

*Charter Township of South Haven
Van Buren County, Michigan*

FINANCIAL STATEMENTS

Year ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Charter Township of South Haven, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of South Haven Michigan, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of South Haven Michigan, as of December 31, 2018, and the respective changes in financial position, 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 and budgetary comparison information, as listed in the contents, 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.

Supplementary information

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

The combining fund financial statements (supplementary information) 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 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Siegfried Crandall P.C.

June 14, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is intended as a narrative overview of the Charter Township of South Haven's (the Township) operations over the fiscal year and its financial condition on December 31, 2018. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$145,625 as a result of this year's activities.
- Of the \$3,715,917 total net position reported, \$1,766,461 (48 percent) is available to be used to meet the Township's ongoing obligations to its citizens and customers, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the year was \$637,214, which represents 97 percent of the actual General Fund expenditures.

Overview of the financial statements

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental funds statements explain how government services, like general government, public safety, and public works, were financed in the short-term, as well as what remains for future spending.
 - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as an agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2018 and 2017 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets, and liabilities and deferred inflows of resources) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements present governmental activities. These activities include functions most commonly associated with government (e.g., general government, public safety, public works, etc.). Property taxes and intergovernmental revenues generally fund these services.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain other revenues.

The Township has two kinds of funds:

- *Governmental funds.* The Township's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary fund are used for their intended purposes. The Township's fiduciary balances are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$3,715,917. Of this total, \$1,839,426 is invested in capital assets, \$99,308 is restricted for public works, and \$10,722 is restricted for debt service. Consequently, unrestricted net position was \$1,766,461, or 48 percent of the total.

*Condensed financial information
Net position*

	<i>Governmental activities</i>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 4,173,148	\$ 3,500,233
Capital assets	1,954,775	1,963,769
Total assets	<u>6,127,923</u>	<u>5,464,002</u>
Current and other liabilities	371,701	209,563
Long-term debt	959,356	944,636
Total liabilities	<u>1,331,057</u>	<u>1,154,199</u>
Deferred inflows of resources	<u>1,080,949</u>	<u>739,511</u>
Net position:		
Net investment in capital assets	1,839,426	1,829,033
Restricted	110,030	10,701
Unrestricted	<u>1,766,461</u>	<u>1,730,558</u>
Total net position	<u>\$ 3,715,917</u>	<u>\$ 3,570,292</u>

Changes in net position

The Township's total revenues are \$1,551,892 in the current year. Approximately 50 percent of the total comes from property taxes, 22 percent from state shared revenue, and 14 percent from charges for services.

The total cost of the Township's programs was \$1,406,267. Approximately 41 percent of the Township's costs relates to the provision of public safety services, 20 percent for general government, 8 percent for health and welfare, 16 percent for public works, 8 percent for recreation and culture, and 4 percent for interest on debt.

*Condensed financial information
Changes in net position*

	<i>Governmental activities</i>	
	<u>2018</u>	<u>2017</u>
Program revenues:		
Charges for services	\$ 214,574	\$ 178,017
Operating grants and contributions	170,208	7,476
General revenues:		
Property taxes	770,044	706,735
State shared revenue	342,733	329,463
Franchise fees	51,694	52,542
Interest and other income	<u>2,639</u>	<u>3,836</u>
Total revenues	<u>1,551,892</u>	<u>1,278,069</u>
Expenses:		
General government	276,240	289,880
Public safety	582,224	543,164
Public works	229,458	155,514
Health and welfare	106,758	123,916
Community and economic development	33,985	36,173
Recreation and culture	117,592	183,237
Interest	<u>60,010</u>	<u>50,654</u>
Total expenses	<u>1,406,267</u>	<u>1,382,538</u>
Changes in net position	<u>\$ 145,625</u>	<u>\$ (104,469)</u>
Net position, end of year	<u>\$ 3,715,917</u>	<u>\$ 3,570,292</u>

Governmental activities

Governmental activities increased the Township's net position by \$145,625, compared to a \$104,469 decrease in the prior year. Property tax revenues and operating grants increased as the Township recognized new tax revenues from a recreation millage and a new special assessment district for Evergreen Bluff. Public works costs increased as the Township incurred additional costs related to the Evergreen Bluff project while recreation and culture costs decreased as the Township committed \$91,000 in future recreation tax revenues to support improvements to the Pilgrim Haven Natural Area in the previous fiscal year. Current year activity reflected an increase in interest expense, due to issuance of new debt during 2018. The Township saw slight decreases in most remaining activities.

Expenses for governmental activities this year were \$1,406,267. After subtracting the direct charges to those who directly benefited from the Township's programs (\$214,574) and operating grants (\$170,208), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$1,021,485 compared to \$1,197,045 last year, as a result of the changes in revenues and expenses described above.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,662,040, an increase of \$121,447. Of the total fund balances, 38 percent (\$637,214) is unassigned. The remainder of the fund balance consists of nonspendable amounts and restricted amounts. The nonspendable portion includes \$839,284 advanced to the South Haven Area Sewer and Water Authority; the restricted portion includes amounts restricted as to purpose (\$99,308 for public works and \$86,234 for debt service).

The General Fund is the primary operating fund of the Township. At the end of 2018, the total fund balance was \$1,476,498, which includes the nonspendable portion of fund balance, as well as the unassigned fund balance discussed above. The fund balance increased in 2018 by \$1,147, as revenues of \$674,001 exceeded expenditures and transfers out of \$659,025 and \$13,829, respectively.

The Fire and Ambulance Fund, a special revenue fund, did not carry a fund balance as contractual expenditures of \$390,481, were covered by the \$376,652 special millage levied for the Fund's activities and a \$13,829 transfer from the General Fund to cover the operating deficiency.

The Utility Contracts Debt Service Fund does not carry a fund balance, as all special assessments collected are then remitted to the South Haven Area Water Sewer Authority for payment of debt service requirements.

General Fund budgetary highlights

Increases in the Township's final budgeted expenditures from the original budget totaled \$32,705 to reflect revised expectations for a variety of expenditure categories. Revenues were \$87,313 more than budgeted, while expenditures were \$58,463 more than the amounts appropriated, and transfers out were \$3,771 less than planned, resulting in a \$32,621 positive budget variance. The largest negative expenditure variance, where expenditures were \$67,130 more than budgeted, was associated with public works expenditures due to increased road maintenance costs. The increase in fund balance was \$1,147 for the year, compared to a budgeted \$31,474 decrease.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$1,954,775 (net of accumulated depreciation). This investment includes land, buildings, and equipment. The decrease in the Township's net investment in capital assets for the current year was \$8,994 as depreciation (\$12,479) exceeded additions (\$3,485). Additions consisted of costs to purchase an air conditioner.

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

Debt

At the end of the fiscal year, the Township had \$959,356 total long-term debt outstanding, which represents \$478,507 in assessments being collected for the payment of four water and sewer bonds issued by the South Haven Area Sewer Water Authority (the Authority) and related customer contracts, \$170,000 in bonds payable for a water system extension, \$115,349 due on a note used to finance a portion of a 2008 park land acquisition, and \$45,500 remaining on a new \$91,000 contract with South Haven Area Recreation Authority to provide improvements to the Pilgrim Haven Natural Area, and \$150,000 in bonds payable for road improvements.

The Township pays amounts collected on assessments to the Authority. The Authority then makes bond payments when due. The Township is contingently liable for \$6,606,880 of outstanding water and sewer system bonds payable in excess of the amounts due from collections of current special assessments and contracts on properties within the Township. The Township has pledged its full faith and credit toward the total amount of the debt and anticipates that additional future assessments, combined with other customer charges, will cover the contract liabilities. Cumulatively, the Township has advanced \$832,429 to cover required debt service payments in excess of amounts available to the Authority. No advances were required during 2018.

More detailed information about the Township's long-term debt is presented in Note 6 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Slight increases in property taxes and state shared revenue are expected in 2019, resulting in a small increase in total revenues. Certain costs, for example, police and fire protection services, are likely to increase slightly. The General Fund's 2019 fund balance is expected to remain stable. The Township plans to maintain all ongoing programs for 2019 at similar levels.

Revenues and expenditures in most of the other governmental funds are approximately equal each year. These funds record approved tax levies for specific purposes, including police, fire and ambulance, roads, recreation, seniors, library, and debt service costs, which are paid to the appropriate entities annually.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Charles R. Stein, Jr., Township Supervisor
Charter Township of South Haven
09761 Blue Star Memorial Highway
South Haven, MI 49090

Phone: (269) 637-3305

BASIC FINANCIAL STATEMENTS

Charter Township of South Haven

STATEMENT OF NET POSITION

December 31, 2018

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 1,107,644
Receivables	1,120,568
Prepaid expenses	<u>20,501</u>
Total current assets	<u>2,248,713</u>
Noncurrent assets:	
Receivables	1,924,435
Capital assets not being depreciated - land	1,836,843
Capital assets, net of accumulated depreciation	<u>117,932</u>
Total noncurrent assets	<u>3,879,210</u>
Total assets	<u>6,127,923</u>
LIABILITIES	
Current liabilities:	
Payables	371,701
Current portion of long-term debt	<u>181,433</u>
Total current liabilities	553,134
Noncurrent liabilities - noncurrent portion of long-term debt	<u>777,923</u>
Total liabilities	<u>1,331,057</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenues levied for the subsequent year	<u>1,080,949</u>
NET POSITION	
Net investment in capital assets	1,839,426
Restricted for:	
Public works	99,308
Debt service	10,722
Unrestricted	<u>1,766,461</u>
Total net position	<u>\$ 3,715,917</u>

See notes to financial statements

Charter Township of South Haven

STATEMENT OF ACTIVITIES

Year ended December 31, 2018

	<u>Expenses</u>	<u>Program revenues</u>		<u>Net (expenses) revenues and change in net position</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	
Functions/Programs				
Governmental activities:				
General government	\$ 276,240	\$ 79,441	\$ -	\$ (196,799)
Public safety	582,224	60,359	3,272	(518,593)
Public works	229,458	3,403	151,936	(74,119)
Health and welfare	106,758	-	-	(106,758)
Community and economic development	33,985	15,598	-	(18,387)
Recreation and culture	117,592	-	15,000	(102,592)
Interest on long-term debt	<u>60,010</u>	<u>55,773</u>	<u>-</u>	<u>(4,237)</u>
Total governmental activities	<u>\$ 1,406,267</u>	<u>\$ 214,574</u>	<u>\$ 170,208</u>	<u>(1,021,485)</u>
General revenues:				
Property taxes				770,044
State grants				342,733
Franchise fees				51,694
Unrestricted interest				<u>2,639</u>
Total general revenues				<u>1,167,110</u>
Change in net position				145,625
Net position - beginning				<u>3,570,292</u>
Net position - ending				<u>\$ 3,715,917</u>

See notes to financial statements

Charter Township of South Haven

BALANCE SHEET - governmental funds

December 31, 2018

	<u>General</u>	<u>Fire and Ambulance</u>	<u>Utility Contracts Debt Service</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$ 618,160	\$ 121,593	\$ 44,769	\$ 323,122	\$ 1,107,644
Receivables	1,352,847	287,121	638,647	766,388	3,045,003
Prepaid expenditures	-	-	-	6,213	6,213
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,971,007</u>	<u>\$ 408,714</u>	<u>\$ 683,416</u>	<u>\$ 1,095,723</u>	<u>\$ 4,158,860</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities - payables	<u>\$ 101,311</u>	<u>\$ -</u>	<u>\$ 202,349</u>	<u>\$ 63,072</u>	<u>\$ 366,732</u>
Deferred inflows of resources:					
Property tax revenues levied for the subsequent year	85,058	400,962	-	594,929	1,080,949
Unavailable property taxes	1,609	7,752	-	5,283	14,644
Unavailable special assessments	70,914	-	478,507	246,233	795,654
Unavailable interest revenue	235,617	-	2,560	664	238,841
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>393,198</u>	<u>408,714</u>	<u>481,067</u>	<u>847,109</u>	<u>2,130,088</u>
Fund balances:					
Nonspendable - advance to water and sewer joint venture	839,284	-	-	-	839,284
Restricted for:					
Public works	-	-	-	99,308	99,308
Debt service	-	-	-	86,234	86,234
Unassigned	637,214	-	-	-	637,214
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,476,498</u>	<u>-</u>	<u>-</u>	<u>185,542</u>	<u>1,662,040</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,971,007</u>	<u>\$ 408,714</u>	<u>\$ 683,416</u>	<u>\$ 1,095,723</u>	<u>\$ 4,158,860</u>

See notes to financial statements

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - total governmental funds (page 13)	\$ 1,662,040
Amounts reported for <i>governmental activities</i> in the statement of net position (page 11) are different because:	
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds	1,954,775
Interest receivable is not available to pay for current period expenditures and, therefore, is deferred in the funds.	238,841
Taxes and special assessments receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	810,298
Prepaid items are not available as a current financial resource and, therefore, are not recognized in the funds.	14,288
Interest related to long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds.	(4,969)
Long-term liabilities, including contracts, notes, and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(959,356)</u>
Net position of <i>governmental activities</i>	<u>\$ 3,715,917</u>

Charter Township of South Haven

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds

Year ended December 31, 2018

	<u>General</u>	<u>Fire and Ambulance</u>	<u>Utility Contracts Debt Service</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
REVENUES					
Property taxes	\$ 172,495	\$ 376,652	\$ -	\$ 268,342	\$ 817,489
Licenses and permits	111,080	-	-	-	111,080
State grants	349,801	-	-	15,000	364,801
Charges for services	16,574	-	-	-	16,574
Interest and rentals	12,584	-	40,380	15,818	68,782
Other	11,467	-	188,247	42,744	242,458
	<u>674,001</u>	<u>376,652</u>	<u>228,627</u>	<u>341,904</u>	<u>1,621,184</u>
Total revenues					
EXPENDITURES					
Current:					
General government	270,084	-	-	-	270,084
Public safety	152,633	320,188	-	109,403	582,224
Public works	176,177	-	-	50,692	226,869
Health and welfare	-	70,293	-	36,465	106,758
Community and economic development	33,985	-	-	-	33,985
Recreation and culture	-	-	-	137,474	137,474
Debt service:					
Principal	19,387	-	188,247	25,000	232,634
Interest	6,759	-	40,380	12,570	59,709
	<u>659,025</u>	<u>390,481</u>	<u>228,627</u>	<u>371,604</u>	<u>1,649,737</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>14,976</u>	<u>(13,829)</u>	<u>-</u>	<u>(29,700)</u>	<u>(28,553)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	150,000	150,000
Transfers in	-	13,829	-	-	13,829
Transfers out	(13,829)	-	-	-	(13,829)
	<u>(13,829)</u>	<u>13,829</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Net other financing sources (uses)					
NET CHANGES IN FUND BALANCES	1,147	-	-	120,300	121,447
FUND BALANCES - BEGINNING	<u>1,475,351</u>	<u>-</u>	<u>-</u>	<u>65,242</u>	<u>1,540,593</u>
FUND BALANCES - ENDING	<u>\$ 1,476,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,542</u>	<u>\$ 1,662,040</u>

See notes to financial statements

Charter Township of South Haven

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)**

Year ended December 31, 2018

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 15) \$ 121,447

Amounts reported for *governmental activities* in the statement of activities (page 12) are different because:

Capital assets:

Assets acquired 3,485
Provision for depreciation (12,479)

Long-term debt:

Bond proceeds (150,000)
Increase in contracts payable (120,104)
Principal reductions 255,384

Changes in deferred inflows of resources:

Net increase in unavailable property taxes 14,644
Net increase in unavailable special assessments 29,034
Net increase in unavailable interest revenue 7,134

Changes in other assets/liabilities:

Net decrease in prepaid items (2,619)
Net increase in interest payable (301)

Change in net position of *governmental activities* \$ 145,625

Charter Township of South Haven

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - *agency funds*

December 31, 2018

	<u><i>Tax</i></u>	<u><i>Agency</i></u>	<u><i>Total</i></u>
ASSETS			
Cash	<u>\$ 307,038</u>	<u>\$ 10,811</u>	<u>\$ 317,849</u>
 LIABILITIES			
Due to other governmental units	<u>\$ 307,038</u>	<u>\$ 10,811</u>	<u>\$ 317,849</u>

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of South Haven, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting entity:

As required by generally accepted accounting principles, these financial statements present only the Township (located in Van Buren County), as management has determined that there are no other entities for which the Township is financially accountable.

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 Township. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds 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 if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable only when cash is received by the Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire and Ambulance Fund, a special revenue fund, accounts for the operating contributions made to the joint venture described in Note 10. Revenues are primarily derived from property taxes.

The Utility Contracts Debt Service Fund, a debt service fund, accounts for the issuance and payment of debt for water and sewer improvements. Revenues are primarily derived from special assessments.

The Township also reports fiduciary funds, which account for assets held by the Township as an agent for individuals, private organizations, and other governments. The Township currently reports two fiduciary funds (Tax Collection and Agency). Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Assets, liabilities, deferred inflows of resources, and net position or equity:

Cash - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

Receivables - No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

Prepays - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets - Capital assets, which include land and improvements, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning January 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	20 - 40 years
Buildings and improvements	20 - 40 years
Equipment	3 - 5 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, liabilities, deferred inflows of resources, and net position or equity (continued):

Deferred inflows of resources - The statement of net position and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. The Township has three items that are included in this category: property taxes, special assessments, and interest revenues. Property tax revenue, which is levied to finance the following period's budget, is deferred and recognized as an inflow of resources in the period that it was intended to finance. Special assessments and interest revenues, which are recognized as they become available (collected within 60 days after the end of the Township's fiscal year), are deferred and recognized as an inflow of resources in the period that they become available.

Net position - Net position represents the difference between assets, and liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets, and increases by balances of resources related to those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

Net position flow assumption - Sometimes, the Township 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 and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund equity - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are not in spendable form. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. Unassigned fund balance is the residual classification for the General Fund. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied each December 1 (lien date) on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. Although the Township's 2017 ad valorem tax is levied and collectible on December 1, 2017, it is the Township's policy to recognize revenue from that tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The budget document presents information by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

Excess of expenditures over appropriations - The following schedule sets forth reportable budget variances:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
General	General government	Assessor	\$ 41,418	\$ 43,409	\$ 1,991
	Public safety	Building inspections	54,700	60,834	6,134
	Public works	Highways and streets	48,000	115,130	67,130
Recreation	Recreation and culture	Recreation	30,716	51,414	20,698

NOTE 3 - CASH

The Township’s cash balances at December 31, 2018, were as follows:

	<u>Governmental activities</u>	<u>Fiduciary activities</u>	<u>Total</u>
Cash	\$ <u>1,107,644</u>	\$ <u>317,849</u>	\$ <u>1,425,493</u>

Deposits - State statutes and the Township’s investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township’s deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township’s investment policy does not specifically address custodial credit risk for deposits. At December 31, 2018, \$1,269,883 of the Township’s bank balances of \$1,560,282 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2018, for the Township’s individual major and nonmajor funds, in the aggregate, all of which are considered fully collectible, were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Inter-governmental</i>	<i>Interest</i>	<i>Totals</i>
General	\$ 16,140	\$ 61,253	\$ 81,139	\$ 958,698	\$ 235,617	\$ 1,352,847
Fire and Ambulance	-	287,121	-	-	-	287,121
Utility Contracts Debt Service	-	-	604,161	-	34,486	638,647
Nonmajor	-	422,633	278,673	57,406	7,676	766,388
Totals	\$ 16,140	\$ 771,007	\$ 963,973	\$ 1,016,104	\$ 277,779	\$ 3,045,003
Noncurrent portion	\$ -	\$ -	\$ 792,128	\$ 896,690	\$ 235,617	\$ 1,924,435

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 1,836,843	\$ -	\$ -	\$ 1,836,843
Capital assets being depreciated:				
Land improvements	130,967	-	-	130,967
Buildings and improvements	234,065	-	-	234,065
Equipment	97,385	3,485	(8,731)	92,139
Subtotal	462,417	3,485	(8,731)	457,171
Less accumulated depreciation for:				
Land improvements	(66,905)	(6,549)	-	(73,454)
Buildings and improvements	(177,902)	(2,771)	-	(180,673)
Equipment	(90,684)	(3,159)	8,731	(85,112)
Subtotal	(335,491)	(12,479)	8,731	(339,239)
Total capital assets being depreciated, net	126,926	(8,994)	-	117,932
Governmental activities capital assets, net	\$ 1,963,769	\$ (8,994)	\$ -	\$ 1,954,775

NOTE 5 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to the Township’s governmental functions as follows:

Governmental activities:	
General government	\$ 9,611
Recreation and culture	<u>2,868</u>
 Total	 <u>\$ 12,479</u>

NOTE 6 - LONG-TERM DEBT

Long-term debt at December 31, 2018, is comprised of the following individual issues:

Note payable:	
\$273,000 Note payable (PA 99), due in annual installments through 2024; interest at approximately 5.3%	<u>\$ 115,349</u>
Contracts payable:	
\$1,418,028 1998 Water and sewer assessments, due to Van Buren County in annual installments through 2019; interest at approximately 5.8%	3,142
\$1,831,295 1999 Water and sewer assessments, due to Van Buren County in annual installments through 2020; interest at approximately 6.3%	7,055
\$1,175,297 2000 Water and sewer assessments, due to Van Buren County in annual installments through 2020; interest at approximately 6.3%	41,221
\$532,940 Contracts payable, due to South Haven Area Water Sewer Authority in various annual installments; interest at approximately 6.0%	427,089
\$91,000 Agreement with South Haven Area Recreation Authority, to finance improvements to the Pilgram Haven Natural Area, due in annual installments of \$22,750 through 2020 from the Township Recreation Millage	<u>45,500</u>
Total contracts payable	<u>524,007</u>
Bonds payable:	
\$435,000 2006 Special assessment bonds, due in annual installments of \$10,000 to \$25,000 through 2026; interest at approximately 5.49%	170,000
\$150,000 2018 Special assessment bonds, due in annual installments of \$21,000 to \$24,000 through 2025; interest at approximately 3.29%	<u>150,000</u>
Total bonds payable	<u>320,000</u>
Total long-term liabilities	<u>\$ 959,356</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

Long-term liability activity for the year ended December 31, 2018, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Note payable - 2008	\$ 134,736	\$ -	\$ (19,387)	\$ 115,349	\$ 20,700
Contracts payable - 1997	8,107	-	(8,107)	-	-
Contracts payable - 1998	48,601	-	(45,459)	3,142	3,142
Contracts payable - 1999	53,645	-	(46,590)	7,055	7,055
Contracts payable - 2000	75,790	-	(34,569)	41,221	20,611
Contracts payable - Unbonded	360,507	120,104	(53,522)	427,089	61,175
Contracts payable - SHARA	68,250	-	(22,750)	45,500	22,750
Bonds payable - 2006	195,000	-	(25,000)	170,000	25,000
Bonds payable - 2018	-	150,000	-	150,000	21,000
Total long-term liabilities	<u>\$ 944,636</u>	<u>\$ 270,104</u>	<u>\$ (255,384)</u>	<u>\$ 959,356</u>	<u>\$ 181,433</u>

Debt service requirements at December 31, 2018, were as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended December 31:		
2019	\$ 181,433	\$ 50,477
2020	172,325	41,454
2021	125,111	32,934
2022	126,318	25,936
2023	127,955	18,878
2024 - 2026	<u>226,214</u>	<u>19,972</u>
Totals	<u>\$ 959,356</u>	<u>\$ 189,651</u>

The Township is contingently liable for \$6,606,880 of outstanding water and sewer system contracts payable in excess of the amounts to be repaid from collections of special assessments currently levied against properties within the Township. The Township has pledged its full faith and credit toward the total amounts due and anticipates that additional future assessments and other customer charges will be used to pay the contract liabilities.

NOTE 7 - PAYABLES

Payables as of December 31, 2018, for the Township’s individual major and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 14,145	\$ 2,714	\$ 84,452	\$ 101,311
Utility Contracts Debt Service	-	-	202,349	202,349
Nonmajor	-	-	63,072	63,072
	<u>\$ 14,145</u>	<u>\$ 2,714</u>	<u>\$ 349,873</u>	<u>\$ 366,732</u>

NOTE 8 - PROPERTY TAXES

The 2017 taxable valuation of the Township approximated \$145,902,000, on which ad valorem taxes levied consisted of 0.5604 mills for operating purposes, 0.7500 mills for police, 2.7000 mills for fire and ambulance services, 0.5900 mills for library services, 0.2500 mills for senior services, and 0.2500 mills for recreation activities raising approximately \$85,000 for operating purposes, \$111,000 for police, \$382,000 for fire and ambulance services, \$88,000 for library services, \$37,000 for senior services, and \$37,000 for recreation activities. These amounts are recognized in the respective fund financial statements as property tax revenue.

The 2018 taxable valuation of the Township approximated \$153,313,000, on which ad valorem taxes levied consisted of 0.5505 mills for operating purposes, 0.7368 mills for police, 2.7200 mills for fire and ambulance services, 0.6775 mills for library services, 0.5000 mills for senior services, 0.2456 mills for recreation activities, and 1.4500 mills for road maintenance raising approximately \$85,000 for operating purposes, \$114,000 for police, \$401,000 for fire and ambulance services, \$142,000 for library services, \$77,000 for senior services, \$38,000 for recreation activities, and \$224,000 for road maintenance. These amounts are recognized in the respective fund financial statements as deferred inflows of resources, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

NOTE 9 - INTERFUND TRANSFERS

The General Fund transferred \$13,829 to the Fire and Ambulance Fund during the fiscal year to support current year operations.

NOTE 10 - JOINT VENTURES

The Township, together with the Township of Casco, the City of South Haven and the South Haven and Casco Township Sewage and Wastewater Treatment Authority, established a joint water and sewage treatment authority under the provisions of Public Act 233 of 1955, in order to acquire and operate water and sewage treatment systems to benefit the constituent municipalities. The Township has advanced \$839,284 to cover certain costs of the previous Authority. The Township anticipates reimbursement in the future, including \$233,331 in interest accrued on the advances.

The Township has joined the City of South Haven and the Townships of Casco and Geneva in establishing a joint emergency services authority (the Emergency Authority) to provide fire and ambulance services in the Authority’s area of operation, which includes the Charter Township of South Haven. The operations of the Authority are financed by taxes levied annually within the participating units of government. The Township expended \$304,387 for services provided by the Emergency Authority in 2018.

NOTE 10 - JOINT VENTURES (Continued)

The Township has joined the Cities of South Haven and Bangor and the Townships of Casco, Geneva, and Covert in establishing a joint regional airport authority (the Airport Authority) to provide airfield services in the Airport Authority's area of operation, which includes the Charter Township of South Haven. The operations of the Airport Authority are financed by annual contributions within the participating units of government, as well as hangar rentals and fuel sales. During the year ended December 31, 2018, the Township contributed \$21,041 toward the Airport Authority's operations.

There is no equity interest by any participating unit in the joint ventures. Except as disclosed in Note 6 regarding the contingent liability for outstanding water and sewer contacts payable, the Township is unaware of any indication that the joint ventures are accumulating significant financial resources or are experiencing fiscal stress that may cause an additional financial benefit or burden on the Township in the near future.

Separate audited financial statements for the above joint ventures are available at the Township offices.

NOTE 11 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN

The Township contributes to the South Haven Charter Township Group Pension Plan, a defined contribution pension plan, which is administered by a third-party administrator. The plan covers all elected officials, along with the Deputy Clerk, Deputy Treasurer, and Deputy Supervisor, who are eligible to participate from the date they are elected or appointed to office.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Township contributes 5% of each qualified employee's total earnings or \$300, whichever is more, to the plan. Employees are permitted to make voluntary contributions to the Plan, up to applicable Internal Revenue Code limits. For the year ended December 31, 2018, the Township and eligible employees made contributions of \$5,482 and \$ -0-, respectively. At December 31, 2018, the Township reported a \$1,364 accrued liability as part of the contributions to the plan. The Township's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested immediately. For the year ended December 31, 2018, excess funds held by John Hancock reduced the Township's pension expense by \$1,294.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

NOTE 13 - CONSTRUCTION CODE ACT

A summary of construction code enforcement transactions for the year ended December 31, 2018, is as follows:

Accumulated excess, beginning of year	\$ <u>641</u>
Revenues	59,386
Expenses	<u>(60,747)</u>
Deficiency of revenues over expenses	<u>(1,361)</u>
Accumulated deficiency, end of year	<u>\$ (720)</u>

NOTE 14 - PENDING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for periods beginning after December 15, 2018. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of South Haven

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Property taxes	\$ 129,955	\$ 130,555	\$ 172,495	\$ 41,940
Licenses and permits	98,700	100,700	111,080	10,380
State grants	326,508	326,428	349,801	23,373
Charges for services	17,000	15,000	16,574	1,574
Interest and rentals	5,590	5,790	12,584	6,794
Other	8,215	8,215	11,467	3,252
	<u>585,968</u>	<u>586,688</u>	<u>674,001</u>	<u>87,313</u>
Total revenues				
EXPENDITURES				
General government:				
Legislative	6,084	6,514	6,462	52
Supervisor	39,103	39,203	39,720	(517)
Elections	6,945	7,265	7,276	(11)
Assessor	40,488	41,418	43,409	(1,991)
Clerk	23,145	23,065	22,771	294
Board of review	2,065	1,860	1,500	360
Treasurer	23,316	23,381	22,607	774
Hall and grounds	46,000	51,340	50,395	945
Other	74,233	93,108	75,944	17,164
	<u>261,379</u>	<u>287,154</u>	<u>270,084</u>	<u>17,070</u>
Total general government				
Public safety:				
Police	91,179	91,179	91,799	(620)
Building inspections	46,700	54,700	60,834	(6,134)
	<u>137,879</u>	<u>145,879</u>	<u>152,633</u>	<u>(6,754)</u>
Total public safety				
Public works:				
Highways and streets	40,000	48,000	115,130	(67,130)
Drains at large	9,882	11,882	11,853	29
Street lights	10,150	9,400	10,043	(643)
Transfer station	48,000	18,000	18,110	(110)
Airport authority	-	21,040	21,041	(1)
	<u>108,032</u>	<u>108,322</u>	<u>176,177</u>	<u>(67,855)</u>
Total public works				

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Continued)				
Community and economic development - planning and zoning	\$ 34,421	\$ 33,061	\$ 33,985	\$ (924)
Debt service:				
Principal	19,387	19,387	19,387	-
Interest	6,759	6,759	6,759	-
Total expenditures	567,857	600,562	659,025	(58,463)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	18,111	(13,874)	14,976	28,850
OTHER FINANCING USES				
Transfers out	(15,600)	(17,600)	(13,829)	3,771
NET CHANGES IN FUND BALANCES	2,511	(31,474)	1,147	32,621
FUND BALANCES - BEGINNING	1,475,351	1,475,351	1,475,351	-
FUND BALANCES - ENDING	<u>\$ 1,477,862</u>	<u>\$ 1,443,877</u>	<u>\$ 1,476,498</u>	<u>\$ 32,621</u>

Charter Township of South Haven

BUDGETARY COMPARISON SCHEDULE - Fire and Ambulance Fund

Year ended December 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Property taxes	\$ 376,652	\$ 376,652	\$ 376,652	\$ -
EXPENDITURES				
Public safety - fire protection	321,959	323,959	320,188	3,771
Health and welfare - ambulance	70,293	70,293	70,293	-
Total expenditures	<u>392,252</u>	<u>394,252</u>	<u>390,481</u>	<u>3,771</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(15,600)	(17,600)	(13,829)	3,771
OTHER FINANCING SOURCES				
Transfers in	15,600	17,600	13,829	3,771
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - nonmajor governmental funds

December 31, 2018

	<u>Special revenue funds</u>					<u>Capital Project</u>	<u>Debt service funds</u>		<u>Totals</u>
	<u>Road</u>	<u>Police</u>	<u>Library</u>	<u>Recreation</u>	<u>Seniors</u>	<u>Evergreen Bluff Construction</u>	<u>Evergreen Bluff Debt</u>	<u>Water Debt</u>	
ASSETS									
Cash	\$ 66,945	\$ 34,015	\$ 42,205	\$ 12,509	\$ 16,865	\$ 132,308	\$ 10,071	\$ 8,204	\$ 323,122
Receivables	157,116	81,986	101,326	27,323	54,882	-	142,207	201,548	766,388
Prepaid expenditures	-	-	-	-	6,213	-	-	-	6,213
Total assets	\$ 224,061	\$ 116,001	\$ 143,531	\$ 39,832	\$ 77,960	\$ 132,308	\$ 152,278	\$ 209,752	\$ 1,095,723
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities - payables	\$ -	\$ -	\$ -	\$ 1,173	\$ -	\$ 33,000	\$ -	\$ 28,899	\$ 63,072
Deferred inflows of resources:									
Property tax revenues levied for the subsequent year	224,061	113,848	141,837	37,941	77,242	-	-	-	594,929
Unavailable property taxes	-	2,153	1,694	718	718	-	-	-	5,283
Unavailable special assessments	-	-	-	-	-	-	123,450	122,783	246,233
Unavailable interest revenue	-	-	-	-	-	-	-	664	664
Total deferred inflows of resources	224,061	116,001	143,531	38,659	77,960	-	123,450	123,447	847,109
Fund balances:									
Restricted for:									
Public works	-	-	-	-	-	99,308	-	-	99,308
Debt service	-	-	-	-	-	-	28,828	57,406	86,234
Total fund balances	-	-	-	-	-	99,308	28,828	57,406	185,542
Total liabilities, deferred inflows of resources, and fund balances	\$ 224,061	\$ 116,001	\$ 143,531	\$ 39,832	\$ 77,960	\$ 132,308	\$ 152,278	\$ 209,752	\$ 1,095,723

Charter Township of South Haven

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - nonmajor governmental funds

Year ended December 31, 2018

	<i>Special revenue funds</i>					<i>Capital Project</i>	<i>Debt service funds</i>		<i>Totals</i>
	<i>Road</i>	<i>Police</i>	<i>Library</i>	<i>Recreation</i>	<i>Seniors</i>	<i>Evergreen Bluff Construction</i>	<i>Evergreen Bluff Debt</i>	<i>Water Debt</i>	
REVENUES									
Property taxes	\$ -	\$ 109,403	\$ 86,060	\$ 36,414	\$ 36,465	\$ -	\$ -	\$ -	\$ 268,342
State grants	-	-	-	15,000	-	-	-	-	15,000
Interest	-	-	-	-	-	-	6,002	9,816	15,818
Other	-	-	-	-	-	-	24,690	18,054	42,744
Total revenues	-	109,403	86,060	51,414	36,465	-	30,692	27,870	341,904
EXPENDITURES									
Current:									
Public safety	-	109,403	-	-	-	-	-	-	109,403
Public works	-	-	-	-	-	50,692	-	-	50,692
Health and welfare	-	-	-	-	36,465	-	-	-	36,465
Recreation and culture	-	-	86,060	51,414	-	-	-	-	137,474
Debt service:									
Principal	-	-	-	-	-	-	-	25,000	25,000
Interest	-	-	-	-	-	-	1,864	10,706	12,570
Total expenditures	-	109,403	86,060	51,414	36,465	50,692	1,864	35,706	371,604
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	(50,692)	28,828	(7,836)	(29,700)
OTHER FINANCING SOURCES									
Bond proceeds	-	-	-	-	-	150,000	-	-	150,000
NET CHANGES IN FUND BALANCES	-	-	-	-	-	99,308	28,828	(7,836)	120,300
FUND BALANCES - BEGINNING	-	-	-	-	-	-	-	65,242	65,242
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,308	\$ 28,828	\$ 57,406	\$ 185,542