



# **HOLLAND CHARTER TOWNSHIP**

**OTTAWA COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS**

***YEAR ENDED DECEMBER 31, 2023***



Vredeveld Haefner LLC  
CPAs and Consultants

# Holland Charter Township

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## INDEPENDENT AUDITORS' REPORT

June 17, 2024

Members of the Board of Trustees  
Holland Charter Township  
Holland, Michigan

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Holland Charter Township, Ottawa County, Michigan (the Township), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2023, 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.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged in governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the information on page 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2024, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

*Urodebold Haefner LLC*

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



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, 2023. 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 \$235,513,273 (*net position*). Of this amount, \$110,056,864 (*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 \$14,848,234. Investment in capital assets increased by \$2,443,950, while restricted net position decreased by \$(607,167), and unrestricted net position increased by \$13,011,451.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$46,570,561, an increase of \$5,533,393 in comparison with the prior year. Approximately 49% of this total amount, \$22,747,887, 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 \$22,747,887 or 131% of total budgeted general fund expenditures and transfers out for 2023.
- The Township's total debt decreased by \$450,000 (6.4%) 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 13-15 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 sixteen 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 which is considered to be a major fund. Data from the other fifteen 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 16-19 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 20-22 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 pages 23-24 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 25-38 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 page 39 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 42-45 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 \$235.5 million at the close of the fiscal year ended December 31, 2023.

The largest portion of the Township’s net position (52%) 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 \$2.9 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 (\$110.1 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, 2023 and 2022.

	Activities		Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 59,838,760	\$ 53,443,540	\$ 77,249,941	\$ 61,456,586	\$ 137,088,701	\$ 114,900,126
Capital assets	32,548,707	31,295,490	108,453,412	102,534,880	141,002,119	133,830,370
Total assets	<u>92,387,467</u>	<u>84,739,030</u>	<u>185,703,353</u>	<u>163,991,466</u>	<u>278,090,820</u>	<u>248,730,496</u>
Long-term liabilities outstanding	276,328	253,627	17,684,414	13,459,162	17,960,742	13,712,789
Other liabilities	4,987,113	4,776,752	11,049,334	1,538,402	16,036,447	6,315,154
Total liabilities	<u>5,263,441</u>	<u>5,030,379</u>	<u>28,733,748</u>	<u>14,997,564</u>	<u>33,997,189</u>	<u>20,027,943</u>
Deferred inflows of resources	8,281,086	7,629,620	299,272	407,894	8,580,358	8,037,514
Net position:						
Net investment in capital assets	32,548,707	31,295,490	89,966,069	88,775,336	122,514,776	120,070,826
Restricted	2,941,633	5,351,769	-	-	2,941,633	5,351,769
Unrestricted	43,352,600	35,431,772	66,704,264	59,810,672	110,056,864	95,242,444
Total net position	<u>\$ 78,842,940</u>	<u>\$ 72,079,031</u>	<u>\$ 156,670,333</u>	<u>\$ 148,586,008</u>	<u>\$ 235,513,273</u>	<u>\$ 220,665,039</u>

As shown in Table 2 (changes in net position), the Township’s total revenues were approximately \$44.1 million for the current year, of which 17.5% was obtained from property taxes. Fees charged for services accounted for another 43.4% of the total, state shared revenues 12.4% and capital grants and contributions (mostly in the form of water and wastewater hook-ups and developer contributions of systems) another 12.1%. The balance of the Township’s revenues was primarily derived from investment earnings (13.1%) and other sources (1.5%). The total cost of all programs and services at December 31, 2023 was \$29.3 million. Township expenses cover a wide range of services. For the current fiscal year, about 19.6% of the Township’s expenses related to public safety and public works, 8.5% related to recreation and culture, and 56.7% related to the provision of water and wastewater services.

Net position increased by \$6.8 million for the Township’s governmental activities. This increase accounted for 46% of the total growth in net position for the year. Net position for business-type activities increased by \$8.1 million during the year, accounting for the remaining 54% increase.

The following analysis highlights the changes in net position for the years ended December 31, 2023 and 2022:

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Program revenues</b>						
Charges for services	\$ 1,572,380	\$ 1,376,579	\$ 17,548,074	\$ 16,924,398	\$ 19,120,454	\$ 18,300,977
Operating grants and contributions	30,012	31,783	-	-	30,012	31,783
Capital grants and contributions	2,119,800	2,135,550	3,205,290	4,638,761	5,325,090	6,774,311
<b>General revenues</b>						
Property taxes	7,694,680	7,175,881	-	-	7,694,680	7,175,881
State shared revenues	5,488,437	5,700,342	-	-	5,488,437	5,700,342
Investment earnings	2,329,065	(2,273,636)	3,432,727	(2,681,459)	5,761,792	(4,955,095)
Gain on sale of capital assets	-	-	-	-	-	-
Other revenue	218,752	124,410	472,985	443,650	691,737	568,060
<b>Total revenues</b>	<u>19,453,126</u>	<u>14,270,909</u>	<u>24,659,076</u>	<u>19,325,350</u>	<u>44,112,202</u>	<u>33,596,259</u>
<b>Program expenses</b>						
General government	1,912,663	1,974,886	-	-	1,912,663	1,974,886
Public safety	4,499,032	4,507,356	-	-	4,499,032	4,507,356
Public works	1,244,158	1,763,402	-	-	1,244,158	1,763,402
Community and economic development	2,536,599	2,486,175	-	-	2,536,599	2,486,175
Recreation and culture	2,496,765	2,432,566	-	-	2,496,765	2,432,566
Water and wastewater	-	-	16,574,751	15,600,641	16,574,751	15,600,641
<b>Total expenses</b>	<u>12,689,217</u>	<u>13,164,385</u>	<u>16,574,751</u>	<u>15,600,641</u>	<u>29,263,968</u>	<u>28,765,026</u>
<b>Change in net position</b>	<u>\$ 6,763,909</u>	<u>\$ 1,106,524</u>	<u>\$ 8,084,325</u>	<u>\$ 3,724,709</u>	<u>\$ 14,848,234</u>	<u>\$ 4,831,233</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 2023 are the General Fund and Fire Equipment Replacement 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 \$46,570,561, an increase of \$5,533,393 from the prior year combined ending fund balances of \$41,037,168. Approximately 93.7% of this amount (\$43,628,928) 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 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 bike path construction and maintenance (\$1,195,800), and (2) to purposes related to construction code activities (\$1,745,833).

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 \$22,747,887, while total fund balance was \$34,726,225. As a measure of the General Fund's liquidity, it may be useful to compare this fund balance to total fund expenditures. The \$22,747,887 total unassigned fund balance is approximately 103% of the 2023 budgeted expenditures and operating transfers to other funds, which is \$21,967,165.

The fund balance of the Township's General Fund increased by \$2,472,286 during the current fiscal year compared to an increase of \$1,229,391 in the prior year. Factors that influenced the current year change in fund balance include:

- Total revenues increased by \$4,077,776 or 29.5%
- Tax revenues increased by \$518,799 or 7.2%
- Investment earnings increased by \$3,723,607 or 204%
- State shared revenues decreased by \$213,676 or 3.7%
- Federal grants were \$2,119,800 compared to \$2,135,550 in 2022
- Total expenditures increased by \$474,281 or 4.2%
- Transfers out to other funds were \$3,633,900 compared to \$1,273,300 in 2022

**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 of 3% and wastewater user rates increased an average of 3% for 2023. Combined operating revenues for the water and wastewater systems funds increased in fiscal year 2023 by \$620,530 from \$17,251,355 to \$17,871,885. In addition to rate increases during 2023, overall demand for water services was higher in 2023 compared to average demand in 2022 during the summer months. Combined operating expenses for these funds, excluding depreciation, increased in fiscal year 2023 by \$780,141 from \$11,495,550 to \$12,275,691. Two major components affect operating expenses. The average cost per million gallons of water increased 4.9% over 2022, and 88 million gallons more were purchased in 2023 compared to 2022. The average cost per million gallons of sewer treatment increased by 8.6%, and 28 million gallons more were treated in 2023 as compared to 2022. The change in costs combined with changes in demand created an overall 5.8% increase in expenses over 2022. At year-end, the Township utility system served 13,974 water accounts and 14,648 wastewater accounts, which reflects an increase from the prior year of 1.6%.

### **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 \$5,258,800 and actual total revenues and other financial sources were under the final amended budget by \$331,425. The budget for total expenditures and other operating sources was decreased by \$4,624,250, and actual total expenditures were less than the final amended budget by \$1,882,655. Transfers out were \$3,633,900 compared to final budgeted transfers out of \$3,687,900.

### **Capital Asset and Debt Administration**

At the end of 2023, the Township had \$141,002,119 (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 \$1,253,217 (4%) for governmental activities and increased by \$5,918,532 (5.8%) for business-type activities.

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

- \$1,335,046 expended for bike path system extensions and improvements
- \$ 863,611 expended for road resurfacing and repairs
- \$ 80,628 expended for equipment for fire department operations
- \$ 148,285 expended for equipment for bike path and parks maintenance
- \$ 118,000 expended for security upgrades at the Township administration building
- \$ 775,903 expended towards construction of the new Community Center
- \$ 122,997 expended for vehicles for sewer operations
- \$ 708,600 expended for Lift Station 31 improvements
- \$ 304,965 expended for purchase of an additional building for water/sewer operations
- \$ 104,555 expended for Caterpillar backhoe loader for water/sewer operations
- \$ 191,783 expended for vehicles for water operations
- \$ 668,019 expended for Chicago Dr – 104<sup>th</sup> Ave – Paw Paw Dr watermain replacement

At December 31, 2023, the Township had \$6,580,000 of bonded debt outstanding after repayments of \$450,000. 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 2024 fiscal year budget:

- The Township's overall property tax rate remained at 4.86 mills.
- Property tax revenues are estimated to increase by approximately \$697,969 as the net result of about a 9.09% increase in the Township's overall taxable equivalent value for the 2023 tax year.
- State shared revenues, which consist of \$4,350,351 of constitutional and statutory revenue sharing and \$1,129,000 for PPT reimbursement, are estimated to increase by a net \$627,630.
- The Township anticipates approximately \$16.3 million of capital improvements and purchases in 2024 to its general capital assets including a recreation center, drains, roads, bike paths, parks, vehicles and equipment.
- The General Fund unassigned fund balance of \$22,747,887 at the end of the current fiscal year is 88% of the 2024 budgeted expenditures and operating transfers out of \$25,801,688.
- The growth in the number of water utility system customers in 2023 was 218 to 13,974 (1.6%).
- The growth in the number of sewer utility system customers in 2023 was 222 to 14,648 (1.5%).
- The Township anticipates approximately \$9.8 million of capital improvements in 2024 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.

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## **BASIC FINANCIAL STATEMENTS**

**HOLLAND CHARTER TOWNSHIP**

**STATEMENT OF NET POSITION**

**DECEMBER 31, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Brownfield Redevelopment Authority
<b>Assets</b>				
Cash and pooled investments	\$ 52,601,514	\$ 72,878,946	\$ 125,480,460	\$ 134,333
Receivables				
Accounts	89,933	2,388,784	2,478,717	-
Taxes	6,228,313	-	6,228,313	18,962
Interest	212,895	307,324	520,219	-
Lease receivable (current portion)	-	73,404	73,404	-
Due from other governments	706,105	-	706,105	-
Inventory	-	800,546	800,546	-
<b>Total current assets</b>	<b>59,838,760</b>	<b>76,449,004</b>	<b>136,287,764</b>	<b>153,295</b>
Noncurrent assets				
Lease receivable	-	239,528	239,528	-
Special assessments receivable	-	517,109	517,109	-
Contract receivable	-	44,300	44,300	-
Capital assets:				
Land	8,194,355	355,195	8,549,550	-
Construction in progress	1,928,403	17,214,985	19,143,388	-
Depreciable capital assets, net	22,425,949	90,883,232	113,309,181	-
<b>Total noncurrent assets</b>	<b>32,548,707</b>	<b>109,254,349</b>	<b>141,803,056</b>	<b>-</b>
<b>Total assets</b>	<b>92,387,467</b>	<b>185,703,353</b>	<b>278,090,820</b>	<b>153,295</b>
<b>Liabilities</b>				
Accounts payable	780,886	577,678	1,358,564	-
Due to other governments	968	6,280	7,248	-
Accrued payroll and benefits	104,008	32,937	136,945	-
Accrued interest payable	-	75,137	75,137	-
Customer deposits	13,200	108,400	121,600	-
Unearned revenue	4,088,051	9,291,402	13,379,453	-
Current portion of noncurrent liabilities	-	957,500	957,500	-
<b>Total current liabilities</b>	<b>4,987,113</b>	<b>11,049,334</b>	<b>16,036,447</b>	<b>-</b>
Long-term liabilities				
Compensated absences	276,328	154,571	430,899	-
Bonds payable	-	17,529,843	17,529,843	-
<b>Total long-term liabilities</b>	<b>276,328</b>	<b>17,684,414</b>	<b>17,960,742</b>	<b>-</b>
<b>Total liabilities</b>	<b>5,263,441</b>	<b>28,733,748</b>	<b>33,997,189</b>	<b>-</b>
<b>Deferred inflows of resources</b>				
Subsequent year property taxes	8,281,086	-	8,281,086	18,962
Deferred inflows related to leases	-	299,272	299,272	-
<b>Total deferred inflows of resources</b>	<b>8,281,086</b>	<b>299,272</b>	<b>8,580,358</b>	<b>18,962</b>
<b>Net position</b>				
Net investment in capital assets	32,548,707	89,966,069	122,514,776	-
Restricted for				
Bike paths	1,195,800	-	1,195,800	-
Construction code activities	1,745,833	-	1,745,833	-
Unrestricted	43,352,600	66,704,264	110,056,864	134,333
<b>Total net position</b>	<b>\$ 78,842,940</b>	<b>\$ 156,670,333</b>	<b>\$ 235,513,273</b>	<b>\$ 134,333</b>

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

**HOLLAND CHARTER TOWNSHIP**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 1,912,663	\$ 145,976	\$ -	\$ 2,119,800	\$ 353,113
Public safety	4,499,032	1,110,550	30,012	-	(3,358,470)
Public works	1,244,158	17,667	-	-	(1,226,491)
Community and economic development	2,536,599	30,305	-	-	(2,506,294)
Culture and recreation	<u>2,496,765</u>	<u>267,882</u>	<u>-</u>	<u>-</u>	<u>(2,228,883)</u>
Total governmental activities	<u>12,689,217</u>	<u>1,572,380</u>	<u>30,012</u>	<u>2,119,800</u>	<u>(8,967,025)</u>
Business-type activities					
Sewer	6,821,535	7,807,122	-	354,299	1,339,886
Water	7,289,374	9,740,952	-	-	2,451,578
Water and sewer capital and debt	<u>2,463,842</u>	<u>-</u>	<u>-</u>	<u>2,850,991</u>	<u>387,149</u>
Total business-type activities	<u>16,574,751</u>	<u>17,548,074</u>	<u>-</u>	<u>3,205,290</u>	<u>4,178,613</u>
<b>Total primary government</b>	<u>\$ 29,263,968</u>	<u>\$ 19,120,454</u>	<u>\$ 30,012</u>	<u>\$ 5,325,090</u>	<u>\$ (4,788,412)</u>
<b>Component unit</b>					
Brownfield Redevelopment Authority	<u>\$ 111,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111,524)</u>
<b>Total component unit</b>	<u>\$ 111,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111,524)</u>

(Continued)

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

**HOLLAND CHARTER TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Brownfield Redevelopment Authority</b>
<b>Changes in net position</b>				
<b>Net (expense) revenue</b>	\$ (8,967,025)	\$ 4,178,613	\$ (4,788,412)	\$ (111,524)
General revenues				
Property taxes				
General purpose	7,694,680	-	7,694,680	135,073
State shared revenues	5,488,437	-	5,488,437	-
Unrestricted investment income (loss)	2,329,065	3,432,727	5,761,792	119
Miscellaneous	218,752	472,985	691,737	-
Total general revenues and transfers	<u>15,730,934</u>	<u>3,905,712</u>	<u>19,636,646</u>	<u>135,192</u>
Change in net position	6,763,909	8,084,325	14,848,234	23,668
<b>Net position, beginning of year</b>	<u>72,079,031</u>	<u>148,586,008</u>	<u>220,665,039</u>	<u>110,665</u>
<b>Net position, end of year</b>	<u>\$ 78,842,940</u>	<u>\$ 156,670,333</u>	<u>\$ 235,513,273</u>	<u>\$ 134,333</u>

(Concluded)

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

# HOLLAND CHARTER TOWNSHIP

## GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2023

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ 40,518,079	\$ 12,083,435	\$ 52,601,514
Receivables			
Accounts	89,933	-	89,933
Taxes	6,228,313	-	6,228,313
Interest	165,804	47,091	212,895
Due from other governments	<u>706,105</u>	<u>-</u>	<u>706,105</u>
<b>Total assets</b>	<u>\$ 47,708,234</u>	<u>\$ 12,130,526</u>	<u>\$ 59,838,760</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 517,509	\$ 263,377	\$ 780,886
Due to other governments	-	968	968
Accrued payroll and benefits	90,846	13,162	104,008
Unearned revenue	4,079,368	8,683	4,088,051
Customer deposits	<u>13,200</u>	<u>-</u>	<u>13,200</u>
<b>Total liabilities</b>	<u>4,700,923</u>	<u>286,190</u>	<u>4,987,113</u>
<b>Deferred inflows of resources</b>			
Subsequent year property taxes	<u>8,281,086</u>	<u>-</u>	<u>8,281,086</u>
<b>Fund balances</b>			
Restricted			
Construction code activities	-	1,745,833	1,745,833
Bike paths	1,195,800	-	1,195,800
Committed			
Recreation center	9,500,000	-	9,500,000
Assigned			
Subsequent year expenditures	1,282,538	-	1,282,538
Special revenue funds	-	938,867	938,867
Capital project funds	-	9,159,636	9,159,636
Unassigned	<u>22,747,887</u>	<u>-</u>	<u>22,747,887</u>
<b>Total fund balances</b>	<u>34,726,225</u>	<u>11,844,336</u>	<u>46,570,561</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 47,708,234</u>	<u>\$ 12,130,526</u>	<u>\$ 59,838,760</u>

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

# HOLLAND CHARTER TOWNSHIP

## RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

DECEMBER 31, 2023

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<b>Fund balances - total governmental funds</b>	\$ 46,570,561
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - land	8,194,355
Add - construction in progress	1,928,403
Add - capital assets (net of accumulated depreciation)	22,425,949
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	<u>(276,328)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 78,842,940</u></b>

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

# HOLLAND CHARTER TOWNSHIP

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>			
Property taxes	\$ 7,694,680	\$ -	\$ 7,694,680
Licenses and permits	101,177	955,668	1,056,845
Federal	2,119,800	-	2,119,800
State	5,518,449	-	5,518,449
Charges for services	178,278	158,203	336,481
Investment income (loss)	1,902,761	426,304	2,329,065
Miscellaneous	<u>363,401</u>	<u>172,245</u>	<u>535,646</u>
<b>Total revenues</b>	<u>17,878,546</u>	<u>1,712,420</u>	<u>19,590,966</u>
<b>Expenditures</b>			
Current			
General government	1,790,318	14,957	1,805,275
Public safety	3,232,930	728,592	3,961,522
Public works	2,865,274	-	2,865,274
Community and economic development	2,536,599	-	2,536,599
Culture and recreation	1,347,239	525,716	1,872,955
Capital outlay	<u>-</u>	<u>1,015,948</u>	<u>1,015,948</u>
<b>Total expenditures</b>	<u>11,772,360</u>	<u>2,285,213</u>	<u>14,057,573</u>
Revenues over (under) expenditures	<u>6,106,186</u>	<u>(572,793)</u>	<u>5,533,393</u>
Other financing sources (uses)			
Transfers in	-	3,633,900	3,633,900
Transfers out	<u>(3,633,900)</u>	<u>-</u>	<u>(3,633,900)</u>
Total other financing sources (uses)	<u>(3,633,900)</u>	<u>3,633,900</u>	<u>-</u>
Net changes in fund balances	2,472,286	3,061,107	5,533,393
<b>Fund balances, beginning of year</b>	<u>32,253,939</u>	<u>8,783,229</u>	<u>41,037,168</u>
<b>Fund balances, end of year</b>	<u>\$ 34,726,225</u>	<u>\$ 11,844,336</u>	<u>\$ 46,570,561</u>

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

# HOLLAND CHARTER TOWNSHIP

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 5,533,393</b>
Amounts reported for <i>governmental activities</i> in the statement of activities are different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	3,328,292
Deduct - depreciation expense	(1,937,235)
Deduct - net book value of disposed assets	(137,840)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Deduct - increase in compensated absences	<u>(22,701)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 6,763,909</u></b>

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



**HOLLAND CHARTER TOWNSHIP**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION**

**DECEMBER 31, 2023**

	<u>Enterprise Funds</u>			
	<u>Sewer Operating</u>	<u>Water Operating</u>	<u>Water and Sewer Construction and Debt Service</u>	<u>Enterprise Fund Total</u>
<b>Assets</b>				
Current assets				
Cash and pooled investments	\$ 18,609,301	\$ 26,517,810	\$ 27,751,835	\$ 72,878,946
Receivables				
Accounts	1,088,040	981,869	318,875	2,388,784
Interest	99,445	111,935	95,944	307,324
Lease receivable (current portion)	-	73,404	-	73,404
Inventory	-	800,546	-	800,546
<b>Total current assets</b>	<u>19,796,786</u>	<u>28,485,564</u>	<u>28,166,654</u>	<u>76,449,004</u>
Noncurrent assets				
Lease receivable	-	239,528	-	239,528
Special assessments receivable	-	-	517,109	517,109
Contract receivable	-	-	44,300	44,300
Capital assets:				
Non-depreciable	70,271	70,271	214,653	355,195
Construction in progress	12,711,700	3,733,456	769,829	17,214,985
Depreciable capital assets, net	<u>24,988,248</u>	<u>12,179,791</u>	<u>53,715,193</u>	<u>90,883,232</u>
<b>Total noncurrent assets</b>	<u>37,770,219</u>	<u>16,223,046</u>	<u>55,261,084</u>	<u>109,254,349</u>
<b>Total assets</b>	<u>57,567,005</u>	<u>44,708,610</u>	<u>83,427,738</u>	<u>185,703,353</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	387,753	170,126	19,799	577,678
Due to other governments	4,890	1,390	-	6,280
Accrued payroll and benefits	13,469	19,468	-	32,937
Accrued interest payable	75,137	-	-	75,137
Customer deposits	-	108,400	-	108,400
Unearned Revenue	4,645,701	-	4,645,701	9,291,402
Current portion of long-term liabilities	<u>957,500</u>	<u>-</u>	<u>-</u>	<u>957,500</u>
<b>Total current liabilities</b>	<u>6,084,450</u>	<u>299,384</u>	<u>4,665,500</u>	<u>11,049,334</u>
Long-term liabilities				
Compensated absences	64,261	90,310	-	154,571
Bonds payable	<u>17,529,843</u>	<u>-</u>	<u>-</u>	<u>17,529,843</u>
<b>Total long-term liabilities</b>	<u>17,594,104</u>	<u>90,310</u>	<u>-</u>	<u>17,684,414</u>
<b>Total liabilities</b>	<u>23,678,554</u>	<u>389,694</u>	<u>4,665,500</u>	<u>28,733,748</u>
<b>Deferred inflows of resources</b>				
Deferred inflows related to leases	<u>-</u>	<u>299,272</u>	<u>-</u>	<u>299,272</u>
<b>Net position</b>				
Net investment in capital assets	19,282,876	15,983,518	54,699,675	89,966,069
Unrestricted, designated for capital projects	-	-	24,062,563	24,062,563
Unrestricted	<u>14,605,575</u>	<u>28,036,126</u>	<u>-</u>	<u>42,641,701</u>
<b>Total net position</b>	<u>\$ 33,888,451</u>	<u>\$ 44,019,644</u>	<u>\$ 78,762,238</u>	<u>\$ 156,670,333</u>

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

# HOLLAND CHARTER TOWNSHIP

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	Enterprise Funds			
	Sewer Operating	Water Operating	Water and Sewer Construction and Debt Service	Enterprise Fund Total
<b>Operating revenue</b>				
Charges for services				
Water sales	\$ -	\$ 9,740,952	\$ -	\$ 9,740,952
Sewage disposal services	7,807,122	-	-	7,807,122
Other charges	3,239	317,803	2,769	323,811
<b>Total operating revenue</b>	<u>7,810,361</u>	<u>10,058,755</u>	<u>2,769</u>	<u>17,871,885</u>
<b>Operating expense</b>				
Cost of water	-	4,316,165	-	4,316,165
Water connections	-	428,289	-	428,289
Cost of sewage disposal	3,977,703	-	-	3,977,703
Plant operations and maintenance	1,137,755	1,587,622	-	2,725,377
Administration	403,159	424,998	-	828,157
Depreciation	921,976	532,300	2,463,842	3,918,118
<b>Total operating expense</b>	<u>6,440,593</u>	<u>7,289,374</u>	<u>2,463,842</u>	<u>16,193,809</u>
Operating income (loss)	<u>1,369,768</u>	<u>2,769,381</u>	<u>(2,461,073)</u>	<u>1,678,076</u>
Non-operating revenue (expense)				
Gain (loss) on sale of capital assets	11,000	28,800	-	39,800
Investment income (loss)	1,286,514	1,139,327	1,006,886	3,432,727
Lease income	-	109,374	-	109,374
Interest expense	(380,942)	-	-	(380,942)
<b>Total non-operating revenue (expense)</b>	<u>916,572</u>	<u>1,277,501</u>	<u>1,006,886</u>	<u>3,200,959</u>
Income (loss) before capital contributions	<u>2,286,340</u>	<u>4,046,882</u>	<u>(1,454,187)</u>	<u>4,879,035</u>
Capital contributions				
Contribution from other governments	-	-	314,372	314,372
State grant revenue	354,299	-	354,299	708,598
Contribution from developer	-	-	1,607,035	1,607,035
Special assessments	-	-	575,285	575,285
<b>Total capital contributions</b>	<u>354,299</u>	<u>-</u>	<u>2,850,991</u>	<u>3,205,290</u>
Changes in net position	<u>2,640,639</u>	<u>4,046,882</u>	<u>1,396,804</u>	<u>8,084,325</u>
<b>Net position, beginning of year</b>	<u>31,247,812</u>	<u>39,972,762</u>	<u>77,365,434</u>	<u>148,586,008</u>
<b>Net position, end of year</b>	<u>\$ 33,888,451</u>	<u>\$ 44,019,644</u>	<u>\$ 78,762,238</u>	<u>\$ 156,670,333</u>

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

**HOLLAND CHARTER TOWNSHIP**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds			Enterprise Fund Total
	Sewer Operating	Water Operating	Water and Sewer Construction and Debt Service	
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 12,377,641	\$ 10,034,518	\$ 6,365,553	\$ 28,777,712
Payments to employees	(863,381)	(1,306,626)	-	(2,170,007)
Payments to suppliers	(4,748,171)	(5,922,645)	(25,757)	(10,696,573)
<b>Net cash provided by (used in) operating activities</b>	<u>6,766,089</u>	<u>2,805,247</u>	<u>6,339,796</u>	<u>15,911,132</u>
<b>Cash flows from capital and related financing activities:</b>				
Special assessments collected	-	-	623,991	623,991
Capital contributions	354,299	-	2,275,706	2,630,005
Lease payments received	-	105,688	-	105,688
Contract payments received	-	-	10,000	10,000
Bonds issued	5,177,799	-	-	5,177,799
Principal paid on bonds	(450,000)	-	-	(450,000)
Interest paid on bonds	(390,892)	-	-	(390,892)
Proceeds from sale of capital assets	11,000	28,800	-	39,800
Acquisition of capital assets	(5,950,800)	(1,599,056)	(2,286,794)	(9,836,650)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(1,248,594)</u>	<u>(1,464,568)</u>	<u>622,903</u>	<u>(2,090,259)</u>
<b>Cash flows from investing activities</b>				
Interest income	1,228,106	1,110,250	979,400	3,317,756
<b>Net increase (decrease) in cash and pooled investments</b>	<u>6,745,601</u>	<u>2,450,929</u>	<u>7,942,099</u>	<u>17,138,629</u>
<b>Cash and pooled investments, beginning of year</b>	<u>11,863,700</u>	<u>24,066,881</u>	<u>19,809,736</u>	<u>55,740,317</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 18,609,301</u>	<u>\$ 26,517,810</u>	<u>\$ 27,751,835</u>	<u>\$ 72,878,946</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 1,369,768	\$ 2,769,381	\$ (2,461,073)	\$ 1,678,076
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	921,976	532,300	2,463,842	3,918,118
Change in operating assets and liabilities which provided (used) cash:				
Accounts receivable	(78,421)	(24,237)	1,717,083	1,614,425
Inventory	-	(317,822)	-	(317,822)
Accounts payable	(95,845)	(152,816)	(25,757)	(274,418)
Due to other governments	2,139	(104)	-	2,035
Accrued payroll and benefits	574	3,789	-	4,363
Customer deposits	-	(10,000)	-	(10,000)
Compensated absences	197	4,756	-	4,953
Unearned revenue	4,645,701	-	4,645,701	9,291,402
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 6,766,089</u>	<u>\$ 2,805,247</u>	<u>\$ 6,339,796</u>	<u>\$ 15,911,132</u>

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

**HOLLAND CHARTER TOWNSHIP**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2023**

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	<b><u>Tax Collection</u></b>
<b>Assets</b>	
Cash and pooled investments	\$ 2,389,877
Accounts receivable	<u>20,459</u>
<b>Total assets</b>	<u>2,410,336</u>
<b>Liabilities</b>	
Accounts payable	40,211
Due to other governmental units	<u>2,370,125</u>
<b>Total liabilities</b>	<u>2,410,336</u>
<b>Net position</b>	
Restricted for other governments	\$ <u>-</u>

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

**HOLLAND CHARTER TOWNSHIP**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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	<b><u>Tax Collection</u></b>
<b>Additions</b>	
Property taxes collected for other governments	<u>\$ 62,221,121</u>
<b>Total Additions</b>	<u>62,221,121</u>
<b>Deductions</b>	
Property taxes distributed to other governments	<u>62,221,121</u>
<b>Total deductions</b>	<u>62,221,121</u>
Net increase	-
<b>Net position, beginning of year</b>	<u>-</u>
<b>Net position, end of year</b>	<u>\$ -</u>

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

# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Holland Charter Township (the "Township") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

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

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

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

The Economic Development Corporation (EDC) of Holland Charter Township - The members of the governing board of the EDC are appointed by the Township Board. The EDC promotes economic development within the Township through various means. The EDC is reported as a nonmajor special revenue fund.

#### ***Discretely Presented Component Unit***

The Brownfield Redevelopment Authority accounts for captured tax revenue on specific properties within the Township that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenditures incurred for brownfield cleanup. The Township Board appoints the governing body of the Brownfield Redevelopment Authority. The Brownfield Redevelopment Authority does not issue separate audited financial statements.

#### ***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. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise funds include depreciation or amortization on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental fund:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources, except those required to be accounted for in another fund.

The Township reports the following major proprietary funds:

The *Sewer Enterprise Fund* is used to account for the operations of the Township's Wastewater Department that provides sewer services on a user charge basis.

The *Water Enterprise Fund* is used to account for the operations of the Township's Water Department that provides water services on a user charge basis.

# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

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The *Water and Sewer Construction and Debt Service Enterprise Fund* is used to account for the construction of major water and sewer system improvements, which may be financed by issuing bonds or by assessments charged to the benefitting properties. This fund also accounts for capital assets after construction and the accumulation of resources for and the payment of long-term debt resulting from such projects.

Additionally, the Township reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Capital Project Funds* are used to account for the accumulation of resources that are restricted, committed, or assigned for expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

The *Custodial Funds* are used to account for the collection and disbursement of resources that are held on behalf of outside governments, entities and individuals.

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

Comparisons to budget is presented for the general fund. General and special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Superintendent submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of a resolution.
4. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year-end.
5. Supplemental appropriations, when required to provide for appropriate expenditures are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the Township Board. All appropriations lapse at year-end.

The appropriated budget is prepared by fund, function and department. The Township Superintendent may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level. Supplemental appropriations were made during the year.

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

For the purpose of the statement of cash flows, the Township's cash and pooled investments are considered to be cash equivalents because the balances are readily available similar to a demand deposit account.

#### ***Investments***

Investments are stated at fair value at the balance sheet date.



# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

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State statutes and Township policy authorize the Township to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase that are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

#### **Receivables**

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

#### **Inventory and Prepaid Items**

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The consumption method of accounting is followed for both inventory and prepaid items in governmental funds..

#### **Capital Assets**

Capital assets, which include land, buildings and equipment, access rights, vehicles, improvements, and infrastructure assets (e.g., water and sewer systems, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction) on the date received.

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

# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

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Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	5-40
Utility systems	20-50
Furniture and equipment	3-20
Vehicles	3-25

#### ***Unearned Revenue***

Unearned revenue is reported in connection with payments received in advance for various grants that have not yet been earned. This includes ARPA funding and pump station improvement grant funding.

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

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

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

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

Under contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation and sick leave under formulas and conditions specified in the contracts. Accumulated compensated absences of governmental funds is recorded on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net position of the individual enterprise funds.

#### ***Deferred Outflows/Inflows of Resources***

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. The governmental funds and governmental activities report deferred inflows from property taxes levied for the following year. The tax amounts are deferred and recognized as an inflow of resources in the period for which they are levied. The business-type activities and enterprise funds report deferred inflows related to leases.

# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

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

Governmental funds report fund balance in the following five categories:

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

#### ***Net Position and Fund Balance Flow Assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### ***Property Taxes***

Township property taxes attach as an enforceable lien on property as of December 1 of each year and are due without penalty on or before February 14. Tax bills include the Township's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the county for collection, which advances the Township 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer. The December 1 levy is recorded as a receivable and deferred inflows of resources at the end of the year and is intended to fund expenditures of the following year.

#### ***Risk Management***

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township manages its liability and property risks as a member of the Michigan Participating Plan (MPP), a public entity risk pool providing liability and property coverage to its participating members. The Township pays an annual premium to MPP for its insurance coverage. The MPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based property coverage to its members by internally insuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured.

# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

The Township is insured for its workers' compensation by coverage through the Michigan Municipal Workers' Compensation Fund. The Township carries commercial insurance for employee health and accident insurance.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### 2. STATUTORY COMPLIANCE

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a departmental basis. The approved budgets of the Township for these budgeted funds were adopted at the department level.

During the year ended December 31, 2023, the Township did not incur any expenditures over the amounts appropriated.

#### 3. CASH AND INVESTMENTS

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

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$125,480,460	\$134,333	\$2,389,877	\$128,004,670

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

Deposits	\$ 20,551,566
Petty cash	800
Investments	<u>107,452,304</u>
Total	<u>\$128,004,670</u>

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts except as noted are in the name of the Township and a specific fund or common account. They are recorded in Township records at fair value. Interest is recorded when earned.

*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. State law does not require, and the Township does not have, a policy for deposit custodial credit risk. As of year-end, \$20,312,256 of the Township's bank balance of \$20,812,256 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

#### Investments

The Township chooses to disclose its investments by type. As of year-end, the Township had the following investments:

	<u>Fair Value</u>	<u>Weighted-Average Maturity (in Years)</u>
US Treasury Obligations	\$ 6,104,452	0.25
Federal Home Loan Mortgage Corporation	8,893,242	5.10
Federal National Mortgage Association	8,495,849	17.79
Federal Home Loan Bank	11,843,487	0.79
Government National Mortgage Association	15,803,703	25.77
Municipal Bonds	52,104,332	3.14
Money Market	4,207,239	N/A
Total	\$107,452,304	
Portfolio Weighted-Average Maturity		7.54

The Township's investments in municipal bonds are rated as follows:

<u>S&amp;P Rating</u>	<u>Fair Value</u>
AAA	\$ 5,459,502
AA+	12,544,652
AA	29,284,163
AA-	3,718,766
A+	1,097,249
	\$52,104,332

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

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

- The US Treasury Obligations are valued using quoted market prices (Level 1 inputs).
- Municipal bonds, FHLMC bonds, FNMA bonds, GNMA bonds, money market accounts and Federal Home Loan Bank are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The Township does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

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

***Interest Rate Risk.*** State law and Township policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the 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 an outside party. State law does not require, and the Township does not have, a policy for investment custodial credit risk. The above investment securities were uninsured, unregistered and held by the counterparty for the Township. For the above money market funds, the Township's custodial credit risk exposure cannot be determined because the Township's participation in the pools/funds do not consist of specifically identifiable securities.

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

#### 4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<b>Balance January 1, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2023</b>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 8,332,195	\$ -	\$ 137,840	\$ 8,194,355
CIP	1,101,885	1,985,368	1,158,850	1,928,403
Total capital assets, not being depreciated	9,434,080	1,985,368	1,296,690	10,122,758
<b>Capital assets, being depreciated</b>				
Land improvements	13,341,085	-	-	13,341,085
Buildings and improvements	13,559,215	126,501	-	13,685,716
Machinery and equipment	3,007,529	187,223	139,564	3,055,188
Furniture and equipment	281,922	7,143	-	289,065
Vehicles	6,270,254	113,659	36,016	6,347,897
Infrastructure	7,707,611	2,067,248	-	9,774,859
Total capital assets, being depreciated	44,167,616	2,501,774	175,580	46,493,810
Less accumulated depreciation for				
Land improvements	8,810,119	509,911	-	9,320,030
Buildings and improvements	4,019,634	350,399	-	4,370,033
Machinery and equipment	2,022,026	277,166	139,564	2,159,628
Furniture and equipment	112,217	37,319	-	149,536
Vehicles	2,801,068	308,999	36,016	3,074,051
Infrastructure	4,541,142	453,441	-	4,994,583
Total accumulated depreciation	22,306,206	1,937,235	175,580	24,067,861
<b>Net capital assets, being depreciated</b>	<b>21,861,410</b>	<b>564,539</b>	<b>-</b>	<b>22,425,949</b>
<b>Governmental Activities capital assets, net</b>	<b>\$31,295,490</b>	<b>\$2,549,907</b>	<b>\$1,296,690</b>	<b>\$32,548,707</b>

# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Balance January 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2023</u>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 355,195	\$ -	\$ -	\$ 355,195
Construction in progress	14,568,206	7,876,815	5,230,036	17,214,985
<b>Net capital assets, not being depreciated</b>	<u>14,923,401</u>	<u>7,876,815</u>	<u>5,230,036</u>	<u>17,570,180</u>
<b>Capital assets being depreciated</b>				
Improvements	58,406	-	-	58,406
Building	2,045,291	304,966	-	2,350,257
Machinery and equipment	1,197,915	111,697	-	1,309,612
Vehicles	1,289,814	314,780	91,740	1,512,854
Water and sewer systems	154,859,385	6,458,428	-	161,317,813
Total capital assets, being depreciated	<u>159,450,811</u>	<u>7,189,871</u>	<u>91,740</u>	<u>166,548,942</u>
Less accumulated depreciation for				
Improvements	58,406	-	-	58,406
Buildings	1,390,885	52,526	-	1,443,411
Machinery and equipment	680,419	75,129	-	755,548
Vehicles	840,085	124,661	91,740	873,006
Water and sewer systems	68,869,537	3,665,802	-	72,535,339
Total accumulated depreciation	<u>71,839,332</u>	<u>3,918,118</u>	<u>91,740</u>	<u>75,665,710</u>
<b>Net capital assets, being depreciated</b>	<u>87,611,479</u>	<u>3,271,753</u>	<u>-</u>	<u>90,883,232</u>
<b>Business-type Activities capital assets, net</b>	<u><b>\$102,534,880</b></u>	<u><b>\$11,148,568</b></u>	<u><b>\$5,230,036</b></u>	<u><b>\$108,453,412</b></u>

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

<b>Governmental Activities</b>	
General government	\$ 89,818
Public safety	609,480
Public works	466,439
Culture and recreation	<u>771,498</u>
<b>Total depreciation expense - governmental activities</b>	<u><b>\$1,937,235</b></u>
 <b>Business-type Activities</b>	
Sewer operating	\$ 921,976
Water operating	532,300
Water and sewer construction and debt service	<u>2,463,842</u>
<b>Total depreciation expense - business- type activities</b>	<u><b>\$3,918,118</b></u>

# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

#### 5. LONG-TERM DEBT

The following is a summary of the debt transactions of the Township for the year ended December 31, 2023:

	<u>Balance January 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2023</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Accrued employee benefits	\$253,627	\$22,701	\$ -	\$276,328	\$ -
<b>Business-type Activities</b>					
*\$9,500,000 Township portion of Ottawa County Wastewater System Improvement Bonds of 2015; due in annual installments of \$40,000 to \$75,000 plus interest at 0.75-3.4% through 2035	\$ 7,030,000	\$ -	\$450,000	\$ 6,580,000	\$462,500
*\$12,000,000 Township portion of Holland Board of Public Works Wastewater Revenue Bonds of 2021; \$11,907,343 drawn through 2023; due in annual installments of \$495,000 to \$720,000 plus interest at 0.75-3.4% through 2043	6,729,544	5,177,799	-	11,907,343	495,000
Total	13,759,544	5,177,799	450,000	18,487,343	957,500
Accrued employee benefits	149,618	4,953	-	154,571	-
<b>Total Business-type Activities</b>	<b>\$13,909,162</b>	<b>\$5,182,752</b>	<b>\$450,000</b>	<b>\$18,641,914</b>	<b>\$957,500</b>

\* Indicates public bond offering for GASB 88 purposes.

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of December 31, 2023 are as follows:

<u>Year Ending December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 957,500	\$ 417,087
2025	975,000	397,253
2026	997,500	375,849
2027	1,025,000	353,279
2028	1,047,500	329,513
2029-2033	5,690,000	1,241,992
2034-2038	4,427,500	539,991
2039-2043	3,367,343	167,407
<b>Total</b>	<b>\$18,487,343</b>	<b>\$3,822,371</b>



# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### 6. LONG-TERM DEBT COMMITMENT

The 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 Public Utilities for this water purchase which in turn bills 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, 2023, the portion of these Ottawa County bonds outstanding for which the Township has pledged its full faith and credit amounted to approximately \$13,450,000.

### 7. PENSION PLANS

#### Defined Contribution Pension Plan

The Township maintains a defined contribution pension plan administered by John Hancock that covers essentially all full-time staff and elected trustees. Participants contribute 2.5% of their wages to the plan and the Township contributes 9.5% of each eligible employee's wages to the plan. The Township also contributes 12% of covered compensation for the elected trustees. Plan provision and contribution requirements are established and may be amended by the Board. The Township's contribution for 2023 was \$284,564 and the employees' contribution was \$128,931.

#### Deferred Compensation Plan

The Township offers 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 salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All Assets of the plan are held in trust for employees and the related assets and liabilities are not included in this report.

### 8. CONTINGENT LIABILITIES

In the normal course of its operations, the Township has become a party in various property tax appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township. Amounts reserved for losses, if any, related to legal actions are undetermined and have not been included as a liability in the financial statements.

### 9. LEASES

The Township has entered into several lease arrangements with different companies to lease space for cell tower installations. The terms of each lease are as follows:

Initial five-year term ended in March 2011; with options to extend for an additional five consecutive five-year terms; currently in third five-year renewal term; current monthly payment of \$1,783 increasing annually by 2.5%. Lessee can terminate this lease upon 30 days written notice dependent upon specific conditions within the contract.

# HOLLAND CHARTER TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

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Initial five-year term ended in February 2014; with options to extend for an additional two consecutive five-year terms; currently in the last five-year renewal term; current monthly payment of \$2,715 increasing annually by 3%. Lessee can terminate this lease upon 30 days written notice dependent upon specific conditions within the contract.

Initial five-year term ended in November 2004; with options to extend for an additional four consecutive five-year terms; currently in the last five-year renewal term; current monthly payment of \$5,327 increasing annually by 3%. Lessee can terminate this lease upon 30 days written notice dependent upon specific conditions within the contract.

2023 is the first year of implementation of the new guidance under GASB Statement 87. The Township has recognized a total deferred inflow of resources of \$299,272 in the current fiscal year along with a lease receivable of \$312,932. The Township recognized a total of \$108,623 in lease revenue and \$11,107 in interest revenue, related to leases, for the current fiscal year.

#### 10. WASTEWATER TREATMENT PLANT AGREEMENTS

##### *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 waste water treatment 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 wastewater 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.

# **HOLLAND CHARTER TOWNSHIP**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2023**

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#### **11. TAX ABATEMENTS**

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, 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 12 years for real property and 6 years for personal property as determined by the local unit of government. The agreements entered into by the Township include claw back provisions should the recipient of the tax abatement cease operations and no successor employer is providing employment during the term of the abatement. The IFT 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, 2023 the Township abated property tax revenues of approximately \$146,896

Public Act 381 of 1996, the Brownfield Redevelopment Financing Act, was adopted in the State of Michigan as a means to authorize municipalities to create a brownfield redevelopment authority to facilitate the implementation of brownfield plans; to create brownfield redevelopment zones; to promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, tax reverted, blighted, or functionally obsolete property; to prescribe the powers and duties of brownfield redevelopment authorities; to permit the issuance of bonds and other evidences of indebtedness by an authority; to authorize the acquisition and disposal of certain property; to authorize certain funds; to prescribe certain powers and duties of certain state officers and agencies; and to authorize and permit the use of certain tax increment financing.

For the year ended December 31, 2023 the Township abated property tax revenues of approximately \$26,005

#### **12. COMMITMENTS**

The Township has various ongoing construction projects with total estimated commitments of approximately \$13,880,000 outstanding at December 31, 2023.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# HOLLAND CHARTER TOWNSHIP

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

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 7,660,300	\$ 7,666,800	\$ 7,694,680	\$ 27,880
Licenses and permits	105,200	105,200	101,177	(4,023)
Federal	-	2,952,800	2,119,800	(833,000)
State	4,908,971	5,497,471	5,518,449	20,978
Charges for services	135,000	169,000	178,278	9,278
Interest	-	1,500,000	1,902,761	402,761
Miscellaneous	141,700	318,700	363,401	44,701
<b>Total revenues</b>	<u>12,951,171</u>	<u>18,209,971</u>	<u>17,878,546</u>	<u>(331,425)</u>
<b>Expenditures</b>				
Current				
General government				
Township board	46,910	46,910	37,167	9,743
Supervisor	65,300	67,800	63,564	4,236
Manager	109,900	109,900	101,772	8,128
Elections	39,400	52,000	48,997	3,003
Finance	164,700	164,700	164,450	250
Assessor	430,000	430,000	366,315	63,685
Attorney	140,000	140,000	102,151	37,849
Clerk	197,825	197,825	197,024	801
Board of review	5,815	5,815	3,819	1,996
Administration	177,650	192,650	177,716	14,934
Treasurer	121,125	125,425	119,642	5,783
Computer services	76,600	76,600	71,533	5,067
Buildings and grounds	98,350	98,350	64,826	33,524
Cemetery	29,375	29,375	26,019	3,356
Upstream watershed control	86,300	86,300	86,254	46
Unallocated and other	477,500	181,500	159,069	22,431
Total general government	<u>2,266,750</u>	<u>2,005,150</u>	<u>1,790,318</u>	<u>214,832</u>
Public safety				
Sheriff E-Unit and police services	1,033,625	1,073,625	1,032,116	41,509
Zoning enforcement and community policing	1,047,650	1,007,650	827,144	180,506
Fire department	1,486,425	1,481,425	1,183,898	297,527
Property maintenance code enforcement	232,250	232,250	189,772	42,478
Property and housing appeals board	550	550	-	550
Total public safety	<u>3,800,500</u>	<u>3,795,500</u>	<u>3,232,930</u>	<u>562,570</u>
Public works				
Leaf collection and cleanup services	81,900	81,900	54,200	27,700
Bike paths	971,025	1,663,575	1,431,415	232,160
Street lighting	369,500	369,500	348,543	20,957
Road construction and maintenance	1,535,875	1,535,875	900,624	635,251
Drains	245,500	175,500	130,492	45,008
Total public works	<u>3,203,800</u>	<u>3,826,350</u>	<u>2,865,274</u>	<u>961,076</u>

(continued)

**HOLLAND CHARTER TOWNSHIP**

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

**FOR THE YEAR ENDED DECEMBER 31, 2023**

Community and economic development				
Economic development	\$ 50,000	\$ 2,169,800	\$ 2,169,800	\$ -
Northside neighborhood center	56,000	56,000	56,000	-
Planning commission	138,525	138,525	128,040	10,485
Macatawa Area Coordination Council	38,000	38,000	37,979	21
Zoning board of appeals	10,955	10,955	7,430	3,525
Zoning administration	<u>150,125</u>	<u>150,125</u>	<u>137,350</u>	<u>12,775</u>
Total community and economic development	<u>443,605</u>	<u>2,563,405</u>	<u>2,536,599</u>	<u>26,806</u>
Parks and recreation	1,131,510	1,266,510	1,229,183	37,327
Jim Kaat baseball park	108,100	108,100	38,538	69,562
Community services	<u>90,000</u>	<u>90,000</u>	<u>79,518</u>	<u>10,482</u>
Total culture and recreation	<u>1,329,610</u>	<u>1,464,610</u>	<u>1,347,239</u>	<u>117,371</u>
<b>Total expenditures</b>	<u>11,044,265</u>	<u>13,655,015</u>	<u>11,772,360</u>	<u>1,882,655</u>
Revenues over (under) expenditures	1,906,906	4,554,956	6,106,186	1,551,230
Other financing sources (uses)				
Transfers out	<u>(10,922,900)</u>	<u>(3,687,900)</u>	<u>(3,633,900)</u>	<u>54,000</u>
Net changes in fund balances	(9,015,994)	867,056	2,472,286	1,605,230
<b>Fund balances, beginning of year</b>	<u>32,253,939</u>	<u>32,253,939</u>	<u>32,253,939</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 23,237,945</u>	<u>\$ 33,120,995</u>	<u>\$ 34,726,225</u>	<u>\$ 1,605,230</u>

(concluded)

**COMBINING FUND FINANCIAL  
STATEMENTS**

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**HOLLAND CHARTER TOWNSHIP**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**DECEMBER 31, 2023**

	<u>Special Revenue Funds</u>						
	<u>Recreation</u>	<u>Community Center</u>	<u>Building Department</u>	<u>E.D.C.</u>	<u>Quincy Park Clean-up</u>	<u>Dunton Park</u>	<u>Helder Park</u>
<b>Assets</b>							
Cash and pooled investments	\$ 68,363	\$ 63,421	\$ 2,430,492	\$ 7,915	\$ 133,154	\$ 112,089	\$ 310,754
Receivables							
Interest	<u>354</u>	<u>271</u>	<u>10,316</u>	<u>31</u>	<u>562</u>	<u>473</u>	<u>1,311</u>
<b>Total assets</b>	<u>\$ 68,717</u>	<u>\$ 63,692</u>	<u>\$ 2,440,808</u>	<u>\$ 7,946</u>	<u>\$ 133,716</u>	<u>\$ 112,562</u>	<u>\$ 312,065</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 5,534	\$ 178	\$ 1,654	\$ -	\$ -	\$ -	\$ -
Due to other governments	328	-	640	-	-	-	-
Accrued payroll and benefits	4,290	-	8,872	-	-	-	-
Unearned revenue	<u>8,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>18,835</u>	<u>178</u>	<u>11,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>							
Restricted							
Public safety	-	-	1,745,833	-	-	-	-
Assigned	<u>49,882</u>	<u>63,514</u>	<u>683,809</u>	<u>7,946</u>	<u>133,716</u>	<u>112,562</u>	<u>312,065</u>
<b>Total fund balances</b>	<u>49,882</u>	<u>63,514</u>	<u>2,429,642</u>	<u>7,946</u>	<u>133,716</u>	<u>112,562</u>	<u>312,065</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 68,717</u>	<u>\$ 63,692</u>	<u>\$ 2,440,808</u>	<u>\$ 7,946</u>	<u>\$ 133,716</u>	<u>\$ 112,562</u>	<u>\$ 312,065</u>

**Capital Projects Funds**

<u>Quincy Park</u>	<u>Hawthorn Pond</u>	<u>Beechwood Park</u>	<u>Master Plan</u>	<u>Building and Site</u>	<u>Capital Improvement</u>	<u>Fire Equipment Replacement</u>	<u>Industrial Park</u>	<u>Total</u>
\$ 476,174	\$ 831,957	\$ 52,230	\$ 247,265	\$ 3,214,401	\$ 82,134	\$ 2,342,096	\$ 1,710,990	\$ 12,083,435
<u>2,013</u>	<u>3,511</u>	<u>218</u>	<u>1,046</u>	<u>9,484</u>	<u>349</u>	<u>9,926</u>	<u>7,226</u>	<u>47,091</u>
<u>\$ 478,187</u>	<u>\$ 835,468</u>	<u>\$ 52,448</u>	<u>\$ 248,311</u>	<u>\$ 3,223,885</u>	<u>\$ 82,483</u>	<u>\$ 2,352,022</u>	<u>\$ 1,718,216</u>	<u>\$ 12,130,526</u>
\$ -	\$ -	\$ -	\$ -	\$ 249,768	\$ 6,243	\$ -	\$ -	\$ 263,377
-	-	-	-	-	-	-	-	968
-	-	-	-	-	-	-	-	13,162
-	-	-	-	-	-	-	-	8,683
-	-	-	-	<u>249,768</u>	<u>6,243</u>	-	-	<u>286,190</u>
-	-	-	-	-	-	-	-	1,745,833
<u>478,187</u>	<u>835,468</u>	<u>52,448</u>	<u>248,311</u>	<u>2,974,117</u>	<u>76,240</u>	<u>2,352,022</u>	<u>1,718,216</u>	<u>10,098,503</u>
<u>478,187</u>	<u>835,468</u>	<u>52,448</u>	<u>248,311</u>	<u>2,974,117</u>	<u>76,240</u>	<u>2,352,022</u>	<u>1,718,216</u>	<u>11,844,336</u>
<u>\$ 478,187</u>	<u>\$ 835,468</u>	<u>\$ 52,448</u>	<u>\$ 248,311</u>	<u>\$ 3,223,885</u>	<u>\$ 82,483</u>	<u>\$ 2,352,022</u>	<u>\$ 1,718,216</u>	<u>\$ 12,130,526</u>

**HOLLAND CHARTER TOWNSHIP**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Special Revenue Funds						
	<u>Recreation</u>	<u>Community Center</u>	<u>Building Department</u>	<u>E.D.C.</u>	<u>Quincy Park Clean-up</u>	<u>Dunton Park</u>	<u>Helder Park</u>
<b>Revenues</b>							
Licenses and permits	\$ -	\$ -	\$ 955,668	\$ -	\$ -	\$ -	\$ -
Charges for services	131,503	-	26,700	-	-	-	-
Investment income (loss)	2,800	553	97,728	319	5,738	4,259	11,427
Miscellaneous	1,935	-	19,000	-	-	-	-
<b>Total revenues</b>	<u>136,238</u>	<u>553</u>	<u>1,099,096</u>	<u>319</u>	<u>5,738</u>	<u>4,259</u>	<u>11,427</u>
<b>Expenditures</b>							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	-	728,592	-	-	-	-
Culture and recreation	413,677	112,039	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>413,677</u>	<u>112,039</u>	<u>728,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	(277,439)	(111,486)	370,504	319	5,738	4,259	11,427
Other financing sources (uses)							
Transfers in	250,000	175,000	-	-	-	193,400	84,500
Net changes in fund balances	(27,439)	63,514	370,504	319	5,738	197,659	95,927
<b>Fund balances, beginning of year</b>	<u>77,321</u>	<u>-</u>	<u>2,059,138</u>	<u>7,627</u>	<u>127,978</u>	<u>(85,097)</u>	<u>216,138</u>
<b>Fund balances, end of year</b>	<u>\$ 49,882</u>	<u>\$ 63,514</u>	<u>\$ 2,429,642</u>	<u>\$ 7,946</u>	<u>\$ 133,716</u>	<u>\$ 112,562</u>	<u>\$ 312,065</u>

**Capital Projects Funds**

<u>Quincy Park</u>	<u>Hawthorn Pond</u>	<u>Beechwood Park</u>	<u>Master Plan</u>	<u>Building and Site</u>	<u>Capital Improvement</u>	<u>Fire Equipment Replacement</u>	<u>Industrial Park</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 955,668
-	-	-	-	-	-	-	-	158,203
18,655	26,565	1,080	10,663	69,913	3,420	102,634	70,550	426,304
-	-	-	-	-	-	-	151,310	172,245
<u>18,655</u>	<u>26,565</u>	<u>1,080</u>	<u>10,663</u>	<u>69,913</u>	<u>3,420</u>	<u>102,634</u>	<u>221,860</u>	<u>1,712,420</u>
-	-	-	-	-	14,957	-	-	14,957
-	-	-	-	-	-	-	-	728,592
-	-	-	-	-	-	-	-	525,716
-	-	-	-	914,289	7,143	80,628	13,888	1,015,948
-	-	-	-	914,289	22,100	80,628	13,888	2,285,213
18,655	26,565	1,080	10,663	(844,376)	(18,680)	22,006	207,972	(572,793)
<u>81,000</u>	<u>400,000</u>	<u>50,000</u>	<u>-</u>	<u>2,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,633,900</u>
99,655	426,565	51,080	10,663	1,555,624	(18,680)	22,006	207,972	3,061,107
<u>378,532</u>	<u>408,903</u>	<u>1,368</u>	<u>237,648</u>	<u>1,418,493</u>	<u>94,920</u>	<u>2,330,016</u>	<u>1,510,244</u>	<u>8,783,229</u>
<u>\$ 478,187</u>	<u>\$ 835,468</u>	<u>\$ 52,448</u>	<u>\$ 248,311</u>	<u>\$ 2,974,117</u>	<u>\$ 76,240</u>	<u>\$ 2,352,022</u>	<u>\$ 1,718,216</u>	<u>\$ 11,844,336</u>

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## **STATISTICAL SECTION**

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues and other financing sources:				
Taxes	\$ 6,855,581	\$ 7,046,523	\$ 7,342,238	\$ 7,057,097
Licenses and permits	106,230	111,342	112,393	109,727
Grants	-	52,280	-	-
State shared revenues	2,778,168	2,825,861	2,860,066	4,000,669
Local unit contributions	502,000	-	-	-
Charges for services	103,857	126,658	188,162	149,196
Investment earnings	653,477	267,184	348,249	363,543
Other	135,503	136,034	172,561	144,795
Operating transfers in	600,000	-	418	-
Sale of capital assets	11,819	15,000	75,400	-
	<u>\$ 11,746,635</u>	<u>\$ 10,580,882</u>	<u>\$ 11,099,487</u>	<u>\$ 11,825,027</u>
Expenditures and other uses:				
General government	\$ 1,179,074	\$ 1,190,060	\$ 1,349,330	\$ 1,378,667
Public safety	1,998,836	2,058,360	2,103,545	2,235,686
Public works	2,171,360	2,075,278	1,776,202	1,997,612
Community and economic development	340,143	344,780	299,152	338,612
Recreation and culture	2,309,771	2,269,700	2,396,711	2,476,614
Other	140,467	124,388	128,837	159,469
Operating transfers out	950,000	700,000	1,350,000	615,000
	<u>\$ 9,089,651</u>	<u>\$ 8,762,566</u>	<u>\$ 9,403,777</u>	<u>\$ 9,201,660</u>



Table 1 - Continued

2018	2019	2020	2021	2022	2023
\$ 5,805,249	\$ 6,067,422	\$ 6,437,994	\$ 6,860,033	\$ 7,175,881	\$ 7,694,680
109,711	110,355	105,447	104,602	105,149	101,177
-	-	297,762	14,464	2,135,550	2,119,800
4,044,847	4,097,078	4,178,499	4,701,038	5,732,125	5,518,449
-	-	-	-	-	-
126,443	139,011	142,108	172,544	206,170	178,278
537,901	1,257,900	1,341,668	(121,545)	(1,820,846)	1,902,761
138,847	143,623	152,248	188,270	266,741	363,401
-	-	-	-	-	-
9,994	22,900	437,286	35,600	-	-
<u>\$ 10,772,992</u>	<u>\$ 11,838,289</u>	<u>\$ 13,093,012</u>	<u>\$ 11,955,006</u>	<u>\$ 13,800,770</u>	<u>\$ 17,878,546</u>
\$ 1,471,434	\$ 1,306,405	\$ 1,465,681	\$ 1,416,693	\$ 1,827,900	\$ 1,790,318
2,719,756	2,577,973	2,749,129	2,938,062	3,279,220	3,232,930
2,359,018	1,995,745	2,062,730	1,712,033	2,296,008	2,865,274
361,035	419,131	427,888	416,400	2,486,175	2,536,599
1,103,742	977,867	1,098,622	1,163,887	1,408,776	1,347,239
1,404	145,661	127,023	146,294	-	-
820,000	7,760,382	1,387,000	2,090,000	1,273,300	3,633,900
<u>\$ 8,836,389</u>	<u>\$ 15,183,164</u>	<u>\$ 9,318,073</u>	<u>\$ 9,883,369</u>	<u>\$ 12,571,379</u>	<u>\$ 15,406,260</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
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%
2019	2018	5,889,825	5,758,955	97.78%
2020	2019	6,261,424	6,153,249	98.27%
2021	2020	6,700,234	6,520,660	97.32%
2022	2021	6,995,998	6,843,794	97.82%
2023	2022	7,520,291	7,322,206	97.37%

\* 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
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
2019	1,647,921,400	75,672,300	1,723,593,700	1,308,470,211	60,645,877	1,369,115,988
2020	1,869,413,600	71,127,000	1,940,540,600	1,398,665,151	52,755,442	1,451,420,593
2021	1,995,021,700	81,935,400	2,076,957,100	1,463,465,497	57,731,863	1,521,197,360
2022	2,120,546,200	86,667,600	2,207,213,800	1,562,538,810	61,357,713	1,623,896,523
2023	2,344,754,900	117,298,500	2,462,053,400	1,694,077,500	85,855,546	1,779,933,046

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)					
	2023	2022	2021	2020	2019
Industrial	\$ 309,083,800	\$ 297,421,400	\$ 294,024,300	\$ 264,089,800	\$ 218,305,500
Commercial	536,241,300	478,833,900	453,761,800	442,312,200	364,252,200
Agricultural	26,708,100	22,803,500	21,539,600	22,129,900	20,317,800
Residential	<u>1,411,369,500</u>	<u>1,251,165,600</u>	<u>1,148,154,800</u>	<u>1,060,520,000</u>	<u>964,809,600</u>
Total Real Property	2,283,402,700	2,050,224,400	1,917,480,500	1,789,051,900	1,567,685,100
Total Personal Property	<u>61,352,200</u>	<u>70,321,800</u>	<u>77,541,200</u>	<u>80,361,700</u>	<u>80,236,300</u>
Total SEV	<u>\$ 2,344,754,900</u>	<u>\$ 2,120,546,200</u>	<u>\$ 1,995,021,700</u>	<u>\$ 1,869,413,600</u>	<u>\$ 1,647,921,400</u>

Components of 2023 Taxable Value

Industrial	\$ 211,683,152
Commercial	389,509,922
Agricultural	11,870,876
Residential	<u>1,019,697,527</u>
Total Real Property	<u>1,632,761,477</u>
Industrial	2,557,100
Commercial	37,392,100
Utility	21,366,823
Residential	<u>-</u>
Total Personal Property	<u>61,316,023</u>
Total Taxable Value	<u>\$ 1,694,077,500</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			
		Operating And Debt	Operating	Operating And Debt	Holland School District	West Ottawa School District	Zeeland School District	Ottawa Area Intermediate School District
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
2019	H	4.8600	1.4626	2.2415	7.2326	8.0409	8.8477	6.3414
2019	NH	4.8600	1.4626	2.2415	24.7763	26.0409	26.8477	6.3414
2020	H	4.8600	1.4463	2.2188	6.1969	8.0500	8.8408	6.2906
2020	NH	4.8600	1.4463	2.2188	24.1969	26.0500	26.8408	6.2906
2021	H	4.8600	1.4290	2.0858	5.9308	8.0468	8.8279	6.2245
2021	NH	4.8600	1.4290	2.0858	23.9308	26.0468	26.8279	6.2245
2022	H	4.8600	1.4091	2.0105	5.9119	8.0434	8.8221	6.1546
2022	NH	4.8600	1.4091	2.0105	23.9119	26.0434	26.8221	6.1546
2023	H	4.8600	1.4091	1.9705	5.9119	8.0434	8.9302	6.1546
2023	NH	4.8600	1.4091	1.9705	23.9119	26.0434	26.9302	6.1546
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	
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	
2019	H	0.3894	5.4449	6.0000	33.9724	32.5392	33.3460	
2019	NH	0.3894	5.4449	6.0000	51.5161	50.5392	51.3460	
2020	H	0.3838	5.4317	6.0000	32.8281	32.4624	33.2532	
2020	NH	0.3838	5.4317	6.0000	50.8281	50.4624	51.2532	
2021	H	0.3791	5.4156	6.0000	32.3248	32.3550	33.1361	
2021	NH	0.3791	5.4156	6.0000	50.3248	50.3550	51.1361	
2022	H	0.3953	5.3984	6.0000	32.1398	32.2608	33.0395	
2022	NH	0.3953	5.3984	6.0000	50.1398	50.2608	51.0395	
2023	H	0.3953	5.3984	6.0000	32.0998	32.2608	33.1476	
2023	NH	0.3953	5.3984	6.0000	50.0998	50.2608	51.1476	

H= Homestead Properties

NH= Non-Homestead Properties

Holland Charter Township, Michigan  
COMPUTATION OF LEGAL DEBT MARGIN  
December 31, 2023

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State Equalized Value (SEV)	<u>\$ 2,344,754,900</u>
Legal debt margin:	
Debt limitation -- 10% of SEV	\$ 234,475,490
Outstanding general obligation debt	<u>6,580,000</u>
Legal Debt Margin	<u>\$ 227,895,490</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
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
2019	38,360	1,647,921,400	8,312,500	0.50%	217
2020	38,690	1,869,413,600	7,895,000	0.42%	204
2021	38,276	1,995,021,700	7,467,500	0.37%	195
2022	39,450	2,120,546,200	7,030,000	0.33%	178
2023	39,811	2,344,754,900	6,580,000	0.28%	165

Holland Charter Township, Michigan  
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
 GENERAL OBLIGATION BONDS  
 December 31, 2023

<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	\$ 6,580,000	100.00%	\$ 6,580,000
Overlapping Debt:			
County of Ottawa	53,894,342	12.43%	6,697,440
Holland Area Swimming Pool Authority	20,020,000	2.01%	402,309
Holland School District	113,555,000	1.37%	1,554,133
West Ottawa School District	144,820,000	38.04%	55,085,835
Zeeland School District	121,490,000	20.29%	24,646,660
Ottawa Intermediate School District	24,425,000	0.00%	-
			<u>\$ 94,966,377</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, 2023).



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

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Fiscal Year Ended December 31	State Equalized Value	Number of Permits	Estimated Building Cost
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
2019	1,647,921,400	599	90,840,800
2020	1,869,413,600	485	100,323,178
2021	1,995,021,700	578	147,656,732
2022	2,120,546,200	551	105,246,123
2023	2,344,754,900	639	144,598,245

Holland Charter Township, Michigan  
TAX INFORMATION  
December 31, 2023

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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 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
PAYABLE:	Taxes billed on 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>
TOWNSHIP TAXATION AND LIMITATION:	<p>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.</p> <p>In November 1978, the electorate of the State of Michigan passed an amendment to the State Constitution, which places certain limitations on increases to 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.</p>

Holland Charter Township, Michigan  
GENERAL STATISTICAL DATA  
December 31, 2023

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:	43 full time; 208 part time (including fire fighters, election workers, park maintenance workers, recreation programs, and code enforcement inspectors)		
FIRE PROTECTION:	3 fire stations, 2 full time and 30 part time fire fighters (including 21 MFR, 11 EMT), 8 fire fighting vehicles, 1 rescue vehicle, medical licensed duty vehicle		
PROPERTY TAX PARCELS:	Number of real property tax parcels		12,888
	Number of personal property tax parcels		1,541
	Total tax parcels (includes IFT abated parcels)		14,429
WATER UTILITY:	Customer Accounts:		
	Residential		13,380
	Commercial		2,352
	Industrial		300
	Other		108
	Total Water Customer Accounts		16,140
	Gallons purchased		3,203,470
	Revenues from sales and charges	\$	10,058,755
WASTEWATER UTILITY:	Customer Accounts:		
	Residential		12,679
	Commercial		1,713
	Industrial		186
	Other		70
	Total Water Customer Accounts		14,648
	Gallons purchased		1,783,869
	Revenues from sales and charges	\$	7,810,361
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:	70 miles of bike paths and sidewalks		
POPULATION GROWTH:	Official United States Census	1980	13,739
		1990	17,523
		2000	28,911
		2010	35,636
		2020	38,276

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## **SINGLE AUDIT SECTION**



## Vredeveld Haefner LLC

CPAs and Consultants  
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Grand Rapids, MI 49534  
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### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 17, 2024

Members of the Board of Trustees  
Holland Charter Township  
Holland, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Holland Charter Township, Ottawa County, Michigan, (the "Township") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 17, 2024.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Holland Charter Township's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Urodeuxeld Haefner LLC*



## Vredeveld Haefner LLC

CPAs and Consultants  
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### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

June 17, 2024

Members of the Board of Trustees  
Holland Charter Township  
Holland, Michigan

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

We have audited Holland Charter Township, Ottawa County, Michigan's (the Township), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Township's major federal programs for the year ended December 31, 2023. The Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Holland Charter Township, Ottawa County, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

##### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Township's compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Township's federal programs.

##### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

#### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Oredevold Haefner LLC*

**HOLLAND CHARTER TOWNSHIP**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	Expenditures
U.S. Department of Housing and Urban Development Passed through Michigan Strategic Fund Community Development Block Grant	14.228	MSC 221015-EDME	\$ 6,930,000	<u>\$ 2,119,800</u>

See notes to schedule of expenditures of federal awards.

# HOLLAND CHARTER TOWNSHIP

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2023

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1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting.

2. Reconciliation of revenues from federal sources per financial statements and expenditures per the Schedule of Expenditures of Federal Awards:

Grants reported on Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance

\$ 2,119,800

Agrees to Schedule of Expenditures of Federal Awards

\$ 2,119,800

3. The Township did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.

**HOLLAND CHARTER TOWNSHIP**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<u>  X  </u> yes	<u>      </u> no
Significant deficiency(ies) identified?	<u>      </u> yes	<u>  X  </u> none reported
Noncompliance material to financial statements noted?	<u>      </u> yes	<u>  X  </u> no

**Federal Awards**

Internal control over major programs:		
Material weakness(es) identified?	<u>      </u> yes	<u>  X  </u> no
Significant deficiency(ies) identified?	<u>      </u> yes	<u>  X  </u> none reported
Type of auditors' report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	<u>      </u> yes	<u>  X  </u> no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and B programs:	<u>  \$750,000  </u>
Auditee qualified as low-risk auditee?	<u>      </u> yes <u>  X  </u> no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

2023-001 Material Weakness

**Condition and Criteria:** Various audit adjustments were necessary during the course of the audit to compile year-end financial statements from the Township's general ledger balances.

**Cause:** The auditors proposed adjustments to properly record capital assets to help prepare a well adjusted trial balance.

**Effect:** The interim and preliminary year-end financial statements of the Township do not reflect balances in accordance with generally accepted accounting principles (GAAP).

**Recommendation:** The Township should develop and implement procedures to review and reconcile general ledger account balances for consistency with GAAP.

**Management Response:** Management has determined that it is more cost effective to rely on the external auditors to complete these entries rather than incur the time and expense of additional training and expertise needed to complete these entries.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted

**SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS**

Prior year finding 2022-001 is repeated above as finding 2023-001