



# **CITY OF GRAND HAVEN, MICHIGAN**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**



*Vredeveld Haefner LLC*

CPA's

# CITY OF GRAND HAVEN

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## INDEPENDENT AUDITORS' REPORT

November 9, 2016

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Haven, Michigan, (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Haven, Michigan, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the required supplementary information on pages 53 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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*

## **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, 2016. 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 value continues to rise in Grand Haven. It is presently higher than before the Great Recession. Moderate increases in property value are anticipated.
- The City provides financial and administrative support for the Harbor Transit Multi-modal Transportation System, the Grand Haven-Spring Lake Sewer Authority, the Northwest Ottawa Water System and the Ottawa County Central Dispatch Authority. This added effort provides a lower cost for these services for all.
- The City Finance Department provides accounting and finance services to Spring Lake Township on a contractual basis. The contract provides 40 hours per week of service to Spring Lake Township. The broader exposure to accounting and finance issues has been excellent in staff training and experience.
- This report includes the implementation of BS&A Fixed Assets software during the fiscal year. Initial fund asset numbers may have changed somewhat from the prior year's report to reflect the updated knowledge.
- Improved monthly financial reporting to City Council and City administration was instituted in the prior fiscal year and continues to the present.
- The City issued 2015 DDA-TIF Capital Refunding Bonds in the summer of 2015, reducing future interest costs in excess of \$300,000.
- The City and the City's Brownfield Redevelopment Authority issued 2016 Brownfield Refunding Bonds to lower interest costs by over \$500,000 on the 2006 Brownfield Redevelopment Bond. The bonds retain the Standard & Poor's AA rating.
- The iconic catwalk on the Grand Haven south pier was slated for removal, however a local fund drive is providing primary support for the removal, repair and restoration of the catwalk during FY 2016-17.
- The Public Safety building renovations were substantially complete by June 30, 2016.
- The 2008 LTGO Infrastructure Bond proceeds were exhausted with the Madison – 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup> full reconstruction project. The Grand Avenue reconstruction project began in the spring of 2016 using 2015 LTGO Infrastructure Bond proceeds and continued into the subsequent fiscal year.

### 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 business-type activities of the City consist primarily of Board of Light and Power, sewer, and water operations.

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and public improvement fund, which are considered to be major funds. 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 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*. This 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 \$108,743,890 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 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$23,941,020	\$28,435,649	\$29,165,187	\$32,195,897	\$53,106,207	\$60,631,546
Capital assets	55,501,978	54,086,610	54,518,195	55,923,589	110,020,173	110,010,199
<b>Total assets</b>	<b>79,442,998</b>	<b>82,522,259</b>	<b>83,683,382</b>	<b>88,119,486</b>	<b>163,126,380</b>	<b>170,641,745</b>
Deferred outflows of resources	5,754,676	1,027,258	4,457,132	756,967	10,211,808	1,784,225
Current and other liabilities	2,373,967	2,095,451	10,456,145	12,750,830	12,830,112	14,846,281
Long-term liabilities	36,237,542	31,381,468	15,526,644	15,782,536	51,764,186	47,164,004
<b>Total liabilities</b>	<b>38,611,509</b>	<b>33,476,919</b>	<b>25,982,789</b>	<b>28,533,366</b>	<b>64,594,298</b>	<b>62,010,285</b>
Net position						
Net investment in capital assets	37,469,326	33,292,285	45,143,136	40,916,592	82,612,462	74,208,877
Restricted	5,438,108	7,786,733	7,746,525	9,801,045	13,184,633	17,587,778
Unrestricted	3,678,731	8,993,580	9,268,064	9,625,450	12,946,795	18,619,030
<b>Total net position</b>	<b>\$46,586,165</b>	<b>\$50,072,598</b>	<b>\$62,157,725</b>	<b>\$60,343,087</b>	<b>\$108,743,890</b>	<b>\$110,415,685</b>

Beginning 2016 net position of the business type activities was decreased to reflect removal of capital leases payable and allocation of a portion of the 2014 bonds payable from governmental activities. Beginning net position of the governmental activities was increased to reflect allocating business type activities a portion of the 2014 bonds payable.

The total net position of the City decreased by \$2,081,124. The business-type activities increase in net position of \$3,240,372 is primarily due to Board of Light and Power profitability. The governmental activities decrease in net position of \$5,321,496 is primarily due to an increase in the net pension liability.

### Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>Revenue</b>						
Program revenue						
Charges for services	\$2,082,868	\$1,503,541	\$42,919,982	\$42,096,945	\$45,002,850	\$43,600,486
Operating grants and contributions	2,144,343	1,658,198	150,366	344,110	2,294,709	2,002,308
Capital grants and contributions	116,488	442,846	1,513	112,823	118,001	555,669
General revenue						
Property taxes	7,538,707	7,112,178	-	-	7,538,707	7,112,178
State revenues	927,568	941,981	-	-	927,568	941,981
Unrestricted investment earnings	280,157	396,686	-	-	280,157	396,686
Other	175,782	46,669	-	-	175,782	46,669
<b>Total revenues</b>	<b>13,265,913</b>	<b>12,102,099</b>	<b>43,071,861</b>	<b>42,553,878</b>	<b>56,337,774</b>	<b>54,655,977</b>
<b>Expenses</b>						
General government	5,026,891	4,024,253	-	-	5,026,891	4,024,253
Public safety	6,251,851	5,393,009	-	-	6,251,851	5,393,009
Public works	7,164,224	2,158,017	-	-	7,164,224	2,158,017
Culture and recreation	990,341	668,087	-	-	990,341	668,087
Interest	736,254	546,288	-	-	736,254	546,288
Board of Light & Power	-	-	34,028,382	33,131,800	34,028,382	33,131,800
Sewer	-	-	1,654,480	1,758,858	1,654,480	1,758,858
Water	-	-	1,620,655	1,618,208	1,620,655	1,618,208
Other business-type	-	-	945,820	978,125	945,820	978,125
<b>Total expenses</b>	<b>20,169,561</b>	<b>12,789,654</b>	<b>38,249,337</b>	<b>37,486,991</b>	<b>58,418,898</b>	<b>50,276,645</b>
Change in net position before transfers	(6,903,648)	(687,555)	4,822,524	5,066,887	(2,081,124)	4,379,332
Transfers	1,582,152	(49,107)	(1,582,152)	49,107	-	-
Change in net position	(5,321,496)	(736,662)	3,240,372	5,115,994	(2,081,124)	4,379,332
<b>Net position-beginning of year, as restated</b>	<b>51,907,661</b>	<b>50,809,260</b>	<b>58,917,353</b>	<b>55,227,093</b>	<b>110,825,014</b>	<b>106,036,353</b>
<b>Net position-end of year</b>	<b>\$46,586,165</b>	<b>\$50,072,598</b>	<b>\$62,157,725</b>	<b>\$60,343,087</b>	<b>\$108,743,890</b>	<b>\$110,415,685</b>

**Governmental activities.** During the year the City invested \$7,164,224 or 36% of governmental activities expenses in public works. Public safety was \$6,251,851 or 31% of governmental activities expenses while general government, culture and recreation, and interest on long-term debt made up the remaining 33% of governmental activities expenses.

**Business-type activities.** Business-type activities increased the City's net position by \$3,240,372 for the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$5,115,994.

## 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 \$19,546,210, a decrease of \$4,594,057 in comparison with the prior year, from use of bond proceeds for construction projects.

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 \$1,146,869 while total fund balance was \$6,794,274. 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, 2016, fund balance represents 72% of total prior year general fund expenditures.

The fund balance of the City's general fund increased by \$975,412 during the current fiscal year.

The public improvement fund is used to account for capital costs relating to construction projects affecting public spaces. At the end of the current fiscal year, fund balance was \$2,621,786. The fund balance will decrease in subsequent fiscal years as funds are spent on the applicable projects.

**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, sewer and water funds at the end of the year amounted to \$8,536,657, \$1,504,779 and (\$239,972) respectively. The Board of Light and Power had an increase of \$2,446,570, the sewer fund had an increase in net position for the year of \$596,569 and the water fund had an increase of \$541,388. 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:

- Property tax revenue for general operations increased 2.79% due to increases in taxable value. This increasing trend is expected to continue.
- Building permits revenue was originally budgeted at \$280,000, amended to \$300,000 and came in at \$309,071.
- Enforcement activities were up even though the revenue from court costs and fines dropped by \$29,000 to \$51,091 for the year.
- The administrative fees (indirect costs) structure was modified to compare audited operating expenses for each operating fund (not including transfers out or non-operating expenses).
- Miscellaneous revenue increased by \$11,000 mostly from increased mini-golf revenue, budgeted at \$30,000 with actual totaling \$41,851.
- Proceeds of \$258,340 from insurance for the loss and reconstruction of the waterfront restrooms were received and reconstruction was completed by fiscal year-end.
- Revenue from accounting & finance services provided to Spring Lake Township totaled \$71,406, planning services \$27,500.
- Public Safety expenses ran \$72,046 under the amended budget for the year.
- DPW ran \$173,317 under the amended budget for the year.
- General government ran \$192,012 under the amended budget for the year.
- Culture and recreation ran \$47,522 under the amended budget for the year.

- Total expenditures and transfers out ran \$782,778 under the amended budget for the year.

Enterprise Funds:

- In the City Sewer (Collection) Fund, a new construction asset transfer related to sewer lines in the Madison Street project of \$218,479 occurred. Total revenue over expenditures was \$596,569.
- In the City Water (Distribution) Fund, capital asset purchases of \$502,612 from the automated meter reading project. Total revenue over expenditures was \$541,588.
- When a surplus of cash occurs in either the City Sewer or Water Funds, the City plans to spend it with infrastructure bond funds rather than reserving it for other purpose. In this way the City extends the value and scope of the infrastructure bond funds which are funded by millage.
- The Marina Fund has a total of \$500,000 in liabilities to the General and Public Improvements Funds. The amount is due to Phase 1 dock costs incurred in 2007.
- The Motorpool Fund equipment rental revenue application has been changed to a timesheet-based use of equipment and vehicles. This presently produces a lesser reserve than has been known in the past. The Fund owes \$150,000 to the General Fund for cash flow purposes. It is projected to pay the loan over the next two fiscal years.

Component Units:

- The DDA-TIF relies on an annual \$120,000 transfer from the General Fund to pay annual debt service expenses. It is anticipated to continue for the foreseeable future, increasing if the property values in the DDA do not increase as initially planned. However, the 2006 DDA-TIF Bond was refunded by the 2015 DDA-TIF Refunding Bond which will save approximately \$25,000 a year in interest costs.
- The Grand Landing Brownfield TIF has exhausted its resources except for annual taxation and some additional miscellaneous revenue. In FY 2016-17, the Debt Support Fund will be tapped to assist with debt service payments. The original 2006 Grand Landing Brownfield TIF Bond was refunded by the 2016 Brownfield Refunding Bond in February 2016, achieving over \$500,000 in debt service cost savings over the remaining life of the bond.
- The Boat Storage Brownfield TIF Bond will post the last debt service payment in the fall of 2017.

## 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, 2016, amounted to \$110,020,173 (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	\$ 8,457,148	\$ 531,603	\$ 8,988,751
Construction in progress	3,598,622	394,352	3,992,974
Structures & improvements	5,151,468	5,196,718	10,348,186
Machinery, equipment, vehicles & fixtures	2,654,967	202,005	2,856,972
Buildings	6,797,614	-	6,797,614
Parking facilities	4,918,140	-	4,918,140
Infrastructure	23,924,019	-	23,924,019
Production and treatment	-	9,811,422	9,811,422
Transmission and distribution	-	38,078,234	38,078,234
General plant	-	303,861	303,861
<b>Total</b>	<b>\$55,501,978</b>	<b>\$54,518,195</b>	<b>\$110,020,173</b>

Additional information on the City of Grand Haven's capital assets can be found in Note 4 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>
Accrued employee benefits	\$ 1,450,441	\$ 664,166	\$ 2,114,607
Capital lease obligations	1,074,856	-	1,074,856
Bond premiums	892,855	-	892,855
Bonds payable	16,064,941	9,375,059	25,440,000
<b>Total</b>	<b>\$19,483,093</b>	<b>\$10,039,225</b>	<b>\$29,522,318</b>

The City entered into no new debt during the year.

Additional information on the City's long-term debt can be found in Note 6 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 2016-17 fiscal year:

- Property values in the aggregate are expected to increase 1% per year for 5 years, a very conservative estimate for future budget planning. Effective ad valorem taxes for the reported fiscal year increased approximately 2.8%.
- Wages and fringe benefits are continually in the forefront of budgeting and staffing decisions. A contract with the Police Officer's Labor Council will be negotiated by the deadline of June 30, 2017. The Service Employees International Union (DPW) contract was negotiated in June 2016 and runs through June, 2019.
- Health benefits costs continue to be hard to forecast, especially with the additional burdens and processes established by law. We forecast an average increase of 6% per year for the foreseeable future.
- Standard & Poor's AA stable rating was applied to the City's 2015 DDA TIF Refunding Bonds and the 2016 Brownfield Refunding bonds, an indication of quality management and conservative fiscal operations.

### **Requests for Information**

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

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

James P. Bonamy  
Finance Director  
616-935-3214  
[jbony@grandhaven.org](mailto:jbony@grandhaven.org)

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF GRAND HAVEN**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and pooled investments	\$ 21,506,207	\$ 9,053,722	\$ 30,559,929	\$ 702,415
Accounts receivable	336,973	5,302,561	5,639,534	263,066
Due from other governments	618,998	1,936,655	2,555,653	-
Taxes receivable	3,021	-	3,021	198
Special assessments receivable	294,983	155,773	450,756	376,129
Internal balances	937,252	(937,252)	-	-
Capital lease receivable	-	-	-	1,484,182
Prepaid items	195,601	101,095	296,696	2,097
Inventory	47,985	5,806,108	5,854,093	-
Restricted cash	-	7,746,525	7,746,525	-
Bond discount	-	-	-	21,973
Capital assets				
Land	8,457,148	531,603	8,988,751	-
Construction in progress	3,598,622	394,352	3,992,974	-
Depreciable capital assets, net	43,446,208	53,592,240	97,038,448	-
<b>Total assets</b>	<u>79,442,998</u>	<u>83,683,382</u>	<u>163,126,380</u>	<u>2,850,060</u>
<b>Deferred outflows of resources</b>				
Pension related	5,754,676	4,457,132	10,211,808	42,963
Deferred charge on refunding	-	-	-	397,711
<b>Total deferred outflows of resources</b>	<u>5,754,676</u>	<u>4,457,132</u>	<u>10,211,808</u>	<u>440,674</u>
<b>Liabilities</b>				
Accounts payable	1,148,445	2,378,728	3,527,173	108,187
Accrued liabilities	256,936	217,286	474,222	1,421
Accrued interest payable	182,213	206,112	388,325	157,362
Noncurrent liabilities				
Accrued compensated absences	1,450,441	664,166	2,114,607	-
Other post-employment benefits obligation	604,944	74,208	679,152	-
Net pension liability	16,935,878	13,067,230	30,003,108	126,545
Bond premium	892,855	-	892,855	633,328
Due within one year	786,373	7,654,019	8,440,392	1,581,112
Due in more than one year	16,353,424	1,721,040	18,074,464	15,661,919
<b>Total liabilities</b>	<u>38,611,509</u>	<u>25,982,789</u>	<u>64,594,298</u>	<u>18,269,874</u>
<b>Net position</b>				
Net investment in capital assets	37,469,326	45,143,136	82,612,462	-
Restricted for				
Debt service	2,556,107	7,746,525	10,302,632	-
Streets	562,397	-	562,397	-
Capital projects	504,692	-	504,692	-
Permanent trust				
Cemetery - nonexpendable portion	1,814,912	-	1,814,912	-
Unrestricted (deficit)	3,678,731	9,268,064	12,946,795	(14,979,140)
<b>Total net position</b>	<u>\$ 46,586,165</u>	<u>\$ 62,157,725</u>	<u>\$ 108,743,890</u>	<u>\$ (14,979,140)</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, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 5,026,891	\$ 718,877	\$ 728,175	\$ 93,989	\$ (3,485,850)
Public safety	6,251,851	197,882	6,310	-	(6,047,659)
Public works	7,164,224	878,687	1,409,858	2,892	(4,872,787)
Culture and recreation	990,341	287,422	-	19,607	(683,312)
Interest on long-term debt	736,254	-	-	-	(736,254)
<b>Total governmental activities</b>	<b>20,169,561</b>	<b>2,082,868</b>	<b>2,144,343</b>	<b>116,488</b>	<b>(15,825,862)</b>
Business-type activities					
Board of Light and Power	34,028,382	38,297,890	81,096	-	4,350,604
Sewer	1,654,480	2,209,805	33,186	-	588,511
Water	1,620,655	1,831,587	16,720	-	227,652
Other business-type activities	945,820	573,303	26,761	1,513	(344,243)
<b>Total business-type activities</b>	<b>38,249,337</b>	<b>42,912,585</b>	<b>157,763</b>	<b>1,513</b>	<b>4,822,524</b>
<b>Total primary government</b>	<b>\$ 58,418,898</b>	<b>\$ 44,995,453</b>	<b>\$ 2,302,106</b>	<b>\$ 118,001</b>	<b>\$ (11,003,338)</b>
<b>Component Units</b>					
Economic Development Corporation	\$ 94,858	\$ -	\$ -	\$ -	\$ (94,858)
Main Street Downtown Development Authority	670,321	-	30,461	633,286	(6,574)
Brownfield Redevelopment Authority	513,932	-	285,925	65,379	(162,628)
<b>Total component units</b>	<b>\$ 1,279,111</b>	<b>\$ -</b>	<b>\$ 316,386</b>	<b>\$ 698,665</b>	<b>\$ (264,060)</b>

(Continued)

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

**CITY OF GRAND HAVEN**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2016**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net position</b>				
<b>Net (expense) revenue</b>	\$ (15,825,862)	\$ 4,822,524	\$ (11,003,338)	\$ (264,060)
General revenues				
Property taxes	7,538,707	-	7,538,707	791,614
State shared revenues	927,568	-	927,568	-
Unrestricted investment earnings	280,157	-	280,157	71,707
Other general revenues	175,782	-	175,782	98,884
Transfers - internal activities	<u>1,582,152</u>	<u>(1,582,152)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>10,504,366</u>	<u>(1,582,152)</u>	<u>8,922,214</u>	<u>962,205</u>
Change in net position	(5,321,496)	3,240,372	(2,081,124)	698,145
<b>Net position, beginning of year, as restated</b>	<u>51,907,661</u>	<u>58,917,353</u>	<u>110,825,014</u>	<u>(15,677,285)</u>
<b>Net position, end of year</b>	<u>\$ 46,586,165</u>	<u>\$ 62,157,725</u>	<u>\$ 108,743,890</u>	<u>\$ (14,979,140)</u>

(Concluded)

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

**CITY OF GRAND HAVEN**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**JUNE 30, 2016**

	<u>General</u>	<u>Public Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>				
Cash and pooled investments	\$ 5,988,220	\$ 2,136,616	\$ 11,007,882	\$ 19,132,718
Accounts receivable	231,047	18,022	86,529	335,598
Due from other governments	182,600	-	436,220	618,820
Taxes receivable	3,021	-	-	3,021
Special assessments receivable	279,815	-	15,168	294,983
Due from other funds	651,396	600,000	-	1,251,396
Prepaid items	9,096	9,476	3,678	22,250
Inventory	26,344	-	-	26,344
<b>Total assets</b>	<u>\$ 7,371,539</u>	<u>\$ 2,764,114</u>	<u>\$ 11,549,477</u>	<u>\$ 21,685,130</u>
<b>Liabilities, deferred inflows and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 172,796	\$ 142,328	\$ 813,053	\$ 1,128,177
Accrued liabilities	103,371	-	12,033	115,404
Due to other funds	12,951	-	180,807	193,758
<b>Total liabilities</b>	<u>289,118</u>	<u>142,328</u>	<u>1,005,893</u>	<u>1,437,339</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	288,147	-	14,098	302,245
<b>Fund balances</b>				
Non-spendable				
Prepaid items	9,096	9,476	3,678	22,250
Permanent fund corpus	-	-	1,814,912	1,814,912
Inventory	26,344	-	-	26,344
Restricted				
Streets	-	-	559,199	559,199
Public works	-	2,612,310	5,091,086	7,703,396
Debt service funds	-	-	2,555,919	2,555,919
Committed				
Capital projects	-	-	508,319	508,319
Budget stabilization	2,810,983	-	-	2,810,983
Assigned				
Future years expenditures	2,800,982	-	-	2,800,982
Unassigned	1,146,869	-	(3,627)	1,143,242
<b>Total fund balances</b>	<u>6,794,274</u>	<u>2,621,786</u>	<u>10,529,486</u>	<u>19,945,546</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 7,371,539</u>	<u>\$ 2,764,114</u>	<u>\$ 11,549,477</u>	<u>\$ 21,685,130</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, 2016

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<b>Fund balances - total governmental funds</b>	<b>\$ 19,945,546</b>
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Amounts reported for *governmental activities* in the statement of net position are different because:

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

Add - land	8,457,148
Add - construction in progress	3,598,622
Add - capital assets (net of accumulated depreciation)	41,121,845

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	302,245
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Pension contributions and other pension deferred outflows are not reported in the funds.

Add - deferred outflows	5,650,222
-------------------------	-----------

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	4,377,078
---	-----------

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

Deduct - compensated absences payable	(1,433,341)
Deduct - other post-employment benefits	(589,779)
Deduct - long-term debt	(17,139,797)
Deduct - bond premium	(892,855)
Deduct - net pension liability	(16,628,556)
Deduct - accrued interest on long-term debt	(182,213)

<b>Net position of governmental activities</b>	<b><u>\$ 46,586,165</u></b>
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The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND HAVEN**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Public Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>				
Taxes	\$ 6,042,601	\$ -	\$ 1,537,991	\$ 7,580,592
Intergovernmental revenues				
Federal	14,395	-	287,437	301,832
State	933,878	-	1,005,001	1,938,879
Local	58,182	83,132	137,027	278,341
Special assessments	28,854	-	34,355	63,209
Licenses and permits	631,966	-	-	631,966
Charges for services	1,913,289	-	8,527	1,921,816
Fines	88,748	-	-	88,748
Investment earnings	193,695	9,216	77,246	280,157
Miscellaneous	54,442	8,025	159,791	222,258
<b>Total revenues</b>	<u>9,960,050</u>	<u>100,373</u>	<u>3,247,375</u>	<u>13,307,798</u>
<b>Expenditures</b>				
Current				
General government	2,676,444	-	942	2,677,386
Public safety	4,113,254	-	-	4,113,254
Public works	2,866,300	-	2,549,468	5,415,768
Culture and recreation	706,170	-	19,607	725,777
Debt service				
Principal	8,714	-	862,560	871,274
Interest	13,407	-	717,487	730,894
Capital outlay	-	3,466,427	1,083,891	4,550,318
<b>Total expenditures</b>	<u>10,384,289</u>	<u>3,466,427</u>	<u>5,233,955</u>	<u>19,084,671</u>
Revenues over (under) expenditures	<u>(424,239)</u>	<u>(3,366,054)</u>	<u>(1,986,580)</u>	<u>(5,776,873)</u>
Other financing sources (uses)				
Transfers in	2,177,794	2,858,407	9,026,292	14,062,493
Transfers out	(778,143)	(50,000)	(11,652,198)	(12,480,341)
Total other financing sources (uses)	<u>1,399,651</u>	<u>2,808,407</u>	<u>(2,625,906)</u>	<u>1,582,152</u>
Net changes in fund balances	975,412	(557,647)	(4,612,486)	(4,194,721)
<b>Fund balances, beginning of year</b>	<u>5,818,862</u>	<u>3,179,433</u>	<u>15,141,972</u>	<u>24,140,267</u>
<b>Fund balances, end of year</b>	<u>\$ 6,794,274</u>	<u>\$ 2,621,786</u>	<u>\$ 10,529,486</u>	<u>\$ 19,945,546</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, 2016

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ (4,194,721)</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	3,339,292
Deduct - net book value of disposed assets	(32,929)
Deduct - depreciation expense	(1,948,680)

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	(41,885)
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Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add - principal payments on debt	871,274
Add - bond premium amortization	55,340

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

Deduct - increase in accrued employee benefits	(533,691)
Deduct - increase in net pension liability	(7,036,467)
Add - increase in deferred outflows	4,651,330
Add - decrease in other post-employment benefit liability	78,610
Deduct - increase in accrued interest	(5,360)

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>(523,609)</u>
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<b>Change in net position of governmental activities</b>	<b><u>\$ (5,321,496)</u></b>
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The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND HAVEN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	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	\$ 7,309,598	\$ 1,465,617	\$ 13,981	\$ 264,526	\$ 9,053,722	\$ 2,373,489
Accounts receivable	4,734,202	238,014	229,629	100,716	5,302,561	1,375
Due from other governments	1,935,809	-	-	846	1,936,655	178
Special assessments receivable	-	155,773	-	-	155,773	-
Due from other funds	-	-	-	-	-	29,614
Prepaid items	66,023	19,663	14,575	834	101,095	173,351
Inventory	5,710,322	7,809	87,977	-	5,806,108	21,641
<b>Total current assets</b>	<b>19,755,954</b>	<b>1,886,876</b>	<b>346,162</b>	<b>366,922</b>	<b>22,355,914</b>	<b>2,599,648</b>
Noncurrent assets						
Restricted cash and pooled investments	7,746,525	-	-	-	7,746,525	-
Capital assets						
Land	222,281	5,260	-	304,062	531,603	-
Construction in progress	88,111	100,715	205,526	-	394,352	-
Depreciable capital assets, net	26,725,654	8,267,042	13,339,408	5,260,136	53,592,240	2,324,363
<b>Total noncurrent assets</b>	<b>34,782,571</b>	<b>8,373,017</b>	<b>13,544,934</b>	<b>5,564,198</b>	<b>62,264,720</b>	<b>2,324,363</b>
<b>Total assets</b>	<b>54,538,525</b>	<b>10,259,893</b>	<b>13,891,096</b>	<b>5,931,120</b>	<b>84,620,634</b>	<b>4,924,011</b>
<b>Deferred outflows of resources</b>						
Pension related	4,108,018	110,552	202,710	35,852	4,457,132	104,454
<b>Liabilities</b>						
Current liabilities						
Accounts payable	2,109,347	101,351	120,433	47,597	2,378,728	20,268
Accrued liabilities	195,086	8,309	5,816	8,075	217,286	141,532
Accrued interest payable	206,112	-	-	-	206,112	-
Due to other funds	165,143	5,083	923	766,103	937,252	150,000
Current portion of long-term debt	7,540,000	-	114,019	-	7,654,019	-
<b>Total current liabilities</b>	<b>10,215,688</b>	<b>114,743</b>	<b>241,191</b>	<b>821,775</b>	<b>11,393,397</b>	<b>311,800</b>
Long-term liabilities						
Accrued compensated absences	605,907	31,384	22,284	4,591	664,166	17,100
Net pension liability	12,039,809	325,400	596,567	105,454	13,067,230	307,322
Other post-employment benefits obligation	5,911	21,122	42,821	4,354	74,208	15,165
Bonds payable, net of current portion	-	-	1,721,040	-	1,721,040	-
<b>Total long-term liabilities</b>	<b>12,651,627</b>	<b>377,906</b>	<b>2,382,712</b>	<b>114,399</b>	<b>15,526,644</b>	<b>339,587</b>
<b>Total liabilities</b>	<b>22,867,315</b>	<b>492,649</b>	<b>2,623,903</b>	<b>936,174</b>	<b>26,920,041</b>	<b>651,387</b>
<b>Net position</b>						
Net investment in capital assets	19,496,046	8,373,017	11,709,875	5,564,198	45,143,136	2,324,363
Restricted for revenue bond requirements	7,746,525	-	-	-	7,746,525	-
Unrestricted	8,536,657	1,504,779	(239,972)	(533,400)	9,268,064	2,052,715
<b>Total net position</b>	<b>\$ 35,779,228</b>	<b>\$ 9,877,796</b>	<b>\$ 11,469,903</b>	<b>\$ 5,030,798</b>	<b>\$ 62,157,725</b>	<b>\$ 4,377,078</b>

The accompanying notes are an integral part of these financial statements

**CITY OF GRAND HAVEN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	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	\$ 38,297,890	\$ 2,209,805	\$ 1,831,587	\$ 573,303	\$ 42,912,585	\$ 4,436,431
<b>Operating expenses</b>						
Operating costs and expenses	23,902,490	1,342,159	1,031,504	547,786	26,823,939	4,534,003
Distribution	2,061,023	-	-	-	2,061,023	-
Customer accounts	1,182,576	-	-	-	1,182,576	-
Administrative and general	2,247,879	154,745	178,486	5,561	2,586,671	246,847
Depreciation	4,151,347	151,502	144,638	392,473	4,839,960	264,433
<b>Total operating expenses</b>	<u>33,545,315</u>	<u>1,648,406</u>	<u>1,354,628</u>	<u>945,820</u>	<u>37,494,169</u>	<u>5,045,283</u>
Operating income (loss)	<u>4,752,575</u>	<u>561,399</u>	<u>476,959</u>	<u>(372,517)</u>	<u>5,418,416</u>	<u>(608,852)</u>
Non-operating revenues (expenses)						
Gain (loss) on disposal of capital assets	-	-	(259,633)	-	(259,633)	(49,943)
Investment earnings	31,450	10,155	172	1,158	42,935	5,867
Other	49,646	23,031	16,548	25,603	114,828	129,319
Interest expense	(483,067)	(6,074)	(6,394)	-	(495,535)	-
Total non-operating revenues (expenses)	<u>(401,971)</u>	<u>27,112</u>	<u>(249,307)</u>	<u>26,761</u>	<u>(597,405)</u>	<u>85,243</u>
Income (loss) before other items	<u>4,350,604</u>	<u>588,511</u>	<u>227,652</u>	<u>(345,756)</u>	<u>4,821,011</u>	<u>(523,609)</u>
Transfers and other items						
Contribution in aid of construction	-	-	-	1,513	1,513	-
Transfers in	-	218,479	404,846	-	623,325	-
Transfers out	(1,903,946)	(210,421)	(91,110)	-	(2,205,477)	-
Total transfers and other items	<u>(1,903,946)</u>	<u>8,058</u>	<u>313,736</u>	<u>1,513</u>	<u>(1,580,639)</u>	<u>-</u>
Changes in net position	2,446,658	596,569	541,388	(344,243)	3,240,372	(523,609)
<b>Net position, beginning of year, as restated</b>	<u>33,332,570</u>	<u>9,281,227</u>	<u>10,928,515</u>	<u>5,375,041</u>	<u>58,917,353</u>	<u>4,900,687</u>
<b>Net position, end of year</b>	<u>\$ 35,779,228</u>	<u>\$ 9,877,796</u>	<u>\$ 11,469,903</u>	<u>\$ 5,030,798</u>	<u>\$ 62,157,725</u>	<u>\$ 4,377,078</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, 2016**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,482,073
Receipts from customers and users	38,388,117	2,642,239	2,202,482	557,646	43,790,484	-
Payments to employees	(4,919,209)	(217,265)	(454,624)	(160,688)	(5,751,786)	(241,693)
Payments to suppliers	(24,613,397)	(1,299,362)	(984,331)	(254,220)	(27,151,310)	(1,081,743)
Claims paid	-	-	-	-	-	(3,236,432)
<b>Net cash provided by (used in) operating activities</b>	<u>8,855,511</u>	<u>1,125,612</u>	<u>763,527</u>	<u>142,738</u>	<u>10,887,388</u>	<u>(77,795)</u>
<b>Cash flows from non-capital financing activities</b>						
Transfers in	(1,898,245)	218,479	404,846	-	(1,274,920)	-
Transfers out	(75,866)	(210,421)	(91,110)	-	(377,397)	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>(1,974,111)</u>	<u>8,058</u>	<u>313,736</u>	<u>-</u>	<u>(1,652,317)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>						
Proceeds from sale of capital assets	-	-	-	-	-	27,469
Interest paid on long-term debt	(609,718)	(7,611)	(8,013)	-	(625,342)	-
Contribution in aid of construction	-	-	-	1,513	1,513	-
Principal paid on long-term debt	(7,120,000)	(3,945)	(4,156)	-	(7,128,101)	-
Acquisitions of capital assets	(2,087,477)	(439,991)	(1,044,767)	(119,967)	(3,692,202)	(399,530)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(9,817,195)</u>	<u>(451,547)</u>	<u>(1,056,936)</u>	<u>(118,454)</u>	<u>(11,444,132)</u>	<u>(372,061)</u>
<b>Cash flows from investing activities</b>						
Sales of investments	2,677,801	-	-	-	2,677,801	-
Interest received	31,675	10,155	173	1,159	43,162	5,867
<b>Net cash provided by (used in) investing activities</b>	<u>2,709,476</u>	<u>10,155</u>	<u>173</u>	<u>1,159</u>	<u>2,720,963</u>	<u>5,867</u>
Net increase (decrease) in cash and pooled investments	(226,319)	692,278	20,500	25,443	511,902	(443,989)
<b>Cash and pooled investments, beginning of year</b>	<u>15,282,442</u>	<u>773,339</u>	<u>(6,519)</u>	<u>239,083</u>	<u>16,288,345</u>	<u>2,817,478</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 15,056,123</u>	<u>\$ 1,465,617</u>	<u>\$ 13,981</u>	<u>\$ 264,526</u>	<u>\$ 16,800,247</u>	<u>\$ 2,373,489</u>
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ 4,835,838	\$ 561,399	\$ 476,959	\$ (372,517)	\$ 5,501,679	\$ (608,852)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	4,151,347	151,502	144,638	392,473	4,839,960	264,433
Miscellaneous revenue	42,249	23,031	16,548	25,603	107,431	129,319
Deferred outflows of resources	(3,571,578)	(84,547)	(147,816)	(27,675)	(3,831,616)	(76,088)
Change in operating assets and liabilities which provided (used) cash						
Accounts receivable	30,447	302,024	349,347	(23,905)	657,913	(1,272)
Special assessments receivable	-	7,379	-	-	7,379	-
Due from other funds	-	100,000	5,000	-	105,000	(9,936)
Due from other governmental units	-	-	-	8,248	8,248	(144)
Prepaid items	(107)	(16,810)	(13,887)	2,257	(28,547)	54,676
Inventory	188,368	(45)	(8,637)	-	179,686	4,630
Deposit with others	(72,653)	-	-	-	(72,653)	-
Accounts payable	(2,589,008)	(2,960)	(28,850)	21,298	(2,599,520)	(7,939)
Accrued liabilities	(24,550)	1,581	208	826	(21,935)	(17,920)
Other liabilities	11,777	-	-	99,897	111,674	-
Unearned revenue	(1,643)	-	-	-	(1,643)	-
Due to other governmental units	-	-	-	(10,700)	(10,700)	150,000
Due to other funds	-	1,631	(100,014)	-	(98,383)	-
Compensated absences	(36,176)	7,856	4,511	779	(23,030)	8,375
Net pension liability	5,898,770	75,674	69,432	26,922	6,070,798	34,936
Net OPEB obligation	(7,570)	(2,103)	(3,912)	(768)	(14,353)	(2,013)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 8,855,511</u>	<u>\$ 1,125,612</u>	<u>\$ 763,527</u>	<u>\$ 142,738</u>	<u>\$ 10,887,388</u>	<u>\$ (77,795)</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, 2016**

	<b>Retiree Health Care</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and pooled investments	\$ 532,344	\$ 4,446,493
Funds on deposit with MERS	1,253,420	-
Due from other governmental units	20,133	-
<b>Total assets</b>	1,805,897	\$ 4,446,493
<b>Liabilities</b>		
Accounts payable	-	8,398
Accrued liabilities	-	573
Due to other governmental units	3,834	8,241
Trust deposits	-	4,429,281
<b>Total liabilities</b>	3,834	\$ 4,446,493
<b>Net position</b>		
Restricted for other post-employment benefits	\$ 1,802,063	

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, 2016**

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	<b>Retiree Health Care</b>
<b>Additions</b>	
Employer contributions	\$ 775,576
Interest income	<u>8,145</u>
<b>Total additions</b>	<u>783,721</u>
<b>Deductions</b>	
Insurance payments	425,587
Changes in net position	358,134
<b>Net position, beginning of year, as restated</b>	<u>1,443,929</u>
<b>Net position, end of year</b>	<u><u>\$ 1,802,063</u></u>

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

**CITY OF GRAND HAVEN**  
**COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**

**JUNE 30, 2016**

	<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	\$ 225,373	\$ 107,038	\$ 370,004	\$ 702,415
Accounts receivable	126,546	99,982	36,538	263,066
Taxes receivable	-	-	198	198
Special assessments receivable	-	376,129	-	376,129
Capital lease receivable	-	1,484,182	-	1,484,182
Prepaid items	-	2,097	-	2,097
Bond discount	-	21,973	-	21,973
<b>Total assets</b>	<u>351,919</u>	<u>2,091,401</u>	<u>406,740</u>	<u>2,850,060</u>
<b>Deferred outflows of resources</b>				
Pension related	-	42,963	-	42,963
Deferred charge on refunding	-	73,235	324,476	397,711
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>116,198</u>	<u>324,476</u>	<u>440,674</u>
<b>Liabilities</b>				
Accounts payable	-	99,846	8,341	108,187
Accrued liabilities	-	1,421	-	1,421
Accrued interest	-	89,361	68,001	157,362
Long-term debt				
Net pension liability	-	126,545	-	126,545
Bond premium	-	-	633,328	633,328
Due within one year	-	285,000	1,296,112	1,581,112
Due in more than one year	-	7,980,000	7,681,919	15,661,919
<b>Total liabilities</b>	<u>-</u>	<u>8,582,173</u>	<u>9,687,701</u>	<u>18,269,874</u>
<b>Net position</b>				
Unrestricted (deficit)	<u>351,919</u>	<u>(6,374,574)</u>	<u>(8,956,485)</u>	<u>(14,979,140)</u>
<b>Total net position</b>	<u>\$ 351,919</u>	<u>\$ (6,374,574)</u>	<u>\$ (8,956,485)</u>	<u>\$ (14,979,140)</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, 2016**

	<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	\$ 94,858	\$ -	\$ -	\$ 94,858
Main Street Downtown Development Authority	-	670,321	-	670,321
Brownfield Redevelopment Authority	-	-	513,932	513,932
<b>Total expenses</b>	<u>94,858</u>	<u>670,321</u>	<u>513,932</u>	<u>1,279,111</u>
<b>Revenues</b>				
Program revenues				
Operating grants and contributions	-	30,461	285,925	316,386
Capital grants	-	633,286	65,379	698,665
General revenues				
Property taxes	-	361,488	430,126	791,614
Unrestricted investment earnings	3,804	48,722	19,181	71,707
Miscellaneous	-	51,441	47,443	98,884
<b>Total revenues</b>	<u>3,804</u>	<u>1,125,398</u>	<u>848,054</u>	<u>1,977,256</u>
Change in net position	(91,054)	455,077	334,122	698,145
<b>Net position (deficit), beginning of year</b>	<u>442,973</u>	<u>(6,829,651)</u>	<u>(9,290,607)</u>	<u>(15,677,285)</u>
<b>Net position (deficit), end of year</b>	<u>\$ 351,919</u>	<u>\$ (6,374,574)</u>	<u>\$ (8,956,485)</u>	<u>\$ (14,979,140)</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, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

Recommended in December 2004, the City Council adopted the MSDDA's Tax Increment Financing (TIF) and Development Plan which set forth guidelines for downtown public improvements. In January 2006, the City issued \$3,345,000 in Downtown TIF bonds for the first project series, being improvements to parking lots on Franklin Street between Harbor Avenue and Third Street. With the introduction of this project, three additional funds were established under the oversight of the MSDDA to manage the inflow of bond funds and future tax increments as well as spending on project construction and future debt service.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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In October 2009, to provide funding for reconstruction of utilities and Washington Avenue, a \$5,600,000 Capital Improvement (Recovery Zone Economic Development Bond) was issued with a Standard and Poor's "AA" rating at 5.6%. The effective municipal interest cost of the bond was 3.12%. The Federal Government will pay 45% of the annual interest costs over the life of the bond. Funds for debt service will be drawn from the MSDDA taxation, streets, water and sewer funds as needed. The 2013 Federal Sequester has reduced the Federal portion of interest beginning in the fall of 2013 and it appears that the Sequester will continue into 2017. The MSDDA and the City have reserves to cover the additional interest cost.

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

The Brownfield Redevelopment Authority assisted razing the Grand Haven Brass Foundry and construction of 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 continue to October 2017. The Brownfield Redevelopment Authority created three funds, 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 2006, the Brownfield Redevelopment Authority assisted with the sale of City-owned property to Grand Landing, LLC, on the City's north end. Public infrastructure reconstruction was supported by a \$15,095,000 Brownfield Tax Increment Financing Bond issued October 10, 2006. Payments of principal and interest on the bond from tax revenue began in May 2007 and continue to November 2021. The Brownfield Redevelopment Authority created three funds to account for project and debt service costs including a special revenue fund to account for tax and interest revenue, a debt service fund to account for principal and interest payments and a capital projects fund to account for construction costs. In the summer of 2012, the property was sold to Redstar Development, LLC after the bankruptcy of Grand Landing, LLC. The City completed its public infrastructure improvements. No or very limited future public investment on the property is anticipated.

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

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

#### **Joint Ventures**

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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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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 \$922,116 to the Authority for sewage treatment. 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 seven members. The participating communities (Cities of Grand Haven and Ferrysburg, Townships of Spring Lake and Grand Haven, Village of Spring Lake, and County of Ottawa) pay a set rate to the Authority to process waste. This rate includes amounts to finance the Authority’s debt. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements can be obtained at Grand Haven City Hall.

The City is a member of the Harbor Transit Multi-Modal Transportation System (HTMMTS), created January 1, 2012 from Harbor Transit, formerly an enterprise fund of the City. HTMMTS provides transportation services within and for the Cities of Grand Haven and Ferrysburg, Charter Township of Grand Haven, the Village of Spring Lake and Spring Lake Township. HTMMTS is governed by a Board of Trustees containing 11 members. The HTMMTS Articles of Incorporation require the Members to have two members serving 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, 2016, the City distributed tax revenues of \$320,051 to HTMMTS. The City is unaware of any circumstances which would cause any additional benefit or burden to the local governments in the near future. Complete financial statements can be obtained at Grand Haven City Hall.

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

The MPPA operates various projects. The Board of Light and Power currently participated in the transmission project, Granger Project, North American Natural Resources Project, and the Energy Service Project. The Board of Light and Power does not have an equity interest or participate in the net income or loss of the MPPA.

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

The Granger and North American Natural Resources Projects are landfill renewable energy programs operated by the MPPA which provides MPPA participants with renewable energy to meet Michigan Public Act 295 requirements.

The Energy Services Project provides 15 MPPA participants with capacity and energy provided by third parties through the MPPA.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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

Electricity purchase from/through MPPA	\$1,202,705
Payments to MPPA for electricity transmission	845,590
Payments to MPPA for renewable energy	1,931,653
Payments to MPPA for other	349,743

#### **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 \$658,579 to the Plant to purchase water. The purpose of the Northwest Ottawa Water Treatment Plant is to acquire, construct, finance, operate and maintain a water production facility. The Plant is governed by an administrative committee composed of one representative from each of the participating communities (Cities of Grand Haven and Ferrysburg, Village of Spring Lake, Townships of Grand Haven and Spring Lake, and County of Ottawa). These participating communities pay for water at a rate that is estimated to cover operation, maintenance, replacement and debt service. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street).

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for state shared revenue, reimbursement-based grants and interest which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, intergovernmental revenue, charges and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. The principal operating revenues of the City's internal service fund are charges to City departments for repairs and equipment utilization. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal fund includes 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 funds:

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 *Public Improvement* capital projects fund is used to account for capital costs relating to construction projects affecting public spaces.

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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

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. Restricted cash consists of amounts set aside in accordance with bond provisions for principal payment in the event of default.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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### **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.

### **Receivables**

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

### **Inventory and Prepaid Items**

Inventory consists of coal and supplies which are stated at the lower of cost, determined principally by the moving average method, or market. Inventory also consists of meters and parts for the water and 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.

### **Restricted Assets**

Certain proceeds of the Board of Light and Power's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate accounts and their use is limited by applicable bond covenants. The Board has separate accounts used to: 1) report resources set aside to subsidize potential deficiencies from the Board's operation that could adversely affect debt service payments, (2) segregate resources accumulated for debt service payments over the next twelve months, (3) report resources set aside to make up potential future deficiencies in the revenue bond current debt service account and (4) report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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### **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 \$1,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received. The amount reported for infrastructure includes only assets added since 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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

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

	<u>Years</u>
Structures and improvements	5-200
Machinery, equipment, vehicles and fixtures	7-20
Buildings	5-200
Parking facilities	5-150
Production and treatment	5-50
Transmission and distribution	5-33
General plant	5-30
Infrastructure	5-150

### **Property Taxes**

City property taxes are attached as an enforceable lien on property as of December 31. Summer Taxes are levied July 1 and are due without penalty on or before September 15, and winter taxes are levied on December 1 and are due without penalty on or before February 15. 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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### ***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 the net pension liability which is discussed in Note 8.

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

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

Governmental funds report fund balance in the following five categories:

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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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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 General Fund balance falls below the minimum range, the City will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy. Stabilization amounts are established by formal action of the Board. Any increases or uses of stabilization amounts are required to be authorized by the Board.

The City Council has delegated the authority to assign fund balance to the City Manager or his designee.

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

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

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

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

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures/expenses.

#### ***Pensions***

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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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### ***Electric System Revenue Bond Resolution***

The Board of Light and Power is required to adhere to the terms of the Electric System Revenue Bond Resolution (the "resolution") adopted August 23, 1979. Pursuant to the resolution, the City, acting through the Board of Light and Power, has covenanted to at all times fix, establish, maintain and collect rates, fees and charges for the sale of the output, capacity, use or service of the Electric System which, together with other income, are reasonably expected to yield net revenues for the forthcoming twelve month period and, promptly upon any material change in the circumstances which were contemplated at the time such rates, fees and charges were most recently reviewed, but not less frequently than once in each fiscal year, shall review the rates, fees and charges for such sale of the output, capacity, use or service of the Electric System and shall promptly revise the same as necessary to comply with the foregoing requirement; provided, however, that, such rates, fees and charges shall in any event produce revenues sufficient to enable compliance with all covenants in the resolution.

## **2. 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, 2016, 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>			
Finance - Treasury	\$ 820,350	\$ 830,924	\$ (10,574)
City Attorney	118,000	128,993	(10,993)
Police - DARE	56,210	75,411	(19,201)
Public Safety – Police and Fire	3,355,630	3,387,495	(31,865)
Building Inspector	283,990	287,821	(3,831)
DPW – Ped/Bikeways	137,350	154,180	(16,830)
DPW – Harbor Transit	23,315	24,662	(1,347)
Housing Division	69,415	70,543	(1,128)
<b>Major Streets Fund</b>			
Administration	312,574	337,065	(24,491)
Construction	469,250	908,934	(439,684)
<b>Local Streets Fund</b>			
Construction	122,380	124,942	(2,562)

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

#### 3. DEPOSITS

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Fiduciary Activities</u>	<u>Component Units</u>	<u>Total</u>
Cash and pooled investments	\$21,506,207	\$9,053,722	\$4,978,837	\$702,415	\$36,241,181
Restricted cash and pooled investments	-	7,746,525	-	-	7,746,525
Funds on deposit with MERS	-	-	1,253,420	-	1,253,420
	\$21,106,871	\$17,199,583	\$6,232,257	\$702,415	\$45,241,126

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

Deposits	\$26,410,369
Investments	18,821,005
Petty cash	9,752
<b>Total</b>	<b>\$45,241,126</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:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Government obligation mutual funds	N/A	\$ 592,464	Unrated	
Money market funds	N/A	7,746,525	Aaam	S&P
Funds on deposit with MERS	N/A	1,253,420	Unrated	
Fixed income securities:				
MI Higher Ed Facs Authority	1/1/36	135,000	A-2	S&P
Oakland County EDC	12/1/25	190,000	A-2	S&P
Grand Rapids MI Indl Dev	5/1/25	300,000	Unrated	
MI State Hospital Fin Authority	2/1/22	150,000	A-2	S&P
MI State Hospital Fin Authority	2/1/22	385,000	A-2	S&P
Michigan State Strategic Fund	10/1/27	75,000	A2	Moody's
Michigan State Strategic Fund	4/1/31	510,000	Unrated	
US Government and agency securities/pools				
FNMA pool 2%	6/25/39	238,522	Unrated	
FHLMC pool 2.5%	12/15/41	184,705	Unrated	
FHLMC bond 1.25%	5/24/19	250,075	Aaa	Moody's
FNMA bond 1.35%	10/28/19	1,000,750	Aaa	Moody's
FNMA pool 2.5%	3/25/28	336,956	Unrated	
GNMA pool 3.5%	1/20/37	48,640	Unrated	
GNMA pool 3.5%	2/16/38	214,806	Unrated	
GNMA pool 2.5%	6/20/38	21,954	Unrated	
FHLMC pool 3%	4/15/41	151,193	Unrated	

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
FNMA pool 3%	12/25/43	\$ 370,231	Unrated	
FNMA bond 1.25%	10/29/20	750,217	AA+	S&P
FHLMC note .75%	3/29/18	1,000,106	AA+	S&P
FHLMC pool 3%	9/15/43	287,395	Unrated	
FHLMC pool 3%	7/15/31	348,379	Unrated	
FNMA pool 3.5%	10/25/39	232,810	Unrated	
FHLMC pool 3%	12/15/41	478,157	Unrated	
GNMA pool 3.5%	8/20/40	348,254	Unrated	
FHLMC pool 3.5%	4/15/44	406,865	Unrated	
FNMA pool 4%	11/25/19	32,359	Unrated	
FNMA pool 4%	6/25/41	403,958	Unrated	
FHLMC pool 2.75%	1/15/36	142,851	Unrated	
FNMA pool 2.5%	3/25/39	234,413	Unrated	
<b>Total</b>		<u><u>\$18,821,005</u></u>		

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. As of year-end, \$24,000,324 of the City's bank balance of \$27,266,125 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 \$17,070,682 of investments, the City has custodial credit risk of \$9,228,596 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, \$9,592,409 is invested in mutual funds for which the City's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

The City categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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

- U.S. Government agency bonds and notes are valued using quoted market prices (Level 1 inputs).
- Money market funds, funds on deposit with MERS, US Government agency pools and municipal bonds are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The City does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

#### 4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2016</b>
<b>Governmental activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$8,457,148	\$ -	\$ -	\$8,457,148
Construction in progress	2,830,154	3,418,174	2,649,706	3,598,622
Total capital assets, not being depreciated	<u>11,287,302</u>	<u>3,418,174</u>	<u>2,649,706</u>	<u>12,055,770</u>
<b>Capital assets, being depreciated</b>				
Structures and improvements	10,840,285	285,405	5,866	11,119,824
Machinery, equipment, vehicles and fixtures	6,183,162	546,997	621,937	6,108,222
Buildings	11,032,011	286,195	4,692	11,313,514
Parking facilities	9,267,520	-	-	9,267,520
Infrastructure	37,246,559	1,851,757	-	39,098,316
Total capital assets, being depreciated	<u>74,569,537</u>	<u>2,970,354</u>	<u>632,495</u>	<u>76,907,396</u>
Less accumulated depreciation:				
Structures and improvements	5,600,003	368,353	-	5,968,356
Machinery, equipment, vehicles and fixtures	3,640,112	330,605	517,462	3,453,255
Buildings	4,249,079	271,513	4,692	4,515,900
Parking facilities	4,070,916	278,464	-	4,349,380
Infrastructure	14,210,119	964,178	-	15,174,297
Total accumulated depreciation	<u>31,770,229</u>	<u>2,213,113</u>	<u>522,154</u>	<u>33,461,188</u>
<b>Net capital assets, being depreciated</b>	<u>42,799,308</u>	<u>757,241</u>	<u>110,341</u>	<u>43,446,208</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$54,086,610</u></b>	<b><u>\$4,175,415</u></b>	<b><u>\$2,760,047</u></b>	<b><u>\$55,501,978</u></b>

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
<b>Business-type activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 531,603	\$ -	\$ -	\$ 531,603
Construction in progress	1,835,780	394,352	1,835,780	394,352
Total capital assets, not being depreciated	2,367,383	394,352	1,835,780	925,955
<b>Capital assets being depreciated</b>				
Structures and improvements	10,003,096	84,863	1,728	10,086,231
Machinery, equipment, vehicles and fixtures	398,511	74,305	-	472,816
Production and treatment	102,822,945	1,160,980	23,378	103,960,547
Transmission and distribution	62,700,691	3,635,837	531,131	65,805,397
General plant	1,848,071	177,642	-	2,025,713
Total capital assets, being depreciated	177,773,314	5,133,627	556,237	182,350,704
Less accumulated depreciation for:				
Structures and improvements	4,510,072	381,169	1,728	4,889,513
Machinery, equipment, vehicles and fixtures	250,247	20,564	-	270,811
Production and treatment	91,433,104	2,739,399	23,378	94,149,125
Transmission and distribution	26,484,613	1,514,048	271,498	27,727,163
General plant	1,539,072	182,780	-	1,721,852
Total accumulated depreciation	124,217,108	4,837,960	296,604	128,758,464
<b>Net capital assets, being depreciated</b>	53,556,206	295,667	259,633	53,592,240
<b>Business-type activities capital assets, net</b>	<b>\$55,923,589</b>	<b>\$ 690,019</b>	<b>\$2,095,413</b>	<b>\$54,518,195</b>

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

<b>Governmental activities</b>	
General government	\$ 506,657
Public safety	623,578
Public works	721,012
Culture and recreation	97,433
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	264,433
<b>Total depreciation expense - governmental activities</b>	<b>\$2,213,113</b>
 <b>Business-type activities</b>	
Board of Light and Power	\$4,149,347
Sewer	151,502
Water	144,638
Other business-type	392,473
<b>Total depreciation expense – business- type activities</b>	<b>\$4,837,960</b>

**CITY OF GRAND HAVEN**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

**5. INTERFUND TRANSACTIONS**

Internal balances for the year ended June 30, 2016 are as follows:

<u>Due from</u>	<u>Due to</u>					<u>Total</u>
	<u>General fund</u>	<u>Board of Light and Power</u>	<u>Sewer fund</u>	<u>Water Fund</u>	<u>Non-major funds</u>	
General fund	\$ -	\$165,143	\$ -	\$ -	\$ 486,253	\$ 651,396
Public Improvement fund	-	-	-	-	600,000	600,000
Non-major funds	12,951	-	5,083	923	10,657	29,614
	<b>\$12,951</b>	<b>\$165,143</b>	<b>\$5,083</b>	<b>\$923</b>	<b>\$1,096,910</b>	<b>\$1,281,010</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, 2016 are as follows:

<u>Transfers in</u>	<u>Transfers out</u>						<u>Total</u>
	<u>General Fund</u>	<u>Public Improvement Fund</u>	<u>Non-Major funds</u>	<u>Board of Light and Power</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	
General Fund	\$ -	\$ -	\$ 75,592	\$1,903,946	\$107,146	\$91,110	\$2,177,794
Public Improvement Fund	53,243	-	2,805,164	-	-	-	2,858,407
Non-major funds	724,900	50,000	8,148,117	-	103,275	-	9,026,292
Sewer Fund	-	-	218,479	-	-	-	218,479
Water Fund	-	-	404,846	-	-	-	404,846
	<b>\$778,143</b>	<b>\$50,000</b>	<b>\$11,652,198</b>	<b>\$1,903,946</b>	<b>\$210,421</b>	<b>\$91,110</b>	<b>\$15,188,429</b>

Transfers are used to allocate administrative costs and move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

**6. LONG-TERM DEBT**

The following is a summary of the debt transactions of the City for the year ended June 30, 2016.

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
\$9,400,000 2008 Unlimited Tax General Obligation Bonds due in annual installments of \$185,000 to \$890,000 through April 2028; interest at 3.0 to 4.125%	\$7,675,000	\$ -	\$ 345,000	\$7,330,000	\$375,000

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
\$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%	\$2,684,941	\$ -	\$255,000	\$2,429,941	\$150,981
\$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%	6,545,000	-	240,000	6,305,000	230,000
\$125,000 Municipal Purchase Agreement due in annual installments of \$5,000 to \$10,000 through September 2015; interest at 5.1% to 7.0%	10,000	-	10,000	-	-
\$1,134,626 2010 Capital Lease due in annual installments of \$18,235 to \$91,175 through April 2034; interest at 3.25 to 6.5%	1,096,130	-	21,274	1,074,856	30,392
<b>Total debt</b>	<b>18,011,071</b>	<b>-</b>	<b>871,274</b>	<b>17,139,797</b>	<b>786,373</b>
Bond premiums	948,195	-	55,340	892,855	-
Accrued employee benefits	908,375	1,017,529	475,463	1,450,441	-
<b>Total Governmental Activities</b>	<b>\$19,867,641</b>	<b>\$1,017,529</b>	<b>\$1,402,077</b>	<b>\$19,483,093</b>	<b>\$786,373</b>
<b>Business-type Activities</b>					
\$47,850,000 2003 Electric System Revenue Refunding Bonds due in annual installments of \$4,920,000 to \$7,210,000 through July 2016; interest at 5.0 to 5.5%	\$14,015,000	\$ -	\$6,805,000	\$7,210,000	\$7,210,000
\$4,775,000 2014 Unlimited Tax General Obligation Bonds due in annual installments of \$255,000 to \$405,000 through April 2029; interest at 2.0 to 4.0%	1,835,059	-	-	1,835,059	114,019
\$2,400,000 2007 Electric System Revenue Refunding Bonds due in annual installments of \$180,000 to \$330,000 through July 2016; interest at 4.0 to 5.5%	645,000	-	315,000	330,000	330,000
<b>Total debt</b>	<b>16,495,059</b>	<b>-</b>	<b>7,120,000</b>	<b>9,375,059</b>	<b>7,654,019</b>
Bond premiums	61,021	-	61,021	-	-
Accrued employee benefits	687,196	190,187	213,217	664,166	-
<b>Total Business-type Activities</b>	<b>\$17,243,276</b>	<b>\$190,187</b>	<b>\$7,394,238</b>	<b>\$10,039,225</b>	<b>\$7,654,019</b>

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

<b>Component Units</b>	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2016</b>	<b>Due Within One Year</b>
\$3,345,000 2006 Capital Improvement Bonds due in annual installments of \$80,000 to \$400,000 through October 2026; interest at 3.5% to 4.375%	\$2,945,000	\$ -	\$ 2,945,000	\$ -	\$ -
\$5,600,000 2009 Capital Improvement Bonds due in annual installments of \$90,000 to \$450,000 through April 2034; interest at 3.25% to 6.0%	5,410,000	-	105,000	5,305,000	150,000
\$710,000 2005 Tax Increment Bonds due in annual installments of \$35,000 to \$70,000 through October 2017; interest at 3.69%	205,000	-	65,000	140,000	70,000
\$15,096,000 2006 Brownfield Redevelopment Bonds due in annual installments of \$475,000 to \$1,800,000 through November 2021; interest at 4.0 to 4.2%	9,825,000	-	8,660,000	1,165,000	1,165,000
\$1,000,000 2011 Brownfield Redevelopment Bonds due in annual installments of \$100,174 through May 2021; interest at 2.0%	377,945	-	59,914	318,031	61,112
\$2,960,000 2015 General Obligation Refunding Bonds due in annual installments of \$135,000 to \$380,000 through October 2026; interest at 2.3%	-	2,960,000	-	2,960,000	135,000
\$7,355,000 2016 Brownfield Redevelopment Bonds due in annual installments of \$1,240,000 to \$1,750,000 through November 2021; interest at 3.0% to 4.0%	-	7,355,000	-	7,355,000	-
Total debt	18,762,945	10,315,000	11,834,914	17,243,031	1,581,112
Issuance discounts	(38,637)	-	(16,664)	(21,973)	-
Issuance premiums	12,657	633,328	12,657	633,328	-
<b>Total Component Units</b>	<b>\$18,736,965</b>	<b>\$10,948,328</b>	<b>\$11,830,907</b>	<b>\$17,854,386</b>	<b>\$1,581,112</b>

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2016 are as follows:

Year Ended June 30	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	786,373	659,516	7,654,019	275,861	1,581,112	690,996
2018	836,248	633,900	116,170	65,334	1,692,335	588,132
2019	892,135	606,401	118,322	63,012	1,758,581	535,645
2020	947,708	575,275	124,775	59,462	1,879,853	480,197
2021	1,007,457	540,462	129,078	54,470	2,050,000	409,946
2022-2026	6,073,341	2,052,435	724,989	190,606	4,746,150	1,300,901
2027-2031	4,584,022	815,391	507,706	41,046	2,190,000	722,952
2032-2036	2,012,513	195,170	-	-	1,345,000	159,464
<b>Total</b>	<b>\$17,139,797</b>	<b>\$6,078,550</b>	<b>\$9,375,059</b>	<b>\$749,791</b>	<b>\$17,243,031</b>	<b>\$4,888,233</b>

During fiscal 2016, the Brownfield Redevelopment Authority issued \$7,355,000 of refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for debt service on 2006 bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. This advanced refunding was undertaken to reduce total debt service payments by \$509,424, which resulted in an economic gain of \$488,810. At June 30, 2016, the total amount of defeased debt still outstanding totaled \$7,585,000.

During fiscal 2016, the Mainstreet Downtown Development Authority issued \$2,960,000 of refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for debt service. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. This advanced refunding was undertaken to reduce total debt service payments by \$308,060, which resulted in an economic gain of \$271,909. At June 30, 2016, the total amount of defeased debt still outstanding totaled \$2,860,000.

#### 7. CAPITAL LEASES

##### Leases Receivable

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

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

The future lease payments for these leases are as follows:

Year Ended <u>June 30</u>	Component Units	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 41,966	\$ 44,535
2018	44,763	43,542
2019	48,960	42,410
2020	51,758	41,130
2021	57,353	39,743
2022-2026	356,707	172,175
2027-2031	506,384	110,571
2032-2036	376,290	24,537
<b>Total</b>	<b>\$1,484,181</b>	<b>\$518,643</b>

#### 8. PENSION PLANS

##### *Defined Benefit Pension Plan*

###### *Plan Description*

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

###### *Benefits Provided*

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

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2015):

Active plan members	Total City 191
Inactive employees or beneficiaries currently receiving benefits	194
Inactive employees entitled but not yet receiving benefits	43
Total	428

###### *Contributions*

The City is required to contribute at an actuarially determined rate, which for the current year was from 10.71 to 12.96% of annual covered payroll depending on position and classification. Participating employees are required to contribute from 0 to 11.72% percent of covered payroll to the Plan based on position and classification. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

**Net Pension Liability**

The City's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the December 31, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5% (3-4% for 2014)

Salary Increases: base wage inflation of 3.75% in the long-term (plus merit and longevity from 0 to 11% based on age) (4.5 for 2014)

Investment rate of return: 7.75%, net of investment expense, including inflation (8.25% for 2014)

Mortality rates used for non-disabled plan member were based on a weighted blend of RP-2014 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of RP-2014 disabled retire mortality tables of a 50% Male and 50% Female blend of disabled retirees. (1994 group annuity tables is 2014)

The actuarial assumptions used in the valuation were based on the results of the 2015 actuarial experience study.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	57.5%	6.27%	3.60%
Global Fixed Income	20.0%	3.43%	0.68%
Real Assets	12.5%	5.48%	0.69%
Diversifying Strategies	10.0%	7.81%	0.78%
Inflation			2.00%
Administrative fee			0.25%
Investment rate of return			<u>8.00%</u>

Discount rate. The discount rate used to measure the total pension liability is 8.00% which declined by .25% from the prior year. 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, 2016**

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension	Fiduciary	
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/14	\$88,776,073	\$71,805,007	\$16,971,066
Changes for the Year:			
Service cost	1,784,375	-	1,784,375
Interest	6,970,006	-	6,970,006
Change in benefits	(8,167)	-	(8,167)
Differences between expected and actual experience	1,069,871	-	1,069,871
Change in assumptions	4,451,385	-	4,451,385
Contributions: employer	-	1,351,197	(1,351,197)
Contributions: employee	-	1,188,014	(1,188,014)
Net investment Income	-	(1,056,807)	1,056,807
Benefit payments, including refunds	(5,086,362)	(5,086,362)	-
Administrative expense	-	(155,709)	155,709
Other changes	217,812	-	217,812
Net changes	9,398,920	(3,759,667)	13,158,587
Balance at 12/31/15	\$98,174,993	\$68,045,340	\$30,129,653

#### 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 8.0%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1% higher (9.0%) than the current rate.

	1% Decrease	Current Discount rate	1 % Increase
Total Pension Liability	\$110,169,392	\$98,174,993	\$88,157,180
Fiduciary Net Position	68,045,340	68,045,340	68,045,340
Net Pension Liability	\$ 42,124,052	\$30,129,653	\$20,111,840

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

For the year ended June 30, 2016 the City recognized pension expense of \$6,101,973. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences in experience	\$ 641,923
Differences in assumptions	2,670,831
Excess (deficit) investment returns	6,121,222
Contributions subsequent to the measurement date*	820,795
Total	<u>\$10,254,771</u>

\* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2017.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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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:

2017	\$2,698,452
2018	2,698,452
2019	2,698,452
2020	1,338,620
2021	-
Thereafter	-
Total	<u>\$9,433,976</u>

#### Defined Contribution Plans

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

The City provides a defined contribution pension plan (externally managed IRS Section 401a plan), which provides pension benefits to qualified employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate in the plans vests immediately. Participants contribute from 2% of covered wages which is matched by the City. City contributions were \$56,906 and participant contributions were \$56,906 to the plan during the year. The plan provisions and contribution amounts were established by the City Council and may be amended by the Council.

The Board of Light and Power provides a defined contribution pension plan (the Plan) that provides pension benefits to all fulltime employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate after six months of 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 four years of service. During the year employees contributed \$18,781 and the Board contributed \$37,560 to the plan.

#### 9. OTHER POST-EMPLOYMENT BENEFITS

##### Defined Benefit Plan

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 City's policy, the City provides health care benefits to retirees in accordance with the pension ordinance. For retirees below age 65, the City pays 75 percent to 80 percent of the annual premium (depending on the bargaining unit) and the retiree pays the balance. For retirees age 65 and older, the City pays 10 percent on the annual premium (depending on the bargaining unit) and the retiree pays the balance. Retirees are required to purchase and pay for Medicare supplemental insurance when they become eligible. As of June 30, 2016, the date of the last plan valuation, the Plan covered 179 members (105 active plan members and 74 retirees receiving benefits). 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.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

The contribution requirements of Plan members and the City are established and may be amended by the City Council. 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 Council. For the year ended June 30, 2016, the City contributed \$775,367 to the Plan.

The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed fifteen years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$746,444
Interest on Net OPEB obligation	58,061
Adjustment to annual required contribution	(124,114)
Annual OPEB cost (expense)	680,391
Contribution made	775,367
Increase in net OPEB obligation	(94,976)
Net OPEB obligation, beginning of year	774,128
Net OPEB obligation, end of year	\$679,152

#### Three-Year Trend Information

<u>Fiscal Year</u> <u>Ended</u>	<u>OPEB</u> <u>Cost</u>	<u>Percentage of OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/14	\$577,206	120.8%	\$475,904
6/30/15	681,035	56.2%	774,128
6/30/16	680,391	114.0%	679,152

#### Schedule of Funding Progress

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>Total</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
6/30/16	\$1,809,028	\$6,300,692	\$4,491,664	28.7%	\$11,180,895	40.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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In the June 30, 2016 actuarial valuation, the Plan utilized the individual entry age normal; level percentage, closed amortization method; and an amortization period of 15 years, 7 years remaining. The actuarial assumptions included a 7.5% return on plan assets, an inflation rate of 2.0%, a discount rate of 7.5%, and an 8% medical inflation rate graded down .5% per year to an ultimate rate of 5%. The actuarial value of Plan assets was determined by market value. Other post-employment benefits of governmental funds are generally liquidated with general fund resources.

#### **Defined Contribution Plan**

The City provides a Health Care Savings Plan ("HCSP"), which provides health insurance benefits to qualified employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. In 2008 the HCSP was opened with a mandatory employee contribution rate of .25% of covered wages. Employees could elect to contribute up to 10%. In May 2011 MERS determined that the range was not allowed and froze contributions at the levels they were currently at. The City was not required to contribute. Employees hired after May 2011 are required to contribute 3% with a 3% City match, except for SEIU union employees who in the fall of 2013 voted to increase employee contributions to 5% with the City matching 3%. City contributions were \$91,896 and participant contributions were \$254,640 to the plan during the year. The plan provisions and contribution amounts were established and may be amended by MERS.

#### **10. RISK MANAGEMENT**

##### ***Primary Government***

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

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

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

The City is self-funded for medical, dental, optical and disability insurance. The claims liability of \$137,585 reported at June 30, 2016 is based on the requirements of accounting standards which require that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

The activity of the self-funded insurance is accounted for in the self-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 \$75,000 per employee with a 125% aggregate. There were no changes in insurance coverage from the prior year. 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, 2016 and 2015 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>
2016	\$156,538	\$3,289,803	\$3,308,756	\$137,585
2015	52,695	2,986,171	2,882,328	156,538

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 self-insured reserve limits. MPIA assumes risk of loss within the scope of the memorandum of coverage to the extent of the coverage limits.

Following is insurance coverage and related deductibles effect at June 30:

<u>Coverage</u>	<u>2016 Deductible</u>	<u>2015 Deductible</u>
Property, real and personal, including earthquake and flood excluding equipment breakdown	\$ 250,000	\$ 250,000
Equipment breakdown, excluding Sims #3	50,000	50,000
Equipment breakdown at Sims, excluding Sims #3	250,000	250,000
Equipment breakdown, specific to Sims #3 boiler	500,000	500,000
General liability	50,000	50,000
Public officials liability	50,000	50,000
Employee benefits liability	10,000	10,000
Crime	25,000	25,000
Open cargo	1% of value	1% of value

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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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 \$1,935,809 which excluded assets set aside for estimated claims of \$69,500. The estimated claims at the end of the year included claims already incurred and reported as well as an estimate for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation and recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Settled claims have not exceeded insurance coverage in any of the past three years, and changes in insurance coverage are reflected above.

The claims liability for the Board of Light and Power as reported by the MPIA for the years ended June 30, 2015 and 2016 was \$69,500 and \$69,500 respectively. Claims adjustment expense cannot be specifically identified to each participant in the MPIA. Total claims expense reported by the MPIA for the years ended June 30, 2015 and 2016 were \$2,769 and \$0, respectively.

#### 11. DEFERRED SPECIAL ASSESSMENTS RECEIVABLE

The Brownfield Redevelopment Authority component unit has outstanding deferred special assessments receivable totaling \$6,162,838 at June 30, 2016. The assessments are in place for condominium units, retail outlets, and property not yet developed. Considering the uncertainty of collection of the assessments, and the amount of the assessments to be received not readily determinable, the assessments receivable have been fully offset with an allowance for doubtful accounts, and as such, there is no net receivable reported in the financial statements of the Brownfield Redevelopment Authority component unit at June 30, 2016.

#### 12. 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.

#### 13. COMMITMENTS

The Board of Light and Power has entered into long-term contracts to purchase a minimum of 120,000 tons of coal annually through December 31, 2017.

The Board of Light and Power has entered into an agreement to transfer a portion of electric revenue generated at the Grand Landing location to help fund payment of component unit debt. These transfers resumed during 2016 and are contingent upon electric sales revenue and future development at the Grand Landing location. The agreement provides for contingent transfers through 2019.

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.

At June 30, 2016, the City had outstanding commitments for various construction projects of approximately \$2,480,000.

# CITY OF GRAND HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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### 14. 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 received 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".

### 15. SUBSEQUENT EVENT

In October 2016, Ottawa County issued \$11,635,000 of refunding bonds to advance fund, on a crossover basis, all of the outstanding Ottawa County Water Supply Bonds (Northwest Ottawa Water System 2009 Improvements) Series A dated July 7, 2009.

### 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, 2015	\$(468,151)
Current year building permit revenues	309,071
Related expenses	
Direct costs	(288,108)
Estimated indirect costs	<u>(38,670)</u>
Cumulative shortfall – June 30, 2016	<u><u>\$(485,858)</u></u>

### 17. DEFICIT FUND BALANCE

At year-end, the City reported a deficit fund balance in the 2014 capital improvement bonds capital projects fund of \$5,826.

### 18. PRIOR PERIOD ADJUSTMENTS

The following changes were made to properly report net position reported at June 30, 2015:

Beginning net position of the municipal sewer fund and business-type activities were increased by \$199,336 to remove capital leases payable. Beginning net position of the municipal water fund and business-type activities were decreased by \$1,625,070 to remove capital leases payable and to reflect the fund's share of the 2014 bonds payable. Beginning net position of the governmental activities was increased by \$1,835,059 to remove the portion of 2014 bonds payable by the municipal water fund. Beginning net position of the Retiree Health Care fund was increased by \$297,585 to properly reflect the net position of the fund as of the beginning of the year.

## **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, 2016**

	<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	\$ 7,823,450	\$ 5,948,715	\$ 6,042,601	\$ 93,886
Intergovernmental revenues				
Federal	-	13,940	14,395	455
State	956,300	955,400	933,878	(21,522)
Local	36,200	53,160	58,182	5,022
Special assessments	17,500	13,500	28,854	15,354
Licenses and permits	527,900	558,510	631,966	73,456
Charges for services	1,460,910	1,744,910	1,913,289	168,379
Fines	120,000	95,000	88,748	(6,252)
Investment earnings	260,000	220,000	193,695	(26,305)
Miscellaneous	36,250	43,800	54,442	10,642
<b>Total revenues</b>	<u>11,238,510</u>	<u>9,646,935</u>	<u>9,960,050</u>	<u>313,115</u>
<b>Expenditures</b>				
Current				
General government	2,938,612	2,868,456	2,676,444	192,012
Public safety	4,069,985	4,185,300	4,113,254	72,046
Public works	2,703,722	3,039,617	2,866,300	173,317
Culture and recreation	733,667	753,692	706,170	47,522
Debt service				
Principal	-	-	8,714	(8,714)
Interest and fiscal charges	-	-	13,407	(13,407)
<b>Total expenditures</b>	<u>10,445,986</u>	<u>10,847,065</u>	<u>10,384,289</u>	<u>462,776</u>
<b>Revenues over (under) expenditures</b>	<u>792,524</u>	<u>(1,200,130)</u>	<u>(424,239)</u>	<u>775,891</u>
Other financing sources (uses)				
Transfers in	99,215	2,157,975	2,177,794	19,819
Transfers out	(771,900)	(1,098,145)	(778,143)	320,002
<b>Total other financing sources (uses)</b>	<u>(672,685)</u>	<u>1,059,830</u>	<u>1,399,651</u>	<u>339,821</u>
Net changes in fund balance	119,839	(140,300)	975,412	1,115,712
<b>Fund balance, beginning of year</b>	<u>5,818,862</u>	<u>5,818,862</u>	<u>5,818,862</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 5,938,701</u>	<u>\$ 5,678,562</u>	<u>\$ 6,794,274</u>	<u>\$ 1,115,712</u>

**CITY OF GRAND HAVEN**

**PUBLIC IMPROVEMENT - CAPITAL PROJECTS  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Local	\$ 74,700	\$ 323,100	\$ 83,132	\$ (239,968)
Investment earnings	-	9,240	9,216	(24)
Miscellaneous	-	2,650	8,025	5,375
<b>Total revenues</b>	<u>74,700</u>	<u>334,990</u>	<u>100,373</u>	<u>(234,617)</u>
<b>Expenditures</b>				
Capital outlay	<u>2,754,640</u>	<u>1,093,405</u>	<u>3,466,427</u>	<u>(2,373,022)</u>
Revenues over (under) expenditures	<u>(2,679,940)</u>	<u>(758,415)</u>	<u>(3,366,054)</u>	<u>(2,607,639)</u>
Other financing sources (uses)				
Transfers in	1,925,049	84,963	2,858,407	2,773,444
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,875,049</u>	<u>34,963</u>	<u>2,808,407</u>	<u>2,773,444</u>
Net changes in fund balance	(804,891)	(723,452)	(557,647)	165,805
<b>Fund balance, beginning of year</b>	<u>3,179,433</u>	<u>3,179,433</u>	<u>3,179,433</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,374,542</u>	<u>\$ 2,455,981</u>	<u>\$ 2,621,786</u>	<u>\$ 165,805</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, 2016**

	2014	2015
<b>Total pension liability</b>		
Service cost	\$ 1,714,380	\$ 1,784,375
Interest	6,872,845	6,970,006
Changes in benefit terms	-	(8,167)
Difference between expected and actual experience	-	1,069,871
Changes in assumptions	-	4,451,385
Benefit payments including employee refunds	(4,522,352)	(5,086,362)
Other	-	217,812
	4,064,873	9,398,920
<b>Net change in total pension liability</b>	4,064,873	9,398,920
<b>Total pension liability, beginning of year</b>	84,711,200	88,776,073
<b>Total pension liability, ending of year</b>	\$ 88,776,073	\$ 98,174,993
 <b>Plan Fiduciary Net Position</b>		
Contributions-employer	\$ 1,230,140	\$ 1,351,197
Contributions-employee	1,017,387	1,188,014
Net Investment income	4,384,730	(1,056,807)
Benefit payments including employee refunds	(4,522,352)	(5,086,362)
Administrative expense	(160,769)	(155,709)
	1,949,136	(3,759,667)
<b>Net change in plan fiduciary net position</b>	1,949,136	(3,759,667)
<b>Plan fiduciary net position, beginning of year</b>	69,855,871	71,805,007
<b>Plan fiduciary net position, ending of year</b>	\$ 71,805,007	\$ 68,045,340
 <b>Total net pension liability</b>	\$ 16,971,066	\$ 30,129,653
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	81%	69%
 <b>Covered employee payroll</b>	\$ 11,071,127	\$ 11,535,426
 <b>Employer's net pension liability as a percentage of covered employee payroll</b>	65%	38%

**Note to schedule:**

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

**CITY OF GRAND HAVEN**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2015</u>	<u>2016</u>
Actuarially determined contributions	\$ 1,285,986	\$ 1,533,911
Contributions in relation to the actuarially determined contribution	1,285,986	1,533,911
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 11,071,127	\$ 11,535,426
Contributions as a percentage of covered employee payroll	12%	13%

**Notes to schedule**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	5 year smoothed (10 year smoothed in 2014)
Inflation	2.5% (3.5% 2014)
Salary increases	3.75% TO 14.5% (4.5% IN 2014)
Investment rate of return	7.75% (8.25% 2014)
Retirement age	Varies depending on plan adoption
Mortality	RP-2014 mortality tables of a 50% Male and 50% Female blend (50% female/ 50% male 1994 groupannuity mortality table 2014)

**CITY OF GRAND HAVEN**

**RETIREE HEALTH OTHER POST-EMPLOYMENT BENEFIT PLAN**

*JUNE 30, 2016*

***SCHEDULE OF FUNDING PROGRESS***

<b>Actuarial Valuation Date</b>	<b>Value of Assets</b>	<b>Accrued Liability (AL)</b>	<b>Unfunded AL (UAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAL as a Percentage of Covered Payroll</b>
6/30/2012	\$ 1,069,115	\$ 5,293,565	\$ 4,224,450	20.20%	\$ 8,619,303	49.0%
6/30/2014	1,414,043	5,984,348	4,570,305	23.63%	10,316,773	44.3%
6/30/2016	1,809,028	6,300,692	4,491,664	28.71%	11,180,895	40.2%

***SCHEDULE OF EMPLOYER CONTRIBUTIONS***

<b>Year Ended June 30</b>	<b>Annual required Contributions</b>	<b>Actual Contribution</b>	<b>Percent Contributed</b>
2014	\$ 577,206	\$ 697,521	120.8%
2015	681,035	382,812	56.2%
2016	680,391	775,367	114.0%

**Note to Required Supplementary Information**

**Budgets and Budgetary Accounting**

The City adopts an annual budget for the general and each special revenue fund following the GAAP basis of accounting. Unexpended appropriations lapse at year-end.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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**CITY OF GRAND HAVEN**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2016**

	Special Revenue							
	Major Streets	Local Streets	Housing	2014 Capital Improvement Bonds	2008 UTGO	2015 Infrastructure Bonds	Lighthouse Maintenance	Special Assessment Bonds
<b>Assets</b>								
Cash and pooled investments	\$ 173,296	\$ 280,473	\$ 47,978	\$ 68,432	\$ 772,677	\$ 4,246,590	\$ -	\$ -
Accounts receivable	7,805	75,502	2,619	-	313	-	-	-
Due from other governments	136,665	258,940	40,615	-	-	-	-	-
Special assessments receivable	11,945	3,223	-	-	-	-	-	-
Prepaid items	1,599	1,599	217	-	-	75	-	-
<b>Total assets</b>	<b>\$ 331,310</b>	<b>\$ 619,737</b>	<b>\$ 91,429</b>	<b>\$ 68,432</b>	<b>\$ 772,990</b>	<b>\$ 4,246,665</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities, deferred inflows and fund balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 16,048	\$ 236,442	\$ 17,360	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	6,714	5,319	-	-	-	-	-	-
Due to other funds	105,336	5,006	70,465	-	-	-	-	-
<b>Total liabilities</b>	<b>128,098</b>	<b>246,767</b>	<b>87,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>								
Unavailable revenue	10,983	2,802	-	-	313	-	-	-
<b>Fund balances (deficit)</b>								
Non-spendable								
Prepaid items	1,599	1,599	217	-	-	75	-	-
Permanent fund corpus	-	-	-	-	-	-	-	-
Restricted								
Streets	190,630	368,569	-	-	-	-	-	-
Public works	-	-	3,387	68,432	772,677	4,246,590	-	-
Debt service funds	-	-	-	-	-	-	-	-
Committed								
Capital projects	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>192,229</b>	<b>370,168</b>	<b>3,604</b>	<b>68,432</b>	<b>772,677</b>	<b>4,246,665</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 331,310</b>	<b>\$ 619,737</b>	<b>\$ 91,429</b>	<b>\$ 68,432</b>	<b>\$ 772,990</b>	<b>\$ 4,246,665</b>	<b>\$ -</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>Brownfield Redevelopment Bonds</u>	<u>2008 UTGO Bonds</u>	<u>Fire Truck</u>	<u>2014 Capital Improvement Bonds</u>	<u>2015 Infrastructure Bonds</u>	<u>2008 UTGO Infrastructure</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
\$ -	\$ -	\$ 2,555,919	\$ -	\$ 508,319	\$ 399,336	\$ 140,240	\$ -	\$ 1,814,622	\$ 11,007,882
-	-	-	-	-	-	-	-	290	86,529
-	-	-	-	-	-	-	-	-	436,220
-	-	-	-	-	-	-	-	-	15,168
-	-	-	188	-	-	-	-	-	3,678
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,555,919</u>	<u>\$ 188</u>	<u>\$ 508,319</u>	<u>\$ 399,336</u>	<u>\$ 140,240</u>	<u>\$ -</u>	<u>\$ 1,814,912</u>	<u>\$ 11,549,477</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,162	\$ 138,041	\$ -	\$ -	\$ 813,053
-	-	-	-	-	-	-	-	-	12,033
-	-	-	-	-	-	-	-	-	180,807
-	-	-	-	-	405,162	138,041	-	-	1,005,893
-	-	-	-	-	-	-	-	-	14,098
-	-	-	188	-	-	-	-	-	3,678
-	-	-	-	-	-	-	-	1,814,912	1,814,912
-	-	-	-	-	-	-	-	-	559,199
-	-	-	-	-	-	-	-	-	5,091,086
-	-	2,555,919	-	-	-	-	-	-	2,555,919
-	-	-	-	508,319	-	-	-	-	508,319
-	-	-	-	-	(5,826)	2,199	-	-	(3,627)
-	-	2,555,919	188	508,319	(5,826)	2,199	-	1,814,912	10,529,486
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,555,919</u>	<u>\$ 188</u>	<u>\$ 508,319</u>	<u>\$ 399,336</u>	<u>\$ 140,240</u>	<u>\$ -</u>	<u>\$ 1,814,912</u>	<u>\$ 11,549,477</u>

**CITY OF GRAND HAVEN**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue							
	Major Streets	Local Streets	Housing	2014 Capital Improvement Bonds	2008 UTGO	2015 Infrastructure Bonds	Lighthouse Maintenance	Special Assessment Bonds
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 617,769	\$ 505,214	\$ -	\$ -
Intergovernmental revenues								
Federal	-	209,000	78,437	-	-	-	-	-
State	707,047	286,786	11,168	-	-	-	-	-
Local	111,615	-	5,805	-	-	-	19,607	-
Special assessments	426	2,466	-	-	-	-	-	5,635
Charges for services	-	-	-	-	-	-	-	-
Investment earnings	777	123	24	6,647	1,450	33,474	-	364
Miscellaneous	-	148,267	2,624	-	-	8,900	-	-
<b>Total revenues</b>	<b>819,865</b>	<b>646,642</b>	<b>98,058</b>	<b>6,647</b>	<b>619,219</b>	<b>547,588</b>	<b>19,607</b>	<b>5,999</b>
<b>Expenditures</b>								
Current								
General government	-	-	-	-	-	942	-	-
Public works	1,785,705	650,291	113,472	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	19,607	-
Debt service								
Principal	-	12,560	-	-	-	-	-	10,000
Interest	-	19,325	-	-	-	-	-	603
Capital outlay	-	808,846	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,785,705</b>	<b>1,491,022</b>	<b>113,472</b>	<b>-</b>	<b>-</b>	<b>942</b>	<b>19,607</b>	<b>10,603</b>
Revenues over (under) expenditures	(965,840)	(844,380)	(15,414)	6,647	619,219	546,646	-	(4,604)
Other financing sources (uses)								
Transfers in	1,147,519	899,600	2,500	-	28,951	-	-	-
Transfers out	(120,000)	-	(70,465)	(3,141,087)	(499,894)	(2,920,397)	-	(34,719)
Total other financing sources (uses)	1,027,519	899,600	(67,965)	(3,141,087)	(470,943)	(2,920,397)	-	(34,719)
Net changes in fund balances	61,679	55,220	(83,379)	(3,134,440)	148,276	(2,373,751)	-	(39,323)
<b>Fund balances, beginning of year</b>	<b>130,550</b>	<b>314,948</b>	<b>86,983</b>	<b>3,202,872</b>	<b>624,401</b>	<b>6,620,416</b>	<b>-</b>	<b>39,323</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 192,229</b>	<b>\$ 370,168</b>	<b>\$ 3,604</b>	<b>\$ 68,432</b>	<b>\$ 772,677</b>	<b>\$ 4,246,665</b>	<b>\$ -</b>	<b>\$ -</b>

Debt Service				Capital Projects				Permanent	
2014 Capital Improvement Bonds	2015 Infrastructure Bonds	Brownfield Redevelopment Bonds	2008 UTGO Bonds	Fire Truck	2014 Capital Improvement Bonds	2015 Infrastructure Bonds	2008 UTGO Infrastructure	Cemetery Perpetual Care	Total
\$ -	\$ -	\$ 415,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,537,991
-	-	-	-	-	-	-	-	-	287,437
-	-	-	-	-	-	-	-	-	1,005,001
-	-	-	-	-	-	-	-	-	137,027
-	-	-	-	-	-	-	-	-	8,527
-	-	-	-	-	-	-	-	34,355	34,355
-	-	23,399	-	735	-	-	-	10,253	77,246
-	-	-	-	-	-	-	-	-	159,791
-	-	438,407	-	735	-	-	-	44,608	3,247,375
-	-	-	-	-	-	-	-	-	942
-	-	-	-	-	-	-	-	-	2,549,468
-	-	-	-	-	-	-	-	-	19,607
255,000	240,000	-	345,000	-	-	-	-	-	862,560
166,250	222,271	-	309,038	-	-	-	-	-	717,487
-	-	-	-	-	33,766	237,127	4,152	-	1,083,891
421,250	462,271	-	654,038	-	33,766	237,127	4,152	-	5,233,955
(421,250)	(462,271)	438,407	(654,038)	735	(33,766)	(237,127)	(4,152)	44,608	(1,986,580)
421,250	462,271	-	654,038	50,000	2,902,037	2,458,126	-	-	9,026,292
-	-	-	-	-	(2,770,446)	(1,906,968)	(183,095)	(5,127)	(11,652,198)
421,250	462,271	-	654,038	50,000	131,591	551,158	(183,095)	(5,127)	(2,625,906)
-	-	438,407	-	50,735	97,825	314,031	(187,247)	39,481	(4,612,486)
-	-	2,117,512	188	457,584	(103,651)	(311,832)	187,247	1,775,431	15,141,972
\$ -	\$ -	\$ 2,555,919	\$ 188	\$ 508,319	\$ (5,826)	\$ 2,199	\$ -	\$ 1,814,912	\$ 10,529,486

**CITY OF GRAND HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2016**

	<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	\$ 593,625	\$ 615,075	\$ 707,047	\$ 91,972
Local	95,000	111,500	111,615	115
Special assessments	100	100	426	326
Investment earnings	50	770	777	7
<b>Total revenues</b>	<u>688,775</u>	<u>727,445</u>	<u>819,865</u>	<u>92,420</u>
<b>Expenditures</b>				
Current				
Public works	<u>1,531,810</u>	<u>1,493,035</u>	<u>1,785,705</u>	<u>(292,671)</u>
Revenues over (under) expenditures	<u>(843,035)</u>	<u>(765,590)</u>	<u>(965,840)</u>	<u>(200,251)</u>
Other financing sources (uses)				
Transfers in	723,430	873,430	1,147,519	274,089
Transfers out	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>603,430</u>	<u>753,430</u>	<u>1,027,519</u>	<u>274,089</u>
Net changes in fund balance	(239,605)	(12,160)	61,679	73,839
<b>Fund balance, beginning of year</b>	<u>130,550</u>	<u>130,550</u>	<u>130,550</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ (109,055)</u>	<u>\$ 118,391</u>	<u>\$ 192,229</u>	<u>\$ 73,839</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, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Federal	\$ -	\$ 209,000	\$ 209,000	\$ -
State	197,470	236,000	286,786	50,786
Special assessments	500	500	2,466	1,966
Investment earnings	500	300	123	(177)
Miscellaneous	500	72,760	148,267	75,507
<b>Total revenues</b>	<u>198,970</u>	<u>518,560</u>	<u>646,642</u>	<u>128,082</u>
<b>Expenditures</b>				
Current				
Public works	743,880	744,850	650,291	94,559
Debt service				
Principal	-	-	12,560	(12,560)
Interest	31,885	31,885	19,325	12,560
Capital outlay	1,350,330	1,635,600	808,846	826,754
<b>Total expenditures</b>	<u>2,126,095</u>	<u>2,412,335</u>	<u>1,491,022</u>	<u>921,313</u>
Revenues over (under) expenditures	(1,927,125)	(1,893,775)	(844,380)	1,049,395
Other financing sources (uses)				
Transfers in	1,749,000	1,919,000	899,600	(1,019,400)
Net changes in fund balance	(178,125)	25,225	55,220	29,995
<b>Fund balance, beginning of year</b>	<u>314,948</u>	<u>314,948</u>	<u>314,948</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 136,823</u>	<u>\$ 340,173</u>	<u>\$ 370,168</u>	<u>\$ 29,995</u>

# CITY OF GRAND HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Federal	\$ 264,125	\$ 132,950	\$ 78,437	\$ (54,513)
State	70,215	9,860	11,168	1,308
Local	-	79,000	5,805	(73,195)
Investment earnings	-	20	24	4
Miscellaneous	15,000	2,625	2,624	(1)
<b>Total revenues</b>	<b>349,340</b>	<b>224,455</b>	<b>98,058</b>	<b>(126,397)</b>
<b>Expenditures</b>				
Current				
Public works	279,075	180,970	113,472	67,498
Revenues over (under) expenditures	70,265	43,485	(15,414)	(58,899)
Other financing sources (uses)				
Transfers in	2,500	2,500	2,500	-
Transfers out	(93,215)	(68,975)	(70,465)	(1,490)
Total other financing sources (uses)	(90,715)	(66,475)	(67,965)	(1,490)
Net changes in fund balance	(20,450)	(22,990)	(83,379)	(60,389)
<b>Fund balance, beginning of year</b>	<b>86,983</b>	<b>86,983</b>	<b>86,983</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 66,533</b>	<b>\$ 63,993</b>	<b>\$ 3,604</b>	<b>\$ (60,389)</b>

**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, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ 6,640	\$ 6,647	\$ 7
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	-	6,640	6,647	7
Other financing sources (uses)				
Transfers out	(2,347,880)	(3,255,521)	(3,141,087)	114,434
Net changes in fund balance	(2,347,880)	(3,248,881)	(3,134,440)	114,441
<b>Fund balance, beginning of year</b>	<u>3,202,872</u>	<u>3,202,872</u>	<u>3,202,872</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 854,992</u>	<u>\$ (46,009)</u>	<u>\$ 68,432</u>	<u>\$ 114,441</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, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 569,675	\$ 617,755	\$ 617,769	\$ 14
Investment earnings	200	1,000	1,450	450
<b>Total revenues</b>	569,875	618,755	619,219	464
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	569,875	618,755	619,219	464
Other financing sources (uses)				
Transfers in	-	-	28,951	28,951
Transfers out	(653,890)	(653,890)	(499,894)	153,996
Total other financing sources (uses)	(653,890)	(653,890)	(470,943)	182,947
Net changes in fund balance	(84,015)	(35,135)	148,276	183,411
<b>Fund balance, beginning of year</b>	624,401	624,401	624,401	-
<b>Fund balance, end of year</b>	<u>\$ 540,386</u>	<u>\$ 589,266</u>	<u>\$ 772,677</u>	<u>\$ 183,411</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, 2016**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 466,095	\$ 505,200	\$ 505,214	\$ 14
Investment earnings	-	20,000	33,474	13,474
Miscellaneous	-	8,900	8,900	-
<b>Total revenues</b>	466,095	534,100	547,588	13,488
<b>Expenditures</b>				
Current				
General government	-	1,020	942	78
Revenues over (under) expenditures	466,095	533,080	546,646	13,566
Other financing sources (uses)				
Transfers out	(3,213,771)	(3,213,771)	(2,920,397)	293,374
Net changes in fund balance	(2,747,676)	(2,680,691)	(2,373,751)	306,940
<b>Fund balance, beginning of year</b>	6,620,416	6,620,416	6,620,416	-
<b>Fund balance, end of year</b>	<u>\$ 3,872,740</u>	<u>\$ 3,939,725</u>	<u>\$ 4,246,665</u>	<u>\$ 306,940</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, 2016**

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	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local	\$ -	\$ 34,600	\$ 19,607	\$ (14,993)
<b>Expenditures</b>				
Current				
Culture and recreation	-	34,600	19,607	14,993
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**

**SPECIAL ASSESSMENT BONDS - DEBT SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ 3,000	\$ -	\$ 5,635	\$ 5,635
Investment earnings	-	365	364	(1)
<b>Total revenues</b>	<u>3,000</u>	<u>365</u>	<u>5,999</u>	<u>5,634</u>
<b>Expenditures</b>				
Debt service				
Principal	10,000	10,000	10,000	-
Interest	<u>605</u>	<u>605</u>	<u>603</u>	<u>2</u>
<b>Total expenditures</b>	<u>10,605</u>	<u>10,605</u>	<u>10,603</u>	<u>2</u>
Revenues over (under) expenditures	(7,605)	(10,240)	(4,604)	5,636
Other financing sources (uses)				
Transfers out	<u>(28,179)</u>	<u>(34,718)</u>	<u>(34,719)</u>	<u>(1)</u>
Net changes in fund balance	(35,784)	(44,958)	(39,323)	5,635
<b>Fund balance, beginning of year</b>	<u>39,323</u>	<u>39,323</u>	<u>39,323</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 3,539</u>	<u>\$ (5,635)</u>	<u>\$ -</u>	<u>\$ 5,635</u>

**CITY OF GRAND HAVEN**

**BROWNFIELD REDEVELOPMENT - DEBT SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 384,615	\$ 414,995	\$ 415,008	\$ 13
Investment earnings	1,000	20,000	23,399	3,399
<b>Total revenues</b>	385,615	434,995	438,407	3,412
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Net changes in fund balance	385,615	434,995	438,407	3,412
<b>Fund balance, beginning of year</b>	<u>2,117,512</u>	<u>2,117,512</u>	<u>2,117,512</u>	-
<b>Fund balance, end of year</b>	<u>\$ 2,503,127</u>	<u>\$ 2,552,507</u>	<u>\$ 2,555,919</u>	<u>\$ 3,412</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, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Debt service				
Principal	255,000	255,000	255,000	-
Interest	166,750	166,750	166,250	500
<b>Total expenditures</b>	<u>421,750</u>	<u>421,750</u>	<u>421,250</u>	<u>500</u>
Revenues over (under) expenditures	(421,750)	(421,750)	(421,250)	500
Other financing sources (uses)				
Transfers in	<u>421,750</u>	<u>421,750</u>	<u>421,250</u>	<u>(500)</u>
Net changes in fund balance	-	-	-	-
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2016**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Debt service				
Principal	240,000	240,000	240,000	-
Interest	<u>221,771</u>	<u>221,771</u>	<u>222,271</u>	<u>(500)</u>
<b>Total expenditures</b>	<u>461,771</u>	<u>461,771</u>	<u>462,271</u>	<u>(500)</u>
Revenues over (under) expenditures	(461,771)	(461,771)	(462,271)	(500)
Other financing source (uses)				
Transfers in	<u>461,771</u>	<u>461,771</u>	<u>462,271</u>	<u>500</u>
Net changes in fund balance	-	-	-	-
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF GRAND HAVEN**

**2008 UTGO - DEBT SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Debt service				
Principal	345,000	345,000	345,000	-
Interest	308,890	309,230	309,038	192
<b>Total expenditures</b>	<u>653,890</u>	<u>654,230</u>	<u>654,038</u>	<u>192</u>
Revenues over (under) expenditures	(653,890)	(654,230)	(654,038)	192
Other financing sources (uses)				
Transfers in	<u>653,890</u>	<u>654,230</u>	<u>654,038</u>	<u>(192)</u>
Net changes in fund balance	-	-	-	-
<b>Fund balance, beginning of year</b>	<u>188</u>	<u>188</u>	<u>188</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 188</u>	<u>\$ 188</u>	<u>\$ 188</u>	<u>\$ -</u>

**CITY OF GRAND HAVEN**

**FIRE TRUCK - CAPITAL PROJECTS  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 500	\$ 500	\$ 735	\$ 235
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	500	500	735	235
Other financing sources (uses)				
Transfers in	50,000	50,000	50,000	-
Net changes in fund balance	50,500	50,500	50,735	235
<b>Fund balance, beginning of year</b>	<u>457,584</u>	<u>457,584</u>	<u>457,584</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 508,084</u>	<u>\$ 508,084</u>	<u>\$ 508,319</u>	<u>\$ 235</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, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Capital outlay	<u>2,347,880</u>	<u>2,662,491</u>	<u>33,766</u>	<u>2,628,725</u>
Revenues over (under) expenditures	<u>(2,347,880)</u>	<u>(2,662,491)</u>	<u>(33,766)</u>	<u>2,628,725</u>
Other financing sources (uses)				
Transfers in	2,347,880	3,202,871	2,902,037	(300,834)
Transfers out	<u>-</u>	<u>(540,380)</u>	<u>(2,770,446)</u>	<u>(2,230,066)</u>
Total other financing sources (uses)	<u>2,347,880</u>	<u>2,662,491</u>	<u>131,591</u>	<u>(2,530,900)</u>
Net changes in fund balance	-	-	97,825	97,825
<b>Fund balance, beginning of year</b>	<u>(103,651)</u>	<u>(103,651)</u>	<u>(103,651)</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ (103,651)</u>	<u>\$ (103,651)</u>	<u>\$ (5,826)</u>	<u>\$ 97,825</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, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Capital outlay	<u>2,347,880</u>	<u>-</u>	<u>237,127</u>	<u>(237,127)</u>
Revenues over (under) expenditures	<u>(2,347,880)</u>	<u>-</u>	<u>(237,127)</u>	<u>(237,127)</u>
Other financing sources (uses)				
Transfers in	2,752,000	2,752,000	2,458,126	(293,874)
Transfers out	<u>-</u>	<u>(2,752,000)</u>	<u>(1,906,968)</u>	<u>845,032</u>
Total other financing sources (uses)	<u>2,752,000</u>	<u>-</u>	<u>551,158</u>	<u>551,158</u>
Net changes in fund balance	404,120	-	314,031	314,031
<b>Fund balance, beginning of year</b>	<u>(311,832)</u>	<u>(311,832)</u>	<u>(311,832)</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ 92,288</u>	<u>\$ (311,832)</u>	<u>\$ 2,199</u>	<u>\$ 314,031</u>

**CITY OF GRAND HAVEN**

**2008 UTGO - CAPITAL PROJECTS  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Capital outlay	-	187,247	4,152	183,095
Revenues over (under) expenditures	-	(187,247)	(4,152)	183,095
Other financing sources (uses)				
Transfers out	-	-	(183,095)	(183,095)
Net changes in fund balance	-	(187,247)	(187,247)	-
<b>Fund balance, beginning of year</b>	<u>187,247</u>	<u>187,247</u>	<u>187,247</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 187,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF GRAND HAVEN**

**CEMETERY PERPETUAL CARE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 25,000	\$ 32,000	\$ 34,355	\$ 2,355
Investment earnings	10,000	8,000	10,253	2,253
<b>Total revenues</b>	35,000	40,000	44,608	4,608
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	35,000	40,000	44,608	4,608
Other financing sources (uses)				
Transfers out	(6,000)	(4,000)	(5,127)	(1,127)
Net changes in fund balance	29,000	36,000	39,481	3,481
<b>Fund balance, beginning of year</b>	1,775,431	1,775,431	1,775,431	-
<b>Fund balance, end of year</b>	<u>\$ 1,804,431</u>	<u>\$ 1,811,431</u>	<u>\$ 1,814,912</u>	<u>\$ 3,481</u>

# CITY OF GRAND HAVEN

## NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION

JUNE 30, 2016

<b>Assets</b>	<u>Marina</u>	<u>Airport</u>	<u>Chinook Pier Rental</u>	<u>Total</u>
Current assets				
Cash and pooled investments	\$ 95,365	\$ 27,895	\$ 141,266	\$ 264,526
Accounts receivable	70,352	12,455	17,909	100,716
Due from other governments	846	-	-	846
Prepaid items	210	624	-	834
	<u>166,773</u>	<u>40,974</u>	<u>159,175</u>	<u>366,922</u>
Total current assets				
Non-current assets				
Capital assets				
Land	94,000	181,762	28,300	304,062
Depreciable capital assets, net	2,500,613	1,733,076	1,026,447	5,260,136
	<u>2,594,613</u>	<u>1,914,838</u>	<u>1,054,747</u>	<u>5,564,198</u>
Total non-current assets				
	<u>2,594,613</u>	<u>1,914,838</u>	<u>1,054,747</u>	<u>5,564,198</u>
<b>Total assets</b>	<u>2,761,386</u>	<u>1,955,812</u>	<u>1,213,922</u>	<u>5,931,120</u>
<b>Deferred outflows of resources</b>				
Pension related	35,852	-	-	35,852
	<u>35,852</u>	<u>-</u>	<u>-</u>	<u>35,852</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	26,848	7,230	13,519	47,597
Accrued liabilities	8,075	-	-	8,075
Due to other funds	500,315	-	265,788	766,103
	<u>535,238</u>	<u>7,230</u>	<u>279,307</u>	<u>821,775</u>
Total current liabilities				
	<u>535,238</u>	<u>7,230</u>	<u>279,307</u>	<u>821,775</u>
Long-term liabilities				
Accrued compensated absences	4,591	-	-	4,591
Other post-employment benefits	4,354	-	-	4,354
Net pension liability	105,454	-	-	105,454
	<u>114,399</u>	<u>-</u>	<u>-</u>	<u>114,399</u>
Total long-term liabilities				
	<u>114,399</u>	<u>-</u>	<u>-</u>	<u>114,399</u>
<b>Total liabilities</b>	<u>649,637</u>	<u>7,230</u>	<u>279,307</u>	<u>936,174</u>
<b>Net position</b>				
Net investment in capital assets	2,594,613	1,914,838	1,054,747	5,564,198
Unrestricted (deficit)	(447,012)	33,744	(120,132)	(533,400)
	<u>2,147,601</u>	<u>1,948,582</u>	<u>934,615</u>	<u>5,030,798</u>
<b>Total net position</b>	<u>\$ 2,147,601</u>	<u>\$ 1,948,582</u>	<u>\$ 934,615</u>	<u>\$ 5,030,798</u>

**CITY OF GRAND HAVEN**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Marina</u>	<u>Airport</u>	<u>Chinook Pier Rental</u>	<u>Total</u>
<b>Operating revenue</b>				
Charges for services	\$ 336,383	\$ 118,523	\$ 118,397	\$ 573,303
<b>Operating expense</b>				
Operating	337,669	128,256	81,861	547,786
Administrative and general	-	5,561	-	5,561
Depreciation	<u>151,551</u>	<u>184,152</u>	<u>56,770</u>	<u>392,473</u>
<b>Total operating expense</b>	<u>489,220</u>	<u>317,969</u>	<u>138,631</u>	<u>945,820</u>
Operating income (loss)	<u>(152,837)</u>	<u>(199,446)</u>	<u>(20,234)</u>	<u>(372,517)</u>
Non-operating revenue (expense)				
Investment earnings	39	1,100	19	1,158
Other	<u>-</u>	<u>-</u>	<u>25,603</u>	<u>25,603</u>
Total non-operating revenue (expense)	<u>39</u>	<u>1,100</u>	<u>25,622</u>	<u>26,761</u>
Income (loss) before other items	(152,798)	(198,346)	5,388	(345,756)
Transfers and other items				
Contribution in aid of construction	<u>-</u>	<u>1,513</u>	<u>-</u>	<u>1,513</u>
Changes in net position	(152,798)	(196,833)	5,388	(344,243)
<b>Net position, beginning of year</b>	<u>2,300,399</u>	<u>2,145,415</u>	<u>929,227</u>	<u>5,375,041</u>
<b>Net position, end of year</b>	<u>\$ 2,147,601</u>	<u>\$ 1,948,582</u>	<u>\$ 934,615</u>	<u>\$ 5,030,798</u>

**CITY OF GRAND HAVEN**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Marina</u>	<u>Airport</u>	<u>Chinook Pier Rental</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 315,631	\$ 122,396	\$ 119,619	\$ 557,646
Payments to employees	(160,688)	-	-	(160,688)
Payments to suppliers	(5,320)	(143,126)	(105,774)	(254,220)
<b>Net cash provided by (used in) operating activities</b>	<u>149,623</u>	<u>(20,730)</u>	<u>13,845</u>	<u>142,738</u>
<b>Cash flows from capital and related financing activities</b>				
Contribution in aid of construction	-	1,513	-	1,513
Acquisitions of capital assets	(119,967)	-	-	(119,967)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(119,967)</u>	<u>1,513</u>	<u>-</u>	<u>(118,454)</u>
<b>Cash flows from investing activities</b>				
Interest income	39	1,101	19	1,159
Net increase (decrease) in cash and pooled investments	29,695	(18,116)	13,864	25,443
<b>Cash and pooled investments, beginning of year</b>	<u>65,670</u>	<u>46,011</u>	<u>127,402</u>	<u>239,083</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 95,365</u>	<u>\$ 27,895</u>	<u>\$ 141,266</u>	<u>\$ 264,526</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ (152,837)	\$ (199,446)	\$ (20,234)	\$ (372,517)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	151,551	184,152	56,770	392,473
Miscellaneous revenue	-	-	25,603	25,603
Deferred outflows of resources	(27,675)	-	-	(27,675)
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	(29,000)	3,873	1,222	(23,905)
Due from other governmental units	8,248	-	-	8,248
Prepaid expenses	1,231	1,026	-	2,257
Accounts payable	20,449	365	484	21,298
Accrued liabilities	826	-	-	826
Due to other funds	149,897	-	(50,000)	99,897
Due to other governments	-	(10,700)	-	(10,700)
Compensated absences	779	-	-	779
Net pension liability	26,922	-	-	26,922
Net OPEB obligation	(768)	-	-	(768)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 149,623</u>	<u>\$ (20,730)</u>	<u>\$ 13,845</u>	<u>\$ 142,738</u>

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

**JUNE 30, 2016**

<b>Assets</b>	<b>Motor Pool</b>	<b>Insurance</b>	<b>Health Benefits</b>	<b>Total</b>
<b>Current assets</b>				
Cash and pooled investments	\$ 161,201	\$ 1,223,866	\$ 988,422	\$ 2,373,489
Accounts receivable	1,272	-	103	1,375
Due from other governments	178	-	-	178
Due from other funds	29,614	-	-	29,614
Prepaid items	70	162,055	11,226	173,351
Inventory	<u>21,641</u>	<u>-</u>	<u>-</u>	<u>21,641</u>
Total current assets	213,976	1,385,921	999,751	2,599,648
<b>Non-current assets</b>				
<b>Capital assets</b>				
Depreciable capital assets, net	<u>2,324,363</u>	<u>-</u>	<u>-</u>	<u>2,324,363</u>
<b>Total assets</b>	<u>2,538,339</u>	<u>1,385,921</u>	<u>999,751</u>	<u>4,924,011</u>
<b>Deferred outflows of resources</b>				
Pension contributions and deficit investment returns	<u>104,454</u>	<u>-</u>	<u>-</u>	<u>104,454</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	19,091	-	1,177	20,268
Accrued liabilities	3,947	-	137,585	141,532
Due to other funds	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total current liabilities	<u>173,038</u>	<u>-</u>	<u>138,762</u>	<u>311,800</u>
<b>Long-term liabilities</b>				
Accrued compensated absences	17,100	-	-	17,100
Other post-employment benefits	15,165	-	-	15,165
Net pension liability	<u>307,322</u>	<u>-</u>	<u>-</u>	<u>307,322</u>
Total long-term liabilities	<u>339,587</u>	<u>-</u>	<u>-</u>	<u>339,587</u>
<b>Total liabilities</b>	<u>512,625</u>	<u>-</u>	<u>138,762</u>	<u>651,387</u>
<b>Net position</b>				
Net investment in capital assets	2,324,363	-	-	2,324,363
Unrestricted	<u>(194,195)</u>	<u>1,385,921</u>	<u>860,989</u>	<u>2,052,715</u>
<b>Total net position</b>	<u>\$ 2,130,168</u>	<u>\$ 1,385,921</u>	<u>\$ 860,989</u>	<u>\$ 4,377,078</u>

**CITY OF GRAND HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Motor Pool</b>	<b>Insurance</b>	<b>Health Benefits</b>	<b>Total</b>
<b>Operating revenue</b>				
Charges for services	\$ 965,458	\$ 453,665	\$ 3,017,308	\$ 4,436,431
<b>Operating expense</b>				
Operating	875,015	369,184	3,289,804	4,534,003
Administrative and general	-	-	246,847	246,847
Depreciation	264,433	-	-	264,433
<b>Total operating expense</b>	<b>1,139,448</b>	<b>369,184</b>	<b>3,536,651</b>	<b>5,045,283</b>
Operating income (loss)	(173,990)	84,481	(519,343)	(608,852)
Non-operating revenue (expense)				
Gain (loss) on disposal of capital assets	(49,943)	-	-	(49,943)
Investment earnings	184	1,046	4,637	5,867
Other	56,994	-	72,325	129,319
Total non-operating revenue (expense)	7,235	1,046	76,962	85,243
Changes in net position	(166,755)	85,527	(442,381)	(523,609)
<b>Net position, beginning of year</b>	<b>2,296,923</b>	<b>1,300,394</b>	<b>1,303,370</b>	<b>4,900,687</b>
<b>Net position, end of year</b>	<b>\$ 2,130,168</b>	<b>\$ 1,385,921</b>	<b>\$ 860,989</b>	<b>\$ 4,377,078</b>

**CITY OF GRAND HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Motor Pool</u>	<u>Insurance</u>	<u>Health Benefits</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Receipts from internal services provided	\$ 1,011,100	\$ 453,665	\$ 3,017,308	\$ 4,482,073
Payments to employees	(241,693)	-	-	(241,693)
Payments to suppliers	(520,365)	(343,608)	(217,770)	(1,081,743)
Claims paid	-	-	(3,236,432)	(3,236,432)
<b>Net cash provided by (used in) operating activities</b>	<u>249,042</u>	<u>110,057</u>	<u>(436,894)</u>	<u>(77,795)</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	27,469	-	-	27,469
Acquisitions of capital assets	(399,530)	-	-	(399,530)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(372,061)</u>	<u>-</u>	<u>-</u>	<u>(372,061)</u>
<b>Cash flows from investing activities</b>				
Interest income	184	1,046	4,637	5,867
<b>Net increase (decrease) in cash and pooled investments</b>	<u>(122,835)</u>	<u>111,103</u>	<u>(432,257)</u>	<u>(443,989)</u>
<b>Cash and pooled investments, beginning of year</b>	<u>284,036</u>	<u>1,112,763</u>	<u>1,420,679</u>	<u>2,817,478</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 161,201</u>	<u>\$ 1,223,866</u>	<u>\$ 988,422</u>	<u>\$ 2,373,489</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ (173,990)	\$ 84,481	\$ (519,343)	\$ (608,852)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	264,433	-	-	264,433
Miscellaneous revenue	56,994	-	72,325	129,319
Deferred outflows of resources	(76,088)	-	-	(76,088)
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	(1,272)	-	-	(1,272)
Due from other funds	(9,936)	-	-	(9,936)
Due from other governmental units	(144)	-	-	(144)
Prepaid expenses	-	25,576	29,100	54,676
Inventory	4,630	-	-	4,630
Accounts payable	(7,916)	-	(23)	(7,939)
Accrued liabilities	1,033	-	(18,953)	(17,920)
Due to other funds	150,000	-	-	150,000
Compensated absences	8,375	-	-	8,375
Net pension liability	34,936	-	-	34,936
Net OPEB obligation	(2,013)	-	-	(2,013)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 249,042</u>	<u>\$ 110,057</u>	<u>\$ (436,894)</u>	<u>\$ (77,795)</u>

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**CITY OF GRAND HAVEN**

**AGENCY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2016**

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	<u>Payroll Tax Collection</u>	<u>Current Tax Fund</u>	<u>Trust and Agency</u>	<u>Harbor Transit Multi-Modal Transportation System</u>
<b>Assets</b>				
Cash	\$ 573	\$ 16,639	\$ 59,234	\$ 1,072,064
<b>Total assets</b>	<u>\$ 573</u>	<u>\$ 16,639</u>	<u>\$ 59,234</u>	<u>\$ 1,072,064</u>
 <b>Liabilities</b>				
Accounts Payable	\$ -	\$ 8,398	\$ -	\$ -
Accrued liabilities	573	-	-	-
Due to other governmental units	-	8,241	-	-
Trust deposits	<u>-</u>	<u>-</u>	<u>59,234</u>	<u>1,072,064</u>
<b>Total liabilities</b>	<u>\$ 573</u>	<u>\$ 16,639</u>	<u>\$ 59,234</u>	<u>\$ 1,072,064</u>

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<b>Grand Haven- Spring Lake Sewer Authority</b>	<b>Northwest Ottawa Water Treatment Plant</b>	<b>Total</b>
\$ 1,933,039	\$ 1,364,944	\$ 4,446,493
<u>\$ 1,933,039</u>	<u>\$ 1,364,944</u>	<u>\$ 4,446,493</u>
\$ -	\$ -	\$ 8,398
-	-	573
-	-	8,241
<u>1,933,039</u>	<u>1,364,944</u>	<u>4,429,281</u>
<u>\$ 1,933,039</u>	<u>\$ 1,364,944</u>	<u>\$ 4,446,493</u>

**CITY OF GRAND HAVEN**

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

**JUNE 30, 2016**

	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Assets</b>			
Cash and pooled investments	\$ 225,373	\$ -	\$ 225,373
Accounts receivable	<u>126,546</u>	<u>-</u>	<u>126,546</u>
<b>Total assets</b>	<u>\$ 351,919</u>	<u>-</u>	<u>351,919</u>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	<u>\$ -</u>	<u>-</u>	<u>-</u>
 <b>Fund balances</b>			
Unassigned	<u>351,919</u>	<u>(351,919)</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 351,919</u>		
 <b>Net position</b>			
Unrestricted		<u>\$ 351,919</u>	<u>\$ 351,919</u>
<b>Total net position</b>		<u>\$ 351,919</u>	<u>\$ 351,919</u>

**CITY OF GRAND HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2016**

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	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Investment earnings	\$ 3,804	\$ -	\$ 3,804
<b>Expenditures/expenses</b>			
Operations	94,858	-	94,858
Revenues over (under) expenditures/expenses	(91,054)	-	(91,054)
Net changes in fund balances	(91,054)	91,054	
Change in net position		(91,054)	(91,054)
<b>Fund balances/net position, beginning of year</b>	<u>442,973</u>		<u>442,973</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 351,919</u>		<u>\$ 351,919</u>

**CITY OF GRAND HAVEN**

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

**JUNE 30, 2016**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash and pooled investments	\$ 107,038	\$ -	\$ 107,038
Accounts receivable	99,982	-	99,982
Special assessments receivable	376,129	-	376,129
Capital lease receivable	1,484,182	-	1,484,182
Prepaid items	2,097	-	2,097
Bond discount	-	21,973	21,973
	<u>                  </u>	<u>                  </u>	<u>                  </u>
<b>Total assets</b>	<b>\$ 2,069,428</b>	<b>21,973</b>	<b>2,091,401</b>
<b>Deferred outflows of resources</b>			
Pension related	-	42,963	42,963
Deferred charge on refunding	-	73,235	73,235
	<u>                  </u>	<u>                  </u>	<u>                  </u>
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>116,198</b>	<b>116,198</b>
<b>Liabilities, deferred inflows and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 99,846	-	99,846
Accrued liabilities	1,421	-	1,421
Accrued interest	-	89,361	89,361
Long-term debt			
Due within one year	-	285,000	285,000
Due in more than one year	-	7,980,000	7,980,000
Net pension liability	-	126,545	126,545
	<u>                  </u>	<u>                  </u>	<u>                  </u>
<b>Total liabilities</b>	<b>101,267</b>	<b>8,480,906</b>	<b>8,582,173</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue	1,860,369	(1,860,369)	-
	<u>                  </u>	<u>                  </u>	<u>                  </u>
<b>Fund balances</b>			
Unassigned	107,792	(107,792)	
	<u>                  </u>	<u>                  </u>	
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 2,069,428</b>		
<b>Net position</b>			
Unrestricted (deficit)		\$ (8,351,141)	\$ (6,374,574)

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

<b>Fund balance - general fund</b>	\$ 107,792
Add bond discount	21,973
Add deferred outflows of resources	116,198
Deduct accrued interest	(89,361)
Deduct long-term debt	(8,265,000)
Deduct net pension liability	(126,545)
Add long-term deferred assessment receivables	1,860,369
<b>Net position</b>	<b>\$ (6,374,574)</b>

**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, 2016**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 361,488	\$ -	\$ 361,488
Intergovernmental revenues			
Federal	123,089	-	123,089
Local	159,723	-	159,723
Operating grants and contributions	30,461	-	30,461
Special assessments	91,010	259,464	350,474
Investment earnings	48,722	-	48,722
Miscellaneous	<u>51,441</u>	<u>-</u>	<u>51,441</u>
<b>Total revenues</b>	<u>865,934</u>	<u>259,464</u>	<u>1,125,398</u>
<b>Expenditures/expenses</b>			
Salaries	103,639	(15,105)	88,534
Administration	18,376	-	18,376
Operations	185,993	-	185,993
Debt service			
Principal	190,000	(190,000)	-
Interest	391,330	(15,133)	376,197
Bond discount amortization	<u>-</u>	<u>1,221</u>	<u>1,221</u>
<b>Total expenditures/expenses</b>	<u>889,338</u>	<u>(219,017)</u>	<u>670,321</u>
Revenues over (under) expenditures/expenses	<u>(23,404)</u>	<u>478,481</u>	<u>455,077</u>
Other financing sources (uses)			
Issuance of bonds	2,960,000	(2,960,000)	-
Payments to escrow agent	<u>(2,917,792)</u>	<u>2,917,792</u>	<u>-</u>
Total other financing sources (uses)	<u>42,208</u>	<u>(42,208)</u>	<u>-</u>
Net changes in fund balances	18,804	(18,804)	
Change in net position		497,285	455,077
<b>Fund balances/net position, beginning of year</b>	<u>88,988</u>		<u>(6,829,651)</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 107,792</u>		<u>\$ (6,374,574)</u>

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
the General Fund to the Change in Net Position on the Statement of Activities**

<b>Net change in fund balance - general fund</b>	\$ 18,804
Add principal payments on debt	190,000
Add increase in unavailable revenues	259,464
Add decrease in accrued interest	15,133
Add payment to escrow	2,917,792
Deduct bonds issued	(2,960,000)
Deduct amortization of bond discount	(1,221)
Deduct increase in net pension liability	(16,386)
Add increase in deferred outflows	<u>31,491</u>
<b>Change in net position</b>	<u>\$ 455,077</u>

**CITY OF GRAND HAVEN**

**BROWNFIELD REDEVELOPMENT AUTHORITY  
BALANCE SHEET/STATEMENT OF NET POSITION**

**JUNE 30, 2016**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash and pooled investments	\$ 370,004	\$ -	\$ 370,004
Accounts receivable	36,538	-	36,538
Taxes receivable	198	-	198
<b>Total assets</b>	<u>\$ 406,740</u>	<u>-</u>	<u>406,740</u>
<b>Deferred outflows of resources</b>			
Deferred charge on refunding	<u>-</u>	<u>324,476</u>	<u>324,476</u>
<b>Liabilities, deferred inflows and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 8,341	\$ -	8,341
Accrued interest	-	68,001	68,001
Long-term debt			
Due within one year	-	1,296,112	1,296,112
Due in more than one year	-	7,681,919	7,681,919
Bond premium	<u>-</u>	<u>633,328</u>	<u>633,328</u>
<b>Total liabilities</b>	<u>8,341</u>	<u>9,679,360</u>	<u>9,687,701</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	<u>198</u>	<u>(198)</u>	<u>-</u>
<b>Fund balances</b>			
Unassigned	<u>398,201</u>	<u>(398,201)</u>	
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 406,740</u>		
<b>Net position</b>			
Unrestricted (deficit)		<u>\$ (9,281,159)</u>	<u>\$ (8,956,485)</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>			\$ 398,201
Add deferred outflows of resources			324,476
Deduct accrued interest			(68,001)
Deduct long-term debt			(8,978,031)
Deduct bond premium			(633,328)
Add long-term deferred assessment receivables			198
<b>Net position</b>			<u>\$ (8,956,485)</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, 2016**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 430,126	\$ -	\$ 430,126
Intergovernmental revenues			
State	135,000	-	135,000
Local	150,866	-	150,866
Special assessments	65,379	-	65,379
Investment earnings	19,181	-	19,181
Miscellaneous	<u>47,443</u>	<u>59</u>	<u>47,502</u>
<b>Total revenues</b>	<u>847,995</u>	<u>59</u>	<u>848,054</u>
<b>Expenditures/expenses</b>			
Operations	278,073	-	278,073
Debt Service			
Principal	1,199,914	(1,199,914)	-
Interest	<u>237,389</u>	<u>(1,530)</u>	<u>235,859</u>
<b>Total expenditures/expenses</b>	<u>1,715,376</u>	<u>(1,201,444)</u>	<u>513,932</u>
Revenues over (under) expenditures/expenses	<u>(867,381)</u>	<u>1,201,503</u>	<u>334,122</u>
Other financing sources (uses)			
Issuance of bonds	7,355,000	(7,355,000)	-
Bond premium	633,328	(633,328)	-
Payments to escrow agent	<u>(7,922,133)</u>	<u>7,922,133</u>	<u>-</u>
Total other financing sources (uses)	<u>66,195</u>	<u>(66,195)</u>	<u>-</u>
Net changes in fund balances	(801,186)	801,186	
Change in net position		400,317	334,122
<b>Fund balances/net position, beginning of year</b>	<u>1,199,387</u>		<u>(9,290,607)</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 398,201</u>		<u>\$ (8,956,485)</u>

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the General Fund to the Change in Net Position on the Statement of Activities:**

<b>Net change in fund balance - general fund</b>	\$ (801,186)
Add principal payments on debt	1,199,914
Add increase in unavailable revenues	59
Add decrease in accrued interest	1,530
Add payment to escrow	7,922,133
Deduct bonds issued	(7,355,000)
Deduct bonds premium	<u>(633,328)</u>
<b>Change in net position</b>	<u>\$ 334,122</u>

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## **INTERNAL CONTROL AND COMPLIANCE**



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

November 9, 2016

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 City of Grand Haven, Michigan (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 9, 2016.

**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*