



HOLLAND CHARTER TOWNSHIP

OTTAWA COUNTY, MICHIGAN

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022



Vredeveld Haefner LLC
CPAs and Consultants

Holland Charter Township

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Holland Charter Township

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INDEPENDENT AUDITORS' REPORT

June 6, 2023

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, 2022, 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, 2022, 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 6, 2023, 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.

Urederfeld 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, 2022. 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 \$220,665,039 (*net position*). Of this amount, \$95,242,446 (*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 \$4,831,233. Investment in capital assets increased by \$5,797,809, while restricted net position increased by \$1,940,140, and unrestricted net position decreased by (\$2,908,815).
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$41,037,168, an increase of \$250,935 in comparison with the prior year. Approximately 51% of this total amount, \$20,902,413, 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 \$20,902,413 or 200% of total budgeted general fund expenditures and transfers out for 2022.
- The Township's total debt decreased by \$437,500 (5.7%) 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 fifteen 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 fourteen 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 statements 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 a statistical 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 \$220.7 million at the close of the fiscal year ended December 31, 2022.

The largest portion of the Township's net position (55%) 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 \$5.4 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 (\$95.2 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, 2022 and 2021.

TABLE 1 - Holland Charter Township's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 53,443,540	\$ 50,960,343	\$ 61,456,586	\$ 62,529,733	\$ 114,900,126	\$ 113,490,076
Capital assets	31,295,490	30,403,512	102,534,880	91,337,005	133,830,370	121,740,517
Total assets	84,739,030	81,363,855	163,991,466	153,866,738	248,730,496	235,230,593
Long-term liabilities outstanding	253,627	-	13,459,162	7,467,500	13,712,789	7,467,500
Other liabilities	4,776,752	3,244,457	1,538,402	1,537,939	6,315,154	4,782,396
Total liabilities	5,030,379	3,244,457	14,997,564	9,005,439	20,027,943	12,249,896
Deferred inflows of resources	7,629,620	7,144,792	407,894	-	8,037,514	7,144,792
Net position:						
Net investment in capital assets	31,295,490	30,403,512	88,775,336	83,869,505	120,070,826	114,273,017
Restricted	5,351,769	3,411,629	-	-	5,351,769	3,411,629
Unrestricted	35,431,772	37,159,465	59,810,672	60,991,794	95,242,444	98,151,259
Total net position	\$ 72,079,031	\$ 70,974,606	\$ 148,586,008	\$ 144,861,299	\$ 220,665,039	\$ 215,835,905

As shown in Table 2 (changes in net position), the Township's total revenues were approximately \$33.6 million for the current year, of which 21.4% was obtained from property taxes. Fees charged for services accounted for another 54.5% of the total, state shared revenues 17.0% and capital grants and contributions (mostly in the form of water and wastewater hook-ups and developer contributions of systems) another 20.2%. The balance of the Township's revenues was primarily derived from investment earnings (-14.7) and other sources 1.7%. The total cost of all programs and services at December 31, 2022 was \$28.8 million. Township expenses cover a wide range of services. For the current fiscal year, about 21.8% of the Township's expenses related to public safety and public works, 8.5% related to recreation and culture, and 54.2% related to the provision of water and wastewater services.

Net position increased by \$1.1 million for the Township's governmental activities. This increase accounted for 23% of the total growth in net position for the year. Net position for business-type activities increased by \$3.7 million during the year, accounting for the remaining 77% increase.

The following analysis highlights the changes in net position for the years ended December 31, 2022 and 2021:

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues						
Charges for services	\$ 1,376,579	\$ 1,669,552	\$ 16,924,398	\$ 17,005,800	\$ 18,300,977	\$ 18,675,352
Operating grants and contributions	31,783	14,464	-	-	31,783	14,464
Capital grants and contributions	2,135,550	-	4,638,761	3,443,053	6,774,311	3,443,053
General revenues						
Property taxes	7,175,881	7,015,590	-	-	7,175,881	7,015,590
State shared revenues	5,700,342	4,813,879	-	-	5,700,342	4,813,879
Investment earnings	(2,273,636)	(157,924)	(2,681,459)	(158,219)	(4,955,095)	(316,143)
Gain on sale of capital assets	-	35,600	-	-	-	35,600
Other revenue	124,410	45,204	443,650	-	568,060	45,204
Total revenues	14,270,909	13,436,365	19,325,350	20,290,634	33,596,259	33,726,999
Program expenses						
General government	1,974,886	1,670,516	-	-	1,974,886	1,670,516
Public safety	4,507,356	4,071,144	-	-	4,507,356	4,071,144
Public works	1,763,402	1,641,913	-	-	1,763,402	1,641,913
Community and economic development	2,486,175	554,295	-	-	2,486,175	554,295
Recreation and culture	2,432,566	2,180,403	-	-	2,432,566	2,180,403
Water and wastewater	-	-	15,600,641	14,955,661	15,600,641	14,955,661
Total expenses	13,164,385	10,118,271	15,600,641	14,955,661	28,765,026	25,073,932
Change in net position	\$ 1,106,524	\$ 3,318,094	\$ 3,724,709	\$ 5,334,973	\$ 4,831,233	\$ 8,653,067

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 fund for 2022 is the General 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 \$41,037,168, an increase of \$250,935 from the prior year combined ending fund balances of \$40,786,233. Approximately 91.2% of this amount (\$37,439,809) 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 (\$48,559) 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 (\$1,802,967), 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 \$20,902,413, while total fund balance was \$32,253,939. As a measure of the General Fund's liquidity, it may be useful to compare this fund balance to total fund expenditures. The \$20,902,413 total unassigned fund balance is approximately 99% of the 2022 budgeted expenditures and operating transfers to other funds, which is \$21,124,550.

The fund balance of the Township's General Fund increased by \$1,229,391 during the current fiscal year compared to an increase of \$2,071,637 in the prior year. Factors that influenced the current year change in fund balance include:

- Total revenues decreased by \$1,301,006 or 9.7%
- Tax revenues increased by \$315,847 or 4.6%
- Investment earnings decreased by \$1,699,307 or 140%
- State shared revenues increased by \$957,002 or 20.3%
- Federal grants were \$2,135,550 compared to \$14,464 in 2021
- Total expenditures increased by \$1,997,845 or 17.7%
- Transfers out to other funds were \$1,273,300 compared to \$2,090,000 in 2021
- Proceeds from the sale of capital assets were \$78,477 compared to \$35,600 in 2021

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 4% and wastewater user rates increased an average of 2% for 2022. Combined operating revenues for the water and wastewater systems funds increased in fiscal year 2022 by \$245,871 from \$17,002,640 to \$17,248,511. In addition to rate increases during 2022, overall demand for water services was higher in 2022 compared to average demand in 2021 during the summer months. Combined operating expenses for these funds, excluding depreciation, increased in fiscal year 2022 by \$446,813 from \$11,048,737 to \$11,495,550. Two major components affect operating expenses. The average cost per million gallons of water decreased .3% over 2021, and 81 million gallons less were purchased in 2022 compared to 2021. The average cost per million gallons of sewer treatment increased by 5.8%, and 49 million gallons more were treated in 2022 as compared to 2021. The change in costs combined with changes in demand created an overall 4% increase in expenses over 2021. At year-end, the Township utility system served 13,756 water accounts and 14,426 wastewater accounts, which reflects an increase from the prior year of 1.2%.

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 decreased by \$2,571,750 and actual total revenues and other financial sources were over the final amended budget by \$2,237,420. The budget for total expenditures and other operating sources was decreased by \$2,293,835, and actual total expenditures were less than the final amended budget by \$1,171,744. Transfers out were \$1,273,300 compared to final budgeted transfers out of \$1,273,300.

Capital Asset and Debt Administration

At the end of 2022, the Township had \$133,830,370 (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 \$891,978 (2.9%) for governmental activities and increased by \$11,197,875 (10.9%) for business-type activities.

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

- \$ 668,245 expended for Beechwood Park improvements
- \$ 547,921 expended for bike path system extensions and improvements
- \$ 523,729 expended for vehicles and equipment for fire department operations
- \$ 291,055 expended for resurfacing parking lot and boat launch at Dunton Park
- \$ 131,138 expended for vehicles and equipment for bike path and parks maintenance
- \$ 90,281 expended for new Dropbox and Boardroom A/V upgrades
- \$2,110,454 expended for Lift Station 29 improvements
- \$1,293,167 expended for Aniline Ave watermain replacement
- \$ 245,756 expended for Perry St watermain replacement
- \$ 227,877 expended for Lift Station 31 improvements
- \$ 193,557 expended for Chicago Dr – 104th Ave – Paw Paw Dr watermain replacement
- \$ 128,962 expended for Lift Station 20 improvements
- \$ 106,952 expended for Lakewood Blvd watermain replacement
- \$ 88,145 expended for Township's share of improvements at the Zeeland Clean Water Plant

At December 31, 2022, the Township had \$7,030,000 of bonded debt outstanding after repayments of \$437,500. 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 2023 fiscal year budget:

- The Township's overall property tax rate remained at 4.86 mills.
- Property tax revenues are estimated to increase by approximately \$511,213 as the net result of about a 7.1% increase in the Township's overall taxable equivalent value for the 2022 tax year.
- State shared revenues, which consist of \$3,806,721 of constitutional and statutory revenue sharing and \$1,045,000 for PPT reimbursement, are estimated to decrease by a net \$445,540.
- The Township anticipates approximately \$14.2 million of capital improvements and purchases in 2023 to its general capital assets including a recreation center, drains, roads, bike paths, parks, vehicles and equipment.
- The General Fund unassigned fund balance of \$20,902,413 at the end of the current fiscal year is 95% of the 2023 budgeted expenditures and operating transfers out of \$21,967,165.
- The growth in the number of water utility system customers in 2022 was 146 to 13,756 (1.0%).
- The growth in the number of sewer utility system customers in 2022 was 193 to 14,426 (1.4%).
- The Township anticipates approximately \$1.4 million of capital improvements in 2023 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, 2022

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Brownfield
	Activities	Activities		Redevelopment
				Authority
Assets				
Cash and pooled investments	\$ 46,799,984	\$ 55,740,317	\$ 102,540,301	\$ 112,480
Receivables				
Accounts	65,275	4,003,209	4,068,484	-
Taxes	5,650,326	-	5,650,326	23,942
Interest	154,797	192,353	347,150	-
Lease receivable (current portion)	-	104,936	104,936	-
Due from other governments	724,599	-	724,599	-
Inventory	-	482,724	482,724	-
Prepaid items	48,559	-	48,559	-
Total current assets	53,443,540	60,523,539	113,967,079	136,422
Noncurrent assets				
Lease receivable	-	312,932	312,932	-
Special assessments receivable	-	565,815	565,815	-
Contract receivable	-	54,300	54,300	-
Capital assets:				
Land	8,332,195	355,195	8,687,390	-
Construction in progress	1,101,885	14,568,206	15,670,091	-
Depreciable capital assets, net	21,861,410	87,611,479	109,472,889	-
Total noncurrent assets	31,295,490	103,467,927	134,763,417	-
Total assets	84,739,030	163,991,466	248,730,496	136,422
Liabilities				
Accounts payable	567,937	852,096	1,420,033	-
Due to other governments	919	4,245	5,164	4
Accrued payroll and benefits	100,077	28,574	128,651	-
Accrued interest payable	-	85,087	85,087	-
Customer deposits	27,035	118,400	145,435	-
Unearned revenue	4,080,784	-	4,080,784	-
Current portion of noncurrent liabilities	-	450,000	450,000	-
Total current liabilities	4,776,752	1,538,402	6,315,154	4
Long-term liabilities				
Compensated absences	253,627	149,618	403,245	-
Bonds payable	-	13,309,544	13,309,544	-
Total long-term liabilities	253,627	13,459,162	13,712,789	-
Total liabilities	5,030,379	14,997,564	20,027,943	4
Deferred inflows of resources				
Subsequent year property taxes	7,629,620	-	7,629,620	25,753
Deferred inflows related to leases	-	407,894	407,894	-
Total deferred inflows of resources	7,629,620	407,894	8,037,514	25,753
Net position				
Net investment in capital assets	31,295,490	88,775,336	120,070,826	-
Restricted for				
Bike paths	1,802,967	-	1,802,967	-
Construction code activities	1,745,833	-	1,745,833	-
Unrestricted	37,234,741	59,810,672	97,045,413	110,665
Total net position	\$ 72,079,031	\$ 148,586,008	\$ 220,665,039	\$ 110,665

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

HOLLAND CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 1,974,886	\$ 146,659	\$ -	\$ 2,135,550	\$ 307,323
Public safety	4,507,356	946,601	31,783	-	(3,528,972)
Public works	1,763,402	13,926	-	-	(1,749,476)
Community and economic development	2,486,175	32,190	-	-	(2,453,985)
Culture and recreation	<u>2,432,566</u>	<u>237,203</u>	<u>-</u>	<u>-</u>	<u>(2,195,363)</u>
Total governmental activities	<u>13,164,385</u>	<u>1,376,579</u>	<u>31,783</u>	<u>2,135,550</u>	<u>(9,620,473)</u>
Business-type activities					
Sewer	6,207,810	7,364,850	-	-	1,157,040
Water	6,978,281	9,559,548	-	-	2,581,267
Water and sewer capital and debt	<u>2,414,550</u>	<u>-</u>	<u>-</u>	<u>4,638,761</u>	<u>2,224,211</u>
Total business-type activities	<u>15,600,641</u>	<u>16,924,398</u>	<u>-</u>	<u>4,638,761</u>	<u>5,962,518</u>
Total primary government	<u>\$ 28,765,026</u>	<u>\$ 18,300,977</u>	<u>\$ 31,783</u>	<u>\$ 6,774,311</u>	<u>\$ (3,657,955)</u>
Component unit					
Brownfield Redevelopment Authority	<u>\$ 25,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,523)</u>
Total component unit	<u>\$ 25,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,523)</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, 2022

	Primary Government			Component Unit
	Governmental	Business-type		Brownfield
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Redevelopment</u>
				<u>Authority</u>
Changes in net position				
Net (expense) revenue	\$ (9,620,473)	\$ 5,962,518	\$ (3,657,955)	\$ (25,523)
General revenues				
Property taxes				
General purpose	7,175,881	-	7,175,881	133,876
State shared revenues	5,700,342	-	5,700,342	-
Unrestricted investment income (loss)	(2,273,636)	(2,681,459)	(4,955,095)	213
Miscellaneous	124,410	443,650	568,060	-
Total general revenues and transfers	10,726,997	(2,237,809)	8,489,188	134,089
Change in net position	1,106,524	3,724,709	4,831,233	108,566
Net position, beginning of year	<u>70,972,507</u>	<u>144,861,299</u>	<u>215,833,806</u>	<u>2,099</u>
Net position, end of year	<u>\$ 72,079,031</u>	<u>\$ 148,586,008</u>	<u>\$ 220,665,039</u>	<u>\$ 110,665</u>

(Concluded)

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

HOLLAND CHARTER TOWNSHIP

GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 37,745,114	\$ 9,054,870	\$ 46,799,984
Receivables			
Accounts	65,275	-	65,275
Taxes	5,650,326	-	5,650,326
Interest	124,280	30,517	154,797
Due from other governments	724,599	-	724,599
Prepaid items	48,559	-	48,559
Total assets	<u>\$ 44,358,153</u>	<u>\$ 9,085,387</u>	<u>\$ 53,443,540</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 286,774	\$ 281,163	\$ 567,937
Due to other governments	-	919	919
Accrued payroll and benefits	87,564	12,513	100,077
Unearned revenue	4,073,221	7,563	4,080,784
Customer deposits	27,035	-	27,035
Total liabilities	<u>4,474,594</u>	<u>302,158</u>	<u>4,776,752</u>
Deferred inflows of resources			
Subsequent year property tax	<u>7,629,620</u>	<u>-</u>	<u>7,629,620</u>
Fund balances			
Nonspendable			
Prepaid items	48,559	-	48,559
Restricted			
Construction code activities	-	1,745,833	1,745,833
Bike paths	1,802,967	-	1,802,967
Committed			
Recreation center	9,500,000	-	9,500,000
Assigned			
Special revenue funds	-	526,231	526,231
Capital project funds	-	6,511,165	6,511,165
Unassigned	20,902,413	-	20,902,413
Total fund balances	<u>32,253,939</u>	<u>8,783,229</u>	<u>41,037,168</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 44,358,153</u>	<u>\$ 9,085,387</u>	<u>\$ 53,443,540</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, 2022

Fund balances - total governmental funds	\$ 41,037,168
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	8,332,195
Add - construction in progress	1,101,885
Add - capital assets (net of accumulated depreciation)	21,861,410
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	<u>(253,627)</u>
Net position of governmental activities	<u>\$ 72,079,031</u>

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, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues			
Property taxes	\$ 7,175,881	\$ -	\$ 7,175,881
Licenses and permits	105,149	790,311	895,460
Federal	2,135,550	-	2,135,550
State	5,732,125	-	5,732,125
Charges for services	206,170	128,170	334,340
Investment income (loss)	(1,820,846)	(452,790)	(2,273,636)
Miscellaneous	<u>266,741</u>	<u>20,765</u>	<u>287,506</u>
Total revenues	<u>13,800,770</u>	<u>486,456</u>	<u>14,287,226</u>
Expenditures			
Current			
General government	1,827,900	3,896	1,831,796
Public safety	3,279,220	697,115	3,976,335
Public works	2,296,008	-	2,296,008
Community and economic development	2,486,175	-	2,486,175
Culture and recreation	1,408,776	426,003	1,834,779
Capital outlay	<u>-</u>	<u>1,611,198</u>	<u>1,611,198</u>
Total expenditures	<u>11,298,079</u>	<u>2,738,212</u>	<u>14,036,291</u>
Revenues over (under) expenditures	<u>2,502,691</u>	<u>(2,251,756)</u>	<u>250,935</u>
Other financing sources (uses)			
Transfers in	-	1,273,300	1,273,300
Transfers out	<u>(1,273,300)</u>	<u>-</u>	<u>(1,273,300)</u>
Total other financing sources (uses)	<u>(1,273,300)</u>	<u>1,273,300</u>	<u>-</u>
Net changes in fund balances	1,229,391	(978,456)	250,935
Fund balances, beginning of year	<u>31,024,548</u>	<u>9,761,685</u>	<u>40,786,233</u>
Fund balances, end of year	<u>\$ 32,253,939</u>	<u>\$ 8,783,229</u>	<u>\$ 41,037,168</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, 2022

Net changes in fund balances - total governmental funds	\$ 250,935
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	2,707,545
Deduct - depreciation expense	(1,799,250)
Deduct - net book value of disposed assets	(16,317)
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 absence	<u>(36,389)</u>
Change in net position of governmental activities	<u>\$ 1,106,524</u>

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

HOLLAND CHARTER TOWNSHIP

PROPRIETARY FUNDS STATEMENT OF NET POSITION

DECEMBER 31, 2022

	Enterprise Funds			
	Sewer Operating	Water Operating	Water and Sewer Construction and Debt Service	Enterprise Fund Total
Assets				
Current assets				
Cash and pooled investments	\$ 11,863,700	\$ 24,066,881	\$ 19,809,736	\$ 55,740,317
Receivables				
Accounts	1,009,619	957,632	2,035,958	4,003,209
Interest	41,037	82,858	68,458	192,353
Lease receivable (current portion)	-	104,936	-	104,936
Inventory	-	482,724	-	482,724
Total current assets	12,914,356	25,695,031	21,914,152	60,523,539
Noncurrent assets				
Lease receivable	-	312,932	-	312,932
Special assessments receivable	-	-	565,815	565,815
Contract receivable	-	-	54,300	54,300
Capital assets:				
Non-depreciable	70,271	70,271	214,653	355,195
Construction in progress	9,545,516	2,586,792	2,435,898	14,568,206
Depreciable capital assets, net	23,125,608	12,259,699	52,226,172	87,611,479
Total noncurrent assets	32,741,395	15,229,694	55,496,838	103,467,927
Total assets	45,655,751	40,924,725	77,410,990	163,991,466
Liabilities				
Current liabilities				
Accounts payable	483,598	322,942	45,556	852,096
Due to other governments	2,751	1,494	-	4,245
Accrued payroll and benefits	12,895	15,679	-	28,574
Accrued interest payable	85,087	-	-	85,087
Customer deposits	-	118,400	-	118,400
Current portion of long-term liabilities	450,000	-	-	450,000
Total current liabilities	1,034,331	458,515	45,556	1,538,402
Long-term liabilities				
Compensated absences	64,064	85,554	-	149,618
Bonds payable	13,309,544	-	-	13,309,544
Total long-term liabilities	13,373,608	85,554	-	13,459,162
Total liabilities	14,407,939	544,069	45,556	14,997,564
Deferred inflows of resources				
Deferred inflows related to lease	-	407,894	-	407,894
Net position				
Net investment in capital assets	18,981,851	14,916,762	54,876,723	88,775,336
Unrestricted, designated for capital projects	-	-	22,488,711	22,488,711
Unrestricted	12,265,961	25,056,000	-	37,321,961
Total net position	\$ 31,247,812	\$ 39,972,762	\$ 77,365,434	\$ 148,586,008

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, 2022

	Enterprise Funds			
	Sewer Operating	Water Operating	Water and Sewer Construction and Debt Service	Enterprise Fund Total
Operating revenue				
Charges for services				
Water sales	\$ -	\$ 9,559,548	\$ -	\$ 9,559,548
Sewage disposal services	7,364,850	-	-	7,364,850
Other charges	6,215	317,898	2,844	326,957
Total operating revenue	<u>7,371,065</u>	<u>9,877,446</u>	<u>2,844</u>	<u>17,251,355</u>
Operating expense				
Cost of water	-	4,151,133	-	4,151,133
Water connections	-	467,612	-	467,612
Cost of sewage disposal	3,448,942	-	-	3,448,942
Plant operations and maintenance	1,210,055	1,468,454	-	2,678,509
Administration	374,511	374,843	-	749,354
Depreciation	882,796	516,239	2,414,550	3,813,585
Total operating expense	<u>5,916,304</u>	<u>6,978,281</u>	<u>2,414,550</u>	<u>15,309,135</u>
Operating income (loss)	<u>1,454,761</u>	<u>2,899,165</u>	<u>(2,411,706)</u>	<u>1,942,220</u>
Non-operating revenue (expense)				
Gain (loss) on sale of capital assets	-	8,000	-	8,000
Investment income (loss)	(632,924)	(1,095,587)	(952,948)	(2,681,459)
Lease income	-	108,693	-	108,693
Interest expense	(291,506)	-	-	(291,506)
Total non-operating revenue (expense)	<u>(924,430)</u>	<u>(978,894)</u>	<u>(952,948)</u>	<u>(2,856,272)</u>
Income (loss) before capital contributions	<u>530,331</u>	<u>1,920,271</u>	<u>(3,364,654)</u>	<u>(914,052)</u>
Capital contributions				
Contribution from other governments	-	-	2,031,455	2,031,455
Contribution from developer	-	-	1,503,465	1,503,465
Special assessments	-	-	1,103,841	1,103,841
Total capital contributions	<u>-</u>	<u>-</u>	<u>4,638,761</u>	<u>4,638,761</u>
Changes in net position	530,331	1,920,271	1,274,107	3,724,709
Net position, beginning of year	<u>30,717,481</u>	<u>38,052,491</u>	<u>76,091,327</u>	<u>144,861,299</u>
Net position, end of year	<u>\$ 31,247,812</u>	<u>\$ 39,972,762</u>	<u>\$ 77,365,434</u>	<u>\$ 148,586,008</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, 2022

	Enterprise Funds			
	Sewer Operating	Water Operating	Water and Sewer Construction and Debt Service	Enterprise Fund Total
Cash flows from operating activities				
Receipts from customers and users	\$ 7,423,692	\$ 10,048,896	\$ (1,931,885)	\$ 15,540,703
Payments to employees	(836,233)	(1,203,327)	-	(2,039,560)
Payments to suppliers	(4,128,525)	(5,737,089)	(154,463)	(10,020,077)
Net cash provided by (used in) operating activities	<u>2,458,934</u>	<u>3,108,480</u>	<u>(2,086,348)</u>	<u>3,481,066</u>
Cash flows from capital and related financing activities				
Special assessments collected	-	-	1,280,956	1,280,956
Capital contributions	-	-	3,534,920	3,534,920
Lease payments received	-	98,719	-	98,719
Contract payments received	-	-	10,000	10,000
Bonds issued	6,729,544	-	-	6,729,544
Principal paid on bonds	(437,500)	-	-	(437,500)
Interest paid on bonds	(223,666)	-	-	(223,666)
Proceeds from sale of capital assets	-	8,000	-	8,000
Acquisition of capital assets	(9,344,185)	(1,927,572)	(3,739,704)	(15,011,461)
Net cash provided by (used in) capital and related financing activities	<u>(3,275,807)</u>	<u>(1,820,853)</u>	<u>1,086,172</u>	<u>(4,010,488)</u>
Cash flows from investing activities				
Interest income	(627,777)	(1,096,704)	(946,721)	(2,671,202)
Net cash provided by (used in) investing activities	<u>(627,777)</u>	<u>(1,096,704)</u>	<u>(946,721)</u>	<u>(2,671,202)</u>
Net increase (decrease) in cash and pooled investments	(1,444,650)	190,923	(1,946,897)	(3,200,624)
Cash and pooled investments, beginning of year	<u>13,308,350</u>	<u>23,875,958</u>	<u>21,756,633</u>	<u>58,940,941</u>
Cash and pooled investments, end of year	<u>\$ 11,863,700</u>	<u>\$ 24,066,881</u>	<u>\$ 19,809,736</u>	<u>\$ 55,740,317</u>
Cash flows from operating activities				
Operating income (loss)	\$ 1,454,761	\$ 2,899,165	\$ (2,411,706)	\$ 1,942,220
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	882,796	516,239	2,414,550	3,813,585
Change in operating assets and liabilities which provided (used) cash:				
Accounts receivable	52,627	171,450	(1,934,729)	(1,710,652)
Inventory	-	(233,139)	-	(233,139)
Prepaid and other assets	12,530	24,281	-	36,811
Accounts payable	53,263	(285,817)	(154,463)	(387,017)
Due to other governments	(2,077)	1,494	-	(583)
Accrued payroll and benefits	1,300	(857)	-	443
Customer deposits	-	13,400	-	13,400
Compensated absences	3,734	2,264	-	5,998
Net cash provided by (used in) operating activities	<u>\$ 2,458,934</u>	<u>\$ 3,108,480</u>	<u>\$ (2,086,348)</u>	<u>\$ 3,481,066</u>

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

HOLLAND CHARTER TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022

	<u>Tax Collection</u>
Assets	
Cash and pooled investments	\$ 2,335,983
Liabilities	
Accounts payable	29,185
Due to other governmental units	<u>2,306,798</u>
Total liabilities	<u>2,335,983</u>
Net position	
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, 2022

	<u>Tax Collection</u>
Additions	
Property taxes collected for other governments	\$ 56,114,314
Total Additions	<u>56,114,314</u>
Deductions	
Property taxes distributed to other governments	<u>56,114,314</u>
Total deductions	<u>56,114,314</u>
Net increase	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<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, 2022

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.

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, 2022

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, 2022

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, 2022

State statutes 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

HOLLAND CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Deferred 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.

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.

HOLLAND CHARTER TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022

The Township 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, 2022, the Township incurred expenditures over the amounts appropriated in the amount of \$2,022,365 in the general fund economic development department.

The Township has a deficit fund balance in the Dunton Park capital project fund in the amount of \$85,097

3. CASH AND INVESTMENTS

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

	Primary Government	Component Unit	Fiduciary Funds	Total
Cash and pooled investments	\$102,540,301	\$112,480	\$2,335,983	\$104,988,764

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

Deposits	\$ 11,750,474
Petty cash	800
Investments	93,237,490
Total	<u>\$104,988,764</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, \$11,545,100 of the Township's bank balance of \$12,295,000 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, 2022

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 Government Agency Obligations	\$13,066,135	4.1
Federal Home Loan Mortgage Corporation	1,054,756	16.71
Government National Mortgage Association	962,329	16.63
Municipal Bonds	62,315,669	3.59
Money Market	11,841,138	N/A
Commercial Paper	3,997,463	N/A
Total	<u>\$93,237,490</u>	
Portfolio Weighted-Average Maturity		4.02

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

<u>S&P Rating</u>	<u>Fair Value</u>
AAA	\$ 4,959,374
AA+	14,498,358
AA	37,042,156
AA-	4,731,888
A+	1,083,893
	<u>\$62,315,669</u>

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 Government Agency Obligations are valued using quoted market prices (Level 1 inputs).
- Municipal bonds, FHLMC bonds, GNMA bonds, money market accounts and commercial paper 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, 2022

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:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 8,332,195	\$ -	\$ -	\$ 8,332,195
CIP	1,401,179	1,542,593	1,841,887	1,101,885
Total capital assets, not being depreciated	9,733,374	1,542,593	1,841,887	9,434,080
Capital assets, being depreciated				
Land improvements	12,530,409	810,676	-	13,341,085
Buildings and improvements	13,559,215	-	-	13,559,215
Machinery and equipment	2,554,405	518,394	65,270	3,007,529
Furniture and equipment	161,341	120,581	-	281,922
Vehicles	6,141,765	234,922	106,433	6,270,254
Infrastructure	6,385,345	1,322,266	-	7,707,611
Total capital assets, being depreciated	41,332,480	3,006,839	171,703	44,167,616
Less accumulated depreciation for				
Land improvements	8,310,652	499,467	-	8,810,119
Buildings and improvements	3,672,521	347,113	-	4,019,634
Machinery and equipment	1,777,876	293,103	48,953	2,022,026
Furniture and equipment	73,370	38,847	-	112,217
Vehicles	2,606,507	300,994	106,433	2,801,068
Infrastructure	4,221,416	319,726	-	4,541,142
Total accumulated depreciation	20,662,342	1,799,250	155,386	22,306,206
Net capital assets, being depreciated	20,670,138	1,207,589	16,317	21,861,410
Governmental Activities capital assets, net	\$30,403,512	\$2,750,182	\$1,858,204	\$31,295,490

HOLLAND CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2022</u>
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 355,195	\$ -	\$ -	\$ 355,195
Construction in progress	1,144,481	13,423,725	-	14,568,206
Net capital assets, not being depreciated	1,499,676	13,423,725	-	14,923,401
Capital assets being depreciated				
Improvements	58,406	-	-	58,406
Building	2,045,291	-	-	2,045,291
Machinery and equipment	1,184,601	13,314	-	1,197,915
Vehicles	1,218,860	70,954	-	1,289,814
Water and sewer systems	153,355,920	1,503,465	-	154,859,385
Total capital assets, being depreciated	157,863,078	1,587,733	-	159,450,811
Less accumulated depreciation for				
Improvements	58,406	-	-	58,406
Buildings	1,342,170	48,715	-	1,390,885
Machinery and equipment	604,600	75,819	-	680,419
Vehicles	742,487	97,598	-	840,085
Water and sewer systems	65,278,084	3,591,453	-	68,869,537
Total accumulated depreciation	68,025,747	3,813,585	-	71,839,332
Net capital assets, being depreciated	89,837,331	(2,225,852)	-	87,611,479
Business-type Activities capital assets, net	\$91,337,007	\$11,197,873	\$ -	\$102,534,880

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

Governmental Activities	
General government	\$ 87,105
Public safety	594,220
Public works	343,603
Culture and recreation	774,322
Total depreciation expense - governmental activities	\$1,799,250
Business-type Activities	
Sewer operating	\$ 882,796
Water operating	516,239
Water and sewer construction and debt service	2,414,550
Total depreciation expense - business- type activities	\$3,813,585

HOLLAND CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5. LONG-TERM DEBT

The following is a summary of the debt transactions of the Township for the year ended December 31, 2022:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022	Due Within One Year
Governmental Activities					
Accrued employee benefits	\$217,238	\$36,389	\$ -	\$253,627	\$ -
Business-type Activities					
*\$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	\$7,467,500	\$ -	\$437,500	\$ 7,030,000	\$450,000
*\$12,000,000 Township portion of Holland Board of Public Works Wastewater Revenue Bonds of 2021; \$6,729,544 drawn through 2022; due in annual installments of \$495,000 to \$720,000 plus interest at 0.75-3.4% through 2035	-	6,729,544	-	6,729,544	-
Total	7,467,500	6,729,544	437,500	13,759,544	450,000
Accrued employee benefits	143,621	5,997	-	149,618	-
Total Business-type Activities	\$7,611,121	\$6,735,541	\$437,500	\$13,909,162	\$450,000

* Indicates public bond offering for GASB 88 purposes.

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of December 31, 2022 are as follows:

Year Ending December 31	Business-type Activities	
	Principal	Interest
2023	\$ 450,000	\$ 327,766
2024	957,500	314,195
2025	975,000	293,699
2026	997,500	272,294
2027	1,025,000	249,724
2028-2032	5,535,000	864,526
2033-2037	3,819,544	159,496
Total	\$13,759,544	\$2,481,700

HOLLAND CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022, the portion of these Ottawa County bonds outstanding for which the Township has pledged its full faith and credit amounted to approximately \$15,800,000.

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 2022 was \$259,271 and the employees' contribution was \$68,230.

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 \$1,740 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, 2022

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 \$2,636 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 \$5,172 increasing annually by 3%. Lessee can terminate this lease upon 30 days written notice dependent upon specific conditions within the contract.

2022 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 \$407,894 in the current fiscal year along with a lease receivable of \$417,868. The Township recognized a total of \$108,623 in lease revenue and \$14,152 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, 2022

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, 2022 the Township abated property tax revenues of approximately \$137,800.

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, 2022 the Township abated property tax revenues of approximately \$16,400

12. PRIOR PERIOD ADJUSTMENTS

The Brownfield Redevelopment Authority was reclassified from being a fund of the primary government to a discretely presented component unit effective January 1, 2022. This resulted in a decrease in the primary government fund balance and governmental activities, along with a corresponding increase in the component unit of \$2,099 as of January 1, 2022.

Beginning fund balance of the general fund was increased \$650,512 to reflect the receipt of state shared revenues following the modified accrual basis of accounting.

13. COMMITMENTS

The Township has various ongoing construction projects with total estimated commitments of approximately \$2,700,000 outstanding at December 31, 2022.

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, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Property taxes	\$ 7,203,650	\$ 7,181,950	\$ 7,175,881	\$ (6,069)
Licenses and permits	105,200	105,200	105,149	(51)
Federal	2,000,000	-	2,135,550	2,135,550
State	4,395,550	5,609,000	5,732,125	123,125
Charges for services	121,000	180,000	206,170	26,170
Interest	174,000	(1,726,000)	(1,820,846)	(94,846)
Miscellaneous	135,700	213,200	266,741	53,541
Total revenues	<u>14,135,100</u>	<u>11,563,350</u>	<u>13,800,770</u>	<u>2,237,420</u>
Expenditures				
Current				
General government				
Township board	45,635	45,635	35,684	9,951
Supervisor	62,100	62,100	59,446	2,654
Manager	105,125	105,125	98,581	6,544
Elections	131,400	131,400	96,211	35,189
Finance	160,720	160,720	157,428	3,292
Assessor	329,125	386,125	324,948	61,177
Attorney	140,000	140,000	107,157	32,843
Clerk	189,635	210,635	193,177	17,458
Board of review	5,365	5,365	3,417	1,948
Administration	171,565	212,565	201,600	10,965
Treasurer	140,985	144,985	140,474	4,511
Computer services	79,600	82,600	71,663	10,937
Buildings and grounds	85,600	85,600	54,503	31,097
Cemetery	31,350	31,350	21,881	9,469
Upstream watershed control	86,300	86,300	86,254	46
Unallocated and other	471,000	202,000	175,476	26,524
Total general government	<u>2,235,505</u>	<u>2,092,505</u>	<u>1,827,900</u>	<u>264,605</u>
Public safety				
Sheriff E-Unit and police services	1,098,850	1,098,850	1,057,897	40,953
Zoning enforcement and community policing	824,025	824,025	799,130	24,895
Fire department	1,331,225	1,331,225	1,274,184	57,041
Property maintenance code enforcement	234,050	234,050	148,009	86,041
Property and housing appeals board	550	550	-	550
Total public safety	<u>3,488,700</u>	<u>3,488,700</u>	<u>3,279,220</u>	<u>209,480</u>
Public works				
Leaf collection and cleanup services	78,000	83,000	71,163	11,837
Bike paths	801,095	823,095	650,352	172,743
Street lighting	339,500	339,500	324,618	14,882
Road construction and maintenance	1,533,250	1,133,250	971,206	162,044
Drains	179,915	284,000	278,669	5,331
Total public works	<u>2,931,760</u>	<u>2,662,845</u>	<u>2,296,008</u>	<u>366,837</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, 2022

Community and economic development				
Economic development	\$ 50,000	\$ 50,000	\$ 2,185,550	\$ (2,135,550)
Northside neighborhood center	56,000	56,000	40,000	16,000
Planning commission	146,250	146,250	94,531	51,719
Macatawa Area Coordination Council	43,000	43,000	37,979	5,021
Zoning board of appeals	8,785	8,785	6,756	2,029
Zoning administration	159,775	159,775	121,359	38,416
Total community and economic development	<u>463,810</u>	<u>463,810</u>	<u>2,486,175</u>	<u>(2,022,365)</u>
Culture and recreation				
Parks and recreation	1,145,075	1,279,075	1,309,693	(30,618)
Jim Kaat baseball park	49,400	49,400	41,267	8,133
Community services	90,000	90,000	57,816	32,184
Total culture and recreation	<u>1,284,475</u>	<u>1,418,475</u>	<u>1,408,776</u>	<u>9,699</u>
Total expenditures	<u>10,404,250</u>	<u>10,126,335</u>	<u>11,298,079</u>	<u>(1,171,744)</u>
Revenues over (under) expenditures	3,730,850	1,437,015	2,502,691	3,409,164
Other financing sources (uses)				
Transfers out	<u>(10,720,300)</u>	<u>(1,273,300)</u>	<u>(1,273,300)</u>	<u>-</u>
Net changes in fund balances	(6,989,450)	163,715	1,229,391	3,409,164
Fund balances, beginning of year	<u>31,024,548</u>	<u>31,024,548</u>	<u>31,024,548</u>	<u>-</u>
Fund balances, end of year	<u>\$ 24,035,098</u>	<u>\$ 31,188,263</u>	<u>\$ 32,253,939</u>	<u>\$ 3,409,164</u>

(concluded)

**COMBINING FUND FINANCIAL
STATEMENTS**

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HOLLAND CHARTER TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2022

	Special Revenue Funds					
	<u>Recreation</u>	<u>Building Department</u>	<u>E.D.C.</u>	<u>Quincy Park Clean-up</u>	<u>Dunton Park</u>	<u>Helder Park</u>
Assets						
Cash and pooled investments	\$ 92,288	\$ 2,077,365	\$ 7,603	\$ 127,541	\$ 167,248	\$ 215,402
Interest	<u>250</u>	<u>7,193</u>	<u>24</u>	<u>437</u>	<u>510</u>	<u>736</u>
Total assets	<u>\$ 92,538</u>	<u>\$ 2,084,558</u>	<u>\$ 7,627</u>	<u>\$ 127,978</u>	<u>\$ 167,758</u>	<u>\$ 216,138</u>
Liabilities, deferred inflows of resources, and fund balances						
Liabilities						
Accounts payable	\$ 3,239	\$ 16,403	\$ -	\$ -	\$ 252,855	\$ -
Due to other governments	313	606	-	-	-	-
Accrued payroll and benefits	4,102	8,411	-	-	-	-
Unearned revenue	<u>7,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>15,217</u>	<u>25,420</u>	<u>-</u>	<u>-</u>	<u>252,855</u>	<u>-</u>
Fund balances						
Restricted						
Public safety	-	1,745,833	-	-	-	-
Assigned	<u>77,321</u>	<u>313,305</u>	<u>7,627</u>	<u>127,978</u>	<u>(85,097)</u>	<u>216,138</u>
Total fund balances	<u>77,321</u>	<u>2,059,138</u>	<u>7,627</u>	<u>127,978</u>	<u>(85,097)</u>	<u>216,138</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 92,538</u>	<u>\$ 2,084,558</u>	<u>\$ 7,627</u>	<u>\$ 127,978</u>	<u>\$ 167,758</u>	<u>\$ 216,138</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>
\$ 377,286	\$ 407,629	\$ 1,368	\$ 236,839	\$ 1,422,604	\$ 94,597	\$ 2,322,004	\$ 1,505,096	\$ 9,054,870
1,246	1,274	-	809	4,555	323	8,012	5,148	30,517
<u>\$ 378,532</u>	<u>\$ 408,903</u>	<u>\$ 1,368</u>	<u>\$ 237,648</u>	<u>\$ 1,427,159</u>	<u>\$ 94,920</u>	<u>\$ 2,330,016</u>	<u>\$ 1,510,244</u>	<u>\$ 9,085,387</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,666	\$ -	\$ -	\$ -	\$ 281,163
-	-	-	-	-	-	-	-	919
-	-	-	-	-	-	-	-	12,513
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,563</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,158</u>
-	-	-	-	-	-	-	-	1,745,833
<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>7,037,396</u>
<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>\$ 378,532</u>	<u>\$ 408,903</u>	<u>\$ 1,368</u>	<u>\$ 237,648</u>	<u>\$ 1,427,159</u>	<u>\$ 94,920</u>	<u>\$ 2,330,016</u>	<u>\$ 1,510,244</u>	<u>\$ 9,085,387</u>

HOLLAND CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Special Revenue Funds</u>					
	<u>Recreation</u>	<u>Building Department</u>	<u>E.D.C.</u>	<u>Quincy Park Clean-up</u>	<u>Dunton Park</u>	<u>Helder Park</u>
Revenues						
Licenses and permits	\$ -	\$ 790,311	\$ -	\$ -	\$ -	\$ -
Charges for services	119,440	8,730	-	-	-	-
Investment income (loss)	(3,641)	(98,440)	(363)	(6,266)	(9,102)	(10,472)
Miscellaneous	455	19,000	-	-	-	-
Total revenues	<u>116,254</u>	<u>719,601</u>	<u>(363)</u>	<u>(6,266)</u>	<u>(9,102)</u>	<u>(10,472)</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	697,115	-	-	-	-
Culture and recreation	387,041	-	-	1,062	-	-
Capital outlay	-	-	-	-	291,055	-
Total expenditures	<u>387,041</u>	<u>697,115</u>	<u>-</u>	<u>1,062</u>	<u>291,055</u>	<u>-</u>
Revenues over (under) expenditures	(270,787)	22,486	(363)	(7,328)	(300,157)	(10,472)
Other financing sources (uses)						
Transfers in	245,000	-	-	-	50,000	-
Net changes in fund balances	(25,787)	22,486	(363)	(7,328)	(250,157)	(10,472)
Fund balances, beginning of year	<u>103,108</u>	<u>2,036,652</u>	<u>7,990</u>	<u>135,306</u>	<u>165,060</u>	<u>226,610</u>
Fund balances, end of year	<u>\$ 77,321</u>	<u>\$ 2,059,138</u>	<u>\$ 7,627</u>	<u>\$ 127,978</u>	<u>\$ (85,097)</u>	<u>\$ 216,138</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 790,311
-	-	-	-	-	-	-	-	128,170
(19,315)	3,122	(33,109)	(11,484)	(49,811)	(5,398)	(135,505)	(73,006)	(452,790)
-	-	-	-	-	-	-	1,310	20,765
<u>(19,315)</u>	<u>3,122</u>	<u>(33,109)</u>	<u>(11,484)</u>	<u>(49,811)</u>	<u>(5,398)</u>	<u>(135,505)</u>	<u>(71,696)</u>	<u>486,456</u>
-	-	-	-	-	3,896	-	-	3,896
-	-	-	-	-	-	-	-	697,115
37,900	-	-	-	-	-	-	-	426,003
-	-	668,245	-	114,855	13,314	523,729	-	1,611,198
<u>37,900</u>	<u>-</u>	<u>668,245</u>	<u>-</u>	<u>114,855</u>	<u>17,210</u>	<u>523,729</u>	<u>-</u>	<u>2,738,212</u>
(57,215)	3,122	(701,354)	(11,484)	(164,666)	(22,608)	(659,234)	(71,696)	(2,251,756)
<u>35,000</u>	<u>400,000</u>	<u>33,000</u>	<u>-</u>	<u>410,300</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>1,273,300</u>
(22,215)	403,122	(668,354)	(11,484)	245,634	(22,608)	(559,234)	(71,696)	(978,456)
<u>400,747</u>	<u>5,781</u>	<u>669,722</u>	<u>249,132</u>	<u>1,172,859</u>	<u>117,528</u>	<u>2,889,250</u>	<u>1,581,940</u>	<u>9,761,685</u>
<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>

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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

	2013	2014	2015	2016
Revenues and other financing sources:				
Taxes	\$ 6,777,899	\$ 6,855,581	\$ 7,046,523	\$ 7,342,238
Licenses and permits	101,065	106,230	111,342	112,393
Grants	-	-	52,280	-
State shared revenues	2,693,945	2,778,168	2,825,861	2,860,066
Local unit contributions	-	502,000	-	-
Charges for services	97,537	103,857	126,658	188,162
Investment earnings	(277,874)	653,477	267,184	348,249
Other	176,222	135,503	136,034	172,561
Operating transfers in	11,006	600,000	-	418
Sale of capital assets	27,700	11,819	15,000	75,400
	<u>\$ 9,607,500</u>	<u>\$ 11,746,635</u>	<u>\$ 10,580,882</u>	<u>\$ 11,099,487</u>
Expenditures and other uses:				
General government	\$ 1,128,730	\$ 1,179,074	\$ 1,190,060	\$ 1,349,330
Public safety	2,055,402	1,998,836	2,058,360	2,103,545
Public works	1,896,617	2,171,360	2,075,278	1,776,202
Community and economic development	311,097	340,143	344,780	299,152
Recreation and culture	2,281,649	2,309,771	2,269,700	2,396,711
Other	97,407	140,467	124,388	128,837
Operating transfers out	1,110,000	950,000	700,000	1,350,000
	<u>\$ 8,880,902</u>	<u>\$ 9,089,651</u>	<u>\$ 8,762,566</u>	<u>\$ 9,403,777</u>

Table 1 - Continued

2017	2018	2019	2020	2021	2022
\$ 7,057,097	\$ 5,805,249	\$ 6,067,422	\$ 6,437,994	\$ 6,860,033	\$ 7,175,881
109,727	109,711	110,355	105,447	104,602	105,149
-	-	-	297,762	14,464	2,135,550
4,000,669	4,044,847	4,097,078	4,178,499	4,701,038	5,732,125
-	-	-	-	-	-
149,196	126,443	139,011	142,108	172,544	206,170
363,543	537,901	1,257,900	1,341,668	(121,545)	(1,820,846)
144,795	138,847	143,623	152,248	188,270	266,741
-	-	-	-	-	-
-	9,994	22,900	437,286	35,600	-
<u>\$ 11,825,027</u>	<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>
\$ 1,378,667	\$ 1,471,434	\$ 1,306,405	\$ 1,465,681	\$ 1,416,693	\$ 1,827,900
2,235,686	2,719,756	2,577,973	2,749,129	2,938,062	3,279,220
1,997,612	2,359,018	1,995,745	2,062,730	1,712,033	2,296,008
338,612	361,035	419,131	427,888	416,400	2,486,175
2,476,614	1,103,742	977,867	1,098,622	1,163,887	1,408,776
159,469	1,404	145,661	127,023	146,294	-
615,000	820,000	7,760,382	1,387,000	2,090,000	1,273,300
<u>\$ 9,201,660</u>	<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>

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
2013	2012	\$ 6,414,435	\$ 6,233,589	97.18%
2014	2013	6,506,733	6,376,387	98.00%
2015	2014	6,700,800	6,568,150	98.02%
2016	2015	6,978,662	6,876,340	98.53%
2017	2016	6,768,631	6,628,829	97.93%
2018	2017	5,598,329	5,489,647	98.06%
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%

* 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.

Table 3

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

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)					
	2022	2021	2020	2019	2018
Industrial	\$ 297,421,400	\$ 294,024,300	\$ 264,089,800	\$ 218,305,500	\$ 167,073,800
Commercial	478,833,900	453,761,800	442,312,200	364,252,200	324,766,000
Agricultural	22,803,500	21,539,600	22,129,900	20,317,800	19,549,300
Residential	<u>1,251,165,600</u>	<u>1,148,154,800</u>	<u>1,060,520,000</u>	<u>964,809,600</u>	<u>877,362,900</u>
Total Real Property	\$ 2,050,224,400	\$ 1,917,480,500	1,789,051,900	1,567,685,100	1,388,752,000
Total Personal Property	<u>70,321,800</u>	<u>77,541,200</u>	<u>80,361,700</u>	<u>80,236,300</u>	<u>81,229,400</u>
Total SEV	<u>\$ 2,120,546,200</u>	<u>\$ 1,995,021,700</u>	<u>\$ 1,869,413,600</u>	<u>\$ 1,647,921,400</u>	<u>\$ 1,469,981,400</u>

Components of 2022 Taxable Value

Industrial	\$ 191,876,512
Commercial	357,780,392
Agricultural	11,164,333
Residential	<u>931,436,508</u>
Total Real Property	<u>1,492,257,745</u>
Industrial	10,647,600
Commercial	40,615,500
Utility	19,017,965
Residential	<u>-</u>
Total Personal Property	<u>70,281,065</u>
Total Taxable Value	<u>\$ 1,562,538,810</u>

Table 5

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

		HOLLAND TOWNSHIP	HERRICK DISTRICT LIBRARY	HOLLAND POOL AUTHORITY	SCHOOL DISTRICTS			
Year of Levy		Operating And Debt	Operating	Operating And Debt	Holland School District	West Ottawa School District	Zeeland School District	Ottawa Area Intermediate School District
2013	H	6.1000	0.0000	1.5700	7.0900	8.0500	8.2300	5.5234
2013	NH	6.1000	0.0000	1.5700	25.0900	26.0500	26.2300	5.5234
2014	H	6.1000	0.0000	1.7100	7.7300	8.0500	8.0300	5.5234
2014	NH	6.1000	0.0000	1.7100	25.7300	26.0500	26.0300	5.5234
2015	H	6.1000	0.0000	1.6675	7.3622	8.0497	8.3500	5.5234
2015	NH	6.1000	0.0000	1.6675	25.3622	26.0497	26.3500	5.5234
2016	H	6.1000	0.0000	1.6703	7.5373	8.0479	8.5600	5.4970
2016	NH	6.1000	0.0000	1.6703	25.4419	26.0479	26.5600	5.4970
2017	H	4.8600	1.4853	1.5089	7.9291	8.0457	8.7500	5.4577
2017	NH	4.8600	1.4853	1.5089	25.6981	26.0457	26.7500	5.4577
2018	H	4.8600	1.4750	1.1434	7.9431	8.0436	8.8500	5.4577
2018	NH	4.8600	1.4750	1.1434	25.6659	26.0436	26.8500	5.4577
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
		MACA- TAWA TRANS- PORTATION AUTHORITY	COUNTY	STATE	TOTAL FOR RESIDENTS OF			
Year of Levy			Ottawa County	Homestead Education Tax	Holland School District	West Ottawa School District	Zeeland School District	
2013	H	0.4000	4.3565	6.0000	31.0399	30.4299	30.6099	
2013	NH	0.4000	4.3565	6.0000	49.0399	48.4299	48.6099	
2014	H	0.4000	4.3565	6.0000	31.8199	30.4299	30.4099	
2014	NH	0.4000	4.3565	6.0000	49.8199	48.4299	48.4099	
2015	H	0.3989	4.8565	6.0000	31.9085	30.9285	31.2288	
2015	NH	0.3989	4.8565	6.0000	49.9085	48.9285	49.2288	
2016	H	0.3969	5.1483	6.0000	32.3498	31.1901	31.7022	
2016	NH	0.3969	5.1483	6.0000	50.2544	49.1901	49.7022	
2017	H	0.3964	5.1525	6.0000	32.7899	31.3976	32.1019	
2017	NH	0.3964	5.1525	6.0000	50.5589	49.3976	50.1019	
2018	H	0.3921	5.1525	6.0000	32.4238	31.3809	32.1873	
2018	NH	0.3921	5.1525	6.0000	50.1466	49.3809	50.1873	
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	

H= Homestead Properties

NH= Non-Homestead Properties

Table 6

Holland Charter Township, Michigan
 PROFILE OF TEN LARGEST PROPERTY TAXPAYERS
 December 31, 2022

Taxpayer	Principal Product/Service	2022 Taxable Equivalency Value*	Percent Of Total 2022 Taxable Equivalency Value
Perrigo Holland, Inc.	Pharmaceuticals	\$ 15,825,251	0.99%
Request Foods, Inc.	Pre-packaged dinners	15,720,437	0.99%
Magna Donnelly	Glass & automotive mirrors	13,123,269	0.82%
Herman Miller	Office furniture	9,536,347	0.60%
Consumers Energy	Electric utility	8,640,392	0.54%
Semco Energy	Gas utility	8,411,000	0.53%
DRG Clearview Apts	Rental housing/apartments	7,949,496	0.50%
North Pointe Apts	Rental housing/apartments	7,504,144	0.47%
JR Automation	Intelligent automated manufacturing	7,210,700	0.45%
Occidental Windmill Lake Apts	Rental housing/apartments	6,190,954	0.39%
Total Taxable Value of Ten Largest Taxpayers		100,111,990	6.28%
Total Taxable Value of All Other Taxpayers		<u>1,493,559,077</u>	<u>93.72%</u>
Total Taxable Value of All Taxpayers		<u>\$ 1,593,671,067</u>	<u>100.00%</u>

Notation:

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

*Renaissance zone values have been removed

Holland Charter Township, Michigan
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2022

State Equalized Value (SEV)	<u>\$ 2,120,546,200</u>
Legal debt margin:	
Debt limitation -- 10% of SEV	\$ 212,054,620
Outstanding general obligation debt	<u>7,030,000</u>
Legal Debt Margin	<u>\$ 205,024,620</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
2013	36,513	\$ 1,123,987,000	\$ 1,647,500	0.15%	45
2014	36,513	1,175,674,900	1,095,000	0.09%	30
2015	37,882	1,262,896,500	10,335,000	0.82%	273
2016	37,882	1,278,231,800	10,065,000	0.79%	266
2017	37,882	1,384,858,800	9,397,500	0.68%	248
2018	37,979	1,469,981,400	8,717,500	0.59%	230
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

Holland Charter Township, Michigan
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS
 December 31, 2022

<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	\$ 7,030,000	100.00%	\$ 7,030,000
Overlapping Debt:			
County of Ottawa	60,282,988	11.11%	6,697,440
Holland Area Swimming Pool Authority	20,845,000	1.93%	402,309
Holland School District	80,525,000	1.93%	1,554,133
West Ottawa School District	130,690,000	42.15%	55,085,835
Zeeland School District	104,435,000	23.60%	24,646,660
Ottawa Intermediate School District	-	0.00%	-
			<u>\$ 95,416,377</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, 2022).

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

Fiscal Year Ended December 31	State Equalized Value	Number of Permits	Estimated Building Cost
2013	\$ 1,123,987,000	470	\$ 44,695,569
2014	1,175,674,900	495	82,852,199
2015	1,262,896,500	507	56,423,736
2016	1,278,231,800	568	62,089,953
2017	1,384,858,800	618	104,932,734
2018	1,469,981,400	630	88,673,795
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

Holland Charter Township, Michigan
TAX INFORMATION
December 31, 2022

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, 2022

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, 33 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		12,766
	Number of personal property tax parcels		1,519
	Total tax parcels (includes IFT abated parcels)		14,285
WATER UTILITY:	Customer Accounts:		
	Residential		13,173
	Commercial		2,323
	Industrial		297
	Other		109
	Total Water Customer Accounts		15,902
	Gallons purchased		3,115,379
	Revenues from sales and charges	\$	9,877,446
WASTEWATER UTILITY:	Customer Accounts:		
	Residential		12,477
	Commercial		1,694
	Industrial		184
	Other		71
	Total Water Customer Accounts		14,426
	Gallons purchased		1,755,476
	Revenues from sales and charges	\$	7,371,065
RECREATION:	Beechwood Park (3.5 acres) Brookwood Park (1 acre) Dunton Park (21 acres) Helder Park (167 acres, including 69 acres of vacant land) Quincy Park (140 acres, including 59 acres of vacant land) Hawthorn Pond Natural Area (40 acres)		
CEMETERIES:	New Groningen Cemetery (1.3 acres) North Holland Cemetery (5.2 acres)		
BIKE PATHS & SIDEWALKS:	69 miles of bike paths and sidewalks		
POPULATION GROWTH:	Official United States Census	1980	13,739
		1990	17,523
		2000	28,911
		2010	35,636
		2020	38,276

SINGLE AUDIT SECTION



Vredeveld Haefner LLC

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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 6, 2023

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, 2022, 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 6, 2023.

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 2022-001 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.

Vredewold Haefner LLC



Vredeveld Haefner LLC

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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 6, 2023

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, 2022. 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, 2022.

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.

Uredexeld Haefner LLC

HOLLAND CHARTER TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

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>\$ 2,135,550</u>
Total Federal expenditures				<u>\$ 2,135,550</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, 2022

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

\$ 2,135,550

Agrees to Schedule of Expenditures of Federal Awards

\$ 2,135,550

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, 2022

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>CFDA 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

2022-001 Material Weakness

Condition and Criteria: Numerous significant 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 amounts due from other governments, capital assets, and debt payable 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.

HOLLAND CHARTER TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

None noted