



# **CITY OF GRAND HAVEN, MICHIGAN**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**



Vredeveld Haefner LLC  
CPAs and Consultants

# CITY OF GRAND HAVEN

## TABLE OF CONTENTS

---

<b>FINANCIAL SECTION</b>	<b><u>PAGE</u></b>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	5-11
<b>Basic Financial Statements</b>	
<b>Governmental-wide Financial Statements</b>	
Statement of Net Position	13
Statement of Activities	14-15
<b>Fund Financial Statements</b>	
Balance Sheet - Governmental Funds	16
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Net Position - Fiduciary Funds	23
Statement of Changes in Net Position - Fiduciary Funds	24
Combining Statement of Net Position - Component Units	25
Combining Statement of Activities - Component Units	26
<b>Notes to the Financial Statements</b>	27-61
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	63
Defined Benefit Pension Plan	
Schedule of Changes in Employers Net Pension Liability and Other Ratios	64
Schedule of Employer Contributions	65
Schedule of Changes in Employers Net Pension Liability and Other Ratios – Board of Light and Power	66
Schedule of Employer Contributions – Board of Light and Power	67
Retiree Health Other Post-Employment Benefits Plan	
Schedule of Changes in Employers Net OPEB Liability and Related Ratios	68
Schedule of Investment Returns	68
Schedule of Employer Contributions	69
Notes to Required Supplementary Information	69
Schedule of Changes in Employers Net OPEB Liability and Related Ratios – Board of Light and Power	70
Schedule of Employer Contributions – Board of Light and Power	71
Schedule of Investment Returns – Board of Light and Power	71
<b>Combining and Individual Fund Statements and Schedules</b>	
General Fund Schedule of Expenditures – Budget and Actual	73

# CITY OF GRAND HAVEN

## TABLE OF CONTENTS

---

	<u>PAGE</u>
<b>Nonmajor Governmental Funds</b>	
Combining Balance Sheet	74-75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	76-77
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Streets	78
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Local Streets	79
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 2014 Capital Improvement Bonds	80
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 2008 UTGO Bond	81
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 2015 Infrastructure Bonds	82
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Lighthouse Maintenance	83
<b>Nonmajor Enterprise Funds</b>	
Combining Statement of Net Position	84
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	85
Combining Statement of Cash Flows	86
<b>Internal Service Funds</b>	
Combining Statement of Net Position	87
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	88
Combining Statement of Cash Flows	89
<b>Custodial Funds</b>	
Combining Statement of Net Position	90
Combining Statement of Changes in Net Position	91
<b>Component Units</b>	
<b>Economic Development Corporation</b>	
Balance Sheet/Statement of Net Position	92
Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities	93
<b>Main Street Downtown Development Authority</b>	
Balance Sheet/Statement of Net Position	94
Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities	95
<b>Brownfield Redevelopment Authority</b>	
Balance Sheet/Statement of Net Position	96
Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities	97
<b>SCHEDULE OF DEBT ISSUED AND OUTSTANDING</b>	99-100
<b>INTERNAL CONTROL AND COMPLIANCE</b>	
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 <i>Government Auditing Standards</i>	101-102



## Vredeveld Haefner LLC

CPAs and Consultants  
10302 20<sup>th</sup> Avenue  
Grand Rapids, MI 49534  
Fax (616) 828-0307

Douglas J. Vredeveld, CPA  
(616) 446-7474  
Peter S. Haefner, CPA  
(616) 460-9388

### INDEPENDENT AUDITORS' REPORT

November 18, 2024

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, 2024, 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, 2024, 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 November 18, 2024, 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*

**(This page left intentionally blank)**

## **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, 2024. 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, and the 2024 total taxable value increased over 9% from the prior tax year. Some of this increase is due to newly completed large development projects throughout the City. Additional projects around the City are on the horizon, which will also increase the City's total taxable value.
- State of Michigan Adult-Use Marijuana Tax revenue of \$59,086 was received in FY2024/25.
- 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. This major work was scheduled to be completed in FY2023/24 but the completion date has been moved back to FY2024/25.
- The City received American Rescue Plan Act (ARPA) funds totaling \$1,160,915 in FY2021/22, with ARPA funds required to be allocated by 12/31/24 and expended by 12/31/26. Council obligated all ARPA funds to pay Harbor Island remediation expenditures; the remainder of ARPA funds are expected to be expended in FY2024/25.
- As part of the State of Michigan budget process, the City was awarded a Michigan Economic Development Corporation (MEDC) grant totaling \$2,500,000 for environmental mitigation work around a former industrial site. These funds are allocated for Harbor Island remediation. The initial disbursement of \$1,250,000 was received in FY2023/24 and booked as deferred revenue to begin using in FY2024/25. The second \$1,250,000 will be reimbursed to the City when costs have been appropriately expended. Funds are required to be expended by 09/30/28.
- Continuing to seek grant funding to help offset expenses, the Department of Public Safety was awarded a Bullet Proof Vests grant as well as a Body Worn Camera grant; the Department of Public Works was awarded a Drinking Water Asset Management (DWAM) grant and a Land and Water Conservation Fund (LWCF) grant for Mulligan's Hollow and Sluka Field improvements; Central Park Place was awarded MACC grants for capital improvements within the building.
- As of December 31, 2023, the Defined Benefit (DB) pension plan, through Municipal Employees' Retirement System (MERS), was funded at 67% for all divisions. The DB plan was closed to new employees hired on or after 07/01/22. Employees hired prior to 07/01/22 were given an option to convert to a Defined Contribution (DC) plan. Thirty percent of existing employees converted from the DB plan to the DC plan. The City set up a Surplus Division at MERS and contributed \$500,000 to begin offsetting the Unfunded Accrued Liabilities.
- Harbor Island has been utilized for waste disposal and industrial purposes for over 100 years. Beginning in FY2022/23, the City and Board of Light & Power started working with regulatory bodies and environmental consultants to identify and comply with requirements to navigate the co-mingled contaminants. Remediation of Harbor Island will be a multi-year endeavor, and City and BLP staff are committed to working together on this project.
- The City provides financial, human resources, and administrative support for the Grand Haven-Spring Lake Sewer Authority, Northwest Ottawa Water System, Northwest Ottawa Recreation Authority, Ottawa County Central Dispatch Authority and Loutit District Library.

### 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 \$126,012,941 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$26,394,403	\$22,257,302	\$69,363,332	\$64,777,706	\$ 95,757,735	\$ 87,035,008
Capital assets	60,004,857	60,471,287	64,341,637	64,113,024	124,346,494	124,584,311
<b>Total assets</b>	<b>86,399,260</b>	<b>82,728,589</b>	<b>133,704,969</b>	<b>128,890,730</b>	<b>220,104,229</b>	<b>211,619,319</b>
Deferred outflows of resources	5,141,867	8,457,502	4,262,692	5,545,440	9,404,559	14,002,942
Current and other liabilities	5,011,092	3,949,241	5,919,290	6,605,196	10,930,382	10,554,437
Long-term liabilities	44,866,798	49,597,014	46,266,528	48,663,763	91,133,326	98,260,777
<b>Total liabilities</b>	<b>49,877,890</b>	<b>53,546,255</b>	<b>52,185,818</b>	<b>55,268,959</b>	<b>102,063,708</b>	<b>108,815,214</b>
Deferred inflows of resources	1,432,139	881,101	-	118,005	1,432,139	999,106
Net position						
Net investment in capital assets	49,963,209	49,099,594	55,797,831	56,473,054	105,761,040	105,572,648
Restricted	3,233,951	2,943,936	-	-	3,233,951	2,943,936
Unrestricted	(12,966,062)	(15,284,795)	29,984,012	22,576,152	17,017,950	7,291,357
<b>Total net position</b>	<b>\$40,231,098</b>	<b>\$36,758,735</b>	<b>\$85,781,843</b>	<b>\$79,049,206</b>	<b>\$126,012,941</b>	<b>\$115,807,941</b>

The net position of the City's governmental activities increased by \$3,472,363 which is primarily due to decrease in long term liability only partially offset by changes in deferred outflows and inflows. The business-type activities increase in net position of \$6,732,637 is primarily due to a decrease in the expenses for the Board of Light and Power.

### Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>Revenue</b>						
Program revenue						
Charges for services	\$ 2,721,078	\$ 2,491,376	\$44,918,736	\$44,559,970	\$ 47,639,814	\$ 47,051,346
Operating grants and contributions	4,081,648	4,034,832	357,002	194,021	4,438,650	4,228,853
Capital grants and Contributions	572,603	748,489	690,161	2,177,332	1,262,764	2,925,821
General revenue						
Property taxes	11,501,930	10,433,373	-	-	11,501,930	10,433,373
State revenues	1,401,826	1,362,468	-	-	1,401,826	1,362,468
Unrestricted investment earnings	695,658	477,260	2,617,345	919,315	3,313,003	1,396,575
Other	242,703	1,417,239	-	-	242,703	1,417,239
<b>Total revenues</b>	<b>21,217,446</b>	<b>20,965,037</b>	<b>48,583,244</b>	<b>47,850,638</b>	<b>69,800,690</b>	<b>68,815,675</b>
<b>Expenses</b>						
General government	3,652,616	4,064,228	-	-	3,652,616	4,064,228
Public safety	6,891,487	8,138,722	-	-	6,891,487	8,138,722
Public works	6,458,261	8,977,714	-	-	6,458,261	8,977,714
Culture and recreation	2,724,148	1,972,918	-	-	2,724,148	1,972,918
Interest	314,076	353,678	-	-	314,076	353,678
Board of Light & Power	-	-	30,700,129	32,103,718	30,700,129	32,103,718
Municipal Sewer	-	-	3,098,042	2,798,020	3,098,042	2,798,020
Municipal Water	-	-	4,849,344	4,457,615	4,849,344	4,457,615
Other business-type	-	-	907,587	817,268	907,587	817,268
<b>Total expenses</b>	<b>20,040,588</b>	<b>23,507,260</b>	<b>39,555,102</b>	<b>40,176,621</b>	<b>59,595,690</b>	<b>63,683,881</b>
Change in net position before transfers	1,176,858	(2,542,223)	9,028,142	7,674,017	10,205,000	5,131,794
Transfers	2,295,505	2,113,395	(2,295,505)	(2,113,395)	-	-
Change in net position	3,472,363	(428,828)	6,732,637	5,560,622	10,205,000	5,131,794
<b>Net position-beginning of year</b>	<b>36,758,735</b>	<b>37,187,563</b>	<b>79,049,206</b>	<b>73,488,584</b>	<b>115,807,941</b>	<b>110,676,147</b>
<b>Net position-end of year</b>	<b>\$40,231,098</b>	<b>\$36,758,735</b>	<b>\$85,781,843</b>	<b>\$79,049,206</b>	<b>\$126,012,941</b>	<b>\$115,807,941</b>

**Governmental activities.** During the year the City invested \$6,458,261 or 32% of governmental activities expenses in public works. Public safety was \$6,891,487 or 34% of governmental activities expenses while general government, culture and recreation, and interest on long-term debt made up the remaining 34% of governmental activities expenses.

**Business-type activities.** Business-type activities increased the City's net position by \$6,732,637 for the current year. By comparison, business-type activities reported an increase in net position in the previous fiscal year of \$5,560,622. The primary reason for the increase is due to a decrease in the expenses 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 \$16,768,813, an increase of \$2,986,313 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 \$4,677,407 while total fund balance was \$9,089,694. 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, 2024, total fund balance represents 66 percent of total prior year General fund expenditures.

The fund balance of the City's General fund increased by \$1,558,885 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 \$25,496,426, \$1,626,403, and \$2,373,882 respectively. The Board of Light and Power had an increase of \$7,286,414, the Municipal Sewer fund had an increase of \$154,772, and the Municipal Water fund had a decrease of \$335,387 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 \$1,558,885 to \$9,089,694, higher than the amended budget projection of \$7,478,863. The difference includes Local Community Stabilization Act and Adult-Use Marijuana Tax revenue, which were anticipated but not guaranteed at budget time.
- Local Community Stabilization Authority tax revenue received was \$37,598 less than the prior year, a 4.05% decrease.
- State revenue sharing received was \$39,358 more than the prior year, a 2.89% increase.
- Tax revenue increased \$824,931, a 10.11% increase.
- Adult-Use Marijuana Tax revenue annual distribution received was \$59,086.
- Investment earnings increased \$114,045.
- Rental Housing Licenses revenue increased \$192,695.
- Building Permit revenue was \$416,203, a decrease of 11.95% from the prior year.
- Public Works administrative expenditures were \$91,492 under the amended budget for the year. Overall, all Public Works departments in the General Fund were under budget by \$166,536.
- Public Safety General Fund amended budget for expenditures was \$6,710,463; actual expenses were \$6,578,018 for the year.
- In the General Fund, the total Department of Public Safety MERS DB employer expense paid was \$1,176,189, which is 40% of the total General Fund MERS DB employer expense paid for 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, 2024, amounted to \$124,346,494 (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	\$ 8,774,744	\$ 359,871	\$ 9,134,615
Construction in progress	314,457	3,643,166	3,957,623
Structures & improvements	9,642,259	3,870,157	13,512,416
Machinery, equipment, vehicles & fixtures	3,974,057	157,028	4,131,085
Buildings	8,855,238	-	8,855,238
Parking facilities	3,434,411	-	3,434,411
Infrastructure	25,009,691	-	25,009,691
Transmission and distribution	-	55,030,443	55,030,443
General plant	-	1,280,972	1,280,972
<b>Total</b>	<b>\$60,004,857</b>	<b>\$64,341,637</b>	<b>\$124,346,494</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	\$ 4,206,809	\$ 813,191	\$ 5,020,000
Direct placements and direct borrowings	5,565,284	-	5,565,284
Bond anticipation notes	-	20,300,000	20,300,000
Bond premiums	269,555	-	269,955
Accrued employee benefits	458,388	291,259	749,647
<b>Total</b>	<b>\$10,500,036</b>	<b>\$21,404,450</b>	<b>\$31,904,486</b>

Additional information on the City's long-term debt can be found in Note 8 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 2024/25 fiscal year:

- We conservatively estimated property tax revenue to increase approximately 7% next tax year.
- The City's Fee Schedule was evaluated with changes to Short- and Long-Term Rental fees, Marina/Boat Launch fees, Cemetery fees, Airport fees, Central Park Place fees, and Building Permit fees to better reflect the cost of operations.
- Rebranding the Community Center to Central Park Place along with revision of the rental and rate schedule increased revenue in the current fiscal year by 52%. Staff continues to work toward increasing revenue to offset Central Park Place expenditures.
- The City continues to review health benefit costs with provider and third-party administrator. Each year adjustments are made to maintain the best benefit with the lowest possible employee and employer cost. Generally, a 10% increase in health care costs is budgeted.

- Increased costs for the MERS DB plans have been an ongoing concern for many years. The DB plan was closed to new employees hired on or after 07/01/22. Employees hired prior to 07/01/22 were given an option to convert to a Defined Contribution plan, and 30% of employees converted. Annual required employer contributions for the DB plan total approximately \$2.4 million. Additionally, the City budgeted to contribute \$600,000 to the MERS Surplus Division to continue offsetting the Unfunded Accrued Liabilities.
- With a healthy General Fund balance and continued projected slow but steady growth in General Fund revenue, the City's FY2024/25 budget is intentionally a deficit budget to tackle several previously deferred priority capital projects.

## 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  
[egreene@grandhaven.org](mailto:egreene@grandhaven.org)

**(This page left intentionally blank)**

## **BASIC FINANCIAL STATEMENTS**

**CITY OF GRAND HAVEN**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and pooled investments	\$ 24,522,575	\$ 50,989,912	\$ 75,512,487	\$ 1,235,620
Accounts receivable	664,614	5,578,824	6,243,438	648,928
Due from other governments	582,770	12,145,291	12,728,061	7,384
Taxes receivable	35,051	-	35,051	1,314
Special assessments receivable	109,325	30,875	140,200	175,609
Internal balances	154,433	(154,433)	-	-
Advance to other funds	-	622,481	622,481	-
Contract receivable	-	-	-	994,583
Prepaid items	163,768	42,857	206,625	9,037
Inventory	161,867	107,525	269,392	-
Capital assets				
Land	8,774,744	359,871	9,134,615	-
Construction in progress	314,457	3,643,166	3,957,623	-
Depreciable capital assets, net	50,915,656	60,338,600	111,254,256	-
<b>Total assets</b>	<u>86,399,260</u>	<u>133,704,969</u>	<u>220,104,229</u>	<u>3,072,475</u>
<b>Deferred outflows of resources</b>				
Pension related	5,040,075	3,744,383	8,784,458	41,487
Other post-employment benefits related	59,779	518,309	578,088	-
Deferred charge on refunding	42,013	-	42,013	47,906
<b>Total deferred outflows of resources</b>	<u>5,141,867</u>	<u>4,262,692</u>	<u>9,404,559</u>	<u>89,393</u>
<b>Liabilities</b>				
Accounts payable	1,130,648	1,993,729	3,124,377	47,335
Accrued liabilities	209,433	1,368,989	1,578,422	-
Advance from other funds	622,481	-	622,481	-
Accrued interest payable	72,977	8,132	81,109	38,795
Unearned revenue	1,648,353	-	1,648,353	424,438
Debt due within one year	1,327,200	2,548,440	3,875,640	615,000
Noncurrent liabilities				
Accrued compensated absences	458,388	291,259	749,647	1,077
Asset retirement obligation	-	17,556,307	17,556,307	-
Other post-employment benefits obligation	4,378,337	1,224,276	5,602,613	-
Net pension liability	31,315,625	8,629,935	39,945,560	257,771
Bond premium	269,555	-	269,555	209,193
Due in more than one year	8,444,893	18,564,751	27,009,644	4,464,779
<b>Total liabilities</b>	<u>49,877,890</u>	<u>52,185,818</u>	<u>102,063,708</u>	<u>6,058,388</u>
<b>Deferred inflows of resources</b>				
Other post-employment benefits related	1,432,139	-	1,432,139	-
<b>Net position</b>				
Net investment in capital assets	49,963,209	55,797,831	105,761,040	-
Restricted for				
Streets	1,194,488	-	1,194,488	-
Capital projects	1,152,674	-	1,152,674	-
Permanent trust				
Cemetery - nonexpendable portion	886,789	-	886,789	-
Unrestricted (deficit)	(12,966,062)	29,984,012	17,017,950	(2,896,520)
<b>Total net position</b>	<u>\$ 40,231,098</u>	<u>\$ 85,781,843</u>	<u>\$ 126,012,941</u>	<u>\$ (2,896,520)</u>

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

**CITY OF GRAND HAVEN**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2024**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
<b>Primary government</b>					
Governmental activities					
General government	\$ 3,652,616	\$ 1,169,514	\$ 1,050,418	\$ 403,208	\$ (1,029,476)
Public safety	6,891,487	295,108	10,302	-	(6,586,077)
Public works	6,470,083	845,574	3,020,928	1,048	(2,602,533)
Culture and recreation	2,724,148	410,882	-	168,347	(2,144,919)
Interest on long-term debt	314,076	-	-	-	(314,076)
<b>Total governmental activities</b>	<u>20,040,588</u>	<u>2,721,078</u>	<u>4,081,648</u>	<u>572,603</u>	<u>(12,665,259)</u>
Business-type activities					
Board of Light and Power	30,700,129	37,448,799	-	-	6,748,670
Sewer	3,098,042	3,402,380	6,083	-	310,421
Water	4,849,344	3,400,424	349,812	690,161	(408,947)
Other business-type activities	907,587	667,133	1,107	-	(239,347)
<b>Total business-type activities</b>	<u>39,555,102</u>	<u>44,918,736</u>	<u>357,002</u>	<u>690,161</u>	<u>6,410,797</u>
<b>Total primary government</b>	<u>\$ 59,595,690</u>	<u>\$ 47,639,814</u>	<u>\$ 4,438,650</u>	<u>\$ 1,262,764</u>	<u>\$ (6,254,462)</u>
<b>Component units</b>					
Economic Development Corporation	\$ 28,353	\$ -	\$ 14,282	\$ -	\$ (14,071)
Main Street Downtown Development Authority	249,414	-	34,482	-	(214,932)
Brownfield Redevelopment Authority	1,351,340	-	7,625	-	(1,343,715)
<b>Total component units</b>	<u>\$ 1,629,107</u>	<u>\$ -</u>	<u>\$ 56,389</u>	<u>\$ -</u>	<u>\$ (1,572,718)</u>

(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, 2024**

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
<b>Changes in net position</b>				
<b>Net (expense) revenue</b>	\$ (12,665,259)	\$ 6,410,797	\$ (6,254,462)	\$ (1,572,718)
General revenues				
Property taxes	11,501,930	-	11,501,930	2,327,820
State shared revenues	1,401,826	-	1,401,826	-
Unrestricted investment earnings	695,658	2,617,345	3,313,003	73,648
Other general revenues	242,703	-	242,703	34,687
Transfers - internal activities	<u>2,295,505</u>	<u>(2,295,505)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>16,137,622</u>	<u>321,840</u>	<u>16,459,462</u>	<u>2,436,155</u>
Change in net position	3,472,363	6,732,637	10,205,000	863,437
<b>Net position, beginning of year</b>	<u>36,758,735</u>	<u>79,049,206</u>	<u>115,807,941</u>	<u>(3,759,957)</u>
<b>Net position, end of year</b>	<u>\$ 40,231,098</u>	<u>\$ 85,781,843</u>	<u>\$ 126,012,941</u>	<u>\$ (2,896,520)</u>

(Concluded)

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

**CITY OF GRAND HAVEN**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**JUNE 30, 2024**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ 9,066,415	\$ 9,913,559	\$ 18,979,974
Accounts receivable	464,624	172,546	637,170
Due from other governments	251,196	331,182	582,378
Taxes receivable	29,061	5,990	35,051
Special assessments receivable	98,358	10,967	109,325
Due from other funds	163,120	-	163,120
Prepaid items	46,352	8,071	54,423
Inventory	22,295	87,438	109,733
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>	<u>\$ 10,141,421</u>	<u>\$ 10,529,753</u>	<u>\$ 20,671,174</u>
<b>Liabilities, deferred inflows and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 501,727	\$ 595,441	\$ 1,097,168
Accrued liabilities	159,795	5,899	165,694
Advance from other funds	-	622,481	622,481
Due to other funds	59,560	11,821	71,381
Unearned revenue	39,145	1,603,358	1,642,503
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<u>760,227</u>	<u>2,839,000</u>	<u>3,599,227</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	291,500	11,634	303,134
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund balances</b>			
Non-spendable			
Prepaid items	46,352	8,071	54,423
Permanent fund corpus	-	886,789	886,789
Inventory	22,295	87,438	109,733
Restricted			
Streets	-	1,100,592	1,100,592
Public works	-	2,815,915	2,815,915
Public safety K-9	2,428	-	2,428
Committed			
Capital projects	-	2,780,314	2,780,314
Budget stabilization	2,782,692	-	2,782,692
Assigned			
Future years expenditures	1,558,520	-	1,558,520
Unassigned	4,677,407	-	4,677,407
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total fund balances</b>	<u>9,089,694</u>	<u>7,679,119</u>	<u>16,768,813</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 10,141,421</u>	<u>\$ 10,529,753</u>	<u>\$ 20,671,174</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, 2024**

**Fund balances - total governmental funds** \$ 16,768,813

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	8,774,744
Add - construction in progress	304,207
Add - capital assets (net of accumulated depreciation)	47,471,393

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	303,134
--------------------------------------	---------

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	8,351,758
-------------------------------------------------------------------------------------------	-----------

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

Deduct - compensated absences payable	(455,679)
Deduct - other post-employment benefits	(4,254,839)
Deduct - long-term debt	(9,772,093)
Deduct - bond premium	(269,555)
Deduct - net pension liability	(30,481,587)
Add - deferred charge on refunding	42,013
Add - deferred inflows and outflows related to pension	4,905,841
Add - deferred inflows and outflows related to OPEB	(1,384,075)
Deduct - accrued interest on long-term debt	(72,977)

**Net position of governmental activities** \$ 40,231,098

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, 2024**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>			
Taxes	\$ 9,031,742	\$ 2,473,185	\$ 11,504,927
Intergovernmental revenues			
Federal	23,966	903,693	927,659
State	1,417,128	1,865,642	3,282,770
Local	38,017	765,670	803,687
Special assessments	17,341	30,052	47,393
Licenses and permits	1,009,309	-	1,009,309
Charges for services	2,558,340	1,048	2,559,388
Fines	81,376	245	81,621
Investment earnings	497,359	198,299	695,658
Miscellaneous	250,285	88,874	339,159
	<u>14,924,863</u>	<u>6,326,708</u>	<u>21,251,571</u>
<b>Total revenues</b>			
<b>Expenditures</b>			
Current			
General government	3,364,879	-	3,364,879
Public safety	6,578,018	-	6,578,018
Public works	2,147,783	2,425,969	4,573,752
Culture and recreation	1,806,494	200,047	2,006,541
Debt service			
Principal	19,088	1,253,375	1,272,463
Interest	11,478	348,929	360,407
Capital outlay	-	2,343,132	2,343,132
	<u>13,927,740</u>	<u>6,571,452</u>	<u>20,499,192</u>
<b>Total expenditures</b>			
Revenues over (under) expenditures	<u>997,123</u>	<u>(244,744)</u>	<u>752,379</u>
Other financing sources (uses)			
Transfers in	2,807,639	4,191,452	6,999,091
Transfers out	<u>(2,245,877)</u>	<u>(2,519,280)</u>	<u>(4,765,157)</u>
Total other financing sources (uses)	<u>561,762</u>	<u>1,672,172</u>	<u>2,233,934</u>
Net changes in fund balances	1,558,885	1,427,428	2,986,313
<b>Fund balances, beginning of year</b>	<u>7,530,809</u>	<u>6,251,691</u>	<u>13,782,500</u>
<b>Fund balances, end of year</b>	<u>\$ 9,089,694</u>	<u>\$ 7,679,119</u>	<u>\$ 16,768,813</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, 2024

---

<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 2,986,313</b>
----------------------------------------------------------------	---------------------

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

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

Add - capital outlay	2,175,399
Add - value of donated capital assets	28,300
Deduct - depreciation expense	(3,357,593)

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	(48,143)
-------------------------------------------	----------

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	1,272,463
Deduct - amortization of deferred bond refunding costs	(19,960)
Add - bond premium amortization	57,582

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	21,996
Add - decrease in net pension liability	586,651
Deduct - decrease in deferred outflows	(4,675,944)
Add - decrease in deferred inflows	860,145
Add - decrease in other post-employment benefit liability	2,812,603
Add - decrease in accrued interest	8,709

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	<u>763,842</u>
-------------------------------------------------------------------	----------------

<b>Change in net position of governmental activities</b>	<b><u>\$ 3,472,363</u></b>
----------------------------------------------------------	----------------------------

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

**CITY OF GRAND HAVEN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2024

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Board of Light and Power	Municipal Sewer	Municipal Water	Nonmajor Enterprise Funds		Internal Service Funds
<b>Assets</b>						
Current assets						
Cash and pooled investments	\$ 44,544,920	\$ 2,272,978	\$ 3,483,794	\$ 688,220	\$ 50,989,912	\$ 5,542,601
Accounts receivable	4,316,798	598,426	639,586	24,014	5,578,824	27,444
Due from other governments	12,043,361	-	94,250	7,680	12,145,291	392
Special assessments receivable	-	30,875	-	-	30,875	-
Due from other funds	-	8,500	8,575	27	17,102	82,331
Advance to other funds	622,481	-	-	-	622,481	-
Prepaid items	3,870	14,749	20,383	3,855	42,857	109,345
Inventory	-	5,944	101,581	-	107,525	52,134
<b>Total current assets</b>	<u>61,531,430</u>	<u>2,931,472</u>	<u>4,348,169</u>	<u>723,796</u>	<u>69,534,867</u>	<u>5,814,247</u>
Noncurrent assets						
Capital assets						
Land	78,849	5,260	-	275,762	359,871	-
Construction in progress	2,856,068	738,235	48,863	-	3,643,166	10,250
Depreciable capital assets, net	35,379,940	8,219,022	12,814,494	3,925,144	60,338,600	3,444,263
<b>Total noncurrent assets</b>	<u>38,314,857</u>	<u>8,962,517</u>	<u>12,863,357</u>	<u>4,200,906</u>	<u>64,341,637</u>	<u>3,454,513</u>
<b>Total assets</b>	<u>99,846,287</u>	<u>11,893,989</u>	<u>17,211,526</u>	<u>4,924,702</u>	<u>133,876,504</u>	<u>9,268,760</u>
<b>Deferred outflows of resources</b>						
Pension related	3,239,279	168,599	302,924	33,581	3,744,383	134,234
Other post-employment benefits related	497,525	6,153	10,125	4,506	518,309	11,715
<b>Total deferred outflows of resources</b>	<u>3,736,804</u>	<u>174,752</u>	<u>313,049</u>	<u>38,087</u>	<u>4,262,692</u>	<u>145,949</u>
<b>Liabilities</b>						
Current liabilities						
Accounts payable	1,452,797	293,931	223,565	23,436	1,993,729	33,480
Accrued liabilities	1,352,244	4,579	5,714	6,452	1,368,989	43,739
Accrued interest payable	-	-	8,132	-	8,132	-
Due to other funds	159,548	5,371	4,263	2,353	171,535	19,637
Unearned revenue	-	-	-	-	-	5,850
Current portion of long-term debt	2,400,000	-	148,440	-	2,548,440	-
<b>Total current liabilities</b>	<u>5,364,589</u>	<u>303,881</u>	<u>390,114</u>	<u>32,241</u>	<u>6,090,825</u>	<u>102,706</u>
Long-term liabilities						
Accrued compensated absences	260,479	14,509	12,626	3,645	291,259	2,709
Asset retirement obligation	17,556,307	-	-	-	17,556,307	-
Net pension liability	5,491,563	1,047,556	1,882,163	208,653	8,629,935	834,038
Other post-employment benefits obligation	929,482	113,875	150,873	30,046	1,224,276	123,498
Bonds payable, net of current portion	17,900,000	-	664,751	-	18,564,751	-
<b>Total long-term liabilities</b>	<u>42,137,831</u>	<u>1,175,940</u>	<u>2,710,413</u>	<u>242,344</u>	<u>46,266,528</u>	<u>960,245</u>
<b>Total liabilities</b>	<u>47,502,420</u>	<u>1,479,821</u>	<u>3,100,527</u>	<u>274,585</u>	<u>52,357,353</u>	<u>1,062,951</u>
<b>Net position</b>						
Net investment in capital assets	30,584,242	8,962,517	12,050,166	4,200,906	55,797,831	3,454,513
Unrestricted	25,496,429	1,626,403	2,373,882	487,298	29,984,012	4,897,245
<b>Total net position</b>	<u>\$ 56,080,671</u>	<u>\$ 10,588,920</u>	<u>\$ 14,424,048</u>	<u>\$ 4,688,204</u>	<u>\$ 85,781,843</u>	<u>\$ 8,351,758</u>

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, 2024**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Board of Light and Power	Municipal Sewer	Municipal Water	Nonmajor Enterprise Funds		Internal Service Funds
<b>Operating revenues</b>						
Charges for services	\$ 36,495,762	\$ 3,402,380	\$ 3,400,424	\$ 665,960	\$ 43,964,526	\$ 4,023,671
Employer contributions	-	-	-	-	-	958,588
<b>Total operating revenue</b>	<u>36,495,762</u>	<u>3,402,380</u>	<u>3,400,424</u>	<u>665,960</u>	<u>43,964,526</u>	<u>4,982,259</u>
<b>Operating expenses</b>						
Operating costs and expenses	19,508,682	2,228,610	2,175,954	615,911	24,529,157	3,335,998
Insurance payments	-	-	-	-	-	505,316
Distribution	4,844,769	-	-	-	4,844,769	-
Customer accounts	710,774	-	-	-	710,774	-
Administrative and general	2,399,590	441,062	744,138	16,553	3,601,343	188,022
Depreciation	2,080,300	375,098	1,877,692	272,578	4,605,668	530,990
<b>Total operating expenses</b>	<u>29,544,115</u>	<u>3,044,770</u>	<u>4,797,784</u>	<u>905,042</u>	<u>38,291,711</u>	<u>4,560,326</u>
Operating income (loss)	<u>6,951,647</u>	<u>357,610</u>	<u>(1,397,360)</u>	<u>(239,082)</u>	<u>5,672,815</u>	<u>421,933</u>
Non-operating revenues (expenses)						
Gain (loss) on disposal/demolition	(816,314)	-	-	(2,545)	(818,859)	140,478
Mitigation surcharge	953,037	-	-	-	953,037	-
Investment earnings	2,391,409	100,605	115,578	9,753	2,617,345	88,184
Other	-	6,083	349,812	2,280	358,175	51,676
Interest expense	(339,700)	(53,272)	(51,560)	-	(444,532)	-
<b>Total non-operating revenues (expenses)</b>	<u>2,188,432</u>	<u>53,416</u>	<u>413,830</u>	<u>9,488</u>	<u>2,665,166</u>	<u>280,338</u>
Income (loss) before other items	<u>9,140,079</u>	<u>411,026</u>	<u>(983,530)</u>	<u>(229,594)</u>	<u>8,337,981</u>	<u>702,271</u>
Transfers and other items						
Contribution in aid of construction	-	-	690,161	-	690,161	-
Transfers in	-	-	91,216	-	91,216	64,868
Transfers out	(1,853,665)	(256,254)	(133,234)	(143,568)	(2,386,721)	(3,297)
<b>Total transfers and other items</b>	<u>(1,853,665)</u>	<u>(256,254)</u>	<u>648,143</u>	<u>(143,568)</u>	<u>(1,605,344)</u>	<u>61,571</u>
Changes in net position	7,286,414	154,772	(335,387)	(373,162)	6,732,637	763,842
<b>Net position, beginning of year</b>	<u>48,794,257</u>	<u>10,434,148</u>	<u>14,759,435</u>	<u>5,061,366</u>	<u>79,049,206</u>	<u>7,587,916</u>
<b>Net position, end of year</b>	<u>\$ 56,080,671</u>	<u>\$ 10,588,920</u>	<u>\$ 14,424,048</u>	<u>\$ 4,688,204</u>	<u>\$ 85,781,843</u>	<u>\$ 8,351,758</u>

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

**CITY OF GRAND HAVEN**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2024**

	Enterprise Funds				Enterprise Fund Total	Governmental
	Board of Light and Power	Municipal Sewer	Municipal Water	Nonmajor Enterprise Funds		Internal Service Funds
<b>Cash flows from operating activities</b>						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,974,757
Receipts from customers and users	36,596,701	3,346,799	5,755,862	658,515	46,357,877	-
Payments to employees	(4,228,349)	(303,646)	(544,227)	(200,663)	(5,276,885)	(242,065)
Payments to suppliers	(24,652,776)	(2,182,488)	(2,907,894)	(401,959)	(30,145,117)	(1,663,780)
Claims paid	-	-	-	-	-	(2,023,762)
<b>Net cash provided by (used in) operating activities</b>	<u>7,715,576</u>	<u>860,665</u>	<u>2,303,741</u>	<u>55,893</u>	<u>10,935,875</u>	<u>1,045,150</u>
<b>Cash flows from non-capital financing activities</b>						
Transfers in	-	-	91,216	-	91,216	64,868
Transfers out	(1,853,269)	(256,254)	(133,234)	(115,268)	(2,358,025)	(3,297)
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>(1,853,269)</u>	<u>(256,254)</u>	<u>(42,018)</u>	<u>(115,268)</u>	<u>(2,266,809)</u>	<u>61,571</u>
<b>Cash flows from capital and related financing activities</b>						
Proceeds from sale of capital assets	-	-	-	-	-	148,061
Interest paid on long-term debt	(358,660)	(53,272)	(53,001)	-	(464,933)	-
Special assessments receivable	-	8,413	-	-	8,413	-
Mitigation surcharge	953,037	-	-	-	953,037	-
Contribution in aid of construction	-	-	690,161	-	690,161	-
Principal paid on long-term debt	(2,400,000)	-	(144,137)	-	(2,544,137)	-
Asset retirement	(142,525)	-	-	-	(142,525)	-
Acquisitions of capital assets	(3,134,759)	(761,089)	(870,395)	(105,368)	(4,871,611)	(1,226,037)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(5,082,907)</u>	<u>(805,948)</u>	<u>(377,372)</u>	<u>(105,368)</u>	<u>(6,371,595)</u>	<u>(1,077,976)</u>
<b>Cash flows from investing activities</b>						
Interest received	2,391,409	100,605	115,578	9,753	2,617,345	88,184
<b>Net increase (decrease) in cash and pooled investments</b>	<u>3,170,809</u>	<u>(100,932)</u>	<u>1,999,929</u>	<u>(154,990)</u>	<u>4,914,816</u>	<u>116,929</u>
<b>Cash and pooled investments, beginning of year</b>	<u>41,374,111</u>	<u>2,373,910</u>	<u>1,483,865</u>	<u>843,210</u>	<u>46,075,096</u>	<u>5,425,672</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 44,544,920</u>	<u>\$ 2,272,978</u>	<u>\$ 3,483,794</u>	<u>\$ 688,220</u>	<u>\$ 50,989,912</u>	<u>\$ 5,542,601</u>
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ 6,951,647	\$ 357,610	\$ (1,397,360)	\$ (239,082)	\$ 5,672,815	\$ 421,933
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	2,080,300	375,098	1,877,692	272,578	4,605,668	530,990
Miscellaneous revenue	-	6,083	349,812	2,280	358,175	51,676
Deferred outflows of resources for pension	1,393,604	91,154	183,774	10,963	1,679,495	51,856
Deferred outflows of resources for OPEB	(420,369)	11,811	11,811	-	(396,747)	14
Deferred inflows of resources for pension	-	(29,252)	(54,810)	(5,016)	(89,078)	(20,956)
Deferred inflows of resources for OPEB	(28,927)	-	-	-	(28,927)	-
Change in operating assets and liabilities which provided (used) cash						
Accounts receivable	(10,626)	(53,164)	(68,881)	(2,837)	(135,508)	(7,610)
Due from other funds	97,701	(8,500)	(8,575)	1,473	82,099	(59,417)
Due from other governmental units	(1,727,092)	-	2,083,082	(6,081)	349,909	(325)
Prepaid items	(3,870)	3,280	1,861	(911)	360	(27,137)
Inventory	-	179	16,792	-	16,971	4,954
Accounts payable	(287,298)	146,450	(564,342)	(8,268)	(713,458)	740
Accrued liabilities	(40,973)	(165)	62	682	(40,394)	(2,870)
Other liabilities	111,565	-	-	-	111,565	-
Unearned revenue	-	-	-	-	-	5,850
Due to component units	-	(13,403)	(14,119)	-	(27,522)	-
Due to other governmental units	-	-	-	-	-	19,637
Due to other funds	-	1,873	3,069	1,608	6,550	-
Compensated absences	(18,881)	(2,263)	(1,471)	1,040	(21,575)	(1,251)
Net pension liability	(809,799)	(9,036)	(97,567)	27,464	(888,938)	77,086
Net OPEB obligation	428,594	(17,090)	(17,089)	-	394,415	(20)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 7,715,576</u>	<u>\$ 860,665</u>	<u>\$ 2,303,741</u>	<u>\$ 55,893</u>	<u>\$ 10,935,875</u>	<u>\$ 1,045,150</u>

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

**CITY OF GRAND HAVEN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2024**

---

	<b>Retiree Health Care</b>	<b>BLP OPEB Trust Fund</b>	<b>Custodial Funds</b>
<b>Assets</b>			
Cash and pooled investments	\$ -	\$ -	\$ 2,360,541
Funds on deposit with MERS	<u>2,341,609</u>	<u>698,740</u>	<u>-</u>
<b>Total assets</b>	<u>2,341,609</u>	<u>698,740</u>	<u>2,360,541</u>
<b>Liabilities</b>			
Accounts payable	<u>-</u>	<u>-</u>	<u>174</u>
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>174</u>
<b>Net position</b>			
Restricted for post-employment benefits	2,341,609	698,740	-
Unrestricted	<u>-</u>	<u>-</u>	<u>2,360,367</u>
<b>Total net position</b>	<u>\$ 2,341,609</u>	<u>\$ 698,740</u>	<u>\$ 2,360,367</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, 2024**

	<b>Retiree Health Care</b>	<b>BLP OPEB Trust Fund</b>	<b>Custodial Funds</b>
<b>Additions</b>			
Employer contributions	\$ -	\$ 224,869	\$ -
Investment earnings (loss)	213,757	63,786	-
Property taxes collected for other governments	-	-	24,478,595
Charges for services and non-operating receipts	-	-	3,921,560
<b>Total additions</b>	<u>213,757</u>	<u>288,655</u>	<u>28,400,155</u>
<b>Deductions</b>			
Health insurance premiums	-	224,869	-
Taxes to other governments	-	-	24,478,595
Operating costs and non-operating expenses	-	-	4,196,759
<b>Total deductions</b>	<u>-</u>	<u>224,869</u>	<u>28,675,354</u>
Changes in net position	213,757	63,786	(275,199)
<b>Net position, beginning of year, as restated</b>	<u>2,127,852</u>	<u>634,954</u>	<u>2,635,566</u>
<b>Net position, end of year</b>	<u>\$ 2,341,609</u>	<u>\$ 698,740</u>	<u>\$ 2,360,367</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, 2024**

	<u>Economic Development Corporation</u>	<u>Main Street Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
<b>Assets</b>				
Cash and pooled investments	\$ 83,389	\$ 703,659	\$ 448,572	\$ 1,235,620
Accounts receivable	201,554	27,936	419,438	648,928
Due from other governments	-	-	7,384	7,384
Taxes receivable	-	581	733	1,314
Special assessments receivable	-	175,609	-	175,609
Contract receivable	-	994,583	-	994,583
Prepaid items	7,200	1,837	-	9,037
<b>Total assets</b>	<u>292,143</u>	<u>1,904,205</u>	<u>876,127</u>	<u>3,072,475</u>
<b>Deferred outflows of resources</b>				
Pension related	-	41,487	-	41,487
Deferred charge on refunding	-	47,906	-	47,906
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>89,393</u>	<u>-</u>	<u>89,393</u>
<b>Liabilities</b>				
Accounts payable	-	5,898	41,437	47,335
Accrued interest	-	38,795	-	38,795
Unearned revenue	-	5,000	419,438	424,438
Debt due within one year	-	615,000	-	615,000
Noncurrent liabilities				
Accrued compensated absences	-	1,077	-	1,077
Net pension liability	-	257,771	-	257,771
Bond premium	-	209,193	-	209,193
Debt due in more than one year	-	4,075,000	389,779	4,464,779
<b>Total liabilities</b>	<u>-</u>	<u>5,207,734</u>	<u>850,654</u>	<u>6,058,388</u>
<b>Net position (deficit)</b>				
Unrestricted	<u>\$ 292,143</u>	<u>\$ (3,214,136)</u>	<u>\$ 25,473</u>	<u>\$ (2,896,520)</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, 2024**

	<u>Economic Development Corporation</u>	<u>Main Street Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
<b>Expenses</b>				
Economic Development Corp	\$ 28,353	\$ -	\$ -	\$ 28,353
Main Street Downtown Development Authority	-	249,414	-	249,414
Brownfield Redevelopment Authority	-	-	1,351,340	1,351,340
<b>Total expenses</b>	<u>28,353</u>	<u>249,414</u>	<u>1,351,340</u>	<u>1,629,107</u>
<b>Revenues</b>				
Program revenues				
Operating grants and contributions	14,282	34,482	7,625	56,389
General revenues				
Property taxes	-	1,019,393	1,308,427	2,327,820
Unrestricted investment earnings	6,173	45,818	21,657	73,648
Miscellaneous	108	33,190	1,389	34,687
<b>Total revenues</b>	<u>20,563</u>	<u>1,132,883</u>	<u>1,339,098</u>	<u>2,492,544</u>
Change in net position	(7,790)	883,469	(12,242)	863,437
<b>Net position (deficit), beginning of year</b>	<u>299,933</u>	<u>(4,097,605)</u>	<u>37,715</u>	<u>(3,759,957)</u>
<b>Net position (deficit), end of year</b>	<u>\$ 292,143</u>	<u>\$ (3,214,136)</u>	<u>\$ 25,473</u>	<u>\$ (2,896,520)</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, 2024

---

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grand Haven, Michigan (the City) was established in 1837 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 9 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, 2024

---

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 9 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 continued 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 future public investment on the property is anticipated at this time.

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 or on the City's website [www.grandhaven.org](http://www.grandhaven.org).

#### **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 \$1,677,647 to the Authority. The purpose of the Grand Haven-Spring Lake Sewer Authority is to acquire, own, improve, enlarge, extend, and operate a sewage disposal system. The Authority is governed by a Board of Trustees containing six members. The participating communities (Cities of Grand Haven and Ferrysburg, Townships of Spring Lake and Grand Haven, Village of Spring Lake, and County of Ottawa) pay a set rate to the Authority to process waste. This rate includes amounts to finance the Authority's debt. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements can be obtained at Grand Haven City Hall.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

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, 2024, the City distributed tax revenues of \$437,499 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 participates in multiple MPPA projects for generation, purchase and transmission of electricity. The dollar amount of Board's commitments for participation in the various MPPA projects of \$137,487,200 declines from a commitment maximum of approximately \$14,870,000 in 2024 to \$208,343 in 2048.

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

The Board of Light and Power participates in multiple MPPA renewable energy projects to meet Michigan requirements.

The Energy Services Project provides 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	\$8,935,751
Payments to MPPA for electricity transmission	1,718,830
Payments to MPPA for renewable energy	4,305,979
Payments to MPPA for capacity	2,966,997
Payments to MPPA for other	441,764

#### **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 \$802,696 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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

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 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

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.

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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

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.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.
- h. The Retiree Health Care fund is also allowed to invest in corporate debt and equity securities.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

---

### **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 \$622,481 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 snowmelt system. Repayment of this balance is received from the Board of Light & Power's Power Supply Cost Adjustment (PSCA) 5% transfer fee and then repaid in monthly installments.

### **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 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	5-60
Machinery, equipment, vehicles and fixtures	3-60
Buildings	5-60
Parking facilities	15-35
Production and treatment	5-50
Transmission and distribution	5-50
General plant	5-30
Infrastructure	10-75

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

#### **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.

Property taxes are levied on July 1 of each year and are recognized as revenue in that year. The City's 2023 taxable value was \$766,359,751 for which they levied 10.5535 mills for general fund operations, .9853 mills for infrastructure and 1.9000 mills for debt service.

#### **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 plans which are discussed in Notes 9 and 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has 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, leases, and other long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has items that qualify for reporting in this category related to pension and other post-employment benefits plans which are discussed in Notes 9 and 10.

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

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Non-spendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the non-spendable 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

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.

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

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

#### ***Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the City reported an unrestricted deficit net position of \$12,966,062 for governmental activities. The Main Street Downtown Development Authority reported unrestricted deficit net position of \$3,214,136.

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

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

During the year ended June 30, 2024, the City incurred expenditures in the General and special revenue funds which were in excess of the amounts appropriated as follows:

	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance (Unfavorable)</u></b>
<b>General Fund</b>			
General government – City Council	\$142,285	\$142,968	\$ (683)
General government - Assessing	187,486	188,950	(1,464)
Public Safety – TEAM – CSO	63,954	68,606	(4,652)
DPW – Community Promotion	122,692	125,122	(2,430)
DPW – Right of way and parking lots	539,150	584,043	(44,893)
DPW – Cemetery	350,002	354,438	(4,436)
Culture and Recreation – Duncan Woods	17,000	18,059	(1,059)
Culture and Recreation – Central Park Place	335,050	347,550	(12,500)
<b>Major Streets Fund</b>			
Capital Outlay	663,302	673,644	(10,342)

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2024**

### 4. DEPOSITS

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

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Fiduciary Funds</b>	<b>Component Units</b>	<b>Total</b>
Cash and pooled investments	\$24,522,575	\$50,989,912	\$2,360,541	\$1,235,620	\$76,108,648
Funds on deposit with MERS	-	-	3,040,349	-	3,040,349
	<u>\$24,522,575</u>	<u>\$50,989,912</u>	<u>\$5,400,890</u>	<u>\$1,235,620</u>	<u>\$82,148,997</u>

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

Deposits	\$65,739,628
Investments	16,407,969
Petty cash	1,400
<b>Total</b>	<b>\$82,148,997</b>

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

### Investments

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

	<b><u>Maturity</u></b>	<b><u>Fair Value</u></b>	<b><u>Rating</u></b>	<b><u>Source</u></b>
Government money market funds	N/A	\$ 311,061	Unrated	
Funds on deposit with MERS	N/A	2,341,609	Unrated	
Michigan CLASS pool	N/A	10,522,976	AAAm	S&P
US Government and agency securities/pools				
GNMA pool 2.5%	1/20/47	3,983	Unrated	
GNMA pool 2.25%	3/20/47	35,650	Unrated	
GNMA pool 2.75%	3/20/49	92,377	Unrated	
FHLMC pool 1.25%	6/25/49	76,275	Unrated	
FHLMC pool 2%	7/25/49	30,267	Unrated	
FHLMC pool 1%	12/25/50	91,664	Unrated	
FHLMC pool 1%	7/25/51	242,030	Unrated	
FHLMC pool 3%	12/15/41	46,701	Unrated	
GNMA pool 2.5%	1/20/47	7,487	Unrated	
GNMA pool 2.5%	3/20/47	8,530	Unrated	
FHLMC pool 2.5%	7/15/47	14,751	Unrated	
FNMA pool 2.25%	11/25/47	30,402	Unrated	
GNMA pool 2.5%	12/20/48	8,381	Unrated	
GNMA pool 2.75%	3/20/49	32,856	Unrated	
FHLMC pool 2%	7/25/49	48,892	Unrated	
FNMA pool 1%	2/25/50	192,284	Unrated	
FHLMC pool 1%	7/25/51	94,914	Unrated	
FNMA pool 4%	6/25/41	67,621	Unrated	
FHLMC pool 2.5%	7/15/42	74,542	Unrated	
FNMA pool 2.25%	7/25/43	71,164	Unrated	

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
FNMA pool 3%	12/25/43	\$ 25,783	Unrated	
GNMA pool 2%	1/16/45	98,464	Unrated	
FHLMC pool 2%	10/15/46	17,033	Unrated	
GNMA pool 2.5%	1/20/47	6,054	Unrated	
GNMA pool 2.5%	3/20/47	13,328	Unrated	
FHLMC pool 2.5%	7/15/47	31,536	Unrated	
FNMA pool 2.5%	11/25/47	32,678	Unrated	
GNMA pool 2%	3/20/49	51,506	Unrated	
FHLMC pool 1.25%	6/25/49	263,496	Unrated	
FHLMC pool 2%	7/25/49	48,892	Unrated	
FHLMC pool 1%	12/25/50	146,663	Unrated	
FHLMC pool 1%	7/25/51	363,045	Unrated	
U.S. Treasury	8/8/24	623,196	Unrated	
JP Morgan Chase	8/16/27	239,878	Unrated	
<b>Total</b>		<b>\$16,407,969</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, \$50,365,451 of the City's bank balance of \$51,115,454 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

*Interest Rate Risk.* State law and City policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above \$16,407,969 of investments, the City has custodial credit risk of \$3,232,323 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, \$13,175,646 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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 treasuries 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:

	<b>Balance July 1, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2024</b>
<b>Governmental activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 8,746,444	\$ 28,300	\$ -	\$ 8,774,744
Construction in progress	1,009,572	314,457	1,009,572	314,457
<b>Total capital assets, not being depreciated</b>	<b>9,756,016</b>	<b>342,757</b>	<b>1,009,572</b>	<b>9,089,201</b>
<b>Capital assets, being depreciated</b>				
Structures and improvements	18,151,925	872,390	8,861	19,015,454
Machinery, equipment, vehicles and fixtures	8,919,540	1,043,267	448,378	9,514,429
Buildings	15,350,449	623,493	-	15,973,942
Parking facilities	9,810,407	-	-	9,810,407
Infrastructure	43,799,838	1,557,404	-	45,357,242
Total capital assets, being depreciated	96,032,159	4,096,554	457,239	99,671,474
Less accumulated depreciation:				
Structures and improvements	8,801,121	580,936	8,861	9,373,196
Machinery, equipment, vehicles and fixtures	5,212,730	705,931	440,792	5,477,869
Buildings	6,682,255	436,449	-	7,118,704
Parking facilities	6,162,741	275,757	-	6,438,498
Infrastructure	18,458,041	1,889,510	-	20,347,551
Total accumulated depreciation	45,316,888	3,888,583	449,653	48,755,818
<b>Net capital assets, being depreciated</b>	<b>50,715,271</b>	<b>207,971</b>	<b>7,586</b>	<b>50,915,656</b>
<b>Governmental activities capital assets, net</b>	<b>\$60,471,287</b>	<b>\$ 550,728</b>	<b>\$1,017,158</b>	<b>\$60,004,857</b>

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>
<b>Business-type activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 388,171	\$ -	\$ 28,300	\$ 359,871
Construction in progress	1,189,888	3,887,675	1,434,397	3,643,166
<b>Total capital assets, not being depreciated</b>	<b>1,578,059</b>	<b>3,887,675</b>	<b>1,462,697</b>	<b>4,003,037</b>
<b>Capital assets being depreciated</b>				
Structures and improvements	9,881,490	68,693	4,958	9,945,225
Machinery, equipment, vehicles and fixtures	545,485	36,676	45,601	536,560
Transmission and distribution	93,162,689	2,163,597	2,415,673	92,910,613
General plant	2,578,052	149,517	1,132	2,726,437
Total capital assets, being depreciated	106,167,716	2,418,483	2,467,364	106,118,835
Less accumulated depreciation for:				
Structures and improvements	5,812,344	267,682	4,958	6,075,068
Machinery, equipment, vehicles and fixtures	399,297	23,291	43,056	379,532
Transmission and distribution	36,099,503	4,189,854	2,409,187	37,880,170
General plant	1,321,756	124,841	1,132	1,445,465
Total accumulated depreciation	43,632,900	4,605,668	2,458,333	45,780,235
<b>Net capital assets, being depreciated</b>	<b>62,534,816</b>	<b>(2,186,632)</b>	<b>9,031</b>	<b>60,338,600</b>
<b>Business-type activities capital assets, net</b>	<b>\$64,112,875</b>	<b>\$1,700,490</b>	<b>\$1,471,728</b>	<b>\$64,341,637</b>

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

<b>Governmental activities</b>	
General government	\$ 270,005
Public safety	133,160
Public works	2,219,674
Culture and recreation	734,754
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	530,990
<b>Total depreciation expense - governmental activities</b>	<b>\$3,888,583</b>
<b>Business-type activities</b>	
Board of Light and Power	\$2,080,300
Municipal Sewer	375,098
Municipal Water	1,877,692
Other business-type	272,578
<b>Total depreciation expense – business- type activities</b>	<b>\$4,605,668</b>

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### 6. 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 \$17,556,307 based on known costs of similar plant closures and engineering estimates.

#### 7. INTERFUND TRANSACTIONS

Internal balances for the year ended June 30, 2024 are as follows:

<u>Due from</u>	<u>Due to</u>							<u>Total</u>
	<u>General Fund</u>	<u>Board of Light and Power</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Non-major Governmental Funds</u>	<u>Non-major Enterprise Funds</u>	<u>Internal Service Funds</u>	
General fund	\$ -	\$159,548	\$ -	\$ -	\$ -	\$ 935	\$2,637	\$163,120
Sewer fund	-	-	-	-	-	-	8,500	8,500
Water fund	75	-	-	-	-	-	8,500	8,575
Non-major enterprise funds	27	-	-	-	-	-	-	27
Internal service funds	59,458	-	5,371	4,263	11,821	1,418	-	82,331
	<b>\$59,560</b>	<b>\$159,548</b>	<b>\$5,371</b>	<b>\$4,263</b>	<b>\$11,821</b>	<b>\$2,353</b>	<b>\$19,637</b>	<b>\$262,553</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, 2024 are as follows:

<u>Transfers in</u>	<u>Transfers out</u>							<u>Total</u>
	<u>General Fund</u>	<u>Board of Light and Power</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Non-major Governmental Funds</u>	<u>Non-major Enterprise Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$1,853,665	\$165,038	\$133,234	\$ 509,869	\$143,568	\$2,265	\$2,807,639
Water Fund	-	-	91,216	-	-	-	-	91,216
Non-major Governmental Funds	2,182,041	-	-	-	2,009,411	-	-	4,191,452
Internal Service Funds	63,836	-	-	-	-	-	1,032	64,868
Totals	<b>\$2,245,877</b>	<b>\$1,853,665</b>	<b>\$256,254</b>	<b>\$133,234</b>	<b>\$2,519,280</b>	<b>\$143,568</b>	<b>\$3,297</b>	<b>\$7,155,175</b>

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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### 8. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2024.

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
<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%	\$ 1,267,671	\$ -	\$ 190,862	\$ 1,076,809	\$ 196,560
\$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%	3,815,000	-	685,000	3,130,000	720,000
Total public offering bonds	5,082,671	-	875,862	4,206,809	916,560
<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%	4,500,000	-	300,000	4,200,000	310,000
\$839,000 2020 General Obligation Bonds due in annual installments of \$47,000 to \$67,000 through April 2035; interest at 2.73%	695,000	-	50,000	645,000	51,000
\$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%	766,885	-	46,601	720,284	49,640
Total direct placements and direct borrowings	5,961,885	-	396,601	5,565,284	410,640
Total	11,044,556	-	1,272,463	9,772,093	1,327,200
Bond premiums	327,137	-	57,582	269,555	-
Accrued employee benefits	481,635	-	23,247	458,388	-
<b>Total Governmental Activities</b>	<b>\$11,853,328</b>	<b>\$ -</b>	<b>\$1,353,292</b>	<b>\$10,500,036</b>	<b>\$1,327,200</b>

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

	<u>Balance</u> <u>July 1,</u> <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2024</u>	<u>Due</u> <u>Within</u> <u>One</u> <u>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%	\$ 957,328	\$ -	\$ 144,137	\$ 813,191	\$ 148,440
<b>Other debt</b>					
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%	22,700,000	-	2,400,000	20,300,000	2,400,000
Accrued employee benefits	312,834	-	21,575	291,259	-
<b>Total Business-type Activities</b>	<b>\$23,970,162</b>	<b>\$ -</b>	<b>\$2,565,712</b>	<b>\$21,404,450</b>	<b>\$2,548,440</b>
<b>Component Units</b>					
<b>Public offering bonds</b>					
\$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%	\$3,785,000	\$ -	\$230,000	\$3,555,000	\$245,000
<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%	1,465,000	-	330,000	1,135,000	370,000
\$900,000 EGLE Loan due in annual installments of \$88,044 through July 2036; interest at 1.5%	389,779	-	-	389,779	-
Total direct placements and direct borrowings	1,854,779	-	330,000	1,524,779	370,000
<b>Other debt</b>					
Bond premiums	248,231	-	39,038	209,193	-
Accrued employee benefits	-	1,077	-	1,077	-
<b>Total Component Units</b>	<b>\$5,888,010</b>	<b>\$1,077</b>	<b>\$599,038</b>	<b>\$5,290,049</b>	<b>\$615,000</b>

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

The annual requirements to amortize all public offering bonds and leases outstanding as of June 30, 2024 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
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	1,016,502	60,121	163,499	20,308	295,000	108,300
2028	1,070,047	35,301	169,953	13,765	315,000	96,500
2029	230,745	9,230	174,254	6,970	345,000	83,900
2030-2034	-	-	-	-	2,080,000	204,000
<b>Total</b>	<b>\$4,206,809</b>	<b>\$294,842</b>	<b>\$813,191</b>	<b>\$100,161</b>	<b>\$3,555,000</b>	<b>\$741,100</b>

The annual requirements to amortize all direct placements and direct borrowings outstanding as of June 30, 2024 are as follows:

Year Ending June 30	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2025	\$ 410,640	\$ 211,765	\$ 370,000	\$21,831
2026	433,718	195,988	385,000	13,156
2027	448,770	179,313	418,131	4,366
2028	468,823	162,048	32,856	5,275
2029	566,867	158,196	33,349	4,782
2030-2034	2,709,466	406,966	174,399	16,255
2035-2038	527,000	20,230	111,044	3,348
<b>Total</b>	<b>\$5,565,284</b>	<b>\$1,334,506</b>	<b>\$1,524,779</b>	<b>\$69,013</b>

Future minimum payments on the direct purchase debt as of June 30, 2024 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2025	\$ 2,400,000	\$ 320,740
2026	2,400,000	282,820
2027	2,500,000	244,900
2028	2,500,000	205,400
2029	2,600,000	165,900
2030-2032	7,900,000	251,220
<b>Total</b>	<b>\$20,300,000</b>	<b>\$1,470,980</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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### 9. PENSION PLANS

##### *Defined Benefit Pension Plan – City*

##### *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.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2023):

	Total City
Active plan members	55
Inactive employees or beneficiaries currently receiving benefits	189
Inactive employees entitled but not yet receiving benefits	<u>86</u>
Total	<u><u>330</u></u>

##### *Contributions*

The City is required to contribute at an actuarially determined rate. The current fiscal year contribution rate was a flat dollar amount ranging from \$2,515 to \$94,513 per month depending on position and classification due to closure of the Defined Benefit plan. Participating employees are required to contribute 17.0% of covered payroll to the plan. 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

The total pension liability in the December 31, 2023 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

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

Mortality rates used for non-disabled plan member were based on 106% of PubG-2010 tables with future mortality improvements using MP-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 2018 actuarial experience study first used in the December 31, 2020 valuation.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	60.0%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private Investments	20.0%	7.00%	1.40%
Inflation			2.50%
MERS gains policy adjustment			(0.07) %
Administrative fee			0.25%
			<hr/>
Discount rate			<u>7.18%</u>

Discount rate. The discount rate used to measure the total pension liability is 7.18%. 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2024**

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension	Fiduciary	
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balance at December 31, 2022	\$90,816,983	\$55,403,999	\$35,412,984
Changes for the Year:			
Service cost	866,057	-	866,057
Interest	6,402,197	-	6,402,197
Change in benefits	-	-	-
Differences between expected and actual experience	859,551	-	859,551
Change in assumptions	722,080	-	722,080
Contributions: employer	-	2,886,806	(2,886,806)
Contributions: employee	-	768,468	(768,468)
Net investment Income	-	6,023,787	(6,023,787)
Benefit payments, including refunds	(5,887,710)	(5,887,710)	0
Administrative expense	-	(127,959)	127,959
Transfer to BLP for division separation	-	-	-
Other changes	2	-	2
Net changes	2,962,177	-	2,962,177
Balance at December 31, 2023	\$93,779,160	\$59,067,392	\$34,711,768

#### 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 7.18%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.18%) or higher (8.18%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total Pension Liability	\$105,335,386	\$93,779,160	\$84,289,183
Fiduciary Net Position	59,067,392	59,067,392	59,067,392
Net Pension Liability	\$ 46,267,994	\$34,711,768	\$25,221,791

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

For the year ended June 30, 2024 the City recognized pension expense of \$4,251,941. 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	\$ 429,776	\$ -
Differences in assumptions	361,040	-
(Excess) deficit investment returns	3,638,703	-
Contributions subsequent to the measurement date*	1,157,148	-
Total	\$5,586,666	\$ -

\* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2025.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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:

2025	\$1,470,516
2026	1,531,591
2027	1,853,515
2028	(426,104)
2029	-
Thereafter	-
Total	<u>\$4,429,518</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).

##### **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, 2023):

Active plan members	19
Inactive employees or beneficiaries currently receiving benefits	75
Inactive employees entitled but not yet receiving benefits	<u>18</u>
Total	<u>112</u>

##### **Contributions**

The Board is required to contribute at an actuarially determined rate, which for the current year was \$58,333 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

The total pension liability in the December 31, 2023 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 106% of PubG-2010 tables with future mortality improvements using MP-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 2018 actuarial experience study first used in the December 31, 2020 valuation.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	60.0%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private Investments	20.0%	7.00%	1.40%
MERS gains policy adjustment			(0.07) %
Inflation			2.50%
Administrative fee			0.25%
			<hr/>
Discount rate			<u>7.18%</u>

Discount rate. The discount rate used to measure the total pension liability is 7.18%. 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2024**

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Plan		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2022	\$46,230,408	\$39,929,046	\$6,301,362
Changes for the Year:			
Service cost	332,669	-	332,669
Interest	3,249,780	-	3,249,780
Change in benefits	-	-	-
Differences between expected and actual experience	533,973	-	533,973
Change in assumptions	354,870	-	354,870
Contributions: employer	-	821,166	(821,166)
Contributions: employee	-	205,503	(205,503)
Net investment income	-	4,346,844	(4,346,844)
Benefit payments, including refunds	(3,144,402)	(3,144,402)	-
Administrative expense	-	(92,423)	92,423
Other changes	(1)	-	(1)
Net changes	1,326,889	2,136,688	(809,799)
Balance at December 31, 2023	\$47,557,297	\$42,065,734	\$5,491,563

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

#### **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 7.18%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.18%) or higher (8.18%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$53,172,893	\$47,557,297	\$42,906,038
Fiduciary net position	42,065,734	42,065,734	42,065,734
Net pension liability	\$11,107,159	\$ 5,491,563	\$ 840,304

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

For the year ended June 30, 2024 the Board recognized pension expense of \$1,448,793. 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	\$ 266,987	\$ -
Differences in assumptions	177,435	-
(Excess) deficit investment returns	2,279,867	-
Contributions subsequent to the measurement date*	514,990	-
Total	\$3,239,279	\$ -

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

\* 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 2025.

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:

2025	\$ 964,543
2026	830,028
2027	1,236,140
2028	(306,422)
Thereafter	<u>-</u>
Total	<u>\$2,724,289</u>

#### Defined Contribution Plans

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 plan vests 33 percent after 1 year, 66 percent after 2 years and 100 percent after 3 years. Participants contribute 2% of covered wages which is matched by the City. During fiscal year 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. With the closure of the defined benefit plan for employees hired after 07/01/22 and for employees who converted from the defined benefit plan to the defined contribution plan during fiscal year 2022-23, the City's contribution for employees eligible to participate in the plans vests 50 percent after 3 years and 100 percent after 5 years. Participants contribute 6% to 8% of covered wages depending on employee position, and the City contributes 6%, 10%, or 12% of covered wages depending on employee position. City contributions were \$354,520 and participant contributions were \$260,755 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 City provides an externally managed IRS Section 457 plan which provides pension benefits to qualified employees. The City does not contribute to the plan. Participants may elect to contribute up to the legal maximum. The plan provisions and contribution amounts were established by the City Council and may be amended by the Council. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The balance of employee contributions and earnings are held in trust for employees by an organization separate from the City.

The Board provides a defined contribution pension plan (the Plan) that provides pension benefits to all participating full-time 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 \$73,056 and the Board contributed \$146,112 to the plan.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

#### 10. 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 \$1,299,965 while actual contributions were \$1,447,538.

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

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

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

Retirees and beneficiaries receiving benefits	49
Active plan members	<u>54</u>
Total	<u>103</u>

###### **Net OPEB Liability**

The net OPEB liability was determined by an actuarial valuation as of June 30, 2024. The total OPEB liability in the June 30, 2024 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: 7.00%, 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: Public general 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021 improvement scale

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

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, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 9.8%. 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 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### 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, 2023	\$9,647,785	\$2,127,852	\$7,519,933
Changes for the Year:			
Service cost	37,962	-	37,962
Interest	627,338	-	627,338
Change in benefits	(139,837)	-	(139,837)
Differences between expected and actual experience	(1,809,018)	-	(1,809,018)
Change in assumptions	98,048	-	98,048
Benefits paid from general operating funds	-	1,447,538	(1,447,538)
Net investment Income	-	218,418	(218,418)
Benefit payments, including refunds	(1,447,538)	(1,447,538)	-
Administrative expense	-	(4,661)	4,661
Other changes	-	-	-
Net changes	(2,633,045)	213,757	(2,846,802)
Balance at June 30, 2024	\$7,014,740	\$2,341,609	\$4,673,131

#### 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$7,465,942	\$7,014,740	\$6,606,248
Fiduciary net position	2,341,609	2,341,609	2,341,609
Net OPEB liability	\$5,124,333	\$4,673,131	\$4,264,639
Plan fiduciary position as a percentage of the total OPEB liability	20.72%	22.06%	23.43%

#### 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 7.25%, 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.

	Current		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$6,575,389	\$7,014,740	\$7,501,835
Fiduciary net position	2,341,609	2,341,609	2,341,609
Net OBEB liability	\$4,233,780	\$4,673,131	\$5,160,226

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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

For the year ended June 30, 2024 the employer recognized OPEB expense of \$568,319. 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	\$ -	\$1,432,139
Changes in assumptions	77,621	-
Excess (deficit) investment returns	2,942	-
	\$80,563	\$1,432,139
Total	\$80,563	\$1,432,139

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

2025	\$(375,300)
2026	(304,989)
2027	(372,198)
2028	(299,089)
2029	-
Thereafter	-
Total	\$1,351,576

**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.

***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	23
Covered spouses	-
Active plan members	23
Total	46

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

#### **Net OPEB Liability**

The net OPEB liability was based on an actuarial valuation as of June 30, 2024. The total OPEB liability in the June 30, 2024 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: Public general 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021 improvement scale

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%.

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

Rate of return. For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 7.00%. 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2023	\$1,135,842	\$634,954	\$500,888
Changes for the Year:			
Service cost	13,823	-	13,823
Interest	72,607	-	72,607
Change in benefits	-	-	-
Differences between expected and actual experience	610,120	-	610,120
Change in assumptions	20,699	-	20,699
Contributions to OPEB trust	-	-	-
Benefits paid from general operating funds	-	224,869	(224,869)
Net investment income	-	65,177	(65,177)
Benefit payments, including refunds	(224,869)	(224,869)	-
Administrative expense	-	(1,391)	1,391
Other changes	-	-	-
Net changes	492,380	63,786	428,594
Balance at June 30, 2024	\$1,628,222	\$698,740	\$929,482

#### 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	\$1,699,764	\$1,628,222	\$1,563,574
Fiduciary net position	698,740	698,740	698,740
Net OPEB liability	\$1,001,024	\$ 929,482	\$ 864,834

#### 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	\$1,553,971	\$1,628,222	\$1,712,802
Fiduciary net position	698,740	698,740	698,740
Net OPEB liability	\$ 855,231	\$ 929,482	\$1,014,062

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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

For the year ended June 30, 2024 the employer recognized OPEB expense of \$204,167. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$479,752	\$ -
Differences in assumptions	16,276	-
Excess(deficit) investment returns	1,497	-
	<b>\$497,525</b>	<b>\$ -</b>
Total	<b>\$497,525</b>	<b>\$ -</b>

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

2025	\$129,460
2026	150,473
2027	130,092
2028	87,500
2029	-
Thereafter	-
Total	<b>\$497,525</b>

#### **Defined Contribution Plan – Health Care Savings 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%. Beginning in 2020, SEIU union employees voted to decrease employee contributions to 3% with the City matching 3%. City contributions were \$187,776 and participant contributions were \$229,010 to the plan during the year. The plan provisions and contribution amounts were established and may be amended by MERS.

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 \$29,539 and the Board contributed \$53,344 to the plan.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### 11. RISK MANAGEMENT

##### *Primary Government*

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

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains its liability insurance coverage from Municipal Underwriters of West Michigan, Inc. The City pays an annual premium to Municipal Underwriters of West Michigan, Inc. for liability insurance coverage. Municipal Underwriters of West Michigan, Inc. is self-sustaining through member premiums and provides, subject to certain deductibles, occurrences-based coverage by internally insuring certain risks and reinsuring risks through commercial companies. A \$1,000 deductible is maintained to place the responsibility for small charges with the City. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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

The City is self-funded for medical, dental, and disability insurance. The claims liability of \$40,849 reported at June 30, 2024 is based on the requirements of accounting standards which require that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

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

The changes in the claims liability for the years ended June 30, 2023 and 2024 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>
2023	\$61,454	\$2,012,522	2,030,206	\$43,770
2024	43,770	2,021,038	2,023,959	40,849

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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>2024</u>	<u>2023</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 \$9,543,361 which excluded assets set aside for estimated claims of \$104,938. 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, 2024 and 2023 was \$104,938 and \$86,543 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, 2024 and 2023 were \$18,395 and \$17,043 respectively.

## 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, 2024, the City abated property tax revenues of approximately \$137,509.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

---

### 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 and coal ash impoundments 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.

### 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, 2023	\$(691,955)
Current year building permit revenues	416,203
Related expenses	
Direct costs	(550,902)
Estimated indirect costs	<u>(68,403)</u>
Cumulative shortfall – June 30, 2024	<u>\$(895,057)</u>

**(This page left intentionally blank)**

## **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, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Property taxes	\$ 8,042,000	\$ 8,964,040	\$ 9,031,742	\$ 67,702
Intergovernmental revenues				
Federal	20,000	23,966	23,966	-
State	1,327,600	1,390,800	1,417,128	26,328
Local	1,000	73,308	38,017	(35,291)
Special assessments	15,000	21,000	17,341	(3,659)
Licenses and permits	1,049,722	1,035,732	1,009,309	(26,423)
Charges for services	2,386,396	2,504,613	2,558,340	53,727
Fines	86,000	88,500	81,376	(7,124)
Investment earnings	210,024	455,375	497,359	41,984
Miscellaneous	179,750	208,345	250,285	41,940
<b>Total revenues</b>	<u>13,317,492</u>	<u>14,765,679</u>	<u>14,924,863</u>	<u>159,184</u>
<b>Expenditures</b>				
Current				
General government	2,895,361	3,475,861	3,364,879	110,982
Public safety	6,827,536	6,710,463	6,578,018	132,445
Public works	2,486,362	2,322,497	2,147,783	174,714
Culture and recreation	1,844,547	1,914,645	1,806,494	108,151
Debt service				
Principal	19,088	19,088	19,088	-
Interest and fiscal charges	42,043	11,478	11,478	-
<b>Total expenditures</b>	<u>14,114,937</u>	<u>14,454,032</u>	<u>13,927,740</u>	<u>526,292</u>
<b>Revenues over (under) expenditures</b>	<u>(797,445)</u>	<u>311,647</u>	<u>997,123</u>	<u>685,476</u>
Other financing sources (uses)				
Transfers in	2,190,000	2,747,702	2,807,639	59,937
Transfers out	(1,400,715)	(3,111,295)	(2,245,877)	865,418
<b>Total other financing sources (uses)</b>	<u>789,285</u>	<u>(363,593)</u>	<u>561,762</u>	<u>925,355</u>
Net changes in fund balance	(8,160)	(51,946)	1,558,885	1,610,831
<b>Fund balance, beginning of year</b>	<u>7,530,809</u>	<u>7,530,809</u>	<u>7,530,809</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 7,522,649</u>	<u>\$ 7,478,863</u>	<u>\$ 9,089,694</u>	<u>\$ 1,610,831</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, 2024**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<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	\$ 852,162	\$ 866,057
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	6,299,683	6,402,197
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)	1,531,421	859,551
Changes in assumptions	-	4,451,385	-	-	-	4,122,188	3,919,533	3,473,668	-	722,080
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)	(6,539,218)	(5,887,710)
Transfer to BLP for division separation	-	-	-	-	-	-	-	(43,136,110)	-	-
Transfers and refunds for DC plan conversion	-	-	-	-	-	-	-	-	(1,062,776)	-
Other	-	217,812	-	-	(4)	(2)	1	(2)	-	2
<b>Net change in total pension liability</b>	4,064,873	9,398,920	3,043,663	5,759,789	3,255,091	9,418,795	7,699,848	(37,616,468)	1,081,272	2,962,177
<b>Total pension liability, beginning of year</b>	84,711,200	88,776,073	98,174,993	101,218,656	106,978,445	110,233,536	119,652,331	127,352,179	89,735,711	90,816,983
<b>Total pension liability, end of year</b>	\$ 88,776,073	\$ 98,174,993	\$ 101,218,656	\$ 106,978,445	\$ 110,233,536	\$ 119,652,331	\$ 127,352,179	\$ 89,735,711	\$ 90,816,983	\$ 93,779,160
<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	\$ 2,539,724	\$ 2,886,806
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	1,096,928	768,468
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	(6,780,228)	6,023,787
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)	(5,512,915)	(5,887,710)
Transfer to BLP for division separation	-	-	-	-	-	-	-	(40,085,898)	-	-
Transfers and refunds for DC plan conversion	-	-	-	-	-	-	-	-	(1,026,303)	-
Administrative expense	(160,769)	(155,709)	(151,314)	(152,492)	(164,445)	(185,343)	(174,529)	(94,791)	(118,407)	(127,958)
<b>Net change in plan fiduciary net position</b>	1,949,136	(3,759,667)	5,132,696	12,055,170	(5,180,787)	7,621,851	11,376,970	(33,846,040)	(9,801,201)	3,663,393
<b>Plan fiduciary net position, beginning of year</b>	69,855,871	71,805,007	68,045,340	73,178,036	85,233,206	80,052,419	87,674,270	99,051,240	65,205,200	55,403,999
<b>Plan fiduciary net position, end of year</b>	\$ 71,805,007	\$ 68,045,340	\$ 73,178,036	\$ 85,233,206	\$ 80,052,419	\$ 87,674,270	\$ 99,051,240	\$ 65,205,200	\$ 55,403,999	\$ 59,067,392
<b>Total net pension liability</b>	\$ 16,971,066	\$ 30,129,653	\$ 28,040,620	\$ 21,745,239	\$ 30,181,117	\$ 31,978,061	\$ 28,300,939	\$ 24,530,511	\$ 35,412,984	\$ 34,711,768
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	81%	69%	72%	80%	73%	73%	78%	73%	61%	63%
<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	\$ 4,390,812	\$ 4,350,786
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	153%	261%	232%	188%	269%	305%	290%	352%	807%	798%

**CITY OF GRAND HAVEN**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	\$ 2,721,068	\$ 2,314,296
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	2,721,068	2,814,296
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (5,000,000)	\$ (1,000,000)	\$ -	\$ (4,000,000)	\$ -	\$ -	\$ (500,000)
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	\$ 4,390,812	\$ 4,350,786
Contributions as a percentage of covered employee payroll	11.6%	13.3%	12.6%	60.4%	25.2%	21.6%	59.6%	33.5%	62.0%	64.7%

**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	6.93% (7.35% for 2020 and 2021; 7.75% 2015-2019; 7.00% 2020-2023)
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 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<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	\$ 356,420	\$ 332,669
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	3,189,558	3,249,780
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)	339,916	533,973
Changes in assumptions	-	4,451,385	-	-	-	4,122,188	3,919,533	1,680,863	-	354,870
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)	(2,942,376)	(3,144,402)
Other	-	217,812	(1)	-	(4)	(2)	1	-	1	(1)
<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>2,150,779</u>	<u>943,519</u>	<u>1,326,889</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>43,136,110</u>	<u>45,286,889</u>	<u>46,230,408</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>\$ 45,286,889</u>	<u>\$ 46,230,408</u>	<u>\$ 47,557,297</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	\$ 1,062,160	\$ 3,133,328	\$ 821,166
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	223,524	205,503
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	(4,503,490)	4,346,844
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)	(2,942,376)	(3,144,402)
Administrative expense	(160,769)	(155,709)	(151,314)	(152,492)	(164,445)	(185,343)	(174,529)	(63,315)	(82,236)	(92,423)
<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>4,014,397</u>	<u>(4,171,250)</u>	<u>2,136,688</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>40,085,898</u>	<u>44,100,296</u>	<u>39,929,046</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>\$ 44,100,295</u>	<u>\$ 39,929,046</u>	<u>\$ 42,065,734</u>
<b>Employer 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>\$ 1,186,594</u>	<u>\$ 6,301,362</u>	<u>\$ 5,491,563</u>
Employer net pension liability reported by Grand Haven Board of Light and Power **	<u>\$ 6,141,039</u>	<u>\$ 12,039,809</u>	<u>\$ 11,524,695</u>	<u>\$ 4,196,831</u>	<u>\$ 4,941,117</u>	<u>\$ 7,520,756</u>	<u>\$ 4,450,113</u>	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	81%	69%	72%	80%	73%	73%	78%	97%	86%	88%
Covered employee payroll	<u>\$ 11,071,127</u>	<u>\$ 11,535,426</u>	<u>\$ 12,103,488</u>	<u>\$ 11,544,999</u>	<u>\$ 11,230,904</u>	<u>\$ 10,471,556</u>	<u>\$ 9,766,065</u>	<u>\$ 2,164,742</u>	<u>\$ 2,084,285</u>	<u>\$ 2,774,545</u>
Employer's net pension liability as a percentage of covered employee payroll	153%	261%	232%	188%	269%	305%	290%	55%	302%	198%

**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 beginning in 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 2024*

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%
6/30/2023	991,534	2,991,534	(2,000,000)	2,239,798	134%
6/30/2024	699,996	864,988	(164,992)	2,774,545	31%

**Notes to schedule**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	16 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% 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 beginning in 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, 2024**

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total OPEB liability</b>								
Service cost	\$ 52,122	\$ 49,554	\$ 42,889	\$ 46,820	\$ 43,640	\$ 26,241	\$ 38,826	\$ 37,962
Interest	456,376	456,247	556,550	623,499	593,625	420,162	661,963	627,338
Changes in benefit terms	-	-	-	(34,994)	-	785,603	-	(139,837)
Difference between expected and actual experience	79,952	1,015,790	141,760	(101,970)	(75,976)	1,893,952	(15,602)	(1,809,018)
Changes in assumptions	-	292,450	864,802	207,572	(27,044)	2,003,766	122,659	98,048
Benefit payments including employee refunds	(535,595)	(639,638)	(779,102)	(713,057)	(699,661)	(1,648,715)	(1,155,671)	(1,447,538)
Transfer to BLP for division separation	-	-	-	-	-	(1,702,702)	-	-
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>1,778,307</u>	<u>(347,825)</u>	<u>(2,633,045)</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>8,217,303</u>	<u>9,995,610</u>	<u>9,647,785</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>\$ 9,995,610</u>	<u>\$ 9,647,785</u>	<u>\$ 7,014,740</u>
<b>Plan Fiduciary Net Position</b>								
Contributions-employer	\$ 500,000	\$ -	\$ 779,102	\$ 713,057	\$ 699,661	\$ 1,648,715	\$ 1,155,671	\$ 1,447,538
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)	147,832	218,418
Benefit payments including employee refunds	(535,595)	(639,638)	(779,102)	(713,057)	(699,661)	(1,648,715)	(1,155,671)	(1,447,538)
Administrative expense	(4,014)	(4,916)	(4,396)	(3,939)	(4,546)	(4,357)	(3,743)	(4,661)
Transfer to BLP for division separation	-	-	-	-	-	(647,015)	-	-
Other	-	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>694,851</u>	<u>146,542</u>	<u>57,612</u>	<u>46,266</u>	<u>613,490</u>	<u>(828,417)</u>	<u>144,089</u>	<u>213,757</u>
<b>Plan fiduciary net position, beginning of year</b>	<u>1,253,419</u>	<u>1,948,270</u>	<u>2,094,812</u>	<u>2,152,424</u>	<u>2,198,690</u>	<u>2,812,180</u>	<u>1,983,763</u>	<u>2,127,852</u>
<b>Plan fiduciary net position, end of year</b>	<u>\$ 1,948,270</u>	<u>\$ 2,094,812</u>	<u>\$ 2,152,424</u>	<u>\$ 2,198,690</u>	<u>\$ 2,812,180</u>	<u>\$ 1,983,763</u>	<u>\$ 2,127,852</u>	<u>\$ 2,341,609</u>
<b>Employer net OPEB liability</b>	<u>\$ 4,405,277</u>	<u>\$ 5,433,138</u>	<u>\$ 6,202,425</u>	<u>\$ 6,184,029</u>	<u>\$ 5,405,123</u>	<u>\$ 8,011,847</u>	<u>\$ 7,519,933</u>	<u>\$ 4,673,131</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	31%	28%	26%	26%	34%	20%	22%	33%
<b>Covered employee payroll</b>	\$ 11,180,895	\$ 5,713,567	\$ 5,833,306	\$ 4,286,167	\$ 4,228,786	\$ 3,318,646	\$ 4,417,682	\$ 3,577,526
<b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	39%	95%	106%	144%	128%	241%	170%	131%

**SCHEDULE OF INVESTMENT RETURNS**

	2017	2018	2019	2020	2021	2022	2023	2024
Annual money-weighted rate of return net of investment expense	12.2%	7.7%	2.9%	7.2%	28.1%	-8.5%	7.2%	9.8%

**CITY OF GRAND HAVEN**  
**DEFINED BENEFIT OPEB PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contributions	\$ 859,095	\$ 646,318	\$ 906,928	\$ 1,119,545	\$ 1,208,354	\$ 950,545	\$ 1,271,254	\$ 1,299,965
Contributions in relation to the actuarially determined contribution	1,035,595	639,638	779,102	713,057	699,661	1,648,715	1,155,671	1,447,538
Contribution deficiency (excess)	\$ (176,500)	\$ 6,680	\$ 127,826	\$ 406,488	\$ 508,693	\$ (698,170)	\$ 115,583	\$ (147,573)
Covered employee payroll	\$ 11,180,895	\$ 5,713,567	\$ 5,833,306	\$ 4,286,167	\$ 4,228,786	\$ 3,318,646	\$ 4,417,682	\$ 3,577,526
Contributions as a percentage of covered employee payroll	9%	11%	13%	17%	17%	50%	26%	40%

**Notes to schedule**

Actuarial cost method	Entry Age
Amortization method	Level percent, closed
Remaining amortization period	8 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	7.00% (7.35% 2020-2021) (7.75% 2017-2019)
Retirement age	Varies depending on plan adoption
Mortality	2010 Employee and Healthy Retiree; headcount weighted, IRS 2024 adjusted scale MP-2021

**State of Michigan PA 202 Information**

Actuarially recommended contributions in accordance with State PA 202	\$ 1,117,859
Minimum required contribution under PA 202	1,447,538
Actual contribution	1,447,538
Contribution for employees hired after June 30, 2018	n/a

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

Effective discount rate - 6.90%
Salary scale - 3.75%

**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, 2024**

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total OPEB liability</b>								
Service cost	\$ 52,122	\$ 49,554	\$ 42,889	\$ 46,820	\$ 43,640	\$ 15,611	\$ 14,854	\$ 13,823
Interest	456,376	456,247	556,550	623,499	593,625	113,978	78,633	72,607
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)	44,149	610,120
Change on plan terms	-	-	-	-	-	(334,645)	-	-
Changes in assumptions	-	292,450	864,802	207,572	(27,044)	110,853	12,160	20,699
Benefit payments including employee refunds	(535,595)	(639,638)	(779,102)	(713,057)	(699,661)	(335,192)	(244,837)	(224,869)
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>	<u>(95,041)</u>	<u>492,380</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>	<u>1,230,883</u>	<u>1,135,842</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>	<u>\$ 1,135,842</u>	<u>\$ 1,628,222</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	244,837	224,869
Net Investment income	198,865	151,458	62,008	50,205	618,036	(54,370)	44,113	65,177
Benefit payments including employee refunds	(535,595)	(639,638)	(779,102)	(713,057)	(699,661)	(335,192)	(244,837)	(224,869)
Administrative expense	(4,014)	(4,917)	(4,396)	(3,939)	(4,546)	(687)	(1,117)	(1,391)
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>	<u>42,996</u>	<u>63,786</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>	<u>591,958</u>	<u>634,954</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>	<u>\$ 634,954</u>	<u>\$ 698,740</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>	<u>\$ 500,888</u>	<u>\$ 929,482</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>	<u>N/A</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%	56%	43%
<b>Covered employee payroll</b>	\$ 11,180,895	\$ 5,433,138	\$ 5,833,306	\$ 4,286,167	\$ 4,228,786	\$ 1,187,543	\$ 1,097,102	\$ 2,218,649
<b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	39%	100%	106%	144%	128%	54%	46%	42%

**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 beginning in 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, 2024**

<b>Fiscal Year end</b>	<b>Actuarially determined contributions **</b>	<b>Contributions in relation to the actuarially determined contribution **</b>	<b>Contribution deficiency (excess) **</b>	<b>Covered employee payroll **</b>	<b>Contributions as a percentage of covered employee payroll **</b>
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%
6/30/2023	123,449	244,837	(121,388)	1,097,102	22%
6/30/2024	119,876	224,869	(104,993)	2,218,649	10%

**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**

<b>Fiscal Year end</b>	<b>Annual money-weighted rate of return net of investment expense</b>
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%
6/30/2023	7.2%
6/30/2024	9.8%

**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 beginning in 2022.

**(This page left intentionally blank)**

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CITY OF GRAND HAVEN**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Current</b>				
General government				
City council	\$ 154,150	\$ 142,285	\$ 142,968	\$ (683)
City manager	525,120	561,115	531,860	29,255
Finance and treasury	779,000	1,248,108	1,231,571	16,537
City clerk	304,057	316,306	304,881	11,425
Information technology	244,406	227,621	215,662	11,959
Insurance administration	64,020	88,840	88,782	58
Assessing	197,679	187,486	188,950	(1,464)
Elections	109,290	83,031	82,150	881
Legal services	150,000	200,000	193,007	6,993
Human resources	205,244	200,811	180,590	20,221
City hall building operations	-	64,175	60,307	3,868
Planning and community development	162,395	156,083	144,151	11,932
	<u>2,895,361</u>	<u>3,475,861</u>	<u>3,364,879</u>	<u>110,982</u>
Public safety				
Public safety administration	781,961	788,563	752,908	35,655
TEAM/CSO	66,354	63,954	68,606	(4,652)
Police and fire operations	5,208,601	5,163,502	5,114,392	49,110
Building inspector	661,116	581,430	550,901	30,529
Emergency preparation	10,500	7,800	7,549	251
Public safety building operations	99,004	105,214	83,662	21,552
	<u>6,827,536</u>	<u>6,710,463</u>	<u>6,578,018</u>	<u>132,445</u>
Public works				
Public works administration	978,150	807,875	716,383	91,492
Sidewalks	138,715	138,230	87,330	50,900
Street lighting	240,000	240,000	186,176	53,824
Downtown dumpster	78,369	73,534	55,273	18,261
Community promotion	114,212	122,692	125,122	(2,430)
Right-of-way and parking lots	466,695	539,150	584,043	(44,893)
Sewer authority	34,728	25,753	19,386	6,367
Cemetery	404,032	350,002	354,438	(4,436)
Airport	31,461	25,261	19,632	5,629
	<u>2,486,362</u>	<u>2,322,497</u>	<u>2,147,783</u>	<u>174,714</u>
Culture and recreation				
Waterfront operations	179,404	120,653	105,747	14,906
Parks and playgrounds	967,520	1,022,709	953,379	69,330
Duncan woods	17,858	17,000	18,059	(1,059)
Central park place building operations	-	162,675	150,302	12,373
Musical fountain	46,042	30,737	28,473	2,264
Mulligan's lodge	81,700	74,540	66,216	8,324
Depot	42,761	39,461	37,415	2,046
Mini golf	50,982	44,380	31,914	12,466
Central park place	376,315	335,050	347,550	(12,500)
Coast Guard festival	81,965	67,440	67,439	1
	<u>1,844,547</u>	<u>1,914,645</u>	<u>1,806,494</u>	<u>108,151</u>
Debt service				
Principal	19,088	19,088	19,088	-
Interest and fiscal charges	42,043	11,478	11,478	-
	<u>61,131</u>	<u>30,566</u>	<u>30,566</u>	<u>-</u>
<b>Total expenditures</b>	<b>\$ 14,114,937</b>	<b>\$ 14,454,032</b>	<b>\$ 13,927,740</b>	<b>\$ 526,292</b>

**CITY OF GRAND HAVEN**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**JUNE 30, 2024**

	<b>Special Revenue</b>					
	<b>Major Streets</b>	<b>Local Streets</b>	<b>2014 Capital Improvement Bonds</b>	<b>2008 UTGO Bonds</b>	<b>2015 Infrastructure Bonds</b>	<b>Lighthouse Maintenance</b>
<b>Assets</b>						
Cash and pooled investments	\$ 412,734	\$ 884,072	\$ 325,632	\$ 1,134,415	\$ 1,355,868	\$ -
Accounts receivable	30,247	-	-	-	-	-
Due from other governments	198,574	66,214	-	-	-	-
Taxes receivable	-	-	-	2,766	2,489	-
Special assessments receivable	10,967	-	-	-	-	-
Prepaid items	3,532	2,926	-	-	-	-
Inventory	43,719	43,719	-	-	-	-
<b>Total assets</b>	<b>\$ 699,773</b>	<b>\$ 996,931</b>	<b>\$ 325,632</b>	<b>\$ 1,137,181</b>	<b>\$ 1,358,357</b>	<b>\$ -</b>
<b>Liabilities, deferred inflows and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 252,506	\$ 226,346	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	4,292	1,607	-	-	-	-
Advance from other funds	-	-	-	-	-	-
Due to other funds	7,300	4,521	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>264,098</b>	<b>232,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue	5,644	-	-	2,766	2,489	-
<b>Fund balances (deficit)</b>						
Non-spendable						
Prepaid items	3,532	2,926	-	-	-	-
Permanent fund corpus	-	-	-	-	-	-
Inventory	43,719	43,719	-	-	-	-
Restricted						
Streets	382,780	717,812	-	-	-	-
Public works	-	-	325,632	1,134,415	1,355,868	-
Committed						
Capital projects	-	-	-	-	-	-
<b>Total fund balances</b>	<b>430,031</b>	<b>764,457</b>	<b>325,632</b>	<b>1,134,415</b>	<b>1,355,868</b>	<b>-</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 699,773</b>	<b>\$ 996,931</b>	<b>\$ 325,632</b>	<b>\$ 1,137,181</b>	<b>\$ 1,358,357</b>	<b>\$ -</b>

<u>Debt Service</u>				<u>Capital Projects</u>				<u>Permanent</u>	
<u>2014 Capital Improvement Bonds</u>	<u>2015 Infrastructure Bonds</u>	<u>2020 Warber Drain Bonds</u>	<u>2008 UTGO Bonds</u>	<u>Public Improvement</u>	<u>Fire Truck</u>	<u>Harbor Island Remediation</u>	<u>Infrastructure Millage</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,545,653	\$ 294,565	\$ 2,118,563	\$ 955,558	\$ 886,499	\$ 9,913,559
-	-	-	-	4,222	-	136,025	1,762	290	172,546
-	-	-	-	6,654	-	59,740	-	-	331,182
-	-	-	-	735	-	-	-	-	5,990
-	-	-	-	-	-	-	-	-	10,967
-	-	-	-	1,613	-	-	-	-	8,071
-	-	-	-	-	-	-	-	-	87,438
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,558,877</u>	<u>\$ 294,565</u>	<u>\$ 2,314,328</u>	<u>\$ 957,320</u>	<u>\$ 886,789</u>	<u>\$ 10,529,753</u>
\$ -	\$ -	\$ -	\$ -	\$ 67,552	\$ -	\$ 49,037	\$ -	\$ -	\$ 595,441
-	-	-	-	-	-	-	-	-	5,899
-	-	-	-	622,481	-	-	-	-	622,481
-	-	-	-	-	-	-	-	-	11,821
-	-	-	-	10,000	-	1,591,596	1,762	-	1,603,358
-	-	-	-	700,033	-	1,640,633	1,762	-	2,839,000
-	-	-	-	735	-	-	-	-	11,634
-	-	-	-	1,613	-	-	-	-	8,071
-	-	-	-	-	-	-	-	886,789	886,789
-	-	-	-	-	-	-	-	-	87,438
-	-	-	-	-	-	-	-	-	1,100,592
-	-	-	-	-	-	-	-	-	2,815,915
-	-	-	-	856,496	294,565	673,695	955,558	-	2,780,314
-	-	-	-	858,109	294,565	673,695	955,558	886,789	7,679,119
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,558,877</u>	<u>\$ 294,565</u>	<u>\$ 2,314,328</u>	<u>\$ 957,320</u>	<u>\$ 886,789</u>	<u>\$ 10,529,753</u>

**CITY OF GRAND HAVEN**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Special Revenue					
	<u>Major Streets</u>	<u>Local Streets</u>	<u>2014 Capital Improvement Bonds</u>	<u>2008 UTGO Bonds</u>	<u>2015 Infrastructure Bonds</u>	<u>Lighthouse Maintenance</u>
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ 882,658	\$ 794,386	\$ -
Intergovernmental revenues						
Federal	-	-	-	-	-	-
State	1,370,120	435,522	-	-	-	60,000
Local	97,996	-	-	-	-	140,047
Special assessments	1,048	-	-	-	-	-
Licenses and permits	245	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	3,765	9,310	1	3,552	-	-
Miscellaneous	-	7,068	-	-	-	-
<b>Total revenues</b>	<u>1,473,174</u>	<u>451,900</u>	<u>1</u>	<u>886,210</u>	<u>794,386</u>	<u>200,047</u>
<b>Expenditures</b>						
Current						
Public works	1,177,648	590,172	-	-	-	-
Culture and recreation	-	-	-	-	-	200,047
Debt service						
Principal	-	27,513	-	-	-	-
Interest	-	16,544	-	-	-	-
Capital outlay	<u>673,644</u>	<u>267,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,851,292</u>	<u>901,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,047</u>
Revenues over (under) expenditures	<u>(378,118)</u>	<u>(449,477)</u>	<u>1</u>	<u>886,210</u>	<u>794,386</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	522,116	612,400	424,302	-	-	-
Transfers out	-	-	(425,873)	(772,563)	(563,728)	-
Total other financing sources (uses)	<u>522,116</u>	<u>612,400</u>	<u>(1,571)</u>	<u>(772,563)</u>	<u>(563,728)</u>	<u>-</u>
Net changes in fund balances	143,998	162,923	(1,570)	113,647	230,658	-
<b>Fund balances, beginning of year</b>	<u>286,033</u>	<u>601,534</u>	<u>327,202</u>	<u>1,020,768</u>	<u>1,125,210</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 430,031</u>	<u>\$ 764,457</u>	<u>\$ 325,632</u>	<u>\$ 1,134,415</u>	<u>\$ 1,355,868</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>2020 Warber Drain Bonds</u>	<u>2008 UTGO Bonds</u>	<u>Public Improvement</u>	<u>Fire Truck</u>	<u>Harbor Island Remediation</u>	<u>Infrastructure Millage</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 39,604	\$ -	\$ -	\$ 756,537	\$ -	\$ 2,473,185
-	-	-	-	258,593	-	645,100	-	-	903,693
-	-	-	-	-	-	-	-	-	1,865,642
-	-	-	-	115,682	-	411,945	-	-	765,670
-	-	-	-	-	-	-	-	-	1,048
-	-	-	-	-	-	-	-	-	245
-	-	-	-	-	-	-	-	30,052	30,052
-	-	-	-	38,337	10,035	37,661	62,227	33,411	198,299
-	-	-	-	9,019	-	72,787	-	-	88,874
-	-	-	-	461,235	10,035	1,167,493	818,764	63,463	6,326,708
-	-	-	-	-	-	658,149	-	-	2,425,969
-	-	-	-	-	-	-	-	-	200,047
190,862	300,000	50,000	685,000	-	-	-	-	-	1,253,375
50,877	180,000	18,974	82,534	-	-	-	-	-	348,929
-	-	-	-	1,402,340	-	-	-	-	2,343,132
241,739	480,000	68,974	767,534	1,402,340	-	658,149	-	-	6,571,452
(241,739)	(480,000)	(68,974)	(767,534)	(941,105)	10,035	509,344	818,764	63,463	(244,744)
241,739	480,000	68,974	767,534	872,701	-	121,225	80,461	-	4,191,452
-	-	-	-	(22,000)	-	(500,000)	(235,116)	-	(2,519,280)
241,739	480,000	68,974	767,534	850,701	-	(378,775)	(154,655)	-	1,672,172
-	-	-	-	(90,404)	10,035	130,569	664,109	63,463	1,427,428
-	-	-	-	948,513	284,530	543,126	291,449	823,326	6,251,691
\$ -	\$ -	\$ -	\$ -	\$ 858,109	\$ 294,565	\$ 673,695	\$ 955,558	\$ 886,789	\$ 7,679,119

# CITY OF GRAND HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 1,261,600	\$ 1,358,375	\$ 1,370,120	\$ 11,745
Local	100,000	102,875	97,996	(4,879)
Special assessments	104,824	1,048	1,048	-
Licenses and permits	-	250	245	(5)
Investment earnings	-	2,000	3,765	1,765
<b>Total revenues</b>	<u>1,466,424</u>	<u>1,464,548</u>	<u>1,473,174</u>	<u>8,626</u>
<b>Expenditures</b>				
Current				
Public works	1,398,882	1,294,312	1,177,648	116,664
Capital outlay	291,762	663,302	673,644	(10,342)
<b>Total expenditures</b>	<u>1,690,644</u>	<u>1,957,614</u>	<u>1,851,292</u>	<u>106,322</u>
Revenues over (under) expenditures	(224,220)	(493,066)	(378,118)	114,948
Other financing sources (uses)				
Transfers in	265,000	522,116	522,116	-
Net changes in fund balance	40,780	29,050	143,998	114,948
<b>Fund balance, beginning of year</b>	<u>286,033</u>	<u>286,033</u>	<u>286,033</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 326,813</u>	<u>\$ 315,083</u>	<u>\$ 430,031</u>	<u>\$ 114,948</u>

# CITY OF GRAND HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 416,000	\$ 426,700	\$ 435,522	\$ 8,822
Investment earnings	-	8,700	9,310	610
Miscellaneous	2,500	7,061	7,068	7
<b>Total revenues</b>	<u>418,500</u>	<u>442,461</u>	<u>451,900</u>	<u>9,439</u>
<b>Expenditures</b>				
Current				
Public works	875,605	728,060	590,172	137,888
Debt service				
Principal	27,513	27,513	27,513	-
Interest	60,601	16,544	16,544	-
Capital outlay	300,280	282,262	267,148	15,114
<b>Total expenditures</b>	<u>1,263,999</u>	<u>1,054,379</u>	<u>901,377</u>	<u>153,002</u>
Revenues over (under) expenditures	(845,499)	(611,918)	(449,477)	162,441
Other financing sources (uses)				
Transfers in	265,000	612,400	612,400	-
Net changes in fund balance	(580,499)	482	162,923	162,441
<b>Fund balance, beginning of year</b>	<u>601,534</u>	<u>601,534</u>	<u>601,534</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 21,035</u>	<u>\$ 602,016</u>	<u>\$ 764,457</u>	<u>\$ 162,441</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, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 1,000	\$ -	\$ 1	\$ 1
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	1,000	-	1	1
Other financing sources (uses)				
Transfers in	424,302	424,302	424,302	-
Transfers out	(424,300)	(425,873)	(425,873)	-
Total other financing sources (uses)	2	(1,571)	(1,571)	-
Net changes in fund balance	1,002	(1,571)	(1,570)	1
<b>Fund balance, beginning of year</b>	<u>327,202</u>	<u>327,202</u>	<u>327,202</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 328,204</u>	<u>\$ 325,631</u>	<u>\$ 325,632</u>	<u>\$ 1</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, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 777,800	\$ 881,710	\$ 882,658	\$ 948
Investment earnings	-	-	3,552	3,552
<b>Total revenues</b>	777,800	881,710	886,210	4,500
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	777,800	881,710	886,210	4,500
Other financing sources (uses)				
Transfers out	(762,063)	(772,563)	(772,563)	-
Net changes in fund balance	15,737	109,147	113,647	4,500
<b>Fund balance, beginning of year</b>	1,020,768	1,020,768	1,020,768	-
<b>Fund balance, end of year</b>	<u>\$ 1,036,505</u>	<u>\$ 1,129,915</u>	<u>\$ 1,134,415</u>	<u>\$ 4,500</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, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 705,000	\$ 792,800	\$ 794,386	\$ 1,586
Investment earnings	12,000	-	-	-
<b>Total revenues</b>	717,000	792,800	794,386	1,586
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	717,000	792,800	794,386	1,586
Other financing sources (uses)				
Transfers out	(480,000)	(563,729)	(563,728)	1
Net changes in fund balance	237,000	229,071	230,658	1,587
<b>Fund balance, beginning of year</b>	1,125,210	1,125,210	1,125,210	-
<b>Fund balance, end of year</b>	<u>\$ 1,362,210</u>	<u>\$ 1,354,281</u>	<u>\$ 1,355,868</u>	<u>\$ 1,587</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, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Local	76,409	140,047	140,047	-
<b>Total revenues</b>	136,409	200,047	200,047	-
<b>Expenditures</b>				
Current				
Culture and recreation	136,409	200,047	200,047	-
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, 2024**

<b>Assets</b>	<b>Marina and Boat Launch</b>	<b>Airport</b>	<b>Chinook Pier Rental</b>	<b>Total</b>
Current assets				
Cash and pooled investments	\$ 375,956	\$ 312,264	\$ -	\$ 688,220
Accounts receivable	19,597	4,417	-	24,014
Due from other governments	7,680	-	-	7,680
Due from other funds	2	25	-	27
Prepaid items	-	3,855	-	3,855
<b>Total current assets</b>	<b>403,235</b>	<b>320,561</b>	<b>-</b>	<b>723,796</b>
Non-current assets				
Capital assets				
Land	94,000	181,762	-	275,762
Depreciable capital assets, net	1,550,268	2,374,876	-	3,925,144
<b>Total capital assets</b>	<b>1,644,268</b>	<b>2,556,638</b>	<b>-</b>	<b>4,200,906</b>
<b>Total assets</b>	<b>2,047,503</b>	<b>2,877,199</b>	<b>-</b>	<b>4,924,702</b>
<b>Deferred outflows of resources</b>				
Pension related	33,581	-	-	33,581
Other post-employment benefits related	4,506	-	-	4,506
<b>Total deferred outflows of resources</b>	<b>38,087</b>	<b>-</b>	<b>-</b>	<b>38,087</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	12,036	11,400	-	23,436
Accrued liabilities	4,994	1,458	-	6,452
Due to other funds	1,715	638	-	2,353
<b>Total current liabilities</b>	<b>18,745</b>	<b>13,496</b>	<b>-</b>	<b>32,241</b>
Long-term liabilities				
Accrued compensated absences	242	3,403	-	3,645
Other post-employment benefits	30,046	-	-	30,046
Net pension liability	208,653	-	-	208,653
<b>Total long-term liabilities</b>	<b>238,941</b>	<b>3,403</b>	<b>-</b>	<b>242,344</b>
<b>Total liabilities</b>	<b>257,686</b>	<b>16,899</b>	<b>-</b>	<b>274,585</b>
<b>Net position</b>				
Net investment in capital assets	1,644,268	2,556,638	-	4,200,906
Unrestricted	183,636	303,662	-	487,298
<b>Total net position</b>	<b>\$ 1,827,904</b>	<b>\$ 2,860,300</b>	<b>\$ -</b>	<b>\$ 4,688,204</b>

**CITY OF GRAND HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Marina and Boat Launch</u>	<u>Airport</u>	<u>Chinook Pier Rental</u>	<u>Total</u>
<b>Operating revenue</b>				
Charges for services	\$ 356,691	\$ 309,269	\$ -	\$ 665,960
<b>Operating expense</b>				
Operating	386,481	229,430	-	615,911
Administrative and general	-	16,553	-	16,553
Depreciation	111,134	161,444	-	272,578
<b>Total operating expense</b>	<u>497,615</u>	<u>407,427</u>	<u>-</u>	<u>905,042</u>
Operating income (loss)	<u>(140,924)</u>	<u>(98,158)</u>	<u>-</u>	<u>(239,082)</u>
Non-operating revenue (expense)				
Gain (loss) on disposal of capital assets	(2,545)	-	-	(2,545)
Investment earnings	5,350	4,403	-	9,753
Other	1,173	1,107	-	2,280
Total non-operating revenue (expense)	<u>3,978</u>	<u>5,510</u>	<u>-</u>	<u>9,488</u>
Income (loss) before other items	(136,946)	(92,648)	-	(229,594)
Transfers and other items				
Transfers out	-	-	(143,568)	(143,568)
Changes in net position	(136,946)	(92,648)	(143,568)	(373,162)
<b>Net position, beginning of year</b>	<u>1,964,850</u>	<u>2,952,948</u>	<u>143,568</u>	<u>5,061,366</u>
<b>Net position, end of year</b>	<u>\$ 1,827,904</u>	<u>\$ 2,860,300</u>	<u>\$ -</u>	<u>\$ 4,688,204</u>

**CITY OF GRAND HAVEN**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Marina and Boat Launch</u>	<u>Airport</u>	<u>Chinook Pier Rental</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 347,701	\$ 304,970	\$ 5,844	\$ 658,515
Payments to employees	(145,377)	(55,286)	-	(200,663)
Payments to suppliers	(202,639)	(199,320)	-	(401,959)
<b>Net cash provided by (used in) operating activities</b>	<u>(315)</u>	<u>50,364</u>	<u>5,844</u>	<u>55,893</u>
<b>Cash flows from non-capital financing activities</b>				
Transfers out	-	-	(115,268)	(115,268)
<b>Cash flows from capital and related financing activities</b>				
Acquisitions of capital assets	(46,000)	(59,368)	-	(105,368)
<b>Cash flows from investing activities</b>				
Interest income	5,350	4,403	-	9,753
<b>Net cash provided by (used in) investing activities</b>	<u>5,350</u>	<u>4,403</u>	<u>-</u>	<u>9,753</u>
Net increase (decrease) in cash and pooled investments	(40,965)	(4,601)	(109,424)	(154,990)
<b>Cash and pooled investments, beginning of year</b>	<u>416,921</u>	<u>316,865</u>	<u>109,424</u>	<u>843,210</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 375,956</u>	<u>\$ 312,264</u>	<u>\$ -</u>	<u>\$ 688,220</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ (140,924)	\$ (98,158)	\$ -	\$ (239,082)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	111,134	161,444	-	272,578
Miscellaneous revenue	1,173	1,107	-	2,280
Deferred outflows of resources for pension	10,963	-	-	10,963
Deferred inflows of resources for pension	(5,016)	-	-	(5,016)
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	(4,407)	(4,274)	5,844	(2,837)
Due from other governmental units	(6,081)	-	-	(6,081)
Due from other funds	1,498	(25)	-	1,473
Prepaid expenses	-	(911)	-	(911)
Accounts payable	2,028	(10,296)	-	(8,268)
Accrued liabilities	648	34	-	682
Due to other funds	970	638	-	1,608
Compensated absences	235	805	-	1,040
Net pension liability	27,464	-	-	27,464
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (315)</u>	<u>\$ 50,364</u>	<u>\$ 5,844</u>	<u>\$ 55,893</u>

**CITY OF GRAND HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**

**JUNE 30, 2024**

<b>Assets</b>	<b>Motor Pool</b>	<b>Insurance</b>	<b>Health Benefits</b>	<b>Retiree Health Care</b>	<b>Total</b>
Current assets					
Cash and pooled investments	\$ 1,638,636	\$ 1,310,197	\$ 1,677,864	\$ 915,904	\$ 5,542,601
Accounts receivable	3,775	-	1,341	22,328	27,444
Due from other governments	392	-	-	-	392
Due from other funds	81,701	-	-	630	82,331
Prepaid items	365	108,980	-	-	109,345
Inventory	52,134	-	-	-	52,134
<b>Total current assets</b>	<b>1,777,003</b>	<b>1,419,177</b>	<b>1,679,205</b>	<b>938,862</b>	<b>5,814,247</b>
Capital assets					
Construction in progress	10,250	-	-	-	10,250
Depreciable capital assets, net	3,444,263	-	-	-	3,444,263
<b>Total non-current assets</b>	<b>3,454,513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,454,513</b>
<b>Total assets</b>	<b>5,231,516</b>	<b>1,419,177</b>	<b>1,679,205</b>	<b>938,862</b>	<b>9,268,760</b>
<b>Deferred outflows of resources</b>					
Pension related	134,234	-	-	-	134,234
Other post-employment benefits related	11,715	-	-	-	11,715
<b>Total deferred outflows of resources</b>	<b>145,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145,949</b>
<b>Liabilities</b>					
Current liabilities					
Accrued liabilities	2,890	-	40,849	-	43,739
Due to other funds	17,000	-	-	2,637	19,637
Unearned revenue	5,850	-	-	-	5,850
<b>Total current liabilities</b>	<b>58,564</b>	<b>-</b>	<b>41,505</b>	<b>2,637</b>	<b>102,706</b>
Long-term liabilities					
Accrued compensated absences	2,709	-	-	-	2,709
Other post-employment benefits	123,498	-	-	-	123,498
Net pension liability	834,038	-	-	-	834,038
<b>Total long-term liabilities</b>	<b>960,245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>960,245</b>
<b>Total liabilities</b>	<b>1,018,809</b>	<b>-</b>	<b>41,505</b>	<b>2,637</b>	<b>1,062,951</b>
<b>Net position</b>					
Net investment in capital assets	3,454,513	-	-	-	3,454,513
Unrestricted	904,143	1,419,177	1,637,700	936,225	4,897,245
<b>Total net position</b>	<b>\$ 4,358,656</b>	<b>\$ 1,419,177</b>	<b>\$ 1,637,700</b>	<b>\$ 936,225</b>	<b>\$ 8,351,758</b>

**CITY OF GRAND HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2024**

	<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	\$ 1,404,035	\$ 425,509	\$ 2,194,127	\$ -	\$ 4,023,671
Employer contributions	-	-	-	958,588	958,588
<b>Total operating revenue</b>	<u>1,404,035</u>	<u>425,509</u>	<u>2,194,127</u>	<u>958,588</u>	<u>4,982,259</u>
<b>Operating expense</b>					
Operating	924,689	390,271	2,021,038	-	3,335,998
Insurance payments	-	-	-	505,316	505,316
Administrative and general	-	-	188,022	-	188,022
Depreciation	530,990	-	-	-	530,990
<b>Total operating expense</b>	<u>1,455,679</u>	<u>390,271</u>	<u>2,209,060</u>	<u>505,316</u>	<u>4,560,326</u>
Operating income (loss)	<u>(51,644)</u>	<u>35,238</u>	<u>(14,933)</u>	<u>453,272</u>	<u>421,933</u>
Non-operating revenue (expense)					
Gain (loss) on disposal of capital assets	140,478	-	-	-	140,478
Investment earnings	29,189	27,228	19,474	12,293	88,184
Other	51,363	-	197	116	51,676
Total non-operating revenue (expense)	<u>221,030</u>	<u>27,228</u>	<u>19,671</u>	<u>12,409</u>	<u>280,338</u>
Income (loss) before other items	<u>169,386</u>	<u>62,466</u>	<u>4,738</u>	<u>465,681</u>	<u>702,271</u>
Transfers and other items					
Transfers in	63,836	-	-	1,032	64,868
Transfers out	-	(2,265)	(1,032)	-	(3,297)
Total transfers and other items	<u>63,836</u>	<u>(2,265)</u>	<u>(1,032)</u>	<u>1,032</u>	<u>61,571</u>
Changes in net position	233,222	60,201	3,706	466,713	763,842
<b>Net position, beginning of year</b>	<u>4,125,434</u>	<u>1,358,976</u>	<u>1,633,994</u>	<u>469,512</u>	<u>7,587,916</u>
<b>Net position, end of year</b>	<u>\$ 4,358,656</u>	<u>\$ 1,419,177</u>	<u>\$ 1,637,700</u>	<u>\$ 936,225</u>	<u>\$ 8,351,758</u>

**CITY OF GRAND HAVEN**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Motor Pool</u>	<u>Insurance</u>	<u>Health Benefits</u>	<u>Retiree Health Care</u>	<u>Total</u>
<b>Cash flows from operating activities</b>					
Receipts from internal services provided	\$ 1,398,361	\$ 425,509	\$ 2,212,587	\$ 938,300	\$ 4,974,757
Payments to employees	(242,065)	-	-	-	(242,065)
Payments to suppliers	(552,294)	(417,392)	(188,894)	(505,200)	(1,663,780)
Claims paid	-	-	(2,023,762)	-	(2,023,762)
<b>Net cash provided by (used in) operating activities</b>	<u>604,002</u>	<u>8,117</u>	<u>(69)</u>	<u>433,100</u>	<u>1,045,150</u>
<b>Cash flows from non-capital financing activities</b>					
Transfers in	63,836	-	-	1,032	64,868
Transfers out	-	(2,265)	(1,032)	-	(3,297)
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>63,836</u>	<u>(2,265)</u>	<u>(1,032)</u>	<u>1,032</u>	<u>61,571</u>
<b>Cash flows from capital and related financing activities</b>					
Proceeds from sale of capital assets	148,061	-	-	-	148,061
Acquisitions of capital assets	(1,226,037)	-	-	-	(1,226,037)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(1,077,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,077,976)</u>
<b>Cash flows from investing activities</b>					
Interest income	29,189	27,228	19,474	12,293	88,184
<b>Net increase (decrease) in cash and pooled investments</b>	<u>(380,949)</u>	<u>33,080</u>	<u>18,373</u>	<u>446,425</u>	<u>116,929</u>
<b>Cash and pooled investments, beginning of year</b>	<u>2,019,585</u>	<u>1,277,117</u>	<u>1,659,491</u>	<u>469,479</u>	<u>5,425,672</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 1,638,636</u>	<u>\$ 1,310,197</u>	<u>\$ 1,677,864</u>	<u>\$ 915,904</u>	<u>\$ 5,542,601</u>
<b>Cash flows from operating activities</b>					
Operating income (loss)	\$ (51,644)	\$ 35,238	\$ (14,933)	\$ 453,272	\$ 421,933
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	530,990	-	-	-	530,990
Miscellaneous revenue	51,363	-	197	116	51,676
Deferred outflows of resources for pension	51,856	-	-	-	51,856
Deferred outflows of resources for OPEB	14	-	-	-	14
Deferred inflows of resources for pension	(20,956)	-	-	-	(20,956)
Change in operating assets and liabilities which provided (used) cash					
Accounts receivable	(3,775)	-	18,460	(22,295)	(7,610)
Due from other funds	(58,787)	-	-	(630)	(59,417)
Due from other governmental units	(325)	-	-	-	(325)
Prepaid expenses	(16)	(27,121)	-	-	(27,137)
Inventory	4,954	-	-	-	4,954
Accounts payable	1,612	-	(872)	-	740
Accrued liabilities	51	-	(2,921)	-	(2,870)
Due to other funds	17,000	-	-	2,637	19,637
Unearned revenue	5,850	-	-	-	5,850
Compensated absences	(1,251)	-	-	-	(1,251)
Net pension liability	77,086	-	-	-	77,086
Net OPEB obligation	(20)	-	-	-	(20)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 604,002</u>	<u>\$ 8,117</u>	<u>\$ (69)</u>	<u>\$ 433,100</u>	<u>\$ 1,045,150</u>

**CITY OF GRAND HAVEN**  
**CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF NET POSITION**

**JUNE 30, 2024**

---

	<u>Current Tax Fund</u>	<u>Grand Haven - Spring Lake Sewer Authority</u>	<u>Northwest Ottawa Water Treatment Plant</u>	<u>Total</u>
<b>Assets</b>				
Cash and pooled investments	\$ 174	\$ 1,215,760	\$ 1,144,607	\$ 2,360,541
<b>Total assets</b>	174	1,215,760	1,144,607	2,360,541
<b>Liabilities</b>				
Accounts payable	\$ 174	\$ -	\$ -	\$ 174
<b>Total liabilities</b>	174	-	-	174
<b>Net position</b>	-	\$ 1,215,760	\$ 1,144,607	\$ 2,360,367

**CITY OF GRAND HAVEN**  
**CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Current Tax Fund</u>	<u>Grand Haven - Spring Lake Sewer Authority</u>	<u>Northwest Ottawa Water Treatment Plant</u>	<u>Total</u>
<b>Additions</b>				
Property taxes collected for other governments	\$ 24,478,595	\$ -	\$ -	\$ 24,478,595
Charges for services and non-operating receipts	<u>-</u>	<u>72,982</u>	<u>3,848,578</u>	<u>3,921,560</u>
<b>Total additions</b>	<u>24,478,595</u>	<u>72,982</u>	<u>3,848,578</u>	<u>28,400,155</u>
<b>Deductions</b>				
Taxes to other governments	24,478,595	-	-	24,478,595
Operating costs and non-operating expenses	<u>-</u>	<u>250,000</u>	<u>3,946,759</u>	<u>4,196,759</u>
<b>Total deductions</b>	<u>24,478,595</u>	<u>250,000</u>	<u>3,946,759</u>	<u>28,675,354</u>
Changes in net position	-	(177,018)	(98,181)	(275,199)
<b>Net position, beginning of year</b>	<u>-</u>	<u>1,392,778</u>	<u>1,242,788</u>	<u>2,635,566</u>
<b>Net position, end of year</b>	<u>\$ -</u>	<u>\$ 1,215,760</u>	<u>\$ 1,144,607</u>	<u>\$ 2,360,367</u>

**CITY OF GRAND HAVEN**

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

**JUNE 30, 2024**

	<b>Governmental Fund Type</b>		<b>Statement of Net Position</b>
	<b>General Fund</b>	<b>Adjustments</b>	<b>Net Position</b>
<b>Assets</b>			
Cash and pooled investments	\$ 83,389	\$ -	\$ 83,389
Accounts receivable	201,554	-	201,554
Prepaid items	7,200	-	7,200
<b>Total assets</b>	<b>\$ 292,143</b>	<b>-</b>	<b>292,143</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	-	-
<b>Fund balances</b>			
Unassigned	292,143	(292,143)	
<b>Total liabilities and fund balances</b>	<b>\$ 292,143</b>		
<b>Net position</b>			
Unrestricted		<b>\$ 292,143</b>	<b>\$ 292,143</b>

**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, 2024**

---

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Intergovernmental revenues			
Local	\$ 14,282	\$ -	\$ 14,282
Investment earnings	6,173	-	6,173
Miscellaneous	<u>108</u>	<u>-</u>	<u>108</u>
<b>Total revenues</b>	<u>20,563</u>	<u>-</u>	<u>20,563</u>
<b>Expenditures/expenses</b>			
Operations	<u>28,353</u>	<u>-</u>	<u>28,353</u>
Net changes in fund balances	(7,790)	7,790	
Change in net position		(7,790)	(7,790)
<b>Fund balances/net position, beginning of year</b>	<u>299,933</u>		<u>299,933</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 292,143</u>		<u>\$ 292,143</u>

**CITY OF GRAND HAVEN**

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

**JUNE 30, 2024**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash and pooled investments	\$ 703,659	\$ -	\$ 703,659
Accounts receivable	27,936	-	27,936
Taxes receivable	581	-	581
Special assessments receivable	175,609	-	175,609
Contract receivable	994,583	-	994,583
Due from primary government	-	-	-
Prepaid items	1,837	-	1,837
<b>Total assets</b>	<u>\$ 1,904,205</u>	<u>-</u>	<u>1,904,205</u>
<b>Deferred outflows of resources</b>			
Pension related	-	41,487	41,487
Deferred charge on refunding	-	47,906	47,906
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>89,393</u>	<u>89,393</u>
<b>Liabilities, deferred inflows and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 5,898	-	5,898
Accrued interest	-	38,795	38,795
Unearned revenue	5,000	-	5,000
Debt due within one year	-	615,000	615,000
Long-term debt			
Accrued compensated absences	1,077	-	1,077
Debt due in more than one year	-	4,075,000	4,075,000
Net pension liability	-	257,771	257,771
Bond premium	-	209,193	209,193
<b>Total liabilities</b>	<u>11,975</u>	<u>5,195,759</u>	<u>5,207,734</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	<u>1,170,773</u>	<u>(1,170,773)</u>	<u>-</u>
<b>Fund balances</b>			
Unassigned	<u>721,457</u>	<u>(721,457)</u>	
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 1,904,205</u>		
<b>Net position (deficit)</b>			
Unrestricted		<u>\$ (4,474,302)</u>	<u>\$ (3,214,136)</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>			\$ 721,457
Add deferred outflows of resources			89,393
Deduct accrued interest			(38,795)
Deduct long-term debt			(4,690,000)
Deduct net pension liability			(257,771)
Deduct bond premium			(209,193)
Add long-term deferred receivables			<u>1,170,773</u>
<b>Net position (deficit)</b>			<u>\$ (3,214,136)</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, 2024**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 1,019,393	\$ -	\$ 1,019,393
Intergovernmental revenues			
Local	64,347	(64,347)	-
Operating grants and contributions	34,482	-	34,482
Special assessments	95,773	(95,773)	-
Investment earnings	45,831	(13)	45,818
Miscellaneous	33,190	-	33,190
	<u>1,293,016</u>	<u>(160,133)</u>	<u>1,132,883</u>
<b>Total revenues</b>			
<b>Expenditures/expenses</b>			
Salaries	54,222	(73,220)	(18,998)
Administration	18,080	-	18,080
Operations	111,727	-	111,727
Debt service			
Principal	560,000	(560,000)	-
Interest	169,174	(30,569)	138,605
	<u>913,203</u>	<u>(663,789)</u>	<u>249,414</u>
<b>Total expenditures/expenses</b>			
Net changes in fund balances	379,813	(379,813)	
Change in net position		883,469	883,469
<b>Fund balances/net position (deficit), beginning of year</b>	<u>341,644</u>		<u>(4,097,605)</u>
<b>Fund balances/net position (deficit), end of year</b>	<u>\$ 721,457</u>		<u>\$ (3,214,136)</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>			\$ 379,813
Add principal payments on debt			560,000
Deduct increase in unavailable revenues			(160,133)
Add decrease in accrued interest			4,197
Add amortization of bond premium			39,038
Deduct amortization of refunding charges			(12,666)
Add decrease in net pension liability			112,512
Deduct decrease in deferred outflows			(49,543)
Add decrease in deferred inflows			10,251
			<u>10,251</u>
<b>Change in net position</b>			<u>\$ 883,469</u>

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

**JUNE 30, 2024**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash and pooled investments	\$ 448,572	\$ -	\$ 448,572
Accounts receivable	419,438	-	419,438
Due from other governments	7,384	-	7,384
Taxes receivable	<u>733</u>	<u>-</u>	<u>733</u>
<b>Total assets</b>	<u>\$ 876,127</u>	<u>-</u>	<u>876,127</u>
<b>Liabilities, deferred inflows and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 41,437	-	41,437
Unearned revenue	419,438	-	419,438
Long-term debt			
Debt due in more than one year	<u>-</u>	<u>389,779</u>	<u>389,779</u>
<b>Total liabilities</b>	<u>460,875</u>	<u>389,779</u>	<u>850,654</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	<u>733</u>	<u>(733)</u>	<u>-</u>
<b>Fund balances</b>			
Unassigned	<u>414,519</u>	<u>(414,519)</u>	
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 876,127</u>		
<b>Net position (deficit)</b>			
Unrestricted		<u>\$ 24,740</u>	<u>\$ 25,473</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>			\$ 414,519
Deduct long-term debt			(389,779)
Add long-term deferred assessment receivables			<u>733</u>
<b>Net position (deficit)</b>			<u>\$ 25,473</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, 2024**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 1,308,427	\$ -	\$ 1,308,427
Intergovernmental revenues			
State	7,661	-	7,661
Investment earnings	21,657	-	21,657
Miscellaneous	<u>1,389</u>	<u>(36)</u>	<u>1,353</u>
<b>Total revenues</b>	1,339,134	(36)	1,339,098
<b>Expenditures/expenses</b>			
Operations	<u>1,351,340</u>	<u>-</u>	<u>1,351,340</u>
Net changes in fund balances	(12,206)	12,206	
Change in net position		(12,242)	(12,242)
<b>Fund balances/net position (deficit), beginning of year</b>	<u>426,725</u>		<u>37,715</u>
<b>Fund balances/net position (deficit), end of year</b>	<u>\$ 414,519</u>		<u>\$ 25,473</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>			\$ (12,206)
Add increase in unavailable revenues			<u>(36)</u>
<b>Change in net position</b>			<u>\$ (12,242)</u>

**(This page left intentionally blank)**

## **OTHER INFORMATION**

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

**JUNE 30, 2024**

<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>
2025	\$ 345,000	\$ 75,600	\$ 49,640	\$ 26,157	\$ 310,000	\$ 168,000	\$ 720,000	\$ 63,226	\$ 51,000	\$ 17,609
2026	365,000	61,800	55,718	24,172	325,000	155,600	765,000	48,682	53,000	16,216
2027	380,000	47,200	59,770	21,943	335,000	142,600	800,000	33,229	54,000	14,769
2028	395,000	32,000	63,823	19,552	350,000	129,200	845,000	17,069	55,000	13,295
2029	405,000	16,200	69,901	16,999	365,000	115,200	-	-	57,000	11,794
2030	-	-	74,966	14,203	380,000	100,600	-	-	58,000	10,238
2031	-	-	81,045	11,204	395,000	85,400	-	-	60,000	8,654
2032	-	-	88,136	7,963	410,000	69,600	-	-	62,000	7,016
2033	-	-	89,149	5,319	425,000	53,200	-	-	63,000	5,324
2034	-	-	88,136	2,644	445,000	36,200	-	-	65,000	3,604
2035	-	-	-	-	460,000	18,400	-	-	67,000	1,829
2036	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,890,000</u>	<u>\$ 232,800</u>	<u>\$ 720,284</u>	<u>\$ 150,156</u>	<u>\$ 4,200,000</u>	<u>\$ 1,074,000</u>	<u>\$ 3,130,000</u>	<u>\$ 162,206</u>	<u>\$ 645,000</u>	<u>\$ 110,347</u>

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

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

**JUNE 30, 2024**

<i>Year Ending June 30,</i>	<b>2015 LTGO Refunding</b>		<b>2019 LTGO Refunding</b>		<b>EGLE Loan</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 370,000	\$ 21,831	\$ 245,000	\$ 129,100	\$ -	\$ -	\$ 2,090,640	\$ 501,523
2026	385,000	13,156	275,000	119,300	-	-	2,223,718	438,926
2027	380,000	4,366	295,000	108,300	38,131	-	2,341,901	372,408
2028	-	-	315,000	96,500	32,856	5,275	2,056,679	312,891
2029	-	-	345,000	83,900	33,349	4,782	1,275,250	248,875
2030	-	-	370,000	70,100	33,849	4,282	916,815	199,423
2031	-	-	400,000	55,300	34,357	3,774	970,402	164,332
2032	-	-	435,000	39,300	34,872	3,258	1,030,008	127,137
2033	-	-	440,000	26,250	35,395	2,735	1,052,544	92,828
2034	-	-	435,000	13,050	35,926	2,205	1,069,062	57,703
2035	-	-	-	-	36,465	1,666	563,465	21,895
2036	-	-	-	-	37,012	1,119	37,012	1,119
2037	-	-	-	-	37,567	563	37,567	563
	<u>\$ 1,135,000</u>	<u>\$ 39,353</u>	<u>\$ 3,555,000</u>	<u>\$ 741,100</u>	<u>\$ 389,779</u>	<u>\$ 29,659</u>	<u>\$ 15,665,063</u>	<u>\$ 2,539,621</u>

## **INTERNAL CONTROL AND COMPLIANCE**



## Vredeveld Haefner LLC

CPAs and Consultants  
10302 20<sup>th</sup> Avenue  
Grand Rapids, MI 49534  
Fax (616) 828-0307

Douglas J. Vredeveld, CPA  
(616) 446-7474  
Peter S. Haefner, CPA  
(616) 460-9388

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

November 18, 2024

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 18, 2024.

#### **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.

*Ordebold Haefner LLC*