

# **GRAND HAVEN – SPRING LAKE SEWER AUTHORITY**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024



Vredeveld Haefner LLC  
CPAs and Consultants

# GRAND HAVEN – SPRING LAKE SEWER AUTHORITY

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### INDEPENDENT AUDITORS' REPORT

October 29, 2024

Board of Trustees  
Grand Haven – Spring Lake Sewer Authority  
Grand Haven, Michigan

#### Opinions

We have audited the accompanying financial statements of the Grand Haven – Spring Lake Sewer Authority, (the Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority'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 financial position of the Authority, as of June 30, 2024, and the changes in financial position and 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. 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 Authority, 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 Authority'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 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, 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 Authority'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 Authority'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 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 Grand Haven – Spring Lake Sewer Authority financial statements as a whole. The schedules of plant operations and charges and debt issued and outstanding are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of plant operations and charges and debt issued and outstanding are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Urodeuxeld Haefner LLC*

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

## Management's Discussion and Analysis

As management of the Grand Haven – Spring Lake Sewer Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority 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

- The Authority completed two capital improvement projects in FY23/24, which included the Grand Haven Pump Station Force Main Air Release Valve Replacement and Anoxic Tank Baffle Replacement.
- The Authority evaluates debt fund cash balances with the goal to maintain necessary cash flow to cover annual debt obligations. For FY23/24, billing debt rates to local units were increased with exception of the 2018 debt rate, which remained unchanged.
- Maintaining the same monthly contribution amount from local units for the plant modification fund, the Authority used this fund to pay for capital projects and purchases.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's basic financial statements comprise two components: 1) financial statements, and 2) notes to the financial statements.

The *Statement of Net Position* presents information on all of the Authority'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 Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences, accrued interest, etc.).

**Notes to the financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

### 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 Authority, assets exceeded liabilities by \$8,269,756 at the close of the most recent fiscal year.

A portion of the Authority'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), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to customers; consequently, these assets are *not* available for future spending. Although the Authority'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.

## Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 3,534,357	\$ 4,273,526
Capital assets	16,456,005	16,564,519
<b>Total assets</b>	<u>19,990,362</u>	<u>20,838,045</u>
Current liabilities	884,291	737,866
Long-term liabilities	10,836,315	11,551,999
<b>Total liabilities</b>	<u>11,720,606</u>	<u>12,289,865</u>
Net position		
Net investment in capital assets	6,292,258	6,288,771
Unrestricted	1,977,498	2,259,409
<b>Total net position</b>	<u>\$8,269,756</u>	<u>\$ 8,548,180</u>

The total net position of the Authority at year-end was \$8,269,756; however, \$6,292,258 represents the net investment in capital assets.

## Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>
Operating revenue	\$3,147,934	\$2,962,738
Operating expense	3,353,854	3,174,872
Operating income (loss)	(205,920)	(212,134)
Nonoperating revenue (expense)	(161,839)	(266,816)
Contribution in aid of construction	89,335	84,912
Changes in net position	(278,424)	(394,038)
<b>Net position - beginning of year</b>	<u>8,548,180</u>	<u>8,942,218</u>
<b>Net position - end of year</b>	<u>\$8,269,756</u>	<u>\$8,548,180</u>

During the year the Authority's net position decreased \$278,424 primarily as a result of higher operating costs and an increase in depreciation expense.

## Capital Asset and Debt Administration

**Capital assets.** The Authority's investment in capital assets at year-end amounted to \$16,456,005 (net of accumulated depreciation).

Significant capital purchases during the year consisted primarily of an anoxic tank replacement, asphalt replacement, sludge storage building wall coating, thickener exterior restoration, and GH PS FM valve replacement.

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

Land	\$ 575,210
Construction in progress	78,868
Treatment plant	1,758,920
Pumping stations	10,208,653
Wastewater mains	3,648,055
Equipment	<u>186,299</u>
<b>Total</b>	<b><u>\$16,456,005</u></b>

Additional information on the Authority's capital assets can be found in Note 3 of these financial statements.

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

<u>Long-term Debt</u>	
Contracts payable to Ottawa County	<u>\$10,980,000</u>

The Authority had no new debt and made principal payments of \$635,000 during the year.

Additional information on the Authority's long-term debt can be found in Note 4 of these financial statements.

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

The following factors were considered in preparing the Authority's budget for the 2024-25 fiscal year:

- The Authority continues to review rates billed to local units for the annual operations, debt obligations, and capital purchases hoping to maintain consistent rates to local units.
- The Authority continues to evaluate and seek plant and energy efficiencies in plant upgrades and processes.
- Continual review and monitoring of current and anticipated future requirements for outflow testing is a top priority.
- To reduce biosolids land application expenses, the Authority is continuously looking at increasing the solids percentages of biosolids.

## **Requests for Information**

The City of Grand Haven provides, by contract, fiscal and administrative services to the Authority. This financial report is designed to provide interested individuals including citizens, property owners, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions or need additional financial information, please contact us at 519 Washington Avenue, Grand Haven, MI 49417 or call or email us as noted below:

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## **BASIC FINANCIAL STATEMENTS**

# GRAND HAVEN-SPRING LAKE SEWER AUTHORITY

## STATEMENT OF NET POSITION

JUNE 30, 2024

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### Assets

Current assets	
Cash and pooled investments	\$ 812,617
Set-aside cash and cash equivalents	1,381,067
Due from other governments	511,258
Prepaid items	2,424
Inventory	<u>10,738</u>
Total current assets	<u>2,718,104</u>
Non-current assets	
Deposits with others	816,253
Capital assets	
Land	575,210
Construction in progress	78,868
Depreciable capital assets, net	<u>15,801,927</u>
Total non-current assets	<u>17,272,258</u>
<b>Total assets</b>	<u><b>19,990,362</b></u>
Liabilities	
Current liabilities	
Accounts payable	126,848
Due to other governments	107,443
Current portion of long-term debt	<u>650,000</u>
Total current liabilities	<u>884,291</u>
Long-term liabilities	
Premium on bonds	506,315
Long-term debt payable, net of current portion	<u>10,330,000</u>
Total long-term liabilities	<u>10,836,315</u>
<b>Total liabilities</b>	<u><b>11,720,606</b></u>
Net position	
Net investment in capital assets	6,292,258
Unrestricted	<u>1,977,498</u>
<b>Total net position</b>	<u><b>\$ 8,269,756</b></u>

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

# GRAND HAVEN-SPRING LAKE SEWER AUTHORITY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

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<b>Operating revenue</b>	
Sewage disposal charges	\$ 2,792,333
Debt charges	348,541
Other	<u>7,060</u>
<b>Total operating revenue</b>	<u>3,147,934</u>
<b>Operating expense</b>	
Plant operations and charges	1,996,666
Administrative	579,596
Depreciation	<u>777,592</u>
<b>Total operating expense</b>	<u>3,353,854</u>
Operating income (loss)	<u>(205,920)</u>
Non-operating revenue (expense)	
Interest income	133,621
Interest expense	(315,422)
Other	<u>19,962</u>
Total non-operating revenue (expense)	<u>(161,839)</u>
Income (loss) before capital contributions	(367,759)
Contribution in aid of construction	<u>89,335</u>
Change in net position	(278,424)
<b>Net position, beginning of year</b>	<u>8,548,180</u>
<b>Net position, end of year</b>	<u>\$ 8,269,756</u>

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

# GRAND HAVEN-SPRING LAKE SEWER AUTHORITY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

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<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 3,232,738
Payments to suppliers	(1,318,603)
Payments for personnel costs	<u>(1,128,345)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>785,790</u>
<b>Cash flows from capital and related financing activities</b>	
Interest paid	(381,106)
Capital grant	89,335
Deposits with others	576,104
Principal paid on contracts	(635,000)
Acquisitions of capital assets	<u>(669,078)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(1,019,745)</u>
<b>Cash flows from investing activities</b>	
Interest received	<u>80,516</u>
Net increase (decrease) in cash and cash equivalents	(153,439)
<b>Cash and pooled investments, beginning of year</b>	<u>2,347,123</u>
<b>Cash and pooled investments, end of year</b>	<u><u>\$ 2,193,684</u></u>
<b>Cash flows from operating activities</b>	
Operating income (loss)	\$ (205,920)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	777,592
Other income	19,962
Change in operating assets and liabilities which provided (used) cash	
Due from other governments	51,342
Prepaid items	1,240
Inventory	(3,351)
Accounts payable	66,126
Due to other governments	<u>65,299</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 785,790</u>

**Noncash capital and related financing activities:**

\$89,335 in bond principal payments were made by the cities of Grand Haven and Ferrysburg directly to Ottawa County Public Utilities.

\$53,105 in interest was added to deposits held by Ottawa County Public Utilities as a result of unspent 2018 bond proceeds issued by Ottawa County Public Utilities on behalf of the Grand Haven - Spring Lake Sewer Authority.

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

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# GRAND HAVEN – SPRING LAKE SEWER AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of The Grand Haven – Spring Lake Sewer Authority (the Authority) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

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

The Authority was incorporated under the terms of Act 233, Public Acts of Michigan of 1955 for the purpose of constructing, owning, and operating a sewage disposal system for its participating municipalities: the City of Grand Haven, the Village of Spring Lake, the City of Ferrysburg, the Township of Spring Lake, and the Charter Township of Grand Haven.

Under a contract executed in 1974 and subsequently amended, the City of Grand Haven (the City) is operating and maintaining the Authority's property. Monthly operating expenses are billed by the City to the constituent municipalities for their proportionate share of those expenses.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Authority. There are no component units to be included. The criteria for including a component unit include significant operational or financial relationships with the Authority.

#### ***Measurement Focus and Basis of Accounting***

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges for services. Operating expenses of the Authority include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

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

For the purpose of the statement of cash flows, the Authority 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.

# GRAND HAVEN – SPRING LAKE SEWER AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### ***Set-aside Cash and Cash Equivalents***

The Board of Trustees has set aside cash in the amount of \$408,780 at year-end for debt service and \$972,287 for future capital improvements. The related cash and cash equivalents are reported as current assets on the statement of net position.

### ***Investments***

State statutes and Authority policy authorize the Authority 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. Banker's 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.

### ***Receivables***

All receivables are reported at their net value. Allowance for uncollectible receivables was immaterial at year-end.

### ***Due from Other Governments***

The amount due from participating municipalities for their outstanding operating charges at year-end totaled \$511,258.

### ***Inventory***

Inventory consists principally of chemicals which are used for operations. Inventory is stated at cost using the first-in first-out (FIFO) method.

### ***Prepaid Items***

The Authority made payments prior to year-end for services that will be performed in the next fiscal year. In these situations, the Authority records an asset to reflect the investment in future services.

### ***Deposits with Other Units of Government***

Deposits with others consist of remaining bond proceeds held at the Ottawa County Public Utilities System for the purposes of the completion of plant renovations and improvements.



# GRAND HAVEN – SPRING LAKE SEWER AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### **Capital Assets**

Capital assets are stated at cost and include items defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an 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 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 is computed using the straight-line method over the following estimated useful lives:

	<b>Years</b>
Treatment plant	5-40
Pumping stations	6-40
Wastewater mains	40
Office, laboratory and transportation equipment	5-45

### **Due to Other Governments**

The amounts due to the City of Grand Haven for payment in lieu of taxes, motor pool charges and other items were \$75,769 at year-end.

In addition, all operating personnel of the Authority are employees of the City of Grand Haven. Amounts due to operating personnel for accrued wages, health benefits, and compensated absences are shown in the financial statements as due to other governments. The amounts due to the City for these costs at year-end were \$31,674.

### **Long-term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are reported as an expense in the year of issuance.

### **Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year the Authority carried commercial insurance to cover risks of losses. The Authority has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

# GRAND HAVEN – SPRING LAKE SEWER AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

### 2. DEPOSITS

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

Cash and pooled investments	\$812,617
Set-aside cash and cash equivalents	<u>1,381,067</u>
Total	<u><b>\$2,193,684</b></u>

Cash and investments making up the above balances are as follows:

Deposits	\$ 977,824
Investments	1,215,760
Petty cash	<u>100</u>
Total	<u><b>\$2,193,684</b></u>

The deposits are in financial institutions located in Michigan. State policy limits the Authority's investing options to financial institutions located in Michigan. All accounts are in the name of the Authority. They are recorded in the Authority's records at fair value. Interest is recorded when earned.

#### Investments

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

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Michigan CLASS pool	N/A	\$1,215,760	AAAm	S&P

#### Investment and Deposit Risk

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. State law does not require, and the Authority does not have, a policy for deposit custodial credit risk. As of year-end, \$727,824 of the Authority's bank balance of \$977,824 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

# GRAND HAVEN – SPRING LAKE SEWER AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority 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 Authority does not have a policy for investment custodial credit risk. The above investment is invested in an external investment pool for which the Authority's custodial credit risk exposure cannot be determined because the external investment pool does 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 Authority's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

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

- The Authority does not have any investments that are valued using quoted market prices (Level 1 inputs).
- Michigan CLASS pool is 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 Authority does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

### 3. 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>Capital assets, not being depreciated</b>				
Land	\$ 575,210	\$ -	\$ -	\$ 575,210
Construction in progress	30,236	412,839	364,207	78,868
<b>Total capital assets, not being depreciated</b>	<b>605,446</b>	<b>412,839</b>	<b>364,207</b>	<b>654,078</b>
<b>Capital assets, being depreciated</b>				
Treatment plant	9,743,988	150,850	-	9,894,838
Pumping stations	13,713,256	441,996	-	14,155,252
Wastewater mains	4,446,022	-	-	4,446,022
Office, laboratory and transportation equipment	515,528	27,600	33,122	510,006
<b>Total capital assets, being depreciated</b>	<b>28,418,794</b>	<b>620,446</b>	<b>33,122</b>	<b>29,006,118</b>

# GRAND HAVEN – SPRING LAKE SEWER AUTHORITY

## 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>
Less accumulated depreciation for:				
Treatment plant	\$ 7,969,443	\$166,475	-	\$8,135,918
Pumping stations	3,422,774	523,825	-	3,946,599
Wastewater mains	745,028	52,939	-	797,967
Office, laboratory and transportation equipment	322,476	34,353	33,122	323,707
Total accumulated depreciation	12,459,721	777,592	33,122	13,204,191
<b>Net capital assets, being depreciated</b>	<b>15,959,073</b>	<b>(157,146)</b>	<b>-</b>	<b>15,801,927</b>
<b>Capital assets, net</b>	<b>\$16,564,519</b>	<b>\$255,693</b>	<b>\$364,207</b>	<b>\$16,456,005</b>

#### 4. LONG-TERM DEBT

The following is a summary of the debt transactions of the Authority 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>
Contract payable to Ottawa County for Wastewater Treatment System Bonds. Payable in annual installments from \$65,000 to \$210,000 through 2032; interest at 2.0% to 3.0%	\$ 1,505,000	\$ -	\$130,000	\$ 1,375,000	\$135,000
Contract payable to Ottawa County for Wastewater Treatment System Bonds. Payable in annual installments from \$415,000 to \$875,000 through 2038; interest at 3.0% to 5.0%	10,110,000	-	505,000	9,605,000	515,000
<b>Total</b>	<b>\$11,615,000</b>	<b>\$ -</b>	<b>\$635,000</b>	<b>\$10,980,000</b>	<b>\$650,000</b>

The annual requirements to amortize all debt outstanding as of June 30, 2024 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 650,000	\$ 435,750
2026	685,000	405,950
2027	725,000	374,600
2028	760,000	341,450
2029	790,000	318,650
2030-2034	4,065,000	1,124,400
2035-2038	3,305,000	336,800
<b>Total</b>	<b>\$10,980,000</b>	<b>\$3,337,600</b>

# GRAND HAVEN – SPRING LAKE SEWER AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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All outstanding debt of the Authority is private placement debt.

The Authority charges participating municipalities to fund the payments of contracts payable to Ottawa County based on the volume of wastewater flow from each municipality. The Authority and the participating municipalities have pledged their full faith and credit for the repayment of the contracts. In the event of default, the Authority will be required to use general operating funds or levy an additional charge sufficient to pay the obligation, subject to applicable constitutional, statutory, and charter limitations.

### 5. COMMITMENTS

At year-end, the Authority had outstanding commitments of approximately \$77,000 for construction projects.

### 6. RETIREMENT BENEFITS AND NET OTHER POST-EMPLOYMENT BENEFITS

The Authority leases employees from the City of Grand Haven, Michigan, which participates in a single-employer defined benefit pension and single employer defined benefit and defined contribution healthcare plan. The Authority pays the actuarially-determined annual costs of retirement and OPEB benefits to the City during the fiscal year.

As of June 30, 2024, the estimated portion of the net pension liability and net OPEB liability for the Authority is \$2,369,376 and \$360,833, respectively.

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## **SUPPLEMENTARY INFORMATION**

# GRAND HAVEN-SPRING LAKE SEWER AUTHORITY

## SCHEDULE OF PLANT OPERATIONS AND CHARGES

FOR THE YEAR ENDED JUNE 30, 2024

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**Plant operations and charges**

Sludge removal	\$ 543,120
Wastewater treatment	329,570
Laboratory	330,354
Secondary treatment	202,033
Buildings and grounds	124,990
Spring Lake pumping	80,969
Grand Haven pumping	80,957
Odor control	23,024
Ultraviolet disinfection	74,124
Wastewater thickeners	12,110
Local pumping	16,033
Grit and screening	24,046
Waste primaries	68,819
Sludge storage	79,375
Phosphate removal	<u>7,142</u>
<b>Total plant operations and charges</b>	<b>\$ <u>1,996,666</u></b>



**GRAND HAVEN-SPRING LAKE SEWER AUTHORITY**

**SCHEDULE OF DEBT ISSUED AND OUTSTANDING**

**JUNE 30, 2024**

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<i>Year Ending June 30,</i>	<b>2013 Wastewater Improvement Bonds</b>		<b>2018 Wastewater Improvement Bonds</b>		<b>Total</b>
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	
2025	\$ 135,000	\$ 41,250	\$ 515,000	\$ 394,500	\$ 1,085,750
2026	145,000	37,200	540,000	368,750	1,090,950
2027	155,000	32,850	570,000	341,750	1,099,600
2028	165,000	28,200	595,000	313,250	1,101,450
2029	175,000	23,250	615,000	295,400	1,108,650
2030	190,000	18,000	640,000	270,800	1,118,800
2031	200,000	12,300	665,000	245,200	1,122,500
2032	210,000	6,300	690,000	218,600	1,124,900
2033	-	-	720,000	191,000	911,000
2034	-	-	750,000	162,200	912,200
2035	-	-	780,000	132,200	912,200
2036	-	-	810,000	101,000	911,000
2037	-	-	840,000	68,600	908,600
2038	-	-	875,000	35,000	910,000
	<u>\$ 1,375,000</u>	<u>\$ 199,350</u>	<u>\$ 9,605,000</u>	<u>\$ 3,138,250</u>	<u>\$ 14,317,600</u>