



CITY OF GRAND HAVEN, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021



Vredeveld Haefner LLC
CPAs and Consultants

CITY OF GRAND HAVEN

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INDEPENDENT AUDITORS' REPORT

November 16, 2021

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, 2021, 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, 2021, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the schedule of debt issued and outstanding and the schedule of expenditures of federal awards 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, the schedule of debt issued and outstanding and the schedule of expenditures of federal awards 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 16, 2021, 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.

Uredereld 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, 2021. 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 2020 total taxable value increased approximately 5.2% from the prior tax year.
- The Riverwatch project, on Harbor Drive between Washington and Columbus, was completed 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 was 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 were completed 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.
- The City received CARES funding through the State of Michigan for various programs: Public Safety Public Health Payroll, First Responder Hazard Pay Premium Program, Coronavirus Relief Local Government Grants, and Airport Operational Grant.
- The Building Department moved under the Public Safety Department during the fiscal year. The Director of Public Safety oversees the staff and operations.
- The Board of Light and Power converted their retirement and health care plans, separate from the City. This was effective during the FY2020/21 and will have an effect on the pension funding and retiree health care funding status of the City after the 2021 valuations are provided in 2022.
- As of December 31, 2020, the Defined Benefit (DB) Pension Plan, through Municipal Employees Retirement System of Michigan (MERS), was funded at 73% for all divisions. For City divisions only, the funding level is 66%.
- Both Major and Local Streets funds received Federal grant assistance, through the State of Michigan Department of Transportation, to complete two sections of roads.
- The City provides financial and administrative support for the Grand Haven-Spring Lake Sewer Authority, the Northwest Ottawa Water System, the Northwest Ottawa Recreation Authority and the Ottawa County Central Dispatch Authority. Spring Lake Township also contracted with the City to receive assistance from the Finance Director at eight hours per week.

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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General fund 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 \$116,686,531 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$17,175,624	\$19,762,248	\$48,453,504	\$37,171,783	\$ 65,629,128	\$ 56,934,031
Capital assets	62,252,867	60,805,700	60,126,588	57,297,959	122,379,455	118,103,659
Total assets	79,428,491	80,567,948	108,580,092	94,469,742	188,008,583	175,037,690
Deferred outflows of resources	5,713,582	4,553,039	2,064,725	2,264,286	7,778,307	6,817,325
Current and other liabilities	2,442,036	3,362,799	7,815,748	4,574,920	10,257,784	7,937,719
Long-term liabilities	39,545,592	42,261,872	25,916,323	15,914,355	65,461,915	58,176,227
Total liabilities	41,987,628	45,624,671	33,732,071	20,489,275	75,719,699	66,113,946
Deferred inflows of resources	2,620,935	-	759,725	171,666	3,380,660	171,666
Net position						
Net investment in capital assets	48,344,443	45,722,395	55,946,954	55,936,186	104,291,397	101,658,581
Restricted	4,453,450	6,906,754	-	-	4,453,450	6,906,754
Unrestricted	(12,264,383)	(13,132,833)	20,206,067	20,136,901	7,941,684	7,004,068
Total net position	\$40,533,510	\$39,496,316	\$76,153,021	\$76,073,087	\$116,686,531	\$115,569,403

The net position of the City's governmental activities increased by \$1,037,194 which is primarily due to Board of Light and Power transfers to the General fund. The business-type activities increase in net position of \$79,934 is primarily due to an increase in charges for services.

Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue						
Program revenue						
Charges for services	\$1,645,582	\$1,845,497	\$42,664,506	\$41,103,043	\$44,310,088	\$42,948,540
Operating grants and contributions	3,163,817	2,367,716	174,529	455,621	3,338,346	2,823,337
Capital grants and Contributions	1,045,827	1,284,017	316,648	662	1,362,475	1,284,679
General revenue						
Property taxes	9,780,926	9,204,475	-	-	9,780,926	9,204,475
State revenues	1,181,798	1,038,896	-	-	1,181,798	1,038,896
Unrestricted investment earnings	318,282	540,250	751,269	-	1,069,551	540,250
Other	293,040	122,415	-	-	293,040	122,415
Total revenues	17,429,272	16,403,266	43,906,952	41,559,326	61,336,224	57,962,592
Expenses						
General government	5,506,888	5,130,638	-	-	5,506,888	5,130,638
Public safety	4,981,054	6,565,869	-	-	4,981,054	6,565,869
Public works	6,580,380	7,780,001	-	-	6,580,380	7,780,001
Culture and recreation	878,381	1,782,309	-	-	878,381	1,782,309
Interest	403,061	389,196	-	-	403,061	389,196
Board of Light & Power	-	-	36,066,317	34,934,879	36,066,317	34,934,879
Municipal Sewer	-	-	2,680,980	2,810,304	2,680,980	2,810,304
Municipal Water	-	-	2,325,215	1,870,415	2,325,215	1,870,415
Other business-type	-	-	796,820	1,637,877	796,820	1,637,877
Total expenses	18,349,764	21,648,013	41,869,332	41,253,475	60,219,096	62,901,488
Change in net position before transfers	(920,492)	(5,244,747)	2,037,620	305,851	1,117,128	(4,938,896)
Transfers	1,957,686	1,673,985	(1,957,686)	(1,673,985)	-	-
Change in net position	1,037,194	(3,570,762)	79,934	(1,368,134)	1,117,128	(4,938,896)
Net position-beginning of year	39,496,316	43,067,078	76,073,087	77,441,221	115,569,403	120,508,299
Net position-end of year	\$40,533,510	\$39,496,316	\$76,153,021	\$76,073,087	\$116,686,531	\$115,569,403

Governmental activities. During the year the City invested \$6,580,380 or 36% of governmental activities expenses in public works. Public safety was \$4,981,054 or 27% of governmental activities expenses while general government, culture and recreation, and interest on long-term debt made up the remaining 37% of governmental activities expenses.

Business-type activities. Business-type activities increased the City's net position by \$79,934 for the current year. By comparison, business-type activities reported a decrease in net position the previous fiscal year of \$1,368,134. The primary reason for the increase is due to an increase in charges for services.

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 \$10,788,426, a decrease of \$1,829,008 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 \$716,745 while total fund balance was \$4,423,273. 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, 2021, total fund balance represents 34 percent of total prior year General fund expenditures.

The fund balance of the City's General fund increased by \$365,837 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 \$17,720,582, \$1,061,890 and \$993,218, respectively. The Board of Light and Power had a decrease of \$766,061, the Municipal Sewer fund had an increase of \$50,295, and the Municipal Water fund had an increase of \$669,568 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 received was \$39,864 more than prior year, a 5.5% increase.
- General Fund increased its fund balance by \$365,837 to \$4,423,273, higher than the amended budget projection of \$3,411,058.
- State revenue increased \$141,343 from the prior year, a 13.5% increase.
- Interest revenue was \$73,256 – higher than anticipated due to greater market returns on investments.
- Public Safety amended budget for expenditures was \$5,406,108 and resulted in actual costs of \$5,335,186 for the year.
- Public Works administrative expenditures were \$32,918 over the amended budget for the year. Overall, all Public Works departments in the General Fund were under budget by \$88,896.
- Building Permit revenue was \$433,688, an increase of 43.7% from the prior year.
- In the General Fund only, MERS DB plan employer expenses for the Department of Public Safety was \$836,613. This is 37.5% of the total employer MERS expense in this fund.

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, 2021, amounted to \$122,379,455 (net of accumulated depreciation).

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

Capital Assets			
	Governmental Activities	Business-type Activities	Total
Land	\$ 8,746,444	\$ 504,145	\$ 9,250,589
Construction in progress	131,901	1,218,814	1,350,715
Structures & improvements	10,428,354	3,653,504	1,4081,858
Machinery, equipment, vehicles & fixtures	4,308,127	178,966	4,487,093
Buildings	9,478,249	-	9,478,249
Parking facilities	4,199,180	-	4,199,180
Infrastructure	24,960,612	-	24,960,612
Transmission and distribution	-	53,058,616	53,058,616
General plant	-	1,512,543	1,512,543
Total	\$62,252,867	\$60,126,588	\$122,379,455

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:

Debt			
	Governmental Activities	Business-type Activities	Total
Public offering bonds	\$ 6,702,304	\$1,232,695	\$ 7,934,999
Direct placements and direct borrowings	5,850,000	-	5,850,000
Capital lease obligations	897,571	-	897,571
Bond anticipation notes	-	13,291,700	13,291,700
Bond premiums	458,549	-	458,549
Accrued employee benefits	999,935	409,144	1,409,079
Total	\$14,908,359	\$14,933,539	\$29,841,898

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 2021-22 fiscal year:

- We conservatively estimate property values to increase 2% for the next tax year.
- The COVID pandemic continues to have an effect on revenue and expenses, so a conservative approach was taken on 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.
- Increased costs for the MERS DB plan continues to be a concern and are being reviewed.

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:

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BASIC FINANCIAL STATEMENTS

CITY OF GRAND HAVEN
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
Assets				
Cash and pooled investments	\$ 15,979,371	\$ 32,746,255	\$ 48,725,626	\$ 480,657
Accounts receivable	754,967	5,051,495	5,806,462	222,213
Due from other governments	558,748	8,858,677	9,417,425	61,337
Taxes receivable	10,358	-	10,358	1,014
Special assessments receivable	190,735	72,685	263,420	-
Internal balances	(570,246)	570,246	-	-
Capital lease receivable	-	-	-	1,239,383
Prepaid items	126,482	60,080	186,562	11,515
Inventory	125,209	88,952	214,161	-
Other assets	-	1,005,114	1,005,114	-
Capital assets				
Land	8,746,444	504,145	9,250,589	-
Construction in progress	131,901	1,218,814	1,350,715	-
Depreciable capital assets, net	53,374,522	58,403,629	111,778,151	-
Total assets	79,428,491	108,580,092	188,008,583	2,016,119
Deferred outflows of resources				
Pension related	5,062,730	1,865,430	6,928,160	51,110
Other post-employment benefits related	539,017	199,295	738,312	-
Deferred charge on refunding	111,835	-	111,835	101,805
Total deferred outflows of resources	5,713,582	2,064,725	7,778,307	152,915
Liabilities				
Accounts payable	732,044	3,722,534	4,454,578	47,667
Accrued liabilities	449,120	622,430	1,071,550	2,550
Accrued interest payable	104,829	12,327	117,156	62,098
Debt due within one year	1,156,043	3,458,457	4,614,500	2,220,360
Noncurrent liabilities				
Accrued compensated absences	999,935	409,144	1,409,079	4,057
Asset retirement obligation	-	6,748,031	6,748,031	-
Other post-employment benefits obligation	4,043,196	1,361,927	5,405,123	-
Net pension liability	21,750,080	6,331,283	28,081,363	219,576
Bond premium	458,549	-	458,549	354,775
Due in more than one year	12,293,832	11,065,938	23,359,770	5,860,516
Total liabilities	41,987,628	33,732,071	75,719,699	8,771,599
Deferred inflows of resources				
Pension related	2,334,672	679,603	3,014,275	23,569
Other post-employment benefits related	286,263	80,122	366,385	-
Total deferred inflows of resources	2,620,935	759,725	3,380,660	23,569
Net position				
Net investment in capital assets	48,344,443	55,946,954	104,291,397	-
Restricted for				
Debt service	1,096,172	-	1,096,172	-
Streets	554,671	-	554,671	-
Capital projects	2,162,830	-	2,162,830	-
Permanent trust				
Cemetery - nonexpendable portion	639,777	-	639,777	-
Unrestricted (deficit)	(12,264,383)	20,206,067	7,941,684	(6,626,134)
Total net position	\$ 40,533,510	\$ 76,153,021	\$ 116,686,531	\$ (6,626,134)

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

CITY OF GRAND HAVEN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 5,506,888	\$ 330,759	\$ 1,428,116	\$ 1,030,089	\$ (2,717,924)
Public safety	4,981,054	216,838	3,513	-	(4,760,703)
Public works	6,580,380	893,182	1,732,188	491	(3,954,519)
Culture and recreation	878,381	204,803	-	15,247	(658,331)
Interest on long-term debt	403,061	-	-	-	(403,061)
Total governmental activities	18,349,764	1,645,582	3,163,817	1,045,827	(12,494,538)
Business-type activities					
Board of Light and Power	36,066,317	36,117,595	110,284	-	161,562
Sewer	2,680,980	2,913,217	21,197	-	253,434
Water	2,325,215	3,155,665	5,773	-	836,223
Other business-type activities	796,820	478,029	37,275	316,648	35,132
Total business-type activities	41,869,332	42,664,506	174,529	316,648	1,286,351
Total primary government	\$ 60,219,096	\$ 44,310,088	\$ 3,338,346	\$ 1,362,475	\$ (11,208,187)
Component units					
Economic Development Corporation	\$ 30,920	\$ -	\$ 13,247	\$ -	\$ (17,673)
Main Street Downtown Development Authority	361,704	-	9,235	1,624	(350,845)
Brownfield Redevelopment Authority	278,412	-	1,005,021	19,361	745,970
Total component units	\$ 671,036	\$ -	\$ 1,027,503	\$ 20,985	\$ 377,452

(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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	<u>\$ (12,494,538)</u>	<u>\$ 1,286,351</u>	<u>\$ (11,208,187)</u>	<u>\$ 377,452</u>
General revenues				
Property taxes	9,780,926	-	9,780,926	1,468,789
State shared revenues	1,181,798	-	1,181,798	-
Unrestricted investment earnings	318,282	751,269	1,069,551	40,281
Other general revenues	293,040	-	293,040	26,118
Transfers - internal activities	<u>1,957,686</u>	<u>(1,957,686)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>13,531,732</u>	<u>(1,206,417)</u>	<u>12,325,315</u>	<u>1,535,188</u>
Change in net position	1,037,194	79,934	1,117,128	1,912,640
Net position, beginning of year, as restated	<u>39,496,316</u>	<u>76,073,087</u>	<u>115,569,403</u>	<u>(8,538,774)</u>
Net position, end of year	<u>\$ 40,533,510</u>	<u>\$ 76,153,021</u>	<u>\$ 116,686,531</u>	<u>\$ (6,626,134)</u>

(Concluded)

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

CITY OF GRAND HAVEN

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2021

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 4,263,718	\$ 6,266,467	\$ 10,530,185
Accounts receivable	543,819	135,338	679,157
Due from other governments	256,788	301,854	558,642
Taxes receivable	8,252	2,106	10,358
Special assessments receivable	181,947	8,788	190,735
Due from other funds	254,389	-	254,389
Prepaid items	20,830	26,535	47,365
Inventory	24,937	50,444	75,381
Total assets	<u>\$ 5,554,680</u>	<u>\$ 6,791,532</u>	<u>\$ 12,346,212</u>
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable	\$ 432,186	\$ 272,222	\$ 704,408
Accrued liabilities	299,488	25,176	324,664
Due to other funds	29,402	118,087	147,489
Total liabilities	<u>761,076</u>	<u>415,485</u>	<u>1,176,561</u>
Deferred inflows of resources			
Unavailable revenue	370,331	10,894	381,225
Fund balances			
Non-spendable			
Prepaid items	20,830	26,535	47,365
Permanent fund corpus	-	639,777	639,777
Inventory	24,937	50,444	75,381
Restricted			
Streets	-	496,435	496,435
Public works	-	1,911,703	1,911,703
Debt service funds	-	1,096,172	1,096,172
Committed			
Capital projects	-	2,144,087	2,144,087
Budget stabilization	2,714,204	-	2,714,204
Assigned			
Future years expenditures	946,557	-	946,557
Unassigned	716,745	-	716,745
Total fund balances	<u>4,423,273</u>	<u>6,365,153</u>	<u>10,788,426</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,554,680</u>	<u>\$ 6,791,532</u>	<u>\$ 12,346,212</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, 2021

Fund balances - total governmental funds	\$ 10,788,426
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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	131,901
Add - capital assets (net of accumulated depreciation)	50,185,155

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	381,225
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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	7,500,002
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(994,455)
Deduct - other post-employment benefits	(3,946,006)
Deduct - long-term debt	(13,449,875)
Deduct - bond premium	(458,549)
Deduct - net pension liability	(21,269,197)
Add - deferred charge on refunding	111,835
Add - deferred inflows and outflows related to pension	2,667,742
Add - deferred inflows and outflows related to OPEB	243,691
Deduct - accrued interest on long-term debt	<u>(104,829)</u>

Net position of governmental activities	<u>\$ 40,533,510</u>
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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, 2021

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues			
Taxes	\$ 7,423,394	\$ 2,357,514	\$ 9,780,908
Intergovernmental revenues			
Federal	525,943	971,257	1,497,200
State	1,185,311	1,511,343	2,696,654
Local	40,945	267,568	308,513
Special assessments	33,549	42,166	75,715
Licenses and permits	854,935	-	854,935
Charges for services	1,490,503	491	1,490,994
Fines	71,532	100	71,632
Investment earnings	211,199	107,083	318,282
Miscellaneous	185,122	49,588	234,710
Total revenues	<u>12,022,433</u>	<u>5,307,110</u>	<u>17,329,543</u>
Expenditures			
Current			
General government	2,780,537	2,189,909	4,970,446
Public safety	5,335,186	-	5,335,186
Public works	3,146,031	2,563,713	5,709,744
Culture and recreation	728,409	15,247	743,656
Debt service			
Principal	17,013	1,084,445	1,101,458
Interest	11,789	433,500	445,289
Capital outlay	-	2,810,458	2,810,458
Total expenditures	<u>12,018,965</u>	<u>9,097,272</u>	<u>21,116,237</u>
Revenues over (under) expenditures	<u>3,468</u>	<u>(3,790,162)</u>	<u>(3,786,694)</u>
Other financing sources (uses)			
Transfers in	2,134,714	3,564,444	5,699,158
Transfers out	<u>(1,772,345)</u>	<u>(1,969,127)</u>	<u>(3,741,472)</u>
Total other financing sources (uses)	<u>362,369</u>	<u>1,595,317</u>	<u>1,957,686</u>
Net changes in fund balances	365,837	(2,194,845)	(1,829,008)
Fund balances, beginning of year	<u>4,057,436</u>	<u>8,559,998</u>	<u>12,617,434</u>
Fund balances, end of year	<u>\$ 4,423,273</u>	<u>\$ 6,365,153</u>	<u>\$ 10,788,426</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, 2021

Net changes in fund balances - total governmental funds	\$ (1,829,008)
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Amounts reported for *governmental activities* in the statement of activities are different because

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

Add - capital outlay	4,291,624
Deduct - depreciation expense	(3,239,382)

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.

Add - increase in unavailable revenues	99,729
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Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add - principal payments on debt	1,101,458
Deduct - amortization of deferred bond refunding costs	(20,987)
Add - bond premium amortization	73,423

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	(25,957)
Add - decrease in net pension liability	1,012,531
Add - increase in deferred outflows	1,115,859
Deduct - increase in deferred inflows	(2,564,295)
Add - decrease in other post-employment benefit liability	719,203
Deduct - increase in accrued interest	(10,208)

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	313,204
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Change in net position of governmental activities	<u>\$ 1,037,194</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF GRAND HAVEN
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Enterprise Funds					Governmental Activities
	Board of Light and Power	Municipal Sewer	Municipal Water	Nonmajor Enterprise Funds	Enterprise Fund Total	Internal Service Funds
Assets						
Current assets						
Cash and pooled investments	\$ 29,240,731	\$ 1,415,449	\$ 1,672,859	\$ 417,216	\$ 32,746,255	\$ 5,449,186
Accounts receivable	4,042,752	482,071	507,294	19,378	5,051,495	75,810
Due from other governments	8,680,917	-	-	177,760	8,858,677	106
Special assessments receivable	-	72,685	-	-	72,685	-
Due from other funds	733,055	-	-	-	733,055	55,909
Prepaid items	13,598	30,625	13,053	2,804	60,080	79,117
Inventory	-	6,494	82,458	-	88,952	49,828
Total current assets	42,711,053	2,007,324	2,275,664	617,158	47,611,199	5,709,956
Noncurrent assets						
Other assets	1,005,114	-	-	-	1,005,114	-
Capital assets						
Land	194,823	5,260	-	304,062	504,145	-
Construction in progress	1,162,063	18,035	18,035	20,681	1,218,814	-
Depreciable capital assets, net	32,174,295	8,742,644	13,822,222	3,664,468	58,403,629	3,189,367
Total noncurrent assets	34,536,295	8,765,939	13,840,257	3,989,211	61,131,702	3,189,367
Total assets	77,247,348	10,773,263	16,115,921	4,606,369	108,742,901	8,899,323
Deferred outflows of resources						
Pension related	1,427,556	154,906	256,070	26,898	1,865,430	111,934
Other post-employment benefits related	152,985	18,916	22,888	4,506	199,295	14,085
Total deferred outflows of resources	1,580,541	173,822	278,958	31,404	2,064,725	126,019
Liabilities						
Current liabilities						
Accounts payable	3,319,378	222,278	140,715	40,163	3,722,534	27,636
Accrued liabilities	590,485	10,097	10,847	11,001	622,430	124,456
Accrued interest payable	-	-	12,327	-	12,327	-
Due to other funds	151,489	6,606	4,048	666	162,809	733,055
Current portion of long-term debt	3,322,925	-	135,532	-	3,458,457	-
Total current liabilities	7,384,277	238,981	303,469	51,830	7,978,557	885,147
Long-term liabilities						
Accrued compensated absences	362,586	21,638	16,575	8,345	409,144	5,480
Asset retirement obligation	6,748,031	-	-	-	6,748,031	-
Net pension liability	4,450,113	665,502	1,100,108	115,560	6,331,283	480,883
Other post-employment benefits obligation	1,055,687	119,598	156,596	30,046	1,361,927	97,190
Bonds payable, net of current portion	9,968,775	-	1,097,163	-	11,065,938	-
Total long-term liabilities	22,585,192	806,738	2,370,442	153,951	25,916,323	583,553
Total liabilities	29,969,469	1,045,719	2,673,911	205,781	33,894,880	1,468,700
Deferred inflows of resources						
Pension related	477,678	71,435	118,086	12,404	679,603	51,618
OPEB related	75,918	2,102	2,102	-	80,122	5,022
Total deferred inflows of resources	553,596	73,537	120,188	12,404	759,725	56,640
Net position						
Net investment in capital assets	30,584,242	8,765,939	12,607,562	3,989,211	55,946,954	3,189,367
Unrestricted	17,720,582	1,061,890	993,218	430,377	20,206,067	4,310,635
Total net position	\$ 48,304,824	\$ 9,827,829	\$ 13,600,780	\$ 4,419,588	\$ 76,153,021	\$ 7,500,002

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, 2021

	Enterprise Funds					Governmental Activities
	Board of Light and Power	Municipal Sewer	Municipal Water	Nonmajor Enterprise Funds	Enterprise Fund Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 36,117,595	\$ 2,913,217	\$ 3,155,665	\$ 477,969	\$ 42,664,446	\$ 5,426,585
Employer contributions	-	-	-	-	-	608,436
Total operating revenue	36,117,595	2,913,217	3,155,665	477,969	42,664,446	6,035,021
Operating expenses						
Operating costs and expenses	15,823,538	2,040,752	1,671,434	557,761	20,093,485	3,690,765
Insurance payments	-	-	-	-	-	817,492
Distribution	5,289,201	-	-	-	5,289,201	-
Customer accounts	1,094,755	-	-	-	1,094,755	-
Administrative and general	2,043,223	280,984	319,719	16,587	2,660,513	935,573
Depreciation	1,548,247	299,244	267,621	222,472	2,337,584	621,230
Total operating expenses	25,798,964	2,620,980	2,258,774	796,820	31,475,538	6,065,060
Operating income (loss)	10,318,631	292,237	896,891	(318,851)	11,188,908	(30,039)
Non-operating revenues (expenses)						
Gain (loss) on disposal of capital assets	(4,989,457)	-	54	-	(4,989,403)	(22,927)
Asset retirement	(5,030,430)	-	-	-	(5,030,430)	-
Investment earnings	870,527	23,012	(142,270)	-	751,269	68,812
Other	110,284	21,197	5,773	37,335	174,589	297,358
Interest expense	(247,466)	(60,000)	(66,495)	-	(373,961)	-
Total non-operating revenues (expenses)	(9,286,542)	(15,791)	(202,938)	37,335	(9,467,936)	343,243
Income (loss) before other items	1,032,089	276,446	693,953	(281,516)	1,720,972	313,204
Transfers and other items						
Contribution in aid of construction	-	-	-	316,648	316,648	-
Transfers in	-	-	91,774	91,000	182,774	-
Transfers out	(1,798,150)	(226,151)	(116,159)	-	(2,140,460)	-
Total transfers and other items	(1,798,150)	(226,151)	(24,385)	407,648	(1,641,038)	-
Changes in net position	(766,061)	50,295	669,568	126,132	79,934	313,204
Net position, beginning of year	49,070,885	9,777,534	12,931,212	4,293,456	76,073,087	7,186,798
Net position, end of year	\$ 48,304,824	\$ 9,827,829	\$ 13,600,780	\$ 4,419,588	\$ 76,153,021	\$ 7,500,002

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, 2021

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
	Board of Light and Power	Municipal Sewer	Municipal Water	Nonmajor Enterprise Funds		
Cash flows from operating activities						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,945,316
Receipts from customers and users	36,544,167	2,784,007	3,044,669	356,679	42,729,522	-
Payments to employees	(6,291,533)	(441,965)	(351,108)	(165,865)	(7,250,471)	622,235
Payments to suppliers	(23,127,205)	(1,935,110)	(1,552,085)	(378,167)	(26,992,567)	(3,216,515)
Claims paid	-	-	-	-	-	(2,527,564)
Net cash provided by (used in) operating activities	<u>7,125,429</u>	<u>406,932</u>	<u>1,141,476</u>	<u>(187,353)</u>	<u>8,486,484</u>	<u>1,823,472</u>
Cash flows from non-capital financing activities						
Transfers in	-	-	91,774	91,000	182,774	-
Transfers out	(2,943,405)	(226,151)	(116,159)	-	(3,285,715)	-
Net cash provided by (used in) non-capital financing activities	<u>(2,943,405)</u>	<u>(226,151)</u>	<u>(24,385)</u>	<u>91,000</u>	<u>(3,102,941)</u>	<u>-</u>
Cash flows from capital and related financing activities						
Proceeds from sale of capital assets	-	-	54	-	54	-
Interest paid on long-term debt	(118,628)	(60,000)	(67,786)	-	(246,414)	-
Special assessments receivable	-	7,113	-	-	7,113	-
Contribution in aid of construction	-	-	-	316,648	316,648	-
Bonds issued	13,291,700	-	-	-	13,291,700	-
Principal paid on long-term debt	-	-	(129,078)	-	(129,078)	-
Asset retirement	(6,721,120)	-	-	-	(6,721,120)	-
Acquisitions of capital assets	(4,574,941)	(39,406)	(387,050)	(244,571)	(5,245,968)	(1,039,085)
Net cash provided by (used in) capital and related financing activities	<u>1,877,011</u>	<u>(92,293)</u>	<u>(583,860)</u>	<u>72,077</u>	<u>1,272,935</u>	<u>(1,039,085)</u>
Cash flows from investing activities						
Interest received	870,527	23,012	(142,270)	-	751,269	68,815
Net increase (decrease) in cash and pooled investments	<u>6,929,562</u>	<u>111,500</u>	<u>390,961</u>	<u>(24,276)</u>	<u>7,407,747</u>	<u>853,202</u>
Cash and pooled investments, beginning of year	<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>
Cash and pooled investments, end of year	<u>\$ 29,240,731</u>	<u>\$ 1,415,449</u>	<u>\$ 1,672,859</u>	<u>\$ 417,216</u>	<u>\$ 32,746,255</u>	<u>\$ 5,449,186</u>
Cash flows from operating activities						
Operating income (loss)	\$ 10,469,253	\$ 292,237	\$ 896,891	\$ (318,851)	\$ 11,339,530	\$ (30,039)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	1,548,247	299,244	267,621	222,472	2,337,584	621,230
Miscellaneous revenue	110,284	21,197	5,773	37,335	174,589	297,358
Deferred outflows of resources for pension	238,680	(54,194)	(110,592)	(10,785)	63,109	(74,035)
Deferred outflows of resources for OPEB	129,452	3,500	3,500	-	136,452	8,364
Deferred inflows of resources for pension	306,012	71,435	118,086	12,404	507,937	51,618
Deferred inflows of resources for OPEB	75,918	2,102	2,102	-	80,122	5,022
Change in operating assets and liabilities which provided (used) cash						
Accounts receivable	108,262	(150,407)	(116,769)	44,526	(114,388)	(71,317)
Due from other funds	-	-	-	-	-	14,604
Due from other governmental units	(733,055)	-	-	(165,816)	(898,871)	425
Prepaid items	1,254	(12,630)	864	337	(10,175)	40,135
Inventory	-	(265)	(4,116)	-	(4,381)	(537)
Deposit with others	(1,813,459)	-	-	-	(1,813,459)	-
Accounts payable	(502,803)	(55,910)	(41,130)	10,726	(589,117)	(4,514)
Accrued liabilities	144,932	4,412	(1,979)	(83)	147,282	13,139
Other liabilities	208,026	-	-	-	208,026	-
Due to other governmental units	-	-	(21)	-	(21)	733,055
Due to other funds	-	2,737	(432)	(29,753)	(27,448)	-
Compensated absences	(58,823)	(10,076)	(10,205)	1,218	(77,886)	1,767
Net pension liability	(3,070,643)	(1,074)	137,258	8,917	(2,925,542)	230,041
Net OPEB obligation	(36,108)	(5,376)	(5,375)	-	(46,859)	(12,844)
Net cash provided by (used in) operating activities	<u>\$ 7,125,429</u>	<u>\$ 406,932</u>	<u>\$ 1,141,476</u>	<u>\$ (187,353)</u>	<u>\$ 8,486,484</u>	<u>\$ 1,823,472</u>

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

CITY OF GRAND HAVEN
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Retiree Health Care	Custodial Funds
Assets		
Cash and pooled investments	\$ -	\$ 628,814
Funds on deposit with MERS	<u>2,812,180</u>	<u>-</u>
Total assets	<u>\$ 2,812,180</u>	<u>\$ 628,814</u>
Liabilities		
Due to other governmental units	<u>\$ -</u>	<u>\$ 10</u>
Net position		
Restricted for post-employment benefits	2,812,180	-
Unrestricted	<u>-</u>	<u>628,804</u>
Total net position	<u>\$ 2,812,180</u>	<u>\$ 628,804</u>

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

CITY OF GRAND HAVEN
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Retiree Health Care	Custodial Funds
Additions		
Investment earnings	\$ 613,490	\$ -
Property taxes collected for other governments	-	20,996,387
Charges for services and non-operating receipts	<u>-</u>	<u>2,595,241</u>
Total additions	613,490	23,591,628
Deductions		
Taxes to other governments	-	20,996,387
Operating costs and non-operating expenses	<u>-</u>	<u>2,639,252</u>
Total deductions	<u>-</u>	<u>23,635,639</u>
Changes in net position	613,490	(44,011)
Net position, beginning of year, as restated	<u>2,198,690</u>	<u>672,815</u>
Net position, end of year	<u><u>\$ 2,812,180</u></u>	<u><u>\$ 628,804</u></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, 2021

	<u>Economic Development Corporation</u>	<u>Main Street Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 147,016	\$ 165,602	\$ 168,039	\$ 480,657
Accounts receivable	175,685	46,528	-	222,213
Due from other governments	-	-	61,337	61,337
Taxes receivable	-	412	602	1,014
Capital lease receivable	-	1,239,383	-	1,239,383
Prepaid items	8,438	3,077	-	11,515
Total assets	331,139	1,455,002	229,978	2,016,119
Deferred outflows of resources				
Pension related	-	51,110	-	51,110
Deferred charge on refunding	-	90,748	11,057	101,805
Total deferred outflows of resources	-	141,858	11,057	152,915
Liabilities				
Accounts payable	5,000	25,007	17,660	47,667
Accrued liabilities	-	2,550	-	2,550
Accrued interest	-	50,266	11,832	62,098
Debt due within one year	-	460,000	1,760,360	2,220,360
Noncurrent liabilities				
Accrued compensated absences	-	4,057	-	4,057
Net pension liability	-	219,576	-	219,576
Bond premium	-	333,195	21,580	354,775
Debt due in more than one year	-	5,760,000	100,516	5,860,516
Total liabilities	5,000	6,854,651	1,911,948	8,771,599
Deferred inflows of resources				
Pension related	-	23,569	-	23,569
Net position (deficit)				
Unrestricted	\$ 326,139	\$ (5,281,360)	\$ (1,670,913)	\$ (6,626,134)

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, 2021

	<u>Economic Development Corporation</u>	<u>Main Street Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
Expenses				
Economic Development Corp	\$ 30,920	\$ -	\$ -	\$ 30,920
Main Street Downtown Development Authority	-	361,704	-	361,704
Brownfield Redevelopment Authority	-	-	278,412	278,412
Total expenses	<u>30,920</u>	<u>361,704</u>	<u>278,412</u>	<u>671,036</u>
Revenues				
Program revenues				
Operating grants and contributions	13,247	9,235	1,005,021	1,027,503
Capital grants	-	1,624	19,361	20,985
General revenues				
Property taxes	-	587,825	880,964	1,468,789
Unrestricted investment earnings	4,065	36,216	-	40,281
Miscellaneous	(2,284)	25,433	2,969	26,118
Total revenues	<u>15,028</u>	<u>660,333</u>	<u>1,908,315</u>	<u>2,583,676</u>
Change in net position	(15,892)	298,629	1,629,903	1,912,640
Net position (deficit), beginning of year, as restated	<u>342,031</u>	<u>(5,579,989)</u>	<u>(3,300,816)</u>	<u>(8,538,774)</u>
Net position (deficit), end of year	<u>\$ 326,139</u>	<u>\$ (5,281,360)</u>	<u>\$ (1,670,913)</u>	<u>\$ (6,626,134)</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, 2021

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. This bond was refunded in 2015 and final payment will be made in fiscal year 2027.

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 2009 bond was refunded in 2019 and final payment will be made in fiscal year 2034.

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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 \$1,456,755 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, 2021

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, 2021, the City distributed tax revenues of \$409,586 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 multiple MPPA projects for generation, purchase and transmission of electricity. The dollar amount of Board of Light and Power's commitments for participation in the various MPPA projects of \$127,000,000 declines from a commitment maximum of approximately \$12,000,000 in 2022 to zero in 2048.

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 Board of Light and Power participates in multiple MPPA renewable energy projects 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	\$7,663,814
Payments to MPPA for electricity transmission	1,796,397
Payments to MPPA for renewable energy	3,524,597
Payments to MPPA for capacity	1,856,344
Payments to MPPA for other	427,276

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 \$760,653 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, 2021

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. Revenues are recorded when earned and expenses are recorded when a 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, 2021

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 *Custodial Funds* are used to account for the collection and disbursement of resources that are held on behalf of outside governments, entities and individuals.

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, 2021

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, 2021

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 supplies in addition to 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.

Other Assets

Other assets presented on the financial statements include \$1,005,114 expended by the Board of Light and Power in the fiscal year on equipment and system components to produce and provide heat to the City's downtown snow melt system. This equipment was installed to provide heat to the snow melt system during and after the demolition of the SIMS III power plant. Previously, Sims III provided the heat to the snowmelt system. This equipment then was planned to be moved into a new combined heat and power (CHP) plant that was scheduled to be operational in 2023 on the Sims site. Subsequent to year-end, the Board of Light and Power and City Council decided not to proceed with the construction of a new CHP facility and will continue to operate the newly installed heating equipment in its current location on site in a stand-alone fashion. As this heating equipment will not be coupled with future electric generating equipment, plans are now being implemented to transfer the ownership and operations of the equipment to another City department. Accordingly, this equipment has been removed from the Board of Light and Power's electric utility capital asset balance.

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:

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	<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

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.

CITY OF GRAND HAVEN

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FOR THE YEAR ENDED JUNE 30, 2021

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.

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 34 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 effective interest method.

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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, 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

At June 30, 2021, the City reported an unrestricted deficit net position of \$12,264,383 for governmental activities. The Main Street Downtown Development Authority reported unrestricted deficit net position of \$5,281,360 and the Brownfield Redevelopment Authority reported unrestricted deficit net position of \$1,670,913.

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, 2021, the City incurred expenditures in the General and special revenue funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance (Unfavorable)</u>
General Fund			
City Manager	\$431,114	\$441,652	\$(10,538)
City Clerk - Elections	39,990	44,545	(4,555)
Police - TEAM	41,440	50,931	(9,491)
DPW - Administration	783,464	816,383	(32,919)
DPW – Community Promotion	65,457	65,626	(169)
DPW – ROW/Parking Lots	452,498	484,121	(31,623)
General Insurance	45,965	56,427	(10,462)
Major Streets Fund			
Winter Maintenance	258,710	266,414	(7,704)
Trunkline – Sweep and Flush	19,491	21,109	(1,618)
Trunkline – Traffic Signals	8,200	8,561	(361)
Trunkline – Grass & Weed Control	20,875	24,107	(3,232)
Local Streets Fund			
Winter Maintenance	198,962	212,157	(13,195)
Housing Fund			
Expenditures	162,190	167,674	(5,484)

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

4. DEPOSITS

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

	Governmental Activities	Business- type Activities	Fiduciary Activities	Component Units	Total
Cash and pooled investments	\$15,979,371	\$32,746,255	\$ 628,814	\$480,657	\$49,835,097
Funds on deposit with MERS	-	-	2,812,180	-	2,812,180
	<u>\$15,979,371</u>	<u>\$32,746,255</u>	<u>\$3,440,994</u>	<u>\$480,657</u>	<u>\$52,647,277</u>

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

Deposits	\$41,938,551
Investments	10,702,167
Petty cash	<u>6,559</u>
Total	<u>\$52,647,277</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:

	Maturity	Fair Value	Rating	Source
Government money market funds	N/A	\$ 2,575,983	Unrated	
Funds on deposit with MERS	N/A	2,812,180	Unrated	
Michigan CLASS pool	N/A	1,847,600	AAAm	S&P
US Government and agency securities/pools				
GNMA pool 2.5%	1/20/47	19,004	Unrated	
GNMA pool 2.25%	3/20/47	125,774	Unrated	
GNMA pool 2%	3/20/49	269,790	Unrated	
FHLMC pool 2%	7/25/49	74,019	Unrated	
FHLMC pool 1%	12/25/50	230,436	Unrated	
FNMA pool 2%	6/25/39	8,732	Unrated	
FHLMC pool 3%	12/15/41	115,557	Unrated	
GNMA pool 2.5%	1/20/47	35,727	Unrated	
GNMA pool 2.5%	3/20/47	32,568	Unrated	
FHLMC pool 2.5%	7/15/47	52,513	Unrated	
FNMA pool 2.25%	11/25/47	84,360	Unrated	
GNMA pool 2.5%	12/20/48	37,671	Unrated	
GNMA pool 2.75%	3/20/49	95,957	Unrated	
FHLMC pool 2%	7/25/49	119,569	Unrated	
FNMA pool 1%	2/25/50	357,593	Unrated	
FNMA pool 2.5%	3/25/28	79,848	Unrated	
FNMA pool 4%	6/25/41	139,242	Unrated	

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
FHLMC pool 2.5%	7/15/42	\$ 163,464	Unrated	
FNMA pool 2.25%	7/25/43	160,644	Unrated	
FNMA pool 3%	12/25/43	77,434	Unrated	
GNMA pool 2%	1/16/45	189,035	Unrated	
FHLMC pool 2%	10/15/46	49,795	Unrated	
GNMA pool 2.5%	1/20/47	28,886	Unrated	
GNMA pool 2.5%	3/20/47	50,887	Unrated	
FHLMC pool 2.5%	7/15/47	112,268	Unrated	
FNMA pool 2.25%	11/25/47	91,025	Unrated	
GNMA pool 2.75%	3/20/49	176,340	Unrated	
FHLMC pool 2%	7/25/49	119,569	Unrated	
FHLMC pool 1%	12/25/50	368,697	Unrated	
Total		<u>\$10,702,167</u>		

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, \$33,157,206 of the City's bank balance of \$42,657,206 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 \$10,702,167 of investments, the City has custodial credit risk of \$3,466,404 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, \$7,235,763 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, 2021

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 July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 8,746,444	\$ -	\$ -	\$ 8,746,444
Construction in progress	3,341,870	2,492,223	5,702,192	131,901
Total capital assets, not being depreciated	12,088,314	2,492,223	5,702,192	8,878,345
Capital assets, being depreciated				
Structures and improvements	15,766,685	2,341,501	-	18,108,186
Machinery, equipment, vehicles and fixtures	7,602,135	1,578,697	547,169	8,633,663
Buildings	14,541,922	790,532	-	15,332,454
Parking facilities	9,782,741	27,666	-	9,810,407
Infrastructure	35,930,236	3,802,280	-	39,732,516
Total capital assets, being depreciated	83,623,719	8,540,676	547,169	91,617,226
Less accumulated depreciation:				
Structures and improvements	7,084,345	595,487	-	7,679,832
Machinery, equipment, vehicles and fixtures	4,083,930	765,847	524,241	4,325,536
Buildings	5,437,597	416,608	-	5,854,205
Parking facilities	5,335,176	276,051	-	5,611,227
Infrastructure	12,965,285	1,806,619	-	14,771,904
Total accumulated depreciation	34,906,333	3,860,612	524,241	38,242,704
Net capital assets, being depreciated	48,717,386	4,680,064	22,928	53,374,522
Governmental activities capital assets, net	\$60,805,700	\$7,172,287	\$5,725,120	\$62,252,867

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2021</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 504,145	\$ -	\$ -	\$ 504,145
Construction in progress	5,206,959	2,798,213	6,786,358	1,218,814
Total capital assets, not being depreciated	5,711,104	2,798,213	6,786,358	1,722,959
Capital assets being depreciated				
Structures and improvements	8,887,570	338,846	1,800	9,224,616
Machinery, equipment, vehicles and fixtures	513,029	18,888	8,987	522,930
Production and treatment	-	-	-	-
Transmission and distribution	78,531,533	8,831,206	588,107	86,774,632
General plant	2,685,479	47,279	-	2,732,758
Total capital assets, being depreciated	90,617,611	9,236,219	598,894	99,254,936
Less accumulated depreciation for:				
Structures and improvements	5,356,855	216,057	1,800	5,571,112
Machinery, equipment, vehicles and fixtures	322,671	30,280	8,987	343,964
Production and treatment	-	-	-	-
Transmission and distribution	32,264,118	1,958,144	506,246	33,716,016
General plant	1,087,112	133,103	-	1,220,215
Total accumulated depreciation	39,030,756	2,337,584	517,033	40,851,307
Net capital assets, being depreciated	51,586,855	6,898,635	81,861	58,403,629
Business-type activities capital assets, net	\$ 57,297,959	\$9,696,848	\$6,868,219	\$60,126,588

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

Governmental activities

General government	\$ 571,916
Public safety	82,700
Public works	1,927,723
Culture and recreation	657,043
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	621,230

Total depreciation expense - governmental activities **\$3,860,612**

Business-type activities

Board of Light and Power	\$1,548,247
Municipal Sewer	299,244
Municipal Water	267,621
Other business-type	222,472

Total depreciation expense – business- type activities **\$2,337,584**

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

6. INTERFUND TRANSACTIONS

Internal balances for the year ended June 30, 2021 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	\$ -	\$151,489	\$ -	\$ -	\$102,900	\$254,389
Board of Light and Power	-	-	-	-	733,055	733,055
Non-major funds	29,402	-	6,606	4,048	15,853	55,909
	\$29,402	\$151,489	\$6,606	\$4,048	\$851,808	\$1,043,353

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, 2021 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	\$ -	\$1,798,150	\$134,213	\$110,759	\$ 91,592	\$2,134,714
Water fund	-	-	91,774	-	-	91,774
Non-major funds	1,772,345	-	164	5,400	1,877,535	3,655,444
Totals	\$1,772,345	\$1,798,150	\$226,151	\$116,159	\$1,969,127	\$5,881,932

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, 2021

7. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2021.

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Governmental Activities					
Public offering bonds					
\$4,775,000 2014 Unlimited Tax General Obligation Bonds due in annual installments of \$255,000 to \$405,000 through April 2029; interest at 2.0 to 4.0%	\$ 1,803,227	\$ -	\$ 170,923	\$ 1,632,304	\$ 179,468
\$6,720,000 2017 Unlimited Tax General Obligation Refunding Bonds due in annual installments of \$20,000 to \$845,000 through April 2028; interest at 2.0%	5,645,000	-	575,000	5,070,000	610,000
Total public offering bonds	7,448,227	-	745,923	6,702,304	789,468
Direct placements and direct borrowings					
\$6,545,000 2015 Unlimited Tax General Obligation Bonds due in annual installments of \$230,000 to \$460,000 through April 2035; interest at 2.0 to 4.0%	5,325,000	-	265,000	5,060,000	275,000
\$839,000 2020 General Obligation Bonds due in annual installments of \$47,000 to \$67,000 through April 2035; interest at 2.73%	839,000	-	49,000	790,000	47,000
Total direct placements and direct borrowings	6,164,000	-	314,000	5,850,000	322,000
Other debt					
\$1,134,626 2010 Capital Lease due in annual installments of \$18,235 to \$91,175 through April 2034; interest at 3.25 to 6.5%	939,106	-	41,535	897,571	44,575
Total	14,551,333	-	1,101,458	13,449,875	1,156,043
Bond premiums	531,972	-	73,423	458,549	-
Accrued employee benefits	977,124	549,323	526,512	999,935	-
Total Governmental Activities	\$16,060,429	\$549,323	\$1,701,393	\$14,908,359	\$1,156,043

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Balance</u> <u>July 1,</u> <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2021</u>	<u>Due</u> <u>Within</u> <u>One</u> <u>Year</u>
Business-type Activities					
Public offering bonds					
\$4,775,000 2014 Unlimited Tax General Obligation Bonds due in annual installments of \$255,000 to \$405,000 through April 2029; interest at 2.0 to 4.0%	\$1,361,773	\$ -	\$129,078	\$ 1,232,695	\$ 135,532
Other debt					
Series 2020A Bond Anticipation Notes up to \$20,000,000 with payments due in semiannual installments of ¼ of outstanding balance beginning January 31, 2022 through July 31, 2023; interest at LIBOR, floor 1% plus 2.8% times .79	-	13,291,700	-	13,291,700	3,322,925
Accrued employee benefits	487,030	26,722	104,608	409,144	-
Total Business-type Activities	\$1,848,803	\$13,318,422	\$233,686	\$14,933,539	\$3,458,457
Component Units					
Public offering bonds					
\$1,000,000 2011 Brownfield Redevelopment Bonds due in annual installments of \$67,473 through May 2021; interest at 2.0%	\$ 66,150	\$ -	\$ 66,150	\$ -	\$ -
\$7,355,000 2016 Brownfield Redevelopment Bonds due in annual installments of \$1,240,000 to \$1,750,000 through November 2021; interest at 3.0% to 4.0%	3,360,000	-	1,610,000	1,750,000	1,750,000
\$4,540,000 2019 General Obligation Refunding Bonds due in annual installments of \$175,000 to \$440,000 through April 2034; interest at 3.0% to 4.0%	4,360,000	-	175,000	4,185,000	190,000
Total public offering bonds	7,786,150	-	1,851,150	5,935,000	1,940,000
Direct placements and direct borrowings					
\$2,960,000 2015 General Obligation Refunding Bonds due in annual installments of \$135,000 to \$380,000 through October 2026; interest at 2.3%	2,270,000	-	235,000	2,035,000	270,000
\$122,899 EGLE Loan due in annual installments of \$12,023 through September 2030; interest at 1.5%	122,899	-	12,023	110,876	10,360
Total direct placements and direct borrowings	2,392,899	-	247,023	2,145,876	280,360

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2021</u>	Due Within One Year
Other debt					
Bond premiums	\$ 463,322	\$ -	\$ 108,547	\$ 354,775	\$ -
Accrued employee benefits	4,913		856	4,057	-
Total Component Units	\$10,647,284	\$ -	\$2,207,576	\$8,439,708	\$2,220,360

The annual requirements to amortize all public offering bonds and leases outstanding as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
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	1,032,725	105,877	157,045	26,590	275,000	119,300
2027-2031	2,684,021	185,027	507,707	41,043	1,725,000	414,100
2032-2036	272,513	17,770	-	-	1,310,000	78,600
Total	\$7,599,875	\$961,359	\$1,232,696	\$231,649	\$5,935,000	\$1,215,400

The annual requirements to amortize all direct placements and direct borrowings outstanding as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2022	\$ 322,000	\$ 223,968	\$ 280,360	\$ 45,325
2023	333,000	211,684	310,515	38,621
2024	350,000	198,974	340,673	31,224
2025	361,000	185,608	380,833	23,021
2026	378,000	171,816	395,995	14,183
2027-2031	2,109,000	631,752	437,500	6,980
2032-2036	1,997,000	195,174	-	-
Total	\$5,850,000	\$1,818,976	\$2,145,876	\$159,354

Future minimum payments on the bond anticipation notes as of June 30, 2021 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 3,322,925	\$482,992
2023	6,645,850	166,146
2024	3,322,925	8,307
Total	\$13,291,700	\$657,445

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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.

The Board of Light and Power has pledged the following for repayment of the bond anticipation notes: proceeds of bonds to be issued, income derived from rates charged for services, facilities, and commodities furnished by the Board of Light and Power, earnings on investments and Board of Light and Power assets.

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 <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 61,549	\$ 38,165
2023	65,746	36,473
2024	71,341	34,620
2025	75,538	32,560
2026	82,532	30,358
2027-2031	506,384	95,720
2032-2036	376,292	21,241
Total	<u>\$1,239,382</u>	<u>\$289,137</u>

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.

Benefits Provided

Pension benefits approved by the City Council are provided to all full-time participating employees based on division/bargaining unit. Benefits provided include a multiplier of 1.75% (for non-union and SEIU) and 2.5% (for POLC) times final average compensation. Normal retirement is at age 60 with proper vesting (10 years for POLC and 6 years for SEIU and NU), Department of Public Safety early retirement is at age 50 with 25 years of service and other early retirement is at age 55 with 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, 2020):

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Total City
Active plan members	138
Inactive employees or beneficiaries currently receiving benefits	233
Inactive employees entitled but not yet receiving benefits	118
	<hr/>
Total	489
	<hr/>

Contributions

The City is required to contribute at an actuarially determined rate, which for the current year was from 14.77 to 27.54% 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, 2020, 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, 2020 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

The actuarial assumptions used in the valuation were based on the results of the 2020 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%

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2019	\$119,652,331	\$87,674,270	\$31,978,061
Changes for the Year:			
Service cost	1,719,873	-	1,719,873
Interest	8,876,309	-	8,876,309
Change in benefits	(883,918)	-	(883,918)
Differences between expected and actual experience	1,505,496	-	1,505,496
Change in assumptions	3,919,533	-	3,919,533
Contributions: employer	-	6,530,362	(6,530,362)
Contributions: employee	-	1,519,254	(1,519,254)
Net investment Income	-	10,939,329	(10,939,329)
Benefit payments, including refunds	(7,437,446)	(7,437,446)	-
Administrative expense	-	(174,529)	174,529
Other changes	1	-	1
Net changes	7,699,848	11,376,970	(3,677,122)
Balance at December 31, 2020	\$127,352,179	\$99,051,240	\$28,300,939

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 higher (8.60%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total Pension Liability	\$143,017,102	\$127,352,179	\$114,466,832
Fiduciary Net Position	99,051,240	99,051,240	99,051,240
Net Pension Liability	\$ 43,965,862	\$ 28,300,939	\$ 15,415,592

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2021 the City recognized pension expense of \$4,479,667. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$1,530,220	\$ 237,006
Differences in assumptions	3,987,085	-
(Excess) deficit investment returns	-	2,800,838
Contributions subsequent to the measurement date*	1,461,965	-
Total	<u>\$6,979,270</u>	<u>\$3,037,844</u>

* 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 2022.

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:

2022	\$3,002,902
2023	2,076,563
2024	(1,748,114)
2025	(851,890)
2026	-
Thereafter	-
Total	<u>\$2,479,461</u>

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.

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 2020, 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 \$60,020 and participant contributions were \$57,153 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 \$72,168 and the Board contributed \$144,336 to the plan.

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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 \$1,208,354 while actual contributions were \$699,661.

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.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation:

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

Net OPEB Liability

The net OPEB liability was rolled forward through June 30, 2021 based on an annual actuarial valuation as of June 30, 2020. The total OPEB liability in the June 30, 2020 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.

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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%.

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

Rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 28.1%. 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Plan</u>		
	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at June 30, 2020	\$8,382,719	\$2,198,690	\$6,184,029
Changes for the Year:			
Service cost	43,640	-	43,640
Interest	593,625	-	593,625
Change in benefits	-	-	-
Differences between expected and actual experience	(75,976)	-	(75,976)
Change in assumptions	(27,044)	-	(27,044)
Benefits paid from general operating funds	-	699,661	(699,661)
Net investment Income	-	618,036	(618,036)
Benefit payments, including refunds	(699,661)	(699,661)	-

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Administrative expense	-	(4,546)	4,546
Other changes	-	-	-
Net changes	(165,416)	613,490	(778,906)
Balance at June 30, 2021	\$8,217,303	\$2,812,180	\$5,405,123

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 higher (8.35%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$8,750,486	\$8,217,303	\$7,736,002
Fiduciary net position	2,812,180	2,812,180	2,812,180
Net OPEB liability	\$5,938,306	\$5,405,123	\$4,923,822
Plan fiduciary position as a percentage of the total OPEB liability	32.14%	34.22%	36.35%

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 higher (9%) than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$7,625,626	\$8,217,303	\$8,876,889
Fiduciary net position	2,812,180	2,812,180	2,812,180
Net OBEB liability	\$4,813,446	\$5,405,123	\$6,064,709

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

For the year ended June 30, 2021 the employer recognized OPEB expense of \$900,357. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$167,483	\$ -
Differences in assumptions	460,887	-
Excess (deficit) investment returns	109,942	366,385
Total	\$738,312	\$366,385

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

2022	\$419,981
2023	125,904
2024	(82,639)
2025	(91,319)
2026	-
Thereafter	-
Total	<u>\$371,927</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 \$132,806 and participant contributions were \$243,542 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 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 \$118,200 reported at June 30, 2021 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.

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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, 2020 and 2021 were as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2020	\$163,004	\$4,136,680	\$4,192,317	\$107,367
2021	107,367	2,555,087	2,544,254	118,200

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.

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

	<u>Deductible/Retention</u>	
	<u>2021</u>	<u>2020</u>
Property and equipment	\$50,000 - 500,000	\$50,000 - 500,000
General liability	50,000	50,000
Public officials liability	25,000	50,000
Employee benefits liability	50,000	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 \$6,680,920 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.

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

The claims liability for the Board of Light and Power as reported by the MPIA for the years ended June 30, 2021 and 2020 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, 2021 and 2020 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, 2021. 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, 2021.

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, 2021, the City abated property tax revenues of approximately \$144,000.

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.

The Grand Haven Board of Light and Power decommissioned the Sims Coal fired electricity plant in 2020 and is actively engaged with the Michigan Department of Environment, Great Lakes and Energy (EGLE) to finalize regulatory action on coal ash impoundments. Grand Haven Board of Light and Power activity on the island has triggered EGLE involvement, and the City dump, which lies beneath the Sims site and was formally closed by the City of Grand Haven in 1970, is a source of concern. It is impossible to determine the financial obligation that the City and the Grand Haven Board of Light and Power may ultimately have regarding the landfill until further studies and tests are performed.

15. COMMITMENTS

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.

CITY OF GRAND HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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, 2020	\$(676,356)
Current year building permit revenues	433,688
Related expenses	
Direct costs	(384,819)
Estimated indirect costs	<u>(54,165)</u>
Cumulative shortfall – June 30, 2021	<u><u>\$(681,652)</u></u>

18. LEASE AGREEMENT

The Board of Light and Power has entered into a lease agreement for office space. Current year expense under the agreement was \$27,900. Future minimum payments required under the agreement are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$27,900
2023	16,275

19. 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 \$6,748,031 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.

20. PRIOR PERIOD ADJUSTMENT

Beginning net position of the Brownfield Redevelopment Authority was decreased by \$122,899 to reflect the correct recording of a long-term redevelopment loan payable. Beginning net position of custodial funds was increased \$672,815 to reflect implementation of GASB 84.

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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, 2021

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes				
Property taxes	\$ 7,113,000	\$ 7,403,150	\$ 7,423,394	\$ 20,244
Intergovernmental revenues				
Federal	-	502,000	525,943	23,943
State	984,000	1,025,000	1,185,311	160,311
Local	15,000	28,972	40,945	11,973
Special assessments	18,000	12,890	33,549	20,659
Licenses and permits	656,300	795,300	854,935	59,635
Charges for services	1,612,683	1,473,315	1,490,503	17,188
Fines	97,500	61,500	71,532	10,032
Investment earnings	180,000	139,000	211,199	72,199
Miscellaneous	85,000	172,500	185,122	12,622
Total revenues	<u>10,761,483</u>	<u>11,613,627</u>	<u>12,022,433</u>	<u>408,806</u>
Expenditures				
Current				
General government	3,016,573	3,048,668	2,780,537	268,131
Public safety	5,223,281	5,406,108	5,335,186	70,922
Public works	3,051,777	3,234,927	3,146,031	88,896
Culture and recreation	917,537	941,795	728,409	213,386
Debt service				
Principal	-	-	17,013	(17,013)
Interest and fiscal charges	11,800	11,800	11,789	11
Total expenditures	<u>12,220,968</u>	<u>12,643,298</u>	<u>12,018,965</u>	<u>624,333</u>
Revenues over (under) expenditures	<u>(1,459,485)</u>	<u>(1,029,671)</u>	<u>3,468</u>	<u>1,033,139</u>
Other financing sources (uses)				
Transfers in	2,255,638	2,155,638	2,134,714	(20,924)
Transfers out	(1,249,052)	(1,772,345)	(1,772,345)	-
Total other financing sources (uses)	<u>1,006,586</u>	<u>383,293</u>	<u>362,369</u>	<u>(20,924)</u>
Net changes in fund balance	<u>(452,899)</u>	<u>(646,378)</u>	<u>365,837</u>	<u>1,012,215</u>
Fund balance, beginning of year	<u>4,057,436</u>	<u>4,057,436</u>	<u>4,057,436</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,604,537</u>	<u>\$ 3,411,058</u>	<u>\$ 4,423,273</u>	<u>\$ 1,012,215</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, 2021

	2014	2015	2016	2017	2018	2019	2020
Total pension liability							
Service cost	\$ 1,714,380	\$ 1,784,375	\$ 1,938,291	\$ 1,896,453	\$ 1,876,313	\$ 1,787,913	\$ 1,719,873
Interest	6,872,845	6,970,006	7,719,273	7,931,391	8,390,678	8,623,429	8,876,309
Changes in benefit terms	-	(8,167)	(27,927)	(54,797)	2,423	(25,121)	(883,918)
Difference between expected and actual experience	-	1,069,871	(1,279,520)	2,035,707	(948,030)	1,579,667	1,505,496
Changes in assumptions	-	4,451,385	-	-	-	4,122,188	3,919,533
Benefit payments including employee refunds	(4,522,352)	(5,086,362)	(5,306,454)	(6,048,965)	(6,066,289)	(6,669,279)	(7,437,446)
Other	-	217,812	-	-	(4)	(2)	1
Net change in total pension liability	<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>9,418,795</u>	<u>7,699,848</u>
Total pension liability, beginning of year	<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>	<u>119,652,331</u>
Total pension liability, end of year	<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>\$ 119,652,331</u>	<u>\$ 127,352,179</u>
Plan Fiduciary Net Position							
Contributions-employer	\$ 1,230,140	\$ 1,351,197	\$ 1,528,835	\$ 6,969,429	\$ 2,803,011	\$ 2,096,764	\$ 6,530,362
Contributions-employee	1,017,387	1,188,014	1,399,568	1,649,872	1,583,711	1,619,918	1,519,254
Net investment income	4,384,730	(1,056,807)	7,662,061	9,637,326	(3,336,775)	10,759,791	10,939,329
Benefit payments including employee refunds	(4,522,352)	(5,086,362)	(5,306,454)	(6,048,965)	(6,066,289)	(6,669,279)	(7,437,446)
Administrative expense	(160,769)	(155,709)	(151,314)	(152,492)	(164,445)	(185,343)	(174,529)
Net change in plan fiduciary net position	<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>7,621,851</u>	<u>11,376,970</u>
Plan fiduciary net position, beginning of year	<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>	<u>87,674,270</u>
Plan fiduciary net position, end of year	<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>\$ 87,674,270</u>	<u>\$ 99,051,240</u>
Total net pension liability	<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>	<u>\$ 28,300,939</u>
Plan fiduciary net position as a percentage of the total pension liability	81%	69%	72%	80%	73%	73%	78%
Covered employee payroll	\$ 11,071,127	\$ 11,535,426	\$ 12,103,488	\$ 11,544,999	\$ 11,230,904	\$ 10,471,556	\$ 9,766,065
Employer's net pension liability as a percentage of covered employee payroll	153%	261%	232%	188%	269%	305%	290%

CITY OF GRAND HAVEN
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contributions	\$ 1,285,986	\$ 1,533,911	\$ 1,528,835	\$ 1,976,799	\$ 1,832,196	\$ 2,259,855	\$ 1,823,154
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	5,823,154
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (5,000,000)	\$ (1,000,000)	\$ -	\$ (4,000,000)
Covered employee payroll	\$ 11,071,127	\$ 11,535,426	\$ 12,103,488	\$ 11,544,999	\$ 11,230,904	\$ 10,471,556	\$ 9,766,065
Contributions as a percentage of covered employee payroll	11.6%	13.3%	12.6%	60.4%	25.2%	21.6%	59.6%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	10-18 years
Asset valuation method	5 year smoothed (10 year smothing 2014)
Inflation	2.5% (3.5% 2014)
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, 2021

	2017	2018	2019	2020	2021
Total OPEB liability					
Service cost	\$ 52,122	\$ 49,554	\$ 42,889	\$ 46,820	\$ 43,640
Interest	456,376	456,247	556,550	623,499	593,625
Changes in benefit terms	-	-	-	(34,994)	-
Difference between expected and actual experience	79,952	1,015,790	141,760	(101,970)	(75,976)
Changes in assumptions	-	292,450	864,802	207,572	(27,044)
Benefit payments including employee refunds	(535,595)	(639,638)	(779,102)	(713,057)	(699,661)
Other	-	-	-	-	-
Net change in total OPEB liability	52,855	1,174,403	826,899	27,870	(165,416)
Total OPEB liability, beginning of year	6,300,692	6,353,547	7,527,950	8,354,849	8,382,719
Total OPEB liability, end of year	\$ 6,353,547	\$ 7,527,950	\$ 8,354,849	\$ 8,382,719	\$ 8,217,303
Plan Fiduciary Net Position					
Contributions-employer	\$ 500,000	\$ -	\$ 779,102	\$ 713,057	\$ 699,661
Contributions/benefit payments made from general operating funds	535,595	639,638	-	-	-
Net investment income	198,865	151,458	62,008	50,205	618,036
Benefit payments including employee refunds	(535,595)	(639,638)	(779,102)	(713,057)	(699,661)
Administrative expense	(4,014)	(4,916)	(4,396)	(3,939)	(4,546)
Other	-	-	-	-	-
Net change in plan fiduciary net position	694,851	146,542	57,612	46,266	613,490
Plan fiduciary net position, beginning of year	1,253,419	1,948,270	2,094,812	2,152,424	2,198,690
Plan fiduciary net position, end of year	\$ 1,948,270	\$ 2,094,812	\$ 2,152,424	\$ 2,198,690	\$ 2,812,180
Employer net OPEB liability	\$ 4,405,277	\$ 5,433,138	\$ 6,202,425	\$ 6,184,029	\$ 5,405,123
Plan fiduciary net position as a percentage of the total OPEB liability	31%	28%	26%	26%	34%
Covered employee payroll	\$ 11,180,895	\$ 5,713,567	\$ 5,833,306	\$ 4,286,167	\$ 4,228,786
Employer's net OPEB liability as a percentage of covered employee payroll	39%	95%	106%	144%	128%

SCHEDULE OF INVESTMENT RETURNS

FOR THE YEAR ENDED JUNE 30, 2021

	2017	2018	2019	2020	2021
Annual money-weighted rate of return net of investment expense	12.2%	7.7%	2.9%	7.2%	28.1%

CITY OF GRAND HAVEN
DEFINED BENEFIT OPEB PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

	2017	2018	2019	2020	2021
Actuarially determined contributions	\$ 859,095	\$ 646,318	\$ 906,928	\$ 1,119,545	\$ 1,208,354
Contributions in relation to the actuarially determined contribution	1,035,595	639,638	779,102	713,057	699,661
Contribution deficiency (excess)	<u>\$ (176,500)</u>	<u>\$ 6,680</u>	<u>\$ 127,826</u>	<u>\$ 406,488</u>	<u>\$ 508,693</u>
Covered employee payroll	\$ 11,180,895	\$ 5,713,567	\$ 5,833,306	\$ 4,286,167	\$ 4,228,786
Contributions as a percentage of covered employee payroll	9%	11%	13%	17%	17%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percent, closed
Remaining amortization period	6 years
Asset valuation method	Market value
Inflation	2.25%
Healthcare cost trend rates	8.25% graded down .25% per year until reaching 4.5%
Salary increases	2.00%
Investment rate of return	7.35% (7.75% 2017-2019)
Retirement age	Varies depending on plan adoption
Mortality	2010 Employee and Healthy Retiree; headcount weighted, 2019 Improvement

State of Michigan PA 202 Information

Actuarially recommended contributions in accordance with State PA 202	\$ 1,309,319
Minimum required contribution under PA 202	699,661
Actual contribution	669,661
Contribution for employees hired after June 30, 2018	n/a

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

Mortality - Public Employee and Police, headcount weighted, MP-2019
Expected asset return - 7.0%
Expected salary increase - 3.0%
Effective discount rate - 7.0%
Trend rates - 7.5% initial rate pre-65, 5.75% initial rate post-65

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, 2021

	Special Revenue						
	<u>Major Streets</u>	<u>Local Streets</u>	<u>Housing</u>	<u>2014 Capital Improvement Bonds</u>	<u>2008 UTGO Bonds</u>	<u>2015 Infrastructure Bonds</u>	<u>Lighthouse Maintenance</u>
Assets							
Cash and pooled investments	\$ 284,306	\$ 193,156	\$ 154,743	\$ 226,551	\$ 894,171	\$ 728,061	\$ -
Accounts receivable	25,973	-	-	-	-	-	7,623
Due from other governments	191,553	58,232	-	-	-	-	7,623
Taxes receivable	-	-	-	-	-	730	-
Special assessments receivable	8,788	-	-	-	-	-	-
Prepaid items	3,896	3,896	-	-	-	-	-
Inventory	25,222	25,222	-	-	-	-	-
Total assets	<u>\$ 539,738</u>	<u>\$ 280,506</u>	<u>\$ 154,743</u>	<u>\$ 226,551</u>	<u>\$ 894,171</u>	<u>\$ 728,791</u>	<u>\$ 15,246</u>
Liabilities, deferred inflows and fund balances							
Liabilities							
Accounts payable	\$ 134,757	\$ 81,665	\$ 723	\$ -	\$ -	\$ -	\$ 3,446
Accrued liabilities	17,808	7,368	-	-	-	-	-
Due to other funds	8,826	6,361	91,100	-	-	-	11,800
Total liabilities	<u>161,391</u>	<u>95,394</u>	<u>91,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,246</u>
Deferred inflows of resources							
Unavailable revenue	8,788	-	-	-	-	730	-
Fund balances (deficit)							
Non-spendable							
Prepaid items	3,896	3,896	-	-	-	-	-
Permanent fund corpus	-	-	-	-	-	-	-
Inventory	25,222	25,222	-	-	-	-	-
Restricted							
Streets	340,441	155,994	-	-	-	-	-
Public works	-	-	62,920	226,551	894,171	728,061	-
Debt service funds	-	-	-	-	-	-	-
Committed							
Capital projects	-	-	-	-	-	-	-
Total fund balances	<u>369,559</u>	<u>185,112</u>	<u>62,920</u>	<u>226,551</u>	<u>894,171</u>	<u>728,061</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 539,738</u>	<u>\$ 280,506</u>	<u>\$ 154,743</u>	<u>\$ 226,551</u>	<u>\$ 894,171</u>	<u>\$ 728,791</u>	<u>\$ 15,246</u>

Debt Service					Capital Projects			Permanent	Total
2014 Capital Improvement Bonds	2015 Infrastructure Bonds	Brownfield Debt Support	2020 Warber Drain Bonds	2008 UTGO Bonds	Public Improvement	Fire Truck	2015 Infrastructure Bonds	Cemetery Perpetual Care	
\$ -	\$ -	\$ 1,096,172	\$ -	\$ -	\$ 1,919,849	\$ 196,567	\$ -	\$ 572,891	\$ 6,266,467
-	-	-	-	-	34,856	-	-	66,886	135,338
-	-	-	-	-	44,446	-	-	-	301,854
-	-	794	-	-	582	-	-	-	2,106
-	-	-	-	-	-	-	-	-	8,788
-	-	-	-	-	18,743	-	-	-	26,535
-	-	-	-	-	-	-	-	-	50,444
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,096,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,018,476</u>	<u>\$ 196,567</u>	<u>\$ -</u>	<u>\$ 639,777</u>	<u>\$ 6,791,532</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,731	\$ 7,900	\$ -	\$ -	\$ 272,222
-	-	-	-	-	-	-	-	-	25,176
-	-	-	-	-	-	-	-	-	118,087
-	-	-	-	-	43,731	7,900	-	-	415,485
-	-	794	-	-	582	-	-	-	10,894
-	-	-	-	-	18,743	-	-	-	26,535
-	-	-	-	-	-	-	-	639,777	639,777
-	-	-	-	-	-	-	-	-	50,444
-	-	-	-	-	-	-	-	-	496,435
-	-	-	-	-	-	-	-	-	1,911,703
-	-	1,096,172	-	-	-	-	-	-	1,096,172
-	-	-	-	-	1,955,420	188,667	-	-	2,144,087
-	-	1,096,172	-	-	1,974,163	188,667	-	639,777	6,365,153
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,096,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,018,476</u>	<u>\$ 196,567</u>	<u>\$ -</u>	<u>\$ 639,777</u>	<u>\$ 6,791,532</u>

CITY OF GRAND HAVEN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue						
	Major Streets	Local Streets	Housing	2014 Capital Improvement Bonds	2008 UTGO Bonds	2015 Infrastructure Bonds	Lighthouse Maintenance
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ 83,515	\$ 733,771	\$ 576,881	\$ -
Intergovernmental revenues							
Federal	-	-	24,871	-	-	-	7,623
State	1,103,144	367,120	73,391	-	-	-	-
Local	64,628	-	98,934	-	-	-	7,624
Special assessments	491	-	-	-	-	-	-
Licenses and permits	100	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Investment earnings	(5,195)	-	-	-	78	833	-
Miscellaneous	-	29,697	(206)	-	-	-	-
Total revenues	1,163,168	396,817	196,990	83,515	733,849	577,714	15,247
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public works	1,724,142	762,997	76,574	-	-	-	-
Culture and recreation	-	-	-	-	-	-	15,247
Debt service							
Principal	-	24,522	-	-	-	-	-
Interest	-	15,713	-	-	-	-	-
Capital outlay	-	712,331	-	-	-	-	-
Total expenditures	1,724,142	1,515,563	76,574	-	-	-	15,247
Revenues over (under) expenditures	(560,974)	(1,118,746)	120,416	83,515	733,849	577,714	-
Other financing sources (uses)							
Transfers in	262,634	1,297,500	-	426,600	-	-	-
Transfers out	(185,000)	-	(91,100)	(426,900)	(687,635)	(478,000)	-
Total other financing sources (uses)	77,634	1,297,500	(91,100)	(300)	(687,635)	(478,000)	-
Net changes in fund balances	(483,340)	178,754	29,316	83,215	46,214	99,714	-
Fund balances, beginning of year	852,899	6,358	33,604	143,336	847,957	628,347	-
Fund balances, end of year	\$ 369,559	\$ 185,112	\$ 62,920	\$ 226,551	\$ 894,171	\$ 728,061	\$ -

Debt Service					Capital Projects			Permanent	Total
2014 Capital Improvement Bonds	2015 Infrastructure Bonds	Brownfield Debt Support	2020 Warber Drain Bonds	2008 UTGO Bonds	Public Improvement	Fire Truck	2015 Infrastructure Bonds	Cemetery Perpetual Care	
\$ -	\$ -	\$ 444,722	\$ -	\$ -	\$ 518,625	\$ -	\$ -	\$ -	\$ 2,357,514
-	-	-	-	-	938,763	-	-	-	971,257
-	-	-	-	-	(32,312)	-	-	-	1,511,343
-	-	-	-	-	96,382	-	-	-	267,568
-	-	-	-	-	-	-	-	-	491
-	-	-	-	-	-	-	-	-	100
-	-	-	-	-	-	-	-	42,166	42,166
-	-	(911)	-	-	44,910	(211)	-	67,579	107,083
-	-	-	-	-	20,097	-	-	-	49,588
-	-	443,811	-	-	1,586,465	(211)	-	109,745	5,307,110
-	-	689,909	-	-	-	-	-	1,500,000	2,189,909
-	-	-	-	-	-	-	-	-	2,563,713
-	-	-	-	-	-	-	-	-	15,247
170,923	265,000	-	49,000	575,000	-	-	-	-	1,084,445
72,428	213,000	-	19,724	112,635	-	-	-	-	433,500
-	-	-	-	-	1,949,968	148,159	-	-	2,810,458
243,351	478,000	689,909	68,724	687,635	1,949,968	148,159	-	1,500,000	9,097,272
(243,351)	(478,000)	(246,098)	(68,724)	(687,635)	(363,503)	(148,370)	-	(1,390,255)	(3,790,162)
243,351	478,000	-	68,724	687,635	-	100,000	-	-	3,564,444
-	-	-	-	-	(100,000)	-	-	(492)	(1,969,127)
243,351	478,000	-	68,724	687,635	(100,000)	100,000	-	(492)	1,595,317
-	-	(246,098)	-	-	(463,503)	(48,370)	-	(1,390,747)	(2,194,845)
-	-	1,342,270	-	-	2,437,666	237,037	-	2,030,524	8,559,998
\$ -	\$ -	\$ 1,096,172	\$ -	\$ -	\$ 1,974,163	\$ 188,667	\$ -	\$ 639,777	\$ 6,365,153

CITY OF GRAND HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Intergovernmental revenues				
Federal	\$ -	\$ 107,697	\$ -	\$ (107,697)
State	1,453,975	1,144,500	1,103,144	(41,356)
Local	112,500	86,100	64,628	(21,472)
Special assessments	-	-	491	491
Licenses and permits	-	-	100	100
Investment earnings	500	-	(5,195)	(5,195)
Total revenues	1,566,975	1,338,297	1,163,168	(175,129)
Expenditures				
Current				
Public works	1,362,125	1,894,568	1,724,142	170,426
Revenues over (under) expenditures	204,850	(556,271)	(560,974)	(4,703)
Other financing sources (uses)				
Transfers in	237,500	257,070	262,634	5,564
Transfers out	(185,000)	(185,000)	(185,000)	-
Total other financing sources (uses)	52,500	72,070	77,634	5,564
Net changes in fund balance	257,350	(484,201)	(483,340)	861
Fund balance, beginning of year	852,899	852,899	852,899	-
Fund balance, end of year	\$ 1,110,249	\$ 368,698	\$ 369,559	\$ 861

CITY OF GRAND HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 346,335	\$ 367,825	\$ 367,120	\$ (705)
Miscellaneous	2,500	25,850	29,697	3,847
Total revenues	<u>348,835</u>	<u>393,675</u>	<u>396,817</u>	<u>3,142</u>
Expenditures				
Current				
Public works	765,594	853,133	762,997	90,136
Debt service				
Principal	20,935	20,935	24,522	(3,587)
Interest	19,300	19,300	15,713	3,587
Capital outlay	-	762,005	712,331	49,674
Total expenditures	<u>805,829</u>	<u>1,655,373</u>	<u>1,515,563</u>	<u>139,810</u>
Revenues over (under) expenditures	(456,994)	(1,261,698)	(1,118,746)	142,952
Other financing sources (uses)				
Transfers in	422,500	1,297,500	1,297,500	-
Net changes in fund balance	(34,494)	35,802	178,754	142,952
Fund balance, beginning of year	<u>6,358</u>	<u>6,358</u>	<u>6,358</u>	<u>-</u>
Fund balance, end of year	<u>\$ (28,136)</u>	<u>\$ 42,160</u>	<u>\$ 185,112</u>	<u>\$ 142,952</u>

CITY OF GRAND HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Intergovernmental revenues				
Federal	\$ 15,000	\$ 23,500	\$ 24,871	\$ 1,371
State	85,000	62,025	73,391	11,366
Local	58,250	78,659	98,934	20,275
Miscellaneous	<u>5,000</u>	<u>-</u>	<u>(206)</u>	<u>(206)</u>
Total revenues	163,250	164,184	196,990	32,806
Expenditures				
Current				
Public works	<u>72,500</u>	<u>71,550</u>	<u>76,574</u>	<u>(5,024)</u>
Revenues over (under) expenditures	90,750	92,634	120,416	27,782
Other financing sources (uses)				
Transfers out	<u>(90,638)</u>	<u>(90,640)</u>	<u>(91,100)</u>	<u>(460)</u>
Net changes in fund balance	112	1,994	29,316	27,322
Fund balance, beginning of year	<u>33,604</u>	<u>33,604</u>	<u>33,604</u>	<u>-</u>
Fund balance, end of year	<u>\$ 33,716</u>	<u>\$ 35,598</u>	<u>\$ 62,920</u>	<u>\$ 27,322</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, 2021

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ 25,000	\$ 25,000	\$ 83,515	\$ 58,515
Expenditures				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	25,000	25,000	83,515	58,515
Other financing sources (uses)				
Transfers in	426,601	426,601	426,600	(1)
Transfers out	(427,200)	(427,200)	(426,900)	300
Total other financing sources (uses)	(599)	(599)	(300)	299
Net changes in fund balance	24,401	24,401	83,215	58,814
Fund balance, beginning of year	143,336	143,336	143,336	-
Fund balance, end of year	<u>\$ 167,737</u>	<u>\$ 167,737</u>	<u>\$ 226,551</u>	<u>\$ 58,814</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, 2021

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ 630,000	\$ 665,450	\$ 733,771	\$ 68,321
Investment earnings	<u>1,500</u>	<u>100</u>	<u>78</u>	<u>(22)</u>
Total revenues	631,500	665,550	733,849	68,299
Expenditures				
Current				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	631,500	665,550	733,849	68,299
Other financing sources (uses)				
Transfers out	<u>(689,050)</u>	<u>(689,050)</u>	<u>(687,635)</u>	<u>1,415</u>
Net changes in fund balance	(57,550)	(23,500)	46,214	69,714
Fund balance, beginning of year	<u>847,957</u>	<u>847,957</u>	<u>847,957</u>	<u>-</u>
Fund balance, end of year	<u>\$ 790,407</u>	<u>\$ 824,457</u>	<u>\$ 894,171</u>	<u>\$ 69,714</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, 2021

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 550,000	\$ 570,400	\$ 576,881	\$ 6,481
Investment earnings	-	450	833	383
Total revenues	550,000	570,850	577,714	6,864
Expenditures				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	550,000	570,850	577,714	6,864
Other financing sources (uses)				
Transfers out	(478,000)	(478,000)	(478,000)	-
Net changes in fund balance	72,000	92,850	99,714	6,864
Fund balance, beginning of year	<u>628,347</u>	<u>628,347</u>	<u>628,347</u>	<u>-</u>
Fund balance, end of year	<u>\$ 700,347</u>	<u>\$ 721,197</u>	<u>\$ 728,061</u>	<u>\$ 6,864</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, 2021

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
Federal	\$ 37,879	\$ 37,880	\$ 7,623	\$ (30,257)
State	60,000	-	-	-
Local	<u>67,880</u>	<u>37,880</u>	<u>7,624</u>	<u>(30,256)</u>
Total revenues	<u>165,759</u>	<u>75,760</u>	<u>15,247</u>	<u>(60,513)</u>
Expenditures				
Current				
Culture and recreation	<u>165,759</u>	<u>75,760</u>	<u>15,247</u>	<u>60,513</u>
Net changes in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GRAND HAVEN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Marina</u>	<u>Airport</u>	<u>Chinook Pier Rental</u>	<u>Total</u>
Assets				
Current assets				
Cash and pooled investments	\$ 233,680	\$ 60,775	\$ 122,761	\$ 417,216
Accounts receivable	12,000	405	6,973	19,378
Due from other governments	670	177,090	-	177,760
Prepaid items	34	2,770	-	2,804
	<u>246,384</u>	<u>241,040</u>	<u>129,734</u>	<u>617,158</u>
Total current assets				
Non-current assets				
Capital assets				
Land	94,000	181,762	28,300	304,062
Construction in progress	-	20,681	-	20,681
Depreciable capital assets, net	1,851,427	1,812,545	496	3,664,468
	<u>1,945,427</u>	<u>2,014,988</u>	<u>28,796</u>	<u>3,989,211</u>
Total non-current assets				
Total assets	<u>2,191,811</u>	<u>2,256,028</u>	<u>158,530</u>	<u>4,606,369</u>
Deferred outflows of resources				
Pension related	26,898	-	-	26,898
Other post-employment benefits related	4,506	-	-	4,506
	<u>31,404</u>	<u>-</u>	<u>-</u>	<u>31,404</u>
Total deferred outflows of resources				
Liabilities				
Current liabilities				
Accounts payable	6,100	34,063	-	40,163
Accrued liabilities	8,408	2,593	-	11,001
Due to other funds	666	-	-	666
	<u>15,174</u>	<u>36,656</u>	<u>-</u>	<u>51,830</u>
Total current liabilities				
Long-term liabilities				
Accrued compensated absences	5,067	3,278	-	8,345
Other post-employment benefits	30,046	-	-	30,046
Net pension liability	115,560	-	-	115,560
	<u>150,673</u>	<u>3,278</u>	<u>-</u>	<u>153,951</u>
Total long-term liabilities				
Total liabilities	<u>165,847</u>	<u>39,934</u>	<u>-</u>	<u>205,781</u>
Deferred inflows of resources				
Pension related	12,404	-	-	12,404
	<u>12,404</u>	<u>-</u>	<u>-</u>	<u>12,404</u>
Net position				
Net investment in capital assets	1,945,427	2,014,988	28,796	3,989,211
Unrestricted	99,537	201,106	129,734	430,377
	<u>2,044,964</u>	<u>2,216,094</u>	<u>158,530</u>	<u>4,419,588</u>
Total net position				

CITY OF GRAND HAVEN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Marina</u>	<u>Airport</u>	<u>Chinook Pier Rental</u>	<u>Total</u>
Operating revenue				
Charges for services	\$ 247,217	\$ 230,752	\$ -	\$ 477,969
Operating expense				
Operating	274,512	227,846	55,403	557,761
Administrative and general	-	16,587	-	16,587
Depreciation	118,415	103,561	496	222,472
Total operating expense	<u>392,927</u>	<u>347,994</u>	<u>55,899</u>	<u>796,820</u>
Operating income (loss)	<u>(145,710)</u>	<u>(117,242)</u>	<u>(55,899)</u>	<u>(318,851)</u>
Non-operating revenue (expense)				
Other	<u>60</u>	<u>37,275</u>	<u>-</u>	<u>37,335</u>
Income (loss) before other items	<u>(145,650)</u>	<u>(79,967)</u>	<u>(55,899)</u>	<u>(281,516)</u>
Transfers and other items				
Contribution in aid of construction	13,208	303,440	-	316,648
Transfers in	<u>80,000</u>	<u>-</u>	<u>11,000</u>	<u>91,000</u>
Total transfers and other items	<u>93,208</u>	<u>303,440</u>	<u>11,000</u>	<u>407,648</u>
Changes in net position	(52,442)	223,473	(44,899)	126,132
Net position, beginning of year	<u>2,097,406</u>	<u>1,992,621</u>	<u>203,429</u>	<u>4,293,456</u>
Net position, end of year	<u>\$ 2,044,964</u>	<u>\$ 2,216,094</u>	<u>\$ 158,530</u>	<u>\$ 4,419,588</u>

CITY OF GRAND HAVEN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Marina</u>	<u>Airport</u>	<u>Chinook Pier Rental</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from customers and users	\$ 277,942	\$ 78,737	\$ -	\$ 356,679
Payments to employees	(117,058)	(48,807)	-	(165,865)
Payments to suppliers	<u>(151,371)</u>	<u>(135,953)</u>	<u>(90,843)</u>	<u>(378,167)</u>
Net cash provided by (used in) operating activities	<u>9,513</u>	<u>(106,023)</u>	<u>(90,843)</u>	<u>(187,353)</u>
Cash flows from non-capital financing activities				
Transfers in	<u>80,000</u>	<u>-</u>	<u>11,000</u>	<u>91,000</u>
Cash flows from capital and related financing activities				
Contribution in aid of construction	13,208	303,440	-	316,648
Acquisitions of capital assets	<u>-</u>	<u>(244,571)</u>	<u>-</u>	<u>(244,571)</u>
Net cash provided by (used in) capital and related financing activities	<u>13,208</u>	<u>58,869</u>	<u>-</u>	<u>72,077</u>
Cash flows from investing activities				
Interest income	<u>-</u>	<u>1</u>	<u>(1)</u>	<u>-</u>
Net increase (decrease) in cash and pooled investments	102,721	(47,153)	(79,844)	(24,276)
Cash and pooled investments, beginning of year	<u>130,959</u>	<u>107,928</u>	<u>202,605</u>	<u>441,492</u>
Cash and pooled investments, end of year	<u>\$ 233,680</u>	<u>\$ 60,775</u>	<u>\$ 122,761</u>	<u>\$ 417,216</u>
Cash flows from operating activities				
Operating income (loss)	\$ (145,710)	\$ (117,242)	\$ (55,899)	\$ (318,851)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	118,415	103,561	496	222,472
Miscellaneous revenue	60	37,275	-	37,335
Deferred outflows of resources for pension	(10,785)	-	-	(10,785)
Deferred inflows of resources for pension	12,404	-	-	12,404
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	31,213	13,313	-	44,526
Due from other governmental units	(488)	(165,328)	-	(165,816)
Prepaid expenses	352	(15)	-	337
Accounts payable	(3,806)	20,942	(6,410)	10,726
Accrued liabilities	(874)	791	-	(83)
Due to other funds	(723)	-	(29,030)	(29,753)
Compensated absences	538	680	-	1,218
Net pension liability	<u>8,917</u>	<u>-</u>	<u>-</u>	<u>8,917</u>
Net cash provided by (used in) operating activities	<u>\$ 9,513</u>	<u>\$ (106,023)</u>	<u>\$ (90,843)</u>	<u>\$ (187,353)</u>

CITY OF GRAND HAVEN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	Motor Pool	Insurance	Health Benefits	Retiree Health Care	Total
Assets					
Current assets					
Cash and pooled investments	\$ 1,413,431	\$ 1,293,474	\$ 2,127,382	\$ 614,899	\$ 5,449,186
Accounts receivable	-	11,433	64,138	239	75,810
Due from other governments	106	-	-	-	106
Due from other funds	55,909	-	-	-	55,909
Prepaid items	478	78,639	-	-	79,117
Inventory	49,828	-	-	-	49,828
Total current assets	1,519,752	1,383,546	2,191,520	615,138	5,709,956
Non-current assets					
Capital assets					
Depreciable capital assets, net	3,189,367	-	-	-	3,189,367
Total assets	4,709,119	1,383,546	2,191,520	615,138	8,899,323
Deferred outflows of resources					
Pension related	111,934	-	-	-	111,934
Other post-employment benefits related	14,085	-	-	-	14,085
Total deferred outflows of resources	126,019	-	-	-	126,019
Liabilities					
Current liabilities					
Accounts payable	27,505	131	-	-	27,636
Accrued liabilities	6,256	-	118,200	-	124,456
Due to other funds	-	-	566,999	166,056	733,055
Total current liabilities	33,761	131	685,199	166,056	885,147
Long-term liabilities					
Accrued compensated absences	5,480	-	-	-	5,480
Other post-employment benefits	97,190	-	-	-	97,190
Net pension liability	480,883	-	-	-	480,883
Total long-term liabilities	583,553	-	-	-	583,553
Total liabilities	617,314	131	685,199	166,056	1,468,700
Deferred inflows of resources					
Pension related	51,618	-	-	-	51,618
Other post-employment benefits related	5,022	-	-	-	5,022
Total deferred inflows of resources	56,640	-	-	-	56,640
Net position					
Net investment in capital assets	3,189,367	-	-	-	3,189,367
Unrestricted	971,817	1,383,415	1,506,321	449,082	4,310,635
Total net position	\$ 4,161,184	\$ 1,383,415	\$ 1,506,321	\$ 449,082	\$ 7,500,002

CITY OF GRAND HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Motor Pool</u>	<u>Insurance</u>	<u>Health Benefits</u>	<u>Retiree Health Care</u>	<u>Total</u>
Operating revenue					
Charges for services	\$ 1,443,600	\$ 388,181	\$ 3,594,804	\$ -	\$ 5,426,585
Employer contributions	-	-	-	608,436	608,436
Total operating revenue	<u>1,443,600</u>	<u>388,181</u>	<u>3,594,804</u>	<u>608,436</u>	<u>6,035,021</u>
Operating expense					
Operating	829,780	258,998	2,601,987	-	3,690,765
Insurance payments	-	-	-	817,492	817,492
Administrative and general	-	-	769,516	166,057	935,573
Depreciation	<u>621,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>621,230</u>
Total operating expense	<u>1,451,010</u>	<u>258,998</u>	<u>3,371,503</u>	<u>983,549</u>	<u>6,065,060</u>
Operating income (loss)	<u>(7,410)</u>	<u>129,183</u>	<u>223,301</u>	<u>(375,113)</u>	<u>(30,039)</u>
Non-operating revenue (expense)					
Gain (loss) on disposal of capital assets	(22,927)	-	-	-	(22,927)
Investment earnings	(321)	289	55	68,789	68,812
Other	<u>233,528</u>	<u>-</u>	<u>63,590</u>	<u>240</u>	<u>297,358</u>
Total non-operating revenue (expense)	<u>210,280</u>	<u>289</u>	<u>63,645</u>	<u>69,029</u>	<u>343,243</u>
Changes in net position	202,870	129,472	286,946	(306,084)	313,204
Net position, beginning of year	<u>3,958,314</u>	<u>1,253,943</u>	<u>1,219,375</u>	<u>755,166</u>	<u>7,186,798</u>
Net position, end of year	<u>\$ 4,161,184</u>	<u>\$ 1,383,415</u>	<u>\$ 1,506,321</u>	<u>\$ 449,082</u>	<u>\$ 7,500,002</u>

CITY OF GRAND HAVEN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Motor Pool	Insurance	Health Benefits	Retiree Health Care	Total
Cash flows from operating activities					
Receipts from internal services provided	\$ 1,674,824	\$ 376,748	\$ 4,101,759	\$ 791,985	\$ 6,945,316
Payments to employees	622,235	-	-	-	622,235
Payments to suppliers	(1,238,502)	(260,886)	(733,818)	(983,309)	(3,216,515)
Claims paid	-	-	(2,527,564)	-	(2,527,564)
Net cash provided by (used in) operating activities	1,058,557	115,862	840,377	(191,324)	1,823,472
Cash flows from capital and related financing activities					
Acquisitions of capital assets	(1,039,085)	-	-	-	(1,039,085)
Cash flows from investing activities					
Interest income	(318)	289	55	68,789	68,815
Net increase (decrease) in cash and pooled investments	19,154	116,151	840,432	(122,535)	853,202
Cash and pooled investments, beginning of year	1,394,277	1,177,323	1,286,950	737,434	4,595,984
Cash and pooled investments, end of year	\$ 1,413,431	\$ 1,293,474	\$ 2,127,382	\$ 614,899	\$ 5,449,186
Cash flows from operating activities					
Operating income (loss)	\$ (7,410)	\$ 129,183	\$ 223,301	\$ (375,113)	\$ (30,039)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	621,230	-	-	-	621,230
Miscellaneous revenue	233,528	-	63,590	240	297,358
Deferred outflows of resources for pension	(74,035)	-	-	-	(74,035)
Deferred outflows of resources for OPEB	8,364	-	-	-	8,364
Deferred inflows of resources for pension	51,618	-	-	-	51,618
Deferred inflows of resources for OPEB	5,022	-	-	-	5,022
Change in operating assets and liabilities which provided (used) cash					
Accounts receivable	400	(11,433)	(60,045)	(239)	(71,317)
Due from other funds	(3,129)	-	1	17,732	14,604
Due from other governmental units	425	-	-	-	425
Prepaid expenses	(108)	2,874	37,369	-	40,135
Inventory	(537)	-	-	-	(537)
Accounts payable	1,919	(4,762)	(1,671)	-	(4,514)
Accrued liabilities	2,306	-	10,833	-	13,139
Due to other funds	-	-	566,999	166,056	733,055
Compensated absences	1,767	-	-	-	1,767
Net pension liability	230,041	-	-	-	230,041
Net OPEB obligation	(12,844)	-	-	-	(12,844)
Net cash provided by (used in) operating activities	\$ 1,058,557	\$ 115,862	\$ 840,377	\$ (191,324)	\$ 1,823,472

CITY OF GRAND HAVEN

CUSTODIAL FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2021

	Current Tax <u>Fund</u>	Northwest Ottawa Water Treatment <u>Plant</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 10	\$ 628,804	\$ 628,814
Liabilities			
Due to other governmental units	\$ 10	\$ -	\$ 10
Net position	<u>\$ -</u>	<u>\$ 628,804</u>	<u>\$ 628,804</u>

CITY OF GRAND HAVEN
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Current Tax Fund	Northwest Ottawa Water Treatment Plant	Total
Additions			
Property taxes collected for other governments	\$ 20,996,387	\$ -	\$ 20,996,387
Charges for services and non-operating receipts	<u>-</u>	<u>2,595,241</u>	<u>2,595,241</u>
Total additions	<u>20,996,387</u>	<u>2,595,241</u>	<u>23,591,628</u>
Deductions			
Taxes to other governments	20,996,387	-	20,996,387
Operating costs and non-operating expenses	<u>-</u>	<u>2,639,252</u>	<u>2,639,252</u>
Total deductions	<u>20,996,387</u>	<u>2,639,252</u>	<u>23,635,639</u>
Changes in net position	-	(44,011)	(44,011)
Net position, beginning of year	<u>-</u>	<u>672,815</u>	<u>672,815</u>
Net position, end of year	<u><u>\$ -</u></u>	<u><u>\$ 628,804</u></u>	<u><u>\$ 628,804</u></u>

CITY OF GRAND HAVEN

ECONOMIC DEVELOPMENT CORPORATION BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Fund Type		Statement of
	<u>General Fund</u>	<u>Adjustments</u>	<u>Net Position</u>
Assets			
Cash and pooled investments	\$ 147,016	\$ -	\$ 147,016
Accounts receivable	175,685	-	175,685
Prepaid items	<u>8,438</u>	<u>-</u>	<u>8,438</u>
Total assets	<u>\$ 331,139</u>	<u>-</u>	<u>331,139</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	<u>\$ 5,000</u>	<u>-</u>	<u>5,000</u>
Fund balances			
Unassigned	<u>326,139</u>	<u>(326,139)</u>	
Total liabilities and fund balances	<u>\$ 331,139</u>		
Net position			
Unrestricted		<u>\$ 326,139</u>	<u>\$ 326,139</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, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Intergovernmental revenues			
Local	\$ 13,247	\$ -	\$ 13,247
Investment earnings	4,065	-	4,065
Miscellaneous	<u>(2,284)</u>	<u>-</u>	<u>(2,284)</u>
Total revenues	<u>15,028</u>	<u>-</u>	<u>15,028</u>
Expenditures/expenses			
Operations	<u>30,920</u>	<u>-</u>	<u>30,920</u>
Net changes in fund balances	(15,892)	15,892	
Change in net position		(15,892)	(15,892)
Fund balances/net position, beginning of year	<u>342,031</u>		<u>342,031</u>
Fund balances/net position, end of year	<u>\$ 326,139</u>		<u>\$ 326,139</u>

CITY OF GRAND HAVEN

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

JUNE 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and pooled investments	\$ 165,602	\$ -	\$ 165,602
Accounts receivable	46,528	-	46,528
Taxes receivable	412	-	412
Capital lease receivable	1,239,383	-	1,239,383
Prepaid items	3,077	-	3,077
Total assets	<u>\$ 1,455,002</u>	<u>-</u>	<u>1,455,002</u>
Deferred outflows of resources			
Pension related	-	51,110	51,110
Deferred charge on refunding	-	90,748	90,748
Total deferred outflows of resources	<u>-</u>	<u>141,858</u>	<u>141,858</u>
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable	\$ 25,007	-	25,007
Accrued liabilities	2,550	-	2,550
Accrued interest	-	50,266	50,266
Debt due within one year	-	460,000	460,000
Long-term debt			
Accrued compensated absences	4,057	-	4,057
Debt due in more than one year	-	5,760,000	5,760,000
Net pension liability	-	219,576	219,576
Bond premium	-	333,195	333,195
Total liabilities	<u>31,614</u>	<u>6,823,037</u>	<u>6,854,651</u>
Deferred inflows of resources			
Pension related	-	23,569	23,569
Unavailable revenue	1,239,795	(1,239,795)	-
Total deferred inflows of resources	<u>1,239,795</u>	<u>(1,216,226)</u>	<u>23,569</u>
Fund balances			
Unassigned	<u>183,593</u>	<u>(183,593)</u>	
Total liabilities, deferred inflows and fund balances	<u>\$ 1,455,002</u>		
Net position (deficit)			
Unrestricted		<u>\$ (6,639,444)</u>	<u>\$ (5,281,360)</u>
Reconciliation of Fund Balance on the Balance Sheet for the General Fund to Net Position on the Statement of Net Position			
Fund balance - general fund			\$ 183,593
Add deferred outflows of resources			141,858
Deduct accrued interest			(50,266)
Deduct long-term debt			(6,220,000)
Deduct net pension liability			(219,576)
Deduct bond premium			(333,195)
Deduct deferred inflows of resources			(23,569)
Add long-term deferred receivables			1,239,795
Net position (deficit)			<u>\$ (5,281,360)</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, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 587,825	\$ -	\$ 587,825
Intergovernmental revenues			
State	250	-	250
Local	54,358	(54,358)	-
Operating grants and contributions	8,985	-	8,985
Special assessments	62,375	(60,751)	1,624
Investment earnings	39,417	(3,201)	36,216
Miscellaneous	<u>25,433</u>	<u>-</u>	<u>25,433</u>
Total revenues	<u>778,643</u>	<u>(118,310)</u>	<u>660,333</u>
Expenditures/expenses			
Salaries	72,621	31,874	104,495
Administration	17,353	-	17,353
Operations	59,531	-	59,531
Debt service			
Principal	410,000	(410,000)	-
Interest	<u>211,764</u>	<u>(31,439)</u>	<u>180,325</u>
Total expenditures/expenses	<u>771,269</u>	<u>(409,565)</u>	<u>361,704</u>
Revenues over (under) expenditures/expenses	<u>7,374</u>	<u>291,255</u>	<u>298,629</u>
Net changes in fund balances	7,374	(7,374)	
Change in net position		298,629	298,629
Fund balances/net position (deficit), beginning of year	<u>176,219</u>		<u>(5,579,989)</u>
Fund balances/net position (deficit), end of year	<u>\$ 183,593</u>		<u>\$ (5,281,360)</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the General Fund to the Change in Net Position on the Statement of Activities			
Net change in fund balance - general fund			\$ 7,374
Add principal payments on debt			410,000
Deduct increase in unavailable revenues			(118,310)
Add decrease in accrued interest			3,100
Add amortization of bond premium			45,531
Deduct amortization of refunding charges			(17,192)
Deduct increase in net pension liability			(30,910)
Add increase in deferred outflows			22,605
Deduct increase in deferred inflows			<u>(23,569)</u>
Change in net position			<u>\$ 298,629</u>

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

JUNE 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and pooled investments	\$ 168,039	\$ -	\$ 168,039
Due from other governments	61,337	-	61,337
Taxes receivable	<u>602</u>	<u>-</u>	<u>602</u>
Total assets	<u>\$ 229,978</u>	<u>-</u>	<u>229,978</u>
Deferred outflows of resources			
Deferred charge on refunding	<u>-</u>	<u>11,057</u>	<u>11,057</u>
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable	\$ 17,660	-	17,660
Accrued interest	-	11,832	11,832
Debt due within one year	-	1,760,360	1,760,360
Long-term debt			
Debt due in more than one year	-	100,516	100,516
Bond premium	<u>-</u>	<u>21,580</u>	<u>21,580</u>
Total liabilities	<u>17,660</u>	<u>1,894,288</u>	<u>1,911,948</u>
Deferred inflows of resources			
Unavailable revenue	<u>602</u>	<u>(602)</u>	<u>-</u>
Fund balances			
Unassigned	<u>211,716</u>	<u>(211,716)</u>	
Total liabilities, deferred inflows and fund balances	<u>\$ 229,978</u>		
Net position (deficit)			
Unrestricted		<u>\$ (1,682,572)</u>	<u>\$ (1,670,913)</u>
Reconciliation of Fund Balance on the Balance Sheet for the General Fund to Net Position on the Statement of Net Position			
Fund balance - general fund			\$ 211,716
Add deferred outflows of resources			11,057
Deduct accrued interest			(11,832)
Deduct long-term debt			(1,860,876)
Deduct bond premium			(21,580)
Add long-term deferred assessment receivables			<u>602</u>
Net position (deficit)			<u>\$ (1,670,913)</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, 2021

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 880,964	\$ -	\$ 880,964
Intergovernmental revenues			
State	64,482	-	64,482
Local	940,531	-	940,531
Special assessments	19,361	-	19,361
Miscellaneous	2,969	8	2,977
Total revenues	<u>1,908,307</u>	<u>8</u>	<u>1,908,315</u>
Expenditures/expenses			
Operations	215,853	-	215,853
Debt Service			
Principal	1,688,173	(1,688,173)	-
Interest	104,023	21,552	125,575
Bond premium amortization	-	(63,016)	(63,016)
Total expenditures/expenses	<u>2,008,049</u>	<u>(1,729,637)</u>	<u>278,412</u>
Revenues over (under) expenditures/expenses	<u>(99,742)</u>	<u>1,729,645</u>	<u>1,629,903</u>
Net changes in fund balances	(99,742)	99,742	
Change in net position		1,629,903	1,629,903
Fund balances/net position (deficit), beginning of year, as restated	<u>311,458</u>		<u>(3,300,816)</u>
Fund balances/net position (deficit), end of year	<u>\$ 211,716</u>		<u>\$ (1,670,913)</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the General Fund to the Change in Net Position on the Statement of Activities			
Net change in fund balance - general fund			\$ (99,742)
Add principal payments on debt			1,688,173
Add increase in unavailable revenues			8
Add decrease in accrued interest			10,733
Deduct amortization of refunding charges			(32,285)
Add amortization of bond premium			63,016
Change in net position			<u>\$ 1,629,903</u>

CITY OF GRAND HAVEN
SCHEDULE OF DEBT ISSUED AND OUTSTANDING

JUNE 30, 2021

<i>Year Ending June 30,</i>	Capital Lease		2014 UTGO		2015 UTGO		2015 LTGO Refunding		2016 Brownfield Redevelopment	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 44,575	\$ 27,640	\$ 315,000	\$ 114,600	\$ 275,000	\$ 202,400	\$ 270,000	\$ 43,662	\$ 1,750,000	\$ 335,000
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>\$ 897,571</u>	<u>\$ 222,836</u>	<u>\$ 2,865,000</u>	<u>\$ 538,400</u>	<u>\$ 5,060,000</u>	<u>\$ 1,647,800</u>	<u>\$ 2,035,000</u>	<u>\$ 150,002</u>	<u>\$ 1,750,000</u>	<u>\$ 335,000</u>

CITY OF GRAND HAVEN
SCHEDULE OF DEBT ISSUED AND OUTSTANDING
JUNE 30, 2021

Year Ending June 30,	2017 UTGO Refunding		2019 LTGO Refunding		2020 LTGO		2020A Bond Anticipation Notes		EGLE Loan		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 610,000	\$ 102,414	\$ 190,000	\$ 154,300	\$ 47,000	\$ 21,567	\$ 3,322,925	\$ 482,992	\$ 10,360	\$ 1,663	\$ 8,321,098
2023	645,000	90,092	210,000	146,700	48,000	20,284	6,645,850	166,146	10,515	1,508	9,298,636
2024	685,000	77,063	230,000	138,300	50,000	18,974	3,322,925	8,307	10,673	1,350	5,883,204
2025	720,000	63,226	245,000	129,100	51,000	17,609	-	-	10,833	1,190	2,606,674
2026	765,000	48,682	275,000	119,300	53,000	16,216	-	-	10,995	1,027	2,676,531
2027	800,000	33,229	295,000	108,300	54,000	14,769	-	-	11,160	863	2,690,521
2028	845,000	17,069	315,000	96,500	55,000	13,295	-	-	11,328	695	2,346,541
2029	-	-	345,000	83,900	57,000	11,794	-	-	11,498	525	1,500,246
2030	-	-	370,000	70,100	58,000	10,238	-	-	11,670	353	1,092,899
2031	-	-	400,000	55,300	60,000	8,654	-	-	11,844	178	1,111,925
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>\$ 5,070,000</u>	<u>\$ 431,775</u>	<u>\$ 4,185,000</u>	<u>\$ 1,180,400</u>	<u>\$ 790,000</u>	<u>\$ 171,171</u>	<u>\$ 13,291,700</u>	<u>\$ 657,445</u>	<u>\$ 110,876</u>	<u>\$ 9,352</u>	<u>\$ 41,399,328</u>

SINGLE AUDIT SECTION



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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 16, 2021

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, 2021, 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 16, 2021.

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.

Ordenfeld Haefner LLC



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

November 16, 2021

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

Report on Compliance for Each Major Federal Program

We have audited the City of Grand Haven, Michigan's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Urederold Haefner LLC

CITY OF GRAND HAVEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass-through Grantor Program Title	Grant Number	CFDA Number	Federal Expenditures
U.S. Department of Commerce			
Passed through Michigan Department of Environment, Great Lakes and Energy Costal Zone Management Administration Grant (Lighthouse)	21-PA-001	11.419	\$ 7,623
U.S. Department of Housing and Urban Development			
Passed through Michigan Economic Development Corporation Community Development Block Grant (Riverwatch)	MSC 218016-CPF	14.228	894,317
Passed through Michigan State Housing Development Authority HOME Housing Grant	M-2017-837	14.239	1,371
HUD Housing Grant	20-05	14.169	23,500
Total passed through Michigan State Housing Development Authority			24,871
Total U.S. Department of Housing and Urban Development			919,188
U.S. Department of Interior			
Passed through Michigan Department of Natural Resources Land and Water Conservation Fund Grant (Mulligan's)	26-01827	15.916	37,306
U.S. Department of Treasury			
Passed through Michigan Department of Treasury COVID-19 - CARES Public Safety Public Health Payroll Reimb Program	Not Available	21.019	432,581
COVID-19 - CARES First Responder Hazard Pay Premium Program	Not Available	21.019	38,000
COVID-19 - CARES Coronavirus Relief Local Government Grants Program	Not Available	21.019	37,686
Total passed through Michigan Department of Treasury			508,267
U.S. Department of Homeland Security			
Passed through Michigan State Police COVID-19 - FEMA Public Assistance Program	FEMA-4494DR-MI COGH	97.036	14,044
U.S. Department of Justice			
Passed through Michigan State Police COVID-19 - Coronavirus Emergency Supplemental Funding Program	CESF-0276-2020	16.034	10,772
U.S. Department of Transportation			
Passed through Michigan Department of Transportation COVID-19 - Airport Improvement Program	3-26-SBGP-117-2020/3GM-11720	20.106	30,000
Total Federal Financial Assistance			\$ 1,527,200

See notes to schedule of expenditures of federal awards.

CITY OF GRAND HAVEN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

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1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting.

2. Reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per the Schedule of Expenditures of Federal Awards:

Revenues from federal sources per June 30, 2021 governmental fund financial statements

General fund	\$ 525,943	
Other governmental funds	<u>971,257</u>	\$ 1,497,200

Revenues from federal sources per June 30, 2021 proprietary fund financial statements

Airport fund		<u>30,000</u>
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Expenditures per Schedule of Expenditures of Federal Awards		<u>\$ 1,527,200</u>
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4. The City did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.
5. The Michigan Department of Transportation (MDOT) acts as the agent of the Federal Highway Administration (FHWA) in the administration of federal funds provided to the City of Grand Haven for the improvement of streets in the City. These funds total \$1,142,351 for the year ended June 30, 2021. MDOT, as agent of FHWA, is responsible for controlling the receipts and disbursements related to these funds and also awards construction contracts and in some instances, contracts for other services. The City receives interim and final accounting of receipts and disbursements for these projects from MDOT. Since all project administration is performed by MDOT, the above total is not included in the City's schedule of expenditures of federal awards.

CITY OF GRAND HAVEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported	
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported	
Type of auditors' report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	<u> </u> yes	<u> X </u> no	

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and B programs:	<u> \$750,000 </u>
Auditee qualified as low-risk auditee?	<u> </u> yes <u> X </u> no

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

None noted