



VILLAGE OF SPRING LAKE, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018



Vredeveld Haefner LLC
CPAs and Consultants

VILLAGE OF SPRING LAKE

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INDEPENDENT AUDITORS' REPORT

September 18, 2018

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the information on pages 39 through 43 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.

Ordenold 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, 2018.

Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2018 fiscal year as follows:

- The Village paid an additional \$70,000 toward unfunded pension liabilities.
- The Village spent over \$60,000 to repair the roofs at the Village Hall and the DPW Building.
- The Village spent \$53,000 to repair/refurbish the Tri-Cities Connector Path.
- The Village spent \$43,428 to pay off the land contract for the former Spring Lake Township Hall property.

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, major streets fund, and police department 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 schedules 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 an internal service fund to account for its 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 \$13,110,998 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>	
	2017	2018	2017	2018	2017	2018
Assets						
Current and other assets	\$ 1,653,033	\$ 1,970,911	\$1,370,301	\$1,446,303	\$ 3,023,334	\$ 3,417,214
Capital assets	8,551,521	8,341,176	3,560,286	3,390,200	12,111,807	11,731,376
Total assets	10,204,554	10,312,087	4,930,587	4,836,503	15,135,141	15,148,590
Deferred outflows of resources	180,732	48,366	-	-	180,732	48,366
Liabilities						
Current liabilities	280,482	296,127	104,393	185,633	384,875	481,760
Long-term liabilities	1,748,843	1,420,450	97,658	72,580	1,846,501	1,493,030
Total liabilities	2,029,325	1,716,577	202,051	258,213	2,231,376	1,974,790
Deferred inflows of resources	47,900	111,168	-	-	47,900	111,168
Net position						
Net investment in capital assets	7,578,564	7,464,855	3,439,088	3,292,542	11,017,652	10,757,397
Restricted	536,159	669,755	-	-	536,159	669,755
Unrestricted	193,338	398,098	1,289,448	1,285,748	1,482,786	1,683,846
Total net position	\$ 8,308,061	\$ 8,532,708	\$4,728,536	\$4,578,290	\$13,036,597	\$13,110,998

About 12% of the Village's net position reflects unrestricted net position which is available for future operation while a significant portion (82%) 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, 2018, was \$3,415,645 while total cost of all programs and services was \$3,341,244. This results in an increase in net position of \$74,401. The business-type activities decrease in net position of \$150,246 was primarily the result of various contractual obligations which were not billed to customers as part of the rates. The governmental activities increase in net position of \$224,647 is primarily due to receipts in several departments in excess of expenses.

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>	
	2017	2018	2017	2018	2017	2018
Revenues						
Program revenues						
Charges for services	\$ 451,035	\$ 437,170	\$ 927,057	\$ 937,844	\$ 1,378,092	\$ 1,375,014
Operating grants and contributions	293,751	369,655	53,515	211,355	347,266	581,010
Capital grants and contributions	243,812	191,920	-	-	243,812	191,920
General revenues						
Property taxes	993,245	1,021,261	-	-	993,245	1,021,261
State shared revenues	195,822	203,876	-	-	195,822	203,876
Other	18,685	18,587	34,797	23,977	53,482	42,564
Total revenues	2,196,350	2,242,469	1,015,369	1,173,176	3,211,719	3,415,645
Expenses						
General government	599,162	612,613	-	-	599,162	612,613
Public safety	461,647	542,173	-	-	461,647	542,173
Public works	369,810	395,960	-	-	369,810	395,960
Community and economic development	68,964	86,794	-	-	68,964	86,794
Culture and recreation	356,605	371,027	-	-	356,605	371,027
Interest on long-term debt	25,071	23,755	-	-	25,071	23,755
Sewer	-	-	494,980	735,506	494,980	735,506
Water	-	-	512,251	573,416	512,251	573,416
Total expenses	1,881,259	2,032,322	1,007,231	1,308,922	2,888,490	3,341,244
Increase (decrease) in net position before transfers	315,091	210,147	8,138	(135,746)	323,229	74,401
Transfers in (out)	14,500	14,500	(14,500)	(14,500)	-	-
Change in net position	329,591	224,647	(6,362)	(150,246)	323,229	74,401
Net position – beginning	7,978,470	8,308,061	4,734,898	4,728,536	12,713,368	13,036,597
Net position – ending	\$8,308,061	\$8,532,708	\$4,728,536	\$4,578,290	\$13,036,597	\$13,110,998

Governmental Activities During the year, the Village invested \$612,613 or 30% of governmental activities expenses in general government. Public safety, which includes the police and fire departments, was \$542,173 or 27% of governmental activities expenses while community and economic development, culture and recreation, public works and interest on long-term debt made up the remaining 43% of governmental activities expenses. The governmental activities represented above include the County sheriff, fire department operations, department of public works, streets, and administrative functions.

Business-type Activities These activities consist of the water and sewer operations. The decrease in net position of \$150,246 consists of decreases in both the sewer and water funds. The sewer fund decrease of \$56,424 is primarily the result of the Village match for grant funding and the Villages share of the new SCADA system. The water fund decrease of \$93,422 is primarily from the expenses of new meters, increases in commodity charges, and completion of a water reliability study.

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 \$1,424,539, an increase of \$299,625 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 \$581,972. 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 64% of total general fund expenditures. The fund balance of the Village's general fund increased by \$95,266 during the current fiscal year.

The major streets fund reports an increase in fund balance of \$106,762. At the end of the current fiscal year, fund balance of the fund was \$340,204. All amounts in this fund are restricted for use on streets within the Village.

The police department fund had a increase in fund balance of \$4,720. At the end of the current fiscal year, fund balance of the fund was \$34,741. The increase is primarily the result of the local contributions.

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 \$1,285,748. The enterprise funds reported a decrease in net position for the year of \$(150,246). 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 a result of the following:

- Winter maintenance budgets for major and local streets were increased \$9,000 to cover increased plowing costs.
- Pension expense budgets were increased \$70,000 to make additional payments on the Village's unfunded pension liability.
- Building maintenance budgets were increased to pay for roof repairs at the Village hall and DPW building.

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, 2018, amounted to \$11,731,376 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and vehicles, and infrastructure.

Additional information on the Village's capital assets can be found in Note 4 to these financial statements.

Long-term debt At the end of the current fiscal year, the Village had loans and bonded debt outstanding of \$973,979. Of this amount, \$876,321 was for governmental activities while \$97,658 was for business-type activities.

The Village's total long-term debt decreased during the current fiscal year as payments were made on outstanding debt.

Additional information on the Village's long-term debt can be found in Note 6 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 2018-2019 fiscal year:

- The Village will spend over \$600,000 to repave portions of Exchange Street in 2019. Funding come from the DDA, major street, water and sewer funds.
- The Village will spend \$165,000 to purchase a leaf vac truck.
- The Village will spend over \$100,000 to install new, energy efficient lights on Lakeside Trail. Funding will come from the DDA and general fund.
- The Village will spend \$60,000 for fencing improvements along the boardwalk. The DDA will fund this project.
- Uncertainty regarding the level of state shared revenue will continue to make budgeting a challenge for the foreseeable future.

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:

Marvin Hinga
Village Clerk/Treasurer
marv@springlakevillage.org

BASIC FINANCIAL STATEMENTS

VILLAGE OF SPRING LAKE

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority	Tax Increment Finance Authority
Assets					
Cash and pooled investments	\$ 1,764,397	\$ 1,111,433	\$ 2,875,830	\$ 338,866	\$ 55,801
Accounts receivable, net	31,065	222,240	253,305	-	-
Due from other governments	137,039	108,734	245,773	-	-
Prepaid items and other assets	38,466	3,896	42,362	710	-
Capital assets					
Land	2,169,632	8,092	2,177,724	350,000	-
Construction in progress	24,357	-	24,357	-	-
Depreciable capital assets, net	6,147,187	3,382,108	9,529,295	-	-
Total assets	<u>10,312,143</u>	<u>4,836,503</u>	<u>15,148,646</u>	<u>689,576</u>	<u>55,801</u>
Deferred outflows of resources					
Deferred outflows - pension	48,366	-	48,366	-	-
Liabilities					
Accounts payable	170,625	156,772	327,397	15,933	-
Accrued liabilities	38,634	3,292	41,926	1,239	-
Accrued interest payable	-	491	491	-	-
Debt due within one year	86,868	25,078	111,946	-	-
Noncurrent liabilities					
Net pension liability	599,948	-	599,948	-	-
Compensated absences	31,049	-	31,049	-	-
Debt due in more than one year	789,453	72,580	862,033	-	-
Total liabilities	<u>1,716,577</u>	<u>258,213</u>	<u>1,974,790</u>	<u>17,172</u>	<u>26,323</u>
Deferred inflows of resources					
Deferred inflows - pension	111,168	-	111,168	-	-
Net position					
Net investment in capital assets	7,464,855	3,292,542	10,757,397	350,000	-
Restricted for					
Debt service	5,485	-	5,485	-	-
Building department	191,635	-	191,635	-	-
Transportation	472,635	-	472,635	-	-
Unrestricted (deficit)	398,154	1,285,748	1,683,902	322,404	29,478
Total net position	<u>\$ 8,532,764</u>	<u>\$ 4,578,290</u>	<u>\$ 13,111,054</u>	<u>\$ 672,404</u>	<u>\$ 29,478</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 612,613	\$ 196,921	\$ 959	\$ -	\$ (414,733)
Public safety	542,173	55,987	12,886	-	(473,300)
Public works	395,960	-	340,267	-	(55,693)
Community and economic development	86,794	2,350	-	-	(84,444)
Culture and recreation	371,027	181,912	15,543	191,920	18,348
Interest on long-term debt	23,755	-	-	-	(23,755)
Total governmental activities	2,032,322	437,170	369,655	191,920	(1,033,577)
Business-type activities					
Sewer	735,506	468,446	211,355	-	(55,705)
Water	573,416	469,398	-	-	(104,018)
Total business-type activities	1,308,922	937,844	211,355	-	(159,723)
Total primary government	\$ 3,341,244	\$ 1,375,014	\$ 581,010	\$ 191,920	\$ (1,193,300)
Component units					
Downtown Development Authority	269,059	-	528,792	2,057	\$ 261,790
Tax Increment Finance Authority	566,139	-	-	-	(566,139)
Total component units	\$ 835,198	\$ -	\$ 528,792	\$ 2,057	\$ (304,349)

(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, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Tax Increment Finance Authority
	Changes in net assets				
Net (expense) revenue	\$ (1,033,577)	\$ (159,723)	\$ (1,193,300)	\$ 261,790	\$ (566,139)
General revenues					
Property taxes	1,021,317	-	1,021,317	-	613,168
State shared revenues - unrestricted	203,876	-	203,876	-	-
Investment earnings	15,911	13,204	29,115	-	-
Other general revenues	2,676	10,773	13,449	8,685	-
Transfers - internal activities	14,500	(14,500)	-	-	-
Total general revenues and transfers	<u>1,258,280</u>	<u>9,477</u>	<u>1,267,757</u>	<u>8,685</u>	<u>613,168</u>
Change in net position	224,703	(150,246)	74,457	270,475	47,029
Net position (deficit), beginning of year	<u>8,308,061</u>	<u>4,728,536</u>	<u>13,036,597</u>	<u>401,929</u>	<u>(17,551)</u>
Net position (deficit), end of year	<u>\$ 8,532,764</u>	<u>\$ 4,578,290</u>	<u>\$ 13,111,054</u>	<u>\$ 672,404</u>	<u>\$ 29,478</u>

(Concluded)

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

VILLAGE OF SPRING LAKE

**GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2018

	<u>General</u>	<u>Major Streets</u>	<u>Police Department</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 656,259	\$ 320,410	\$ 75,095	\$ 400,331	\$ 1,452,095
Accounts receivable	20,186	89	-	8,956	29,231
Due from other governments	61,771	31,634	-	43,634	137,039
Prepaid items	5,987	1,229	29,437	1,510	38,163
Total assets	\$ 744,203	\$ 353,362	\$ 104,532	\$ 454,431	\$ 1,656,528
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 65,892	\$ 12,364	\$ 69,791	\$ 19,176	\$ 167,223
Accrued liabilities	36,718	794	-	875	38,387
Total liabilities	102,610	13,158	69,791	20,051	205,610
Deferred inflows of resources					
Unavailable revenue	26,323	-	-	-	26,323
Fund balances					
Non-spendable					
Prepaid items	5,987	1,229	29,437	1,510	38,163
Restricted					
Transportation	-	338,975	-	133,660	472,635
Building department	-	-	-	191,635	191,635
Debt service	-	-	-	5,485	5,485
Assigned					
Capital projects	-	-	-	102,090	102,090
Public safety	-	-	5,304	-	5,304
Subsequent year expenditures	27,255	-	-	-	27,255
Unassigned	582,028	-	-	-	582,028
Total fund balances	615,270	340,204	34,741	434,380	1,424,595
Total liabilities, deferred inflows of resources, and fund balances	\$ 744,203	\$ 353,362	\$ 104,532	\$ 454,431	\$ 1,656,528

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, 2018

Fund balances - total governmental funds	\$ 1,424,595
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 - construction in progress	24,357
Add - capital assets (net of accumulated depreciation)	5,882,301
Certain assets are not due and receivable in the current period and therefore are offset with deferred inflows in the funds.	
Add - deferred inflows	26,323
Deferred inflows and outflows relate to future years and are not reported in the funds.	
Add - deferred outflows from pension related items	48,366
Deduct - deferred inflows from pension related items	(111,168)
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	575,676
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - net pension liability	(599,948)
Deduct - compensated absences payable	(31,049)
Deduct - debt payable	(876,321)
Net position of governmental activities	<u>\$ 8,532,764</u>

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, 2018

	<u>General</u>	<u>Major Streets</u>	<u>Police Department</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 935,533	\$ -	\$ -	\$ 98,774	\$ 1,034,307
Intergovernmental revenues					
State	203,876	220,417	-	190,277	614,570
Local	22,595	8,740	12,886	83,281	127,502
Licenses and permits	5,646	-	-	51,341	56,987
Charges for services	124,675	-	-	-	124,675
Fines	10,990	-	1,070	-	12,060
Interest and rents	181,329	1,622	2	55,426	238,379
Miscellaneous	28,494	-	-	-	28,494
Total revenues	<u>1,513,138</u>	<u>230,779</u>	<u>13,958</u>	<u>479,099</u>	<u>2,236,974</u>
Expenditures					
Current					
General government	374,987	-	-	-	374,987
Public safety	1,076	-	479,238	67,874	548,188
Public works	190,368	127,150	-	71,759	389,277
Community and economic development	89,125	-	-	-	89,125
Culture and recreation	229,165	-	-	70,890	300,055
Debt service					
Principal	21,636	-	-	75,000	96,636
Interest	959	-	-	22,796	23,755
Capital Outlay	-	6,863	-	122,907	129,770
Total expenditures	<u>907,316</u>	<u>134,013</u>	<u>479,238</u>	<u>431,226</u>	<u>1,951,793</u>
Revenues over (under) expenditures	<u>605,822</u>	<u>96,766</u>	<u>(465,280)</u>	<u>47,873</u>	<u>285,181</u>
Other financing sources (uses)					
Transfers in	14,500	9,996	470,000	91,000	585,496
Transfers out	(525,000)	-	-	(45,996)	(570,996)
Total other financing sources (uses)	<u>(510,500)</u>	<u>9,996</u>	<u>470,000</u>	<u>45,004</u>	<u>14,500</u>
Net changes in fund balances	95,322	106,762	4,720	92,877	299,681
Fund balances, beginning of year	<u>519,948</u>	<u>233,442</u>	<u>30,021</u>	<u>341,503</u>	<u>1,124,914</u>
Fund balances, end of year	<u>\$ 615,270</u>	<u>\$ 340,204</u>	<u>\$ 34,741</u>	<u>\$ 434,380</u>	<u>\$ 1,424,595</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, 2018

Net changes in fund balances - total governmental fund	\$ 299,681
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	149,766
Deduct - depreciation expense	(399,187)
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	(21,636)
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 - payments on debt	96,636
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	3,244
Deduct - decrease in deferred outflows - pension	(132,366)
Deduct - increase in deferred inflows - pension	(63,268)
Add - decrease in net pension liability	228,280
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.	
Add - income from governmental activities in the internal service fund	<u>63,553</u>
Change in net position of governmental activities	<u>\$ 224,703</u>

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

VILLAGE OF SPRING LAKE

PROPRIETARY FUNDS STATEMENT OF NET POSITION

JUNE 30, 2018

Assets	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
Current assets				
Cash and pooled investments	\$ 279,772	\$ 831,661	\$ 1,111,433	\$ 312,302
Accounts receivable, net	115,353	106,887	222,240	1,834
Prepaid items	1,743	2,153	3,896	303
Due from other governments	108,734	-	108,734	-
Total current assets	505,602	940,701	1,446,303	314,439
Capital assets				
Land	-	8,092	8,092	-
Being depreciated, net	888,458	2,493,650	3,382,108	264,886
Total capital assets	888,458	2,501,742	3,390,200	264,886
Total assets	1,394,060	3,442,443	4,836,503	579,325
Liabilities				
Current liabilities				
Accounts payable	128,554	28,218	156,772	3,402
Accrued liabilities	1,553	1,739	3,292	247
Accrued interest payable	-	491	491	-
Current portion of bonds payable	-	25,078	25,078	-
Total current liabilities	130,107	55,526	185,633	3,649
Long-term liabilities				
Bonds payable, net of current portion	-	72,580	72,580	-
Total liabilities	130,107	128,106	258,213	3,649
Net position				
Net investment in capital assets	888,458	2,404,084	3,292,542	264,886
Unrestricted	375,495	910,253	1,285,748	310,790
Total net position	\$ 1,263,953	\$ 3,314,337	\$ 4,578,290	\$ 575,676

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, 2018

	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
Operating revenue				
Charges for services	\$ 468,446	\$ 469,398	\$ 937,844	\$ 223,877
Other	4,390	6,383	10,773	27,813
Total operating revenue	472,836	475,781	948,617	251,690
Operating expense				
Personnel services	57,447	75,391	132,838	17,001
Benefits	37,732	38,686	76,418	7,192
Contractual services	274,480	98,431	372,911	400
Materials and supplies	33,807	191,025	224,832	47,667
Utilities	11,793	1,931	13,724	-
Repairs and maintenance	21,682	19,070	40,752	27,601
Equipment rentals	8,253	17,747	26,000	-
Insurance	5,796	5,796	11,592	14,849
Depreciation	55,512	118,271	173,783	66,284
Miscellaneous	4,323	3,234	7,557	10,820
Total operating expense	510,825	569,582	1,080,407	191,814
Operating income (loss)	(37,989)	(93,801)	(131,790)	59,876
Non-operating revenue (expense)				
State grants	211,355	-	211,355	-
Grant related expenses	(224,681)	-	(224,681)	-
Interest income	1,491	11,713	13,204	3,677
Interest expense	-	(3,834)	(3,834)	-
Total non-operating revenue (expense)	(11,835)	7,879	(3,956)	3,677
Income (loss) before transfers	(49,824)	(85,922)	(135,746)	63,553
Transfers				
Transfers out	(7,000)	(7,500)	(14,500)	-
Changes in net position	(56,824)	(93,422)	(150,246)	63,553
Net position, beginning of year	1,320,777	3,407,759	4,728,536	512,123
Net position, end of year	\$ 1,263,953	\$ 3,314,337	\$ 4,578,290	\$ 575,676

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, 2018

	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
Cash flows from operating activities				
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ 250,269
State grants	211,355	-	211,355	-
Receipts from customers and users	473,621	475,166	948,787	-
Payments to employees	(95,439)	(114,381)	(209,820)	(24,206)
Payments to suppliers	(558,302)	(339,983)	(898,285)	(102,488)
Net cash provided by (used in) operating activities	<u>31,235</u>	<u>20,802</u>	<u>52,037</u>	<u>123,575</u>
Cash flows from non-capital financing activities				
Transfers out	(7,000)	(7,500)	(14,500)	-
Cash flows from capital and related financing activities				
Interest expense	-	(3,923)	(3,923)	-
Principal payments on bonds and notes	-	(23,540)	(23,540)	-
Acquisitions of capital assets	(2,928)	(769)	(3,697)	(105,360)
Net cash provided by (used in) capital and related financing activities	<u>(2,928)</u>	<u>(28,232)</u>	<u>(31,160)</u>	<u>(105,360)</u>
Cash flows from investing activities				
Interest income	1,491	11,713	13,204	3,677
Net increase (decrease) in cash and cash equivalents	22,798	(3,217)	19,581	21,892
Cash and pooled investments, beginning of year	<u>256,974</u>	<u>834,878</u>	<u>1,091,852</u>	<u>290,410</u>
Cash and pooled investments, end of year	<u>\$ 279,772</u>	<u>\$ 831,661</u>	<u>\$ 1,111,433</u>	<u>\$ 312,302</u>
Cash flows from operating activities				
Operating income (loss)	\$ (37,989)	\$ (93,801)	\$ (131,790)	\$ 59,876
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	55,512	118,271	173,783	66,284
State grants	211,355	-	211,355	-
Grant expenses	(224,681)	-	(224,681)	-
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	785	(615)	170	(1,421)
Prepaid items	(481)	(891)	(1,372)	(161)
Due from other governments	(55,219)	-	(55,219)	-
Accounts payable	82,213	(1,858)	80,355	(990)
Accrued liabilities	(260)	(304)	(564)	(13)
Net cash provided by (used in) operating activities	<u>\$ 31,235</u>	<u>\$ 20,802</u>	<u>\$ 52,037</u>	<u>\$ 123,575</u>

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

VILLAGE OF SPRING LAKE
AGENCY FUND
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2018

Assets

Cash and pooled investments	<u>\$ 32,234</u>
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Liabilities

Accounts payable	<u>\$ 32,234</u>
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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, 2018

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. 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 changes between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by 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, 2018

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 *Major Streets Special Revenue Fund* is used to account for Act 51 revenues received which are restricted to funding of major streets.

The *Police Department Special Revenue Fund* is used to account for restricted participating government financial resources that are used to fund police services provided by the County.

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, 2018

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 Fund* is 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 Fund* is used to account for 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 funds held for various projects 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 made during the year.

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.

VILLAGE OF SPRING LAKE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.

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 acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

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

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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 not permitted to carry unused vacation time into the next fiscal year. In the event of termination, an employee is paid for accumulated vacation hours up to the maximum.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense; information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VILLAGE OF SPRING LAKE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 Village has an item that qualifies for reporting in this category related to the net pension liability which is further discussed in note 6.

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 Village has unavailable revenue in governmental funds from unavailable receivables which qualify for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Village also has an item that qualifies for reporting in this category related to the net pension liability which is further discussed in note 6.

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.

The Village policy requires the general fund to maintain unrestricted fund balance of at least 25% of the greater of revenues plus transfers in, or expenses plus transfers out.

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.

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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.

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, 2018, the Village did not incur any expenditures in excess of the amounts appropriated.

3. CASH AND POOLED INVESTMENTS

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

	Governmental Activities	Business- type Activities	Fiduciary Funds	Component Units	Total
Cash and pooled investments	\$1,764,397	\$1,111,433	\$32,234	\$394,667	\$3,302,731

Cash and pooled investments consists of the following at June 30, 2018:

Demand deposits and certificates of deposit	\$2,979,509
Petty cash	400
Investments	322,822
Total	\$3,302,731

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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, \$1,389,613 of the Village's bank balance of \$3,279,509 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>
FHLMC	03/20/18	\$ 50,822	AA+	S&P
FFCB	08/02/18	97,000	Aaa	Moody
FNMA	12/20/18	45,000	Aaa	Moody
FNMA	10/25/19	<u>130,000</u>	AA+	S&P
Total		<u>\$322,822</u>		

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

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

- The Village does not have any investments that report fair value using quoted market prices (Level 1 inputs).
- All of the Village's investments are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The Village does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

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, 2018

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. The FHLMC, FNMA, FCCB notes are uninsured and unregistered and held by the government's brokerage firm which is also the counterparty for these 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.

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 2,169,632	\$ -	\$ -	\$ 2,169,632
Construction in progress	-	24,357	-	24,357
Total capital assets, not being depreciated	<u>2,169,632</u>	<u>24,357</u>	<u>-</u>	<u>2,193,989</u>
Capital assets, being depreciated				
Land improvements	3,374,250	-	-	3,374,250
Buildings and improvements	2,744,367	60,719	-	2,805,086
Machinery and equipment	504,893	126,163	103,529	527,527
Vehicles	683,966	-	-	683,966
Infrastructure	9,219,504	43,887	-	9,263,391
Total capital assets, being depreciated	<u>16,526,980</u>	<u>230,769</u>	<u>103,529</u>	<u>16,654,220</u>
Less accumulated depreciation for				
Land improvements	1,286,358	130,583	-	1,416,941
Buildings and improvements	1,017,366	102,871	-	1,120,237
Machinery and equipment	379,914	36,405	103,529	312,790
Vehicles	522,546	35,119	-	557,665
Infrastructure	6,938,907	160,493	-	7,099,400
Total accumulated depreciation	<u>10,145,091</u>	<u>465,471</u>	<u>103,529</u>	<u>10,507,033</u>
Net capital assets, being depreciated	<u>6,381,889</u>	<u>(234,702)</u>	<u>-</u>	<u>6,147,187</u>
Governmental Activities capital assets, net	<u>\$ 8,551,521</u>	<u>\$(210,345)</u>	<u>\$ -</u>	<u>\$ 8,341,176</u>

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 8,092	\$ -	\$ -	\$ 8,092
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	8,092	-	-	8,092
Capital assets being depreciated				
Buildings and improvements	4,322,134	-	-	4,322,134
Mains	2,324,874	3,697	-	2,328,571
Machinery and equipment	1,014,949	-	-	1,014,949
Total capital assets, being depreciated	7,661,957	3,697	-	7,665,654
Less accumulated depreciation for				
Buildings and improvements	2,416,046	86,692	-	2,502,738
Mains	1,108,972	52,819	-	1,161,791
Machinery and equipment	584,745	34,272	-	619,017
Total accumulated depreciation	4,109,763	173,783	-	4,283,546
Net capital assets, being depreciated	3,552,194	(170,086)	-	3,382,108
Business-type Activities capital assets, net	\$3,560,286	\$(170,086)	\$ -	\$3,390,200

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

Governmental Activities	
General government	\$245,404
Public works	66,583
Recreation and culture	87,200
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	66,284
Total depreciation expense - governmental activities	\$465,471
Business-type Activities	
Sewer	\$ 55,512
Water	118,271
Total depreciation expense - business- type activities	\$173,783

5. PENSION PLANS

MERS Defined Benefit Plan

Plan Description

The Village participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Benefits Provided

Benefits provided include a multiplier of 1.5 to 2.75 times final average compensation. Vesting period from 6 to 10 years. Normal retirement age is 60 with early retirement at 55 with 15 years of service. Final average compensation is calculated based on from 3 to 5 years.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2017):

Active plan members	6
Inactive employees entitled but not yet receiving benefits	10
Inactive employees or beneficiaries currently receiving benefits	<u>7</u>
Total	<u><u>23</u></u>

This plan is closed to new participants.

Contributions

The Village is required to contribute at an actuarially determined rate, which for the current year was approximately \$4,200 per month. Participating employees are required to contribute 6.75% of gross wages to the Plan based on position and classification. 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.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the December 31, 2017 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5% (3-4% for 2014)

Salary Increases: 3.75% in the long-term (plus merit and longevity from 0 to 11% based on age) (4.5% for 2014)

Investment rate of return: 7.75%, net of investment expense, including inflation (8.00% for 2014)

Mortality rates used for non-disabled plan member were based on a weighted blend of RP-2014 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of RP-2014 disabled retire mortality tables of a 50% Male and 50% Female blend of disabled retirees. (1994 group annuity tables is 2014)

The actuarial assumptions used in the valuation were based on the results of the 2015 actuarial experience study.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return</u>
Global Equity	57.5%	6.27%	3.60%
Global Fixed Income	20.0%	3.43%	0.68%
Real Assets	12.5%	5.48%	0.69%
Diversifying Strategies	10.0%	7.81%	0.78%
Inflation			2.00%
Administrative fee			0.25%
Investment rate of return			<u>8.00%</u>

Discount rate. The discount rate used to measure the total pension liability is 8% which did not change from the prior year. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at December 31, 2016	\$3,827,076	\$2,998,848	\$828,228
Changes for the Year:			
Service cost	32,036	-	32,036
Interest	299,162	-	299,162
Change in benefits	-	-	-
Differences between expected and actual experience	(46,812)	-	(46,812)
Change in assumptions	-	-	-
Contributions: employer	-	105,889	(105,889)
Contributions: employee	-	21,503	(21,503)
Net investment income	-	391,408	(391,408)
Benefit payments, including refunds	(207,126)	(207,126)	-
Administrative expense	-	(6,205)	6,205
Other changes	1	-	1
Net changes	<u>77,261</u>	<u>305,541</u>	<u>(228,280)</u>
Balance at December 31, 2017	<u>\$3,904,337</u>	<u>\$3,304,389</u>	<u>\$599,948</u>

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the employer, calculated using the discount rate of 8.0%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1% higher (9.0%) than the current rate.

	1% Decrease	Current Discount Rate	1 % Increase
Total pension liability	\$4,323,291	\$3,904,337	\$3,555,743
Fiduciary net position	3,304,389	3,304,389	3,304,389
Net pension liability	\$1,018,902	\$ 599,948	\$ 251,354

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2018 the employer recognized pension expense of \$94,496. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ 49,802
Differences in assumptions	-	-
(Excess) deficit investment returns	-	61,366
Contributions subsequent to the Measurement date*	48,366	-
Total	\$48,366	\$111,168

* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending 2019.

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding contributions subsequent to the measurement date) will be recognized in pension expense as follows:

2019	\$(19,029)
2020	(10,903)
2021	(50,236)
2022	(31,000)
Total	\$111,168

Defined contribution 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, 2018 were \$16,232. This figure includes insurance opt-out payments totaling \$4,947.

VILLAGE OF SPRING LAKE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

6. LONG-TERM DEBT

The following is a summary of the debt transactions of the Village for the year ended June 30, 2018:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities					
\$239,850 Mill Point Station Loan due in annual installments of \$5,174 to \$14,789 through April 2020; plus interest at 2%	\$ 47,957	\$ -	\$ 21,636	\$ 26,321	\$11,868
\$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%	925,000	-	75,000	850,000	75,000
Total debt	972,957	-	96,636	876,321	86,868
Long-term compensated absences	34,293	2,050	5,294	31,049	-
Total Governmental Activities	\$1,007,250	\$2,050	\$101,930	\$907,370	\$86,868
Business-type Activities					
\$2,230,000 2010 Ottawa County 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%	\$102,270	\$ -	\$23,333	\$78,937	\$24,882
\$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%	403	-	207	196	196
\$18,525 Village portion of Northwest Ottawa Water System Refunding Bonds of 2016; due in annual installments of \$80 to \$1,817 plus interest at 4.0-5.0% through May 2034	18,525	-	-	18,525	-
Total Business-type Activities	\$121,198	\$ -	\$23,540	\$97,658	\$25,078

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Component Unit	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2018</u>	Due Within <u>One Year</u>
\$350,000 Spring Lake township hall installment note due in annual installments of \$51,358 through April 2019; plus interest at 5%.	\$42,795	\$ -	\$42,795	\$ -	\$ -

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, 2018 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 86,868	\$ 22,691	\$25,078	\$ 2,946
2020	92,106	21,029	26,392	2,252
2021	82,347	19,147	28,134	1,592
2022	80,000	17,140	1,058	848
2023	85,000	15,260	1,115	806
2024-2028	450,000	41,529	6,244	3,318
2029-2033	-	-	7,878	1,674
2034-2035	-	-	1,759	90
Total	\$876,321	\$136,796	\$97,658	\$13,526

During fiscal 2016, Ottawa County issued refunding bonds with the portion to be paid by the Village amounting to \$18,525. The proceeds of the advance refunding were placed into a trust account to repay a portion of the 2009 Ottawa County Water Supply Bonds which are considered to be defeased. The Townships portion of the total debt service requirements was reduced by approximately \$4,300, which resulted in an economic gain of approximately \$3,500. As of June 30, 2018, approximately \$20,000 of the Village's portion of refunded bonds payable are considered to be defeased and are scheduled to be called and paid in full in 2019.

7. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2018 are as follows:

<u>Transfers in</u>	Transfers out				<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	
General fund	\$ -	\$ -	\$7,500	\$7,000	\$ 14,500
Major streets	-	9,996	-	-	9,996
Police department	470,000	-	-	-	470,000
Nonmajor governmental funds	55,000	36,000	-	-	91,000
Total	\$525,000	\$45,996	\$7,500	\$7,000	\$585,496

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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.

8. 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 \$196,596 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 based on their portion of the total system flow. This rate includes amounts to finance the Authority's debt. At June 30, 2018, the portion of these Ottawa County bonds outstanding for which the Village has pledged its full faith and credit amounted to approximately \$97,200. 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 \$125,836 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 based on their portion of the total system flow 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, 2018, the portion of these Ottawa County bonds outstanding for which the Village has pledged its full faith and credit amounted to approximately \$295,970. 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).

9. 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 Village carries commercial insurance. The Village has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

10. COMMITMENTS

As of June 30, 2018, the Village is committed to the purchase of equipment for approximately \$165,000 and to construction contracts of approximately \$60,000.

VILLAGE OF SPRING LAKE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

11. CONTINGENT LIABILITIES

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.

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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, 2018

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 900,747	\$ 916,385	\$ 917,306	\$ 921
Penalties and interest	3,500	3,500	5,237	1,737
Administration fees	13,149	13,149	12,990	(159)
Intergovernmental revenues				
State	216,467	216,467	203,876	(12,591)
Local	12,595	22,595	22,595	-
Licenses and permits	5,100	5,100	5,646	546
Charges for services				
Cable TV franchise fees	53,000	53,000	54,024	1,024
Cellular tower usage	20,750	24,000	24,240	240
Zoning fees	1,000	1,000	2,350	1,350
Housing inspection fees	3,600	3,600	3,440	(160)
Launch ramp fees	5,250	5,250	7,120	1,870
Other charges for services	36,250	36,250	33,501	(2,749)
Fines	6,500	6,500	10,990	4,490
Rent	158,800	162,800	168,030	5,230
Interest	2,500	7,662	13,299	5,637
Refunds	10,150	10,150	10,275	125
Other revenue	2,250	75,514	18,219	(57,295)
Total revenues	<u>1,451,608</u>	<u>1,562,922</u>	<u>1,513,138</u>	<u>(49,784)</u>
Expenditures				
Current				
General government				
Village Council	11,780	15,780	14,865	915
Village Manager	75,394	79,343	73,376	5,967
Clerk-Treasurer	194,365	183,879	175,703	8,176
Village hall and grounds	71,782	92,705	77,311	15,394
Attorney	21,800	10,175	7,530	2,645
Barber Street School	25,262	26,449	26,202	247
Public safety - fire department	1,250	1,250	1,076	174
Public works				
Public works	152,393	172,994	156,741	16,253
Storm water system	32,397	32,397	9,499	22,898
Street lighting	15,200	26,000	24,128	1,872
Community and economic development				
Planning and zoning	92,171	95,309	89,125	6,184
Culture and recreation				
Parks	192,349	203,640	168,934	34,706
Park maintenance	23,339	25,920	17,205	8,715
Community promotion	25,987	25,987	24,959	1,028
Recreation department	23,038	27,993	18,067	9,926
Debt service				
Principal	11,636	21,636	21,636	-
Interest and fiscal charges	959	959	959	-
Total expenditures	<u>971,102</u>	<u>1,042,416</u>	<u>907,316</u>	<u>135,100</u>
Revenues over (under) expenditures	<u>480,506</u>	<u>520,506</u>	<u>605,822</u>	<u>85,316</u>
Other financing sources (uses)				
Transfers in	14,500	14,500	14,500	-
Transfers out	(495,000)	(535,000)	(525,000)	10,000
Total other financing sources (uses)	<u>(480,500)</u>	<u>(520,500)</u>	<u>(510,500)</u>	<u>10,000</u>
Net changes in fund balance	6	6	95,322	95,316
Fund balance, beginning of year	<u>519,948</u>	<u>519,948</u>	<u>519,948</u>	<u>-</u>
Fund balance, end of year	<u>\$ 519,954</u>	<u>\$ 519,954</u>	<u>\$ 615,270</u>	<u>\$ 95,316</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, 2018

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 181,000	\$ 195,475	\$ 220,417	\$ 24,942
Local	5,500	8,730	8,740	10
Interest and rents	500	500	1,622	1,122
Total revenues	<u>187,000</u>	<u>204,705</u>	<u>230,779</u>	<u>26,074</u>
Expenditures				
Current				
Public works	116,848	144,709	127,150	17,559
Capital Outlay	71,050	55,894	6,863	49,031
Total expenditures	<u>187,898</u>	<u>200,603</u>	<u>134,013</u>	<u>66,590</u>
Revenues over (under) expenditures	(898)	4,102	96,766	92,664
Other financing sources (uses)				
Transfers in	15,000	10,000	9,996	(4)
Net changes in fund balance	14,102	14,102	106,762	92,660
Fund balance, beginning of year	<u>233,442</u>	<u>233,442</u>	<u>233,442</u>	<u>-</u>
Fund balance, end of year	<u>\$ 247,544</u>	<u>\$ 247,544</u>	<u>\$ 340,204</u>	<u>\$ 92,660</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, 2018

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Local	\$ 6,425	\$ 16,425	\$ 12,886	\$ (3,539)
Fines	-	-	1,070	1,070
	<u>6,425</u>	<u>16,425</u>	<u>13,958</u>	<u>(2,467)</u>
Total revenues				
	6,425	16,425	13,958	(2,467)
Expenditures				
Current				
Public safety	493,499	516,425	479,238	37,187
	<u>493,499</u>	<u>516,425</u>	<u>479,238</u>	<u>37,187</u>
Revenues over (under) expenditures	(487,074)	(500,000)	(465,280)	34,720
Other financing sources (uses)				
Transfers in	460,000	480,000	470,000	(10,000)
	<u>460,000</u>	<u>480,000</u>	<u>470,000</u>	<u>(10,000)</u>
Net changes in fund balance	(27,074)	(20,000)	4,720	24,720
Fund balance, beginning of year	<u>30,021</u>	<u>30,021</u>	<u>30,021</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,947</u>	<u>\$ 10,021</u>	<u>\$ 34,741</u>	<u>\$ 24,720</u>

VILLAGE OF SPRING LAKE
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION
LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2018

	2014	2015	2016	2017
Total pension liability				
Service cost	\$ 33,760	\$ 34,834	\$ 32,247	\$ 32,036
Interest	269,917	273,944	293,567	299,162
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	-	(32,124)	(55,792)	(46,812)
Changes in assumptions	-	134,404	-	-
Benefit payments including employee refunds	(149,965)	(153,283)	(192,805)	(207,126)
Other	-	8,561	-	1
Net change in total pension liability	<u>153,712</u>	<u>266,336</u>	<u>77,217</u>	<u>77,261</u>
Total pension liability, beginning of year	<u>3,329,811</u>	<u>3,483,523</u>	<u>3,749,859</u>	<u>3,827,076</u>
Total pension liability, end of year	<u>\$ 3,483,523</u>	<u>\$ 3,749,859</u>	<u>\$ 3,827,076</u>	<u>\$ 3,904,337</u>
Plan Fiduciary Net Position				
Contributions-employer	\$ 142,827	\$ 101,136	\$ 51,332	\$ 105,889
Contributions-employee	130,834	23,968	20,007	21,503
Net investment income	167,383	(44,826)	315,902	391,480
Benefit payments including employee refunds	(149,965)	(153,283)	(192,805)	(207,126)
Administrative expense	(6,218)	(6,365)	(6,237)	(6,205)
Net change in plan fiduciary net position	<u>284,861</u>	<u>(79,370)</u>	<u>188,199</u>	<u>305,541</u>
Plan fiduciary net position, beginning of year	<u>2,605,158</u>	<u>2,890,019</u>	<u>2,810,649</u>	<u>2,998,848</u>
Plan fiduciary net position, end of year	<u>\$ 2,890,019</u>	<u>\$ 2,810,649</u>	<u>\$ 2,998,848</u>	<u>\$ 3,304,389</u>
Employer net pension liability	<u>\$ 593,504</u>	<u>\$ 939,210</u>	<u>\$ 828,228</u>	<u>\$ 599,948</u>
Plan fiduciary net position as a percentage of the total pension liability	83.0%	75.0%	78.4%	84.6%
Covered employee payroll	\$ 744,617	\$ 355,078	\$ 313,969	\$ 321,560
Employer's net pension liability as a percentage of covered employee payroll	79.7%	264.5%	263.8%	186.6%

Notes to schedule:

Above data is based on a December 31 measurement date.

This schedule is being accumulated prospectively until 10 years of information is presented.

VILLAGE OF SPRING LAKE
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarial determined contributions	\$ 69,017	\$ 53,070	\$ 53,402	\$ 57,141
Contributions in relation to the actuarially determined contributor	<u>164,562</u>	<u>53,070</u>	<u>53,402</u>	<u>127,141</u>
Contribution excess (deficiency)	<u>\$ 95,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,000</u>
Covered employee payroll	\$ 744,617	\$ 355,078	\$ 313,969	\$ 321,560
Contributions as a percentage of covered employee payroll	22%	15%	17%	40%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	5 year smoothed (10 years for 2014)
Inflation	2.5% (3-4% for 2014)
Salary increases	3.75% (4.5 for 2014)
Investment rate of return	7.75% (8.00 for 2014)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male RP-2014 mortality table

This schedule is being accumulated prospectively until 10 years of information is presented.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Basis of Accounting

Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accounting principles (GAAP). Appropriations lapse at year end..

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

VILLAGE OF SPRING LAKE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2018

	Special Revenue			Debt Service	Capital Projects	Total	
	Local Streets	County-wide Road Millage	Pathways	Building Department	2003 Village Hall		Public Improvement
Assets							
Cash and pooled investments	\$ 58,957	\$ -	\$ 70,686	\$ 195,012	\$ 5,505	\$ 70,171	\$ 400,331
Accounts receivable	8	-	-	55	-	8,893	8,956
Due from other governments	10,378	-	-	-	-	33,256	43,634
Prepaid items	839	-	125	546	-	-	1,510
Total assets	\$ 70,182	\$ -	\$ 70,811	\$ 195,613	\$ 5,505	\$ 112,320	\$ 454,431
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ 3,490	\$ -	\$ 2,363	\$ 3,073	\$ 20	\$ 10,230	\$ 19,176
Accrued liabilities	316	-	200	359	-	-	875
Total liabilities	3,806	-	2,563	3,432	20	10,230	20,051
Fund balances							
Non-spendable							
Prepaid items	839	-	125	546	-	-	1,510
Restricted							
Transportation	65,537	-	68,123	-	-	-	133,660
Building department	-	-	-	191,635	-	-	191,635
Debt service	-	-	-	-	5,485	-	5,485
Assigned							
Capital projects	-	-	-	-	-	102,090	102,090
Total fund balances	66,376	-	68,248	192,181	5,485	102,090	434,380
Total liabilities and fund balances	\$ 70,182	\$ -	\$ 70,811	\$ 195,613	\$ 5,505	\$ 112,320	\$ 454,431

VILLAGE OF SPRING LAKE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue			Debt Service	Capital Projects	Total	
	Local Streets	County-wide Road Millage	Pathways	Building Department	2003 Village Hall		Public Improvement
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 98,774	\$ -	\$ 98,774
Intergovernmental revenues							
State	65,114	-	-	-	-	125,163	190,277
Local	-	45,996	33,294	-	-	3,991	83,281
Licenses and permits	-	-	-	51,341	-	-	51,341
Interest and rents	212	-	-	776	-	54,438	55,426
Total revenues	<u>65,326</u>	<u>45,996</u>	<u>33,294</u>	<u>52,117</u>	<u>98,774</u>	<u>183,592</u>	<u>479,099</u>
Expenditures							
Current							
Public safety	-	-	-	67,874	-	-	67,874
Public works	71,759	-	-	-	-	-	71,759
Culture and recreation	-	-	70,890	-	-	-	70,890
Debt service							
Principal	-	-	-	-	75,000	-	75,000
Interest	-	-	-	-	22,796	-	22,796
Capital Outlay	4,554	-	-	-	-	118,353	122,907
Total expenditures	<u>76,313</u>	<u>-</u>	<u>70,890</u>	<u>67,874</u>	<u>97,796</u>	<u>118,353</u>	<u>431,226</u>
Revenues over (under) expenditures	<u>(10,987)</u>	<u>45,996</u>	<u>(37,596)</u>	<u>(15,757)</u>	<u>978</u>	<u>65,239</u>	<u>47,873</u>
Other financing sources (uses)							
Transfers in	36,000	-	55,000	-	-	-	91,000
Transfers out	-	(45,996)	-	-	-	-	(45,996)
Total other financing sources (uses)	<u>36,000</u>	<u>(45,996)</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,004</u>
Net changes in fund balances	25,013	-	17,404	(15,757)	978	65,239	92,877
Fund balances, beginning of year	<u>41,363</u>	<u>-</u>	<u>50,844</u>	<u>207,938</u>	<u>4,507</u>	<u>36,851</u>	<u>341,503</u>
Fund balances, end of year	<u>\$ 66,376</u>	<u>\$ -</u>	<u>\$ 68,248</u>	<u>\$ 192,181</u>	<u>\$ 5,485</u>	<u>\$ 102,090</u>	<u>\$ 434,380</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, 2018

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 47,200	\$ 51,600	\$ 65,114	\$ 13,514
Interest and rents	-	-	212	212
Miscellaneous	-	-	-	-
Total revenues	<u>47,200</u>	<u>51,600</u>	<u>65,326</u>	<u>13,726</u>
Expenditures				
Current				
Public works	74,507	79,347	71,759	7,588
Capital Outlay	-	4,560	4,554	6
Total expenditures	<u>74,507</u>	<u>83,907</u>	<u>76,313</u>	<u>7,594</u>
Revenues over (under) expenditures	(27,307)	(32,307)	(10,987)	21,320
Other financing sources (uses)				
Transfers in	31,000	36,000	36,000	-
Net changes in fund balance	3,693	3,693	25,013	21,320
Fund balance, beginning of year	<u>41,363</u>	<u>41,363</u>	<u>41,363</u>	<u>-</u>
Fund balance, end of year	<u>\$ 45,056</u>	<u>\$ 45,056</u>	<u>\$ 66,376</u>	<u>\$ 21,320</u>

VILLAGE OF SPRING LAKE
COUNTY-WIDE ROAD MILLAGE
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Local	\$ 46,000	\$ 46,000	\$ 45,996	\$ (4)
Expenditures				
Current				
Public works	-	-	-	-
Revenues over (under) expenditures	46,000	46,000	45,996	(4)
Other financing sources (uses)				
Transfers out	(46,000)	(46,000)	(45,996)	4
Net changes in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

VILLAGE OF SPRING LAKE

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

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Local	\$ 34,000	\$ 34,000	\$ 33,294	\$ (706)
Expenditures				
Current				
Culture and recreation	<u>126,338</u>	<u>126,338</u>	<u>70,890</u>	<u>55,448</u>
Revenues over (under) expenditures	(92,338)	(92,338)	(37,596)	54,742
Other financing sources (uses)				
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>55,000</u>	<u>20,000</u>
Net changes in fund balance	(57,338)	(57,338)	17,404	74,742
Fund balance, beginning of year	<u>50,844</u>	<u>50,844</u>	<u>50,844</u>	<u>-</u>
Fund balance, end of year	<u>\$ (6,494)</u>	<u>\$ (6,494)</u>	<u>\$ 68,248</u>	<u>\$ 74,742</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, 2018

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 79,000	\$ 79,000	\$ 51,341	\$ (27,659)
Interest and rents	-	500	776	276
Total revenues	79,000	79,500	52,117	(27,383)
Expenditures				
Current				
Public safety	79,000	79,500	67,874	11,626
Net changes in fund balance	-	-	(15,757)	(15,757)
Fund balance, beginning of year	207,938	207,938	207,938	-
Fund balance, end of year	<u>\$ 207,938</u>	<u>\$ 207,938</u>	<u>\$ 192,181</u>	<u>\$ (15,757)</u>

VILLAGE OF SPRING LAKE

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

JUNE 30, 2018

	DDA General Fund	Adjustments	Statement of Net Position
Assets			
Cash and pooled investments	\$ 338,866	\$ -	\$ 338,866
Prepaid items	710	-	710
Capital assets:			
Land	-	350,000	350,000
Total assets	<u>\$ 339,576</u>	<u>350,000</u>	<u>689,576</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 15,933	-	15,933
Accrued liabilities	1,239	-	1,239
Total liabilities	<u>17,172</u>	<u>-</u>	<u>17,172</u>
Fund balances			
Unassigned	<u>321,694</u>		
Total fund balances	<u>322,404</u>	<u>(322,404)</u>	
Total liabilities and fund balances	<u>\$ 339,576</u>		
Net position			
Net investment in capital assets		350,000	350,000
Unrestricted		<u>322,404</u>	<u>322,404</u>
Total net position		<u>\$ 672,404</u>	<u>\$ 672,404</u>
Reconciliation of fund balances to net assets (deficit)			
Fund balances of governmental funds			\$ 322,404
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:			
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.			
Add - land			<u>350,000</u>
Net assets of governmental activities			<u>\$ 672,404</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, 2018

	<u>DDA General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Intergovernmental revenues			
State	\$ 2,057	\$ -	\$ 2,057
Local	528,792	-	528,792
Miscellaneous	8,685	-	8,685
Total revenues	539,534	-	539,534
Expenditures			
Current			
Community and economic development	268,426	-	268,426
Debt service			
Principal	42,795	(42,795)	-
Interest	633	-	633
Total expenditures	311,854	(42,795)	269,059
Net changes in fund balance	227,680	(227,680)	
Change in net position			270,475
Fund balances/net position			
Beginning of year	94,724		401,929
End of year	\$ 322,404		\$ 672,404
Reconciliation of change in fund balances to change in net position			
Net change in fund balance of governmental funds			\$ 227,680
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:			
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			42,795
Change in net position of governmental activities			\$ 270,475

VILLAGE OF SPRING LAKE

TAX INCREMENT FINANCE AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2018

	<u>TIFA General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and pooled investments	\$ 55,801	\$ -	\$ 55,801
Liabilities and fund balances			
Liabilities			
Noncurrent liabilities			
Due to other governments	-	26,323	26,323
Fund balances			
Unassigned	55,801		
Total fund balances	<u>55,801</u>	<u>(55,801)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 55,801</u>		
Net position			
Unrestricted (deficit)		<u>\$ 29,478</u>	<u>\$ 29,478</u>
Reconciliation of fund balances to net position (deficit)			
Fund balances of governmental funds			\$ 55,801
Amounts reported for <i>governmental activities</i> in the statement of net assets 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			<u>(26,323)</u>
Net position (deficit) of governmental activities			<u>\$ 29,478</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, 2018

	TIFA General <u>Fund</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
Revenues			
Taxes	\$ 613,168	\$ -	\$ 613,168
Expenditures			
Current			
Community and economic development	<u>587,775</u>	<u>(21,636)</u>	<u>566,139</u>
Net changes in fund balance	25,393	(25,393)	
Change in net position			47,029
Fund balances/net position (deficit)			
Beginning of year	<u>30,408</u>		<u>(17,551)</u>
End of year	<u><u>\$ 55,801</u></u>		<u><u>\$ 29,478</u></u>
 Reconciliation of change in fund balances to change in net position (deficit)			
Net change in fund balance of governmental funds			\$ 25,393
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.			
Add - payment of long-term amounts due to other governments			<u>21,636</u>
Change in net position (deficit) of governmental activities			<u><u>\$ 47,029</u></u>