



# **CITY OF GRAND HAVEN, MICHIGAN**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**



Vredeveld Haefner LLC  
CPAs and Consultants

# CITY OF GRAND HAVEN

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### INDEPENDENT AUDITORS' REPORT

December 1, 2022

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

#### **Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, 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.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and the required supplementary information on pages 63 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

#### ***Supplementary 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 accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of debt issued and outstanding but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, 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 solely 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 the City's 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.

*Uredewald Haefner LLC*

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## **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, 2022. 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 2021 total taxable value increased approximately 2.8% from the prior tax year.
- The City received American Rescue Plan Act (ARPA) funds totaling \$1,160,915. The ARPA funds are required to be allocated by 12/31/24, with work to be completed by 2026.
- The Community Land Trust (CLT) was created for the Comstock property sold in the prior fiscal year. The Robinson Landing development will have 30 homes, 16 of which have lots owned by the CLT for income qualified housing. Five of the CLT homes sold this fiscal year. The remaining 11 homes are expected to be completed and sold in the first half of the next fiscal year.
- The Fulton Street Phase II project is scheduled to be completed in FY2022/23.
- The City was granted the State of Michigan's Drinking Water State Revolving Fund loan (through the Water Infrastructure Fund Transfer Act) for lead service line replacement work throughout the City. The City was required to obtain a \$3 million bond for the DWSRF project, which is forgivable when the work and documentation reporting are complete.
- The Board of Light & Power separated from the City and converted their retirement plan (effective FY2017/18) and healthcare plans (effective FY2020/21). That continues to have an effect on the pension funding and retiree healthcare funding status of the City.
- As of December 31, 2021, the Defined Benefit (DB) pension plan, through Municipal Employees' Retirement System (MERS), was funded at 70% for all divisions. For City divisions only, the funding level is 66%.
- The Housing Department was closed in March 2022.
- The City provides financial and administrative support for the Grand Haven-Spring Lake Sewer Authority, Northwest Ottawa Water System, Northwest Ottawa Recreation Authority, and 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 through April 2022.

### 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 \$110,676,147 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$19,132,896	\$17,175,624	\$64,643,216	\$48,453,504	\$ 83,776,112	\$ 65,629,128
Capital assets	62,404,708	62,252,867	61,639,971	60,126,588	124,044,679	122,379,455
<b>Total assets</b>	<b>81,537,604</b>	<b>79,428,491</b>	<b>126,283,187</b>	<b>108,580,092</b>	<b>207,820,791</b>	<b>188,008,583</b>
Deferred outflows of resources	7,423,399	5,713,582	2,149,010	2,064,725	9,572,409	7,778,307
Current and other liabilities	4,486,652	2,442,036	6,841,693	7,815,748	11,328,345	10,257,784
Long-term liabilities	42,003,173	39,545,592	44,266,646	25,916,323	86,269,819	65,461,915
<b>Total liabilities</b>	<b>46,489,825</b>	<b>41,987,628</b>	<b>51,108,339</b>	<b>33,732,071</b>	<b>97,598,164</b>	<b>75,719,699</b>
Deferred inflows of resources	5,283,615	2,620,935	3,835,274	759,725	9,118,889	3,380,660
Net position						
Net investment in capital assets	49,720,681	48,344,443	56,620,757	55,946,954	106,341,438	104,291,397
Restricted	2,973,730	4,453,450	-	-	2,973,730	4,453,450
Unrestricted	(15,506,848)	(12,264,383)	16,867,827	20,206,067	1,360,979	7,941,684
<b>Total net position</b>	<b>\$37,187,563</b>	<b>\$40,533,510</b>	<b>\$73,488,584</b>	<b>\$76,153,021</b>	<b>\$110,676,147</b>	<b>\$116,686,531</b>

The net position of the City's governmental activities decreased by \$3,345,947 which is primarily due to an increase in the net pension liability and related deferred inflows. The business-type activities decrease in net position of \$2,664,437 is primarily due to an increase in the asset retirement obligation for the Board of Light and Power.

## Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenue</b>						
Program revenue						
Charges for services	\$ 1,712,408	\$1,645,582	\$42,969,146	\$42,664,506	\$44,681,554	\$44,310,088
Operating grants and contributions	2,872,518	3,163,817	122,550	174,529	2,995,068	3,338,346
Capital grants and Contributions	1,852,610	1,045,827	868,668	316,648	2,721,278	1,362,475
General revenue						
Property taxes	10,168,083	9,780,926	-	-	10,168,083	9,780,926
State revenues	1,371,241	1,181,798	-	-	1,371,241	1,181,798
Unrestricted investment earnings	157,290	318,282	(1,069,984)	751,269	(912,694)	1,069,551
Other	286,882	293,040	-	-	286,882	293,040
<b>Total revenues</b>	<b>18,421,032</b>	<b>17,429,272</b>	<b>42,890,380</b>	<b>43,906,952</b>	<b>61,311,412</b>	<b>61,336,224</b>
<b>Expenses</b>						
General government	5,547,938	5,506,888	-	-	5,547,938	5,506,888
Public safety	8,480,633	4,981,054	-	-	8,480,633	4,981,054
Public works	7,605,810	6,580,380	-	-	7,605,810	6,580,380
Culture and recreation	1,817,927	878,381	-	-	1,817,927	878,381
Interest	341,698	403,061	-	-	341,698	403,061
Board of Light & Power	-	-	37,428,523	36,066,317	37,428,523	36,066,317
Municipal Sewer	-	-	2,517,998	2,680,980	2,517,998	2,680,980
Municipal Water	-	-	2,811,000	2,325,215	2,811,000	2,325,215
Other business-type	-	-	770,269	796,820	770,269	796,820
<b>Total expenses</b>	<b>23,794,006</b>	<b>18,349,764</b>	<b>43,527,790</b>	<b>41,869,332</b>	<b>67,321,796</b>	<b>60,219,096</b>
Change in net position before transfers	(5,372,974)	(920,492)	(637,410)	2,037,620	(6,010,384)	1,117,128
Transfers	2,027,027	1,957,686	(2,027,027)	(1,957,686)	-	-
Change in net position	(3,345,947)	1,037,194	(2,664,437)	79,934	(6,010,384)	1,117,128
<b>Net position-beginning of year</b>	<b>40,533,510</b>	<b>39,496,316</b>	<b>76,153,021</b>	<b>76,073,087</b>	<b>116,686,531</b>	<b>115,569,403</b>
<b>Net position-end of year</b>	<b>\$37,187,563</b>	<b>\$40,533,510</b>	<b>\$73,488,584</b>	<b>\$76,153,021</b>	<b>\$110,676,147</b>	<b>\$116,686,531</b>

**Governmental activities.** During the year the City invested \$7,605,810 or 32% of governmental activities expenses in public works. Public safety was \$8,480,633 or 36% of governmental activities expenses while general government, culture and recreation, and interest on long-term debt made up the remaining 32% of governmental activities expenses.

**Business-type activities.** Business-type activities decreased the City's net position by \$2,664,437 for the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$79,934. The primary reason for the decrease is due to an increase in the asset retirement obligation for the Board of Light and Power.

## 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 \$10,365,024, a decrease of \$423,402 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 \$2,002,086 while total fund balance was \$5,228,446. 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, 2022, total fund balance represents 44 percent of total prior year General fund expenditures.

The fund balance of the City's General fund increased by \$805,173 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 \$13,920,847, \$1,315,774 and \$1,152,609, respectively. The Board of Light and Power had a decrease of \$3,799,735, the Municipal Sewer fund had an increase of \$253,683, and the Municipal Water fund had an increase of \$148,170 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:

- General Fund increased its fund balance by \$805,173 to \$5,228,446, higher than the amended budget projection of \$4,082,359.
- Local Community Stabilization Authority funding received was \$140,439 more than the prior year, an 18.2% increase.
- State revenue increased \$189,784 from the prior year, a 16% increase.
- Tax revenue increased \$289,660, a 3.9% increase.
- Investment earnings decreased \$65,247, a 6.9% decrease.
- Public Works administrative expenditures were \$68,099 under the amended budget for the year. Overall, all Public Works departments in the General Fund were under budget by \$258,665.
- Building Permit revenue was \$552,652, an increase of 27.4% from the prior year.
- Public Safety amended budget for expenditures was \$5,621,839; actual expenses were \$5,680,834 for the year.
- In the General Fund, MERS DB employer expenses for the Department of Public Safety was \$1,095,758. This is 66% of the total MERS DB employer expense paid the year.

## 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, 2022, amounted to \$124,044,679 (net of accumulated depreciation).

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

<b>Capital Assets</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 8,746,444	\$ 388,171	\$ 9,134,615
Construction in progress	372,644	602,741	975,385
Structures & improvements	9,869,011	4,340,551	14,209,562
Machinery, equipment, vehicles & fixtures	3,903,208	173,949	4,077,157
Buildings	9,082,041	-	9,082,041
Parking facilities	3,923,423	-	3,923,423
Infrastructure	26,507,937	-	26,507,937
Transmission and distribution	-	54,758,170	54,758,170
General plant	-	1,376,389	1,376,389
<b>Total</b>	<b>\$62,404,708</b>	<b>\$61,639,971</b>	<b>\$124,044,679</b>

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

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

<b>Debt</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Public offering bonds	\$ 5,912,836	\$ 1,097,163	\$ 7,009,999
Direct placements and direct borrowings	6,380,996	-	6,380,996
Bond anticipation notes	-	25,000,000	25,000,000
Bond premiums	390,195	-	390,195
Accrued employee benefits	535,685	338,438	874,123
<b>Total</b>	<b>\$13,219,712</b>	<b>\$26,435,601</b>	<b>\$39,655,313</b>

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

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

The following factors were considered in preparing the City's budget for the 2022-23 fiscal year:

- We conservatively estimate property values to increase 2% for the next tax year. However, the increase is likely higher than 5%.
- The City continues to seek grant funding, including a Drinking Water Asset Management (DWAM) grant through the State of Michigan (DPW) and an Assistance to Firefighters grant through FEMA (DPS).
- 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 plans have been an ongoing concern for many years. Council approved to close the MERS DB plan to new hires effective 07/01/22 and offer conversions to current employees.

## 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:

Ashley Latsch  
City Manager  
616 847-4888  
[alatsch@grandhaven.org](mailto:alatsch@grandhaven.org)

Emily Greene  
Finance Director  
616-847-4893  
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## **BASIC FINANCIAL STATEMENTS**

**CITY OF GRAND HAVEN**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
<b>Assets</b>				
Cash and pooled investments	\$ 17,308,841	\$ 49,339,022	\$ 66,647,863	\$ 1,205,143
Accounts receivable	451,234	4,943,613	5,394,847	188,268
Due from other governments	528,687	9,547,864	10,076,551	5,196
Taxes receivable	9,416	-	9,416	1,088
Special assessments receivable	162,035	47,745	209,780	368,772
Internal balances	400,961	(400,961)	-	-
Due from primary government	-	-	-	83,959
Advance to other funds	-	1,037,151	1,037,151	-
Contract receivable	-	-	-	1,177,833
Prepaid items	118,002	29,396	147,398	11,147
Inventory	153,720	99,386	253,106	-
Capital assets				
Land	8,746,444	388,171	9,134,615	-
Construction in progress	372,644	602,741	975,385	-
Depreciable capital assets, net	53,285,620	60,649,059	113,934,679	-
<b>Total assets</b>	<b>81,537,604</b>	<b>126,283,187</b>	<b>207,820,791</b>	<b>3,041,406</b>
<b>Deferred outflows of resources</b>				
Pension related	4,705,259	1,920,229	6,625,488	49,542
Other post-employment benefits related	2,632,831	228,781	2,861,612	-
Deferred charge on refunding	85,309	-	85,309	74,906
<b>Total deferred outflows of resources</b>	<b>7,423,399</b>	<b>2,149,010</b>	<b>9,572,409</b>	<b>124,448</b>
<b>Liabilities</b>				
Accounts payable	558,479	2,746,178	3,304,657	166,469
Accrued liabilities	429,019	1,644,708	2,073,727	2,881
Due to other governments	336	-	336	-
Due to component units	83,959	-	83,959	-
Advance from other funds	1,037,151	-	1,037,151	-
Accrued interest payable	89,973	10,972	100,945	46,815
Unearned revenue	1,076,956	-	1,076,956	-
Debt due within one year	1,210,779	2,439,835	3,650,614	510,000
Noncurrent liabilities				
Accrued compensated absences	535,685	338,438	874,123	4,476
Asset retirement obligation	-	16,132,201	16,132,201	-
Other post-employment benefits obligation	7,679,347	971,425	8,650,772	-
Net pension liability	22,314,893	3,167,254	25,482,147	234,958
Bond premium	390,195	-	390,195	289,640
Due in more than one year	11,083,053	23,657,328	34,740,381	6,073,125
<b>Total liabilities</b>	<b>46,489,825</b>	<b>51,108,339</b>	<b>97,598,164</b>	<b>7,328,364</b>
<b>Deferred inflows of resources</b>				
Pension related	5,076,321	3,735,645	8,811,966	53,449
Other post-employment benefits related	207,294	99,629	306,923	-
<b>Total deferred inflows of resources</b>	<b>5,283,615</b>	<b>3,835,274</b>	<b>9,118,889</b>	<b>53,449</b>
<b>Net position</b>				
Net investment in capital assets	49,720,681	56,620,757	106,341,438	-
Restricted for				
Streets	1,110,188	-	1,110,188	-
Capital projects	1,149,575	-	1,149,575	-
Permanent trust				
Cemetery - nonexpendable portion	713,967	-	713,967	-
Unrestricted (deficit)	(15,506,848)	16,867,827	1,360,979	(4,215,959)
<b>Total net position</b>	<b>\$ 37,187,563</b>	<b>\$ 73,488,584</b>	<b>\$ 110,676,147</b>	<b>\$ (4,215,959)</b>

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

# CITY OF GRAND HAVEN

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 5,547,938	\$ 299,879	\$ 1,014,472	\$ 1,774,767	\$ (2,458,820)
Public safety	8,480,633	252,052	3,971	-	(8,224,610)
Public works	7,605,810	824,992	1,854,075	1,048	(4,925,695)
Culture and recreation	1,817,927	335,485	-	76,795	(1,405,647)
Interest on long-term debt	341,698	-	-	-	(341,698)
<b>Total governmental activities</b>	<b>23,794,006</b>	<b>1,712,408</b>	<b>2,872,518</b>	<b>1,852,610</b>	<b>(17,356,470)</b>
Business-type activities					
Board of Light and Power	37,428,523	36,202,055	66,399	-	(1,160,069)
Sewer	2,517,998	3,117,055	1,944	724	601,725
Water	2,811,000	3,029,238	39,235	-	257,473
Other business-type activities	770,269	620,798	14,972	867,944	733,445
<b>Total business-type activities</b>	<b>43,527,790</b>	<b>42,969,146</b>	<b>122,550</b>	<b>868,668</b>	<b>432,574</b>
<b>Total primary government</b>	<b>\$ 67,321,796</b>	<b>\$ 44,681,554</b>	<b>\$ 2,995,068</b>	<b>\$ 2,721,278</b>	<b>\$ (16,923,896)</b>
<b>Component units</b>					
Economic Development Corporation	\$ 31,020	\$ -	\$ 13,433	\$ -	\$ (17,587)
Main Street Downtown Development Authority	418,760	-	1,625	475,291	58,156
Brownfield Redevelopment Authority	1,003,473	-	1,622,901	31,362	650,790
<b>Total component units</b>	<b>\$ 1,453,253</b>	<b>\$ -</b>	<b>\$ 1,637,959</b>	<b>\$ 506,653</b>	<b>\$ 691,359</b>

(Continued)

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

**CITY OF GRAND HAVEN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net position</b>				
<b>Net (expense) revenue</b>	<u>\$ (17,356,470)</u>	<u>\$ 432,574</u>	<u>\$ (16,923,896)</u>	<u>\$ 691,359</u>
General revenues				
Property taxes	10,168,083	-	10,168,083	1,552,857
State shared revenues	1,371,241	-	1,371,241	-
Unrestricted investment earnings	157,290	(1,069,984)	(912,694)	41,296
Other general revenues	286,882	-	286,882	124,663
Transfers - internal activities	<u>2,027,027</u>	<u>(2,027,027)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>14,010,523</u>	<u>(3,097,011)</u>	<u>10,913,512</u>	<u>1,718,816</u>
Change in net position	(3,345,947)	(2,664,437)	(6,010,384)	2,410,175
<b>Net position, beginning of year</b>	<u>40,533,510</u>	<u>76,153,021</u>	<u>116,686,531</u>	<u>(6,626,134)</u>
<b>Net position, end of year</b>	<u>\$ 37,187,563</u>	<u>\$ 73,488,584</u>	<u>\$ 110,676,147</u>	<u>\$ (4,215,959)</u>

(Concluded)

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

# CITY OF GRAND HAVEN

## GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ 6,244,820	\$ 5,912,411	\$ 12,157,231
Accounts receivable	410,654	26,594	437,248
Due from other governments	253,773	274,914	528,687
Taxes receivable	8,132	1,284	9,416
Special assessments receivable	153,469	8,566	162,035
Due from other funds	393,469	-	393,469
Due from component unit	-	-	-
Prepaid items	36,949	8,154	45,103
Inventory	32,914	59,582	92,496
<b>Total assets</b>	<u>\$ 7,534,180</u>	<u>\$ 6,291,505</u>	<u>\$ 13,825,685</u>
<b>Liabilities, deferred inflows and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 415,973	\$ 73,542	\$ 489,515
Accrued liabilities	339,075	21,177	360,252
Due to other governments	269	67	336
Due to component units	83,959	-	83,959
Advance from other funds	-	1,037,151	1,037,151
Due to other funds	35,541	13,966	49,507
Unearned revenue	1,076,956	-	1,076,956
<b>Total liabilities</b>	<u>1,951,773</u>	<u>1,145,903</u>	<u>3,097,676</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	353,961	9,024	362,985
<b>Fund balances</b>			
Non-spendable			
Prepaid items	36,949	8,154	45,103
Permanent fund corpus	-	713,967	713,967
Inventory	32,914	59,582	92,496
Restricted			
Streets	-	1,042,452	1,042,452
Public works	-	2,162,848	2,162,848
Committed			
Capital projects	-	1,149,575	1,149,575
Budget stabilization	2,877,239	-	2,877,239
Assigned			
Future years expenditures	279,258	-	279,258
Unassigned	2,002,086	-	2,002,086
<b>Total fund balances</b>	<u>5,228,446</u>	<u>5,136,578</u>	<u>10,365,024</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 7,534,180</u>	<u>\$ 6,291,505</u>	<u>\$ 13,825,685</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, 2022

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<b>Fund balances - total governmental funds</b>	<b>\$ 10,365,024</b>
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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	372,644
Add - capital assets (net of accumulated depreciation)	50,391,200

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	362,985
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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	7,487,252
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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	(530,516)
Deduct - other post-employment benefits	(7,551,744)
Deduct - long-term debt	(12,293,832)
Deduct - bond premium	(390,195)
Deduct - net pension liability	(21,802,789)
Add - deferred charge on refunding	85,309
Add - deferred inflows and outflows related to pension	(362,547)
Add - deferred inflows and outflows related to OPEB	2,398,301
Deduct - accrued interest on long-term debt	(89,973)

<b>Net position of governmental activities</b>	<b><u>\$ 37,187,563</u></b>
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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, 2022**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>			
Taxes	\$ 7,713,054	\$ 2,455,971	\$ 10,169,025
Intergovernmental revenues			
Federal	117	35,814	35,931
State	1,375,095	1,716,242	3,091,337
Local	102,808	204,278	307,086
Special assessments	27,720	38,814	66,534
Licenses and permits	910,778	-	910,778
Charges for services	1,528,623	1,048	1,529,671
Fines	99,436	300	99,736
Investment earnings	145,875	11,415	157,290
Miscellaneous	326,997	22,718	349,715
<b>Total revenues</b>	<u>12,230,503</u>	<u>4,486,600</u>	<u>16,717,103</u>
<b>Expenditures</b>			
Current			
General government	2,889,481	1,024,479	3,913,960
Public safety	5,680,834	-	5,680,834
Public works	3,038,473	1,974,023	5,012,496
Culture and recreation	955,284	76,795	1,032,079
Debt service			
Principal	18,258	1,137,785	1,156,043
Interest	11,321	387,061	398,382
Capital outlay	34,875	1,938,863	1,973,738
<b>Total expenditures</b>	<u>12,628,526</u>	<u>6,539,006</u>	<u>19,167,532</u>
Revenues over (under) expenditures	<u>(398,023)</u>	<u>(2,052,406)</u>	<u>(2,450,429)</u>
Other financing sources (uses)			
Transfers in	2,027,523	3,471,662	5,499,185
Transfers out	(824,327)	(2,647,831)	(3,472,158)
Total other financing sources (uses)	<u>1,203,196</u>	<u>823,831</u>	<u>2,027,027</u>
Net changes in fund balances	805,173	(1,228,575)	(423,402)
<b>Fund balances, beginning of year</b>	<u>4,423,273</u>	<u>6,365,153</u>	<u>10,788,426</u>
<b>Fund balances, end of year</b>	<u>\$ 5,228,446</u>	<u>\$ 5,136,578</u>	<u>\$ 10,365,024</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, 2022

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Net changes in fund balances - total governmental funds	\$ (423,402)
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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	924,085
Add - value of donated capital assets	2,759,320
Deduct - depreciation expense	(3,236,617)

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

Deduct - decrease in unavailable revenues	(18,240)
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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	1,156,043
Deduct - amortization of deferred bond refunding costs	(26,526)
Add - bond premium amortization	68,354

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.

Add - decrease in accrued employee benefits	463,939
Deduct - increase in net pension liability	(533,592)
Add - increase in deferred outflows	1,722,783
Deduct - increase in deferred inflows	(2,598,462)
Deduct - increase in other post-employment benefit liability	(3,605,738)
Add - decrease in accrued interest	14,856

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.

Deduct - decrease in net position from the internal service funds	(12,750)
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<b>Change in net position of governmental activities</b>	<b>\$ (3,345,947)</b>
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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, 2022**

	Enterprise Funds					Governmental Activities
	Board of Light and Power	Municipal Sewer	Municipal Water	Nonmajor Enterprise Funds	Enterprise Fund Total	Internal Service Funds
<b>Assets</b>						
Current assets						
Cash and pooled investments	\$ 44,370,638	\$ 1,816,239	\$ 2,668,240	\$ 483,905	\$ 49,339,022	\$ 5,151,610
Accounts receivable	3,980,145	466,381	485,703	11,384	4,943,613	13,986
Due from other governments	9,224,130	135,275	-	188,459	9,547,864	-
Special assessments receivable	-	47,745	-	-	47,745	-
Due from other funds	-	-	-	-	-	71,968
Advance to other funds	1,037,151	-	-	-	1,037,151	-
Prepaid items	9,917	8,133	9,000	2,346	29,396	72,899
Inventory	-	6,045	93,341	-	99,386	61,224
<b>Total current assets</b>	<b>58,621,981</b>	<b>2,479,818</b>	<b>3,256,284</b>	<b>686,094</b>	<b>65,044,177</b>	<b>5,371,687</b>
Noncurrent assets						
Capital assets						
Land	78,849	5,260	-	304,062	388,171	-
Construction in progress	412,889	141,677	48,175	-	602,741	-
Depreciable capital assets, net	34,014,555	8,618,801	13,645,329	4,370,374	60,649,059	2,894,420
<b>Total noncurrent assets</b>	<b>34,506,293</b>	<b>8,765,738</b>	<b>13,693,504</b>	<b>4,674,436</b>	<b>61,639,971</b>	<b>2,894,420</b>
<b>Total assets</b>	<b>93,128,274</b>	<b>11,245,556</b>	<b>16,949,788</b>	<b>5,360,530</b>	<b>126,684,148</b>	<b>8,266,107</b>
<b>Deferred outflows of resources</b>						
Pension related	1,502,593	135,877	257,771	23,988	1,920,229	107,981
Other post-employment benefits related	167,351	26,476	30,448	4,506	228,781	31,598
<b>Total deferred outflows of resources</b>	<b>1,669,944</b>	<b>162,353</b>	<b>288,219</b>	<b>28,494</b>	<b>2,149,010</b>	<b>139,579</b>
<b>Liabilities</b>						
Current liabilities						
Accounts payable	1,898,824	227,302	577,384	42,668	2,746,178	68,964
Accrued liabilities	1,604,893	11,880	12,505	15,430	1,644,708	68,767
Accrued interest payable	-	-	10,972	-	10,972	-
Due to other funds	151,148	144,764	104,122	927	400,961	14,969
Current portion of long-term debt	2,300,000	-	139,835	-	2,439,835	-
<b>Total current liabilities</b>	<b>5,954,865</b>	<b>383,946</b>	<b>844,818</b>	<b>59,025</b>	<b>7,242,654</b>	<b>152,700</b>
Long-term liabilities						
Accrued compensated absences	299,475	16,911	14,778	7,274	338,438	5,169
Asset retirement obligation	16,132,201	-	-	-	16,132,201	-
Net pension liability	1,186,594	644,403	1,222,491	113,766	3,167,254	512,104
Other post-employment benefits obligation	638,925	132,728	169,726	30,046	971,425	127,603
Bonds payable, net of current portion	22,700,000	-	957,328	-	23,657,328	-
<b>Total long-term liabilities</b>	<b>40,957,195</b>	<b>794,042</b>	<b>2,364,323</b>	<b>151,086</b>	<b>44,266,646</b>	<b>644,876</b>
<b>Total liabilities</b>	<b>46,912,060</b>	<b>1,177,988</b>	<b>3,209,141</b>	<b>210,111</b>	<b>51,509,300</b>	<b>797,576</b>
<b>Deferred inflows of resources</b>						
Pension related	3,285,074	146,592	278,099	25,880	3,735,645	116,496
OPEB related	95,995	1,817	1,817	-	99,629	4,362
<b>Total deferred inflows of resources</b>	<b>3,381,069</b>	<b>148,409</b>	<b>279,916</b>	<b>25,880</b>	<b>3,835,274</b>	<b>120,858</b>
<b>Net position</b>						
Net investment in capital assets	30,584,242	8,765,738	12,596,341	4,674,436	56,620,757	2,894,420
Unrestricted	13,920,847	1,315,774	1,152,609	478,597	16,867,827	4,592,832
<b>Total net position</b>	<b>\$ 44,505,089</b>	<b>\$ 10,081,512</b>	<b>\$ 13,748,950</b>	<b>\$ 5,153,033</b>	<b>\$ 73,488,584</b>	<b>\$ 7,487,252</b>

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

**CITY OF GRAND HAVEN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	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	\$ 36,202,055	\$ 3,117,055	\$ 3,029,238	\$ 617,483	\$ 42,965,831	\$ 4,127,842
Employer contributions	-	-	-	-	-	498,282
Total operating revenue	36,202,055	3,117,055	3,029,238	617,483	42,965,831	4,626,124
Operating expenses						
Operating costs and expenses	15,899,669	1,910,651	2,136,286	504,167	20,450,773	3,603,226
Insurance payments	-	-	-	-	-	445,971
Distribution	6,185,039	-	-	-	6,185,039	-
Customer accounts	824,027	-	-	-	824,027	-
Administrative and general	1,999,561	316,483	342,189	15,197	2,673,430	171,493
Depreciation	1,891,594	239,813	277,052	241,380	2,649,839	475,939
Total operating expenses	26,799,890	2,466,947	2,755,527	760,744	32,783,108	4,696,629
Operating income (loss)	9,402,165	650,108	273,711	(143,261)	10,182,723	(70,505)
Non-operating revenues (expenses)						
Gain (loss) on disposal of capital assets	(2,606,565)	-	-	(9,525)	(2,616,090)	(4,334)
Special assessments	-	724	-	-	724	-
Asset retirement	(7,540,000)	-	-	-	(7,540,000)	-
Investment earnings	(850,113)	(119,426)	(100,445)	-	(1,069,984)	(93,014)
Other	66,399	1,944	39,235	18,287	125,865	155,103
Interest expense	(482,068)	(51,051)	(55,473)	-	(588,592)	-
Total non-operating revenues (expenses)	(11,412,347)	(167,809)	(116,683)	8,762	(11,688,077)	57,755
Income (loss) before other items	(2,010,182)	482,299	157,028	(134,499)	(1,505,354)	(12,750)
Transfers and other items						
Contribution in aid of construction	-	-	-	867,944	867,944	-
Transfers in	-	-	92,420	-	92,420	-
Transfers out	(1,789,553)	(228,616)	(101,278)	-	(2,119,447)	-
Total transfers and other items	(1,789,553)	(228,616)	(8,858)	867,944	(1,159,083)	-
Changes in net position	(3,799,735)	253,683	148,170	733,445	(2,664,437)	(12,750)
Net position, beginning of year	48,304,824	9,827,829	13,600,780	4,419,588	76,153,021	7,500,002
Net position, end of year	\$ 44,505,089	\$ 10,081,512	\$ 13,748,950	\$ 5,153,033	\$ 73,488,584	\$ 7,487,252

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, 2022**

	Enterprise Funds				Governmental Activities
	Board of Light and Power	Municipal Sewer	Municipal Water	Nonmajor Enterprise Funds	Enterprise Fund Total
<b>Cash flows from operating activities</b>					
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ 4,043,146
Receipts from customers and users	36,371,716	3,000,138	3,090,064	614,778	43,076,696
Payments to employees	(8,471,165)	(275,566)	(517,864)	(173,470)	(9,438,065)
Payments to suppliers	(17,910,787)	(1,710,017)	(1,144,857)	(306,431)	(21,072,092)
Claims paid	-	-	-	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>9,989,764</b>	<b>1,014,555</b>	<b>1,427,343</b>	<b>134,877</b>	<b>12,566,539</b>
<b>Cash flows from non-capital financing activities</b>					
Purchase of other assets	(32,037)	-	-	-	(32,037)
Transfers in	-	-	92,420	-	92,420
Transfers out	(1,789,894)	(228,616)	(101,278)	-	(2,119,788)
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>(1,821,931)</b>	<b>(228,616)</b>	<b>(8,858)</b>	<b>-</b>	<b>(2,059,405)</b>
<b>Cash flows from capital and related financing activities</b>					
Interest paid on long-term debt	(267,013)	(51,051)	(56,828)	-	(374,892)
Special assessments receivable	-	24,940	-	-	24,940
Contribution in aid of construction	-	-	-	867,944	867,944
Bonds issued	25,000,000	-	-	-	25,000,000
Principal paid on long-term debt	(13,291,700)	-	(135,532)	-	(13,427,232)
Asset retirement	(651,744)	-	-	-	(651,744)
Acquisitions of capital assets	(2,977,356)	(239,612)	(130,299)	(936,132)	(4,283,399)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>7,812,187</b>	<b>(265,723)</b>	<b>(322,659)</b>	<b>(68,188)</b>	<b>7,155,617</b>
<b>Cash flows from investing activities</b>					
Interest received	(850,113)	(119,426)	(100,445)	-	(1,069,984)
<b>Net increase (decrease) in cash and pooled investments</b>	<b>15,129,907</b>	<b>400,790</b>	<b>995,381</b>	<b>66,689</b>	<b>16,592,767</b>
<b>Cash and pooled investments, beginning of year</b>	<b>29,240,731</b>	<b>1,415,449</b>	<b>1,672,859</b>	<b>417,216</b>	<b>32,746,255</b>
<b>Cash and pooled investments, end of year</b>	<b>\$ 44,370,638</b>	<b>\$ 1,816,239</b>	<b>\$ 2,668,240</b>	<b>\$ 483,905</b>	<b>\$ 49,339,022</b>
<b>Cash flows from operating activities</b>					
Operating income (loss)	\$ 9,402,165	\$ 650,108	\$ 273,711	\$ (143,261)	\$ 10,182,723
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	1,891,594	239,813	277,052	241,380	2,649,839
Miscellaneous revenue	66,399	2,668	39,235	18,287	126,589
Deferred outflows of resources for pension	(75,037)	19,029	(1,701)	2,910	(54,799)
Deferred outflows of resources for OPEB	(14,366)	(7,560)	(7,560)	-	(29,486)
Deferred inflows of resources for pension	2,807,396	75,157	160,013	13,476	3,056,042
Deferred inflows of resources for OPEB	20,077	(285)	(285)	-	19,507
Change in operating assets and liabilities which provided (used) cash					
Accounts receivable	62,607	15,690	21,591	7,994	107,882
Due from other funds	-	-	-	-	-
Due from other governmental units	733,055	(135,275)	-	(10,699)	587,081
Prepaid items	3,681	22,492	4,053	458	30,684
Inventory	-	449	(10,883)	-	(10,434)
Deposit with others	(543,213)	-	-	-	(543,213)
Accounts payable	(605,512)	5,024	436,669	2,505	(161,314)
Accrued liabilities	(56,345)	1,783	1,658	4,431	(48,473)
Other liabilities	40,655	-	-	-	40,655
Due to other governmental units	-	-	-	-	-
Due to other funds	-	138,158	100,074	261	238,493
Compensated absences	(63,111)	(4,727)	(1,797)	(1,071)	(70,706)
Net pension liability	(3,263,519)	(21,099)	122,383	(1,794)	(3,164,029)
Net OPEB obligation	(416,762)	13,130	13,130	-	(390,502)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 9,989,764</b>	<b>\$ 1,014,555</b>	<b>\$ 1,427,343</b>	<b>\$ 134,877</b>	<b>\$ 12,566,539</b>

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, 2022**

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	<b>Retiree Health Care</b>	<b>BLP OPEB Trust Fund</b>	<b>Custodial Funds</b>
<b>Assets</b>			
Cash and pooled investments	\$ -	\$ -	\$ 838,019
Funds on deposit with MERS	<u>1,983,763</u>	<u>591,958</u>	<u>-</u>
<b>Total assets</b>	<u><b>\$ 1,983,763</b></u>	<u><b>\$ 591,958</b></u>	<u><b>\$ 838,019</b></u>
<b>Liabilities</b>			
Due to other governmental units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,753</u>
<b>Net position</b>			
Restricted for post-employment benefits	1,983,763	591,958	-
Unrestricted	<u>-</u>	<u>-</u>	<u>836,266</u>
<b>Total net position</b>	<u><b>\$ 1,983,763</b></u>	<u><b>\$ 591,958</b></u>	<u><b>\$ 836,266</b></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, 2022**

	<b>Retiree Health Care</b>	<b>BLP OPEB Trust Fund</b>	<b>Custodial Funds</b>
<b>Additions</b>			
Employer contributions	\$ -	\$ 999,007	\$ -
Investment earnings (loss)	(828,417)	(71,857)	-
Property taxes collected for other governments	-	-	22,050,001
Charges for services and non-operating receipts	-	-	3,176,581
<b>Total additions</b>	<u>(828,417)</u>	<u>927,150</u>	<u>25,226,582</u>
<b>Deductions</b>			
Health insurance premiums	-	335,192	-
Taxes to other governments	-	-	22,050,001
Operating costs and non-operating expenses	-	-	2,969,119
<b>Total deductions</b>	<u>-</u>	<u>335,192</u>	<u>25,019,120</u>
Changes in net position	(828,417)	591,958	207,462
<b>Net position, beginning of year, as restated</b>	<u>2,812,180</u>	<u>-</u>	<u>628,804</u>
<b>Net position, end of year</b>	<u>\$ 1,983,763</u>	<u>\$ 591,958</u>	<u>\$ 836,266</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, 2022**

	<b>Economic Development Corporation</b>	<b>Main Street Downtown Development Authority</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
<b>Assets</b>				
Cash and pooled investments	\$ 181,868	\$ 231,043	\$ 792,232	\$ 1,205,143
Accounts receivable	121,383	14,082	52,803	188,268
Due from other governments	-	-	5,196	5,196
Taxes receivable	-	503	585	1,088
Special assessments receivable	-	368,772	-	368,772
Due from primary government	-	-	83,959	83,959
Contract receivable	-	1,177,833	-	1,177,833
Prepaid items	8,533	2,614	-	11,147
<b>Total assets</b>	<b>311,784</b>	<b>1,794,847</b>	<b>934,775</b>	<b>3,041,406</b>
<b>Deferred outflows of resources</b>				
Pension related	-	49,542	-	49,542
Deferred charge on refunding	-	74,906	-	74,906
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>124,448</b>	<b>-</b>	<b>124,448</b>
<b>Liabilities</b>				
Accounts payable	-	26,250	140,219	166,469
Accrued liabilities	-	2,881	-	2,881
Accrued interest	-	46,815	-	46,815
Debt due within one year	-	510,000	-	510,000
Noncurrent liabilities				
Accrued compensated absences	-	4,476	-	4,476
Net pension liability	-	234,958	-	234,958
Bond premium	-	289,640	-	289,640
Debt due in more than one year	-	5,250,000	823,125	6,073,125
<b>Total liabilities</b>	<b>-</b>	<b>6,365,020</b>	<b>963,344</b>	<b>7,328,364</b>
<b>Deferred inflows of resources</b>				
Pension related	-	53,449	-	53,449
<b>Net position (deficit)</b>				
Unrestricted	<u>\$ 311,784</u>	<u>\$ (4,499,174)</u>	<u>\$ (28,569)</u>	<u>\$ (4,215,959)</u>

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

**CITY OF GRAND HAVEN**  
**COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b><u>Economic Development Corporation</u></b>	<b><u>Main Street Downtown Development Authority</u></b>	<b><u>Brownfield Redevelopment Authority</u></b>	<b><u>Total</u></b>
<b>Expenses</b>				
Economic Development Corp	\$ 31,020	\$ -	\$ -	\$ 31,020
Main Street Downtown Development Authority	-	418,760	-	418,760
Brownfield Redevelopment Authority	-	-	1,003,473	1,003,473
<b>Total expenses</b>	<u>31,020</u>	<u>418,760</u>	<u>1,003,473</u>	<u>1,453,253</u>
<b>Revenues</b>				
Program revenues				
Operating grants and contributions	13,433	1,625	1,622,901	1,637,959
Capital grants	-	475,291	31,362	506,653
General revenues				
Property taxes	-	660,120	892,737	1,552,857
Unrestricted investment earnings	3,232	37,835	229	41,296
Miscellaneous	-	26,075	98,588	124,663
<b>Total revenues</b>	<u>16,665</u>	<u>1,200,946</u>	<u>2,645,817</u>	<u>3,863,428</u>
Change in net position	(14,355)	782,186	1,642,344	2,410,175
<b>Net position (deficit), beginning of year</b>	<u>326,139</u>	<u>(5,281,360)</u>	<u>(1,670,913)</u>	<u>(6,626,134)</u>
<b>Net position (deficit), end of year</b>	<u>\$ 311,784</u>	<u>\$ (4,499,174)</u>	<u>\$ (28,569)</u>	<u>\$ (4,215,959)</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, 2022

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

##### ***Reporting Entity***

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

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

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

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

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

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

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



# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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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.

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 \$1,382,955 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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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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 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, 2022, the City distributed tax revenues of \$373,684 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 \$130,500,000 declines from a commitment maximum of approximately \$13,000,000 in 2022 to \$215,000 in 2047.

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

The 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	\$9,099,844
Payments to MPPA for electricity transmission	1,493,235
Payments to MPPA for renewable energy	3,709,533
Payments to MPPA for capacity	2,293,862
Payments to MPPA for other	427,276

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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#### ***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 \$689,498 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.

#### ***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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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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 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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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:

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.

# **CITY OF GRAND HAVEN**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2022**

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- 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.

#### ***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.

#### ***Advances to and from other funds***

The balances presented as advance to/from other funds include \$1,037,151 expended by the Grand Haven Board of Light and Power on equipment and system components to produce and provide heat to the City of Grand Haven's downtown snow melt system. The terms for the repayment of this balance are currently being formalized.

#### ***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.

#### ***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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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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.

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

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

#### **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 8 and 9.

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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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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 8 and 9.

#### ***Net Position and Fund Balance Reporting***

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted – the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed – the related assets can only be spent for a specific purpose identified by formal resolution of the City's governing board.
4. Assigned – the related assets can only be spent for a specific purpose identified by the City Manager or his designee as authorized by the City's governing board.
5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

#### ***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 City Council. Any increases or uses of stabilization amounts are required to be authorized by the City Council. At year-end, the fund balance of the General fund was approximately 44 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.



# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### ***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.

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, 2022, the City reported an unrestricted deficit net position of \$15,506,848 for governmental activities. The Main Street Downtown Development Authority reported unrestricted deficit net position of \$4,449,174 and the Brownfield Redevelopment Authority reported unrestricted deficit net position of \$28,569.

## **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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

During the year ended June 30, 2022, 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>
<b>General Fund</b>			
City Manager	\$ 456,511	\$ 500,429	\$(43,918)
Legal Services	105,000	176,528	(71,528)
Public Safety – Administration	771,765	793,154	(21,389)
Public Safety – TEAM	60,295	62,151	(1,856)
Public Safety – Police & Fire Operations	4,789,779	4,825,529	(35,750)
Public Safety – Building Inspector	411,307	422,679	(11,372)
DPW – Duncan Woods	17,700	22,143	(4,443)
Coast Guard Festival	88,087	89,314	(1,227)
<b>Major Streets Fund</b>			
Winter Maintenance	340,820	342,238	(1,418)
<b>Local Streets Fund</b>			
Construction	472,495	513,979	(41,484)

#### 4. DEPOSITS

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Fiduciary Activities</u>	<u>Component Units</u>	<u>Total</u>
Cash and pooled investments	\$17,308,841	\$49,339,022	\$ 838,019	\$1,205,143	\$68,691,025
Funds on deposit with MERS	-	-	2,575,721	-	2,575,721
	<u>\$17,308,841</u>	<u>\$49,339,022</u>	<u>\$3,413,740</u>	<u>\$1,205,143</u>	<u>\$71,266,746</u>

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

Deposits	\$45,595,788
Investments	23,669,128
Petty cash	1,830
Total	<u>\$71,266,746</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:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Government money market funds	N/A	\$ 1,484,424	Unrated	
Funds on deposit with MERS	N/A	2,575,721	Unrated	
Michigan CLASS pool	N/A	1,433,452	AAAm	S&P

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2022**

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	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
US Government and agency securities/pools				
GNMA pool 2.5%	1/20/47	\$ 6,854	Unrated	
GNMA pool 2.25%	3/20/47	52,608	Unrated	
GNMA pool 2.75%	3/20/49	135,217	Unrated	
FHLMC pool 1.25%	6/25/49	95,207	Unrated	
FHLMC pool 2%	7/25/49	41,131	Unrated	
FHLMC pool 1%	12/25/50	131,029	Unrated	
FHLMC pool 1%	7/25/51	339,040	Unrated	
FHLMC pool 3%	12/15/41	70,807	Unrated	
GNMA pool 2.5%	1/20/47	12,886	Unrated	
GNMA pool 2.5%	3/20/47	12,252	Unrated	
FHLMC pool 2.5%	7/15/47	22,921	Unrated	
FNMA pool 2.25%	11/25/47	41,181	Unrated	
GNMA pool 2.5%	12/20/48	11,073	Unrated	
GNMA pool 2.75%	3/20/49	48,093	Unrated	
FHLMC pool 2%	7/25/49	66,443	Unrated	
FNMA pool 1%	2/25/50	255,886	Unrated	
FHLMC pool 1%	7/25/51	132,957	Unrated	
FNMA pool 2.5%	3/25/28	41,451	Unrated	
FNMA pool 4%	6/25/41	98,770	Unrated	
FHLMC pool 2.5%	7/15/42	101,417	Unrated	
FNMA pool 2.25%	7/25/43	98,632	Unrated	
FNMA pool 3%	12/25/43	43,594	Unrated	
GNMA pool 2%	1/16/45	143,496	Unrated	
FHLMC pool 2%	10/15/46	23,685	Unrated	
GNMA pool 2.5%	1/20/47	10,418	Unrated	
GNMA pool 2.5%	3/20/47	19,144	Unrated	
FHLMC pool 2.5%	7/15/47	49,004	Unrated	
FNMA pool 2.5%	11/25/47	44,938	Unrated	
GNMA pool 2%	3/20/49	68,851	Unrated	
FHLMC pool 1.25%	6/25/49	328,896	Unrated	
FHLMC pool 2%	7/25/49	66,443	Unrated	
FHLMC pool 1%	12/25/50	209,647	Unrated	
FHLMC pool 1%	7/25/51	508,560	Unrated	
U.S. Treasury	N/A	4,914,100	Unrated	
U.S. Treasury	N/A	4,981,350	Unrated	
U.S. Treasury	N/A	4,947,550	Unrated	
<b>Total</b>		<b><u>\$23,669,128</u></b>		

### ***Investment and Deposit Risk***

***Custodial Credit Risk - Deposits.*** Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. As of year-end, \$45,675,648 of the City's bank balance of \$46,425,648 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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 \$23,669,128 of investments, the City has custodial credit risk of \$18,175,531 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, \$5,493,597 is invested in money market funds and external investment funds/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.

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

- U.S. Government bonds and notes are valued using quoted market prices (Level 1 inputs).
- Money market funds, funds on deposit with MERS, Michigan CLASS pool, and US Government agency pools 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, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2022</u>
<b>Governmental activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 8,746,444	\$ -	\$ -	\$ 8,746,444
Construction in progress	131,901	268,591	27,848	372,644
Total capital assets, not being depreciated	8,878,345	268,591	27,848	9,119,088

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2022**

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<b>Capital assets, being depreciated</b>				
Structures and improvements	\$18,108,186	\$ 7,480	\$ -	\$18,115,666
Machinery, equipment, vehicles and fixtures	8,633,663	205,532	178,683	8,660,512
Buildings	15,332,454	17,995	-	15,350,449
Parking facilities	9,810,407	-	-	9,810,407
Infrastructure	39,732,516	3,396,981	-	43,129,497
Total capital assets, being depreciated	91,617,226	3,627,988	178,683	95,066,531
Less accumulated depreciation:				
Structures and improvements	7,679,832	566,823	-	8,246,655
Machinery, equipment, vehicles and fixtures	4,325,536	606,117	174,349	4,757,304
Buildings	5,854,205	414,203	-	6,268,408
Parking facilities	5,611,227	275,757	-	5,886,984
Infrastructure	14,771,904	1,849,656	-	16,621,560
Total accumulated depreciation	38,242,704	3,712,556	174,349	41,780,911
<b>Net capital assets, being depreciated</b>	53,374,522	(84,568)	4,334	53,285,620
<b>Governmental activities capital assets, net</b>	<b>\$62,252,867</b>	<b>\$ 184,023</b>	<b>\$ 32,182</b>	<b>\$62,404,708</b>

  

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<b>Business-type activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 504,145	\$ -	\$ 115,974	\$ 388,171
Construction in progress	1,218,814	3,247,112	3,863,185	602,741
Total capital assets, not being depreciated	1,722,959	3,247,112	3,979,159	990,912
<b>Capital assets being depreciated</b>				
Structures and improvements	9,224,616	934,256	277,383	9,881,489
Machinery, equipment, vehicles and fixtures	522,928	22,557	-	545,485
Transmission and distribution	86,774,634	4,058,634	1,309,791	89,523,477
General plant	2,732,758	-	162,353	2,570,405
Total capital assets, being depreciated	99,254,936	5,015,447	1,749,527	102,520,856
Less accumulated depreciation for:				
Structures and improvements	5,571,112	237,682	267,856	5,540,938
Machinery, equipment, vehicles and fixtures	343,964	27,573	-	371,537
Transmission and distribution	33,716,016	2,248,431	1,199,140	34,765,306
General plant	1,220,215	136,154	162,353	1,194,016
Total accumulated depreciation	40,851,307	2,649,839	1,629,349	41,871,797
<b>Net capital assets, being depreciated</b>	58,403,629	2,365,608	120,178	60,649,059
<b>Business-type activities capital assets, net</b>	<b>\$60,126,588</b>	<b>\$5,612,720</b>	<b>\$4,099,337</b>	<b>\$61,639,971</b>

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2022**

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

<b>Governmental activities</b>	
General government	\$ 563,453
Public safety	79,144
Public works	1,966,768
Culture and recreation	627,252
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	475,939
<b>Total depreciation expense - governmental activities</b>	<b><u>\$3,712,556</u></b>
<b>Business-type activities</b>	
Board of Light and Power	\$1,891,594
Municipal Sewer	239,813
Municipal Water	277,052
Other business-type	241,380
<b>Total depreciation expense – business- type activities</b>	<b><u>\$2,649,839</u></b>

### 6. INTERFUND TRANSACTIONS

Internal balances for the year ended June 30, 2022 are as follows:

<b>Due from</b>	<b>Due to</b>					<b>Total</b>
	<b>General Fund</b>	<b>Board of Light and Power</b>	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Non-major Funds</b>	
General fund	\$ -	\$151,148	\$136,196	\$101,278	\$4,847	\$393,469
Non-major funds	35,541	-	8,568	2,844	25,015	71,968
	<b><u>\$35,541</u></b>	<b><u>\$151,148</u></b>	<b><u>\$144,764</u></b>	<b><u>\$104,122</u></b>	<b><u>\$29,862</u></b>	<b><u>\$465,437</u></b>

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

Transfers in and out for the year ended June 30, 2022 are as follows:

<b>Transfers in</b>	<b>Transfers out</b>					<b>Total</b>
	<b>General Fund</b>	<b>Board of Light and Power</b>	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Non-major Funds</b>	
General fund	\$ -	\$1,789,553	\$136,196	\$101,278	\$ 496	\$2,027,523
Water fund	-	-	92,420	-	-	92,420
Non-major funds	824,327	-	-	-	2,647,335	3,471,662
<b>Totals</b>	<b><u>\$824,327</u></b>	<b><u>\$1,789,553</u></b>	<b><u>\$228,616</u></b>	<b><u>\$101,278</u></b>	<b><u>\$2,647,831</u></b>	<b><u>\$5,591,605</u></b>

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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.

#### 7. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2022.

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
<b>Public offering bonds</b>					
\$4,775,000 2014 Unlimited Tax General Obligation Bonds due in annual installments of \$150,000 to \$255,000 through April 2029; interest at 2.0 to 4.0%	\$ 1,632,304	\$ -	\$ 179,468	\$ 1,452,836	\$ 185,165
\$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%	5,070,000	-	610,000	4,460,000	645,000
Total public offering bonds	6,702,304	-	789,468	5,912,836	830,165
<b>Direct placements and direct borrowings</b>					
\$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%	5,060,000	-	275,000	4,785,000	285,000
\$839,000 2020 General Obligation Bonds due in annual installments of \$47,000 to \$67,000 through April 2035; interest at 2.73%	790,000	-	47,000	743,000	48,000
\$1,134,626 2010 Contract Payable due in annual installments of \$18,235 to \$91,175 through April 2034; interest at 3.25 to 6.5%	897,571	-	44,575	852,996	47,614
Total direct placements and direct borrowings	6,747,571	-	366,575	6,380,996	380,614
Total	13,449,875	-	1,156,043	12,293,832	1,210,779
Bond premiums	458,549	-	68,354	390,195	-
Accrued employee benefits	999,935	198,083	662,333	535,685	-
<b>Total Governmental Activities</b>	<b>\$14,908,359</b>	<b>\$198,083</b>	<b>\$1,886,730</b>	<b>\$13,219,712</b>	<b>\$1,210,779</b>

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
<b>Public offering bonds</b>					
\$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%	\$1,232,695	\$ -	\$135,532	\$ 1,097,163	\$ 139,835
<b>Other debt</b>					
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	-	-
Series 2021A direct purchase of \$25,000,000 with payments due in semiannual installments ranging from \$2,300,000 to \$2,700,000 beginning July 1, 2022 through January 1, 2032; interest at 1.580%		- 25,000,000		- 25,000,000	2,300,000
Accrued employee benefits	409,144	29,902	100,608	338,438	-
<b>Total Business-type Activities</b>	<b>\$14,933,539</b>	<b>\$25,029,902</b>	<b>\$13,527,840</b>	<b>\$26,435,601</b>	<b>\$2,439,835</b>
<b>Component Units</b>					
<b>Public offering bonds</b>					
\$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%	\$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%	4,185,000		- 190,000	3,995,000	210,000
<b>Total public offering bonds</b>	<b>5,935,000</b>		<b>- 1,940,000</b>	<b>3,995,000</b>	<b>210,000</b>
<b>Direct placements and direct borrowings</b>					
\$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%	2,035,000		- 270,000	1,765,000	300,000
\$122,899 EGLE Loan due in annual installments of \$12,023 through September 2030; interest at 1.5%	110,876		- 110,876	-	-



# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
\$900,000 EGLE Loan due in annual installments of \$88,044 through July 2036; interest at 1.5%	\$ -	\$823,125	\$ -	\$ 823,125	\$ -
Total direct placements and direct borrowings	2,145,876	823,125	380,876	2,588,125	300,000
<b>Other debt</b>					
Bond premiums	354,775	-	65,135	289,640	-
Accrued employee benefits	4,057	419	-	4,476	-
<b>Total Component Units</b>	<b>\$8,439,708</b>	<b>\$ 823,544</b>	<b>\$2,386,011</b>	<b>\$6,877,241</b>	<b>\$510,000</b>

The annual requirements to amortize all public offering bonds and leases outstanding as of June 30, 2022 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 830,165	\$148,206	\$ 139,835	\$ 43,886	\$ 210,000	\$ 146,700
2024	875,863	127,769	144,137	38,294	230,000	138,300
2025	916,560	106,298	148,440	32,528	245,000	129,100
2026	972,955	83,892	157,045	26,590	275,000	119,300
2027	1,016,501	60,121	163,499	20,308	295,000	108,300
2028-2032	1,300,792	44,531	344,207	20,735	1,865,000	345,100
2033-2037	-	-	-	-	875,000	39,300
<b>Total</b>	<b>\$5,912,836</b>	<b>\$570,817</b>	<b>\$1,097,163</b>	<b>\$182,341</b>	<b>\$3,995,000</b>	<b>\$1,026,100</b>

The annual requirements to amortize all direct placements and direct borrowings outstanding as of June 30, 2022 are as follows:

Year Ending June 30	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2023	\$ 380,614	\$ 238,098	\$ 300,000	\$ 37,113
2024	401,666	224,046	330,000	29,874
2025	415,705	209,188	370,000	21,831
2026	437,770	193,801	385,000	13,156
2027	452,823	177,580	468,044	4,366
2028-2032	2,585,067	619,969	390,873	49,344
2033-2037	1,707,351	127,522	344,208	19,136
<b>Total</b>	<b>\$6,380,996</b>	<b>\$1,790,204</b>	<b>\$2,588,125</b>	<b>\$174,820</b>

**CITY OF GRAND HAVEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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Future minimum payments on the direct purchase debt as of June 30, 2022 are as follows:

<b>Year Ending June 30</b>	<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2023	\$ 2,300,000	\$412,556
2024	2,400,000	358,660
2025	2,400,000	320,740
2026	2,400,000	282,820
2027	2,500,000	244,900
2028-2032	13,000,000	622,520
<b>Total</b>	<b>\$25,000,000</b>	<b>\$2,242,196</b>

In the event of default, the City will be required to use money from its General fund or levy an ad-valorem tax sufficient to pay the obligation, subject to applicable constitutional, statutory and charter limitations.

## **8. PENSION PLANS**

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

#### ***Plan Description***

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

Effective July 1, 2022, this plan was closed to new entrants.

#### ***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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2021):

	Total City
Active plan members	108
Inactive employees or beneficiaries currently receiving benefits	172
Inactive employees entitled but not yet receiving benefits	92
	<hr/>
Total	372
	<hr/>

#### **Contributions**

The City is required to contribute at an actuarially determined rate, which for the current year was from 21.83 to 30.79% 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, 2021, 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, 2021 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 2021 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private Investments	20.0%	7.00%	1.40%
Inflation			2.50%
Administrative fee			0.25%
Investment rate of return			7.25%

Discount rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at December 31, 2020	\$127,352,179	\$99,051,240	\$28,300,939
Changes for the Year:			
Service cost	1,220,104	-	1,220,104
Interest	9,507,015	-	9,507,015
Change in benefits	-	-	-
Differences between expected and actual experience	(2,941,291)	-	(2,941,291)
Change in assumptions	3,473,668	-	3,473,668
Contributions: employer	-	2,187,153	(2,187,153)
Contributions: employee	-	1,185,750	(1,185,750)
Net investment income	-	8,701,598	(8,701,598)
Benefit payments, including refunds	(5,739,852)	(5,739,852)	-
Administrative expense	-	(94,791)	94,791
Transfer to BLP for division separation	(43,136,110)	(40,085,898)	(3,050,212)
Other changes	(2)	-	(2)
Net changes	(37,616,468)	(33,846,040)	(3,770,428)
Balance at December 31, 2021	\$ 89,735,711	\$65,205,200	\$24,530,511

#### 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 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or higher (8.25%) than the current rate.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	1% Decrease	Current Discount rate	1% Increase
Total Pension Liability	\$101,126,759	\$89,735,711	\$80,419,224
Fiduciary Net Position	65,205,200	65,205,200	65,205,200
Net Pension Liability	<u>\$ 35,921,559</u>	<u>\$24,530,511</u>	<u>\$15,214,024</u>

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

For the year ended June 30, 2022 the City recognized pension expense of \$5,402,620. The City 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	\$ 501,834	\$(1,960,860)
Differences in assumptions	3,622,289	-
(Excess) deficit investment returns	-	(3,619,481)
Contributions subsequent to the measurement date*	1,048,314	-
Total	<u>\$5,172,437</u>	<u>\$(5,580,341)</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 2023.

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:

2023	\$ 1,932,098
2024	(1,892,579)
2025	(1,173,815)
2026	(321,922)
2027	-
Thereafter	-
Total	<u>\$(1,456,218)</u>

### Defined Benefit Pension Plan – Grand Haven Board of Light and Power

#### Plan Description

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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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#### **Benefits Provided**

Pension benefits approved by the Board are provided to all full-time participating employees hired before 7/1/17 based on division/bargaining unit. The plan is closed to new Board employees. Benefits provided include a multiplier of 2.25 times final average compensation. Vesting period of 6 years. Normal retirement age is 60 with early retirement at 50 to 55 with from 15 to 25 years of service. Final average compensation is calculated based on a 3 year average.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2021):

Active plan members	23
Inactive employees or beneficiaries currently receiving benefits	70
Inactive employees entitled but not yet receiving benefits	<u>20</u>
Total	<u><u>113</u></u>

#### **Contributions**

The Board is required to contribute at an actuarially determined rate, which for the current year was \$69,399 per month depending on position and classification. Participating employees are required to contribute from 10% of covered payroll to the Plan based on position and classification. The contribution requirements of the Utility 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 Board's net pension liability was measured as of December 31, 2021, 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, 2021 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% annually

Investment rate of return: 7.00%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on PubG-2010 tables with future mortality improvements using RP-2019 scale applied fully generationally from the Pub-2010 base year of 2010. Mortality rates used for disabled plan member were based on PubNS-2010 Disabled Retiree Tables.

The actuarial assumptions used in the valuation were based on the results of the most recent (2018) 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private Investments	20.0%	7.00%	1.40%
Inflation			2.50%
Administrative fee			0.25%
Investment rate of return			<u>7.25%</u>

Discount rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at December 31, 2020	\$43,136,110	\$40,085,898	\$3,050,212
Changes for the Year:			
Service cost	346,845	-	346,845
Interest	3,205,780	-	3,205,780
Change in benefits	-	-	-
Differences between expected and actual experience	(826,286)	-	(826,286)
Change in assumptions	1,680,863	-	1,680,863
Contributions: employer	-	1,062,160	(1,062,160)
Contributions: employee	-	233,792	(233,792)
Net investment income	-	5,038,183	(5,038,183)
Benefit payments, including refunds	(2,256,423)	(2,256,423)	-
Administrative expense	-	(63,315)	63,315
Other changes	-	-	-
Net changes	2,150,779	4,014,397	(1,863,618)
Balance at December 31, 2021	<u>\$45,286,889</u>	<u>\$44,100,295</u>	<u>\$1,186,594</u>

2022 is the first year in which the Board's MERS defined benefit pension plan was segregated from the City-wide plan.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

#### 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 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.25%) or higher (8.25%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$50,763,650	\$45,286,889	\$40,752,823
Fiduciary net position	44,100,295	44,100,295	44,100,295
Net pension liability	\$ 6,663,355	\$ 1,186,594	\$(3,347,472)

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

For the year ended June 30, 2022 the Board recognized pension expense of \$921,495. The Board 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	\$ -	\$ (339,326)
Differences in assumptions	840,433	
(Excess) deficit investment returns	-	(2,945,748)
Contributions subsequent to the measurement date*	662,160	-
Total	\$1,502,593	\$(3,285,074)

\* 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:

2021	\$ (266,154)
2022	(1,056,357)
2023	(716,018)
2024	(406,112)
2025	-
Thereafter	-
Total	<u>\$(2,444,641)</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.



# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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The City provides a defined contribution pension plan (externally managed IRS Section 401a plan), which provides pension benefits to qualified employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate in the plans vests 33 percent after 1 year, 66 percent after 2 years and 100 percent after 3 years. 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 \$59,342 and participant contributions were \$53,327 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 \$76,498 and the Board contributed \$152,996 to the plan.

#### 9. OTHER POST-EMPLOYMENT BENEFITS

##### **Defined Benefit Healthcare 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% to 80% 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 of 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 \$950,545 while actual contributions were \$1,648,715.

###### ***Benefits Provided***

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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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

Retirees and beneficiaries receiving benefits	56
Active plan members	51
Total	107

#### **Net OPEB Liability**

The net OPEB liability was rolled forward through June 30, 2021 based on an annual actuarial valuation as of June 30, 2021. The total OPEB liability in the June 30, 2021 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: 7.00%, including inflation

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	2.00%
Private Equity	20.0%	7.00%
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 7.00%.

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

Rate of return. For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (8.54)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

Discount rate. The discount rate used to measure the total OPEB liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2021	\$8,217,303	\$2,812,180	\$5,405,123
Changes for the Year:			
Service cost	26,241	-	26,241
Interest	420,162	-	420,162
Change in benefits	785,603	-	785,603
Differences between expected and actual experience	1,893,952	-	1,893,952
Change in assumptions	2,003,766	-	2,003,766
Benefits paid from general operating funds	-	1,648,715	(1,648,715)
Net investment income	-	(177,045)	177,045
Benefit payments, including refunds	(1,648,715)	(1,648,715)	-
Administrative expense	-	(4,357)	4,357
Transfer to BLP for division separation	(1,702,702)	(647,015)	(1,055,687)
Other changes	-	-	-
Net changes	1,778,307	(828,417)	2,606,724
Balance at June 30, 2022	\$9,995,610	\$1,983,763	\$8,011,847

#### 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 7.00%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (6.00%) or higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$10,655,020	\$9,995,610	\$9,399,568
Fiduciary net position	1,983,763	1,983,763	1,983,763
Net OPEB liability	\$ 8,671,257	\$8,011,847	\$7,415,805
Plan fiduciary position as a percentage of the total OPEB liability	18.62%	19.85%	21.10%

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

#### 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 7.75%, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower (6.75%) or higher (8.75%) than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$9,359,128	\$9,995,610	\$10,700,701
Fiduciary net position	1,983,763	1,983,763	1,983,763
Net OPEB liability	<u>\$7,375,365</u>	<u>\$8,011,847</u>	<u>\$ 8,716,938</u>

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

For the year ended June 30, 2022 the employer recognized OPEB expense of \$3,179,787. 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	\$1,097,611	\$ -
Differences in assumptions	1,276,539	-
Excess (deficit) investment returns	320,111	(210,927)
Total	<u>\$2,694,261</u>	<u>\$(210,927)</u>

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

2023	\$1,885,383
2024	533,846
2025	(3,102)
2026	67,206
2027	-
Thereafter	<u>-</u>
Total	<u>\$2,483,333</u>

#### Defined Benefit Healthcare Plan – Grand Haven Board of Light and Power

##### Plan Description

The Board participates in a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides health insurance premiums for retirees and their beneficiaries, which are advance-funded on a discretionary basis. Benefit provisions are established through the pension ordinance and negotiations between the Board and bargaining units and employee groups. The plan was closed to employees hired subsequent to September 30, 2013. The Retiree Health Plan does not issue a publicly available financial report and a legal trust has been established for the plan. The method used to determine the actuarial valuation of assets is market. There are no long-term contracts for contributions to the Plan. The plan has no legally required reserves.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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#### **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 the Plan pay 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	20
Covered spouses	0
Active plan members	24
	<hr/>
Total	44

#### **Net OPEB Liability**

The net OPEB liability was based on an actuarial valuation as of June 30, 2022. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5 %

Salary Increases: 3.0%

Investment rate of return: 7.0% including inflation

Healthcare cost trend rates: 7.25% graded down 0.25% to an ultimate rate of 4.5%, post Medicare, 5.5% graded down by .25% to an ultimate rate of 4.5%

Mortality: 2010 Employee and Healthy Retiree; headcount weighted, 2021 Improvement

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

The long-term expected rate of return on 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%	4.50%
Global Fixed Income	20.0%	2.00%
Private Equity	20.0%	7.00%
Cash	0.0%	0.00%

The Board, 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 7.00%.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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

Rate of return. For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -4.4 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total OPEB liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer will pay the annual insurance benefit costs from operating funds until the plan is fully funded.

Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balance at June 30, 2021	\$1,702,702	\$647,015	\$1,055,687
Changes for the Year:			
Service cost	15,611	-	15,611
Interest	113,978	-	113,978
Change in benefits	(334,645)	-	(334,645)
Differences between expected and actual experience	(42,424)	-	(42,424)
Change in assumptions	110,853	-	110,853
Contributions to OPEB trust	-	-	-
Benefits paid from general operating funds	-	335,192	(335,192)
Net investment income	-	(54,370)	54,370
Benefit payments, including refunds	(335,192)	(335,192)	-
Administrative expense	-	(687)	687
Other changes	-	-	-
Net changes	(471,819)	(55,057)	(416,762)
Balance at June 30, 2022	\$1,230,883	\$591,958	\$638,925

2022 is the first year in which the Board's OPEB plan was segregated from the City-wide plan.

#### 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 7.00%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (6.00%) or higher (8.00%) than the current rate.

	1% Decrease	Current Discount rate	1% increase
Total OPEB liability	\$1,289,792	\$1,230,883	\$1,177,134
Fiduciary net position	591,958	591,958	591,958
Net OPEB liability	\$697,834	\$638,925	\$585,176

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

#### 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, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower (6.25%) or higher (8.25%) than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$1,169,230	\$1,230,883	\$1,300,226
Fiduciary net position	591,958	591,958	591,958
Net OPEB liability	\$ 577,272	\$ 638,925	\$ 708,268

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

For the year ended June 30, 2022 the employer recognized OPEB expense of \$(132,995). 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	\$ 29,416	\$(95,995)
Differences in assumptions	104,119	-
Excess(deficit) investment returns	33,816	-
Total	\$167,351	\$(95,995)

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

2023	\$41,849
2024	9,758
2025	(632)
2026	20,381
2027	-
Thereafter	-
Total	\$71,356

#### 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 \$140,234 and participant contributions were \$316,963 to the plan during the year. The plan provisions and contribution amounts were established and may be amended by MERS.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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The Grand Haven Board of Light and Power provides a defined contribution post-employment benefit plan (the Plan) that provides a health care saving account to eligible employees hired after September 30, 2008. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate immediately upon employment. Employees are required to contribute 1% and the Board contributes 2% of each participant's compensation to the Plan. The Board's contributions are fully vested after five years of service. During the year employees contributed \$29,379 and the Board contributed \$50,548 to the plan.

#### 10. 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, and disability insurance. The claims liability of \$61,454 reported at June 30, 2022 is based on the requirements of accounting standards which require that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

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



# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

The changes in the claims liability for the years ended June 30, 2021 and 2022 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>
2021	\$107,367	\$2,555,087	\$2,544,254	\$118,200
2022	118,200	2,219,662	2,276,408	61,454

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>2022</u>	<u>2021</u>
Property and equipment	\$50,000 - 500,000	\$50,000 - 500,000
General liability	50,000	50,000
Public officials liability	25,000	25,000
Employee benefits liability	50,000	50,000
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 \$6,724,130 which excluded assets set aside for estimated claims of \$69,500. The estimated claims at the end of the year included claims already incurred and reported as well as an estimate for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation and recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Settled claims have not exceeded insurance coverage in any of the past three years, and changes in insurance coverage are reflected above.

The claims liability for the Board of Light and Power as reported by the MPIA for the years ended June 30, 2022 and 2021 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, 2022 and 2021 were \$0 and \$0 respectively.

#### 11. DEFERRED SPECIAL ASSESSMENTS RECEIVABLE

The Brownfield Redevelopment Authority component unit has outstanding deferred special assessments receivable totaling \$5,900,912 at June 30, 2022. 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

# **CITY OF GRAND HAVEN**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2022**

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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, 2022.

#### **12. 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, 2022, the City abated property tax revenues of approximately \$148,000.

#### **13. 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.

#### **14. 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.

#### **15. 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### 16. 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, 2021	\$(681,652)
Current year building permit revenues	552,652
Related expenses	
Direct costs	(422,677)
Estimated indirect costs	<u>(57,224)</u>
Cumulative shortfall – June 30, 2022	<u>\$(608,901)</u>

### 17. 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 \$16,132,201 based on known costs of similar plant closures and engineering estimates.

### 18. SUBSEQUENT EVENT

Subsequent to year end, the City closed its defined benefit pension plan to new entrants and approximately 30% of plan participants accepted a buyout agreement to convert to the City's defined contribution plan.

## **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, 2022**

	<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>
<b>Revenues</b>				
Taxes				
Property taxes	\$ 6,895,400	\$ 7,624,440	\$ 7,713,054	\$ 88,614
Intergovernmental revenues				
Federal	250	250	117	(133)
State	1,074,500	1,122,375	1,375,095	252,720
Local	20,000	18,212	102,808	84,596
Special assessments	13,000	13,000	27,720	14,720
Licenses and permits	661,800	723,290	910,778	187,488
Charges for services	1,402,325	1,411,082	1,528,623	117,541
Fines	92,500	80,500	99,436	18,936
Investment earnings	125,000	246,000	145,875	(100,125)
Miscellaneous	80,000	266,000	326,997	60,997
<b>Total revenues</b>	<u>10,364,775</u>	<u>11,505,149</u>	<u>12,230,503</u>	<u>725,354</u>
<b>Expenditures</b>				
Current				
General government	3,082,126	3,048,988	2,889,481	159,507
Public safety	5,492,296	5,621,839	5,680,834	(58,995)
Public works	3,111,236	3,297,138	3,038,473	258,665
Culture and recreation	1,049,387	1,126,811	955,284	171,527
Debt service				
Principal	-	-	18,258	(18,258)
Interest and fiscal charges	11,325	11,325	11,321	4
Capital outlay	-	25,000	34,875	(9,875)
<b>Total expenditures</b>	<u>12,746,370</u>	<u>13,131,101</u>	<u>12,628,526</u>	<u>502,575</u>
<b>Revenues over (under) expenditures</b>	<u>(2,381,595)</u>	<u>(1,625,952)</u>	<u>(398,023)</u>	<u>1,227,929</u>
Other financing sources (uses)				
Transfers in	2,259,690	2,109,690	2,027,523	(82,167)
Transfers out	(824,652)	(824,652)	(824,327)	325
<b>Total other financing sources (uses)</b>	<u>1,435,038</u>	<u>1,285,038</u>	<u>1,203,196</u>	<u>(81,842)</u>
<b>Net changes in fund balance</b>	<u>(946,557)</u>	<u>(340,914)</u>	<u>805,173</u>	<u>1,146,087</u>
<b>Fund balance, beginning of year</b>	<u>4,423,273</u>	<u>4,423,273</u>	<u>4,423,273</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 3,476,716</u>	<u>\$ 4,082,359</u>	<u>\$ 5,228,446</u>	<u>\$ 1,146,087</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, 2022**

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total pension liability</b>								
Service cost	\$ 1,714,380	\$ 1,784,375	\$ 1,938,291	\$ 1,896,453	\$ 1,876,313	\$ 1,787,913	\$ 1,719,873	\$ 1,220,104
Interest	6,872,845	6,970,006	7,719,273	7,931,391	8,390,678	8,623,429	8,876,309	9,507,015
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	(2,941,291)
Changes in assumptions	-	4,451,385	-	-	-	4,122,188	3,919,533	3,473,668
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)	(5,739,852)
Transfer to BLP for division separation	-	-	-	-	-	-	-	(43,136,110)
Other	-	217,812	-	-	(4)	(2)	1	(2)
<b>Net change in total pension liability</b>	<u>4,064,873</u>	<u>9,398,920</u>	<u>3,043,663</u>	<u>5,759,789</u>	<u>3,255,091</u>	<u>9,418,795</u>	<u>7,699,848</u>	<u>(37,616,468)</u>
<b>Total pension liability, beginning of year</b>	<u>84,711,200</u>	<u>88,776,073</u>	<u>98,174,993</u>	<u>101,218,656</u>	<u>106,978,445</u>	<u>110,233,536</u>	<u>119,652,331</u>	<u>127,352,179</u>
<b>Total pension liability, end of year</b>	<u>\$ 88,776,073</u>	<u>\$ 98,174,993</u>	<u>\$ 101,218,656</u>	<u>\$ 106,978,445</u>	<u>\$ 110,233,536</u>	<u>\$ 119,652,331</u>	<u>\$ 127,352,179</u>	<u>\$ 89,735,711</u>
<b>Plan Fiduciary Net Position</b>								
Contributions-employer	\$ 1,230,140	\$ 1,351,197	\$ 1,528,835	\$ 6,969,429	\$ 2,803,011	\$ 2,096,764	\$ 6,530,362	\$ 2,187,153
Contributions-employee	1,017,387	1,188,014	1,399,568	1,649,872	1,583,711	1,619,918	1,519,254	1,185,750
Net investment income	4,384,730	(1,056,807)	7,662,061	9,637,326	(3,336,775)	10,759,791	10,939,329	8,701,598
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)	(5,739,852)
Transfer to BLP for division separation	-	-	-	-	-	-	-	(40,085,898)
Administrative expense	(160,769)	(155,709)	(151,314)	(152,492)	(164,445)	(185,343)	(174,529)	(94,791)
<b>Net change in plan fiduciary net position</b>	<u>1,949,136</u>	<u>(3,759,667)</u>	<u>5,132,696</u>	<u>12,055,170</u>	<u>(5,180,787)</u>	<u>7,621,851</u>	<u>11,376,970</u>	<u>(33,846,040)</u>
<b>Plan fiduciary net position, beginning of year</b>	<u>69,855,871</u>	<u>71,805,007</u>	<u>68,045,340</u>	<u>73,178,036</u>	<u>85,233,206</u>	<u>80,052,419</u>	<u>87,674,270</u>	<u>99,051,240</u>
<b>Plan fiduciary net position, end of year</b>	<u>\$ 71,805,007</u>	<u>\$ 68,045,340</u>	<u>\$ 73,178,036</u>	<u>\$ 85,233,206</u>	<u>\$ 80,052,419</u>	<u>\$ 87,674,270</u>	<u>\$ 99,051,240</u>	<u>\$ 65,205,200</u>
<b>Total net pension liability</b>	<u>\$ 16,971,066</u>	<u>\$ 30,129,653</u>	<u>\$ 28,040,620</u>	<u>\$ 21,745,239</u>	<u>\$ 30,181,117</u>	<u>\$ 31,978,061</u>	<u>\$ 28,300,939</u>	<u>\$ 24,530,511</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	81%	69%	72%	80%	73%	73%	78%	73%
<b>Covered employee payroll</b>	\$ 11,071,127	\$ 11,535,426	\$ 12,103,488	\$ 11,544,999	\$ 11,230,904	\$ 10,471,556	\$ 9,766,065	\$ 6,974,003
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	153%	261%	232%	188%	269%	305%	290%	352%

**CITY OF GRAND HAVEN**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contributions	\$ 1,285,986	\$ 1,533,911	\$ 1,528,835	\$ 1,976,799	\$ 1,832,196	\$ 2,259,855	\$ 1,823,154	\$ 2,333,502
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	2,333,502
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	\$ 6,974,003
Contributions as a percentage of covered employee payroll	11.6%	13.3%	12.6%	60.4%	25.2%	21.6%	59.6%	33.5%

**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	7.00% (7.35% for 2020 and 2021; 7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male RP-2014 mortality table

# GRAND HAVEN BOARD OF LIGHT AND POWER

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

FOR THE YEARS ENDED JUNE 30, 2015 through 2022

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total pension liability</b>								
Service cost	\$ 1,714,380	\$ 1,784,375	\$ 1,938,292	\$ 1,896,453	\$ 1,876,313	\$ 1,787,913	\$ 1,719,873	\$ 346,845
Interest	6,872,845	6,970,006	7,719,273	7,931,391	8,390,678	8,623,429	8,876,309	3,205,780
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	(826,286)
Changes in assumptions	-	4,451,385	-	-	-	4,122,188	3,919,533	1,680,863
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)	(2,256,423)
Other	-	217,812	(1)	-	(4)	(2)	1	-
<b>Net change in total pension liability</b>	<b>4,064,873</b>	<b>9,398,920</b>	<b>3,043,663</b>	<b>5,759,789</b>	<b>3,255,091</b>	<b>9,418,795</b>	<b>7,699,848</b>	<b>2,150,779</b>
<b>Total pension liability, beginning of year</b>	<b>84,711,200</b>	<b>88,776,073</b>	<b>98,174,993</b>	<b>101,218,656</b>	<b>106,978,445</b>	<b>110,233,536</b>	<b>119,652,331</b>	<b>43,136,110</b>
<b>Total pension liability, end of year</b>	<b>\$ 88,776,073</b>	<b>\$ 98,174,993</b>	<b>\$ 101,218,656</b>	<b>\$ 106,978,445</b>	<b>\$ 110,233,536</b>	<b>\$ 119,652,331</b>	<b>\$ 127,352,179</b>	<b>\$ 45,286,889</b>
<b>Plan Fiduciary Net Position</b>								
Contributions-employer	\$ 1,230,140	\$ 1,351,197	\$ 1,528,835	\$ 6,969,429	\$ 2,803,011	\$ 2,096,764	\$ 6,530,362	\$ 1,062,160
Contributions-employee	1,017,387	1,188,014	1,399,568	1,649,872	1,583,711	1,619,918	1,519,254	233,792
Net investment income	4,384,730	(1,056,807)	7,662,061	9,637,326	(3,336,775)	10,759,791	10,939,329	5,038,183
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)	(2,256,423)
Administrative expense	(160,769)	(155,709)	(151,314)	(152,492)	(164,445)	(185,343)	(174,529)	(63,315)
<b>Net change in plan fiduciary net position</b>	<b>1,949,136</b>	<b>(3,759,667)</b>	<b>5,132,696</b>	<b>12,055,170</b>	<b>(5,180,787)</b>	<b>7,621,851</b>	<b>11,376,970</b>	<b>4,014,397</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>69,855,871</b>	<b>71,805,007</b>	<b>68,045,340</b>	<b>73,178,036</b>	<b>85,233,206</b>	<b>80,052,419</b>	<b>87,674,270</b>	<b>40,085,898</b>
<b>Plan fiduciary net position, end of year</b>	<b>\$ 71,805,007</b>	<b>\$ 68,045,340</b>	<b>\$ 73,178,036</b>	<b>\$ 85,233,206</b>	<b>\$ 80,052,419</b>	<b>\$ 87,674,270</b>	<b>\$ 99,051,240</b>	<b>\$ 44,100,295</b>
<b>Employer net pension liability</b>	<b>\$ 16,971,066</b>	<b>\$ 30,129,653</b>	<b>\$ 28,040,620</b>	<b>\$ 21,745,239</b>	<b>\$ 30,181,117</b>	<b>\$ 31,978,061</b>	<b>\$ 28,300,939</b>	<b>\$ 1,186,594</b>
Employer net pension liability reported by Grand Haven Board of Light and Power **	\$ 6,141,039	\$ 12,039,809	\$ 11,524,695	\$ 4,196,831	\$ 4,941,117	\$ 7,520,756	\$ 4,450,113	N/A
Plan fiduciary net position as a percentage of the total pension liability	81%	69%	72%	80%	73%	73%	78%	97%
Covered employee payroll	\$ 11,071,127	\$ 11,535,426	\$ 12,103,488	\$ 11,544,999	\$ 11,230,904	\$ 10,471,556	\$ 9,766,065	\$ 2,164,742
Employer's net pension liability as a percentage of covered employee payroll	153%	261%	232%	188%	269%	305%	290%	55%

### Notes to schedule:

\*\*The above schedule provides information for the City of Grand Haven plan as a whole through 2020 with the exception of this item.

The Grand Haven Board of Light and Power defined benefit pension plan was split from, and is presented separately from, the City plan for 2021.

Above data is based on a measurement date of December 31.



# GRAND HAVEN BOARD OF LIGHT AND POWER

## DEFINED BENEFIT PENSION PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2015 through 2022

Fiscal Year end	Actuarially determined contributions **	Contributions in relation to the actuarially determined contribution **	Contribution deficiency (excess) **	Covered employee payroll **	Contributions as a percentage of covered employee payroll **
6/30/2015	\$ 542,904	\$ 542,904	\$ -	\$ 4,672,250	12%
6/30/2016	582,225	582,225	-	4,689,604	12%
6/30/2017	688,049	688,049	-	5,733,742	12%
6/30/2018	657,368	5,657,368	(5,000,000)	4,265,218	133%
6/30/2019	525,540	1,525,540	(1,000,000)	3,771,656	40%
6/30/2020	525,804	753,552	(227,748)	3,188,749	24%
6/30/2021	960,000	4,960,000	(4,000,000)	3,692,923	134%
6/30/2022	832,788	1,324,320	(491,532)	2,351,628	56%

### Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	17 years
Asset valuation method	5 year smoothed (10 year smoothing 2014)
Inflation	2.5% (3.5% 2014)
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.00% (7.35% through 2020, 7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male RP-2014 mortality table

### Notes to schedule:

\*\*The above schedule provides information for the City of Grand Haven plan as a whole through 2020 with the exception of this item.

The Grand Haven Board of Light and Power defined benefit pension plan was split from, and is presented separately from, the City plan for 2021.

**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, 2022**

	2017	2018	2019	2020	2021	2022
<b>Total OPEB liability</b>						
Service cost	\$ 52,122	\$ 49,554	\$ 42,889	\$ 46,820	\$ 43,640	\$ 26,241
Interest	456,376	456,247	556,550	623,499	593,625	420,162
Changes in benefit terms	-	-	-	(34,994)	-	785,603
Difference between expected and actual experience	79,952	1,015,790	141,760	(101,970)	(75,976)	1,893,952
Changes in assumptions	-	292,450	864,802	207,572	(27,044)	2,003,766
Benefit payments including employee refunds	(535,595)	(639,638)	(779,102)	(713,057)	(699,661)	(1,648,715)
Transfer to BLP for division separation	-	-	-	-	-	(1,702,702)
Other	-	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>52,855</b>	<b>1,174,403</b>	<b>826,899</b>	<b>27,870</b>	<b>(165,416)</b>	<b>1,778,307</b>
<b>Total OPEB liability, beginning of year</b>	<b>6,300,692</b>	<b>6,353,547</b>	<b>7,527,950</b>	<b>8,354,849</b>	<b>8,382,719</b>	<b>8,217,303</b>
<b>Total OPEB liability, end of year</b>	<b>\$ 6,353,547</b>	<b>\$ 7,527,950</b>	<b>\$ 8,354,849</b>	<b>\$ 8,382,719</b>	<b>\$ 8,217,303</b>	<b>\$ 9,995,610</b>
<b>Plan Fiduciary Net Position</b>						
Contributions-employer	\$ 500,000	\$ -	\$ 779,102	\$ 713,057	\$ 699,661	\$ 1,648,715
Contributions/benefit payments made from general operating fund	535,595	639,638	-	-	-	-
Net investment income	198,865	151,458	62,008	50,205	618,036	(177,045)
Benefit payments including employee refunds	(535,595)	(639,638)	(779,102)	(713,057)	(699,661)	(1,648,715)
Administrative expense	(4,014)	(4,916)	(4,396)	(3,939)	(4,546)	(4,357)
Transfer to BLP for division separation	-	-	-	-	-	(647,015)
Other	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>694,851</b>	<b>146,542</b>	<b>57,612</b>	<b>46,266</b>	<b>613,490</b>	<b>(828,417)</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>1,253,419</b>	<b>1,948,270</b>	<b>2,094,812</b>	<b>2,152,424</b>	<b>2,198,690</b>	<b>2,812,180</b>
<b>Plan fiduciary net position, end of year</b>	<b>\$ 1,948,270</b>	<b>\$ 2,094,812</b>	<b>\$ 2,152,424</b>	<b>\$ 2,198,690</b>	<b>\$ 2,812,180</b>	<b>\$ 1,983,763</b>
<b>Employer net OPEB liability</b>	<b>\$ 4,405,277</b>	<b>\$ 5,433,138</b>	<b>\$ 6,202,425</b>	<b>\$ 6,184,029</b>	<b>\$ 5,405,123</b>	<b>\$ 8,011,847</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>31%</b>	<b>28%</b>	<b>26%</b>	<b>26%</b>	<b>34%</b>	<b>20%</b>
<b>Covered employee payroll</b>	<b>\$ 11,180,895</b>	<b>\$ 5,713,567</b>	<b>\$ 5,833,306</b>	<b>\$ 4,286,167</b>	<b>\$ 4,228,786</b>	<b>\$ 3,318,646</b>
<b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	<b>39%</b>	<b>95%</b>	<b>106%</b>	<b>144%</b>	<b>128%</b>	<b>241%</b>

**SCHEDULE OF INVESTMENT RETURNS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2017	2018	2019	2020	2021	2022
Annual money-weighted rate of return net of investment expense	12.2%	7.7%	2.9%	7.2%	28.1%	-8.5%

**CITY OF GRAND HAVEN**  
**DEFINED BENEFIT OPEB PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2017	2018	2019	2020	2021	2022
Actuarially determined contributions	\$ 859,095	\$ 646,318	\$ 906,928	\$ 1,119,545	\$ 1,208,354	\$ 950,545
Contributions in relation to the actuarially determined contribution	1,035,595	639,638	779,102	713,057	699,661	1,648,715
Contribution deficiency (excess)	<u>\$ (176,500)</u>	<u>\$ 6,680</u>	<u>\$ 127,826</u>	<u>\$ 406,488</u>	<u>\$ 508,693</u>	<u>\$ (698,170)</u>
Covered employee payroll	\$ 11,180,895	\$ 5,713,567	\$ 5,833,306	\$ 4,286,167	\$ 4,228,786	\$ 3,318,646
Contributions as a percentage of covered employee payroll	9%	11%	13%	17%	17%	50%

**Notes to schedule**

Actuarial cost method	Entry Age
Amortization method	Level percent, closed
Remaining amortization period	9 years
Asset valuation method	Market value
Inflation	2.25%
Healthcare cost trend rates	7.25% graded down .25% per year until reaching 4.5%
Salary increases	2.00%
Investment rate of return	7.00% (7.35% 2020-2021) (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	\$ 950,545
Minimum required contribution under PA 202	1,648,715
Actual contribution	1,648,715
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.

**CITY OF GRAND HAVEN**

**GRAND HAVEN BOARD OF LIGHT AND POWER  
DEFINED BENEFIT OPEB PLAN  
SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB  
LIABILITY AND RELATED RATIOS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	2017	2018	2019	2020	2021	2022
<b>Total OPEB liability</b>						
Service cost	\$ 52,122	\$ 49,554	\$ 42,889	\$ 46,820	\$ 43,640	\$ 15,611
Interest	456,376	456,247	556,550	623,499	593,625	113,978
Changes in benefit terms	-	-	-	(34,994)	-	-
Difference between expected and actual experience	79,952	1,015,790	141,760	(101,970)	(75,976)	(42,424)
Change on plan terms	-	-	-	-	-	(334,645)
Changes in assumptions	-	292,450	864,802	207,572	(27,044)	110,853
Benefit payments including employee refunds	(535,595)	(639,638)	(779,102)	(713,057)	(699,661)	(335,192)
Other	-	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<u>52,855</u>	<u>1,174,403</u>	<u>826,899</u>	<u>27,870</u>	<u>(165,416)</u>	<u>(471,819)</u>
<b>Total OPEB liability, beginning of year</b>	<u>6,300,692</u>	<u>6,353,547</u>	<u>7,527,950</u>	<u>8,354,849</u>	<u>8,382,719</u>	<u>1,702,702</u>
<b>Total OPEB liability, end of year</b>	<u>\$ 6,353,547</u>	<u>\$ 7,527,950</u>	<u>\$ 8,354,849</u>	<u>\$ 8,382,719</u>	<u>\$ 8,217,303</u>	<u>\$ 1,230,883</u>
<b>Plan Fiduciary Net Position</b>						
Contributions-employer	\$ 500,000	\$ -	\$ 779,102	\$ 713,057	\$ 699,661	\$ -
Contributions/benefit payments made from general operating funds	535,595	639,638	-	-	-	335,192
Net Investment income	198,865	151,458	62,008	50,205	618,036	(54,370)
Benefit payments including employee refunds	(535,595)	(639,638)	(779,102)	(713,057)	(699,661)	(335,192)
Administrative expense	(4,014)	(4,917)	(4,396)	(3,939)	(4,546)	(687)
Other	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>694,851</u>	<u>146,541</u>	<u>57,612</u>	<u>46,266</u>	<u>613,490</u>	<u>(55,057)</u>
<b>Plan fiduciary net position, beginning of year</b>	<u>1,253,420</u>	<u>1,948,271</u>	<u>2,094,812</u>	<u>2,152,424</u>	<u>2,198,690</u>	<u>647,015</u>
<b>Plan fiduciary net position, end of year</b>	<u>\$ 1,948,271</u>	<u>\$ 2,094,812</u>	<u>\$ 2,152,424</u>	<u>\$ 2,198,690</u>	<u>\$ 2,812,180</u>	<u>\$ 591,958</u>
<b>Employer net OPEB liability</b>	<u>\$ 4,405,276</u>	<u>\$ 5,433,138</u>	<u>\$ 6,202,425</u>	<u>\$ 6,184,029</u>	<u>\$ 5,405,123</u>	<u>\$ 638,925</u>
Employer net OPEB liability reported by Grand Haven Board of Light and Power **	<u>\$ 1,013,548</u>	<u>\$ 1,319,831</u>	<u>\$ 1,146,013</u>	<u>\$ 1,091,795</u>	<u>\$ 1,055,687</u>	<u>N/A</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	31%	28%	26%	26%	34%	48%
<b>Covered employee payroll</b>	\$ 11,180,895	\$ 5,433,138	\$ 5,833,306	\$ 4,286,167	\$ 4,228,786	\$ 1,187,543
<b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	39%	100%	106%	144%	128%	54%

**Notes to schedule:**

\*\*The above schedule provides information for the City of Grand Haven plan as a whole through 2021 with the exception of this item.

The Grand Haven Board of Light and Power defined benefit pension plan was split from, and is presented separately from, the City plan for 2022.

Above data is based on a June 30 measurement date.

# CITY OF GRAND HAVEN

## GRAND HAVEN BOARD OF LIGHT AND POWER DEFINED BENEFIT OPEB PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

**FOR THE YEAR ENDED JUNE 30, 2022**

Fiscal Year end	Actuarially determined contributions **	Contributions in relation to the actuarially determined contribution **	Contribution deficiency (excess) **	Covered employee payroll **	Contributions as a percentage of covered employee payroll **
6/30/2017	\$ 202,700	\$ 208,736	\$ (6,036)	\$ 4,398,937	5%
6/30/2018	215,813	215,813	-	3,280,409	7%
6/30/2019	212,789	212,789	-	3,041,327	7%
6/30/2020	273,794	280,815	(7,021)	1,738,293	16%
6/30/2021	251,488	212,119	39,369	1,720,867	12%
6/30/2022	240,636	335,192	(94,556)	1,187,543	28%

**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	7.25% graded down .25% per year until reaching 4.5%
Salary increases	3.00%
Investment rate of return	7% (7.35% through 2021, 7.75% 2017-2019)
Retirement age	Varies depending on plan adoption
Mortality	2010 Employee and Healthy Retiree; headcount weighted, 2021 Improvement

## SCHEDULE OF INVESTMENT RETURNS

**FOR THE YEARS ENDED JUNE 30, 2017 through 2022**

Fiscal Year end	Annual money-weighted rate of return net of investment expense
6/30/2017	12.2%
6/30/2018	7.7%
6/30/2019	2.9%
6/30/2020	7.2%
6/30/2021	28.1%
6/30/2022	-4.4%

**Notes to schedule:**

Above returns are based on a measurement date of June 30.

\*\*The above schedule provides information for the City of Grand Haven plan as a whole through 2021 with the exception of this item.

The Grand Haven Board of Light and Power defined benefit pension plan was split from and is presented separately from the City plan for 2022.

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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, 2022**

	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>
<b>Assets</b>							
Cash and pooled investments	\$ 549,868	\$ 337,402	\$ 61,777	\$ 325,627	\$ 933,982	\$ 845,468	\$ -
Accounts receivable	26,304	-	-	-	-	-	-
Due from other governments	172,097	59,912	-	-	-	-	-
Taxes receivable	-	-	-	-	-	703	-
Special assessments receivable	8,566	-	-	-	-	-	-
Prepaid items	5,364	2,790	-	-	-	-	-
Inventory	29,791	29,791	-	-	-	-	-
<b>Total assets</b>	<u>\$ 791,990</u>	<u>\$ 429,895</u>	<u>\$ 61,777</u>	<u>\$ 325,627</u>	<u>\$ 933,982</u>	<u>\$ 846,171</u>	<u>\$ -</u>
<b>Liabilities, deferred inflows and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 43,179	\$ 25,568	\$ 4,006	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	14,204	6,973	-	-	-	-	-
Due to other governments	67	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-
Due to other funds	6,574	7,392	-	-	-	-	-
<b>Total liabilities</b>	<u>64,024</u>	<u>39,933</u>	<u>4,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>							
Unavailable revenue	7,740	-	-	-	-	703	-
<b>Fund balances (deficit)</b>							
Non-spendable							
Prepaid items	5,364	2,790	-	-	-	-	-
Permanent fund corpus	-	-	-	-	-	-	-
Inventory	29,791	29,791	-	-	-	-	-
Restricted							
Streets	685,071	357,381	-	-	-	-	-
Public works	-	-	57,771	325,627	933,982	845,468	-
Committed							
Capital projects	-	-	-	-	-	-	-
<b>Total fund balances</b>	<u>720,226</u>	<u>389,962</u>	<u>57,771</u>	<u>325,627</u>	<u>933,982</u>	<u>845,468</u>	<u>-</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 791,990</u>	<u>\$ 429,895</u>	<u>\$ 61,777</u>	<u>\$ 325,627</u>	<u>\$ 933,982</u>	<u>\$ 846,171</u>	<u>\$ -</u>

<u>Debt Service</u>					<u>Capital Projects</u>			<u>Permanent</u>	
<u>2014 Capital Improvement Bonds</u>	<u>2015 Infrastructure Bonds</u>	<u>Brownfield Debt Support</u>	<u>2020 Warber Drain Bonds</u>	<u>2008 UTGO Bonds</u>	<u>Public Improvement</u>	<u>Fire Truck</u>	<u>2015 Infrastructure Bonds</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,859,235	\$ 285,375	\$ -	\$ 713,677	\$ 5,912,411
-	-	-	-	-	-	-	-	290	26,594
-	-	-	-	-	42,905	-	-	-	274,914
-	-	-	-	-	581	-	-	-	1,284
-	-	-	-	-	-	-	-	-	8,566
-	-	-	-	-	-	-	-	-	8,154
-	-	-	-	-	-	-	-	-	59,582
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,902,721</u>	<u>\$ 285,375</u>	<u>\$ -</u>	<u>\$ 713,967</u>	<u>\$ 6,291,505</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 789	\$ -	\$ -	\$ -	\$ 73,542
-	-	-	-	-	-	-	-	-	21,177
-	-	-	-	-	-	-	-	-	67
-	-	-	-	-	1,037,151	-	-	-	1,037,151
-	-	-	-	-	-	-	-	-	13,966
-	-	-	-	-	1,037,940	-	-	-	1,145,903
-	-	-	-	-	581	-	-	-	9,024
-	-	-	-	-	-	-	-	-	8,154
-	-	-	-	-	-	-	-	713,967	713,967
-	-	-	-	-	-	-	-	-	59,582
-	-	-	-	-	-	-	-	-	1,042,452
-	-	-	-	-	-	-	-	-	2,162,848
-	-	-	-	-	864,200	285,375	-	-	1,149,575
-	-	-	-	-	864,200	285,375	-	713,967	5,136,578
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,902,721</u>	<u>\$ 285,375</u>	<u>\$ -</u>	<u>\$ 713,967</u>	<u>\$ 6,291,505</u>

**CITY OF GRAND HAVEN**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Special Revenue</b>						
	<b>Major Streets</b>	<b>Local Streets</b>	<b>Housing</b>	<b>2014 Capital Improvement Bonds</b>	<b>2008 UTGO Bonds</b>	<b>2015 Infrastructure Bonds</b>	<b>Lighthouse Maintenance</b>
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ 99,376	\$ 770,062	\$ 593,675	\$ -
Intergovernmental revenues							
Federal	-	-	-	-	-	-	30,256
State	1,233,249	432,793	50,200	-	-	-	-
Local	134,268	-	3,265	-	-	-	46,539
Special assessments	1,048	-	-	-	-	-	-
Licenses and permits	300	-	-	-	-	-	-
Charges for services	-	50	-	-	-	-	-
Investment earnings	-	-	-	-	(19,160)	1,132	-
Miscellaneous	-	22,669	-	-	-	-	-
<b>Total revenues</b>	<b>1,368,865</b>	<b>455,512</b>	<b>53,465</b>	<b>99,376</b>	<b>750,902</b>	<b>594,807</b>	<b>76,795</b>
<b>Expenditures</b>							
Current							
General government	-	-	-	-	-	-	-
Public works	1,190,275	725,134	58,614	-	-	-	-
Culture and recreation	-	-	-	-	-	-	76,795
Debt service							
Principal	-	26,317	-	-	-	-	-
Interest	-	(3,589)	-	-	-	-	-
Capital outlay	283,423	487,244	-	-	-	-	-
<b>Total expenditures</b>	<b>1,473,698</b>	<b>1,235,106</b>	<b>58,614</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,795</b>
Revenues over (under) expenditures	(104,833)	(779,594)	(5,149)	99,376	750,902	594,807	-
Other financing sources (uses)							
Transfers in	455,500	984,444	-	429,600	-	-	-
Transfers out	-	-	-	(429,900)	(711,091)	(477,400)	-
Total other financing sources (uses)	455,500	984,444	-	(300)	(711,091)	(477,400)	-
Net changes in fund balances	350,667	204,850	(5,149)	99,076	39,811	117,407	-
<b>Fund balances, beginning of year</b>	<b>369,559</b>	<b>185,112</b>	<b>62,920</b>	<b>226,551</b>	<b>894,171</b>	<b>728,061</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 720,226</b>	<b>\$ 389,962</b>	<b>\$ 57,771</b>	<b>\$ 325,627</b>	<b>\$ 933,982</b>	<b>\$ 845,468</b>	<b>\$ -</b>

<u>Debt Service</u>					<u>Capital Projects</u>			<u>Permanent</u>	<u>Total</u>
<u>2014 Capital Improvement Bonds</u>	<u>2015 Infrastructure Bonds</u>	<u>Brownfield Debt Support</u>	<u>2020 Warber Drain Bonds</u>	<u>2008 UTGO Bonds</u>	<u>Public Improvement</u>	<u>Fire Truck</u>	<u>2015 Infrastructure Bonds</u>	<u>Cemetery Perpetual Care</u>	
\$ -	\$ -	\$ 455,910	\$ -	\$ -	\$ 536,948	\$ -	\$ -	\$ -	\$ 2,455,971
-	-	-	-	-	5,558	-	-	-	35,814
-	-	-	-	-	-	-	-	-	1,716,242
-	-	-	-	-	20,206	-	-	-	204,278
-	-	-	-	-	-	-	-	-	1,048
-	-	-	-	-	-	-	-	-	300
-	-	-	-	-	-	-	-	38,764	38,814
-	-	1,341	-	-	(4,528)	(3,292)	-	35,922	11,415
-	-	-	-	-	49	-	-	-	22,718
-	-	457,251	-	-	558,233	(3,292)	-	74,686	4,486,600
-	-	1,024,479	-	-	-	-	-	-	1,024,479
-	-	-	-	-	-	-	-	-	1,974,023
-	-	-	-	-	-	-	-	-	76,795
179,468	275,000	-	47,000	610,000	-	-	-	-	1,137,785
65,592	202,400	-	21,567	101,091	-	-	-	-	387,061
-	-	-	-	-	1,168,196	-	-	-	1,938,863
245,060	477,400	1,024,479	68,567	711,091	1,168,196	-	-	-	6,539,006
(245,060)	(477,400)	(567,228)	(68,567)	(711,091)	(609,963)	(3,292)	-	74,686	(2,052,406)
245,060	477,400	-	68,567	711,091	-	100,000	-	-	3,471,662
-	-	(528,944)	-	-	(500,000)	-	-	(496)	(2,647,831)
245,060	477,400	(528,944)	68,567	711,091	(500,000)	100,000	-	(496)	823,831
-	-	(1,096,172)	-	-	(1,109,963)	96,708	-	74,190	(1,228,575)
-	-	1,096,172	-	-	1,974,163	188,667	-	639,777	6,365,153
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 864,200	\$ 285,375	\$ -	\$ 713,967	\$ 5,136,578

# CITY OF GRAND HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2022**

	<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>
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 1,171,275	\$ 1,171,275	\$ 1,233,249	\$ 61,974
Local	75,000	118,500	134,268	15,768
Special assessments	-	-	1,048	1,048
Licenses and permits	-	100	300	200
<b>Total revenues</b>	1,246,275	1,289,875	1,368,865	78,990
<b>Expenditures</b>				
Current				
Public works	1,203,333	1,251,170	1,190,275	60,895
Capital outlay	816,000	830,500	283,423	547,077
<b>Total expenditures</b>	2,019,333	2,081,670	1,473,698	607,972
Revenues over (under) expenditures	(773,058)	(791,795)	(104,833)	686,962
Other financing sources (uses)				
Transfers in	455,500	455,500	455,500	-
Net changes in fund balance	(317,558)	(336,295)	350,667	686,962
<b>Fund balance, beginning of year</b>	369,559	369,559	369,559	-
<b>Fund balance, end of year</b>	\$ 52,001	\$ 33,264	\$ 720,226	\$ 686,962

# CITY OF GRAND HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2022**

	<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>
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 379,450	\$ 379,450	\$ 432,793	\$ 53,343
Charges for services	-	50	50	-
Miscellaneous	3,500	20,465	22,669	2,204
<b>Total revenues</b>	<u>382,950</u>	<u>399,965</u>	<u>455,512</u>	<u>55,547</u>
<b>Expenditures</b>				
Current				
Public works	815,553	815,748	725,134	90,614
Debt service				
Principal	22,728	22,728	26,317	(3,589)
Interest	18,458	18,458	(3,589)	22,047
Capital outlay	472,500	471,975	487,244	(15,269)
<b>Total expenditures</b>	<u>1,329,239</u>	<u>1,328,909</u>	<u>1,235,106</u>	<u>93,803</u>
Revenues over (under) expenditures	(946,289)	(928,944)	(779,594)	149,350
Other financing sources (uses)				
Transfers in	984,444	984,444	984,444	-
Net changes in fund balance	38,155	55,500	204,850	149,350
<b>Fund balance, beginning of year</b>	<u>185,112</u>	<u>185,112</u>	<u>185,112</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 223,267</u>	<u>\$ 240,612</u>	<u>\$ 389,962</u>	<u>\$ 149,350</u>

# CITY OF GRAND HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Intergovernmental revenues				
Federal	\$ 15,000	\$ -	\$ -	\$ -
State	40,000	48,600	50,200	1,600
Local	90,550	76,106	3,265	(72,841)
Miscellaneous	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	150,550	124,706	53,465	(71,241)
<b>Expenditures</b>				
Current				
Public works	<u>51,250</u>	<u>46,695</u>	<u>58,614</u>	<u>(11,919)</u>
Revenues over (under) expenditures	99,300	78,011	(5,149)	(83,160)
Other financing sources (uses)				
Transfers out	<u>(99,190)</u>	<u>(99,190)</u>	<u>-</u>	<u>99,190</u>
Net changes in fund balance	110	(21,179)	(5,149)	16,030
<b>Fund balance, beginning of year</b>	<u>62,920</u>	<u>62,920</u>	<u>62,920</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 63,030</u>	<u>\$ 41,741</u>	<u>\$ 57,771</u>	<u>\$ 16,030</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, 2022**

	<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>
<b>Revenues</b>				
Taxes	\$ 25,000	\$ 34,500	\$ 99,376	\$ 64,876
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	25,000	34,500	99,376	64,876
Other financing sources (uses)				
Transfers in	430,200	430,200	429,600	(600)
Transfers out	(430,200)	(430,200)	(429,900)	300
Total other financing sources (uses)	-	-	(300)	(300)
Net changes in fund balance	25,000	34,500	99,076	64,576
<b>Fund balance, beginning of year</b>	226,551	226,551	226,551	-
<b>Fund balance, end of year</b>	<u>\$ 251,551</u>	<u>\$ 261,051</u>	<u>\$ 325,627</u>	<u>\$ 64,576</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, 2022**

	<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>
<b>Revenues</b>				
Taxes	\$ 670,000	\$ 695,260	\$ 770,062	\$ 74,802
Investment earnings	100	100	(19,160)	(19,260)
<b>Total revenues</b>	670,100	695,360	750,902	55,542
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	670,100	695,360	750,902	55,542
Other financing sources (uses)				
Transfers out	(712,414)	(712,414)	(711,091)	1,323
Net changes in fund balance	(42,314)	(17,054)	39,811	56,865
<b>Fund balance, beginning of year</b>	894,171	894,171	894,171	-
<b>Fund balance, end of year</b>	<u>\$ 851,857</u>	<u>\$ 877,117</u>	<u>\$ 933,982</u>	<u>\$ 56,865</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, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Taxes	\$ 590,000	\$ 590,000	\$ 593,675	\$ 3,675
Investment earnings	100	700	1,132	432
<b>Total revenues</b>	590,100	590,700	594,807	4,107
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	590,100	590,700	594,807	4,107
Other financing sources (uses)				
Transfers out	(477,400)	(477,400)	(477,400)	-
Net changes in fund balance	112,700	113,300	117,407	4,107
<b>Fund balance, beginning of year</b>	<u>728,061</u>	<u>728,061</u>	<u>728,061</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 840,761</u>	<u>\$ 841,361</u>	<u>\$ 845,468</u>	<u>\$ 4,107</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, 2022**

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	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Intergovernmental revenues				
Federal	\$ -	\$ 30,256	\$ 30,256	\$ -
Local	-	46,540	46,539	(1)
<b>Total revenues</b>	-	76,796	76,795	(1)
<b>Expenditures</b>				
Current				
Culture and recreation	-	76,796	76,795	1
Net changes in fund balance	-	-	-	-
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**JUNE 30, 2022**

	<u>Marina</u>	<u>Airport</u>	<u>Chinook Pier Rental</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and pooled investments	\$ 325,447	\$ 49,034	\$ 109,424	\$ 483,905
Accounts receivable	5,300	240	5,844	11,384
Due from other governments	11,369	177,090	-	188,459
Prepaid items	-	2,346	-	2,346
	<u>342,116</u>	<u>228,710</u>	<u>115,268</u>	<u>686,094</u>
Total current assets				
Capital assets				
Land	94,000	181,762	28,300	304,062
Depreciable capital assets, net	1,729,271	2,641,103	-	4,370,374
	<u>1,823,271</u>	<u>2,822,865</u>	<u>28,300</u>	<u>4,674,436</u>
Total capital assets				
<b>Total assets</b>	<u>2,165,387</u>	<u>3,051,575</u>	<u>143,568</u>	<u>5,360,530</u>
<b>Deferred outflows of resources</b>				
Pension related	23,988	-	-	23,988
Other post-employment benefits related	4,506	-	-	4,506
	<u>28,494</u>	<u>-</u>	<u>-</u>	<u>28,494</u>
<b>Total deferred outflows of resources</b>				
<b>Liabilities</b>				
Current liabilities				
Accounts payable	6,024	36,644	-	42,668
Accrued liabilities	12,374	3,056	-	15,430
Due to other funds	927	-	-	927
	<u>19,325</u>	<u>39,700</u>	<u>-</u>	<u>59,025</u>
Total current liabilities				
Long-term liabilities				
Accrued compensated absences	5,206	2,068	-	7,274
Other post-employment benefits	30,046	-	-	30,046
Net pension liability	113,766	-	-	113,766
	<u>149,018</u>	<u>2,068</u>	<u>-</u>	<u>151,086</u>
Total long-term liabilities				
<b>Total liabilities</b>	<u>168,343</u>	<u>41,768</u>	<u>-</u>	<u>210,111</u>
<b>Deferred inflows of resources</b>				
Pension related	25,880	-	-	25,880
	<u>25,880</u>	<u>-</u>	<u>-</u>	<u>25,880</u>
<b>Net position</b>				
Net investment in capital assets	1,823,271	2,822,865	28,300	4,674,436
Unrestricted	176,387	186,942	115,268	478,597
	<u>1,999,658</u>	<u>3,009,807</u>	<u>143,568</u>	<u>5,153,033</u>
<b>Total net position</b>				

# CITY OF GRAND HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Marina</u>	<u>Airport</u>	<u>Chinook Pier Rental</u>	<u>Total</u>
<b>Operating revenue</b>				
Charges for services	\$ 339,178	\$ 278,305	\$ -	\$ 617,483
<b>Operating expense</b>				
Operating	265,645	225,185	13,337	504,167
Administrative and general	-	15,197	-	15,197
Depreciation	112,629	128,255	496	241,380
<b>Total operating expense</b>	378,274	368,637	13,833	760,744
Operating income (loss)	(39,096)	(90,332)	(13,833)	(143,261)
Non-operating revenue (expense)				
Gain (loss) on disposal of capital assets	(9,525)	-	-	(9,525)
Other	3,315	16,101	(1,129)	18,287
Total non-operating revenue (expense)	(6,210)	16,101	(1,129)	8,762
Income (loss) before other items	(45,306)	(74,231)	(14,962)	(134,499)
Transfers and other items				
Contribution in aid of construction	-	867,944	-	867,944
Changes in net position	(45,306)	793,713	(14,962)	733,445
<b>Net position, beginning of year</b>	2,044,964	2,216,094	158,530	4,419,588
<b>Net position, end of year</b>	<u>\$ 1,999,658</u>	<u>\$ 3,009,807</u>	<u>\$ 143,568</u>	<u>\$ 5,153,033</u>

**CITY OF GRAND HAVEN**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Marina</u>	<u>Airport</u>	<u>Chinook Pier Rental</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 335,179	\$ 278,470	\$ 1,129	\$ 614,778
Payments to employees	(122,248)	(51,222)	-	(173,470)
Payments to suppliers	(121,164)	(170,801)	(14,466)	(306,431)
<b>Net cash provided by (used in) operating activities</b>	<u>91,767</u>	<u>56,447</u>	<u>(13,337)</u>	<u>134,877</u>
<b>Cash flows from capital and related financing activities</b>				
Contribution in aid of construction	-	867,944	-	867,944
Acquisitions of capital assets	-	(936,132)	-	(936,132)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>-</u>	<u>(68,188)</u>	<u>-</u>	<u>(68,188)</u>
Net increase (decrease) in cash and pooled investments	91,767	(11,741)	(13,337)	66,689
<b>Cash and pooled investments, beginning of year</b>	<u>233,680</u>	<u>60,775</u>	<u>122,761</u>	<u>417,216</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 325,447</u>	<u>\$ 49,034</u>	<u>\$ 109,424</u>	<u>\$ 483,905</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ (39,096)	\$ (90,332)	\$ (13,833)	\$ (143,261)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	112,629	128,255	496	241,380
Miscellaneous revenue	3,315	16,101	(1,129)	18,287
Deferred outflows of resources for pension	2,910	-	-	2,910
Deferred inflows of resources for pension	13,476	-	-	13,476
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	6,700	165	1,129	7,994
Due from other governmental units	(10,699)	-	-	(10,699)
Prepaid expenses	34	424	-	458
Accounts payable	(76)	2,581	-	2,505
Accrued liabilities	3,968	463	-	4,431
Due to other funds	261	-	-	261
Compensated absences	139	(1,210)	-	(1,071)
Net pension liability	(1,794)	-	-	(1,794)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 91,767</u>	<u>\$ 56,447</u>	<u>\$ (13,337)</u>	<u>\$ 134,877</u>

**CITY OF GRAND HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<u>Motor Pool</u>	<u>Insurance</u>	<u>Health Benefits</u>	<u>Retiree Health Care</u>	<u>Total</u>
<b>Assets</b>					
Current assets					
Cash and pooled investments	\$ 1,970,879	\$ 1,216,776	\$ 1,511,740	\$ 452,215	\$ 5,151,610
Accounts receivable	-	1,019	12,905	62	13,986
Due from other funds	61,072	-	3,239	7,657	71,968
Prepaid items	389	72,510	-	-	72,899
Inventory	61,224	-	-	-	61,224
<b>Total current assets</b>	<b>2,093,564</b>	<b>1,290,305</b>	<b>1,527,884</b>	<b>459,934</b>	<b>5,371,687</b>
Non-current assets					
Capital assets					
Depreciable capital assets, net	2,894,420	-	-	-	2,894,420
<b>Total assets</b>	<b>4,987,984</b>	<b>1,290,305</b>	<b>1,527,884</b>	<b>459,934</b>	<b>8,266,107</b>
<b>Deferred outflows of resources</b>					
Pension related	107,981	-	-	-	107,981
Other post-employment benefits related	31,598	-	-	-	31,598
<b>Total deferred outflows of resources</b>	<b>139,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139,579</b>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	67,230	-	1,734	-	68,964
Accrued liabilities	7,313	-	61,454	-	68,767
Due to other funds	-	-	8,262	6,707	14,969
<b>Total current liabilities</b>	<b>74,543</b>	<b>-</b>	<b>71,450</b>	<b>6,707</b>	<b>152,700</b>
Long-term liabilities					
Accrued compensated absences	5,169	-	-	-	5,169
Other post-employment benefits	127,603	-	-	-	127,603
Net pension liability	512,104	-	-	-	512,104
<b>Total long-term liabilities</b>	<b>644,876</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>644,876</b>
<b>Total liabilities</b>	<b>719,419</b>	<b>-</b>	<b>71,450</b>	<b>6,707</b>	<b>797,576</b>
<b>Deferred inflows of resources</b>					
Pension related	116,496	-	-	-	116,496
Other post-employment benefits related	4,362	-	-	-	4,362
<b>Total deferred inflows of resources</b>	<b>120,858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,858</b>
<b>Net position</b>					
Net investment in capital assets	2,894,420	-	-	-	2,894,420
Unrestricted	1,392,866	1,290,305	1,456,434	453,227	4,592,832
<b>Total net position</b>	<b>\$ 4,287,286</b>	<b>\$ 1,290,305</b>	<b>\$ 1,456,434</b>	<b>\$ 453,227</b>	<b>\$ 7,487,252</b>

# CITY OF GRAND HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Motor Pool</u>	<u>Insurance</u>	<u>Health Benefits</u>	<u>Retiree Health Care</u>	<u>Total</u>
<b>Operating revenue</b>					
Charges for services	\$ 1,418,950	\$ 419,512	\$ 2,289,380	\$ -	\$ 4,127,842
Employer contributions	-	-	-	498,282	498,282
<b>Total operating revenue</b>	<u>1,418,950</u>	<u>419,512</u>	<u>2,289,380</u>	<u>498,282</u>	<u>4,626,124</u>
<b>Operating expense</b>					
Operating	856,454	513,248	2,233,524	-	3,603,226
Insurance payments	-	-	-	445,971	445,971
Administrative and general	-	-	171,493	-	171,493
Depreciation	<u>475,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,939</u>
<b>Total operating expense</b>	<u>1,332,393</u>	<u>513,248</u>	<u>2,405,017</u>	<u>445,971</u>	<u>4,696,629</u>
Operating income (loss)	<u>86,557</u>	<u>(93,736)</u>	<u>(115,637)</u>	<u>52,311</u>	<u>(70,505)</u>
Non-operating revenue (expense)					
Gain (loss) on disposal of capital assets	(4,334)	-	-	-	(4,334)
Investment earnings	(45,358)	626	60	(48,342)	(93,014)
Other	<u>89,237</u>	<u>-</u>	<u>65,690</u>	<u>176</u>	<u>155,103</u>
Total non-operating revenue (expense)	<u>39,545</u>	<u>626</u>	<u>65,750</u>	<u>(48,166)</u>	<u>57,755</u>
Changes in net position	126,102	(93,110)	(49,887)	4,145	(12,750)
<b>Net position, beginning of year</b>	<u>4,161,184</u>	<u>1,383,415</u>	<u>1,506,321</u>	<u>449,082</u>	<u>7,500,002</u>
<b>Net position, end of year</b>	<u>\$ 4,287,286</u>	<u>\$ 1,290,305</u>	<u>\$ 1,456,434</u>	<u>\$ 453,227</u>	<u>\$ 7,487,252</u>



**CITY OF GRAND HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Motor Pool</b>	<b>Insurance</b>	<b>Health Benefits</b>	<b>Retiree Health Care</b>	<b>Total</b>
<b>Cash flows from operating activities</b>					
Receipts from internal services provided	\$ 1,503,130	\$ 429,926	\$ 1,778,637	\$ 331,453	\$ 4,043,146
Payments to employees	(216,287)	-	-	-	(216,287)
Payments to suppliers	(498,711)	(507,250)	(169,759)	(445,795)	(1,621,515)
Claims paid	-	-	(2,224,580)	-	(2,224,580)
<b>Net cash provided by (used in) operating activities</b>	<b>788,132</b>	<b>(77,324)</b>	<b>(615,702)</b>	<b>(114,342)</b>	<b>(19,236)</b>
<b>Cash flows from capital and related financing activities</b>					
Acquisitions of capital assets	(185,326)	-	-	-	(185,326)
<b>Cash flows from investing activities</b>					
Interest income	(45,358)	626	60	(48,342)	(93,014)
Net increase (decrease) in cash and pooled investments	557,448	(76,698)	(615,642)	(162,684)	(297,576)
<b>Cash and pooled investments, beginning of year</b>	<b>1,413,431</b>	<b>1,293,474</b>	<b>2,127,382</b>	<b>614,899</b>	<b>5,449,186</b>
<b>Cash and pooled investments, end of year</b>	<b>\$ 1,970,879</b>	<b>\$ 1,216,776</b>	<b>\$ 1,511,740</b>	<b>\$ 452,215</b>	<b>\$ 5,151,610</b>
<b>Cash flows from operating activities</b>					
Operating income (loss)	\$ 86,557	\$ (93,736)	\$ (115,637)	\$ 52,311	\$ (70,505)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	475,939	-	-	-	475,939
Miscellaneous revenue	89,237	-	65,690	176	155,103
Deferred outflows of resources for pension	3,953	-	-	-	3,953
Deferred outflows of resources for OPEB	(17,513)	-	-	-	(17,513)
Deferred inflows of resources for pension	64,878	-	-	-	64,878
Deferred inflows of resources for OPEB	(660)	-	-	-	(660)
Change in operating assets and liabilities which provided (used) cash					
Accounts receivable	-	10,414	51,233	177	61,824
Due from other funds	(5,163)	-	(3,239)	(7,657)	(16,059)
Due from other governmental units	106	-	-	-	106
Prepaid expenses	89	6,129	-	-	6,218
Inventory	(11,396)	-	-	-	(11,396)
Accounts payable	39,725	(131)	1,734	-	41,328
Accrued liabilities	1,057	-	(56,746)	-	(55,689)
Due to other funds	-	-	(558,737)	(159,349)	(718,086)
Compensated absences	(311)	-	-	-	(311)
Net pension liability	31,221	-	-	-	31,221
Net OPEB obligation	30,413	-	-	-	30,413
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 788,132</b>	<b>\$ (77,324)</b>	<b>\$ (615,702)</b>	<b>\$ (114,342)</b>	<b>\$ (19,236)</b>

# CITY OF GRAND HAVEN

## **CUSTODIAL FUNDS COMBINING STATEMENT OF NET POSITION**

**JUNE 30, 2022**

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	<b>Current Tax <u>Fund</u></b>	<b>Northwest Ottawa Water Treatment <u>Plant</u></b>	<b><u>Total</u></b>
<b>Assets</b>			
Cash and pooled investments	\$ 1,753	\$ 836,266	\$ 838,019
<b>Liabilities</b>			
Due to other governmental units	\$ 1,753	\$ -	\$ 1,753
<b>Net position</b>	\$ -	\$ 836,266	\$ 836,266

**CITY OF GRAND HAVEN**  
**CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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	<b>Current Tax Fund</b>	<b>Northwest Ottawa Water Treatment Plant</b>	<b>Total</b>
<b>Additions</b>			
Property taxes collected for other governments	\$ 22,050,001	\$ -	\$ 22,050,001
Charges for services and non-operating receipts	<u>-</u>	<u>3,176,581</u>	<u>3,176,581</u>
<b>Total additions</b>	<u>22,050,001</u>	<u>3,176,581</u>	<u>25,226,582</u>
<b>Deductions</b>			
Taxes to other governments	22,050,001	-	22,050,001
Operating costs and non-operating expenses	<u>-</u>	<u>2,969,119</u>	<u>2,969,119</u>
<b>Total deductions</b>	<u>22,050,001</u>	<u>2,969,119</u>	<u>25,019,120</u>
Changes in net position	-	207,462	207,462
<b>Net position, beginning of year</b>	<u>-</u>	<u>628,804</u>	<u>628,804</u>
<b>Net position, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 836,266</u></u>	<u><u>\$ 836,266</u></u>

# CITY OF GRAND HAVEN

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

***JUNE 30, 2022***

	<b>Governmental Fund Type</b>		<b>Statement of</b>
	<b>General Fund</b>	<b>Adjustments</b>	<b>Net Position</b>
<b>Assets</b>			
Cash and pooled investments	\$ 181,868	\$ -	\$ 181,868
Accounts receivable	121,383	-	121,383
Prepaid items	<u>8,533</u>	<u>-</u>	<u>8,533</u>
<b>Total assets</b>	<u>\$ 311,784</u>	<u>-</u>	<u>311,784</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	-	-
<b>Fund balances</b>			
Unassigned	<u>311,784</u>	<u>(311,784)</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 311,784</u>		
<b>Net position</b>			
Unrestricted		<u>\$ 311,784</u>	<u>\$ 311,784</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, 2022***

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	<b><u>General Fund</u></b>	<b><u>Adjustments</u></b>	<b><u>Statement of Activities</u></b>
<b>Revenues</b>			
Intergovernmental revenues			
Local	\$ 13,433	\$ -	\$ 13,433
Investment earnings	<u>3,232</u>	<u>-</u>	<u>3,232</u>
<b>Total revenues</b>	<u>16,665</u>	<u>-</u>	<u>16,665</u>
<b>Expenditures/expenses</b>			
Operations	<u>31,020</u>	<u>-</u>	<u>31,020</u>
Net changes in fund balances	(14,355)	14,355	
Change in net position		(14,355)	(14,355)
<b>Fund balances/net position, beginning of year</b>	<u>326,139</u>		<u>326,139</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 311,784</u>		<u>\$ 311,784</u>

# CITY OF GRAND HAVEN

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

JUNE 30, 2022

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and pooled investments	\$ 231,043	\$ -	\$ 231,043
Accounts receivable	14,082	-	14,082
Taxes receivable	503	-	503
Special assessments receivable	368,772	-	368,772
Contract receivable	1,177,833	-	1,177,833
Prepaid items	2,614	-	2,614
<b>Total assets</b>	<u>\$ 1,794,847</u>	<u>-</u>	<u>1,794,847</u>
<b>Deferred outflows of resources</b>			
Pension related	-	49,542	49,542
Deferred charge on refunding	-	74,906	74,906
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>124,448</u>	<u>124,448</u>
<b>Liabilities, deferred inflows and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 26,250	-	26,250
Accrued liabilities	2,881	-	2,881
Accrued interest	-	46,815	46,815
Debt due within one year	-	510,000	510,000
Long-term debt			
Accrued compensated absences	4,476	-	4,476
Debt due in more than one year	-	5,250,000	5,250,000
Net pension liability	-	234,958	234,958
Bond premium	-	289,640	289,640
<b>Total liabilities</b>	<u>33,607</u>	<u>6,331,413</u>	<u>6,365,020</u>
<b>Deferred inflows of resources</b>			
Pension related	-	53,449	53,449
Unavailable revenue	1,547,108	(1,547,108)	-
<b>Total deferred inflows of resources</b>	<u>1,547,108</u>	<u>(1,493,659)</u>	<u>53,449</u>
<b>Fund balances</b>			
Unassigned	<u>214,132</u>	<u>(214,132)</u>	
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 1,794,847</u>		
<b>Net position (deficit)</b>			
Unrestricted		\$ (6,117,281)	\$ (4,499,174)

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

<b>Fund balance - general fund</b>	\$ 214,132
Add deferred outflows of resources	124,448
Deduct accrued interest	(46,815)
Deduct long-term debt	(5,760,000)
Deduct net pension liability	(234,958)
Deduct bond premium	(289,640)
Deduct deferred inflows of resources	(53,449)
Add long-term deferred receivables	1,547,108
<b>Net position (deficit)</b>	<u>\$ (4,499,174)</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, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 660,120	\$ -	\$ 660,120
Intergovernmental revenues			
Local	27,797	(27,797)	-
Operating grants and contributions	1,625	-	1,625
Special assessments	106,519	368,772	475,291
Investment earnings	37,744	91	37,835
Miscellaneous	26,075	-	26,075
<b>Total revenues</b>	<u>859,880</u>	<u>341,066</u>	<u>1,200,946</u>
<b>Expenditures/expenses</b>			
Salaries	62,687	46,830	109,517
Administration	18,251	-	18,251
Operations	89,441	-	89,441
Debt service			
Principal	460,000	(460,000)	-
Interest	198,962	2,589	201,551
<b>Total expenditures/expenses</b>	<u>829,341</u>	<u>(410,581)</u>	<u>418,760</u>
Revenues over (under) expenditures/expenses	<u>30,539</u>	<u>751,647</u>	<u>782,186</u>
Net changes in fund balances	30,539	(30,539)	
Change in net position		782,186	782,186
<b>Fund balances/net position (deficit), beginning of year</b>	<u>183,593</u>		<u>(5,281,360)</u>
<b>Fund balances/net position (deficit), end of year</b>	<u>\$ 214,132</u>		<u>\$ (4,499,174)</u>
<b>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</b>			
<b>Net change in fund balance - general fund</b>			\$ 30,539
Add principal payments on debt			460,000
Add decrease in unavailable revenues			307,313
Add decrease in accrued interest			3,451
Add amortization of bond premium			43,555
Deduct amortization of refunding charges			(15,842)
Deduct increase in net pension liability			(15,382)
Deduct decrease in deferred outflows			(1,568)
Deduct increase in deferred inflows			(29,880)
<b>Change in net position</b>			<u>\$ 782,186</u>

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

**JUNE 30, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash and pooled investments	\$ 792,232	\$ -	\$ 792,232
Accounts receivable	52,803	-	52,803
Due from other governments	5,196	-	5,196
Taxes receivable	585	-	585
Due from primary government	<u>83,959</u>	<u>-</u>	<u>83,959</u>
<b>Total assets</b>	<u>\$ 934,775</u>	<u>-</u>	<u>934,775</u>
<b>Liabilities, deferred inflows and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 140,219	-	140,219
Long-term debt			
Debt due in more than one year	<u>-</u>	<u>823,125</u>	<u>823,125</u>
<b>Total liabilities</b>	<u>140,219</u>	<u>823,125</u>	<u>963,344</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	<u>585</u>	<u>(585)</u>	<u>-</u>
<b>Fund balances</b>			
Unassigned	<u>793,971</u>	<u>(793,971)</u>	
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 934,775</u>		
<b>Net position (deficit)</b>			
Unrestricted		<u>\$ (29,154)</u>	<u>\$ (28,569)</u>
<b>Reconciliation of Fund Balance on the Balance Sheet for the General Fund to Net Position on the Statement of Net Position</b>			
<b>Fund balance - general fund</b>			\$ 793,971
Deduct long-term debt			(823,125)
Add long-term deferred assessment receivables			<u>585</u>
<b>Net position (deficit)</b>			<u>\$ (28,569)</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, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 892,737	\$ -	\$ 892,737
Intergovernmental revenues			
State	498,439	-	498,439
Local	1,124,479	-	1,124,479
Special assessments	31,362	-	31,362
Investment earnings	229	-	229
Miscellaneous	98,588	(17)	98,571
<b>Total revenues</b>	<u>2,645,834</u>	<u>(17)</u>	<u>2,645,817</u>
<b>Expenditures/expenses</b>			
Operations	989,165	-	989,165
Debt Service			
Principal	1,862,539	(1,860,876)	1,663
Interest	35,000	(775)	34,225
Bond premium amortization	-	(21,580)	(21,580)
<b>Total expenditures/expenses</b>	<u>2,886,704</u>	<u>(1,883,231)</u>	<u>1,003,473</u>
Revenues over (under) expenditures/expenses	(240,870)	1,883,214	1,642,344
Other financing sources (uses)			
Issuance of bonds	823,125	(823,125)	-
Net changes in fund balances	582,255	(582,255)	
Change in net position		2,465,469	1,642,344
<b>Fund balances/net position (deficit), beginning of year</b>	<u>211,716</u>		<u>(1,670,913)</u>
<b>Fund balances/net position (deficit), end of year</b>	<u>\$ 793,971</u>		<u>\$ (28,569)</u>
<b>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</b>			
<b>Net change in fund balance - general fund</b>			\$ 582,255
Add principal payments on debt			1,860,876
Add increase in unavailable revenues			(17)
Add decrease in accrued interest			11,832
Deduct amortization of refunding charges			(11,057)
Deduct bonds issued			(823,125)
Add amortization of bond premium			21,580
<b>Change in net position</b>			<u>\$ 1,642,344</u>

## **OTHER INFORMATION**

# CITY OF GRAND HAVEN

## SCHEDULE OF DEBT ISSUED AND OUTSTANDING

**JUNE 30, 2022**

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<i>Year Ending June 30,</i>	<b>2014 UTGO</b>		<b>Contract Payable</b>		<b>2015 UTGO</b>		<b>2017 UTGO Refunding</b>		<b>2020 LTGO</b>	
	<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>
2023	\$ 325,000	\$ 102,000	\$ 47,614	\$ 26,414	\$ 285,000	\$ 191,400	\$ 645,000	\$ 90,092	\$ 48,000	\$ 20,284
2024	335,000	89,000	51,666	25,072	300,000	180,000	685,000	77,063	50,000	18,974
2025	345,000	75,600	54,705	23,580	310,000	168,000	720,000	63,226	51,000	17,609
2026	365,000	61,800	59,770	21,985	325,000	155,600	765,000	48,682	53,000	16,216
2027	380,000	47,200	63,823	20,210	335,000	142,600	800,000	33,229	54,000	14,769
2028	395,000	32,000	67,875	18,579	350,000	129,200	845,000	17,069	55,000	13,295
2029	405,000	16,200	72,940	16,189	365,000	115,200	-	-	57,000	11,794
2030	-	-	78,006	13,932	380,000	100,600	-	-	58,000	10,238
2031	-	-	84,084	11,465	395,000	85,400	-	-	60,000	8,654
2032	-	-	90,162	8,806	410,000	69,600	-	-	62,000	7,016
2033	-	-	91,175	5,955	425,000	53,200	-	-	63,000	5,324
2034	-	-	91,176	3,009	445,000	36,200	-	-	65,000	3,604
2035	-	-	-	-	460,000	18,400	-	-	67,000	1,829
2036	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-
	<u>\$ 2,550,000</u>	<u>\$ 423,800</u>	<u>\$ 852,996</u>	<u>\$ 195,196</u>	<u>\$ 4,785,000</u>	<u>\$ 1,445,400</u>	<u>\$ 4,460,000</u>	<u>\$ 329,361</u>	<u>\$ 743,000</u>	<u>\$ 149,604</u>

NOTE: above schedule excludes Board of Light and Power debt.

**CITY OF GRAND HAVEN**  
**SCHEDULE OF DEBT ISSUED AND OUTSTANDING**

**JUNE 30, 2022**

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Year Ending June 30,	2015 LTGO Refunding		2019 LTGO Refunding		EGLE Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 300,000	\$ 37,113	\$ 210,000	\$ 146,700	\$ -	\$ -	\$ 1,860,614	\$ 614,003
2024	330,000	29,874	230,000	138,300	-	-	1,981,666	558,283
2025	370,000	21,831	245,000	129,100	-	-	2,095,705	498,946
2026	385,000	13,156	275,000	119,300	-	-	2,227,770	436,739
2027	380,000	4,366	295,000	108,300	88,044	-	2,395,867	370,675
2028	-	-	315,000	96,500	75,864	12,179	2,103,739	318,822
2029	-	-	345,000	83,900	77,002	11,041	1,321,942	254,324
2030	-	-	370,000	70,100	78,157	9,886	964,163	204,756
2031	-	-	400,000	55,300	79,330	8,714	1,018,414	169,533
2032	-	-	435,000	39,300	80,520	7,524	1,077,682	132,246
2033	-	-	440,000	26,250	71,728	6,316	1,090,903	97,045
2034	-	-	435,000	13,050	82,953	5,090	1,119,129	60,953
2035	-	-	-	-	84,198	3,846	611,198	24,075
2036	-	-	-	-	85,461	2,583	85,461	2,583
2037	-	-	-	-	19,868	1,301	19,868	1,301
	<u>\$ 1,765,000</u>	<u>\$ 106,340</u>	<u>\$ 3,995,000</u>	<u>\$ 1,026,100</u>	<u>\$ 823,125</u>	<u>\$ 68,480</u>	<u>\$19,974,121</u>	<u>\$ 3,744,281</u>

## **INTERNAL CONTROL AND COMPLIANCE**



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

December 1, 2022

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2022.

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

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

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

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

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

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

***Purpose of this Report***

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

*Vredendael Haefner LLC*