
| Accounts receivable  | 46,542                  | -                     | 46,542                                   |
| Taxes receivable   | <u>594</u>              | <u>-</u>              | <u>594</u>                               |
| <b>Total assets</b>  | <u>\$ 312,052</u>       | <u>-</u>              | <u>312,052</u>                           |
| <b>Deferred outflows of resources</b>  |                         |                       |  |
| Deferred charge on refunding   | <u>-</u>                | <u>43,342</u>         | <u>43,342</u>                            |
| <b>Liabilities, deferred inflows and fund balances</b>   |                         |                       |  |
| <b>Liabilities</b>   |                         |                       |  |
| Accrued interest   | \$ -                    | \$ 22,565             | 22,565                                   |
| Debt due within one year   | -                       | 1,676,150             | 1,676,150                                |
| Long-term debt   |                         |                       |  |
| Debt due in more than one year   | -                       | 1,750,000             | 1,750,000                                |
| Bond premium   | <u>-</u>                | <u>84,596</u>         | <u>84,596</u>                            |
| <b>Total liabilities</b>   | <u>-</u>                | <u>3,533,311</u>      | <u>3,533,311</u>                         |
| <b>Deferred inflows of resources</b>   |                         |                       |  |
| Unavailable revenue  | <u>594</u>              | <u>(594)</u>          | <u>-</u>                                 |
| <b>Fund balances</b>   |                         |                       |  |
| Unassigned   | <u>311,458</u>          | <u>(311,458)</u>      |  |
| <b>Total liabilities, deferred inflows and fund balances</b>   | <u>\$ 312,052</u>       |                       |  |
| <b>Net position (deficit)</b>  |                         |                       |  |
| Unrestricted   |                         | <u>\$ (3,221,853)</u> | <u>\$ (3,177,917)</u>                    |
| <b>Reconciliation of Fund Balance on the Balance Sheet for the General Fund to<br/>Net Position on the Statement of Net Position</b> |                         |                       |  |
| <b>Fund balance - general fund</b>   |                         |                       | \$ 311,458                               |
| Add deferred outflows of resources   |                         |                       | 43,342                                   |
| Deduct accrued interest  |                         |                       | (22,565)                                 |
| Deduct long-term debt  |                         |                       | (3,426,150)                              |
| Deduct bond premium  |                         |                       | (84,596)                                 |
| Add long-term deferred assessment receivables  |                         |                       | <u>594</u>                               |
| <b>Net position (deficit)</b>  |                         |                       | <u>\$ (3,177,917)</u>                    |

**CITY OF GRAND HAVEN**  
**BROWNFIELD REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE/STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <u>General<br/>Fund</u> | <u>Adjustments</u> | <u>Statement<br/>of<br/>Activities</u> |
|--|-------------------------|--------------------|--|
| <b>Revenues</b>  |                         |                    |  |
| Taxes  | \$ 878,350              | \$ -               | \$ 878,350                             |
| Intergovernmental revenues   |                         |                    |  |
| Local  | 993,502                 | -                  | 993,502                                |
| Special assessments  | 17,819                  | -                  | 17,819                                 |
| Investment earnings  | 282                     | -                  | 282                                    |
| Miscellaneous  | <u>1,440</u>            | <u>435</u>         | <u>1,875</u>                           |
| <b>Total revenues</b>  | <u>1,891,393</u>        | <u>435</u>         | <u>1,891,828</u>                       |
| <b>Expenditures/expenses</b>   |                         |                    |  |
| Operations   | 156,217                 | -                  | 156,217                                |
| Debt Service   |                         |                    |  |
| Principal  | 1,484,853               | (1,484,853)        | -                                      |
| Interest   | 158,820                 | 41,923             | 200,743                                |
| Bond premium amortization  | <u>-</u>                | <u>(96,003)</u>    | <u>(96,003)</u>                        |
| <b>Total expenditures/expenses</b>   | <u>1,799,890</u>        | <u>(1,538,933)</u> | <u>260,957</u>                         |
| Revenues over (under) expenditures/expenses  | <u>91,503</u>           | <u>1,539,368</u>   | <u>1,630,871</u>                       |
| Net changes in fund balances   | 91,503                  | (91,503)           |  |
| Change in net position   |                         | 1,630,871          | 1,630,871                              |
| <b>Fund balances/net position (deficit), beginning of year</b>   | <u>219,955</u>          |                    | <u>(4,808,788)</u>                     |
| <b>Fund balances/net position (deficit), end of year</b>   | <u>\$ 311,458</u>       |                    | <u>\$ (3,177,917)</u>                  |
| <b>Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of<br/>the General Fund to the Change in Net Position on the Statement of Activities</b> |                         |                    |  |
| <b>Net change in fund balance - general fund</b>   |                         |                    | \$ 91,503                              |
| Add principal payments on debt   |                         |                    | 1,484,853                              |
| Add increase in unavailable revenues   |                         |                    | 435                                    |
| Add decrease in accrued interest   |                         |                    | 7,263                                  |
| Deduct amortization of refunding charges   |                         |                    | (49,186)                               |
| Add amortization of bond premium   |                         |                    | <u>96,003</u>                          |
| <b>Change in net position</b>  |                         |                    | <u>\$ 1,630,871</u>                    |

**CITY OF GRAND HAVEN**  
**SCHEDULE OF DEBT ISSUED AND OUTSTANDING**  
**JUNE 30, 2020**

| <i>Year Ending June 30,</i> | <b>Capital Lease</b> |                   | <b>2011 Brownfield<br/>Redevelopment</b> |                 | <b>2014 UTGO</b>    |                   | <b>2015 UTGO</b>    |                     | <b>2015 LTGO Refunding</b> |                   |
|-----------------------------|----------------------|-------------------|--|-----------------|---------------------|-------------------|---------------------|---------------------|----------------------------|-------------------|
|                             | <b>Principal</b>     | <b>Interest</b>   | <b>Principal</b>                         | <b>Interest</b> | <b>Principal</b>    | <b>Interest</b>   | <b>Principal</b>    | <b>Interest</b>     | <b>Principal</b>           | <b>Interest</b>   |
| 2021                        | \$ 41,535            | \$ 28,782         | \$ 66,150                                | \$ 1,323        | \$ 300,000          | \$ 126,600        | \$ 265,000          | \$ 213,000          | \$ 235,000                 | \$ 49,464         |
| 2022                        | 44,575               | 27,640            | -  | -               | 315,000             | 114,600           | 275,000             | 202,400             | 270,000                    | 43,662            |
| 2023                        | 47,614               | 26,414            | -  | -               | 325,000             | 102,000           | 285,000             | 191,400             | 300,000                    | 37,113            |
| 2024                        | 51,666               | 25,072            | -  | -               | 335,000             | 89,000            | 300,000             | 180,000             | 330,000                    | 29,874            |
| 2025                        | 54,705               | 23,580            | -  | -               | 345,000             | 75,600            | 310,000             | 168,000             | 370,000                    | 21,831            |
| 2026                        | 59,770               | 21,985            | -  | -               | 365,000             | 61,800            | 325,000             | 155,600             | 385,000                    | 13,156            |
| 2027                        | 63,823               | 20,210            | -  | -               | 380,000             | 47,200            | 335,000             | 142,600             | 380,000                    | 4,366             |
| 2028                        | 67,875               | 18,579            | -  | -               | 395,000             | 32,000            | 350,000             | 129,200             | -                          | -                 |
| 2029                        | 72,940               | 16,189            | -  | -               | 405,000             | 16,200            | 365,000             | 115,200             | -                          | -                 |
| 2030                        | 78,006               | 13,932            | -  | -               | -                   | -                 | 380,000             | 100,600             | -                          | -                 |
| 2031                        | 84,084               | 11,465            | -  | -               | -                   | -                 | 395,000             | 85,400              | -                          | -                 |
| 2032                        | 90,162               | 8,806             | -  | -               | -                   | -                 | 410,000             | 69,600              | -                          | -                 |
| 2033                        | 91,175               | 5,955             | -  | -               | -                   | -                 | 425,000             | 53,200              | -                          | -                 |
| 2034                        | 91,176               | 3,009             | -  | -               | -                   | -                 | 445,000             | 36,200              | -                          | -                 |
| 2035                        | -                    | -                 | -  | -               | -                   | -                 | 460,000             | 18,400              | -                          | -                 |
|                             | <u>\$ 939,106</u>    | <u>\$ 251,618</u> | <u>\$ 66,150</u>                         | <u>\$ 1,323</u> | <u>\$ 3,165,000</u> | <u>\$ 665,000</u> | <u>\$ 5,325,000</u> | <u>\$ 1,860,800</u> | <u>\$ 2,270,000</u>        | <u>\$ 199,466</u> |

# CITY OF GRAND HAVEN

## SCHEDULE OF DEBT ISSUED AND OUTSTANDING

JUNE 30, 2020

| Year Ending June 30, | 2016 Brownfield<br>Redevelopment |                   | 2017 UTGO Refunding |                   | 2019 LTGO Refunding |                     | 2020 LTGO         |                   | Total                |
|----------------------|----------------------------------|-------------------|---------------------|-------------------|---------------------|---------------------|-------------------|-------------------|----------------------|
|                      | Principal                        | Interest          | Principal           | Interest          | Principal           | Interest            | Principal         | Interest          |                      |
| 2021                 | \$ 1,610,000                     | \$ 102,200        | \$ 575,000          | \$ 114,029        | \$ 175,000          | \$ 161,300          | \$ 49,000         | \$ 19,723         | \$ 4,133,107         |
| 2022                 | 1,750,000                        | 335,000           | 610,000             | 102,414           | 190,000             | 154,300             | 47,000            | 21,567            | 4,503,158            |
| 2023                 | -                                | -                 | 645,000             | 90,092            | 210,000             | 146,700             | 48,000            | 20,284            | 2,474,617            |
| 2024                 | -                                | -                 | 685,000             | 77,063            | 230,000             | 138,300             | 50,000            | 18,974            | 2,539,949            |
| 2025                 | -                                | -                 | 720,000             | 63,226            | 245,000             | 129,100             | 51,000            | 17,609            | 2,594,651            |
| 2026                 | -                                | -                 | 765,000             | 48,682            | 275,000             | 119,300             | 53,000            | 16,216            | 2,664,509            |
| 2027                 | -                                | -                 | 800,000             | 33,229            | 295,000             | 108,300             | 54,000            | 14,769            | 2,678,498            |
| 2028                 | -                                | -                 | 845,000             | 17,069            | 315,000             | 96,500              | 55,000            | 13,295            | 2,334,518            |
| 2029                 | -                                | -                 | -                   | -                 | 345,000             | 83,900              | 57,000            | 11,794            | 1,488,223            |
| 2030                 | -                                | -                 | -                   | -                 | 370,000             | 70,100              | 58,000            | 10,238            | 1,080,876            |
| 2031                 | -                                | -                 | -                   | -                 | 400,000             | 55,300              | 60,000            | 8,654             | 1,099,903            |
| 2032                 | -                                | -                 | -                   | -                 | 435,000             | 39,300              | 62,000            | 7,016             | 1,121,884            |
| 2033                 | -                                | -                 | -                   | -                 | 440,000             | 26,250              | 63,000            | 5,324             | 1,109,904            |
| 2034                 | -                                | -                 | -                   | -                 | 435,000             | 13,050              | 65,000            | 3,604             | 1,092,039            |
| 2035                 | -                                | -                 | -                   | -                 | -                   | -                   | 67,000            | 1,829             | 547,229              |
|                      | <u>\$ 3,360,000</u>              | <u>\$ 437,200</u> | <u>\$ 5,645,000</u> | <u>\$ 545,804</u> | <u>\$ 4,360,000</u> | <u>\$ 1,341,700</u> | <u>\$ 839,000</u> | <u>\$ 190,894</u> | <u>\$ 31,463,062</u> |

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## **CONTROL AND COMPLIANCE**





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### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

November 9, 2020

Honorable Mayor and Members of the City Council  
City of Grand Haven, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Haven, Michigan (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 9, 2020.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Vredendael Haefner LLC*