

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM

(a Component Unit of Ottawa County)

Ottawa County, Michigan

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017



Vredeveld Haefner LLC
CPAs and Consultants

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

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Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

April 11, 2018

Ottawa County Public Utilities System
Board of County Road Commissioners
Grand Haven, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Ottawa County Public Utilities System (the System), a component unit of Ottawa County, Michigan, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the System, as of December 31, 2017, and the respective changes in financial position and, where applicable cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the budget to actual schedule on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2018, on our consideration of the System'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 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 System's internal control over financial reporting and compliance.

Urodeuxeld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Ottawa County Public Utilities System (the System), we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements. The System was formed to provide local units of government with assistance in the construction, financing, operations, and maintenance of water and sewage treatment plants and related infrastructure.

Financial Highlights

The system provides water and sewer system infrastructure operations, design and construction management services to local units of government. Financing is typically provided with bonds issued by Ottawa County through the System utilizing the credit of both the participating local units and Ottawa County. Agreements with the local units transfers title of the constructed systems to the local units upon full payment of related debt.

- No bonds were issued or refunded during 2017.
- The M-121/Rush Creek Trunk Sewer project is 96% completed.
- Total local water and sewer service revenues accounted for through the Systems were approximately \$18.3 million for water and sewer services and approximately \$11.4 million for debt service.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's financial statements. The System'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 contains other supplementary information (combining sub-fund statements) in addition to the basic financial statements. The system has multiple sub-funds making up the various funds utilized for financial reporting purposes.

Note that Ottawa County's government-wide financial statements are not presented herein because the System is a component unit of the County. The County presents their financial statements in a separately issued comprehensive annual financial report.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the System's finances, in a manner similar to a private-sector business. The government-wide financial statements include only the System itself. The System has no legally separate component units for which the System is financially accountable.

The *statement of net position* presents information on all of the System's assets and liabilities, with the difference between the two 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 System is improving or deteriorating.

The *statement of activities* presents information showing how the government'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., payments on long-term debt).

Both of the government-wide financial statements distinguish functions of the System that are principally supported by 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 System include administration, construction, and debt service activities. The business-type activities of the System include operations of water and sewer systems and related infrastructure within Ottawa County.

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. The System, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the System are governmental or proprietary funds. The System does not utilize 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 on *balances of spendable resources* available 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between the *governmental funds* and *governmental activities*.

The System maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, bond debt service fund, and the construction capital projects fund which are all considered to be major funds.

Proprietary funds. The System maintains a separate enterprise fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The System uses an enterprise fund to account for its operation and maintenance of utility systems throughout Ottawa County.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail and is considered to be a major fund of the System.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information includes this management discussion and analysis as well as a budget and actual schedule. Supplementary information presented is limited to combining statements for the multiple sub-funds making up the various funds utilized for financial reporting purposes.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the System, as illustrated in the following table, assets exceeded liabilities by \$1,152,376 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current assets	\$ 7,553,895	\$ 6,787,102	\$2,982,735	\$2,690,939	\$ 10,536,630	\$ 9,478,041
Noncurrent assets						
Due from other governments	106,804,727	112,852,229	-	-	106,804,727	112,852,229
Total assets	114,358,622	119,639,331	2,982,735	2,690,939	117,341,357	122,330,270
Deferred outflows	3,326,743	3,671,588	-	-	3,326,743	3,671,588
Liabilities						
Current liabilities	3,348,959	1,660,391	2,117,334	1,967,249	5,466,293	3,627,640
Long-term liabilities						
Bonds payable	107,458,501	114,013,501	-	-	107,458,501	114,013,501
Unamortized bond premium	6,590,930	7,360,880	-	-	6,590,930	7,360,880
Total liabilities	117,398,390	123,034,772	2,117,334	1,967,249	119,515,724	125,002,021
Net position						
Restricted	-	-	865,401	723,690	865,401	723,690
Unrestricted	286,975	276,147	-	-	286,975	276,147
Total net position	\$ 286,975	\$ 276,147	\$ 865,401	\$ 723,690	\$ 1,152,376	\$ 999,837

Statement of Activities The System's total revenue for the fiscal year ended December 31, 2017, was \$22,790,251, while total cost of all programs and services was \$22,637,712. This results in an increase in net position of \$152,539. The following table presents a summary of the changes in net position for the years ended December 31.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue						
Program revenue						
Charges for services	\$4,398,522	\$5,126,298	\$18,343,620	\$17,952,450	\$22,742,142	\$23,078,748
General revenue						
Interest income	48,109	15,865	-	-	48,109	15,865
Total revenue	4,446,631	5,142,163	18,343,620	17,952,450	22,790,251	23,094,613
Expenses						
Operations	164,307	401,327	18,212,765	17,746,117	18,377,072	18,147,444
Interest	4,260,640	4,659,435	-	-	4,260,640	4,659,435
Total expenses	4,424,947	5,060,762	18,212,765	17,746,117	22,637,712	22,806,879
Increase (decrease), before transfers	21,684	81,401	130,855	206,333	152,539	287,734
Transfers in (out)	(10,856)	25,080	10,856	(25,080)	-	-
Change in net position	10,828	106,481	141,711	181,253	152,539	287,734
Net position, beginning of year	276,147	169,666	723,690	542,437	999,837	712,103
Net position, end of year	\$ 286,975	\$ 276,147	\$ 865,401	\$ 723,690	\$ 1,152,376	\$ 999,837

Governmental activities

During the year the governmental activities reported approximately 96% of its total expenses as interest expense, approximately 4% as operations, and increased the System's net position by \$10,828. The increase in net position is primarily the result of service charges and transfers in excess of costs.

Business-type activities

Business-type activities increased the System's net position by \$141,711 during the year.

Financial Analysis of the Government's Funds

As noted earlier, the System uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the System's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the System's financing requirements. In particular, *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 System's governmental funds reported combined ending fund balances of \$5,435,613, a decrease of \$910,742 in comparison with the prior year. This decrease is primarily the result of timing differences between construction costs and collection of funds from local units and bonds issued during the year.

The general fund is the chief operating fund of the System. At the end of the current fiscal year, unassigned fund balance of the general fund was a \$255,100. As a measure of the general fund's liquidity, it is important to note that the general fund operates primarily on charges for services funding.

Proprietary funds. The System's proprietary funds provide the same type of information found in the business-type activities on the government-wide financial statements, but in more detail.

The System's enterprise operations consist of operation and maintenance activities. The proprietary funds experienced an increase in net position of \$141,711 primarily as a result of rate increases and system utilization.

General Fund Budgetary Highlights

A budget is adopted for staff and operating costs accounted for across the general, capital projects and enterprise funds. A separate budget is not adopted for the general fund alone. A budgetary schedule across the general, capital projects and enterprise funds is provided for these costs and related revenues as required supplementary information. There were no amendments made to the budget.

Capital Asset and Debt Administration

Capital assets. The capital assets constructed and operated by the System are the property of the applicable local units of government and are not reported as assets of the System.

Debt. At the end of the current fiscal year, the System had outstanding long-term debt as follows:

	Governmental
	<u>Activities</u>
Bonds	\$107,458,501
Unamortized bond premium	<u>6,590,930</u>
Total	<u>\$114,049,431</u>

Additional information on the System's long-term debt can be found in Note 4 of this report.

Economic Factors and Next Year's Budgets and Rates

- Bond issues for Grand Haven-Spring Lake Sewer Authority
- Increasing engineering time

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ottawa County Public Utilities System, Finance Director, PO Box 739, Grand Haven, Michigan 49417.

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BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	Governmental Activities	Business- type Activities	Total
Assets			
Cash and temporary investments	\$ 7,279,479	\$ 1,059,703	\$ 8,339,182
Accounts receivable	228,328	1,923,032	2,151,360
Due from other component units	15,019	-	15,019
Inventory	31,069	-	31,069
Accounts receivable long-term	<u>106,804,727</u>	<u>-</u>	<u>106,804,727</u>
Total assets	<u>114,358,622</u>	<u>2,982,735</u>	<u>117,341,357</u>
Deferred outflow			
Unamortized loss on bond refundings	<u>3,326,743</u>	<u>-</u>	<u>3,326,743</u>
Liabilities			
Accounts payable	175,430	2,117,334	2,292,764
Unearned revenue	1,792,852	-	1,792,852
Due to Ottawa County	150,000	-	150,000
Accrued interest	1,230,677	-	1,230,677
Noncurrent liabilities			
Bonds payable			
Due within one year	6,205,000	-	6,205,000
Due in more than one year	101,253,501	-	101,253,501
Unamortized bond premium	<u>6,590,930</u>	<u>-</u>	<u>6,590,930</u>
Total liabilities	<u>117,398,390</u>	<u>2,117,334</u>	<u>119,515,724</u>
Net position			
Restricted for operations and maintenance	-	865,401	865,401
Unrestricted	<u>286,975</u>	<u>-</u>	<u>286,975</u>
Total net position	<u>\$ 286,975</u>	<u>\$ 865,401</u>	<u>\$ 1,152,376</u>

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

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OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues		Net (expense) revenue		Total
		Charges for Services	Capital Grants and Contributions	Governmental	Business-type	
Primary government						
Governmental activities						
Public works	\$ 164,307	\$ 137,882	\$ -	\$ (26,425)	\$ -	\$ (26,425)
Interest on long-term debt	4,260,640	4,260,640	-	-	-	-
Total governmental activities	4,424,947	4,398,522	-	(26,425)	-	(26,425)
Business-type activities						
Maintenance and operations	18,212,765	18,343,620	-	-	130,855	130,855
Total primary government	\$ 22,637,712	\$ 22,742,142	-	(26,425)	130,855	104,430
General revenues						
Unrestricted investment earnings				48,109	-	48,109
Transfers - internal activities				(10,856)	10,856	-
Total general revenues				37,253	10,856	48,109
Change in net position				10,828	141,711	152,539
Net position, beginning of year				276,147	723,690	999,837
Net position, end of year	\$ 286,975	\$ 865,401	\$ 1,152,376			

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

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

GOVERNMENTAL FUNDS
BALANCE SHEET

DECEMBER 31, 2017

	<u>General</u>	<u>Bond Debt Service</u>	<u>Construction Capital Projects</u>	<u>Total</u>
Assets				
Cash and temporary investments	\$ 229,613	\$ 2,797,135	\$ 4,252,731	\$ 7,279,479
Accounts receivable	12,500	209,483	6,345	228,328
Due from other component units	15,019	-	-	15,019
Inventory	31,069	-	-	31,069
Due from governments long-term	-	102,309,863	-	102,309,863
Total assets	<u>\$ 288,201</u>	<u>\$ 105,316,481</u>	<u>\$ 4,259,076</u>	<u>\$ 109,863,758</u>
Liabilities, deferred inflows of resources and fund balances				
Liabilities				
Accounts payable	\$ 2,032	\$ -	\$ 173,398	\$ 175,430
Unearned revenue	-	-	1,792,852	1,792,852
Due to Ottawa County	-	-	150,000	150,000
Total liabilities	<u>2,032</u>	<u>-</u>	<u>2,116,250</u>	<u>2,118,282</u>
Deferred inflows of resources				
Unavailable revenue - contract payments	-	102,309,863	-	102,309,863
Fund balances				
Nonspendable - advance receivable				
Inventory	31,069	-	-	31,069
Restricted				
Debt service	-	3,006,618	-	3,006,618
Capital projects	-	-	2,142,826	2,142,826
Unassigned	255,100	-	-	255,100
Total fund balances	<u>286,169</u>	<u>3,006,618</u>	<u>2,142,826</u>	<u>5,435,613</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 288,201</u>	<u>\$ 105,316,481</u>	<u>\$ 4,259,076</u>	<u>\$ 109,863,758</u>

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

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

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

DECEMBER 31, 2017

Fund balances - total governmental funds	\$	5,435,613
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p> <p>Certain assets and deferred outflows reported on the statement of net position are not receivable in the current period and therefore are not reported in the funds.</p>		
Add - accrued interest receivable from participants		1,230,677
Add - unavailable revenue on long-term receivable due from participants		102,309,863
Deduct - net receivable from local units from refunding loss		(3,326,743)
Add - receivable from local units for premiums		6,590,930
Add - deferred outflow from refunding loss		3,326,743
<p>Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Deduct - bonds payable		(107,458,501)
Deduct - accrued interest on bonds		(1,230,677)
Deduct - unamortized bond premium		<u>(6,590,930)</u>
Net position of governmental activities	\$	<u>286,975</u>

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

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General</u>	<u>Bond Debt Service</u>	<u>Construction Capital Projects</u>	<u>Total</u>
Revenues				
Charges for services	\$ 87,103	\$ 11,478,357	\$ 5,048,290	\$ 16,613,750
Interest	<u>37,066</u>	<u>11,043</u>	<u>50,290</u>	<u>98,399</u>
Total revenues	<u>124,169</u>	<u>11,489,400</u>	<u>5,098,580</u>	<u>16,712,149</u>
Expenditures				
Current				
Public works				
Salaries and wages	127,479	-	-	127,479
Operating supplies and expenses	13,777	-	-	13,777
Dues and subscriptions	6,443	-	-	6,443
Transportation and equipment	237	-	-	237
Contractual services	15,065	-	-	15,065
Miscellaneous	1,306	-	-	1,306
Capital outlay	-	522,864	5,695,152	6,218,016
Debt service				
Principal	-	6,555,000	-	6,555,000
Interest	<u>-</u>	<u>4,674,712</u>	<u>-</u>	<u>4,674,712</u>
Total expenditures	<u>164,307</u>	<u>11,752,576</u>	<u>5,695,152</u>	<u>17,612,035</u>
Revenues over (under) expenditures	<u>(40,138)</u>	<u>(263,176)</u>	<u>(596,572)</u>	<u>(899,886)</u>
Other financing sources (uses)				
Transfers in	50,160	112,623	-	162,783
Transfers out	<u>-</u>	<u>-</u>	<u>(173,639)</u>	<u>(173,639)</u>
Total other financing sources (uses)	<u>50,160</u>	<u>112,623</u>	<u>(173,639)</u>	<u>(10,856)</u>
Net changes in fund balances	10,022	(150,553)	(770,211)	(910,742)
Fund balances, beginning of year	<u>276,147</u>	<u>3,157,171</u>	<u>2,913,037</u>	<u>6,346,355</u>
Fund balances, end of year	<u>\$ 286,169</u>	<u>\$ 3,006,618</u>	<u>\$ 2,142,826</u>	<u>\$ 5,435,613</u>

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

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

**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, 2017

Net changes in fund balances - total governmental funds	\$ (910,742)
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p> <p>Repayment of bond principal is an expenditure in the governmental funds but repayment reduces long-term liabilities in the statement of net position.</p>	
Add - principal payments on bonds	6,555,000
<p>Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the funds.</p>	
Add - increase in interest receivable from participants	11,033
Deduct - decrease in premium receivable from participants	(769,950)
Deduct - decrease in payments receivable from participants for payment of long-term debt	(5,633,430)
Deduct - increase in accrued interest payable	(11,033)
Add - net payable to participants for loss on refunding	344,845
Deduct - amortization of refunding loss	(344,845)
Add - amortization of bond premium	<u>769,950</u>
Change in net position of governmental activities	<u>\$ 10,828</u>

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

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

PROPRIETARY FUND
STATEMENT OF NET POSITION

DECEMBER 31, 2017

	Enterprise Fund
Assets	
Current assets	
Cash and temporary investments	\$ 1,059,703
Accounts receivable	<u>1,923,032</u>
Total assets	<u>2,982,735</u>
Liabilities	
Current liabilities	
Accounts payable	<u>2,117,334</u>
Net position	
Restricted for operations and maintenance	<u>\$ 865,401</u>

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

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2017

	Enterprise Fund
Operating revenues	
Charges for services	\$ 18,343,620
Operating expenses	
Salaries and wages	589,892
Operating supplies and expenses	120,631
Transportation and equipment	46,371
Contractual services	554,939
Water purchases	10,803,459
Sewage treatment charges	5,887,043
Utilities	210,430
Total operating expenses	<u>18,212,765</u>
Operating income (loss) before transfers	130,855
Transfers in (out)	
Transfers in	35,936
Transfers out	<u>(25,080)</u>
Total transfers	<u>10,856</u>
Operating income / change in net position	141,711
Net position, beginning of year	<u>723,690</u>
Net position, end of year	<u>\$ 865,401</u>

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

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

PROPRIETARY FUND
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Enterprise Fund
Cash flows from operating activities	
Receipts from customers and users	\$ 18,061,209
Payments to contract employees	(589,892)
Payments to suppliers	<u>(17,193,156)</u>
Net cash provided by (used in) operating activities	<u>278,161</u>
Cash flows from capital and related financing activities	
Transfers in	35,936
Transfers out	<u>(25,080)</u>
Net cash provided by (used in) capital and related financing activities	<u>10,856</u>
Net increase (decrease) in cash and temporary investments	289,017
Cash and temporary investments, beginning of year	<u>770,686</u>
Cash and temporary investments, end of year	<u>\$ 1,059,703</u>
Cash flows from operating activities	
Operating income (loss)	\$ 130,855
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Change in operating assets and liabilities which provided (used) cash	
Accounts receivable	(2,779)
Accounts payable	514,198
Deferred revenue	<u>(364,113)</u>
Net cash provided by (used in) operating activities	<u>\$ 278,161</u>

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

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ottawa County Public Utilities System (the System) is a discretely presented component unit of Ottawa County, Michigan. The System was established in 1964 under Act 342 of the Public Acts of Michigan of 1939 to provide local units of government with assistance in the construction, financing, operations, and maintenance of water and sewage treatment plants and related infrastructure.

The accounting policies of the System conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

The criteria established under generally accepted accounting principles for determining the reporting entity includes a significant operational or financial relationship with another entity. Based on the above criteria, these financial statements present all funds of the System. The System has no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the System. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are changes 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 intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The system has no fiduciary activities.

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. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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 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.

The debt of the System is issued by Ottawa County through the Ottawa County Public Utilities System. The debt is guaranteed by the local units of government participating in each project as well as by Ottawa County. All assets constructed by the System are assets of participating local units of government. Upon construction of capital assets the System reports a balance receivable from participating local units of government equal to the present value of future debt service requirements (following the accounting treatment of capital leases required by the lessor).

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 labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The System reports the following major governmental funds:

The *General Fund* is used to account for all financial resources except those required to be accounted for in another fund.

The *Bond Debt Service Fund* is used to account for the accumulation and disbursement of funds for the payments of principal and interest on long-term debt.

The *Construction Capital Projects Fund* is used to account for the accumulation and disbursement of funds for the construction of plants and related infrastructure.

The System reports the following major proprietary fund:

The *Operations and Maintenance Enterprise Fund* is used to account for charges and expenses for operation and maintenance activities of the water and sewage treatment plants and related infrastructure.

The System enterprise fund is divided into the following Subsystems:

The *Grand Rapids Water Supply System* has a water service area that includes, Allendale Township, City of Coopersville, northern Port Sheldon Township, north Olive Township, portions of southern Grand Haven Township, Robinson Township, and Polkton Township. It also includes the West Central Ottawa Water System. The System provides contract operation for all or part of the Allendale, Coopersville, Polkton, Robinson, and West Central Ottawa Water Systems.

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

The *Wyoming Water Supply System* has a water service area that includes Georgetown Township, City of Hudsonville, Jamestown Township, Holland Township, eastern Park Township, Zeeland Township, and portions of Olive and Blendon Townships. The System provides contract operation for the Jamestown Township System and retail operations for the Olive-Blendon Systems.

The *Northwest Ottawa System* has a water and sewer service area that includes City of Grand Haven, Grand Haven Township, City of Ferrysburg, Spring Lake Township and Spring Lake Village. The System also provides water service to Crockery and western Robinson Townships.

The *Rush Creek Sewage Disposal System (Grandville Waste Water Treatment Plant)* has a sewer service area that includes Georgetown Township, City of Hudsonville, Jamestown Township, and eastern Blendon Township. The System provides contract operation for the Rush Creek Sewage Transmission System.

The *Jamestown Township Sewer System* has a service area within Jamestown Township.

The *Park Township Water System* has a water service area that includes the western and southern portions of the Township. The Water Supply is the City of Holland Water Plant.

The *Crockery Township Sewer System* has a sewer service area that includes the two residential developments in west central Crockery Township. The System provides contract operations for this system.

The *Holland Area Sewer System* has a sewer service area that includes the City of Holland, Holland Township, Park Township, and the southern and eastern portions of Zeeland Township.

The *West Central Ottawa Sewer System* has a sewer service area that includes northern and western Olive Township, and northeastern Port Sheldon Township. The System provides retail operations for this system.

The *Chester Township Sewage System* has a sewer service area that includes the business and residential district of Conklin. The System provides contract operations for this system.

The *Southwest Ottawa County Landfill* contains a purge well and leachate treatment of a groundwater plume from a closed landfill. It is owned by Ottawa County and the System handles the operations.

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Budgets and Budgetary Accounting

The System's procedures for establishing budgetary data are as follows:

- The Director submits a proposed budget for the upcoming year to the System Board.
- The budget is reviewed and adopted by the Board.
- The budget is adopted across the general fund and select construction and enterprise fund activities on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts shown in the financial statements consist of those amounts contained in the original and amended budget. The budget was not amended during the year.
- The System adopts the budget by means of an appropriations act, on a departmental basis in summary form.
- Periodic internal reporting is on a detail basis in accordance with the state-prescribed uniform chart of accounts. The budget is prepared on the modified accrued basis of accounting.

Cash and Temporary Investments

Cash and temporary investments consist of the balance of cash, checking, savings, investment and mutual fund accounts. For the purpose of the statement of cash flows, the System considers cash and temporary investments to be cash and cash equivalents because the accounts maintained for enterprise funds allow for withdrawal at any time similar to a demand deposit account.

The System invests its cash and investments through Michigan financial institutions and the Ottawa County Treasurer. Michigan law and county policy authorizes the System 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 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.

Accounts Receivable

Accounts receivable consist primarily of the balance due for operations and maintenance, construction, or short-term debt service activities as well as water and sewer service provided to system users. These balances are reported net of estimated uncollectible balances (estimated uncollectible balances were zero at year-end).

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Inventory

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Inventory represents parts, materials, and supplies utilized in the various System operations.

Due From Other Governments Long-Term

Due from other governments long-term consists of the balance receivable from participating local units of government for the payment on long-term debt.

Long-Term Obligations

In the government-wide financial statements the long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Premiums and discounts on debt issuances are reported as an other financing sources and uses respectively. Issuance costs are reported as expenditures/expense in the year of the bond issuance.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The governmental activities column in the government-wide statement of net position reported a deferred outflow for unamortized losses on bond refundings at year-end. This deferred outflow will be amortized to interest expense over the remaining term of the related refunding bonds.

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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: contract payments from participating local units of government for the payment of long-term debt. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Fund Equity

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 System's 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.

Only the Board has the ability to commit or assign fund balance.

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.

Sub-Funds

The System utilizes multiple sub-funds making up the various funds utilized for financial reporting purposes.

2. CASH AND TEMPORARY INVESTMENTS

All cash and temporary investment accounts are managed by the Ottawa County Treasurer. Balances reported on the financial statements consist of the following at year-end:

	<u>Cash and Investments</u>
Deposits	\$ 1,160,827
Temporary investments	<u>7,178,355</u>
Total cash and temporary investments	<u>\$8,339,182</u>

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Deposits

The deposits are in financial institutions located in Michigan in varying amounts. State law and Ottawa County policy limits the System's investing options to financial institutions located in Michigan. All accounts are in the name of the System and are recorded in the System's records at fair value. Interest is recorded when earned.

Deposit risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned. State law does not require, and Ottawa County does not have, a policy for deposit custodial credit risk. As of year-end, \$1,089,691 of the System's bank balance of \$1,339,691 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

Investments

The System chooses to disclose its investments by specifically identifying each. As of year-end, the System had the following investment:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
MBIA Michigan Class	N/A	\$7,178,355	AAAm	S&P

Investment risk

Interest Rate Risk. State law and Ottawa County 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. Ottawa County'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. The maturity date for each investment is identified above for investments held at year-end. There is no stated maturity date for the System's investment in MBIA Michigan Class identified above.

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. Ottawa County's 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 System 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 Ottawa County does not have, a policy for investment custodial credit risk. Of the above investments in MBIA Michigan Class, the System's custodial credit risk exposure cannot be determined because the investment fund does not consist of specifically identifiable securities.

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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. Ottawa County'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.

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

- The System does not have any investments valued using quoted market prices (Level 1 inputs).
- The MBIA Michigan Class investment is valued using a pricing model utilizing observable fair value measures of fund investments and other observable inputs to determining the fair value of the securities making up the of investment fund (Level 2 inputs).
- The System does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

3. TRANSFERS AND INTERFUND BALANCES

Transfers in and out for the year ended December 31, 2017 are as follows:

	Transfers in			
<u>Transfers out</u>	<u>General</u> <u>fund</u>	<u>Debt Service</u>	<u>Enterprise</u>	<u>Total</u>
Construction capital projects	\$25,080	\$112,623	\$35,936	\$173,639
Enterprise fund	25,080	-	-	25,080
Total	\$50,160	\$112,623	\$35,936	\$198,719

Internal balances represent short-term loans between funds (due to/from other funds) and long-term loans between funds (advances). Transfers represent primarily interest earnings and bond proceeds utilized to make debt service payments and administrative charges paid to the general fund for services.

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

4. LONG-TERM DEBT

The following is a summary of long-term debt activity and balances of the System for the year ended December 31, 2017:

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2017</u>	<u>Due Within One Year</u>
Allendale Water and Sewer Systems					
1998 Michigan Municipal Bond Authority Clean Water Revolving Loan, due in annual installments of \$225,000 to \$289,446 through 2019, interest payable at 2.25%	\$ 844,446	\$ -	\$ 275,000	\$ 569,446	\$280,000
2000 Michigan Municipal Bond Authority, Revolving Loan Fund Program, due in annual installments of \$80,000 to \$117,087 through 2020, interest payable at 2.50%	452,087	-	110,000	342,087	110,000
2006 Ottawa County Water Supply Bonds, due in annual installments of \$40,000 to \$90,000 through 2026, interest payable at 3.50% to 4.20%	730,000	-	60,000	670,000	60,000
2007 Ottawa County Water Supply Bonds, due in annual installments of \$110,000 to \$160,000 through 2027, interest payable at 2.125%	1,511,968	-	125,000	1,386,968	130,000
2012 Ottawa County Wastewater Treatment Bonds, due in annual installments of \$105,000 to \$165,000 through 2033, interest payable at 2.50%	1,180,000	-	55,000	1,125,000	60,000
	4,718,501	-	625,000	4,093,501	640,000

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2017</u>	<u>Due Within One Year</u>
Wyoming Water Supply System					
2007 Ottawa County Water Supply System Bonds, due in annual installments of \$730,000 to \$3,135,000 through 2032, interest payable at 4.00% to 4.35%	\$ 1,115,000	\$ -	\$1,115,000	\$ -	\$ -
2009 Ottawa County Water Supply Bonds, due in annual installments of \$75,000 to \$225,000 through 2029, interest payable at 3.00% to 5.00%	2,250,000	-	130,000	2,120,000	135,000
2011 Ottawa County Refunding Bonds, due in annual installments of \$10,000 to \$750,000 through August 2022, plus interest at 2.000% to 3.375%	3,720,000	-	480,000	3,240,000	535,000
2015 Ottawa County Refunding Bonds, due in annual installments of \$1,120,000 to \$2,965,000 through August 2032, plus interest at 3.000% to 5.000%	30,845,000	-	-	30,845,000	1,120,000
	37,930,000	-	1,725,000	36,205,000	1,790,000
Northwest Ottawa Water Supply System					
2010 Ottawa County Refunding Bonds, due in annual installments of \$165,000 to \$280,000 through 2021, interest payable at 2.000% to 2.625%	1,250,000	-	220,000	1,030,000	235,000
2009 Ottawa County Water Supply Bonds Series A, due in annual installments of \$125,000 to \$1,235,000 through May 2034, interest payable at 2.40% to 7.25%	795,000	-	265,000	530,000	265,000
2016 Ottawa County Refunding Bonds, due in annual installments of \$210,000 to \$1,115,000 through May 2034 plus interest at 4.00% to 5.00%	11,635,000	-	-	11,635,000	-
2011 Ottawa County Water Supply Bonds Series B, due in annual installments of \$150,000 to \$365,000 through May 2031 plus interest at 3.50% to 4.25%	3,985,000	-	185,000	3,800,000	195,000
	17,665,000	-	670,000	16,995,000	695,000

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2017</u>	<u>Due Within One Year</u>
Grand Haven & Spring Lake Sewer System					
2011 Ottawa County Sewage Disposal Bonds, Series A, due in installments of \$20,000 to \$80,000 through March 2031 plus interest at 3.50% to 4.50%	\$ 820,000	\$ -	\$ 20,000	\$ 800,000	\$ 20,000
2012 Ottawa County Wastewater Treatment System Bonds, due in annual installments of \$65,000 to \$210,000 through July 2032 plus interest at 2.00% to 3.00%	2,185,000	-	75,000	2,110,000	85,000
	3,005,000	-	95,000	2,910,000	105,000
2005 Ottawa County Refunding Bonds, due in annual installments of \$280,000 to \$410,000 through 2019, interest payable at 3.50% to 4.375%	985,000	-	410,000	575,000	280,000
2008 Ottawa County Sewer Improvement Bonds due in annual installments of \$40,000 to \$75,000 through 2028, interest payable at 4.25% to 5.10%	730,000	-	50,000	680,000	50,000
	1,715,000	-	460,000	1,255,000	330,000
Holland Area System					
2010 Ottawa County Water Supply and Refunding Bonds, due in annual installments of \$240,000 to \$285,000 through 2018, interest payable at 2.00% to 3.00%	565,000	-	280,000	285,000	285,000
2015 Ottawa County Sewage Disposal System Improvement Bonds, due in annual installments of \$775,000 to \$1,315,000 through 2018, interest payable at 0.75% to 3.40%	19,000,000	-	775,000	18,225,000	790,000
	19,565,000	-	1,055,000	18,510,000	1,075,000
Olive-Blendon Water System					
1978 Ottawa County Water Supply Bonds, due in annual installments of \$25,000 to \$50,000 through 2017, interest payable at 5.00%	50,000	-	50,000	-	-

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2017</u>	<u>Due Within One Year</u>
Coopersville Water Supply System 1978 Ottawa County Water Supply Bonds, due in annual installments of \$40,000 to \$75,000 through 2017, interest payable at 5.00%	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -
Crockery Township Water and Sewage System 2004 Ottawa County Wastewater Collection System Bonds, due in annual installments of \$20,000 to \$100,000 through 2024, interest payable at 3.000% to 4.375%	575,000	-	55,000	520,000	60,000
2005 Ottawa County Water Supply Bonds, due in annual installments of \$15,000 to \$35,000 through 2025, interest payable at 3.625% to 4.300%	255,000	-	25,000	230,000	25,000
	830,000	-	80,000	750,000	85,000
Zeeland Township Water and Sewage System 2005 Ottawa County Refunding Bonds, due in annual installments of \$110,000 to \$520,000 through 2019, interest payable at 3.00% to 4.00%	1,550,000	-	520,000	1,030,000	520,000
2013 Ottawa County Refunding Bonds, due in annual installments of \$25,000 to \$265,000 through 2023, interest payable at 0.95% to 3.00%	1,315,000	-	265,000	1,050,000	75,000
	2,865,000	-	785,000	2,080,000	595,000
Jamestown Township Water and Sewage System 2016 Ottawa County Sewage Disposal and Refunding Bonds, due in annual installments of \$160,000 to \$215,000 through 2035, interest payable at 2.00% to 4.00%	3,155,000	-	65,000	3,090,000	65,000
2016 Ottawa County Sewage Disposal and Refunding Bonds, due in annual installments of \$160,000 to \$215,000 through 2035, interest payable at 2.00% to 3.00%	495,000	-	95,000	400,000	105,000

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2017</u>	<u>Due Within One Year</u>
2013 Ottawa County Refunding Bonds, due in annual installments of \$10,000 to \$185,000 through 2024, interest payable at 2.53%	\$ 1,215,000	\$ -	\$ 120,000	\$ 1,095,000	\$ 125,000
	4,865,000	-	280,000	4,585,000	295,000
West Central Ottawa Water and Sewage System					
2002 Ottawa County Sewage Disposal Bonds, due in annual installments of \$45,000 to \$75,000 through 2017, interest payable at 3.20% to 4.55%	75,000	-	75,000	-	-
Port Sheldon Sewage System					
2002 Ottawa County Sewage Disposal Bonds, due in annual installments of \$40,000 to \$90,000 through 2022, interest payable at 3.20% to 5.00%	490,000	-	70,000	420,000	75,000
Chester Township Sewage System					
1996 U.S. Dept. of Agriculture, Rural Development Bonds, due in annual installments of \$7,000 to \$35,000 through 2035, interest payable at 5.125%	530,000	-	20,000	510,000	20,000
Grandville Sewer System					
2010 Ottawa County Bonds, due in annual installments of \$465,000 to \$1,290,000 through 2040, interest payable at 2.25% to 5.00%	19,635,000	-	490,000	19,145,000	500,000
Total bonds payable	\$114,013,501	\$ -	\$6,555,000	\$107,458,501	\$6,205,000

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

The annual required payments on the outstanding bonds as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 6,205,000	\$ 4,998,146
2019	6,159,446	4,326,881
2020	5,332,087	3,649,111
2021	5,540,000	3,454,131
2022	5,795,000	3,249,195
2023-2027	30,181,968	12,905,583
2028-2032	32,595,000	7,148,102
2033-2037	11,940,000	1,798,268
2038-2040	3,710,000	248,063
	<u>\$107,458,501</u>	<u>\$41,777,480</u>

The System reports long-term receivables from local units of government participating in each project which is equal to the net present value of future minimum bond debt service requirements less available balances in capital project and debt service funds. Contracts and bond documents require payment timing from participating local units of government to meet the above debt service requirements.

During fiscal 2016, the System issued \$11,635,000 of refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for debt service. As a result, \$12,925,000 of refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. \$541,100 and \$270,550 of the interest above for 2018 and 2019, respectively will be paid by the escrow. As of December 31, 2017, \$12,925,000 of the outstanding bonds payable are considered defeased and are scheduled to be called and paid in full in 2019.

5. UNAVAILABLE REVENUE

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, the System reported unavailable revenue in the bond debt services fund for the balance of receivables from local units on outstanding bonds.

6. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

State law provides that a local unit shall not incur expenditures in excess of the amount appropriated. The System adopts a budget that includes activities accounted for across the general fund and select capital project and enterprise funds. This budgeting methodology does not provide a specific budget for general fund activity alone. During the year ended December 31, 2017, the System did not incur expenditures at the departmental level in excess of the amounts appropriated.

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

7. RISK MANAGEMENT

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees and natural disasters. In order to minimize its exposure to these risks, the System participates in the Michigan County Road Commission Self Insurance Pool. Settled claims relating to participation in Michigan County Road Commission Self Insurance Pool have not exceeded the amount of insurance coverage in any of the past three fiscal years. There were no reductions in insurance coverage from prior years.

8. RELATED PARTY TRANSACTIONS

The System incurred expenses of approximately \$675,000 for wages and equipment provided by the Ottawa County Road Commission, which provides fiscal and managerial services to the System. At year-end Ottawa County Road Commission owed the System \$15,019 which was overcharged for these goods and services.

9. COMMITMENTS

At year-end, the System had outstanding construction and other commitments of approximately \$1,180,000.

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REQUIRED SUPPLEMENTARY INFORMATION

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM

(a Component Unit of Ottawa County)

SCHEDULE OF DEPARTMENT OPERATIONS SOURCES AND USES OF FUNDS - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Enterprise Funds</u>	<u>Total</u>	<u>Original & Amended Budget</u>
Funding sources - revenues					
Charges for services	\$ 87,103	\$ -	\$ -	\$ 87,103	\$ 88,968
Reimbursement based funding	-	25,080	661,343	686,423	707,960
Interest	<u>37,066</u>	<u>-</u>	<u>-</u>	<u>37,066</u>	<u>25,000</u>
Total funding sources - revenues	<u>124,169</u>	<u>25,080</u>	<u>661,343</u>	<u>810,592</u>	<u>821,928</u>
Funding uses - expenditures					
Contractual salaries and wages	127,479	-	589,892	717,371	728,000
Operating supplies and expenses	13,777	-	-	13,777	5,850
Dues and subscriptions	6,443	-	-	6,443	7,750
Transportation and equipment	237	-	46,371	46,608	50,000
Contractual services	15,065	-	-	15,065	15,015
Miscellaneous	<u>1,306</u>	<u>-</u>	<u>-</u>	<u>1,306</u>	<u>950</u>
Total funding uses - expenditures	<u>164,307</u>	<u>-</u>	<u>636,263</u>	<u>800,570</u>	<u>807,565</u>
Sources - revenues over (under) uses - expenditures	<u>(40,138)</u>	<u>25,080</u>	<u>25,080</u>	<u>10,022</u>	<u>14,363</u>
Other financing sources (uses)					
Transfers in	50,160	-	-	50,160	50,160
Transfers out	<u>-</u>	<u>(25,080)</u>	<u>(25,080)</u>	<u>(50,160)</u>	<u>(50,160)</u>
Total other financing sources (uses)	<u>50,160</u>	<u>(25,080)</u>	<u>(25,080)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	10,022	-	-	10,022	14,363
Fund balances, beginning of year	<u>276,147</u>	<u>-</u>	<u>-</u>	<u>276,147</u>	<u>276,147</u>
Fund balances, end of year	<u>\$ 286,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,169</u>	<u>\$ 290,510</u>

Notes to required supplementary information

Budgets and Budgetary Accounting

The Commission adopts an annual budget for the total of the general fund and a portion of capital project and enterprise fund activities following the GAAP basis of accounting. Unexpended appropriations lapse at year-end.

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**COMBINING SUB FUND
FINANCIAL STATEMENTS**

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

DEBT SERVICE SUB-FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 2017

	Grand Haven Township System	Olive- Blendon Water System	Coopersville Water Supply System	Crockery Township System	Jamestown Township System
Assets					
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	450	1,839	-	-	250
Due from other funds	-	-	-	-	-
Due from other governments long-term	<u>1,255,000</u>	<u>-</u>	<u>-</u>	<u>684,108</u>	<u>4,393,907</u>
Total assets	<u>\$ 1,255,450</u>	<u>\$ 1,839</u>	<u>\$ -</u>	<u>\$ 684,108</u>	<u>\$ 4,394,157</u>
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Due to other funds	<u>\$ 450</u>	<u>\$ 1,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250</u>
Deferred inflows of resources					
Unavailable revenue - contract payments	<u>1,255,000</u>	<u>-</u>	<u>-</u>	<u>684,108</u>	<u>4,393,907</u>
Fund balances					
Restricted for debt service	<u>-</u>	<u>801</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,255,450</u>	<u>\$ 1,839</u>	<u>\$ -</u>	<u>\$ 684,108</u>	<u>\$ 4,394,157</u>

(continued)

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

DEBT SERVICE SUB-FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 2017

	West Central Ottawa System	Allendale Water and Sewer System	Port Sheldon Sewer System	Chester Township Sewage System	Zeeland Township System
Assets					
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	1,563	450	-	-	450
Due from other funds	-	-	-	-	-
Due from other governments long-term	-	4,093,501	420,000	510,000	1,916,671
Total assets	<u>\$ 1,563</u>	<u>\$ 4,093,951</u>	<u>\$ 420,000</u>	<u>\$ 510,000</u>	<u>\$ 1,917,121</u>
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Due to other funds	\$ 1,558	\$ 450	\$ -	\$ -	\$ 450
Deferred inflows of resources					
Unavailable revenue - contract payments	-	4,093,501	420,000	510,000	1,916,671
Fund balances					
Restricted for debt service	5	-	-	-	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,563</u>	<u>\$ 4,093,951</u>	<u>\$ 420,000</u>	<u>\$ 510,000</u>	<u>\$ 1,917,121</u>

<u>Holland Area System</u>	<u>Northwest Ottawa Water System</u>	<u>Grandville Wastewater Treatment Plant</u>	<u>Wyoming Water Supply System</u>	<u>Grand Haven Spring Lake Sewer</u>	<u>Total</u>
\$ 4,725	\$ -	\$ 1,470,805	\$ 1,321,605	\$ -	\$ 2,797,135
-	1,400	166,701	-	36,380	209,483
-	-	-	6,045	-	6,045
<u>18,381,146</u>	<u>16,622,701</u>	<u>17,507,494</u>	<u>33,651,265</u>	<u>2,874,070</u>	<u>102,309,863</u>
<u>\$ 18,385,871</u>	<u>\$ 16,624,101</u>	<u>\$ 19,145,000</u>	<u>\$ 34,978,915</u>	<u>\$ 2,910,450</u>	<u>\$ 105,322,526</u>
\$ -	\$ 1,399	\$ -	\$ -	\$ 450	\$ 6,045
<u>18,381,146</u>	<u>16,622,701</u>	<u>17,507,494</u>	<u>33,651,265</u>	<u>2,874,070</u>	<u>102,309,863</u>
<u>4,725</u>	<u>1</u>	<u>1,637,506</u>	<u>1,327,650</u>	<u>35,930</u>	<u>3,006,618</u>
<u>\$ 18,385,871</u>	<u>\$ 16,624,101</u>	<u>\$ 19,145,000</u>	<u>\$ 34,978,915</u>	<u>\$ 2,910,450</u>	<u>\$ 105,322,526</u> (concluded)

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OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

DEBT SERVICE SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Grand Haven Township System	Olive- Blendon Water System	Coopersville Water Supply System	Crockery Township System	Jamestown Township System
Revenues					
Charges for services	\$ 529,217	\$ 51,291	\$ 78,750	\$ 115,402	\$ 415,247
Interest	-	92	-	-	-
Total revenues	<u>529,217</u>	<u>51,383</u>	<u>78,750</u>	<u>115,402</u>	<u>415,247</u>
Expenditures					
Capital outlay	-	-	-	-	-
Debt service					
Principal	460,000	50,000	75,000	80,000	280,000
Interest	69,217	2,500	3,750	35,402	135,247
Total expenditures	<u>529,217</u>	<u>52,500</u>	<u>78,750</u>	<u>115,402</u>	<u>415,247</u>
Revenues over (under) expenditures	-	(1,117)	-	-	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net changes in fund balances	-	(1,117)	-	-	-
Fund balances, beginning of year	-	1,918	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

DEBT SERVICE SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>West Central Ottawa System</u>	<u>Allendale Water and Sewer System</u>	<u>Port Sheldon Sewer System</u>	<u>Chester Township Sewage System</u>	<u>Zeeland Township System</u>
Revenues					
Charges for services	\$ 5,214	\$ 742,577	\$ 92,370	\$ 46,650	\$ 765,177
Interest	-	-	-	-	-
Total revenues	<u>5,214</u>	<u>742,577</u>	<u>92,370</u>	<u>46,650</u>	<u>765,177</u>
Expenditures					
Capital outlay	-	-	-	-	-
Debt service					
Principal	75,000	625,000	70,000	20,000	785,000
Interest	2,119	117,577	22,370	26,650	92,800
Total expenditures	<u>77,119</u>	<u>742,577</u>	<u>92,370</u>	<u>46,650</u>	<u>877,800</u>
Revenues over (under) expenditures	<u>(71,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,623)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	112,623
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,623</u>
Net changes in fund balances	(71,905)	-	-	-	-
Fund balances, beginning of year	<u>71,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Holland Area System</u>	<u>Northwest Ottawa Water System</u>	<u>Grandville Wastewater Treatment Plant</u>	<u>Wyoming Water Supply System</u>	<u>Grand Haven Spring Lake Sewer</u>	<u>Total</u>
\$ 1,530,109	\$ 1,800,379	\$ 1,813,970	\$ 3,306,244	\$ 185,760	\$ 11,478,357
-	-	10,951	-	-	11,043
<u>1,530,109</u>	<u>1,800,379</u>	<u>1,824,921</u>	<u>3,306,244</u>	<u>185,760</u>	<u>11,489,400</u>
-	-	-	522,864	-	522,864
1,055,000	670,000	490,000	1,725,000	95,000	6,555,000
<u>479,309</u>	<u>1,130,378</u>	<u>851,288</u>	<u>1,614,995</u>	<u>91,110</u>	<u>4,674,712</u>
<u>1,534,309</u>	<u>1,800,378</u>	<u>1,341,288</u>	<u>3,862,859</u>	<u>186,110</u>	<u>11,752,576</u>
<u>(4,200)</u>	<u>1</u>	<u>483,633</u>	<u>(556,615)</u>	<u>(350)</u>	<u>(263,176)</u>
-	-	-	-	-	112,623
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	112,623
<u>(4,200)</u>	<u>1</u>	<u>483,633</u>	<u>(556,615)</u>	<u>(350)</u>	<u>(150,553)</u>
<u>8,925</u>	<u>-</u>	<u>1,153,873</u>	<u>1,884,265</u>	<u>36,280</u>	<u>3,157,171</u>
<u>\$ 4,725</u>	<u>\$ 1</u>	<u>\$ 1,637,506</u>	<u>\$ 1,327,650</u>	<u>\$ 35,930</u>	<u>\$ 3,006,618</u>
					(concluded)

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

CAPITAL PROJECTS SUB-FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 2017

	<u>Revolving</u>	<u>Holland Area System</u>	<u>Crockery Township System</u>	<u>Zeeland Township System</u>	<u>Jamestown Township System</u>
Assets					
Cash and temporary investments	\$ 150,000	\$ 124,129	\$ 65,892	\$ 295,868	\$ 201,431
Accounts receivable	-	-	-	-	-
Total assets	<u>\$ 150,000</u>	<u>\$ 124,129</u>	<u>\$ 65,892</u>	<u>\$ 295,868</u>	<u>\$ 201,431</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 132,539	\$ 10,338
Unearned revenue	-	-	-	-	-
Due to Ottawa County	150,000	-	-	-	-
Total liabilities	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>132,539</u>	<u>10,338</u>
Fund balances					
Restricted for capital projects	-	124,129	65,892	163,329	191,093
Total liabilities and fund balances	<u>\$ 150,000</u>	<u>\$ 124,129</u>	<u>\$ 65,892</u>	<u>\$ 295,868</u>	<u>\$ 201,431</u>

Wyoming Water Supply System	Northwest Ottawa Water Phase II	Rush Creek System	Total
\$ 1,226,085	\$ 370,808	\$ 1,818,518	\$ 4,252,731
-	6,345	-	6,345
<u>\$ 1,226,085</u>	<u>\$ 377,153</u>	<u>\$ 1,818,518</u>	<u>\$ 4,259,076</u>
\$ -	\$ 4,855	\$ 25,666	\$ 173,398
-	-	1,792,852	1,792,852
-	-	-	150,000
-	4,855	1,818,518	2,116,250
<u>1,226,085</u>	<u>372,298</u>	-	<u>2,142,826</u>
<u>\$ 1,226,085</u>	<u>\$ 377,153</u>	<u>\$ 1,818,518</u>	<u>\$ 4,259,076</u>

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

CAPITAL PROJECTS SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Revolving</u>	<u>Holland Area System</u>	<u>Crockery Township System</u>	<u>Zeeland Township System</u>	<u>Jamestown Township System</u>
Revenues					
Charges	\$ -	\$ -	\$ -	\$ -	
Interest income	-	-	394	1,943	1,315
Total revenues	-	-	394	1,943	1,315
Expenditures					
Capital outlay	-	-	-	396,937	169,293
Revenues over (under) expenditures	-	-	394	(394,994)	(167,978)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(49,032)	(112,623)	(207,500)
Total other financing sources (uses)	-	-	(49,032)	(112,623)	(207,500)
Net changes in fund balances	-	-	(48,638)	(507,617)	(375,478)
Fund balances, beginning of year	-	124,129	114,530	670,946	566,571
Fund balances, end of year	<u>\$ -</u>	<u>\$ 124,129</u>	<u>\$ 65,892</u>	<u>\$ 163,329</u>	<u>\$ 191,093</u>

Wyoming Water Supply System	Northwest Ottawa Water Phase II	Rush Creek System	Total
\$ -	\$ 172,425	\$ 4,875,865	\$ 5,048,290
<u>14,034</u>	<u>678</u>	<u>31,926</u>	<u>50,290</u>
14,034	173,103	4,907,791	5,098,580
<u>5,344</u>	<u>44,223</u>	<u>5,079,355</u>	<u>5,695,152</u>
<u>8,690</u>	<u>128,880</u>	<u>(171,564)</u>	<u>(596,572)</u>
-	49,032	207,500	256,532
<u>(25,080)</u>	<u>-</u>	<u>(35,936)</u>	<u>(430,171)</u>
<u>(25,080)</u>	<u>49,032</u>	<u>171,564</u>	<u>(173,639)</u>
(16,390)	177,912	-	(770,211)
<u>1,242,475</u>	<u>194,386</u>	<u>-</u>	<u>2,913,037</u>
<u>\$ 1,226,085</u>	<u>\$ 372,298</u>	<u>\$ -</u>	<u>\$ 2,142,826</u>

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

PROPRIETARY SUB-FUNDS
COMBINING STATEMENT OF NET POSITION

DECEMBER 31, 2017

	Grand Rapids Water Supply System				
	Allendale Water System	Grand Haven Township Water System	Coopersville Water Supply System	Port Sheldon Township Water System	Polkton Township Water System
Assets					
Current assets					
Cash and temporary investments	\$ -	\$ 73,355	\$ -	\$ 64,493	\$ -
Accounts receivable	127,944	66,961	131,805	14,315	6,473
Due from other funds	-	-	-	-	-
Total assets	<u>127,944</u>	<u>140,316</u>	<u>131,805</u>	<u>78,808</u>	<u>6,473</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 56,303	\$ 140,309	\$ 59,823	\$ 21,173	\$ -
Due to other funds	67,416	-	71,423	-	5,641
Total liabilities	<u>123,719</u>	<u>140,309</u>	<u>131,246</u>	<u>21,173</u>	<u>5,641</u>
Net position					
Restricted for operations and maintenance	\$ 4,225	\$ 7	\$ 559	\$ 57,635	\$ 832

Wyoming Water Supply System					Northwest Ottawa System		
West Central Ottawa Water System	SW Olive Township Water System	Olive-Blendon Water System	Jamestown Township Water System	Wyoming Water Supply System	Northwest Ottawa Water System	Grand Haven Spring Lake Sewer Authority	Crockery Township Water System
\$ 103,778	\$ 14,976	\$ 202,091	\$ 5,530	\$ 164,558	\$ 157,595	\$ -	\$ -
10,959	2,152	141,649	17,743	233,824	104,617	133,739	35,145
-	-	-	-	297,984	-	-	-
<u>114,737</u>	<u>17,128</u>	<u>343,740</u>	<u>23,273</u>	<u>696,366</u>	<u>262,212</u>	<u>133,739</u>	<u>35,145</u>
\$ 2,359	\$ 385	\$ 78,991	\$ 19,084	\$ 679,087	\$ 258,486	\$ 123,763	\$ 17,391
-	-	-	-	-	-	9,976	5,801
<u>2,359</u>	<u>385</u>	<u>78,991</u>	<u>19,084</u>	<u>679,087</u>	<u>258,486</u>	<u>133,739</u>	<u>23,192</u>
\$ <u>112,378</u>	\$ <u>16,743</u>	\$ <u>264,749</u>	\$ <u>4,189</u>	\$ <u>17,279</u>	\$ <u>3,726</u>	\$ <u>-</u>	\$ <u>11,953</u>

(continued)

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

PROPRIETARY SUB-FUNDS
COMBINING STATEMENT OF NET POSITION

DECEMBER 31, 2017

	Rush Creek Sewage Disposal System	Jamestown Township Sewer System	Park Township Water System	Crockery Township Sewer System	Holland Area Sewer System
Assets					
Current Assets					
Cash and temporary investments	\$ -	\$ 23,064	\$ 625	\$ -	\$ -
Accounts receivable	499,563	15,699	43,093	68,049	115,917
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>499,563</u>	<u>38,763</u>	<u>43,718</u>	<u>68,049</u>	<u>115,917</u>
Liabilities					
Current Liabilities					
Accounts payable	\$ 462,744	\$ 28,466	\$ 43,093	\$ 2,775	\$ 107,413
Due to other funds	<u>3,142</u>	<u>-</u>	<u>-</u>	<u>65,032</u>	<u>8,497</u>
Total liabilities	<u>465,886</u>	<u>28,466</u>	<u>43,093</u>	<u>67,807</u>	<u>115,910</u>
Net position					
Restricted for operations and maintenance	<u>\$ 33,677</u>	<u>\$ 10,297</u>	<u>\$ 625</u>	<u>\$ 242</u>	<u>\$ 7</u>

West Central Ottawa Sewer System	Chester Township Sewage System	Southwest Ottawa County Landfill	Total
\$ 243,051	\$ 6,587	\$ -	\$ 1,059,703
78,431	6,206	68,748	1,923,032
<u>-</u>	<u>-</u>	<u>-</u>	<u>297,984</u>
<u>321,482</u>	<u>12,793</u>	<u>68,748</u>	<u>3,280,719</u>
\$ 7,998	\$ -	\$ 7,691	\$ 2,117,334
<u>-</u>	<u>-</u>	<u>61,056</u>	<u>297,984</u>
<u>7,998</u>	<u>-</u>	<u>68,747</u>	<u>2,415,318</u>
\$ 313,484	\$ 12,793	\$ 1	\$ 865,401
			(concluded)

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

PROPRIETARY SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2017

	Grand Rapids Water Supply System				
	Allendale Water System	Grand Haven Township Water System	Coopersville Water Supply System	Port Sheldon Township Water System	Polkton Township Water System
Operating Revenues					
Charges for services	\$ 957,743	\$ 684,342	\$ 810,991	\$ 80,604	\$ 29,147
Total operating revenues	<u>957,743</u>	<u>684,342</u>	<u>810,991</u>	<u>80,604</u>	<u>29,147</u>
Operating expenses					
Salaries and wages	14,421	-	23,804	31,373	7,842
Operating supplies and expenses	-	-	45	8,888	182
Transportation and equipment	376	-	777	3,044	284
Contractual services	85	1,090	920	10,387	350
Water purchases	941,776	683,251	758,529	18,413	20,089
Sewage treatment charges	-	-	-	-	-
Utilities	386	-	26,916	318	-
Total operating expenses	<u>957,044</u>	<u>684,341</u>	<u>810,991</u>	<u>72,423</u>	<u>28,747</u>
Operating income (loss) before transfers	<u>699</u>	<u>1</u>	<u>-</u>	<u>8,181</u>	<u>400</u>
Transfers in (out)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(2,280)	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,280)</u>	<u>-</u>
Operating income / change in net position	699	1	-	5,901	400
Net position, beginning of year	<u>3,526</u>	<u>6</u>	<u>559</u>	<u>51,734</u>	<u>432</u>
Net position, end of year	<u>\$ 4,225</u>	<u>\$ 7</u>	<u>\$ 559</u>	<u>\$ 57,635</u>	<u>\$ 832</u>

Wyoming Water Supply					Northwest Ottawa System		
West Central Ottawa Water System	SW Olive Township Water System	Olive-Blendon Water System	Jamestown Township Water System	Wyoming Water Supply System	Northwest Ottawa Water System	Grand Haven Spring Lake Sewer Authority	Crockery Township Water System
\$ 89,423	\$ 13,689	\$ 640,598	\$ 217,972	\$ 6,295,652	\$ 915,465	\$ 971,950	\$ 183,007
89,423	13,689	640,598	217,972	6,295,652	915,465	971,950	183,007
13,310	4,774	40,997	11,639	-	26,128	-	75,614
4,163	834	14,257	295	2,200	268	563	24,368
1,024	196	2,831	375	-	1,373	-	6,528
30,268	319	36,330	10,351	4,225	33,492	2,655	24,189
25,872	6,958	469,503	179,393	6,289,243	842,523	223	52,308
-	-	-	-	-	-	948,429	-
259	-	2,618	26,446	-	10,670	20,080	-
74,896	13,081	566,536	228,499	6,295,668	914,454	971,950	183,007
14,527	608	74,062	(10,527)	(16)	1,011	-	-
-	-	-	-	-	-	-	-
(4,560)	(2,280)	(4,560)	-	-	-	-	-
(4,560)	(2,280)	(4,560)	-	-	-	-	-
9,967	(1,672)	69,502	(10,527)	(16)	1,011	-	-
102,411	18,415	195,247	14,716	17,295	2,715	-	11,953
\$ 112,378	\$ 16,743	\$ 264,749	\$ 4,189	\$ 17,279	\$ 3,726	\$ -	\$ 11,953

(continued)

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

PROPRIETARY SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2017

	Rush Creek Sewage Disposal System	Jamestown Township Sewer System	Park Township Water System	Crockery Township Sewer System	Holland Area Sewer System
Operating Revenues					
Charges for services	\$ 2,796,307	\$ 179,937	\$ 514,410	\$ 200,898	\$ 2,040,805
Total operating revenues	<u>2,796,307</u>	<u>179,937</u>	<u>514,410</u>	<u>200,898</u>	<u>2,040,805</u>
Operating expenses					
Salary and wages	65,432	8,821	-	111,749	-
Operating supplies and expenses	3,513	159	-	15,274	-
Transportation and equipment	3,837	415	-	8,358	-
Contractual services	28,816	170	-	32,366	920
Water purchases	-	-	514,410	-	-
Sewage treatment charges	2,728,357	170,372	-	-	2,039,885
Utilities	1,395	-	-	33,151	-
Total operating expenses	<u>2,831,350</u>	<u>179,937</u>	<u>514,410</u>	<u>200,898</u>	<u>2,040,805</u>
Operating income (loss) before transfers	<u>(35,043)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers in (out):					
Transfers in	35,936	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers	<u>35,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating income / change in net position	893	-	-	-	-
Net position, beginning of year	<u>32,784</u>	<u>10,297</u>	<u>625</u>	<u>242</u>	<u>7</u>
Net position, end of year	<u>\$ 33,677</u>	<u>\$ 10,297</u>	<u>\$ 625</u>	<u>\$ 242</u>	<u>\$ 7</u>

West Central Ottawa Sewer System	Chester Township Sewage System	Southwest Ottawa County Landfill	Total
\$ 408,301	\$ 36,916	\$ 275,463	\$ 18,343,620
<u>408,301</u>	<u>36,916</u>	<u>275,463</u>	<u>18,343,620</u>
85,892	15,000	53,096	589,892
25,097	72	20,453	120,631
8,772	1,110	7,071	46,371
182,463	18,495	137,048	554,939
-	-	968	10,803,459
-	-	-	5,887,043
<u>29,126</u>	<u>2,239</u>	<u>56,826</u>	<u>210,430</u>
<u>331,350</u>	<u>36,916</u>	<u>275,462</u>	<u>18,212,765</u>
<u>76,951</u>	<u>-</u>	<u>1</u>	<u>130,855</u>
-	-	-	35,936
<u>(11,400)</u>	<u>-</u>	<u>-</u>	<u>(25,080)</u>
<u>(11,400)</u>	<u>-</u>	<u>-</u>	<u>10,856</u>
65,551	-	1	141,711
<u>247,933</u>	<u>12,793</u>	<u>-</u>	<u>723,690</u>
<u>\$ 313,484</u>	<u>\$ 12,793</u>	<u>\$ 1</u>	<u>\$ 865,401</u>
			(concluded)

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

PROPRIETARY SUB-FUNDS
COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Grand Rapids Water Supply System				
	Allendale Water System	Grand Haven Township Water System	Coopersville Water Supply System	Port Sheldon Township Water System	Polkton Township Water System
Cash flows from operating activities					
Receipts from customers and users	\$ 887,207	\$ 677,411	\$ 810,372	\$ 77,837	\$ 30,549
Payments to contract employees	(14,421)	-	(23,804)	(31,373)	(7,842)
Payments to suppliers	(941,808)	(595,396)	(786,693)	(38,465)	(20,905)
Net cash provided by (used in) operating activities	<u>(69,022)</u>	<u>82,015</u>	<u>(125)</u>	<u>7,999</u>	<u>1,802</u>
Cash flows from capital and related financing activities					
Loan to and from other funds	67,416	(8,660)	125	-	(1,802)
Transfers out	-	-	-	(2,280)	-
Net cash provided by (used in) capital and related financing activities	<u>67,416</u>	<u>(8,660)</u>	<u>125</u>	<u>(2,280)</u>	<u>(1,802)</u>
Net increase (decrease) in cash and pooled investments	(1,606)	73,355	-	5,719	-
Cash and temporary investments, beginning of year	<u>1,606</u>	<u>-</u>	<u>-</u>	<u>58,774</u>	<u>-</u>
Cash and temporary investments, end of year	<u>\$ -</u>	<u>\$ 73,355</u>	<u>\$ -</u>	<u>\$ 64,493</u>	<u>\$ -</u>
Cash flows from operating activities					
Operating income (loss)	\$ 699	\$ 1	\$ -	\$ 8,181	\$ 400
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Change in operating assets and liabilities which provided (used) cash					
Accounts receivable	(70,536)	(6,931)	(619)	(2,767)	1,402
Accounts payable	815	88,945	494	2,585	-
Deferred revenue	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (69,022)</u>	<u>\$ 82,015</u>	<u>\$ (125)</u>	<u>\$ 7,999</u>	<u>\$ 1,802</u>

Wyoming Water Supply System					Northwest Ottawa System		
West Central Ottawa Water System	SW Olive Township Water System	Olive-Blendon Water System	Jamestown Township Water System	Wyoming Water Supply System	Northwest Ottawa Water System	Grand Haven Spring Lake Sewer Authority	Crockery Township Water System
\$ 171,460	\$ 14,954	\$ 651,348	\$ 203,365	\$ 5,697,715	\$ 894,251	\$ 1,037,048	\$ 184,649
(13,310)	(4,774)	(40,997)	(11,639)	-	(26,128)	-	(75,614)
(144,955)	(8,463)	(475,015)	(196,789)	(5,652,128)	(765,974)	(1,025,069)	(98,063)
<u>13,195</u>	<u>1,717</u>	<u>135,336</u>	<u>(5,063)</u>	<u>45,587</u>	<u>102,149</u>	<u>11,979</u>	<u>10,972</u>
-	-	-	-	(297,984)	-	(11,979)	(10,972)
(4,560)	(2,280)	(4,560)	-	-	-	-	-
<u>(4,560)</u>	<u>(2,280)</u>	<u>(4,560)</u>	<u>-</u>	<u>(297,984)</u>	<u>-</u>	<u>(11,979)</u>	<u>(10,972)</u>
8,635	(563)	130,776	(5,063)	(252,397)	102,149	-	-
<u>95,143</u>	<u>15,539</u>	<u>71,315</u>	<u>10,593</u>	<u>416,955</u>	<u>55,446</u>	<u>-</u>	<u>-</u>
<u>\$ 103,778</u>	<u>\$ 14,976</u>	<u>\$ 202,091</u>	<u>\$ 5,530</u>	<u>\$ 164,558</u>	<u>\$ 157,595</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,527	\$ 608	\$ 74,062	\$ (10,527)	\$ (16)	\$ 1,011	\$ -	\$ -
(2,444)	1,265	10,750	(14,607)	(233,824)	(21,214)	65,098	1,642
1,112	(156)	50,524	20,071	643,540	122,352	(53,119)	9,330
-	-	-	-	(364,113)	-	-	-
<u>\$ 13,195</u>	<u>\$ 1,717</u>	<u>\$ 135,336</u>	<u>\$ (5,063)</u>	<u>\$ 45,587</u>	<u>\$ 102,149</u>	<u>\$ 11,979</u>	<u>\$ 10,972</u>

(continued)

OTTAWA COUNTY PUBLIC UTILITIES SYSTEM
(a Component Unit of Ottawa County)

PROPRIETARY SUB-FUNDS
COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Rush Creek Sewage Disposal System	Jamestown Township Sewer System	Park Township Water System	Crockery Township Water System	Holland Area Sewer System
Cash flows from operating activities					
Receipts from customers and users	\$ 2,847,961	\$ 180,285	\$ 510,427	\$ 192,099	\$ 2,297,564
Payments to contract employees	(65,432)	(8,821)	-	(111,749)	-
Payments to suppliers	(2,883,424)	(170,768)	(510,427)	(88,270)	(2,306,068)
Net cash provided by (used in) operating activities	<u>(100,895)</u>	<u>696</u>	<u>-</u>	<u>(7,920)</u>	<u>(8,504)</u>
Cash flows from capital and related financing activities					
Loan to and from other funds	53,142	-	-	7,920	8,497
Transfers in	35,936	-	-	-	-
Transfers out	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>89,078</u>	<u>-</u>	<u>-</u>	<u>7,920</u>	<u>8,497</u>
Net increase (decrease) in cash and pooled investments	(11,817)	696	-	-	(7)
Cash and temporary investments, beginning of year	<u>11,817</u>	<u>22,368</u>	<u>625</u>	<u>-</u>	<u>7</u>
Cash and temporary investments, end of year	<u>\$ -</u>	<u>\$ 23,064</u>	<u>\$ 625</u>	<u>\$ -</u>	<u>\$ -</u>
Cash flows from operating activities					
Operating income (loss)	\$ (35,043)	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Change in operating assets and liabilities which provided (used) cash					
Accounts receivable	51,654	348	(3,983)	(8,799)	256,759
Accounts payable	(117,506)	348	3,983	879	(265,263)
Deferred Revenue	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (100,895)</u>	<u>\$ 696</u>	<u>\$ -</u>	<u>\$ (7,920)</u>	<u>\$ (8,504)</u>

<u>West Central Ottawa Sewer System</u>	<u>Chester Township Sewage System</u>	<u>Southwest Ottawa County Landfill</u>	<u>Total</u>
\$ 414,348	\$ 37,683	\$ 242,676	\$ 18,061,209
(85,892)	(15,000)	(53,096)	(589,892)
<u>(247,427)</u>	<u>(21,916)</u>	<u>(215,133)</u>	<u>(17,193,156)</u>
<u>81,029</u>	<u>767</u>	<u>(25,553)</u>	<u>278,161</u>
168,744	-	25,553	-
-	-	-	35,936
<u>(11,400)</u>	<u>-</u>	<u>-</u>	<u>(25,080)</u>
<u>157,344</u>	<u>-</u>	<u>25,553</u>	<u>10,856</u>
238,373	767	-	289,017
<u>4,678</u>	<u>5,820</u>	<u>-</u>	<u>770,686</u>
<u>\$ 243,051</u>	<u>\$ 6,587</u>	<u>\$ -</u>	<u>\$ 1,059,703</u>
\$ 76,951	\$ -	\$ 1	\$ 130,855
6,047	767	(32,787)	(2,779)
(1,969)	-	7,233	514,198
<u>-</u>	<u>-</u>	<u>-</u>	<u>(364,113)</u>
<u>\$ 81,029</u>	<u>\$ 767</u>	<u>\$ (25,553)</u>	<u>\$ 278,161</u>
			(concluded)

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INTERNAL CONTROL AND COMPLIANCE



Vredevelde Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredevelde, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

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

April 11, 2018

Members of the Board of County Road Commissioners
Ottawa County Public Utilities System
Grand Haven, 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 and each major fund of the Ottawa County Public Utilities System (the System) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated April 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from 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*.

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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Orlando Haefner LLC