

Holland Charter Township

Annual Financial Report

Year Ended December 31, 2018



Kiekover, Scholma & Shumaker, PC
Certified Public Accountants and Consultants

ANNUAL FINANCIAL REPORT
HOLLAND CHARTER TOWNSHIP, MICHIGAN

For the Fiscal Year Ended December 31, 2018

BOARD OF TRUSTEES (ELECTED)

Supervisor	Terry Nienhuis
Clerk	Michael Dalman
Treasurer	Vincent Bush
Trustee	Douglas Becker
Trustee	Elliot Church
Trustee	Norman Nykamp
Trustee	Russell TeSlaa

ADMINISTRATION (APPOINTED)

Manager	Steven Bulhuis
Finance Director	Melissa Veldheer
Assessor	Howard Feyen
Building Official	Daniel Radecki
Community Development Director	John Said
Fire Chief	Jim Kohsel
Parks and Facilities Maintenance Director	Daniel Zwick
Parks and Recreation Director	Darrin Duistermars
Public Works Director	Tom Van Der Kolk

PREPARED BY
FINANCE DEPARTMENT

Melissa Veldheer – Finance Director

INDEPENDENT AUDITOR
Kiekoover, Scholma & Shumaker, PC
Zeeland, Michigan

Holland Charter Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2018

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FINANCIAL SECTION



Kiekover Scholma & Shumaker PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

April 4, 2019

Township Board
Holland Charter Township, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, 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 table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis, and budgetary comparison information on pages III through IX and 26 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The additional information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Kiekover, Scholma & Shumaker, PC
Zeeland, Michigan

Holland Charter Township, Michigan

Management's Discussion and Analysis

As management of Holland Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

Financial Highlights

- The assets of Holland Charter Township exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$187,733,568 (*net position*). Of this amount, \$81,368,625 (*unrestricted net position*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$6,599,529. Investment in capital assets increased by \$2,292,533, while restricted net position increased by \$237,107, and unrestricted net position increased by \$4,069,889.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$35,150,712, an increase of \$1,637,681 in comparison with the prior year. Approximately 25% of this total amount, \$8,797,461, is *available for spending* at the Township's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,797,461 or 48% of total budgeted general fund expenditures and transfers out for 2019.
- The Township's total debt decreased by \$680,000 (7.2%) during the current fiscal year. This is the result of the Township making its required scheduled debt service payments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Holland Charter Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail support to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Township's assets, liabilities, and deferred inflows/outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and state shared revenues and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of Holland Charter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the Township consist of water and wastewater disposal systems.

The government-wide financial statements can be found on pages 1-3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Holland Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report the Township's operations in more detail than the government-wide financial statements. These statements present a short-term view and tell how taxpayer resources were spent during the year. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Holland Charter Township maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Building and Site Fund which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been provided for the General Fund to demonstrate compliance with that budget.

The basic governmental fund financial statements can be found on pages 4-6 of this report.

Proprietary funds. Holland Charter Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its water and wastewater disposal systems.

Proprietary funds provide the same type of information as the government-wide financial statements, but provide more detail and information, such as cash flows. The proprietary fund financial statements provide separate information for the three components of the water and wastewater disposal systems: Water Operating, Wastewater Operating, and Water and Wastewater Construction and Debt Service, all of which are considered to be major funds of Holland Charter Township.

The basic proprietary fund financial statements can be found on pages 7-9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government, in which the Township acts solely as trustee or agent. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Holland Charter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 10 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-25 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparison for the Township's General Fund. Required supplementary information can be found on pages 26-27 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 28-31 of this report.

Immediately following the combining fund statements an additional information section, which provides certain information pertaining to government revenues, expenditures, tax revenues and collections, demographic, and other statistical data.

Financial Analysis of the Township as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Holland Charter Township, assets exceeded liabilities and deferred inflows by \$187.7 million at the close of the fiscal year ended December 31, 2018.

The largest portion of the Township's net position (56%) reflects its investment in capital assets. The Township uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of the Township totaled \$2.15 million and is reported in the governmental activities. This net position has limits on its use that are externally imposed by restrictions such as enabling legislation or bond covenants. These resources can only be used for the specific purposes for which they were intended, such as expenditures for E-unit and police services, bike paths, and construction code activities. The remaining unrestricted net position (\$81.4 million) may be used to meet the Township's ongoing operations.

The following table shows, in a condensed format, the net position of Holland Charter Township as of December 31, 2018 and 2017.

TABLE 1 - Holland Charter Township's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 42,869,565	\$ 40,383,920	\$ 49,434,332	\$ 46,172,394	\$ 92,303,897	\$ 86,556,314
Capital assets	24,506,552	23,953,456	88,423,475	87,364,038	112,930,027	111,317,494
Total assets	67,376,117	64,337,376	137,857,807	133,536,432	205,233,924	197,873,808
Long-term liabilities outstanding	-	-	8,717,500	9,397,500	8,717,500	9,397,500
Other liabilities	1,319,146	588,507	1,421,551	983,362	2,740,697	1,571,869
Total liabilities	1,319,146	588,507	10,139,051	10,380,862	11,458,197	10,969,369
Deferred inflows of resources	6,042,159	5,770,400	-	-	6,042,159	5,770,400
Net position:						
Net investment in capital assets	24,506,552	23,953,456	79,705,975	77,966,538	104,212,527	101,919,994
Restricted	2,152,416	1,915,309	-	-	2,152,416	1,915,309
Unrestricted	33,355,844	32,109,704	48,012,781	45,189,032	81,368,625	77,298,736
Total net position	\$ 60,014,812	\$ 57,978,469	\$ 127,718,756	\$ 123,155,570	\$ 187,733,568	\$ 181,134,039

As shown in Table 2 (changes in net position), the Township's total revenues were approximately \$29.9 million for the current year, of which 19.8% was obtained from property taxes. Fees charged for services accounted for another 52.8% of the total, state shared revenues 13.7% and capital grants and contributions (mostly in the form of water and wastewater hook-ups and developer contributions of systems) another 6.4%. The balance of the Township's revenues was primarily derived from investment earnings (5.4%) and other sources (1.9%). The total cost of all programs and services at December 31, 2018 was \$23.3 million. Township expenses cover a wide range of services. For the current fiscal year, about 26.1% of the Township's expenses related to public safety and public works, 9.4% related to recreation and culture, and 55.4% related to the provision of water and wastewater services.

Net position increased by \$2.0 million for the Township's governmental activities. This increase accounted for 31% of the total growth in net position for the year. Net position for business-type activities increased by \$4.6 million during the year, accounting for the remaining 69% increase.

The following analysis highlights the changes in net position for the years ended December 31, 2018 and 2017:

TABLE 2 - Holland Charter Township's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues						
Charges for services	\$ 1,189,733	\$ 1,291,403	\$ 14,603,131	\$ 14,437,026	\$ 15,792,864	\$ 15,728,429
Operating grants and contributions	402,966	1,118	-	-	402,966	1,118
Capital grants and contributions	-	307,850	1,919,514	3,030,548	1,919,514	3,338,398
General revenues						
Property taxes	5,906,923	7,140,262	-	-	5,906,923	7,140,262
State shared revenues	4,090,258	3,998,072	-	-	4,090,258	3,998,072
Investment earnings	686,836	465,741	925,810	669,139	1,612,646	1,134,880
Gain on sale of capital assets	122,839	152,371	5,193	5,604	128,032	157,975
Other revenue	31,120	36,211	-	-	31,120	36,211
Total revenues	<u>12,430,675</u>	<u>13,393,028</u>	<u>17,453,648</u>	<u>18,142,317</u>	<u>29,884,323</u>	<u>31,535,345</u>
Program expenses						
General government	1,647,339	1,761,280	-	-	1,647,339	1,761,280
Public safety	3,757,709	3,136,400	-	-	3,757,709	3,136,400
Public works	2,324,073	2,225,704	-	-	2,324,073	2,225,704
Community and economic development	471,877	436,798	-	-	471,877	436,798
Recreation and culture	2,193,334	3,779,726	-	-	2,193,334	3,779,726
Water and wastewater	-	-	12,890,462	12,115,678	12,890,462	12,115,678
Total expenses	<u>10,394,332</u>	<u>11,339,908</u>	<u>12,890,462</u>	<u>12,115,678</u>	<u>23,284,794</u>	<u>23,455,586</u>
Change in net position	<u>\$ 2,036,343</u>	<u>\$ 2,053,120</u>	<u>\$ 4,563,186</u>	<u>\$ 6,026,639</u>	<u>\$ 6,599,529</u>	<u>\$ 8,079,759</u>

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The individual funds help to manage money for specific purposes as well as to show accountability for activities or projects funded by special property tax millage, grants, contributions, etc. The Township's major governmental funds for 2018 are the General Fund and Building and Site Fund.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$35,150,712, an increase of \$1,637,681 from the prior year combined ending fund balances of \$33,513,031. Approximately 93.9% of this amount (\$32,994,586) constitutes unrestricted fund balances (either committed, assigned or unassigned), which is available for spending at the government's discretion. The remainder of fund balance is either non-spendable (\$3,710) or restricted to indicate that it is not available for discretionary spending because it is restricted (1) to purposes related to special voted millage for E-unit and police services (\$612,998), (2) to purposes related to special voted millage for bike path construction and maintenance (\$878,651), and (3) to purposes related to construction code activities (\$660,767).

The General Fund is the primary operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,797,461, while total fund balance was \$27,872,334. As a measure of the General Fund's liquidity, it may be useful to compare this fund balance to total fund expenditures. The \$8,797,461 total unassigned fund balance is approximately 48% of the 2019 budgeted expenditures and operating transfers to other funds, which is \$18,153,850.

The fund balance of the Township's General Fund increased by \$1,936,603 during the current fiscal year compared to an increase of \$2,623,367 in the prior year. Factors that influenced the current year change in fund balance include:

- Total revenues decreased by \$1,062,029 or 8.9%
- Tax revenues decreased by \$1,251,848 or 17.7%
- Investment earnings increased by \$174,358 or 48.0%
- State shared revenues increased by \$44,178 or 1.1%
- Total expenditures decreased by \$570,271 or 6.6%
- Transfers out to other funds were \$820,000 compared to \$615,000 in 2017

The fund balance of the Township's Building and Site Fund decreased by \$924,618 during the current fiscal year compared to a decrease of \$286,159 in the prior year. Factors that influenced the current year change in fund balance include:

- Total revenues consisting of investment earnings decreased by \$4,663 or 15.9%
- Total expenditures increased by \$993,122 or 314.9%
- Public safety expenditures were \$108,048 compared to \$0 in 2017
- Recreation and culture expenditures were \$32,878 compared to \$0 in 2017
- Capital outlay expenditures were \$1,167,594 compared to \$98,577 in 2017
- Transfers in from other funds were \$350,000

Proprietary funds. Holland Charter Township's proprietary funds provide the same type of information found in the government-wide financial statements (business-type activities) but in more detail. The Township's proprietary funds are comprised of the water and wastewater utilities funds.

Water rates increased an average 3% and wastewater user rates increased an average 4% for 2018. Combined operating revenues for the water and wastewater systems funds increased in fiscal year 2018 by \$186,351 from \$14,349,551 to \$14,535,902. In addition to rate increase during 2018, overall demand for water services was lower in 2018 compared to average demand in 2017 during the summer months. Wastewater services are seeing a small increase in demand due to new customers and varying activity levels in the commercial and industrial accounts. Combined operating expenses for these funds, excluding depreciation, increased in fiscal year 2018 by \$320,369 from \$8,935,846 to \$9,256,215. Two major components affect operating expenses. The average cost per million gallons of water decreased 2% over 2017, and 139 million gallons less were purchased in 2018 compared to 2017. The average cost per million gallons of sewer treatment increased by 18%, and 34 million more gallons were treated in 2018 as compared to 2017. The change in costs combined with changes in demand created an overall 3.6% increase in expenses over 2017. At year-end, the Township utility system served 12,995 water accounts and 13,645 wastewater accounts, which reflects an increase from the prior year of 2.1%.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The budget for total revenues and other financial sources was increased by \$101,800 and actual total revenues and other financial sources were over the final amended budget by \$607,892. The budget for total expenditures and other operating sources was increased by \$318,950, and actual total expenditures were less than the final amended budget by \$824,611.

Capital Asset and Debt Administration

At the end of 2018, the Township had \$112,930,027 (net of depreciation) invested in a broad range of capital assets, including buildings, fire equipment, park land and improvements, bike paths, and water and sewer lines. The Township's investment in capital assets for the current fiscal year (net of depreciation) increased by \$553,096 (2.3%) for governmental activities and increased by \$1,059,437 (1.2%) for business-type activities.

Major capital asset events during the current fiscal year included the following:

- \$ 373,200 expended for bike path system extensions and improvements
- \$ 137,300 expended for vehicles and equipment for bike path and parks maintenance
- \$ 64,500 expended for Fire Station No. 3 improvements
- \$ 133,100 expended for park improvements at Dunton Park
- \$ 40,500 expended for park improvements at Helder Park
- \$1,724,200 expended for land purchase and construction in progress for the new public safety building
- \$ 447,600 expended for various sanitary sewer collection system upgrades and improvements to lift stations #1, 15, 16, 17, 21, and 23
- \$2,653,700 expended for Lakewood Blvd (Garden Ave to Beeline Rd) watermain replacement

At December 31, 2018, the Township had \$8,717,500 of bonded debt outstanding after repayments of \$680,000. These long-term debt obligations are scheduled to mature serially through fiscal year 2035.

Economic Factors and Next Year's Budgets and Rates

The following are some of the key factors considered in preparing the Township's 2019 fiscal year budget:

- The Township's overall property tax rate remained at 4.86 mills.
- Property tax revenues are estimated to increase by approximately \$227,000 as the net result of about a 4.7% increase in the Township's overall taxable equivalent value for the 2018 tax year.
- State shared revenues, which consist of \$3,115,000 of constitutional and statutory revenue sharing and \$416,300 for PPT reimbursement, are estimated to decrease by a net \$422,500.
- The Township anticipates approximately \$10.9 million of capital improvements and purchases in 2019 to its general capital assets including drains, roads, bike paths, parks, vehicles and equipment.
- Within these considerations, the 2019 General Fund budget anticipates a net decrease in fund balance of \$8,000,000. The General Fund unassigned fund balance of \$8,797,461 at the end of the current fiscal year is 48% of the 2019 budgeted expenditures and operating transfers out of \$18,153,850.
- The growth in the number of water utility system customers in 2018 was 269 to 12,995 (2.1%).
- The growth in the number of sewer utility system customers in 2018 was 279 to 13,645 (2.1%).
- The Township anticipates approximately \$5.9 million of capital improvements in 2019 to its water and sewer utility systems, including water and sewer main extensions and replacements, sewer lift station improvements, and vehicle and equipment replacements.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's finance director.

Basic Financial Statements

Holland Charter Township, Michigan
STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and investments	\$ 38,535,310	\$ 45,949,012	\$ 84,484,322
Receivables:			
Taxes	3,681,173	-	3,681,173
Accounts	37,744	2,053,453	2,091,197
Interest	84,235	106,202	190,437
Due from other governments	527,393	-	527,393
Inventories	-	100,982	100,982
Prepaid items	3,710	-	3,710
Assessments receivable	-	1,130,383	1,130,383
Contract receivable	-	94,300	94,300
Capital assets not being depreciated	9,180,719	476,114	9,656,833
Capital assets (net of accumulated depreciation)	15,325,833	87,947,361	103,273,194
 Total Assets	 67,376,117	 137,857,807	 205,233,924
 LIABILITIES			
Accounts payable	1,002,548	1,068,823	2,071,371
Accrued payroll	106,097	55,957	162,054
Compensated absences payable	169,845	154,949	324,794
Accrued interest	-	18,761	18,761
Due to other governments	11,218	18,061	29,279
Customer deposits payable	21,000	105,000	126,000
Unearned revenue	8,438	-	8,438
Noncurrent liabilities:			
Due within one year	-	405,000	405,000
Due in more than one year	-	8,312,500	8,312,500
 Total Liabilities	 1,319,146	 10,139,051	 11,458,197
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	6,042,159	-	6,042,159
 NET POSITION			
Net investment in capital assets	24,506,552	79,705,975	104,212,527
Restricted for:			
E-unit and police services	612,998	-	612,998
Bike paths	878,651	-	878,651
Construction code activities	660,767	-	660,767
Unrestricted	33,355,844	48,012,781	81,368,625
 Total Net Position	 \$ 60,014,812	 \$ 127,718,756	 \$ 187,733,568

See Notes to Financial Statements

Holland Charter Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Function/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 1,647,339	\$ 129,928	\$ -	\$ -
Public safety	3,757,709	798,941	400,000	-
Public works	2,324,073	-	-	-
Community and economic development	471,877	33,245	-	-
Recreation and culture	<u>2,193,334</u>	<u>227,619</u>	<u>2,966</u>	<u>-</u>
Total governmental activities	10,394,332	1,189,733	402,966	-
Business-type activities:				
Water and wastewater	<u>12,890,462</u>	<u>14,603,131</u>	<u>-</u>	<u>1,919,514</u>
Total Primary Government	<u>\$ 23,284,794</u>	<u>\$ 15,792,864</u>	<u>\$ 402,966</u>	<u>\$ 1,919,514</u>

General revenues:
Property taxes
State shared revenues
Investment earnings
Gain on sale of capital assets
Other
Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ (1,517,411)	\$ -	\$ (1,517,411)
(2,558,768)	-	(2,558,768)
(2,324,073)	-	(2,324,073)
(438,632)	-	(438,632)
(1,962,749)	-	(1,962,749)
(8,801,633)	-	(8,801,633)
-	3,632,183	3,632,183
(8,801,633)	3,632,183	(5,169,450)
5,906,923	-	5,906,923
4,090,258	-	4,090,258
686,836	925,810	1,612,646
122,839	5,193	128,032
31,120	-	31,120
10,837,976	931,003	11,768,979
2,036,343	4,563,186	6,599,529
57,978,469	123,155,570	181,134,039
\$ 60,014,812	\$ 127,718,756	\$ 187,733,568

Holland Charter Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	General Fund	Building and Site Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 30,586,073	\$ 1,777,340	\$ 6,171,897	\$ 38,535,310
Receivables:				
Taxes	3,661,211	-	19,962	3,681,173
Accounts	37,684	-	60	37,744
Interest	65,481	4,371	14,383	84,235
Prepaid items	3,470	-	240	3,710
 Total Assets	 \$ 34,353,919	 \$ 1,781,711	 \$ 6,206,542	 \$ 42,342,172
 LIABILITIES				
Accounts payable	\$ 350,233	\$ 645,156	\$ 7,159	\$ 1,002,548
Accrued payroll	84,463	-	21,634	106,097
Customer deposit payable	21,000	-	-	21,000
Due to other governments	-	-	11,218	11,218
Unearned revenue	5,290	-	3,148	8,438
 Total Liabilities	 460,986	 645,156	 43,159	 1,149,301
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	6,020,599	-	21,560	6,042,159
 FUND BALANCES				
Non-spendable	3,470	-	240	3,710
Restricted	1,491,649	-	660,767	2,152,416
Committed	17,579,754	-	-	17,579,754
Assigned	-	1,136,555	5,480,816	6,617,371
Unassigned	8,797,461	-	-	8,797,461
 Total Fund Balances	 27,872,334	 1,136,555	 6,141,823	 35,150,712
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 34,353,919	 \$ 1,781,711	 \$ 6,206,542	

Amount reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	
General capital assets	21,883,072
Infrastructure assets	2,623,480
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	527,393
Long term liabilities are not due and payable in the current period and are not reported in the funds	(169,845)
 Net Position of Governmental Activities	 \$ 60,014,812

Holland Charter Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	General Fund	Building and Site Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 5,805,249	\$ -	\$ 90,408	\$ 5,895,657
Licenses and permits	109,711	-	711,223	820,934
Grants	-	-	32,966	32,966
State shared revenues	4,044,847	-	-	4,044,847
Charges for services	126,443	-	141,655	268,098
Investment earnings	537,901	33,902	115,033	686,836
Other	138,847	-	4,240	143,087
	<u>10,762,998</u>	<u>33,902</u>	<u>1,095,525</u>	<u>11,892,425</u>
Total Revenues				
Expenditures:				
Current:				
General government	1,471,434	-	43,496	1,514,930
Public safety	2,719,756	108,048	501,875	3,329,679
Public works	2,359,018	-	-	2,359,018
Community and economic development	361,035	-	91,594	452,629
Recreation and culture	1,103,742	32,878	368,327	1,504,947
Other	1,404	-	-	1,404
Capital outlay	-	1,167,594	75,537	1,243,131
	<u>8,016,389</u>	<u>1,308,520</u>	<u>1,080,829</u>	<u>10,405,738</u>
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	<u>2,746,609</u>	<u>(1,274,618)</u>	<u>14,696</u>	<u>1,486,687</u>
Other Financing Sources (Uses):				
Transfers in	-	350,000	470,000	820,000
Transfers out	(820,000)	-	-	(820,000)
Sale of capital assets	9,994	-	141,000	150,994
	<u>(810,006)</u>	<u>350,000</u>	<u>611,000</u>	<u>150,994</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	1,936,603	(924,618)	625,696	1,637,681
Fund Balances - January 1	<u>25,935,731</u>	<u>2,061,173</u>	<u>5,516,127</u>	<u>33,513,031</u>
Fund Balances - December 31	<u>\$ 27,872,334</u>	<u>\$ 1,136,555</u>	<u>\$ 6,141,823</u>	<u>\$ 35,150,712</u>

Holland Charter Township, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Net change in fund balances-Total Governmental Funds	\$ 1,637,681
Amounts reported for the governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Current year capital outlays capitalized - general capital assets	1,788,968
Current year capital outlays capitalized - infrastructure capital assets	373,211
Current year depreciation expense on capitalized assets	(1,580,927)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds	400,000
Governmental funds report the proceeds from the disposal of capital assets. In the statement of activities only the gain or loss is reported for each disposal. Therefore the change in net position differs from the change in fund balance by the net book value of assets disposed	(28,156)
Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources	
Grants and contributions	(30,000)
State shared revenues	45,411
Some expenses in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds	<u>(569,845)</u>
Change in net position of governmental activities	<u>\$ 2,036,343</u>

Holland Charter Township, Michigan
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Enterprise Funds			Total
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	
ASSETS				
Current Assets:				
Cash and investments	\$ 16,854,185	\$ 10,542,463	\$ 18,552,364	\$ 45,949,012
Receivables:				
Accounts	1,118,033	889,925	45,495	2,053,453
Interest	38,948	24,258	42,996	106,202
Inventories	100,982	-	-	100,982
Total Current Assets	<u>18,112,148</u>	<u>11,456,646</u>	<u>18,640,855</u>	<u>48,209,649</u>
Noncurrent Assets:				
Assessments receivable	-	-	1,130,383	1,130,383
Contract receivable	-	-	94,300	94,300
Capital assets not being depreciated	96,199	130,536	249,379	476,114
Capital assets (net of accumulated depreciation)	10,471,516	23,939,410	53,536,435	87,947,361
Total Noncurrent Assets	<u>10,567,715</u>	<u>24,069,946</u>	<u>55,010,497</u>	<u>89,648,158</u>
Total Assets	<u>28,679,863</u>	<u>35,526,592</u>	<u>73,651,352</u>	<u>137,857,807</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	691,525	359,008	18,290	1,068,823
Accrued payroll	33,150	22,807	-	55,957
Compensated absences payable	76,658	78,291	-	154,949
Accrued interest	-	18,761	-	18,761
Due to other governments	-	18,061	-	18,061
Customer deposits payable	105,000	-	-	105,000
Current portion of long-term debt	-	405,000	-	405,000
Total Current Liabilities	<u>906,333</u>	<u>901,928</u>	<u>18,290</u>	<u>1,826,551</u>
Noncurrent Liabilities:				
Long-term debt	-	8,312,500	-	8,312,500
Total Liabilities	<u>906,333</u>	<u>9,214,428</u>	<u>18,290</u>	<u>10,139,051</u>
NET POSITION				
Net investment in capital assets	10,567,715	15,352,446	53,785,814	79,705,975
Unrestricted, designated for capital projects	-	-	19,847,248	19,847,248
Unrestricted, undesignated	17,205,815	10,959,718	-	28,165,533
Total Net Position	<u>\$ 27,773,530</u>	<u>\$ 26,312,164</u>	<u>\$ 73,633,062</u>	<u>\$ 127,718,756</u>

See Notes to Financial Statements

Holland Charter Township, Michigan
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2018

	Enterprise Funds			Total
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	
Operating Revenues:				
Water sales	\$ 7,946,265	\$ -	\$ -	\$ 7,946,265
Sewage disposal service	-	6,191,060	-	6,191,060
Other revenues	395,076	3,501	67,229	465,806
Total Operating Revenues	<u>8,341,341</u>	<u>6,194,561</u>	<u>67,229</u>	<u>14,603,131</u>
Operating Expenses:				
Cost of water	3,429,960	-	-	3,429,960
Water connections	437,577	-	-	437,577
Cost of sewage disposal	-	2,498,848	-	2,498,848
Operation and maintenance	1,253,753	938,097	-	2,191,850
General and administrative	359,640	338,340	3,100	701,080
Depreciation	374,762	795,532	2,228,410	3,398,704
Total Operating Expenses	<u>5,855,692</u>	<u>4,570,817</u>	<u>2,231,510</u>	<u>12,658,019</u>
Operating Income (Loss)	<u>2,485,649</u>	<u>1,623,744</u>	<u>(2,164,281)</u>	<u>1,945,112</u>
Nonoperating Revenues (Expenses)				
Gain (loss) on sale of capital assets	19,900	(14,707)	-	5,193
Investment earnings	305,623	193,232	426,955	925,810
Interest expense	-	(227,455)	(4,988)	(232,443)
Total Nonoperating Revenues (Expenses)	<u>325,523</u>	<u>(48,930)</u>	<u>421,967</u>	<u>698,560</u>
Income (Loss) Before Contributions and Transfers	2,811,172	1,574,814	(1,742,314)	2,643,672
Capital contributions	-	-	1,919,514	1,919,514
Transfers in	-	-	103,000	103,000
Transfers out	<u>(103,000)</u>	<u>-</u>	<u>-</u>	<u>(103,000)</u>
Change in Net Position	2,708,172	1,574,814	280,200	4,563,186
Net Position - January 1	<u>25,065,358</u>	<u>24,737,350</u>	<u>73,352,862</u>	<u>123,155,570</u>
Net Position - December 31	<u>\$ 27,773,530</u>	<u>\$ 26,312,164</u>	<u>\$ 73,633,062</u>	<u>\$ 127,718,756</u>

See Notes to Financial Statements

Holland Charter Township, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2018

	Enterprise Funds			
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total
Cash Flows From Operating Activities:				
Receipts from customers	\$ 7,672,865	\$ 6,155,955	\$ 67,229	\$ 13,896,049
Payments to suppliers	(4,210,199)	(3,101,586)	(3,100)	(7,314,885)
Payments to employees	(796,364)	(556,581)	-	(1,352,945)
Other receipts (payments)	495,076	3,501	-	498,577
Net Cash Provided By Operating Activities	<u>3,161,378</u>	<u>2,501,289</u>	<u>64,129</u>	<u>5,726,796</u>
Cash Flows From Noncapital Financing Activities:				
Transfers from/to other funds	<u>(103,000)</u>	<u>-</u>	<u>103,000</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:				
Capital contributions	-	-	1,229,451	1,229,451
Construction and purchase of capital assets	(3,130,083)	(364,988)	(199,523)	(3,694,594)
Principal paid on capital debt	-	(395,000)	(285,000)	(680,000)
Interest paid on capital debt	<u>-</u>	<u>(227,628)</u>	<u>(4,275)</u>	<u>(231,903)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(3,130,083)</u>	<u>(987,616)</u>	<u>740,653</u>	<u>(3,377,046)</u>
Cash Flows From Investing Activities:				
Investment earnings	<u>292,927</u>	<u>183,410</u>	<u>412,026</u>	<u>888,363</u>
Net Increase (Decrease) in Cash and Investments	221,222	1,697,083	1,319,808	3,238,113
Cash and Investments - January 1	<u>16,632,963</u>	<u>8,845,380</u>	<u>17,232,556</u>	<u>42,710,899</u>
Cash and Investments - December 31	<u>\$ 16,854,185</u>	<u>\$ 10,542,463</u>	<u>\$ 18,552,364</u>	<u>\$ 45,949,012</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Operating income (loss)	\$ 2,485,649	\$ 1,623,744	\$ (2,164,281)	\$ 1,945,112
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	374,762	795,532	2,228,410	3,398,704
Change in assets and liabilities:				
Receivables	(273,400)	(35,105)	-	(308,505)
Other assets	34,359	-	-	34,359
Accounts payable	439,031	111,646	-	550,677
Accrued and other liabilities	<u>100,977</u>	<u>5,472</u>	<u>-</u>	<u>106,449</u>
Net Cash Provided By Operating Activities	<u>\$ 3,161,378</u>	<u>\$ 2,501,289</u>	<u>\$ 64,129</u>	<u>\$ 5,726,796</u>
Noncash capital financing activities:				
Contribution of capital assets from developers	\$ -	\$ -	\$ 857,600	\$ 857,600
Acquisition of capital assets through:				
Trade-in of capital assets	19,900	5,200	-	25,100
Payments on accounts payable	-	-	(219,574)	(219,574)
Decrease in accounts receivable	<u>-</u>	<u>-</u>	<u>120,328</u>	<u>120,328</u>
Total Noncash Capital Financing Activities	<u>\$ 19,900</u>	<u>\$ 5,200</u>	<u>\$ 758,354</u>	<u>\$ 783,454</u>

See Notes to Financial Statements

Holland Charter Township, Michigan
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 December 31, 2018

	Agency Fund Type
	Tax Collection
ASSETS	
Cash and investments	\$ 2,031,004
Total Assets	\$ 2,031,004
LIABILITIES	
Accounts payable	\$ 105,825
Due to other governments	1,925,179
Total Liabilities	\$ 2,031,004

Holland Charter Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Holland Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Holland Charter Township:

Reporting Entity

Holland Charter Township is governed by an elected seven-member board of trustees. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The Economic Development Corporation (EDC) of Holland Charter Township is governed by a nine-member board of directors appointed by the Township's Board of Trustees. The EDC promotes economic development within the Township through various means including issuance of the Corporation's economic development revenue bonds to finance economic development projects, which require approval by the Township's Board of Trustees. The EDC is reported as a special revenue fund.

Discretely Presented Component Unit. The Township has no discretely presented component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (Holland Charter Township has no such component units.)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure driven grants. 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.

Those revenues susceptible to accrual are property taxes, intergovernmental revenues, special assessments due within the current fiscal year, licenses, interest revenue, and charges for services. Sales taxes (state shared revenues) collected and held by the State at year end on behalf of the Township and paid to the Township at the end of the following February are recognized as revenue in the year received. Such amounts are not normally received within 60 days of the end of the current fiscal year and are budgeted for use by the Township in the year received. Other revenue is recorded when received.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Building and Site Fund – This fund accounts for contributions from the General Fund to be used for property acquisitions and for building additions and improvements.

The Township reports the following major proprietary funds:

Water Operating Fund - This fund is used to account for the operation and maintenance of a water distribution system, including storage tanks, pumping stations, distribution mains and services and related equipment. Water is purchased from the City of Wyoming for storage and distribution to the Township's customers, including portions of neighboring Park and Zeeland Townships.

Wastewater Operating Fund - This fund is used to account for the operation and maintenance of a wastewater collection system. The Township owns a portion of the capacity of the Holland City Wastewater Treatment Plant, with whom the Township contracts for wastewater treatment services.

Water and Wastewater Construction and Debt Service Fund - This fund is used to account for the construction of major water and wastewater systems improvements and additions, which may be financed by issuing bonds or by assessments charged to the benefiting properties. This fund also accounts for the fixed assets after construction and the accumulation of resources for and the payment of long-term debt resulting from such projects.

Additionally, the government reports the following fund types:

Governmental Funds

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Funds

Agency Funds - Agency Funds account for assets held by the Township in a purely custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue 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 revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. In June of each year, all departments of the Township submit requests for appropriations to the manager and the finance director so that a budget may be prepared. By September 1, the proposed budget is presented to the Board of Trustees for review. The Board of Trustees holds study sessions and public hearings and a final budget must be prepared and adopted by December 31.

In addition to adopting the annual operating budget, the Board of Trustees annually reviews and approves the Capital Improvement Program (CIP). The CIP is a six-year plan for capital project expenditures and anticipated revenue sources. The CIP is reviewed and approved during the months of June and July of each year.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. The appropriated budget is prepared by fund, function and department. Expenditures may not legally exceed budget appropriations at the department level within the fund. Appropriated budgets are amended from time to time throughout the course of the fiscal year by supplementary resolutions approved by a majority vote of the Board of Trustees.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Cash and Investments

The Township pools cash resources of its various funds to facilitate the management of cash. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the Township's investments. The following accounts are maintained on a separate basis outside of the combined cash management pool: petty cash and imprest cash accounts and the Tax Collection Fund.

For purposes of the statement of cash flows, the proprietary funds type considers all transactions within the Township's pooled cash accounts to be cash and cash equivalents.

Investments are recorded at fair value. Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds participating in the pool. For various periods of time during the fiscal year, certain funds experienced negative daily cash balance positions in the pool; in which cases these same funds were charged with an allotted share of "negative investment earnings" directly correlating to the negative average daily balance participation in the pool.

Receivables and Payables

In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Allowances for uncollectible amounts are not material.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are not material and are recorded as expenditures when purchased. 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 property, plant, equipment, infrastructure assets (e.g., water/sewer lines, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 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 estimated acquisition cost at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$0 of interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	5-20
Water and Sewer Lines	20-50
Other Infrastructure	10-15
Vehicles	3-25
Office Equipment	5-20
Computer Equipment	3-5

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item that qualifies under this category. The item, unavailable revenue (property taxes), is reported in the governmental activities statement of financial position and governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption/Fund Balance Flow Assumptions

In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund 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.

In order to calculate the amounts reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund 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 fund balance to have been depleted before any of the components of unrestricted fund balance is applied in the following order: committed, assigned, and unassigned.

Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested and accumulated vacation leave is expected to be liquidated with expendable available financial resources and is reported as an expenditure and a liability of the government-wide and proprietary fund financial statements. A liability is recognized for that portion of accumulating sick leave benefits (50%) that are estimated will be taken as "terminal leave" prior to retirement.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as debt service expenses. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – amounts that are not in spendable form (such as prepaids, inventory and long-term receivables) or are required to be maintained intact such as the corpus of a permanent fund.
- Restricted – amounts constrained to specific purposes by their providers (such as creditors, grantors, contributors, or laws and regulations) or imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts constrained to specific purposes determined by formal action by Township Board ordinance or resolution, and that remains binding unless removed in the same manner.
- Assigned – amounts, neither restricted nor committed, a government intends to use for a specific purpose; intent can be expressed by the Township Board or a body or official to which the Township Board has delegated the authority to assign amounts for specific purposes.
- Unassigned – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Property Taxes

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The Township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned delinquent to the county treasurer are subject to penalty and interest. The county's policy has been to pay the Township for all delinquent real property taxes returned. The Township continues to collect delinquent personal property taxes.

Although the Township's 2018 ad valorem tax is levied and collectible on December 1, 2018, it is the Township's policy to recognize revenue from this levy in the year ended December 31, 2019, when the proceeds of this levy 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 revenues and expenses during the period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

	Budget <u>Appropriation</u>	Actual <u>Expenditure</u>
Budget Items		
General Fund - Drains General	\$ 125,000	\$ 129,990
Fund - Street Lighting	305,500	307,161

3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated several banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Investments	<u>\$ 38,535,310</u>	<u>\$ 45,949,012</u>	<u>\$ 2,031,004</u>	<u>\$ 86,515,326</u>

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 12,956,797
Investments	<u>73,558,529</u>
Total	<u>\$ 86,515,326</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township’s deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year end the bank balance of the Township’s deposits was \$13,141,163 of which \$2,266,339 was covered by federal depository insurance and \$10,874,824 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

As of December 31, 2018, the Township had the following investments:

	Fair Value	Weighted Average Maturity (in years)
	<u> </u>	<u> </u>
US Government Agency Obligations		
Federal Home Loan Mortgage Corporation	\$ 15,282,621	21.35
Federal National Mortgage Association	11,370,494	20.9
Government National Mortgage Association	5,992,310	20.56
Municipal Bonds	34,923,434	3.87
Commercial Paper	<u>5,989,670</u>	0.06
Total	<u>\$ 73,558,529</u>	
Portfolio Weighted Average Maturity		11.18

Interest rate risk. Except as limited by state law as listed in the above list of authorized investments the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Township has no investment policy that limits its investment choices beyond those required by state law. The Township’s investments in US Government Agency Obligations were rated AA+ by Standard & Poor’s. The Township’s investment in commercial paper were rated A-1 to A-2 by Standard & Poor’s.

The Township’s investments in municipal bonds were rated as follows:

Standard & Poor's Rating	<u>Amount</u>
AAA	\$ 9,498,852
AA+	5,008,477
AA	10,285,881
AA-	7,422,341
BBB+	<u>2,707,883</u>
	<u>\$ 34,923,434</u>

Custodial Credit Risk-Investments. For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The Township has not adopted a policy for investment custodial credit risk. As of December 31, 2018, the Township's investments were held by a third party in the Township's name. The Township's investments in money market accounts are not subject to risk categorization.

Concentration of Credit Risk. State law does not limit and the Township has not adopted a formal policy on the amount the Township may invest in any one issuer. More than 5% of the Township's investments are in the Federal Home Loan Mortgage Corporation (21%), Federal National Mortgage Association (15%), and Government National Mortgage Association (8%), Dearborn, MI (7%), Washtenaw Co, MI (7%), and Kent Co, MI (5%).

Foreign Currency Risk. The Township is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The Township has the following recurring fair value measurements for its investments as of December 31, 2018.

- United States Government Agency Obligations in the amount of \$32,645,425 are valued using pricing models maximizing the use of observable inputs for similar securities (Level 2).
- Municipal Bonds in the amount of \$34,923,434 are valued using pricing models maximizing the use of observable inputs for similar securities (Level 2). This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

The Township did not have any investments valued with Level 3 inputs at December 31, 2018.

Investments in Commercial Paper in the amount of \$5,989,670 are recorded at amortized cost which approximates fair value and is not subject to fair value disclosures.

4. CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 7,767,050	\$ -	\$ -	\$ -	\$ 7,767,050
Construction in progress	-	1,413,669	-	-	1,413,669
Subtotal	<u>7,767,050</u>	<u>1,413,669</u>	<u>-</u>	<u>-</u>	<u>9,180,719</u>
Capital Assets Being Depreciated					
Building and Improvements	6,700,164	-	(11,766)	-	6,688,398
Land improvements	11,977,228	127,597	(185,645)	-	11,919,180
Machinery and equipment	2,210,566	214,089	(130,620)	-	2,294,035
Office furniture and equipment	63,309	-	(15,469)	-	47,840
Vehicles	5,416,756	33,612	(397,763)	-	5,052,605
Infrastructure	5,812,526	373,211	(412,134)	-	5,773,603
Subtotal	<u>32,180,549</u>	<u>748,509</u>	<u>(1,153,397)</u>	<u>-</u>	<u>31,775,661</u>
Less Accumulated Depreciation for					
Building and Improvements	(3,126,578)	(178,319)	4,412	-	(3,300,485)
Land improvements	(6,350,590)	(565,142)	185,645	-	(6,730,087)
Machinery and equipment	(1,152,640)	(206,360)	109,818	-	(1,249,182)
Office furniture and equipment	(34,678)	(11,275)	15,469	-	(30,484)
Vehicles	(2,147,350)	(239,881)	397,764	-	(1,989,467)
Infrastructure	(3,182,307)	(379,950)	412,134	-	(3,150,123)
Subtotal	<u>(15,994,143)</u>	<u>(1,580,927)</u>	<u>1,125,242</u>	<u>-</u>	<u>(16,449,828)</u>
Net Capital Assets Being Depreciated	<u>16,186,406</u>	<u>(832,418)</u>	<u>(28,155)</u>	<u>-</u>	<u>15,325,833</u>
Governmental Activities Total					
Capital Assets-Net of Depreciation	<u>\$ 23,953,456</u>	<u>\$ 581,251</u>	<u>\$ (28,155)</u>	<u>\$ -</u>	<u>\$ 24,506,552</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 75,989
Public safety	297,205
Public works	403,536
Recreation and culture	804,197
	<u>\$ 1,580,927</u>

Business-Type Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 355,195	\$ -	\$ -	\$ -	\$ 355,195
Construction in progress	<u>9,705,436</u>	<u>3,511,001</u>	<u>-</u>	<u>(13,095,518)</u>	<u>120,919</u>
Subtotal	<u>10,060,631</u>	<u>3,511,001</u>	<u>-</u>	<u>(13,095,518)</u>	<u>476,114</u>
Capital Assets Being Depreciated					
Buildings	1,942,371	-	-	-	1,942,371
Improvements other than buildings	58,406	-	-	-	58,406
Machinery and equipment	915,973	-	(214,840)	-	701,133
Vehicles	1,106,997	109,446	(39,474)	-	1,176,969
Water and wastewater systems	<u>127,540,099</u>	<u>13,953,119</u>	<u>(76,513)</u>	<u>-</u>	<u>141,416,705</u>
Subtotal	<u>131,563,846</u>	<u>14,062,565</u>	<u>(330,827)</u>	<u>-</u>	<u>145,295,584</u>
Less Accumulated Depreciation for					
Buildings	(1,137,263)	(51,488)	-	-	(1,188,751)
Improvements other than buildings	(52,195)	(2,921)	-	-	(55,116)
Machinery and equipment	(597,380)	(56,611)	194,934	-	(459,057)
Vehicles	(479,867)	(114,598)	39,474	-	(554,991)
Water and wastewater systems	<u>(51,993,734)</u>	<u>(3,173,086)</u>	<u>76,512</u>	<u>-</u>	<u>(55,090,308)</u>
Subtotal	<u>(54,260,439)</u>	<u>(3,398,704)</u>	<u>310,920</u>	<u>-</u>	<u>(57,348,223)</u>
Net Capital Assets Being Depreciated	<u>77,303,407</u>	<u>10,663,861</u>	<u>(19,907)</u>	<u>-</u>	<u>87,947,361</u>
Business-Type Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 87,364,038</u>	<u>\$ 14,174,862</u>	<u>\$ (19,907)</u>	<u>\$ (13,095,518)</u>	<u>\$ 88,423,475</u>

Depreciation expense was charged to business-type activities as follows:

Water and wastewater \$ 3,398,704

Construction Commitments-The Township has construction commitments for bike path, public safety, and water system improvements approximating \$6,640,134 at December 31, 2018.

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2018, there were no interfund balances. Interfund transfers reported in the fund statements were as follows:

	Transfers Out		
	General Fund	Water Operating Fund	Total
Transfers In			
Recreation Fund	\$ 50,000 (1)	\$ -	\$ 50,000
Building and Site Fund	350,000 (2)	-	350,000
Fire Equipment Replacement Fund	420,000 (2)	-	420,000
Water and Wastewater Construction and Debt Service Fund	-	103,000 (3)	103,000
	<u>\$ 820,000</u>	<u>\$ 103,000</u>	<u>\$ 923,000</u>

The following describes the nature of significant transfers:

- (1) Transfers from General Fund for operating purposes
- (2) Transfers from General Fund for capital construction, acquisition, or project working capital
- (3) Transfers from Water Operating Fund for debt service

6. LONG-TERM DEBT

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities						
County Contractual Obligations						
Wastewater plant improvements, interest rates from 0.75% to 3.4%, maturing 2035	\$ 9,500,000	\$ 9,112,500	\$ -	\$ (395,000)	\$ 8,717,500	\$ 405,000
Water system refunding, interest rates from 2% to 3%, maturing 2018	2,090,000	285,000	-	(285,000)	-	-
		<u>\$ 9,397,500</u>	<u>\$ -</u>	<u>\$ (680,000)</u>	<u>\$ 8,717,500</u>	<u>\$ 405,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year End December 31	Business-Type Activities	
	Principal	Interest
2019	\$ 405,000	\$ 222,598
2020	417,500	217,039
2021	427,500	210,486
2022	437,500	202,912
2023	450,000	194,253
2024-2028	2,432,500	809,361
2029-2033	2,855,000	447,763
2034-2035	1,292,500	44,010
	<u>\$ 8,717,500</u>	<u>\$ 2,348,422</u>

Commitment - Holland Charter Township, along with other local municipalities, purchases water from the City of Wyoming for storage and distribution to the Township's customers. The City of Wyoming bills Ottawa County for this water purchase which in turn bills the individual municipalities.

Ottawa County has issued general obligation bonds to provide for the construction and acquisition of a portion of the City of Wyoming water system for the benefit of the local municipalities. Each participating municipality has pledged its full faith and credit for the payment of its respective share of contract payments to Ottawa County sufficient to pay the principal and interest on the bonds.

Separate contract payments for principal and interest on these bonds are not made by the Township but instead are included as part of the overall water rate charged by Ottawa County to the Township.

At December 31, 2018, the portion of these Ottawa County bonds outstanding for which the Township has pledged its full faith and credit amounted to \$15,027,981.

7. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased full multi-peril insurance coverage underwritten by the Michigan Township Participating Plan. The Township is fully insured for workers compensation claims by coverage underwritten by the Michigan Municipal Workers Compensation Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

8. AGREEMENTS – WASTE WATER TREATMENT PLANTS

City of Holland

In 1979, an agreement between the City of Holland and the Townships of Holland, Fillmore, Laketown, and Park was established to expand the wastewater treatment plant of the City of Holland. In 1994, these parties established a new agreement to once again expand the wastewater treatment plant. The plant's current design and MDEQ permit approved flow capacity is 12 million gallons per day.

Because the City of Holland is responsible for the operation and maintenance of the plant and has significant control within the governing body of the plant, the City of Holland accounts for the plant within its Wastewater Utility Fund. The Township capitalized its portion of the cost of the expanded plant and recorded as a liability its portion of the County of Ottawa general obligation bonds to finance the 1978, 1995 and 2017 expansions.

City of Zeeland

In 2014, an agreement between the City of Zeeland and the Townships of Holland and Zeeland was established to contract with the City for the purchase of guaranteed discharge capacity in the plant, the acquisition, construction, completion and financing of improvements and enlargements to the plant, the operation and maintenance of the plant, and other pertinent matters. The plant's expansion increased capacity to 3.5 million gallons per day with 1.10 million gallons per day reserved for the Township Service Area. The Township capitalized its portion of the cost of the expanded plant.

Operating and maintenance costs of each waste water treatment plant are allocated among the user governments based on actual total flow and loading into the wastewater treatment plants. These costs are recovered by customer user charges.

9. CONTINGENT LIABILITIES

Several owners of property in the Township have appealed their property assessments to the Michigan Tax Tribunal. The Township is also involved in various lawsuits and miscellaneous criminal prosecutions. Although the outcome of these matters is not presently determinable, in the opinion of the Township attorney the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

10. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Holland Charter Township Retiree Medical Plan (HCTRMP) is a single employer plan administered by Holland Charter Township.

On December 1, 2011, the Township discontinued the Plan and eliminated benefits for then active and future Township employees.

The plan provides healthcare benefits to certain eligible retired employees and their spouses. Eligible recipients include all retirees at December 1, 2011 who have reached the age of 65 and have worked at least 15 years for the Township upon their retirement from the Township. The plan was established by Holland Charter Township and can be amended at its discretion. The Retiree Medical Plan does not issue a publicly available financial report and a legal trust has not been established for the plan.

Funding Policy

Holland Charter Township has the authority to establish and amend the obligations of Holland Charter Township and plan members to contribute to the plan. Only benefit payments made directly to retirees or on behalf of retirees from general operating funds will be counted as plan contributions. For fiscal year 2018, the Township contributed \$11,676 to the plan for current premiums. Plan members receiving benefits reimbursed the Township \$5,838, or approximately 50% of the total premium, through their required contribution based on the following: the Township pays 4% per year of service of single or double coverage not to exceed 50% for 2018 and the retiree pays the balance of the premium not paid by the employer; surviving spouses must pay entire premium.

As of December 31, 2018, plan membership consisted of 2 retired employees and their spouses. The Township has determined that the net other postemployment benefit (OPEB) liability, OPEB expense, and deferred outflows or inflows of resources, if any would be immaterial to the financial statements taken as a whole.

11. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All assets of the plan are held in trust for the employees thereby insulating the assets from the Township's general creditors. As a result, the plan assets are not included in these financial statements.

12. PENSION PLAN

The Holland Charter Township Pension Plan is a defined contribution plan established by the Township and administered by John Hancock to provide benefits at retirement to eligible employees of the Township meeting length of service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2018, there were 45 plan participants. The Township is required to contribute 9.5% of covered compensation. Plan participants are required to contribute 2.5% of covered compensation. The Township contributes 12% of covered compensation for the elected trustees. Contributions to the Plan by the Township were \$210,227 for the year ended December 31, 2018. Plan provisions and contribution requirements are established and may be amended by the Holland Charter Township Board.

13. TAX ABATEMENTS

As of December 31, 2018 the Township provides tax abatement through two different programs: The Industrial Facilities Exemption and Brownfield Redevelopment Authority Capture.

Industrial Facilities Exemption

The Township entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. The Industrial Facilities Exemption provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on a new plant and non-industrial property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended December 31, 2018 the Township abated property tax revenues totaling \$161,592 under this program.

Brownfield Redevelopment Authority Capture

The Township entered into property tax abatement agreements with local businesses under the Brownfield Redevelopment Financing Act, PA 381 of 1996, as amended. The Brownfield Redevelopment Financing Act authorizes municipalities to create a Brownfield Redevelopment Authority to facilitate the implementation of Brownfield plans and associated work plans that promote the revitalization, redevelopment, and reuse of contaminated, blighted, functionally obsolete, tax reverted, or historic property. The Brownfield Redevelopment Financing Act authorizes and permits the use of school and local tax increment financing to help reduce the burden of Brownfield related costs when redeveloping affected properties. Cleanup and redevelopment of a Brownfield property will increase the taxable value of the property, and therefore, will increase the property taxes generated from the property. The increase in tax revenue over a base year is the tax increment. The increased tax revenues that rise above the base value after redevelopment are known as "tax increment revenue" or captured taxes. These captured taxes can then be used to reimburse the expenses for eligible environmental response and non-environmental activities. The taxing jurisdictions continue to receive their base year tax revenue until the Brownfield plan ends, at which time the tax increment revenues revert to the taxing jurisdiction.

For the year ended December 31, 2018 the Township abated property tax revenues totaling \$10,219 under this program.

14. FUND BALANCES – GOVERNMENTAL FUNDS

Detailed information on governmental fund balances at December 31, 2018 is as follows:

	General Fund	Building and Site Fund	Other Nonmajor Governmental Funds	Total
Non-spendable:				
Prepaid items	\$ 3,470	\$ -	\$ 240	\$ 3,710
Restricted for:				
E-unit and police services	612,998	-	-	612,998
Bike paths	878,651	-	-	878,651
Construction code activities	-	-	660,767	660,767
Total Restricted	<u>1,491,649</u>	<u>-</u>	<u>660,767</u>	<u>2,152,416</u>
Committed for:				
Zeeland Interchange	79,754	-	-	79,754
Fire station	8,000,000	-	-	8,000,000
Recreation center	9,500,000	-	-	9,500,000
Total Committed	<u>17,579,754</u>	<u>-</u>	<u>-</u>	<u>17,579,754</u>
Assigned for:				
Recreation	-	-	97,109	97,109
Building Department	-	-	313,306	313,306
Brownfields	-	-	392	392
E.D.C.	-	-	7,348	7,348
Quincy Park Clean-up	-	-	138,850	138,850
Dunton Park	-	-	14,328	14,328
Helder Park	-	-	327,169	327,169
Quincy Park	-	-	143,683	143,683
Building and Site	-	1,136,555	-	1,136,555
Capital Improvement	-	-	209,490	209,490
Fire Equipment Replacement	-	-	2,775,023	2,775,023
Industrial Park	-	-	1,454,118	1,454,118
Total Assigned	<u>-</u>	<u>1,136,555</u>	<u>5,480,816</u>	<u>6,617,371</u>
Unassigned	<u>8,797,461</u>	<u>-</u>	<u>-</u>	<u>8,797,461</u>
Total fund balances-governmental funds	<u>\$ 27,872,334</u>	<u>\$ 1,136,555</u>	<u>\$ 6,141,823</u>	<u>\$ 35,150,712</u>

16. UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the Township's 2020 year end. 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 recognize as inflows of resources or outflows of resources based on the payment provisions in the contract. It establishes as 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 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

Holland Charter Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,778,800	\$ 5,806,300	\$ 5,805,249	\$ (1,051)
Licenses and permits	109,600	109,600	109,711	111
State shared revenues	3,385,200	3,992,800	4,044,847	52,047
Charges for services	110,400	118,100	126,443	8,343
Investment earnings	540,000	-	537,901	537,901
Other	114,300	128,300	138,847	10,547
Total Revenues	<u>10,038,300</u>	<u>10,155,100</u>	<u>10,762,998</u>	<u>607,898</u>
Expenditures:				
Current:				
General Government:				
Township Board	38,550	38,550	36,534	2,016
Supervisor	50,400	50,400	48,575	1,825
Manager	93,600	110,050	108,366	1,684
Elections	97,300	97,300	76,644	20,656
Accounting	147,400	147,400	145,833	1,567
Assessor	344,900	352,500	338,081	14,419
Attorney	140,000	140,000	105,668	34,332
Clerk	142,700	142,700	132,603	10,097
Board of Review	4,700	4,700	3,981	719
General administration	131,000	131,000	118,010	12,990
Treasurer	136,450	155,150	145,600	9,550
Computer services	58,500	58,500	52,936	5,564
Building and grounds	67,500	67,500	63,925	3,575
Other property	900	900	-	900
Cemetery	24,100	24,100	17,920	6,180
Upstream watershed control	77,000	77,000	76,484	516
Unallocated and other	20,000	20,000	274	19,726
Total General Government	<u>1,575,000</u>	<u>1,617,750</u>	<u>1,471,434</u>	<u>146,316</u>
Public Safety:				
Sheriff E-Unit and police services	782,200	929,700	876,523	53,177
Zoning enforcement and community policing	646,000	646,000	618,878	27,122
Fire department	909,350	1,220,350	1,089,390	130,960
Property maintenance code enforcement	157,500	157,500	134,965	22,535
Property and housing appeals board	800	800	-	800
Total Public Safety	<u>2,495,850</u>	<u>2,954,350</u>	<u>2,719,756</u>	<u>234,594</u>
Public Works:				
Leaf collection and cleanup services	55,000	55,000	48,665	6,335
Bike paths	627,300	625,750	529,535	96,215
Drains	125,000	125,000	129,990	(4,990)
Highways, streets and bridges	1,656,000	1,376,000	1,343,667	32,333
Street lighting	301,500	305,500	307,161	(1,661)
Total Public Works	<u>2,764,800</u>	<u>2,487,250</u>	<u>2,359,018</u>	<u>128,232</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Community and Economic Development:				
Economic development	55,000	55,000	50,000	5,000
Northside neighborhood center	55,500	55,500	54,500	1,000
Planning Commission and administration	129,500	129,500	94,932	34,568
Macatawa Area Coordinating Council	42,500	42,500	37,677	4,823
Zoning Board of Appeals	8,850	8,850	7,503	1,347
Zoning administration	<u>155,100</u>	<u>155,100</u>	<u>116,423</u>	<u>38,677</u>
Total Community and Economic Development	<u>446,450</u>	<u>446,450</u>	<u>361,035</u>	<u>85,415</u>
Recreation and Culture:				
Parks	828,500	1,022,800	972,761	50,039
Dunton Park boat launch	19,500	19,500	13,585	5,915
Jim Kaat baseball park	49,900	49,900	38,521	11,379
Libraries	5,050	-	-	-
Community services	<u>75,000</u>	<u>80,000</u>	<u>78,875</u>	<u>1,125</u>
Total Recreation and Culture	<u>977,950</u>	<u>1,172,200</u>	<u>1,103,742</u>	<u>68,458</u>
Other:				
Insurance	102,000	108,000	96,738	11,262
Other fringes	55,000	55,000	(95,334)	150,334
Other	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other	<u>457,000</u>	<u>163,000</u>	<u>1,404</u>	<u>161,596</u>
Total Expenditures	<u>8,717,050</u>	<u>8,841,000</u>	<u>8,016,389</u>	<u>824,611</u>
Excess Of Revenues Over Expenditures	<u>1,321,250</u>	<u>1,314,100</u>	<u>2,746,609</u>	<u>1,432,509</u>
Other Financing Sources (Uses):				
Transfers out	(625,000)	(820,000)	(820,000)	-
Sale of capital assets	<u>25,000</u>	<u>10,000</u>	<u>9,994</u>	<u>(6)</u>
Total Other Financing Sources (Uses)	<u>(600,000)</u>	<u>(810,000)</u>	<u>(810,006)</u>	<u>(6)</u>
Net Change in Fund Balances	721,250	504,100	1,936,603	1,432,503
Fund Balances - January 1	<u>25,935,731</u>	<u>25,935,731</u>	<u>25,935,731</u>	<u>-</u>
Fund Balances - December 31	<u>\$ 26,656,981</u>	<u>\$ 26,439,831</u>	<u>\$ 27,872,334</u>	<u>\$ 1,432,503</u>

Other Supplementary Information

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Recreation Fund – was established to account for the recreational fees, contributions and Township funds expended for recreation programs involving adult and youth participants.

Building Department Fund – was established to account for revenues and expenditures related to the cost of operating the building construction code enforcement activities of the Township. The fund is required by PA 230 of 1972, as amended by PA 245 of 1999.

Brownfields Fund – was established to account for receipt of locally derived tax increment financing monies and payments to Scott Bosgraaf, Northside Triangle and MTJ Holdings for eligible costs incurred involving cleanup and/or redevelopment of an environmentally contaminated site.

Economic Development Corporation – was established to account for the fees and expenses of the Economic Development Program.

Quincy Park Clean-Up Fund – was established to account for the grants received from the state and Township contributions with the monies to be used for the clean up of Quincy Park.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Dunton Park Fund – was established to account for grants, contributions and Township funds expended for acquisition and capital improvements of Dunton Park.

Helder Park Fund – was established to account for grants, contributions and Township funds expended for acquisition and capital improvements of Helder Park.

Quincy Park Fund – was established to account for grants, contributions and Township funds expended for acquisition and capital improvements of Quincy Park.

Capital Improvement Fund – this fund receives contributions from the General Fund for future Township capital projects.

Fire Equipment Replacement Fund – this fund receives contributions from the General Fund to be used for replacing fire equipment.

Industrial Park Fund – this fund receives contributions from the General Fund and other revenues for the acquisition of land and development of industrial parks.

Holland Charter Township, Michigan
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2018

Special Revenue Funds

	Recreation	Building Department	Brownfields	E.D.C.	Quincy Park Clean-up	Total
ASSETS						
Cash and investments	\$ 110,978	\$ 989,498	\$ 13,208	\$ 7,331	\$ 138,528	\$ 1,259,543
Receivables:						
Taxes	-	-	19,962	-	-	19,962
Accounts	-	60	-	-	-	60
Interest	288	2,299	-	17	322	2,926
Prepaid items	<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240</u>
 Total Assets	 <u>\$ 111,506</u>	 <u>\$ 991,857</u>	 <u>\$ 33,170</u>	 <u>\$ 7,348</u>	 <u>\$ 138,850</u>	 <u>\$ 1,282,731</u>
 LIABILITIES						
Accounts payable	\$ 4,559	\$ 2,600	\$ -	\$ -	\$ -	\$ 7,159
Accrued payroll	6,450	15,184	-	-	-	21,634
Due to other governments	-	-	11,218	-	-	11,218
Unearned revenue	<u>3,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,148</u>
 Total Liabilities	 <u>14,157</u>	 <u>17,784</u>	 <u>11,218</u>	 <u>-</u>	 <u>-</u>	 <u>43,159</u>
 DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	<u>-</u>	<u>-</u>	<u>21,560</u>	<u>-</u>	<u>-</u>	<u>21,560</u>
 FUND BALANCES						
Non-spendable	240	-	-	-	-	240
Restricted	-	660,767	-	-	-	660,767
Assigned	<u>97,109</u>	<u>313,306</u>	<u>392</u>	<u>7,348</u>	<u>138,850</u>	<u>557,005</u>
 Total Fund Balances	 <u>97,349</u>	 <u>974,073</u>	 <u>392</u>	 <u>7,348</u>	 <u>138,850</u>	 <u>1,218,012</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 111,506</u>	 <u>\$ 991,857</u>	 <u>\$ 33,170</u>	 <u>\$ 7,348</u>	 <u>\$ 138,850</u>	 <u>\$ 1,282,731</u>

Capital Projects Funds

Dunton Park	Helder Park	Quincy Park	Capital Improvement	Fire Equipment Replacement	Industrial Park	Total	Total Nonmajor Governmental Funds
\$ 14,296	\$ 326,371	\$ 143,350	\$ 209,004	\$ 2,768,588	\$ 1,450,745	\$ 4,912,354	\$ 6,171,897
-	-	-	-	-	-	-	19,962
-	-	-	-	-	-	-	60
32	798	333	486	6,435	3,373	11,457	14,383
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240</u>
<u>\$ 14,328</u>	<u>\$ 327,169</u>	<u>\$ 143,683</u>	<u>\$ 209,490</u>	<u>\$ 2,775,023</u>	<u>\$ 1,454,118</u>	<u>\$ 4,923,811</u>	<u>\$ 6,206,542</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,159
-	-	-	-	-	-	-	21,634
-	-	-	-	-	-	-	11,218
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,148</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,159</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,560</u>
-	-	-	-	-	-	-	240
-	-	-	-	-	-	-	660,767
<u>14,328</u>	<u>327,169</u>	<u>143,683</u>	<u>209,490</u>	<u>2,775,023</u>	<u>1,454,118</u>	<u>4,923,811</u>	<u>5,480,816</u>
<u>14,328</u>	<u>327,169</u>	<u>143,683</u>	<u>209,490</u>	<u>2,775,023</u>	<u>1,454,118</u>	<u>4,923,811</u>	<u>6,141,823</u>
<u>\$ 14,328</u>	<u>\$ 327,169</u>	<u>\$ 143,683</u>	<u>\$ 209,490</u>	<u>\$ 2,775,023</u>	<u>\$ 1,454,118</u>	<u>\$ 4,923,811</u>	<u>\$ 6,206,542</u>

Holland Charter Township, Michigan
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2018

	Special Revenue Funds					
	Recreation	Building Department	Brownfields	E.D.C.	Quincy Park Clean-up	Total
Revenues:						
Taxes	\$ -	\$ -	\$ 90,408	\$ -	\$ -	\$ 90,408
Licenses and permits	-	711,223	-	-	-	711,223
Grants	-	-	-	-	-	-
Charges for services	134,155	7,500	-	-	-	141,655
Investment earnings	1,977	18,429	-	137	2,504	23,047
Other	2,593	872	-	-	-	3,465
	<u>138,725</u>	<u>738,024</u>	<u>90,408</u>	<u>137</u>	<u>2,504</u>	<u>969,798</u>
Total Revenues						
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	496,235	-	-	-	496,235
Community and economic development	-	-	90,371	-	-	90,371
Recreation and culture	312,429	-	-	-	5,498	317,927
Capital outlay	-	-	-	-	-	-
	<u>312,429</u>	<u>496,235</u>	<u>90,371</u>	<u>-</u>	<u>5,498</u>	<u>904,533</u>
Total Expenditures						
Excess of Revenues Over (Under) Expenditures	<u>(173,704)</u>	<u>241,789</u>	<u>37</u>	<u>137</u>	<u>(2,994)</u>	<u>65,265</u>
Other Financing Sources (Uses):						
Transfers in	50,000	-	-	-	-	50,000
Sale of capital assets	-	-	-	-	-	-
	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total Other Financing Sources (Uses)						
Net Change in Fund Balances	(123,704)	241,789	37	137	(2,994)	115,265
Fund Balances - January 1	<u>221,053</u>	<u>732,284</u>	<u>355</u>	<u>7,211</u>	<u>141,844</u>	<u>1,102,747</u>
Fund Balances - December 31	<u>\$ 97,349</u>	<u>\$ 974,073</u>	<u>\$ 392</u>	<u>\$ 7,348</u>	<u>\$ 138,850</u>	<u>\$ 1,218,012</u>

Capital Projects Funds

Dunton Park	Helder Park	Quincy Park	Capital Improvement	Fire Equipment Replacement	Industrial Park	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,408
-	-	-	-	-	-	-	711,223
30,000	2,966	-	-	-	-	32,966	32,966
-	-	-	-	-	-	-	141,655
61	6,277	2,656	3,584	53,060	26,348	91,986	115,033
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>775</u>	<u>775</u>	<u>4,240</u>
<u>30,061</u>	<u>9,243</u>	<u>2,656</u>	<u>3,584</u>	<u>53,060</u>	<u>27,123</u>	<u>125,727</u>	<u>1,095,525</u>
-	-	-	43,496	-	-	43,496	43,496
-	-	-	-	5,640	-	5,640	501,875
-	-	-	-	-	1,223	1,223	91,594
3,975	-	46,425	-	-	-	50,400	368,327
<u>35,069</u>	<u>40,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,537</u>	<u>75,537</u>
<u>39,044</u>	<u>40,468</u>	<u>46,425</u>	<u>43,496</u>	<u>5,640</u>	<u>1,223</u>	<u>176,296</u>	<u>1,080,829</u>
<u>(8,983)</u>	<u>(31,225)</u>	<u>(43,769)</u>	<u>(39,912)</u>	<u>47,420</u>	<u>25,900</u>	<u>(50,569)</u>	<u>14,696</u>
-	-	-	-	420,000	-	420,000	470,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,000</u>	<u>-</u>	<u>141,000</u>	<u>141,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>561,000</u>	<u>-</u>	<u>561,000</u>	<u>611,000</u>
(8,983)	(31,225)	(43,769)	(39,912)	608,420	25,900	510,431	625,696
<u>23,311</u>	<u>358,394</u>	<u>187,452</u>	<u>249,402</u>	<u>2,166,603</u>	<u>1,428,218</u>	<u>4,413,380</u>	<u>5,516,127</u>
<u>\$ 14,328</u>	<u>\$ 327,169</u>	<u>\$ 143,683</u>	<u>\$ 209,490</u>	<u>\$ 2,775,023</u>	<u>\$ 1,454,118</u>	<u>\$ 4,923,811</u>	<u>\$ 6,141,823</u>

ADDITIONAL INFORMATION SECTION

Holland Charter Township, Michigan
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
AND EXPENDITURES AND OTHER USES BY FUNCTION
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues and other financing sources:				
Taxes	\$ 8,215,610	\$ 7,951,289	\$ 7,372,882	\$ 6,943,635
Licenses and permits	83,183	85,026	89,789	99,023
Grants	-	-	-	-
State shared revenues	1,875,508	1,883,380	2,693,956	2,620,836
Local unit contributions	-	-	-	-
Charges for services	123,432	185,050	152,560	113,612
Investment earnings	474,407	582,556	499,573	144,103
Other	143,049	139,369	174,867	172,375
Operating transfers in	308,247	40,735	-	12,682
Sale of capital assets	-	-	12,000	4,100
	<u>\$ 11,223,436</u>	<u>\$ 10,867,405</u>	<u>\$ 10,995,627</u>	<u>\$ 10,110,366</u>
Expenditures and other uses:				
General government	\$ 1,116,118	\$ 1,166,512	\$ 1,128,365	\$ 1,209,530
Public safety	1,882,455	2,036,900	1,986,150	1,990,608
Public works	2,736,890	1,908,079	2,334,837	2,256,454
Community and economic development	223,438	256,168	254,179	288,413
Recreation and culture	2,522,227	2,357,493	2,368,184	2,192,306
Other	111,872	149,563	125,748	123,673
Operating transfers out	1,798,100	1,640,000	710,000	1,300,000
Special item - OPEB Settlement	-	-	658,650	-
	<u>\$ 10,391,100</u>	<u>\$ 9,514,715</u>	<u>\$ 9,566,113</u>	<u>\$ 9,360,984</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 6,777,899	\$ 6,855,581	\$ 7,046,523	\$ 7,342,238	\$ 7,057,097	\$ 5,805,249
101,065	106,230	111,342	112,393	109,727	109,711
-	-	52,280	-	-	-
2,693,945	2,778,168	2,825,861	2,860,066	4,000,669	4,044,847
-	502,000	-	-	-	-
97,537	103,857	126,658	188,162	149,196	126,443
(277,874)	653,477	267,184	348,249	363,543	537,901
176,222	135,503	136,034	172,561	144,795	138,847
11,006	600,000	-	418	-	-
<u>27,700</u>	<u>11,819</u>	<u>15,000</u>	<u>75,400</u>	<u>-</u>	<u>9,994</u>
<u>\$ 9,607,500</u>	<u>\$ 11,746,635</u>	<u>\$ 10,580,882</u>	<u>\$ 11,099,487</u>	<u>\$ 11,825,027</u>	<u>\$ 10,772,992</u>
\$ 1,128,730	\$ 1,179,074	\$ 1,190,060	\$ 1,349,330	\$ 1,378,667	\$ 1,471,434
2,055,402	1,998,836	2,058,360	2,103,545	2,235,686	2,719,756
1,896,617	2,171,360	2,075,278	1,776,202	1,997,612	2,359,018
311,097	340,143	344,780	299,152	338,612	361,035
2,281,649	2,309,771	2,269,700	2,396,711	2,476,614	1,103,742
97,407	140,467	124,388	128,837	159,469	1,404
1,110,000	950,000	700,000	1,350,000	615,000	820,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 8,880,902</u>	<u>\$ 9,089,651</u>	<u>\$ 8,762,566</u>	<u>\$ 9,403,777</u>	<u>\$ 9,201,660</u>	<u>\$ 8,836,389</u>

Holland Charter Township, Michigan
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended 12-31*	Year of Tax Levied on 12-1	Ad Valorem Tax Levy**	Collections to March 1, Year Following Levy	
			Amount	Percent
2009	2008	\$ 7,820,789	\$ 7,360,530	94.11%
2010	2009	7,574,810	7,265,701	95.92%
2011	2010	6,987,557	6,760,537	96.75%
2012	2011	6,591,567	6,387,593	96.90%
2013	2012	6,414,435	6,233,589	97.18%
2014	2013	6,506,733	6,376,387	98.00%
2015	2014	6,700,800	6,568,150	98.02%
2016	2015	6,978,662	6,876,340	98.53%
2017	2016	6,768,631	6,628,829	97.93%
2018	2017	5,598,329	5,489,647	98.06%

* Taxes are levied on December 1 of the prior fiscal year

** Ad valorem tax levy excludes Act 198 industrial facilities and Act 255 commercial facilities tax levies. The tax levy excludes taxes levied for other taxing jurisdictions, including school districts, the county, and the pool authority.

Holland Charter Township, Michigan
 ASSESSED AND TAXABLE VALUE OF PROPERTY
 Last Ten Fiscal Years

Year	Assessed Value			Taxable Value		
	State Equalized Value	Act 198 IFT Act 255 CFT Abated Value	Total SEV and Abated Value	Taxable Value	Act 198 IFT Act 255 CFT Abated Value	Total Taxable and Abated Value
2009	\$ 1,297,616,500	\$ 103,333,700	\$ 1,400,950,200	\$ 1,243,403,732	\$ 103,333,700	\$ 1,346,737,432
2010	1,186,142,400	102,906,500	1,289,048,900	1,146,236,399	102,909,937	1,249,146,336
2011	1,108,858,200	96,569,000	1,205,427,200	1,082,872,468	96,560,943	1,179,433,411
2012	1,093,859,900	103,156,600	1,197,016,500	1,071,689,301	102,487,702	1,174,177,003
2013	1,123,987,000	100,218,400	1,224,205,400	1,098,125,378	100,158,981	1,198,284,359
2014	1,175,674,900	104,053,100	1,279,728,000	1,123,621,587	104,048,404	1,227,669,991
2015	1,262,896,500	105,773,700	1,368,670,200	1,168,715,837	105,634,670	1,274,350,507
2016	1,278,231,800	77,939,700	1,356,171,500	1,132,220,795	77,225,278	1,209,446,073
2017	1,384,858,800	71,817,300	1,456,676,100	1,174,284,733	67,623,397	1,241,908,130
2018	1,469,981,400	65,513,600	1,535,495,000	1,232,188,392	59,938,696	1,292,127,088

Valuations are stated as of the March Board of Review.

Taxable property in the township is assessed initially by the Township's assessing officials, then equalized by Ottawa County and finally by the State. In accordance with Act 409, P.A. 1965, and Article IX, Section 3 of the Michigan Constitution, State Equalized Value ("SEV") represents 50% of true cash value.

On March 15, 1994, the people of the State of Michigan approved an amendment to the Michigan Constitution. The Amendment and implementing legislation limit the growth in assessments ("capped value") for each parcel of property to the percentage change in State Equalized Value, the rate of inflation, or 5%, whichever is less. When ownership of the parcel of property is transferred as defined by law, the parcel shall be assessed at the applicable proportion of current true cash value. The lower of the "capped value" or SEV is the Taxable Value of each parcel.

State Equalized Value and Taxable Value do not include any value of tax exempt property or property granted abatement under either Act 198, Michigan Public Acts of 1974, as amended ("Act 198") or Act 255, Michigan Public Acts of 1978, as amended ("Act 255"). Such an abatement entitles a facility to exemption from ad valorem property taxes for a period of up to 12 years. In lieu of the property tax, the facility pays a reduced tax.

Holland Charter Township, Michigan
COMPONENTS OF ASSESSED AND TAXABLE VALUE OF PROPERTY

Components of State Equalized Value Last Five Fiscal Years (By Use and Classification)					
	2018	2017	2016	2015	2014
Industrial	\$ 167,073,800	\$ 151,192,100	\$ 130,495,700	\$ 126,569,600	\$ 121,843,300
Commercial	324,766,000	301,961,200	281,052,900	269,693,000	256,045,900
Agricultural	19,549,300	18,375,200	17,876,600	17,844,400	16,030,500
Residential	<u>877,362,900</u>	<u>823,178,100</u>	<u>754,999,000</u>	<u>691,858,900</u>	<u>637,069,900</u>
Total Real Property	1,388,752,000	1,294,706,600	1,184,424,200	1,105,965,900	1,030,989,600
Total Personal Property	<u>81,229,400</u>	<u>90,152,200</u>	<u>93,807,600</u>	<u>156,930,600</u>	<u>144,685,300</u>
Total SEV	<u>\$ 1,469,981,400</u>	<u>\$ 1,384,858,800</u>	<u>\$ 1,278,231,800</u>	<u>\$ 1,262,896,500</u>	<u>\$ 1,175,674,900</u>

Components of 2018 Taxable Value

Industrial	\$ 143,105,813
Commercial	271,998,232
Agricultural	10,464,686
Residential	<u>725,438,163</u>
Total Real Property	<u>1,151,006,894</u>
Industrial	27,650,900
Commercial	37,676,600
Utility	15,853,998
Residential	<u>-</u>
Total Personal Property	<u>81,181,498</u>
Total Taxable Value	<u>\$ 1,232,188,392</u>

Holland Charter Township, Michigan
PROPERTY TAX RATES PER \$1,000 STATE EQUALIZED VALUATION
FOR DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Year of Levy	HOLLAND TOWNSHIP	HERRICK DISTRICT LIBRARY	HOLLAND POOL AUTHORITY	SCHOOL DISTRICTS				
				Holland School District	West Ottawa School District	Zeeland School District	Ottawa Area Intermediate School District	
2009	H	6.1000	0.0000	1.4300	3.5500	6.5107	8.0300	5.5234
2009	NH	6.1000	0.0000	1.4300	21.5500	24.5107	26.0300	5.5234
2010	H	6.1000	0.0000	1.5200	7.3000	6.8628	8.0300	5.5234
2010	NH	6.1000	0.0000	1.5200	25.3000	24.8628	26.0300	5.5234
2011	H	6.1000	0.0000	1.4600	7.3000	7.3000	8.0300	5.5234
2011	NH	6.1000	0.0000	1.4600	25.3000	25.3000	26.0300	5.5234
2012	H	6.1000	0.0000	1.5700	7.8300	8.0500	8.2300	5.5234
2012	NH	6.1000	0.0000	1.5700	25.8300	26.0500	26.2300	5.5234
2013	H	6.1000	0.0000	1.5700	7.0900	8.0500	8.2300	5.5234
2013	NH	6.1000	0.0000	1.5700	25.0900	26.0500	26.2300	5.5234
2014	H	6.1000	0.0000	1.7100	7.7300	8.0500	8.0300	5.5234
2014	NH	6.1000	0.0000	1.7100	25.7300	26.0500	26.0300	5.5234
2015	H	6.1000	0.0000	1.6675	7.3622	8.0497	8.3500	5.5234
2015	NH	6.1000	0.0000	1.6675	25.3622	26.0497	26.3500	5.5234
2016	H	6.1000	0.0000	1.6703	7.5373	8.0479	8.5600	5.4970
2016	NH	6.1000	0.0000	1.6703	25.4419	26.0479	26.5600	5.4970
2017	H	4.8600	1.4853	1.5089	7.9291	8.0457	8.7500	5.4577
2017	NH	4.8600	1.4853	1.5089	25.6981	26.0457	26.7500	5.4577
2018	H	4.8600	1.4750	1.1434	7.9431	8.0436	8.8500	5.4577
2018	NH	4.8600	1.4750	1.1434	25.6659	26.0436	26.8500	5.4577

Year of Levy	MACA- TAWA TRANS- PORTATION AUTHORITY	COUNTY	STATE	TOTAL FOR RESIDENTS OF			
		Ottawa County	Homestead Education Tax	Holland School District	West Ottawa School District	Zeeland School District	
2009	H	0.3500	4.3565	6.0000	27.3099	28.8406	30.3599
2009	NH	0.3500	4.3565	6.0000	45.3099	46.8406	48.3599
2010	H	0.3500	4.3565	6.0000	31.1499	29.1927	30.3599
2010	NH	0.3500	4.3565	6.0000	49.1499	47.1927	48.3599
2011	H	0.3500	4.3565	6.0000	31.0899	29.6299	30.3599
2011	NH	0.3500	4.3565	6.0000	49.0899	47.6299	48.3599
2012	H	0.4000	4.3565	6.0000	31.7799	30.4299	30.6099
2012	NH	0.4000	4.3565	6.0000	49.7799	48.4299	48.6099
2013	H	0.4000	4.3565	6.0000	31.0399	30.4299	30.6099
2013	NH	0.4000	4.3565	6.0000	49.0399	48.4299	48.6099
2014	H	0.4000	4.3565	6.0000	31.8199	30.4299	30.4099
2014	NH	0.4000	4.3565	6.0000	49.8199	48.4299	48.4099
2015	H	0.3989	4.8565	6.0000	31.9085	30.9285	31.2288
2015	NH	0.3989	4.8565	6.0000	49.9085	48.9285	49.2288
2016	H	0.3969	5.1483	6.0000	32.3498	31.1901	31.7022
2016	NH	0.3969	5.1483	6.0000	50.2544	49.1901	49.7022
2017	H	0.3964	5.1525	6.0000	32.7899	31.3976	32.1019
2017	NH	0.3964	5.1525	6.0000	50.5589	49.3976	50.1019
2018	H	0.3921	5.1525	6.0000	32.4238	31.3809	32.1873
2018	NH	0.3921	5.1525	6.0000	50.1466	49.3809	50.1873

H= Homestead Properties
NH= Non-Homestead Properties

Holland Charter Township, Michigan
 PROFILE OF TEN LARGEST PROPERTY TAXPAYERS
 December 31, 2018

Taxpayer	Principal Product/Service	2018 Taxable Equivalency Value*	Percent Of Total 2018 Taxable Equivalency Value
Perrigo Holland, Inc.	Pharmaceuticals	\$ 12,895,275	1.02%
Magna Donnelly	Glass & automotive mirrors	9,972,794	0.79%
Herman Miller, Inc.	Office furniture	8,691,636	0.69%
Request Foods, Inc.	Pre-packaged dinners	8,547,662	0.68%
Consumers Energy	Electric utility	7,295,444	0.58%
DRG Clearview Apts	Rental housing/apartments	7,273,230	0.58%
Meijer/Purple Cow	Retail/dairy	6,384,383	0.51%
Adient US	Automotive interior components	6,346,422	0.50%
Gentex Corporation	Automotive mirrors & fire protection	6,237,211	0.49%
Semco Energy	Gas utility	<u>5,682,500</u>	<u>0.45%</u>
Total Taxable Value of Ten Largest Taxpayers		79,326,557	6.29%
Total Taxable Value of All Other Taxpayers		<u>1,183,340,133</u>	<u>93.71%</u>
Total Taxable Value of All Taxpayers		<u>\$ 1,262,666,690</u>	<u>100.00%</u>

Notation:

Taxable equivalency values are stated as of the March Board of Review and represent a combination of 100% of taxable value, 50% of abated taxable value for new IFT and CFT facilities, and 100% of abated taxable value for rehabilitated IFT and CFT facilities.

*Renaissance zone values have been removed

Holland Charter Township, Michigan
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2018

State Equalized Value (SEV)	<u>\$ 1,469,981,400</u>
Legal debt margin:	
Debt limitation -- 10% of SEV	\$ 146,998,140
Outstanding general obligation debt	<u>8,717,500</u>
Legal Debt Margin	<u>\$ 138,280,640</u>

Holland Charter Township, Michigan
 RATIO OF BONDED DEBT
 TO STATE EQUALIZED VALUED PER CAPITA
 Last Ten Fiscal Years

Fiscal Year Ended December 31	Population	State Equalized Valuation	Gross Bonded Debt	Ratio of Gross Bonded Debt to State Equalized Valuation	Gross Bonded Debt Per Capita
2009	34,518	\$ 1,297,616,500	\$ 4,191,500	0.32%	\$ 121
2010	34,518	1,186,142,400	3,335,500	0.28%	97
2011	35,636	1,108,858,200	2,708,000	0.24%	76
2012	35,636	1,093,859,900	2,182,500	0.20%	61
2013	36,513	1,123,987,000	1,647,500	0.15%	45
2014	36,513	1,175,674,900	1,095,000	0.09%	30
2015	37,882	1,262,896,500	10,335,000	0.82%	273
2016	37,882	1,278,231,800	10,065,000	0.79%	266
2017	37,882	1,384,858,800	9,397,500	0.68%	248
2018	37,979	1,469,981,400	8,717,500	0.59%	230

Holland Charter Township, Michigan
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS
 December 31, 2018

<u>Jurisdiction</u>	<u>Gross General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To Holland Township</u>	<u>Amount Applicable To Holland Township</u>
Direct Debt:			
Holland Charter Township	\$ 8,717,500	100.00%	\$ 8,717,500
Overlapping Debt:			
County of Ottawa	39,851,968	10.78%	4,296,042
Holland Area Swimming Pool Authority	340,000	2.08%	7,072
Holland School District	71,020,000	2.08%	1,477,216
West Ottawa School District	101,225,000	40.74%	41,239,065
Zeeland School District	108,385,000	23.03%	24,961,066
Ottawa Intermediate School District	1,840,000	9.49%	<u>174,616</u>
			<u>\$ 80,872,577</u>

Note: The above debt information excludes self supporting bonds issued by the Holland Hospital Authority for Holland Community Hospital.

Source: Holland Charter Township and Municipal Advisory Council of Michigan, (as of December 31, 2018).

Holland Charter Township, Michigan
PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years

Fiscal Year Ended December 31	State Equalized Value	Number of Permits	Estimated Building Cost
2009	\$ 1,297,616,500	348	\$ 14,183,180
2010	1,186,142,400	408	31,931,395
2011	1,108,858,200	389	48,835,528
2012	1,093,859,900	415	41,076,985
2013	1,123,987,000	470	44,695,569
2014	1,175,674,900	495	82,852,199
2015	1,262,896,500	507	56,423,736
2016	1,278,231,800	568	62,089,953
2017	1,384,858,800	618	104,932,734
2018	1,469,981,400	630	88,673,795

Holland Charter Township, Michigan
TAX INFORMATION
December 31, 2018

ASSESSED:	Tax assessments are determined as of tax day, December 31.
LIEN ON PROPERTY:	Personal property taxes become a lien and are payable on December 1, however, they are billed on July 1 and December 1. Property taxes for the county and local school districts are levied on July 1 or on December 1 or portions are levied on each date. Intermediate school district taxes are levied on July 1. County and Township taxes are levied on December 1. Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed.
PAYABLE:	Taxes billed July 1 are payable on July 1 and due without penalty on September 14. Taxes billed December 1 are payable on December 1 and due without penalty on February 14. Taxes are collected at the office of Township treasurer.
DELINQUENT:	Real property taxes become delinquent on March 1 and are returned to the county treasurer for collection. Ottawa County operates a Delinquent Tax Revolving Fund, which forwards delinquent tax monies to local jurisdictions. Delinquent personal property taxes are collected by the Township treasurer. Uncollectible personal property taxes are stricken from the tax rolls upon petition to the Circuit Court when uncollectible for a period of five years from date of levy.
PENALTIES:	Interest at the rate of one percent per month is assessed on unpaid summer taxes on September 15, October 1, November 1, December 1, January 1, and February 1. A three percent penalty is charged on summer and winter taxes paid after February 14. Taxes returned delinquent to the county treasurer on March 1 are subject to a four percent collection fee and one percent per month interest.
TAX ABATEMENT:	<p>The state equalized value does not include valuation of certain facilities, which are exempt under Act 198, Public Acts of 1974 or Act 255, Public Acts of 1978. The Acts are designed to provide a stimulus in the form of significant tax incentives to industry and commercial enterprises to renovate and expand aging facilities and to build new facilities in Michigan.</p> <p>An Industrial or Commercial Facilities Exemption Certificate entitles the facility to exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the firm will pay a specific tax. Renovated facilities are taxed at the full millage rate based on the assessed valuation prior to the improvements. New facilities are taxed at one half rate levied on assessments which are determined annually based on true cash value.</p>

Holland Charter Township, Michigan
TAX INFORMATION - CONTINUED
December 31, 2018

TOWNSHIP TAXATION
AND LIMITATION:

The Township’s tax rate for municipal operations is limited to five mills by the State of Michigan’s Charter Townships Act of 1947, as amended. Additional tax levies have been approved from time to time by vote of the township electorate for specific services, such as construction and maintenance of bike paths, additional law enforcement and emergency medical unit services and library services.

In November 1978, the electorate of the State of Michigan passed an amendment to the State Constitution, which places certain limitations on increases of taxes by the state and political subdivisions from currently authorized levels of taxation. The amendment does not limit taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time they became effective or which have been approved by the electors of the state or such political subdivisions.

Holland Charter Township, Michigan
GENERAL STATISTICAL DATA
December 31, 2018

AREA:	28.7 square miles		
FORM OF GOVERNMENT:	Founded and established as township in 1847 Incorporated as Charter Township in 1968 7-member elected Board of Trustees		
FISCAL YEAR BEGINS:	January 1		
NUMBER OF EMPLOYEES:	40 full time; 200 part time (including fire fighters, election workers, park maintenance workers, recreation programs, and code enforcement inspectors)		
FIRE PROTECTION:	3 fire stations, 35 part time fire fighters (including 21 MFR, 11 EMT), 8 fire fighting vehicles, 1 rescue vehicle		
PROPERTY TAX PARCELS:	Number of real property tax parcels		12,140
	Number of personal property tax parcels		<u>1,550</u>
	Total tax parcels (includes IFT abated parcels)		13,690
WATER UTILITY:	Customer Accounts:		
	Residential		10,520
	Commercial		2,095
	Industrial		288
	Other		<u>92</u>
	Total Water Customer Accounts		12,995
	Gallons purchased	2,808,115,000	
	Revenues from sales and charges		\$7,946,265
WASTEWATER UTILITY:	Customer Accounts:		
	Residential		11,780
	Commercial		1,617
	Industrial		184
	Other		<u>64</u>
	Total Wastewater Customer Accounts		13,645
	Gallons treated	1,745,178,000	
	Revenues from user charges		\$6,191,060
RECREATION:	Beechwood Park (3.5 acres) Brookwood Park (1 acre) Dunton Park (21 acres) Helder Park (167 acres, including 69 acres of vacant land) Quincy Park (140 acres, including 59 acres of vacant land) Hawthorn Pond Natural Area (40 acres)		
CEMETERIES:	New Groningen Cemetery (1.3 acres) North Holland Cemetery (5.2 acres)		
BIKE PATHS & SIDEWALKS:	69 miles of bike paths and sidewalks		
POPULATION GROWTH:	Official United States Census		
		1970	10,991
		1980	13,739
		1990	17,523
		2000	28,911
		2010	35,636