

# VILLAGE OF SPRING LAKE, MICHIGAN

## FINANCIAL STATEMENTS

*FOR THE YEAR ENDED JUNE 30, 2014*



*Vredeveld Haefner LLC*

# VILLAGE OF SPRING LAKE

## TABLE OF CONTENTS

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<b>FINANCIAL SECTION</b>	<u>PAGE</u>
<b>Independent Auditors' Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-8
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	9
Statement of Activities	10-11
<b>Fund Financial Statements</b>	
Balance Sheet - Governmental Funds	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position - Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18
Statement of Assets and Liabilities - Agency Funds	19
<b>Notes to Financial Statements</b>	21-37
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	39
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Police Department Fund	40
Defined Benefit Pension Plan - Schedule of Funding Progress	41
Combining and Individual Fund Statements and Schedules	
<b>Nonmajor Governmental Funds</b>	
Combining Balance Sheet	44-45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	46-47
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Street Fund	48
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Local Street Fund	49
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Harbor Transit System	50
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Building Department Fund	51
<b>Internal Service Funds</b>	
Combining Statement of Net Position	52
Combining Statement of Revenues, Expenses and Changes in Net Position	53
Combining Statement of Cash Flows	54

# VILLAGE OF SPRING LAKE

## TABLE OF CONTENTS

---

	<u>PAGE</u>
<b>Component Units</b>	
Downtown Development Authority	
Balance Sheet/Statement of Net Position	55
Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities	56
Tax Increment Finance Authority	
Balance Sheet/Statement of Net Position	57
Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities	58



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## INDEPENDENT AUDITORS' REPORT

December 17, 2014

Village Council  
Village of Spring Lake, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Spring Lake, Michigan, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Spring Lake, Michigan, as of June 30, 2014, 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 and other information on pages 3 through 8 and 39 through 41 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 Village of Spring Lake, Michigan's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Uredaxeld Haefner LLC*

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

# Management's Discussion and Analysis

As management of the Village of Spring lake (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2014.

## Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2014 fiscal year as follows:

- The long-term note to the Harbor Transit Authority was paid off four years ahead of schedule
- The deficit fund balances in the Public Improvement Fund and the Tax Increment Finance Authority Fund were eliminated
- An agreement to provide police services was reached with the Ottawa County Sheriff's Department

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village'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 in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the Village'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 Village is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works, community and economic development, culture and recreation, and interest on long-term debt. The business-type activities of the Village consist of water and sewer operations.

**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 Village, 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 Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Village'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 Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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 fund, police department fund, and public improvement fund, which are considered to be major funds. Data is combined into a single aggregate presentation for the other governmental funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

The Village adopts an annual appropriations budget for its general fund and all special revenue funds as required by state law. Budgetary comparison statements have been provided as required supplementary information for the general and police department funds to demonstrate legal compliance.

**Proprietary funds** The Village maintains enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water and sewer operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the Village's various functions. The Village utilizes internal service funds to account for its central equipment and police equipment. Because these services primarily benefit the Village's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide information for water and sewer operations, which are considered to be major funds of the Village.

**Fiduciary funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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. This includes this management discussion and analysis, major fund budget to actual schedules, and certain pension plan trend information.

## Government-wide Financial Analysis

**Statement of Net Position** As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. In the case of the Village of Spring Lake, assets exceeded liabilities by \$12,849,259 at the close of the most recent fiscal year. The following table illustrates the composition of net position.

### Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current and other assets	\$ 1,116,595	\$ 1,174,326	\$ 1,177,534	\$ 957,015	\$ 2,294,129	\$ 2,131,341
Capital assets	8,647,341	8,909,022	3,753,638	3,914,400	12,400,979	12,823,422
<b>Total assets</b>	<b>9,763,936</b>	<b>10,083,348</b>	<b>4,931,172</b>	<b>4,871,415</b>	<b>14,695,108</b>	<b>14,954,763</b>
<b>Liabilities</b>						
Current liabilities	266,186	302,451	95,936	98,188	362,122	400,639
Long-term liabilities	1,317,281	1,519,903	166,446	207,695	1,483,727	1,727,598
<b>Total liabilities</b>	<b>1,583,467</b>	<b>1,822,354</b>	<b>262,382</b>	<b>305,883</b>	<b>1,845,849</b>	<b>2,128,237</b>
<b>Net position</b>						
Net investment in capital assets	7,360,827	7,458,533	3,542,281	8,668,980	10,903,108	11,127,513
Restricted	223,818	261,856	-	-	223,818	261,856
Unrestricted	595,824	540,605	1,126,509	896,552	1,722,333	1,437,157
<b>Total net position</b>	<b>\$8,180,469</b>	<b>\$8,260,994</b>	<b>\$4,668,790</b>	<b>\$4,565,532</b>	<b>\$12,849,259</b>	<b>\$12,826,526</b>

About 13% of the Village's net position reflects unrestricted net position which are available for future operation while a significant portion (85%) of net position is invested in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Statement of Activities** The Village's total revenue for the fiscal year ended June 30, 2014, was \$3,514,491 while total cost of all programs and services was \$3,491,758. This results in an increase in net position of \$22,733. The business-type activities increase in net position of \$103,258 was primarily the result of an increase in rates as well as the addition of a new debt service charge. The governmental activities decrease in net position of \$80,525 is primarily due to a reduction in capital grants and contributions received during the year.

The following table presents a summary of the changes in net position for the years ended June 30.

### Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 366,549	\$ 429,141	\$867,861	\$795,495	\$1,234,410	\$1,224,636
Operating grants and contributions	804,236	831,866	-	-	804,236	831,866
Capital grants and contributions	203,653	406,974	-	-	203,653	406,974
General revenues						
Property taxes	1,062,073	1,011,656	-	-	1,062,073	1,011,656
State shared revenues	184,151	177,377	-	-	184,151	177,377
Other	999	150,902	24,969	17,321	25,968	168,223
<b>Total revenues</b>	<b>2,621,661</b>	<b>3,007,916</b>	<b>892,830</b>	<b>812,816</b>	<b>3,514,491</b>	<b>3,820,732</b>
<b>Expenses</b>						
General government	592,875	708,770	-	-	592,875	708,770
Public safety	1,169,697	1,141,752	-	-	1,169,697	1,141,752
Public works	478,930	493,706	-	-	478,930	493,706
Community and economic development	53,589	85,442	-	-	53,589	85,442
Culture and recreation	392,949	445,613	-	-	392,949	445,613
Interest on long-term debt	30,646	43,406	-	-	30,646	43,406
Sewer	-	-	353,371	360,576	353,371	360,576
Water	-	-	419,701	408,039	419,701	408,039
<b>Total expenses</b>	<b>2,718,686</b>	<b>2,918,689</b>	<b>773,072</b>	<b>768,615</b>	<b>3,491,758</b>	<b>3,687,304</b>
<b>Increase (decrease) in net position before transfers</b>	<b>(97,025)</b>	<b>89,227</b>	<b>119,758</b>	<b>44,201</b>	<b>22,733</b>	<b>133,428</b>
<b>Transfers in (out)</b>	<b>16,500</b>	<b>16,500</b>	<b>(16,500)</b>	<b>(16,500)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(80,525)</b>	<b>105,727</b>	<b>103,258</b>	<b>27,701</b>	<b>22,733</b>	<b>133,428</b>
<b>Net position – beginning</b>	<b>8,260,994</b>	<b>8,155,267</b>	<b>4,565,532</b>	<b>4,537,831</b>	<b>12,826,526</b>	<b>12,693,098</b>
<b>Net position – ending</b>	<b>\$8,180,469</b>	<b>\$8,260,994</b>	<b>\$4,668,790</b>	<b>\$4,565,532</b>	<b>\$12,849,259</b>	<b>\$12,826,526</b>

**Governmental Activities** During the year, the Village invested \$592,875 or 22% of governmental activities expenses in general government. Public safety, which includes the police and fire departments, was \$1,169,697 or 43% of governmental activities expenses while community and economic development, culture and recreation, public works and interest on long-term debt made up the remaining 35% of governmental activities expenses. The governmental activities represented above included the police and fire department operations, department of public works, streets, and administrative functions.

**Business-type Activities** These activities consist of the water and sewer operations.

## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$542,598, a decrease of \$28,642 from the prior year. The general fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the general fund was \$284,299. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 31% of total general fund expenditures. The fund balance of the Village's general fund decreased by \$11,977 during the current fiscal year.

The police department fund had a decrease in fund balance of \$71,827. At the end of the current fiscal year, fund balance of the fund was \$4,553. All amounts in this fund are assigned to be used for police operations. The decrease is primarily the result of the transfer of policing activities to Ottawa County at year-end.

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

The Village's enterprise operations consist of the water and sewer funds which provide services to most residents and businesses of the Village.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$1,126,509. The enterprise funds reported an increase in net position for the year of \$103,258. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village's business-type activities.

## Budgetary Highlights

Additional appropriations were made during the year as follows:

- Village Manager budget was increased to recognize actual salary and benefits allocated to this activity
- Treasurer was increased to recognize the contract with Ottawa County to provide Finance Director services
- Street lighting was decreased to be consistent with actual costs
- The planning and zoning budget was decreased to reflect fewer wages charged to that department
- Parks budget was decreased primarily due to maintenance anticipated in the original budget which was not needed
- The community promotion budget was increased to reflect wages and benefits allocation of actual time spent in this activity

## Capital Asset and Debt Administration

**Capital assets** The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounted to \$12,400,979 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and vehicles, and infrastructure.

Current year additions included Cutler Street reconstruction and the purchase of a new truck and plow.

Additional information on the Village's capital assets can be found in Note 6 to these financial statements.

**Long-term debt** At the end of the current fiscal year, the Village had total long-term debt outstanding of \$1,669,603 including compensated absences. Of this amount, \$1,458,246 was for governmental activities while \$211,357 was for business-type activities.

The Village's total long-term debt decreased during the current fiscal year primarily as a result of payment of scheduled debt service requirements.

Additional information on the Village's long-term debt can be found in Note 8 to these financial statements.

## Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered in preparing the Village's budget for the 2014-2015 fiscal year:

- Taxable value for the tax year 2014 decreased by 2.4%, while the millage rate remained at 11.6619
- The Village anticipates a 2.6% increase in state shared revenue in fiscal year 2015
- Spring Lake Township will be paying the Village 75% of the Township bike path millage raised within the Village limits
- The Spring Lake Township fire assessment eliminated the need for the Village to make payments for fire services to the Township
- The Village budgeted \$36,700 to pay down unfunded pension liabilities
- \$50,000 was budgeted for improvements to the River Street lift station
- \$30,000 was budgeted for bathroom and other improvements at Tanglefoot Park
- \$16,500 was budgeted for dock gate replacement
- \$14,000 was budgeted for an electric trail maintenance vehicle
- \$40,000 was budgeted for alley way reconstruction in downtown
- The 2000 street improvement bonds will be paid off in fiscal year 2015
- The 2005 North Ottawa water system refunding bonds will be paid off in fiscal year 2015
- The other post-employment benefits liability is expected to be significantly reduced through contracting with Ottawa County for police services and eliminating retiree health care for other Village employees

## Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 102 W. Savidge, Spring Lake, Michigan, 49456, or call us at (616) 842-1393 or email us at the address noted below:

Christine Burns  
Village Manager  
[christine@springlakevillage.org](mailto:christine@springlakevillage.org)

## **BASIC FINANCIAL STATEMENTS**

# VILLAGE OF SPRING LAKE

## STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority	Tax Increment Finance Authority
<b>Assets</b>					
Cash and cash equivalents	\$ 944,765	\$ 985,934	\$ 1,930,699	\$ 1,031	\$ 408,666
Accounts receivable, net	18,428	189,199	207,627	-	38,916
Due from other governments	140,077	-	140,077	-	-
Prepaid items and other assets	13,325	2,401	15,726	-	-
Capital assets					
Land	2,169,632	8,092	2,177,724	-	-
Depreciable capital assets, net	6,477,709	3,745,546	10,223,255	-	-
<b>Total assets</b>	<u>9,763,936</u>	<u>4,931,172</u>	<u>14,695,108</u>	<u>1,031</u>	<u>447,582</u>
<b>Liabilities</b>					
Accounts payable	88,409	47,745	136,154	-	407,650
Accrued liabilities	35,662	2,837	38,499	42	-
Accrued interest payable	1,150	443	1,593	-	-
Debt due within one year	140,965	44,911	185,876	-	-
Noncurrent liabilities					
Due to other governments	-	-	-	-	81,514
Net OPEB obligation	119,000	-	119,000	-	-
Compensated absences	52,732	-	52,732	-	-
Debt due in more than one year	1,145,549	166,446	1,311,995	-	-
<b>Total liabilities</b>	<u>1,583,467</u>	<u>262,382</u>	<u>1,845,849</u>	<u>42</u>	<u>489,164</u>
<b>Net position</b>					
Net investment in capital assets	7,360,827	3,542,281	10,903,108	-	-
Restricted for					
Debt service	18,634	-	18,634	-	-
Building department	118,161	-	118,161	-	-
Transportation	87,023	-	87,023	-	-
Unrestricted	595,824	1,126,509	1,722,333	989	(41,582)
<b>Total net position</b>	<u>\$ 8,180,469</u>	<u>\$ 4,668,790</u>	<u>\$ 12,849,259</u>	<u>\$ 989</u>	<u>\$ (41,582)</u>

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

**VILLAGE OF SPRING LAKE**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 592,875	\$ 156,726	\$ 1,845	\$ -	\$ (434,304)
Public safety	1,169,697	98,726	556,407	-	(514,564)
Public works	478,930	-	243,968	99,344	(135,618)
Community and economic development	53,589	2,275	-	-	(51,314)
Culture and recreation	392,949	108,822	2,016	104,309	(177,802)
Interest on long-term debt	30,646	-	-	-	(30,646)
<b>Total governmental activities</b>	<b>2,718,686</b>	<b>366,549</b>	<b>804,236</b>	<b>203,653</b>	<b>(1,344,248)</b>
Business-type activities					
Sewer	353,371	446,243	-	-	92,872
Water	419,701	421,618	-	-	1,917
<b>Total business-type activities</b>	<b>773,072</b>	<b>867,861</b>	<b>-</b>	<b>-</b>	<b>94,789</b>
<b>Total primary government</b>	<b>\$ 3,491,758</b>	<b>\$ 1,234,410</b>	<b>\$ 804,236</b>	<b>\$ 203,653</b>	<b>\$ (1,249,459)</b>
<b>Component units</b>					
Downtown Development Authority	15,350	-	7,000	-	\$ (8,350)
Tax Increment Finance Authority	325,829	-	-	-	(325,829)
<b>Total component units</b>	<b>\$ 341,179</b>	<b>\$ -</b>	<b>\$ 7,000</b>	<b>\$ -</b>	<b>\$ (334,179)</b>

(Continued)

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

**VILLAGE OF SPRING LAKE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Tax Increment Finance Authority
<b>Changes in net assets</b>					
<b>Net (expense) revenue</b>	\$ (1,344,248)	\$ 94,789	\$ (1,249,459)	\$ (8,350)	\$ (325,829)
General revenues					
Property taxes	1,062,073	-	1,062,073	-	465,413
State shared revenues - unrestricted	184,151	-	184,151	-	-
Investment earnings	449	449	898	1	271
Other general revenues	550	24,520	25,070	510	-
Transfers - internal activities	16,500	(16,500)	-	-	-
Total general revenues and transfers	<u>1,263,723</u>	<u>8,469</u>	<u>1,272,192</u>	<u>511</u>	<u>465,684</u>
Change in net position	(80,525)	103,258	22,733	(7,839)	139,855
<b>Net position (deficit), beginning of year</b>	<u>8,260,994</u>	<u>4,565,532</u>	<u>12,826,526</u>	<u>8,828</u>	<u>(181,437)</u>
<b>Net position (deficit), end of year</b>	<u>\$ 8,180,469</u>	<u>\$ 4,668,790</u>	<u>\$ 12,849,259</u>	<u>\$ 989</u>	<u>\$ (41,582)</u>

(Concluded)

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

# VILLAGE OF SPRING LAKE

## GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

JUNE 30, 2014

	<u>General</u>	<u>Police Department</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 285,917	\$ 38,866	\$ 247,927	\$ 572,710
Accounts receivable	18,150	278	-	18,428
Due from other governments	112,801	-	27,276	140,077
Prepaid items	5,101	6,191	1,838	13,130
<b>Total assets</b>	<u>\$ 421,969</u>	<u>\$ 45,335</u>	<u>\$ 277,041</u>	<u>\$ 744,345</u>
 <b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 42,683	\$ 15,681	\$ 26,379	\$ 84,743
Accrued liabilities	8,372	25,101	2,017	35,490
<b>Total liabilities</b>	<u>51,055</u>	<u>40,782</u>	<u>28,396</u>	<u>120,233</u>
 <b>Deferred inflows of resources</b>				
Unavailable revenue	81,514	-	-	81,514
 <b>Fund balances (deficit)</b>				
Non-spendable				
Prepaid items	5,101	6,191	1,838	13,130
Restricted				
Transportation	-	-	87,023	87,023
Building department	-	-	118,161	118,161
Debt service	-	-	18,634	18,634
Assigned				
Capital projects	-	-	22,989	22,989
Unassigned	284,299	(1,638)	-	282,661
<b>Total fund balances (deficit)</b>	<u>289,400</u>	<u>4,553</u>	<u>248,645</u>	<u>542,598</u>
 <b>Total liabilities, deferred inflows of resource, and fund balances</b>	 <u>\$ 421,969</u>	 <u>\$ 45,335</u>	 <u>\$ 277,041</u>	 <u>\$ 744,345</u>

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

# VILLAGE OF SPRING LAKE

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

JUNE 30, 2014

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<b>Fund balances - total governmental funds</b>	\$ 542,598
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - land	2,169,632
Add - capital assets (net of accumulated depreciation)	6,257,449
Certain assets are not due and receivable in the current period and therefore are offset with deferred inflows in the funds.	
Add - deferred inflows	81,514
Internal service funds are used by management to charge the costs of centralized services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.	
Add - net position of governmental activities accounted for in the internal service funds	588,672
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - OPEB payable	(119,000)
Deduct - compensated absences payable	(52,732)
Deduct - debt payable	(1,286,514)
Deduct - accrued interest on debt payable	(1,150)
<b>Net position of governmental activities</b>	<b><u>\$ 8,180,469</u></b>

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

**VILLAGE OF SPRING LAKE**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Police Department</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>				
Taxes	\$ 906,510	\$ -	\$ 168,699	\$ 1,075,209
Intergovernmental revenues				
Federal	9,546	-	155	9,701
State	184,151	985	201,485	386,621
Local	17,698	556,052	132,933	706,683
Licenses and permits	5,064	-	64,336	69,400
Charges for services	115,725	-	-	115,725
Fines	21,084	-	-	21,084
Interest and rents	93,965	248	33,850	128,063
Miscellaneous	17,303	461	-	17,764
<b>Total revenues</b>	<u>1,371,046</u>	<u>557,746</u>	<u>601,458</u>	<u>2,530,250</u>
<b>Expenditures</b>				
Current				
General government	377,333	-	-	377,333
Public safety	7,264	1,102,710	38,815	1,148,789
Public works	205,450	-	205,251	410,701
Community and economic development	51,543	-	-	51,543
Culture and recreation	255,304	-	53,101	308,405
Debt service				
Principal	10,750	-	153,225	163,975
Interest	1,845	-	43,323	45,168
Capital Outlay	-	-	69,478	69,478
<b>Total expenditures</b>	<u>909,489</u>	<u>1,102,710</u>	<u>563,193</u>	<u>2,575,392</u>
Revenues over (under) expenditures	<u>461,557</u>	<u>(544,964)</u>	<u>38,265</u>	<u>(45,142)</u>
Other financing sources (uses)				
Transfers in	12,500	473,137	23,897	509,534
Transfers out	(486,034)	-	(7,000)	(493,034)
Total other financing sources (uses)	<u>(473,534)</u>	<u>473,137</u>	<u>16,897</u>	<u>16,500</u>
Net changes in fund balances	(11,977)	(71,827)	55,162	(28,642)
<b>Fund balances, beginning of year</b>	<u>301,377</u>	<u>76,380</u>	<u>193,483</u>	<u>571,240</u>
<b>Fund balances, end of year</b>	<u>\$ 289,400</u>	<u>\$ 4,553</u>	<u>\$ 248,645</u>	<u>\$ 542,598</u>

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

# VILLAGE OF SPRING LAKE

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

FOR THE YEAR ENDED JUNE 30, 2014

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ (28,642)</b>
Amounts reported for <i>governmental activities</i> in the statement of activities are different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	143,483
Deduct - depreciation expense	(358,678)
Some receivables are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.	
Deduct - change in long-term receivables	(10,750)
Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Add - payment on debt	163,975
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Add - decrease in compensated absences	24,172
Add - decrease in other postemployment benefits	14,905
Add - decrease in accrued interest	14,522
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	
Deduct - loss from governmental activities in the internal service fund	<u>(43,512)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ (80,525)</u></b>

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

# VILLAGE OF SPRING LAKE

## PROPRIETARY FUNDS STATEMENT OF NET POSITION

JUNE 30, 2014

Assets	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Funds
Current assets				
Cash and cash equivalents	\$ 259,847	\$ 726,087	\$ 985,934	\$ 372,055
Accounts receivable, net	112,030	77,169	189,199	-
Prepaid items	1,190	1,211	2,401	195
Total current assets	373,067	804,467	1,177,534	372,250
Capital assets				
Land	-	8,092	8,092	-
Being depreciated, net	791,130	2,954,416	3,745,546	220,260
Total capital assets	791,130	2,962,508	3,753,638	220,260
<b>Total assets</b>	<b>1,164,197</b>	<b>3,766,975</b>	<b>4,931,172</b>	<b>592,510</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	30,223	17,522	47,745	3,666
Accrued liabilities	1,320	1,517	2,837	172
Accrued interest payable	-	443	443	-
Current portion of bonds payable	-	44,911	44,911	-
Total current liabilities	31,543	64,393	95,936	3,838
Long-term liabilities				
Bonds payable, net of current portion	-	166,446	166,446	-
<b>Total liabilities</b>	<b>31,543</b>	<b>230,839</b>	<b>262,382</b>	<b>3,838</b>
<b>Net position</b>				
Net investment in capital assets	791,130	2,751,151	3,542,281	220,260
Unrestricted	341,524	784,985	1,126,509	368,412
<b>Total net position</b>	<b>\$ 1,132,654</b>	<b>\$ 3,536,136</b>	<b>\$ 4,668,790</b>	<b>\$ 588,672</b>

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

# VILLAGE OF SPRING LAKE

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

FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Funds
<b>Operating revenue</b>				
Charges for services	\$ 446,243	\$ 421,618	\$ 867,861	\$ 226,062
Other	8,604	15,916	24,520	14,254
<b>Total operating revenue</b>	<u>454,847</u>	<u>437,534</u>	<u>892,381</u>	<u>240,316</u>
<b>Operating expense</b>				
Personnel services	44,390	61,327	105,717	12,920
Benefits	21,574	23,218	44,792	8,856
Contractual services	201,142	33,303	234,445	572
Materials and supplies	6,181	140,689	146,870	67,445
Utilities	9,954	-	9,954	-
Repairs and maintenance	10,565	-	10,565	36,320
Equipment rentals	8,096	17,528	25,624	-
Insurance	2,720	903	3,623	10,902
Depreciation	44,344	121,693	166,037	101,390
Miscellaneous	4,405	15,473	19,878	7,080
<b>Total operating expense</b>	<u>353,371</u>	<u>414,134</u>	<u>767,505</u>	<u>245,485</u>
Operating income (loss)	<u>101,476</u>	<u>23,400</u>	<u>124,876</u>	<u>(5,169)</u>
Non-operating revenue (expense)				
Loss on disposal of capital assets	-	-	-	(38,493)
Interest income	105	344	449	150
Interest expense	-	(5,567)	(5,567)	-
<b>Total non-operating revenue (expense)</b>	<u>105</u>	<u>(5,223)</u>	<u>(5,118)</u>	<u>(38,343)</u>
Income (loss) before transfers	<u>101,581</u>	<u>18,177</u>	<u>119,758</u>	<u>(43,512)</u>
Transfers				
Transfers out	(8,000)	(8,500)	(16,500)	-
Changes in net position	<u>93,581</u>	<u>9,677</u>	<u>103,258</u>	<u>(43,512)</u>
<b>Net position, beginning of year</b>	<u>1,039,073</u>	<u>3,526,459</u>	<u>4,565,532</u>	<u>632,184</u>
<b>Net position, end of year</b>	<u>\$ 1,132,654</u>	<u>\$ 3,536,136</u>	<u>\$ 4,668,790</u>	<u>\$ 588,672</u>

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

# VILLAGE OF SPRING LAKE

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Funds
<b>Cash flows from operating activities</b>				
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ 226,062
Receipts from customers and users	447,379	438,053	885,432	14,257
Payments to employees	(70,081)	(89,701)	(159,782)	(21,946)
Payments to suppliers	(240,060)	(210,012)	(450,072)	(124,995)
<b>Net cash provided by (used in) operating activities</b>	<u>137,238</u>	<u>138,340</u>	<u>275,578</u>	<u>93,378</u>
<b>Cash flows from non-capital financing activities</b>				
Transfers out	(8,000)	(8,500)	(16,500)	-
<b>Cash flows from capital and related financing activities</b>				
Interest expense	-	(7,014)	(7,014)	-
Principal payments on bonds and notes	-	(34,063)	(34,063)	-
Acquisitions of capital assets	(5,275)	-	(5,275)	(93,397)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(5,275)</u>	<u>(41,077)</u>	<u>(46,352)</u>	<u>(93,397)</u>
<b>Cash flows from investing activities</b>				
Interest income	105	344	449	150
Net increase (decrease) in cash and cash equivalents	124,068	89,107	213,175	131
<b>Cash and cash equivalents, beginning of year</b>	<u>135,779</u>	<u>636,980</u>	<u>772,759</u>	<u>371,924</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 259,847</u>	<u>\$ 726,087</u>	<u>\$ 985,934</u>	<u>\$ 372,055</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 101,476	\$ 23,400	\$ 124,876	\$ (5,169)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	44,344	121,693	166,037	101,390
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	(7,468)	519	(6,949)	3
Prepaid items	(202)	(192)	(394)	58
Accounts payable	3,205	(1,924)	1,281	(2,734)
Accrued liabilities	(944)	(1,070)	(2,014)	(170)
Net OPEB obligation	(3,173)	(4,086)	(7,259)	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 137,238</u>	<u>\$ 138,340</u>	<u>\$ 275,578</u>	<u>\$ 93,378</u>

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

**VILLAGE OF SPRING LAKE**  
**AGENCY FUNDS**  
**STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2014**

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	<b>Agency Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ <u>4,321</u>
<b>Liabilities</b>	
Accounts payable	\$ <u>4,321</u>

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

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# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Spring Lake, Michigan (the "Village") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

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

These financial statements present the Village and its component units, entities for which the Village is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Village's operations, so data from these units are combined with data of the primary government. The Village has no blended component units. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the Village.

#### ***Discretely Presented Component Units***

The component unit columns in the basic financial statements include the financial data of the Downtown Development Authority (DDA) and the Tax Increment Finance Authority (TIFA). These entities are reported in separate columns to emphasize that they are legally separate from the Village. The members of the governing boards of these Authorities are appointed by the Village Council. The budgets of these Authorities must be approved by the Village Council. The Village temporarily relinquishes part of its tax base to the entities and the Village has pledged its full faith and credit toward payment of the entities' debt. Financial statements are not separately issued for the component units.

#### ***Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from discretely presented *component units* for which the primary government is financially accountable.

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

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

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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. The principal operating revenues of the Village's internal service fund are charges to Village departments for shared costs and equipment utilization. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal service fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Village reports the following major governmental funds:

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

The *Police Department Special Revenue Fund* is used to account for restricted participating government financial resources that are used to operate the Spring Lake/Ferrysburg police department.

The Village reports the following major proprietary funds:

The *Sewer Enterprise Fund* is used to account for the operations of the Village's sewer services. The Village provides these services to most of its residents on a user charge basis.

The *Water Enterprise Fund* is used to account for the operations of the Village's water services. The Village provides these services to most of its residents on a user charge basis.

**VILLAGE OF SPRING LAKE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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Additionally, the Village reports the following fund types:

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

The *Debt Service Funds* are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs of governmental funds.

The *Capital Projects Fund* is used to account for financial resources that are used to fund improvement projects within the Village.

The *Internal Service Funds* are used to account for shared services and vehicle and equipment purchases and usage provided to the Village departments and funds on a cost reimbursement basis.

The *Agency Fund* is used to account for the collection and disbursement of property taxes that are collected on behalf of outside governments, payroll activities for the Village, and funds held on behalf of outside organizations.

***Budgets and Budgetary Accounting***

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

1. Prior to February, the Village Manager and the Village Council develop an initial schedule of goals and objectives for the next year.
2. During February, the various department heads develop spending plans which are based upon anticipated needs. These plans are then modified for the Manager's projections and are consolidated into a preliminary budget plan.
3. During April, the plan is subjected to revision by the Council as considered necessary and is then formalized as a preliminary budget resolution.
4. Prior to June 15, a public hearing is held and the budget is legally enacted through passage of a resolution.
5. The budget is integrated with the accounting system and is used as a management control device during the year. The Village Manager is authorized to transfer budgeted amounts between accounts within the same department of any fund. Transfer between departments must be approved by the Village Council.
6. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year end.
7. Budgeted amounts are as originally adopted or as amended by the Village Council during the Fiscal year. Supplemental appropriations were necessary during the year.

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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### ***Cash and Cash Equivalents***

For the purpose of the statement of cash flows, the Village considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal of these balances at any time similar to a demand deposit account.

### ***Investments***

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

State statutes and Village policy authorize the Village 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.

### ***Receivables***

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

### ***Due to and Due from Other Funds***

Interfund receivables and payables are short term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed.

### ***Prepaid Items***

The Village incurred expenses prior to year-end for services that will be performed in the next fiscal year. In these situations, the Village records an asset to reflect the investment in future services.

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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### **Capital Assets**

Capital assets, which include land, construction in progress, buildings and equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

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

	<u>Years</u>
Land improvements	10-20
Buildings and improvements	10-70
Machinery and equipment	3-15
Vehicles	3-10
Infrastructure	10-50
Mains	50

### **Unavailable Revenue**

Funds report *unavailable revenue* in connection with resources that have been earned, but not yet received.

### **Long-Term Obligations**

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

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

### **Compensated Absences**

Substantially all Village employees are granted vacation hours up to a maximum of 200 hours at July 1 based on years of service. Employees are permitted to carry up to 40 hours of unused vacation time into the next fiscal year upon approval of the Village Manager. In the event of termination, an employee is paid for accumulated vacation hours up to the maximum.

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2014

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Substantially all Village employees are allowed to accrue sick hours up to a maximum of 700 hours. The Village will pay out any excess sick hours at a rate of 40% of the employee's current rate of pay on or around January 1 of each year. Upon retirement employees are paid 2% of accumulated sick time for every year worked at their current rate of pay.

#### **Property Taxes**

Village property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before September 14. These summer tax bills include the Village's own property taxes. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the Village 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Village Treasurer.

Property taxes levied in July of each year are recognized as revenue in that year.

#### **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 government has no items that qualify for reporting in this category.

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

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

Governmental funds report fund balance in the following five categories:

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

The Village Council has not delegated the authority to assign fund balance.

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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### ***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.

### ***Grants and Other Intergovernmental Revenues***

Grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

### ***Interfund Transactions***

During the course of normal operations, the Village has numerous transactions between funds, including expenditures and transfers of resources to provide services and to service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

## **2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

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

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

During the year ended June 30, 2014, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Expended</u>
<b>General fund</b>			
General government			
Village Manager	\$126,452	\$126,560	\$ 108
Village hall and grounds	45,366	48,914	3,548
Public safety - fire department	7,175	7,264	89
Public works			
Street lighting	21,900	22,514	614
Culture and recreation			
Park maintenance	46,452	48,917	2,465
Community promotion	19,110	20,041	931
Debt service			
Principal	-	10,750	10,750
Interest	-	1,845	1,845

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2014

#### 3. DEFICIT NET POSITION

At June 30, 2014, the Tax Increment Finance Authority component unit reported a deficit net position of \$41,582.

#### 4. CASH AND INVESTMENTS

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Total</u>
Cash and cash equivalents	\$944,765	\$985,934	\$4,321	\$409,697	\$2,344,717

Cash and cash equivalents consists of the following at June 30, 2014:

Checking and savings accounts	\$ 903,315
Petty cash	300
Money market fund	1,441,102
<b>Total</b>	<b>\$2,344,717</b>

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. State law does not require, and the Village does not have, a policy for deposit custodial credit risk. As of year-end, \$800,456 of the Village's bank balance of \$1,050,456 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

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

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
JPMorgan Chase Michigan Governmental	N/A	\$1,441,102	Aaa	Moody's

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The Village'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.

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

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Village does not have a policy for investment custodial credit risk. Of the above mutual fund investments the Village's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The Village'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.

### 5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2014</b>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$2,169,632	\$ -	\$ -	\$2,169,632
<b>Capital assets, being depreciated</b>				
Land improvements	2,809,770	-	-	2,809,770
Buildings and improvements	2,664,206	-	-	2,664,206
Machinery and equipment	485,930	26,101	77,190	434,841
Vehicles	641,293	67,296	127,903	580,686
Infrastructure	8,665,082	143,483	-	8,808,565
Total capital assets, being depreciated	15,266,281	236,880	205,093	15,298,068
Less accumulated depreciation for				
Land improvements	810,248	106,374	-	916,622
Buildings and improvements	731,071	54,930	-	786,001
Machinery and equipment	312,104	39,386	77,190	274,300
Vehicles	451,232	75,926	89,410	437,748
Infrastructure	6,222,236	183,452	-	6,405,688
Total accumulated depreciation	8,526,891	460,068	166,600	8,820,359
<b>Net capital assets, being depreciated</b>	6,739,390	(223,188)	38,493	6,477,709
<b>Governmental Activities capital assets, net</b>	<b>\$8,909,022</b>	<b>\$(223,188)</b>	<b>\$ 38,493</b>	<b>\$8,647,341</b>

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 8,092	\$ -	\$ -	\$ 8,092
<b>Capital assets being depreciated</b>				
Buildings and improvements	4,322,134	-	-	4,322,134
Mains	2,290,203	-	-	2,290,203
Machinery and equipment	727,743	5,275	-	733,018
Total capital assets, being depreciated	7,340,080	5,275	-	7,345,355
Less accumulated depreciation for				
Buildings and improvements	2,069,278	86,692	-	2,155,970
Mains	893,821	50,668	-	944,489
Machinery and equipment	470,673	28,677	-	499,350
Total accumulated depreciation	3,433,772	166,037	-	3,599,809
<b>Net capital assets, being depreciated</b>	3,906,308	(160,762)	-	3,745,546
<b>Business-type Activities capital assets, net</b>	<b>\$3,914,400</b>	<b>\$(160,762)</b>	<b>\$ -</b>	<b>\$3,753,638</b>

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

<b>Governmental Activities</b>	
General government	\$207,898
Public safety	20,500
Public works	56,407
Recreation and culture	73,873
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	101,390
<b>Total depreciation expense - governmental activities</b>	<b>\$460,068</b>
<b>Business-type Activities</b>	
Sewer	\$ 44,344
Water	121,693
<b>Total depreciation expense - business- type activities</b>	<b>\$166,037</b>

## 6. PENSION PLANS

### *MERS Defined Benefit Plan*

#### *Plan Description*

The Village participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multi-employer defined benefit pension plan providing retirement, death and disability benefits. The System is administered by the MERS retirement board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2014

The Village is required to contribute at an actuarially determined rate, which for the current year ranged from 0% to 9% of annual covered payroll. Employees are required to contribute 6.75% to 14.88% to the Plan. The contribution requirements of the Village are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

For the year ended June 30, 2014, the Village's annual pension cost of \$232,252 for MERS was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions based on the December 31, 2013 valuation included: (a) a rate of return on the investment of present and future assets of eight (8.0) percent; and (b) projected salary increases of four and one-half (4.5) percent per year compounded annually based on inflation, plus from 0% to 13% percent based on an age-related scale to reflect merit, longevity and promotional salary increases. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The difference in investment income between expected return and market return is recognized over a 10-year period as the rate of 10% per year. The Village's unfunded actuarial accrued liability is being amortized at a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, the date of the latest actuarial valuation, was 25 years.

The required schedule of funding progress immediately following the notes to the financial statements presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

#### Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/12	\$ 88,146	100%	\$ -
6/30/13	91,400	100%	-
6/30/14	232,252	100%	-

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>Total</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
12/31/13	\$2,766,260	\$3,885,051	\$1,118,791	71%	\$923,305	121%

#### ***Defined contribution plans***

##### ***457 plan***

The Village also participates in a section 457 qualified retirement program covering the Village Manager, to which the Village is required to contribute 12% of the Manager's gross wages. Total contributions by the Village for the year ended June 30, 2014 were \$9,713.

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2014**

**401(a) plan**

The Police Department also participates in a section 401(a) qualified retirement program covering qualified employees, to which the Village is required to contribute 4% of the employee's gross wages. Each participating employee is required to contribute a minimum of 1% but no more than 10% of gross wages. Total contributions by the Village and employee for the year ended June 30, 2014 were \$ 23,001 and \$5,744, respectively.

**7. LONG-TERM DEBT**

The following is a summary of the debt transactions of the Village for the year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
\$239,850 Mill Point Station Loan due in annual installments of \$5,174 to \$14,789 through April 2020; plus interest at 2%.	\$ 92,264	\$ -	\$ 10,750	\$ 81,514	\$ 10,965
Harbor Transit contract payable in annual installments of \$5,645 through July 1, 2017 with no interest	28,225	-	28,225	-	-
\$1,225,000 2012 Refunding Bonds, due in annual installments of \$75,000 to \$95,000 through January 2028; plus interest at .7% to 3.15%	1,225,000	-	75,000	1,150,000	75,000
\$450,000 2000 Street Construction Bonds due in annual installments of \$45,000 to \$55,000 through October 2015; plus interest at 5.4%	105,000	-	50,000	55,000	55,000
<b>Total debt</b>	<b>1,450,489</b>	<b>-</b>	<b>163,975</b>	<b>1,286,514</b>	<b>140,965</b>
Other post-employment benefits	141,164	-	22,164	119,000	-
Long-term compensated absences	76,904	-	24,172	52,732	-
<b>Total Governmental Activities</b>	<b>\$1,668,557</b>	<b>\$ -</b>	<b>\$210,311</b>	<b>\$1,458,246</b>	<b>\$140,965</b>

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
\$4,980,000 2005 NOWS Refunding Bonds (Village share \$243,474) due in annual installments of \$25,296 to \$26,350 through January 2015; plus interest at 4%.	\$ 51,646	\$ -	\$26,350	\$ 25,296	\$25,296
\$2,230,000 2010 Water Supply refunding Bonds (Village share \$221,419) due in annual installments of \$16,880 to \$26,312 through May 2021; plus interest at 2.00% to 2.625%.	171,774	-	7,448	164,326	19,362
\$10,040,000 2009 NOWS bonds (Village share \$23,092). Payments due in annual installments of \$161 to \$2,011 through May, 2034; interest at 5.0%	22,000	-	265	21,735	253
<b>Total Business-type Activities</b>	<b>\$245,420</b>	<b>\$ -</b>	<b>\$34,063</b>	<b>\$211,357</b>	<b>\$44,911</b>

Compensated absences of governmental funds are generally liquidated with general fund resources.

The annual requirements to amortize all debt outstanding (excluding long-term compensated absences) as of June 30, 2014 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 140,965	\$ 28,755	\$ 44,911	\$ 5,675
2016	86,184	26,376	21,081	4,368
2017	86,408	25,327	22,063	3,942
2018	86,635	24,086	23,540	3,443
2019	86,868	22,691	25,019	2,910
2020-2024	434,454	85,753	58,311	6,662
2025-2029	365,000	28,352	7,256	2,946
2030-2034	-	-	9,176	1,338
<b>Total</b>	<b>\$1,286,514</b>	<b>\$241,340</b>	<b>\$211,357</b>	<b>\$31,284</b>

#### 8. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance. The Village carries commercial insurance to cover all these risks. The Village has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2014

#### 9. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2013 are as follows:

<u>Transfers out</u>	Transfers in				<u>Total</u>
	<u>General Fund</u>	<u>Police Department</u>	<u>Public Improvement</u>	<u>Non major Governmental Funds</u>	
General fund	\$ -	\$473,137	\$ -	\$12,897	\$486,034
Non major governmental funds	-	-	-	7,000	7,000
Sewer fund	6,000	-	-	2,000	8,000
Water fund	6,500	-	-	2,000	8,500
<b>Total</b>	<b>\$12,500</b>	<b>\$473,137</b>	<b>\$ -</b>	<b>\$23,897</b>	<b>\$509,534</b>

Transfers are used to (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

#### 10. OTHER POST-EMPLOYMENT BENEFITS

The Village maintains a single-employer defined benefit healthcare plan (the "Plan"). The Plan provides health insurance benefits to certain retirees and their beneficiaries, which are funded in advance on a discretionary basis. In accordance with the Village's policy, the Village pays 50-75% of premiums. The retirees must contribute the balance of premiums not paid by the Village in accordance with plan provisions. As of June 30, 2014, the date of the last plan valuation, the Plan covered 2 retirees who were receiving benefits. The Retiree Health Plan does not issue a publicly available financial report and a legal trust has not been established for the plan.

The contribution requirements of Plan members and the Village are established and may be amended by the Village Council. The required contribution is based on projected pay-as-you go financing requirements. For the year ended June 30, 2014 the Village contributed \$23,201 to the Plan.

The Village's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Village has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits calculations.

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2014

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included a 3 percent investment rate of return (net of administrative costs) and an inflationary rate of 2.8% for employee benefits. Amortization of the Unfunded Actuarial Accrued Liability was changed from a Level Percentage of Projected Payroll method to a Level Dollar method since retiree benefits are not related to salary level. The remaining amortization period at June 30, 2014 is 27 years.

The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village OPEB obligation to the plan.

Annual required contribution	\$ 6,071
Interest on net OPEB obligation	4,235
Adjustment to annual required contribution	<u>(9,269)</u>
Annual OPEB cost (expense)	1,037
Contribution made	<u>(23,201)</u>
Decrease in net OPEB obligation	(22,164)
Net OPEB obligation, beginning of year	141,164
Net OPEB obligation, end of year	<u>\$119,000</u>

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

#### Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/12	\$45,758	16%	\$108,438
6/30/13	49,329	34%	141,164
6/30/14	1,037	2237%	119,000

#### Funding Progress

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>Total</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u> Not available	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
6/30/14	\$ -	\$119,000	\$119,000	0%	Not available	N/A

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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### 11. JOINT VENTURES

The Village is a member of the Grand Haven - Spring Lake Sewer Authority (Authority). The Village appoints two members to the joint venture's governing board, which then approves the annual budget. In the current year, the Village paid \$138,721 to the Authority for sewage treatment. The purpose of the Grand Haven - Spring Lake Sewer Authority is to acquire, own, improve, enlarge, extend and operate a sewage disposal system. The Authority is governed by a Board of Trustees containing seven members. The participating communities (Cities of Grand Haven and Ferrysburg, Townships of Spring Lake and Grand Haven and the Village of Spring Lake) pay a set rate to the Authority to process waste. This rate includes amounts to finance the Authority's debt. . At June 30, 2014, the portion of these Ottawa County bonds outstanding for which the Village has pledged its full faith and credit amounted to approximately \$111,360. The Village is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street, Grand Haven, MI 49417).

The Village is also a member of the Northwest Ottawa Water Treatment Plant. The Village appoints one member to the joint venture's governing board, which then approves the annual budget. In the current year, the Village paid \$100,680 to the plant to purchase water. The purpose of the Northwest Ottawa Water Treatment Plant is to acquire, construct, finance, operate and maintain a water production facility. The plant is governed by an administrative committee composed of one representative from each of the participating communities (Cities of Grand Haven and Ferrysburg, Townships of Grand Haven and Spring Lake and the Village of Spring Lake). These participating communities pay for water at a rate that is estimated to cover operation, maintenance, replacement and debt service. Ottawa County has issued general obligation bonds to provide for the acquisition, construction and financing of improvements to the Northwest Ottawa Water System. Each participating municipality has entered into contracts with Ottawa County pledging its full faith and credit for its respective share of the bond obligation. At June 30, 2014, the portion of these Ottawa County bonds outstanding for which the Village has pledged its full faith and credit amounted to approximately \$355,903. The Village is unaware of any other circumstances that would cause an additional benefit or burden to the participating government in the near future. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street, Grand Haven, MI 49417).

### 12. CONTINGENT LIABILITIES

#### Property Taxes

In the normal course of its activities, the Village has become a party in various legal actions, including property tax assessment appeals. Management of the Village is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Village and, therefore, has not reflected loss reserves in the financial statements.

#### Grants

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement to the grantor or regulatory agencies. However, management believes such disallowances, if any, will not be material to the financial position of the Village.

**VILLAGE OF SPRING LAKE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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***Upcoming Accounting Pronouncement***

The Governmental Accounting Standards Board issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which will be effective for the fiscal years beginning after June 15, 2014. This Statement requires governments providing defined benefit pensions to recognize their net pension liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. The net pension liability that will be recorded on the government-wide statements will be computed differently than the current unfunded actuarial accrued liability using specific parameters set forth by the GASB. The impact this Statement will have on the financial statements when adopted is currently not determinable.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Property taxes	\$ 888,498	\$ 892,009	\$ 888,391	\$ (3,618)
Penalties and interest	5,000	5,000	4,983	(17)
Administration fees	13,184	13,184	13,136	(48)
Intergovernmental revenues				
Federal	-	9,546	9,546	-
State	183,377	193,301	184,151	(9,150)
Local	7,500	7,500	17,698	10,198
Licenses and permits	4,882	4,882	5,064	182
Charges for services				
Cable TV franchise fees	44,000	47,000	49,494	2,494
Cellular tower usage	20,270	20,270	20,386	116
Zoning Fees	1,000	1,000	2,275	1,275
Housing inspection fees	4,500	4,500	3,940	(560)
Launch ramp fees	4,000	4,000	4,190	190
Other charges for services	9,700	11,600	35,440	23,840
Fines	24,150	24,150	21,084	(3,066)
Rent	92,500	93,100	93,710	610
Interest	150	150	255	105
Refunds	10,000	10,000	15,988	5,988
Other revenue	62,436	5,809	1,315	(4,494)
<b>Total revenues</b>	<u>1,375,147</u>	<u>1,347,001</u>	<u>1,371,046</u>	<u>24,045</u>
<b>Expenditures</b>				
Current				
General government				
Village Council	11,320	11,320	11,312	8
Village Manager	94,873	126,452	126,560	(108)
Clerk-Treasurer	119,680	142,015	140,529	1,486
Village hall and grounds	45,066	45,366	48,914	(3,548)
Attorney	10,300	15,800	15,164	636
Barber Street School	35,124	37,454	34,854	2,600
Public safety - fire department	12,708	7,175	7,264	(89)
Public works				
Public works	163,100	163,910	163,416	494
Storm water system	9,534	10,534	9,925	609
Maintenance	12,550	11,050	9,595	1,455
Street lighting	40,000	21,900	22,514	(614)
Community and economic development				
Planning and zoning	62,669	51,721	51,543	178
Culture and recreation				
Parks	200,745	175,813	173,040	2,773
Park maintenance	45,194	46,452	48,917	(2,465)
Community promotion	10,800	19,110	20,041	(931)
Recreation department	12,015	12,015	11,991	24
Historic conversation commission	2,200	2,200	1,315	885
Debt service				
Principal	-	-	10,750	(10,750)
Interest and fiscal charges	-	-	1,845	(1,845)
<b>Total expenditures</b>	<u>887,878</u>	<u>900,287</u>	<u>909,489</u>	<u>(9,202)</u>
<b>Revenues over (under) expenditures</b>	<u>487,269</u>	<u>446,714</u>	<u>461,557</u>	<u>14,843</u>
Other financing sources (uses)				
Transfers in	39,500	39,500	12,500	(27,000)
Transfers out	(499,637)	(486,214)	(486,034)	180
Total other financing sources (uses)	<u>(460,137)</u>	<u>(446,714)</u>	<u>(473,534)</u>	<u>(26,820)</u>
Net changes in fund balance	27,132	-	(11,977)	(11,977)
<b>Fund balance, beginning of year</b>	<u>301,377</u>	<u>301,377</u>	<u>301,377</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 328,509</u>	<u>\$ 301,377</u>	<u>\$ 289,400</u>	<u>\$ (11,977)</u>

**VILLAGE OF SPRING LAKE**  
**POLICE DEPARTMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State	\$ 1,800	\$ 1,800	\$ 985	\$ (815)
Local	556,145	556,145	556,052	(93)
Interest and rents	400	400	248	(152)
Miscellaneous	<u>1,326</u>	<u>1,326</u>	<u>461</u>	<u>(865)</u>
<b>Total revenues</b>	559,671	559,671	557,746	(1,925)
<b>Expenditures</b>				
Current				
Public safety	<u>1,110,808</u>	<u>1,164,524</u>	<u>1,102,710</u>	<u>61,814</u>
Revenues over (under) expenditures	(551,137)	(604,853)	(544,964)	59,889
Other financing sources (uses)				
Transfers in	<u>473,137</u>	<u>473,137</u>	<u>473,137</u>	<u>-</u>
Net changes in fund balance	(78,000)	(131,716)	(71,827)	59,889
<b>Fund balance, beginning of year</b>	<u>76,380</u>	<u>76,380</u>	<u>76,380</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ (1,620)</u>	<u>\$ (55,336)</u>	<u>\$ 4,553</u>	<u>\$ 59,889</u>

**VILLAGE OF SPRING LAKE**

**REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2014**

**MERS DEFINED BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2011	\$ 2,363,797	\$ 3,339,036	\$ 975,239	70.8%	\$ 905,658	107.7%
12/31/2012	2,553,548	3,660,876	1,107,328	69.8%	860,785	128.6%
12/31/2013	2,766,260	3,885,051	1,118,791	71.2%	923,305	121.2%

**RETIREE HEALTH OTHER POST EMPLOYMENT BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2011	\$ -	\$ 567,957	\$ 567,957	0.0%	n/a	n/a
6/30/2014	-	119,000	119,000	0.0%	n/a	n/a

**Note to required supplementary information**

**Budgets and Budgetary Accounting**

The Village adopts an annual budget for the general and each special revenue fund following the GAAP basis of accounting. Unexpended appropriations lapse at year end.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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# VILLAGE OF SPRING LAKE

## NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

JUNE 30, 2014

	Special Revenue			
	Major Streets	Local Streets	Harbor Transit System	Building Department
<b>Assets</b>				
Cash and cash equivalents	\$ 58,782	\$ 15,680	\$ -	\$ 121,919
Due from other governments	20,540	6,736	-	-
Prepaid items	787	642	-	409
<b>Total assets</b>	<b>\$ 80,109</b>	<b>\$ 23,058</b>	<b>\$ -</b>	<b>\$ 122,328</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 12,048	\$ 939	\$ -	\$ 3,469
Accrued liabilities	951	777	-	289
<b>Total liabilities</b>	12,999	1,716	-	3,758
<b>Fund balances</b>				
Non-spendable				
Prepaid items	787	642	-	409
Restricted				
Transportation	66,323	20,700	-	-
Building department	-	-	-	118,161
Debt service	-	-	-	-
Assigned	-	-	-	-
<b>Total fund balances</b>	67,110	21,342	-	118,570
<b>Total liabilities and fund balances</b>	<b>\$ 80,109</b>	<b>\$ 23,058</b>	<b>\$ -</b>	<b>\$ 122,328</b>

<u>Debt Service</u>		<u>Capital Projects</u>	
<u>2000 Street</u>	<u>2003 Village Hall</u>	<u>Public Improvement</u>	<u>Total</u>
\$ 1,284	\$ 17,350	\$ 32,912	\$ 247,927
-	-	-	27,276
-	-	-	<u>1,838</u>
<u>\$ 1,284</u>	<u>\$ 17,350</u>	<u>\$ 32,912</u>	<u>\$ 277,041</u>
\$ -	\$ -	\$ 9,923	\$ 26,379
-	-	-	<u>2,017</u>
-	-	<u>9,923</u>	<u>28,396</u>
-	-	-	1,838
-	-	-	87,023
-	-	-	118,161
1,284	17,350	-	18,634
-	-	<u>22,989</u>	<u>22,989</u>
<u>1,284</u>	<u>17,350</u>	<u>22,989</u>	<u>248,645</u>
<u>\$ 1,284</u>	<u>\$ 17,350</u>	<u>\$ 32,912</u>	<u>\$ 277,041</u>

# VILLAGE OF SPRING LAKE

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

FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue			
	Major Streets	Local Streets	Harbor Transit System	Building Department
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 53,082	\$ -
Intergovernmental revenues				
Federal	-	-	-	-
State	152,060	49,425	-	-
Local	7,879	20,000	-	-
Licenses and permits	-	-	-	64,336
Interest and rents	31	16	19	52
<b>Total revenues</b>	<u>159,970</u>	<u>69,441</u>	<u>53,101</u>	<u>64,388</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	38,815
Public works	118,377	86,874	-	-
Culture and recreation	-	-	53,101	-
Debt service				
Principal	-	-	28,225	-
Interest	-	-	-	-
Capital Outlay	45,150	440	-	-
<b>Total expenditures</b>	<u>163,527</u>	<u>87,314</u>	<u>81,326</u>	<u>38,815</u>
Revenues over (under) expenditures	<u>(3,557)</u>	<u>(17,873)</u>	<u>(28,225)</u>	<u>25,573</u>
Other financing sources (uses)				
Transfers in	2,100	-	3,297	-
Transfers out	(7,000)	-	-	-
Total other financing sources (uses)	<u>(4,900)</u>	<u>-</u>	<u>3,297</u>	<u>-</u>
Net changes in fund balances	<u>(8,457)</u>	<u>(17,873)</u>	<u>(24,928)</u>	<u>25,573</u>
<b>Fund balances (deficit), beginning of year</b>	<u>75,567</u>	<u>39,215</u>	<u>24,928</u>	<u>92,997</u>
<b>Fund balances, end of year</b>	<u>\$ 67,110</u>	<u>\$ 21,342</u>	<u>\$ -</u>	<u>\$ 118,570</u>

<u>Debt Service</u>		<u>Capital Projects</u>	
<u>2000 Street</u>	<u>2003 Village Hall</u>	<u>Public Improvement</u>	<u>Total</u>
\$ 44,481	\$ 71,136	\$ -	\$ 168,699
-	-	155	155
-	-	-	201,485
-	-	105,054	132,933
-	-	-	64,336
3	29,490	4,239	33,850
<u>44,484</u>	<u>100,626</u>	<u>109,448</u>	<u>601,458</u>
-	-	-	38,815
-	-	-	205,251
-	-	-	53,101
50,000	75,000	-	153,225
4,608	38,715	-	43,323
-	-	23,888	69,478
<u>54,608</u>	<u>113,715</u>	<u>23,888</u>	<u>563,193</u>
<u>(10,124)</u>	<u>(13,089)</u>	<u>85,560</u>	<u>38,265</u>
11,000	-	7,500	23,897
-	-	-	(7,000)
<u>11,000</u>	<u>-</u>	<u>7,500</u>	<u>16,897</u>
876	(13,089)	93,060	55,162
<u>408</u>	<u>30,439</u>	<u>(70,071)</u>	<u>193,483</u>
<u>\$ 1,284</u>	<u>\$ 17,350</u>	<u>\$ 22,989</u>	<u>\$ 248,645</u>

**VILLAGE OF SPRING LAKE**

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

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Federal	\$ 120,000	\$ -	\$ -	\$ -
State	147,000	163,900	152,060	(11,840)
Local	7,400	7,400	7,879	479
Interest and rents	25	25	31	6
Miscellaneous	<u>30,608</u>	<u>30,608</u>	<u>-</u>	<u>(30,608)</u>
<b>Total revenues</b>	<u>305,033</u>	<u>201,933</u>	<u>159,970</u>	<u>(41,963)</u>
<b>Expenditures</b>				
Current				
Public works	135,807	136,667	118,377	18,290
Capital Outlay	<u>166,010</u>	<u>45,150</u>	<u>45,150</u>	<u>-</u>
<b>Total expenditures</b>	<u>301,817</u>	<u>181,817</u>	<u>163,527</u>	<u>18,290</u>
Revenues over (under) expenditures	3,216	20,116	(3,557)	(23,673)
Other financing sources (uses)				
Transfers in	19,000	2,100	2,100	-
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>12,000</u>	<u>(4,900)</u>	<u>(4,900)</u>	<u>-</u>
Net changes in fund balance	15,216	15,216	(8,457)	(23,673)
<b>Fund balance, beginning of year</b>	<u>75,567</u>	<u>75,567</u>	<u>75,567</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 90,783</u>	<u>\$ 90,783</u>	<u>\$ 67,110</u>	<u>\$ (23,673)</u>

**VILLAGE OF SPRING LAKE**

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

**FOR THE YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 51,000	\$ 62,688	\$ 49,425	\$ (13,263)
Local	44,903	44,903	20,000	(24,903)
Interest and rents	25	25	16	(9)
<b>Total revenues</b>	<u>95,928</u>	<u>107,616</u>	<u>69,441</u>	<u>(38,175)</u>
<b>Expenditures</b>				
Current				
Public works	95,928	107,016	86,874	20,142
Capital Outlay	-	600	440	160
<b>Total expenditures</b>	<u>95,928</u>	<u>107,616</u>	<u>87,314</u>	<u>20,302</u>
Net changes in fund balance	-	-	(17,873)	(17,873)
<b>Fund balance, beginning of year</b>	<u>39,215</u>	<u>39,215</u>	<u>39,215</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 39,215</u>	<u>\$ 39,215</u>	<u>\$ 21,342</u>	<u>\$ (17,873)</u>

**VILLAGE OF SPRING LAKE**

**HARBOR TRANSIT SYSTEM  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 53,299	\$ 53,299	\$ 53,082	\$ (217)
Interest and rents	-	-	19	19
Miscellaneous	5,825	24,928	-	(24,928)
<b>Total revenues</b>	<u>59,124</u>	<u>78,227</u>	<u>53,101</u>	<u>(25,126)</u>
<b>Expenditures</b>				
Current				
Culture and recreation	59,124	53,479	53,101	378
Debt service				
Principal	-	28,225	28,225	-
<b>Total expenditures</b>	<u>59,124</u>	<u>81,704</u>	<u>81,326</u>	<u>378</u>
Revenues over (under) expenditures	-	(3,477)	(28,225)	(24,748)
Other financing sources (uses)				
Transfers in	-	3,477	3,297	(180)
Net changes in fund balance	-	-	(24,928)	(24,928)
<b>Fund balance, beginning of year</b>	<u>24,928</u>	<u>24,928</u>	<u>24,928</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 24,928</u>	<u>\$ 24,928</u>	<u>\$ -</u>	<u>\$ (24,928)</u>

**VILLAGE OF SPRING LAKE**

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

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 36,000	\$ 36,000	\$ 64,336	\$ 28,336
Interest and rents	-	-	52	52
<b>Total revenues</b>	36,000	36,000	64,388	28,388
<b>Expenditures</b>				
Current				
Public safety	47,930	47,930	38,815	9,115
Net changes in fund balance	(11,930)	(11,930)	25,573	37,503
<b>Fund balance, beginning of year</b>	92,997	92,997	92,997	-
<b>Fund balance, end of year</b>	<u>\$ 81,067</u>	<u>\$ 81,067</u>	<u>\$ 118,570</u>	<u>\$ 37,503</u>

# VILLAGE OF SPRING LAKE

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION

JUNE 30, 2014

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<b>Assets</b>	<b>Central Equipment</b>	<b>Police Equipment</b>	<b>Total</b>
Current assets			
Cash and cash equivalents	\$ 331,295	\$ 40,760	\$ 372,055
Prepaid items	<u>195</u>	<u>-</u>	<u>195</u>
Total current assets	331,490	40,760	372,250
Capital assets			
Being depreciated, net	<u>220,260</u>	<u>-</u>	<u>220,260</u>
<b>Total assets</b>	<u>551,750</u>	<u>40,760</u>	<u>592,510</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	2,072	1,594	3,666
Accrued liabilities	<u>172</u>	<u>-</u>	<u>172</u>
<b>Total liabilities</b>	<u>2,244</u>	<u>1,594</u>	<u>3,838</u>
<b>Net position</b>			
Net investment in capital assets	220,260	-	220,260
Unrestricted	<u>329,246</u>	<u>39,166</u>	<u>368,412</u>
<b>Total net position</b>	<u>\$ 549,506</u>	<u>\$ 39,166</u>	<u>\$ 588,672</u>

# VILLAGE OF SPRING LAKE

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Central Equipment</u>	<u>Police Equipment</u>	<u>Total</u>
<b>Operating revenue</b>			
Charges for services	\$ 146,138	\$ 79,924	\$ 226,062
Other	<u>13,000</u>	<u>1,254</u>	<u>14,254</u>
<b>Total operating revenue</b>	<u>159,138</u>	<u>81,178</u>	<u>240,316</u>
Personnel services	12,920	-	12,920
Benefits	8,856	-	8,856
Contractual services	343	229	572
Materials and supplies	41,018	26,427	67,445
Repairs and maintenance	26,232	10,088	36,320
Insurance	7,866	3,036	10,902
Depreciation	75,667	25,723	101,390
Miscellaneous	<u>6,900</u>	<u>180</u>	<u>7,080</u>
<b>Total operating expense</b>	<u>179,802</u>	<u>65,683</u>	<u>245,485</u>
Operating income (loss)	(20,664)	15,495	(5,169)
Non-operating revenue (expense)			
Loss on disposal of capital assets	-	(38,493)	(38,493)
Interest income	<u>147</u>	<u>3</u>	<u>150</u>
<b>Total non-operating revenue (expense)</b>	<u>147</u>	<u>(38,490)</u>	<u>(38,343)</u>
Changes in net position	(20,517)	(22,995)	(43,512)
<b>Net position, beginning of year</b>	<u>570,023</u>	<u>62,161</u>	<u>632,184</u>
<b>Net position, end of year</b>	<u>\$ 549,506</u>	<u>\$ 39,166</u>	<u>\$ 588,672</u>

# VILLAGE OF SPRING LAKE

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Central Equipment</u>	<u>Police Equipment</u>	<u>Total</u>
<b>Cash flows from operating activities</b>			
Receipts from internal services provided	\$ 146,138	\$ 79,924	\$ 226,062
Receipts from customers and users	13,003	1,254	14,257
Payments to employees	(21,946)	-	(21,946)
Payments to suppliers	<u>(83,268)</u>	<u>(41,727)</u>	<u>(124,995)</u>
<b>Net cash provided by (used in) operating activities</b>	53,927	39,451	93,378
<b>Cash flows from capital and related financing activities</b>			
Acquisitions of capital assets	(62,958)	(30,439)	(93,397)
<b>Cash flows from investing activities</b>			
Interest income	<u>147</u>	<u>3</u>	<u>150</u>
Net increase (decrease) in cash and cash equivalents	(8,884)	9,015	131
<b>Cash and cash equivalents, beginning of year</b>	<u>340,179</u>	<u>31,745</u>	<u>371,924</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 331,295</u>	<u>\$ 40,760</u>	<u>\$ 372,055</u>
<b>Cash flows from operating activities</b>			
Operating income (loss)	\$ (20,664)	\$ 15,495	\$ (5,169)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	75,667	25,723	101,390
Change in operating assets and liabilities which provided (used) cash			
Accounts receivable	3	-	3
Prepaid items	58	-	58
Accounts payable	(967)	(1,767)	(2,734)
Accrued liabilities	<u>(170)</u>	<u>-</u>	<u>(170)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 53,927</u>	<u>\$ 39,451</u>	<u>\$ 93,378</u>

# VILLAGE OF SPRING LAKE

## DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2014

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	DDA General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 1,031	\$ -	\$ 1,031
<b>Total assets</b>	<u>\$ 1,031</u>	<u>-</u>	1,031
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accrued liabilities	\$ 42	-	42
<b>Fund balances</b>			
Unassigned	<u>989</u>		
<b>Total fund balances</b>	<u>989</u>	<u>(989)</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 1,031</u>		
<b>Net position</b>			
Unrestricted		<u>\$ 989</u>	<u>\$ 989</u>

# VILLAGE OF SPRING LAKE

## **DOWNTOWN DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2014**

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	<b>DDA General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Intergovernmental revenues			
Local	\$ 7,000	\$ -	\$ 7,000
Interest and rents	1	-	1
Miscellaneous	<u>510</u>	<u>-</u>	<u>510</u>
<b>Total revenues</b>	7,511	-	7,511
<b>Expenditures</b>			
Current			
Community and economic development	<u>15,350</u>	<u>-</u>	<u>15,350</u>
Net changes in fund balance	(7,839)	7,839	-
Change in net position		(7,839)	(7,839)
<b>Fund balances/net position</b>			
Beginning of year	<u>8,828</u>		<u>8,828</u>
<b>End of year</b>	<u>\$ 989</u>		<u>\$ 989</u>

# VILLAGE OF SPRING LAKE

## TAX INCREMENT FINANCE AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2014

	<b>TIFA General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 408,666	\$ -	\$ 408,666
Accounts receivable	<u>38,916</u>	<u>-</u>	<u>38,916</u>
<b>Total assets</b>	<u>\$ 447,582</u>	<u>-</u>	<u>447,582</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 407,650	-	407,650
Noncurrent liabilities			
Due to other governments	<u>-</u>	<u>81,514</u>	<u>81,514</u>
<b>Total liabilities</b>	<u>407,650</u>	<u>81,514</u>	<u>489,164</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	26,321	<u>(26,321)</u>	<u>-</u>
<b>Fund balances</b>			
Unassigned	<u>13,611</u>		
<b>Total fund balances</b>	<u>13,611</u>	<u>(13,611)</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resource, and fund balances</b>	<u>\$ 447,582</u>		
<b>Net position</b>			
Unrestricted (deficit)		<u>\$ (67,903)</u>	<u>\$ (41,582)</u>
<b>Reconciliation of fund balances to net position (deficit)</b>			
Fund balances (deficit) of governmental funds			\$ 13,611
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:			
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds			
Deduct long-term amounts due to other governments			(81,514)
Certain assets are not due and receivable in the current period and therefore are offset with deferred inflows in the funds.			
Add deferred inflows			<u>26,321</u>
<b>Net position (deficit) of governmental activities</b>			<u>\$ (41,582)</u>

# VILLAGE OF SPRING LAKE

## TAX INCREMENT FINANCE AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2014**

	TIFA General <u>Fund</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
<b>Revenues</b>			
Taxes	\$ 465,413	\$ -	\$ 465,413
Interest and other	271	-	271
Other	<u>12,595</u>	<u>(12,595)</u>	<u>-</u>
<b>Total revenues</b>	478,279	(12,595)	465,684
<b>Expenditures</b>			
Current			
Community and economic development	<u>336,579</u>	<u>(10,750)</u>	<u>325,829</u>
Net changes in fund balance	141,700	<u>(141,700)</u>	
Change in net position			139,855
<b>Fund balances/net position (deficit)</b>			
Beginning of year	<u>(128,089)</u>		<u>(181,437)</u>
<b>End of year</b>	<u>\$ 13,611</u>		<u>\$ (41,582)</u>
<b>Reconciliation of change in fund balances to change in net position (deficit)</b>			
Net change in fund balance of governmental funds			\$ 141,700
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:			
Repayment of long-term payables is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.			10,750
Some receivables are long-term in nature and are collectable over several years, however only current receipts are reflected as revenues on the fund statements.			<u>(12,595)</u>
<b>Change in net position of governmental activities</b>			<u>\$ 139,855</u>