

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

**FINANCIAL STATEMENTS**

*Year ended December 31, 2017*

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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, 2017, 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, 2017, 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.

*Sigfried Crandall P.C.*

May 2, 2018

## 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, 2017. Please read it in conjunction with the Township's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The Township's total net position decreased by \$104,469 as a result of this year's activities.
- Of the \$3,570,292 total net position reported, \$1,730,558 (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 \$635,426, which represents 87 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 2017 and 2016 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, and 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 by 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 \$3,570,292. Of this total, \$1,829,033 is invested in capital assets, \$641 is restricted for public safety, and \$10,060 is restricted for debt service. The remaining unrestricted net position amounted to \$1,730,558.

*Condensed financial information  
Net position*

	<i>Governmental activities</i>	
	<u>2017</u>	<u>2016</u>
Current and other assets	<b>\$ 3,500,233</b>	\$ 3,704,785
Capital assets	<b>1,963,769</b>	1,917,159
Total assets	<b><u>5,464,002</u></b>	<u>5,621,944</u>
Current and other liabilities	<b>209,563</b>	272,411
Long-term debt	<b>944,636</b>	991,143
Total liabilities	<b><u>1,154,199</u></b>	<u>1,263,554</u>
Deferred inflows of resources	<b><u>739,511</u></b>	<u>683,629</u>
Net position:		
Net investment in capital assets	<b>1,829,033</b>	1,763,647
Restricted	<b>10,701</b>	12,845
Unrestricted	<b><u>1,730,558</u></b>	<u>1,898,269</u>
Total net position	<b><u>\$ 3,570,292</u></b>	<u>\$ 3,674,761</u>



**Changes in net position**

The Township's total revenues are \$1,278,069. Approximately 55 percent of the total comes from taxes, 26 percent from state grants, and 14 percent from charges for services.

The total cost of the Township's programs was \$1,382,538. Approximately 39 percent of the Township's costs relates to the provision of public safety, 21 percent for general government costs, 9 percent for health and welfare, 11 percent for public works, 13 percent for recreation and culture activities, and 4 percent for interest on debt.

*Condensed financial information  
Changes in net position*

	<i>Governmental activities</i>	
	<u>2017</u>	<u>2016</u>
Program revenues:		
Charges for services	\$ 178,017	\$ 165,235
Operating grants and contributions	7,476	7,235
General revenues:		
Property taxes	706,735	749,864
State shared revenue	329,463	307,046
Franchise fees	52,542	52,077
Interest and other income	<u>3,836</u>	<u>2,387</u>
Total revenues	<u>1,278,069</u>	<u>1,283,844</u>
Expenses:		
General government	289,880	265,126
Public safety	543,164	531,400
Public works	155,514	125,626
Health and welfare	123,916	165,479
Community and economic development	36,173	31,205
Recreation and culture	183,237	106,194
Interest	<u>50,654</u>	<u>58,431</u>
Total expenses	<u>1,382,538</u>	<u>1,283,461</u>
Changes in net position	<u>\$ (104,469)</u>	<u>\$ 383</u>
Net position, end of year	<u>\$ 3,570,292</u>	<u>\$ 3,674,761</u>

**Governmental activities**

Governmental activities decreased the Township's net position by \$104,469, compared to a \$383 increase in the prior year. Property tax revenues and health and welfare activity decreased as the special millage for the South Haven Health System has been terminated, as voters approved the merger with the Bronson Healthcare Group. Recreation and culture cost increased as the Township committed \$91,000 in future recreation tax revenues to support improvements to the Pilgrim Haven Natural Area. Current year activity reflected a decrease in interest expense, due to lower outstanding debt balances during 2017 compared to the prior year. The Township saw slight increases in virtually all remaining activities.

Expenses for governmental activities this year were \$1,382,538. After subtracting the direct charges to those who directly benefited from the Township's programs (\$178,017) and operating grants (\$7,476), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$1,197,045 compared to \$1,110,991 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 \$1,540,593, a decrease of \$122,201. Of the total fund balances, 41 percent (\$635,426) 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 Township - Casco Township Water and Wastewater Treatment Authority; the restricted portion includes amounts restricted as to purpose (\$641 for public safety and \$65,242 for debt service).

The General Fund is the primary operating fund of the Township. At the end of 2017, the total fund balance was \$1,475,351, which includes the nonspendable portion of fund balance, as well as the unassigned fund balance discussed above. The fund balance decreased in 2017 by \$113,146, as expenditures and transfers out of \$730,449 and \$15,905, respectively, exceeded revenues of \$633,208.

The fund balance of the Fire and Ambulance Fund decreased by \$47, as the contractual expenditures of \$382,680, exceeded the \$366,728 special millage levied for the Fund's activities. The General Fund transferred \$15,905 to the Fire and Ambulance 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 Township - Casco Township Water and Wastewater Treatment Authority for payment of debt service requirements.

**General Fund budgetary highlights**

Increases in the Township's final budgeted expenditures from the original budget totaled \$169,450 to reflect revised expectations for a variety of expenditure categories. Revenues were \$61,157 more than budgeted, while expenditures were \$10,736 less than the amounts appropriated, resulting in a \$71,893 positive budget variance. The largest negative expenditure variance, where expenditures were \$4,081 more than budgeted, was associated with public safety expenditures due to increased police protection costs. The decrease in fund balance was \$113,146 for the year, compared to a budgeted \$185,039 decrease.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

The Township's investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$1,963,769 (net of accumulated depreciation). This investment includes land, buildings, and equipment. The increase in the Township's net investment in capital assets for the current year consisted of costs incurred to reroof the township hall and the purchase of an air conditioner totaling \$59,133 less current depreciation of \$12,523.

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 \$994,636 total long-term debt outstanding, which represents \$546,650 in assessments being collected for the payment of four water and sewer bonds issued by the South Haven Township - Casco Township Water and Wastewater Treatment Authority (the Authority) and related customer contracts, \$195,000 in bonds payable for a water system extension, \$134,736 due on a note used to finance a portion of a 2008 park land acquisition, and \$68,250 remaining on a new \$91,000 contract with South Haven Area Recreation Authority to provide improvements to the Pilgrim Haven Natural Area.

The Township pays amounts collected on assessments to the Authority. The Authority then makes bond payments when due. The Township is contingently liable for \$7,153,796 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 2017.

More detailed information about the Township's long-term liabilities 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 2018, 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 2018 fund balance is expected to remain stable. The Township plans to maintain all ongoing programs for 2018 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, 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, 2017*

	<u><b>Governmental activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 685,802
Receivables	898,401
Prepaid expenses	<u>22,235</u>
Total current assets	<u>1,606,438</u>
Noncurrent assets:	
Receivables	1,893,795
Capital assets not being depreciated - land	1,836,843
Capital assets, net of accumulated depreciation	<u>126,926</u>
Total noncurrent assets	<u>3,857,564</u>
Total assets	<u>5,464,002</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payables	209,563
Current portion of long-term obligations	<u>227,889</u>
Total current liabilities	437,452
Noncurrent liabilities - noncurrent portion of long-term obligations	<u>716,747</u>
Total liabilities	<u>1,154,199</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenues levied for the subsequent year	<u>739,511</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,829,033
Restricted for:	
Public safety	641
Debt service	10,060
Unrestricted	<u>1,730,558</u>
Total net position	<u>\$ 3,570,292</u>

*See notes to financial statements*

Charter Township of South Haven

**STATEMENT OF ACTIVITIES**

Year ended December 31, 2017

	<u>Program revenues</u>			<i>Net (expenses) revenues and change in net position</i>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	
<b>Functions/Programs</b>				
Governmental activities:				
General government	\$ 289,880	\$ 69,990	\$ -	\$ (219,890)
Public safety	543,164	52,136	3,609	(487,419)
Public works	155,514	3,756	3,867	(147,891)
Health and welfare	123,916	-	-	(123,916)
Community and economic development	36,173	10,958	-	(25,215)
Recreation and culture	183,237	-	-	(183,237)
Interest on long-term debt	<u>50,654</u>	<u>41,177</u>	<u>-</u>	<u>(9,477)</u>
Total governmental activities	<u>\$ 1,382,538</u>	<u>\$ 178,017</u>	<u>\$ 7,476</u>	<u>(1,197,045)</u>
General revenues:				
Property taxes				706,735
State shared revenue				329,463
Franchise fees				52,542
Unrestricted interest				<u>3,836</u>
Total general revenues				<u>1,092,576</u>
Change in net position				(104,469)
Net position - beginning				<u>3,674,761</u>
Net position - ending				<u>\$ 3,570,292</u>

See notes to financial statements

Charter Township of South Haven

**BALANCE SHEET - governmental funds**

December 31, 2017

	<u>General</u>	<u>Fire and Ambulance</u>	<u>Utility Contracts Debt Service</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$ 557,707	\$ 73,449	\$ 7,481	\$ 47,165	\$ 685,802
Receivables	1,354,055	308,094	678,679	451,368	2,792,196
Prepaid items	-	-	-	5,328	5,328
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,911,762</u>	<u>\$ 381,543</u>	<u>\$ 686,160</u>	<u>\$ 503,861</u>	<u>\$ 3,483,326</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities - payables	<u>\$ 44,260</u>	<u>\$ -</u>	<u>\$ 136,623</u>	<u>\$ 24,012</u>	<u>\$ 204,895</u>
Deferred inflows of resources:					
Property tax revenues levied for the subsequent year	84,960	381,543	-	273,008	739,511
Unavailable special assessments	79,133	-	546,650	140,837	766,620
Unavailable interest revenue	228,058	-	2,887	762	231,707
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>392,151</u>	<u>381,543</u>	<u>549,537</u>	<u>414,607</u>	<u>1,737,838</u>
Fund balances:					
Nonspendable - advance to water and sewer joint venture	839,284	-	-	-	839,284
Restricted for:					
Public safety	641	-	-	-	641
Debt service	-	-	-	65,242	65,242
Unassigned	635,426	-	-	-	635,426
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>1,475,351</u>	<u>-</u>	<u>-</u>	<u>65,242</u>	<u>1,540,593</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,911,762</u>	<u>\$ 381,543</u>	<u>\$ 686,160</u>	<u>\$ 503,861</u>	<u>\$ 3,483,326</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)	\$ 1,540,593
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	1,963,769
Interest receivable is not available to pay for current period expenditures and, therefore, is deferred in the funds.	231,707
Special assessments receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	766,620
Prepaid items are not available as a current financial resource and, therefore, are not recognized in the funds.	16,907
Interest related to long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds.	(4,668)
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>(944,636)</u>
Net position of <i>governmental activities</i>	<u>\$ 3,570,292</u>



Charter Township of South Haven

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**

**BALANCES - governmental funds**

Year ended December 31, 2017

	<u>General</u>	<u>Fire and Ambulance</u>	<u>Utility Contracts Debt Service</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>					
Property taxes	\$ 163,196	\$ 366,728	\$ -	\$ 227,613	\$ 757,537
Licenses and permits	103,953	-	-	-	103,953
State grants	336,939	-	-	-	336,939
Charges for services	11,704	-	-	-	11,704
Interest and rentals	6,810	-	31,767	9,877	48,454
Other	10,606	-	223,919	18,193	252,718
	<u>633,208</u>	<u>366,728</u>	<u>255,686</u>	<u>255,683</u>	<u>1,511,305</u>
Total revenues					
<b>EXPENDITURES</b>					
Current:					
General government	339,241	-	-	-	339,241
Public safety	141,575	294,685	-	106,904	543,164
Public works	159,983	-	-	-	159,983
Health and welfare	-	87,995	-	35,921	123,916
Community and economic development	36,173	-	-	-	36,173
Recreation and culture	4,581	-	-	84,788	89,369
Debt service:					
Principal	41,526	-	223,919	25,000	290,445
Interest	7,370	-	31,767	12,078	51,215
	<u>730,449</u>	<u>382,680</u>	<u>255,686</u>	<u>264,691</u>	<u>1,633,506</u>
Total expenditures					
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>					
	<u>(97,241)</u>	<u>(15,952)</u>	<u>-</u>	<u>(9,008)</u>	<u>(122,201)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	15,905	-	-	15,905
Transfers out	(15,905)	-	-	-	(15,905)
	<u>(15,905)</u>	<u>15,905</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)					
<b>NET CHANGES IN FUND BALANCES</b>					
	(113,146)	(47)	-	(9,008)	(122,201)
<b>FUND BALANCES - BEGINNING</b>					
	<u>1,588,497</u>	<u>47</u>	<u>-</u>	<u>74,250</u>	<u>1,662,794</u>
<b>FUND BALANCES - ENDING</b>					
	<u>\$ 1,475,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,242</u>	<u>\$ 1,540,593</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, 2017*

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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) \$ (122,201)

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

Capital assets:

Assets acquired 59,133  
Provision for depreciation (12,523)

Long-term debt:

Increase in contracts payable (243,938)  
Principal reductions 290,445

Changes in deferred inflows of resources:

Net decrease in unavailable special assessments (97,393)  
Net increase in unavailable interest revenue 17,095

Changes in other assets/liabilities:

Net increase in prepaid items 4,352  
Net decrease in interest payable 561

Change in net position of *governmental activities* \$ (104,469)

*Charter Township of South Haven*

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - *agency funds***

*December 31, 2017*

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	<u>Tax</u>	<u>Agency</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	<u>\$ 62,355</u>	<u>\$ 2,409</u>	<u>\$ 64,764</u>
 <b>LIABILITIES</b>			
Due to other governmental units	<u>\$ 62,355</u>	<u>\$ 2,409</u>	<u>\$ 64,764</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 accounts for the operating contributions made to the joint venture described in Note 9.

The Utility Contracts Debt Service Fund accounts for the issuance and payment of debt for water and sewer improvements.

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.

*Prepaid items* - 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 two years. 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 2016 ad valorem tax is levied and collectible on December 1, 2016, 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	Other	\$ 85,243	\$ 88,050	\$ 2,807
	Public safety	Police	86,093	90,174	4,081
	Public works	Transfer station	49,143	51,219	2,076
	Debt service	Interest	6,370	7,370	1,000

**NOTE 3 - CASH**

The Township’s cash balances at December 31, 2017, were as follows:

	<u>Governmental activities</u>	<u>Fiduciary activities</u>	<u>Total</u>
Cash	\$ 685,802	\$ 64,764	\$ 750,566

*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. 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, 2017, \$570,066 of the Township’s bank balances of \$966,920 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES**

Receivables, which are considered fully collectible, as of December 31, 2017, for the Township's individual major and nonmajor funds, in the aggregate, 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	\$ 15,240	\$ 69,163	\$ 90,720	\$ 1,171,724	\$ 7,208	\$ 1,354,055
Fire and Ambulance	-	308,094	-	-	-	308,094
Utility Contracts Debt Service	-	-	647,702	-	30,977	678,679
Nonmajor funds	-	222,344	155,500	65,242	8,282	451,368
<b>Totals</b>	<b>\$ 15,240</b>	<b>\$ 599,601</b>	<b>\$ 893,922</b>	<b>\$ 1,236,966</b>	<b>\$ 46,467</b>	<b>\$ 2,792,196</b>
Noncurrent portion	\$ -	\$ -	\$ 766,618	\$ 1,125,376	\$ 1,801	\$ 1,893,795

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017, 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	178,640	55,425	-	234,065
Equipment	93,677	3,708	-	97,385
Subtotal	403,284	59,133	-	462,417
Less accumulated depreciation for:				
Land improvements	(60,356)	(6,549)	-	(66,905)
Buildings and improvements	(176,962)	(940)	-	(177,902)
Equipment	(85,650)	(5,034)	-	(90,684)
Subtotal	(322,968)	(12,523)	-	(335,491)
Total capital assets being depreciated, net	80,316	46,610	-	126,926
Governmental activities capital assets, net	\$ 1,917,159	\$ 46,610	\$ -	\$ 1,963,769

Sometimes, the Township records capitalizable costs, as part of current expenditure functions, for purposes of administrative control. In 2017, capitalizable costs of \$59,133 were reported within the general government function in the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 15).



**NOTE 5 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 9,655
Recreation and culture	<u>2,868</u>
 Total	 <u>\$ 12,523</u>

**NOTE 6 - LONG-TERM LIABILITIES**

Long-term debt at December 31, 2017, 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>\$ 134,736</u>
Contracts payable:	
\$848,405 1995 and 1997 Water and sewer assessments, due to Allegan County in annual installments through 2017; interest at approximately 6.2%	8,107
\$1,418,028 1998 Water and sewer assessments, due to Van Buren County in annual installments through 2019; interest at approximately 5.8%	48,601
\$1,831,295 1999 Water and sewer assessments, due to Van Buren County in annual installments through 2020; interest at approximately 6.3%	53,645
\$1,175,297 2000 Water and sewer assessments, due to Van Buren County in annual installments through 2020; interest at approximately 6.3%	75,790
\$532,940 Contracts payable, due to South Haven and Casco Township Water and Wastewater Treatment Authority in various annual installments; interest at approximately 6.0%	360,507
\$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>68,250</u>
 Total contracts payable	 <u>614,900</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%	<u>195,000</u>
 Total long-term liabilities	 <u>\$ 944,636</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - LONG-TERM LIABILITIES (Continued)**

Long-term liability activity for the year ended December 31, 2017, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Note payable - 2008	\$ 153,512	\$ -	\$ (18,776)	\$ 134,736	\$ 19,680
Contracts payable - 1997	8,460	-	(353)	8,107	8,107
Contracts payable - 1998	49,545	-	(944)	48,601	48,601
Contracts payable - 1999	101,119	-	(47,474)	53,645	26,823
Contracts payable - 2000	116,975	-	(41,185)	75,790	25,264
Contracts payable - Unbonded	341,532	152,938	(133,963)	360,507	51,664
Contracts payable - SHARA	-	91,000	(22,750)	68,250	22,750
Bonds payable - 2006	220,000	-	(25,000)	195,000	25,000
<b>Total long-term liabilities</b>	<b><u>\$ 991,143</u></b>	<b><u>\$ 243,938</u></b>	<b><u>\$ (290,445)</u></b>	<b><u>\$ 944,636</u></b>	<b><u>\$ 227,889</u></b>

Debt service requirements at December 31, 2017, were as follows:

	<i>Principal</i>	<i>Interest</i>
Year ended December 31:		
2018	\$ 227,889	\$ 51,775
2019	172,215	39,603
2020	146,482	30,724
2021	94,616	23,220
2022	95,824	17,536
2023 - 2026	<u>207,610</u>	<u>21,680</u>
<b>Totals</b>	<b><u>\$ 944,636</u></b>	<b><u>\$ 184,538</u></b>

The Township is contingently liable for \$7,153,796 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, 2017, for the Township’s individual major and nonmajor funds, in the aggregate, were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Payroll</i>	<i>Inter- governmental</i>	<i>Totals</i>
General	\$ 16,498	\$ 2,478	\$ 25,284	\$ 44,260
Utility Contracts Debt Service	-	-	136,623	136,623
Nonmajor funds	-	-	24,012	24,012
	<u>\$ 16,498</u>	<u>\$ 2,478</u>	<u>\$ 185,919</u>	<u>\$ 204,895</u>

**NOTE 8 - PROPERTY TAXES**

The 2016 taxable valuation of the Township approximated \$144,477,000, on which ad valorem taxes levied consisted of 0.5604 mills for operating purposes, .7500 mills for police, 2.6300 mills for fire and ambulance services, 0.5900 mills for library services, and 0.2500 mills for senior services, raising approximately \$82,000 for operating purposes, \$110,000 for police, \$367,000 for fire and ambulance services, \$87,000 for library services, and \$37,000 for senior services operations. These amounts are recognized in the respective fund financial statements as property tax revenue.

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, .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 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 \$15,905 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, 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 both townships. The Township has advanced \$839,284 to cover certain costs of the Authority. The Township anticipates reimbursement in the future, including \$220,850 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 \$294,685 for services provided by the Emergency Authority in 2017.

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, 2017, the Township contributed \$26,219 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, 2017, the Township and eligible employees made contributions of \$5,614 and \$ -0-, respectively. At December 31, 2017, the Township reported a \$1,313 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.

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, 2017, is as follows:

Accumulated excess, beginning of year	<u>\$ 631</u>
Revenues	51,411
Expenses	<u>(51,401)</u>
Excess of revenues over expenses	<u>10</u>
Accumulated excess, end of year	<u><u>\$ 641</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

Charter Township of South Haven

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended December 31, 2017

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 112,785	\$ 113,349	\$ 163,196	\$ 49,847
Licenses and permits	83,900	100,527	103,953	3,426
State grants	310,357	333,047	336,939	3,892
Charges for services	15,000	11,154	11,704	550
Interest and rentals	5,355	5,755	6,810	1,055
Other	8,219	8,219	10,606	2,387
	<u>535,616</u>	<u>572,051</u>	<u>633,208</u>	<u>61,157</u>
Total revenues				
<b>EXPENDITURES</b>				
General government:				
Legislative	6,057	5,349	4,948	401
Supervisor	41,659	38,419	38,347	72
Elections	3,000	3,604	4,217	(613)
Assessor	30,765	51,490	51,491	(1)
Clerk	21,234	21,458	21,081	377
Board of review	2,209	1,985	1,725	260
Treasurer	26,693	23,749	23,723	26
Hall and grounds	55,170	105,132	105,659	(527)
Other	68,160	85,243	88,050	(2,807)
	<u>254,947</u>	<u>336,429</u>	<u>339,241</u>	<u>(2,812)</u>
Total general government				
Public safety:				
Police	86,093	86,093	90,174	(4,081)
Building inspections	33,000	51,368	51,401	(33)
	<u>119,093</u>	<u>137,461</u>	<u>141,575</u>	<u>(4,114)</u>
Total public safety				
Public works:				
Highways and streets	42,000	65,482	61,386	4,096
Drains at large	-	11,944	11,944	-
Street lights	9,600	9,215	9,215	-
Transfer station	43,500	49,143	51,219	(2,076)
Airport authority	3,072	26,219	26,219	-
	<u>98,172</u>	<u>162,003</u>	<u>159,983</u>	<u>2,020</u>
Total public works				

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2017

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development - planning and zoning	\$ 34,164	\$ 35,530	\$ 36,173	\$ (643)
Recreation and culture - parks and recreation	16,463	21,866	4,581	17,285
Debt service:				
Principal	41,526	41,526	41,526	-
Interest	7,370	6,370	7,370	(1,000)
Total expenditures	571,735	741,185	730,449	10,736
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(36,119)	(169,134)	(97,241)	71,893
<b>OTHER FINANCING USES</b>				
Transfers out	(15,905)	(15,905)	(15,905)	-
<b>NET CHANGES IN FUND BALANCES</b>	(52,024)	(185,039)	(113,146)	71,893
<b>FUND BALANCES - BEGINNING</b>	1,588,497	1,588,497	1,588,497	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,536,473</u>	<u>\$ 1,403,458</u>	<u>\$ 1,475,351</u>	<u>\$ 71,893</u>

Charter Township of South Haven

**BUDGETARY COMPARISON SCHEDULE - Fire and Ambulance Fund**

Year ended December 31, 2017

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 379,975	\$ 379,975	\$ 366,728	\$ (13,247)
<b>EXPENDITURES</b>				
Public safety - fire protection	291,980	294,683	294,685	(2)
Health and welfare - ambulance	87,995	87,995	87,995	-
Total expenditures	<u>379,975</u>	<u>382,678</u>	<u>382,680</u>	<u>(2)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-	(2,703)	(15,952)	(13,249)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	15,905	15,905	15,905	-
<b>NET CHANGES IN FUND BALANCES</b>	15,905	13,202	(47)	(13,249)
<b>FUND BALANCES - BEGINNING</b>	<u>47</u>	<u>47</u>	<u>47</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 15,952</u>	<u>\$ 13,249</u>	<u>\$ -</u>	<u>\$ (13,249)</u>



**SUPPLEMENTARY INFORMATION**

Charter Township of South Haven

**COMBINING BALANCE SHEET - nonmajor governmental funds**

December 31, 2017

	<u>Special revenue funds</u>					<u>Totals</u>
	<u>Library</u>	<u>Recreation</u>	<u>Police</u>	<u>Seniors</u>	<u>Water Debt</u>	
<b>ASSETS</b>						
Cash	\$ 16,246	\$ 6,883	\$ 20,652	\$ 1,555	\$ 1,829	\$ 47,165
Receivables	71,298	30,205	90,636	30,205	229,024	451,368
Prepaid items	-	-	-	5,328	-	5,328
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 87,544</u>	<u>\$ 37,088</u>	<u>\$ 111,288</u>	<u>\$ 37,088</u>	<u>\$ 230,853</u>	<u>\$ 503,861</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities - payables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,012</u>	<u>\$ 24,012</u>
Deferred inflows of resources:						
Property tax revenues levied for the subsequent year	87,544	37,088	111,288	37,088	-	273,008
Unavailable special assessments	-	-	-	-	140,837	140,837
Unavailable interest revenue	-	-	-	-	762	762
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>87,544</u>	<u>37,088</u>	<u>111,288</u>	<u>37,088</u>	<u>141,599</u>	<u>414,607</u>
Fund balances - restricted for debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,242</u>	<u>65,242</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 87,544</u>	<u>\$ 37,088</u>	<u>\$ 111,288</u>	<u>\$ 37,088</u>	<u>\$ 230,853</u>	<u>\$ 503,861</u>

Charter Township of South Haven

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

Year ended December 31, 2017

	<u>Special revenue funds</u>					<u>Totals</u>
	<u>Library</u>	<u>Recreation</u>	<u>Police</u>	<u>Seniors</u>	<u>Water Debt</u>	
<b>REVENUES</b>						
Property taxes	\$ 84,788	\$ -	\$ 106,904	\$ 35,921	\$ -	\$ 227,613
Interest	-	-	-	-	9,877	9,877
Other	-	-	-	-	18,193	18,193
	<u>84,788</u>	<u>-</u>	<u>106,904</u>	<u>35,921</u>	<u>28,070</u>	<u>255,683</u>
Total revenues						
<b>EXPENDITURES</b>						
Current:						
Public safety	-	-	106,904	-	-	106,904
Health and welfare	-	-	-	35,921	-	35,921
Recreation and culture	84,788	-	-	-	-	84,788
Debt service:						
Principal	-	-	-	-	25,000	25,000
Interest	-	-	-	-	12,078	12,078
	<u>84,788</u>	<u>-</u>	<u>106,904</u>	<u>35,921</u>	<u>37,078</u>	<u>264,691</u>
Total expenditures						
<b>NET CHANGES IN FUND BALANCES</b>	-	-	-	-	(9,008)	(9,008)
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,250</u>	<u>74,250</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,242</u>	<u>\$ 65,242</u>