



# **VILLAGE OF SPRING LAKE, MICHIGAN**

## **FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED JUNE 30, 2019***



Vredeveld Haefner LLC  
CPAs and Consultants

# VILLAGE OF SPRING LAKE

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### INDEPENDENT AUDITORS' REPORT

September 30, 2019

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, 2019, 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, 2019, 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 37 through 40 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, 2019.

## Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2019 fiscal year as follows:

- The Village paid an additional \$70,000 toward unfunded pension liabilities.
- The Village invested over \$147,000 to install new energy efficient lights along Lakeside Trail.
- The Village spent over \$62,000 for fencing improvements along the boardwalk.
- The Village spent over \$165,000 to purchase a leaf vacuum truck.
- The Village spent over \$586,000 for water, sewer and pavement improvements on Exchange Street. \$200,000 of the funding came from a Federal grant.

## 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 and major streets 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 major streets 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 pool. 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 \$13,283,510 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>	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 2,114,584	\$ 1,970,967	\$1,530,825	\$1,446,303	\$ 3,645,409	\$ 3,417,270
Capital assets	8,641,721	8,341,176	3,362,343	3,390,200	12,004,064	11,731,376
<b>Total assets</b>	<b>10,756,305</b>	<b>10,312,143</b>	<b>4,893,168</b>	<b>4,836,503</b>	<b>15,649,473</b>	<b>15,148,646</b>
<b>Deferred outflows of resources</b>	<b>565,148</b>	<b>48,366</b>	<b>-</b>	<b>-</b>	<b>565,148</b>	<b>48,366</b>
<b>Liabilities</b>						
Current liabilities	356,155	296,127	280,886	185,633	637,041	481,760
Long-term liabilities	2,247,823	1,420,450	46,247	72,580	2,294,070	1,493,030
<b>Total liabilities</b>	<b>2,603,978</b>	<b>1,716,577</b>	<b>327,133</b>	<b>258,213</b>	<b>2,931,111</b>	<b>1,974,790</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>111,168</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,168</b>
<b>Net position</b>						
Net investment in capital assets	7,852,469	7,464,855	3,289,703	3,292,542	11,142,172	10,757,397
Restricted	726,092	669,755	-	-	726,092	669,755
Unrestricted	138,914	398,154	1,276,332	1,285,748	1,415,246	1,683,902
<b>Total net position</b>	<b>\$ 8,717,475</b>	<b>\$ 8,532,764</b>	<b>\$4,566,035</b>	<b>\$4,578,290</b>	<b>\$13,283,510</b>	<b>\$13,111,054</b>

Approximately 11% of the Village's net position reflects unrestricted net position which is available for future operation while a significant portion (84%) 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, 2019, was \$3,853,524 while total cost of all programs and services was \$3,681,068. This results in an increase in net position of \$172,456. The business-type activities decrease in net position of \$12,255 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 \$184,711 is primarily due to conservative spending in several departments.

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>	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 280,522	\$ 437,170	\$1,041,662	\$ 937,844	\$ 1,322,184	\$ 1,375,014
Operating grants and contributions	409,550	369,655	147,896	211,355	557,446	581,010
Capital grants and contributions	628,968	191,920	-	-	628,968	191,920
General revenues						
Property taxes	1,050,996	1,021,317	-	-	1,050,996	1,021,317
State shared revenues	210,479	203,876	-	-	210,479	203,876
Other	42,812	18,587	40,639	23,977	83,451	42,564
<b>Total revenues</b>	<b>2,623,327</b>	<b>2,242,525</b>	<b>1,230,197</b>	<b>1,173,176</b>	<b>3,853,524</b>	<b>3,415,701</b>
<b>Expenses</b>						
General government	632,679	612,613	-	-	632,679	612,613
Public safety	635,644	542,173	-	-	635,644	542,173
Public works	676,908	395,960	-	-	676,908	395,960
Community and economic Development	120,280	86,794	-	-	120,280	86,794
Culture and recreation	365,576	371,027	-	-	365,576	371,027
Interest on long-term debt	22,029	23,755	-	-	22,029	23,755
Sewer	-	-	756,642	735,506	756,642	735,506
Water	-	-	471,310	573,416	471,310	573,416
<b>Total expenses</b>	<b>2,453,116</b>	<b>2,032,322</b>	<b>1,227,952</b>	<b>1,308,922</b>	<b>3,681,068</b>	<b>3,341,244</b>
<b>Increase (decrease) in net position before transfers</b>	<b>180,420</b>	<b>210,203</b>	<b>2,245</b>	<b>(135,746)</b>	<b>172,456</b>	<b>74,457</b>
<b>Transfers in (out)</b>	<b>14,500</b>	<b>14,500</b>	<b>(14,500)</b>	<b>(14,500)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>170,211</b>	<b>224,703</b>	<b>(12,255)</b>	<b>(150,246)</b>	<b>172,456</b>	<b>74,457</b>
<b>Net position – beginning</b>	<b>8,532,764</b>	<b>8,308,061</b>	<b>4,578,290</b>	<b>4,728,536</b>	<b>13,111,054</b>	<b>13,036,597</b>
<b>Net position – ending</b>	<b>\$8,717,475</b>	<b>\$8,532,764</b>	<b>\$4,566,035</b>	<b>\$4,578,290</b>	<b>\$13,283,510</b>	<b>\$13,111,054</b>

**Governmental Activities** During the year, the Village invested \$632,679 or 26% of governmental activities expenses in general government. Public safety, which includes the police and fire departments, was \$635,644 or 26% of governmental activities expenses while community and economic development, culture and recreation, public works and interest on long-term debt made up the remaining 48% 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 \$12,255 consists of a decrease in the sewer fund and an increase in the water fund. The sewer fund decrease of \$44,672 is primarily the result of the Village match for grant funding and the Villages share of the new SCADA system. The water fund increase of \$32,417 is primarily from increased charges for services.

## 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 \$1,633,703, an increase of \$209,108 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 \$716,771. 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 91% of total general fund expenditures. The fund balance of the Village's general fund increased by \$124,950 during the current fiscal year.

The major streets fund reports an increase in fund balance of \$79,842. At the end of the current fiscal year, fund balance of the fund was \$420,046. All amounts in this fund are restricted for use on streets within the Village.

**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 \$1,276,332. The enterprise funds reported a decrease in net position for the year of \$(12,255). 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:

- The State Trunkline maintenance budget was increased \$16,000 to cover increased tree removal and pavement marking costs.
- The budget for Contracted Police Services was increased \$15,000 to cover the cost of a new vehicle.
- The Sewer Fund budget for engineering was increased \$40,000 to pay for lift station design work and the Exchange Street Project.
- The Barber School building maintenance budget was increased \$3,400 to pay for a new furnace.
- The Local Street paving budget was increased \$6,184 to pay for paving on Rotary Drive.

## 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, 2019, amounted to \$12,004,064 (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 \$861,892. Of this amount, \$789,252 was for governmental activities while \$72,640 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 budgeted \$510,000 for contracted police services with Ottawa County.
- The Village will spend over \$100,000 to install new, energy efficient lights on M-104.
- The Village will spend over \$300,000 to decommission the Holiday Inn lift station and upgrade the Village Cove lift station.
- The Village will spend \$44,000 to study, design and engineer upgrades to the South Lake Street lift station.
- 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](mailto:marv@springlakevillage.org)

## **BASIC FINANCIAL STATEMENTS**

**VILLAGE OF SPRING LAKE**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Downtown Development Authority</u>	<u>Tax Increment Finance Authority</u>
<b>Assets</b>					
Cash and pooled investments	\$ 1,941,564	\$ 1,265,094	\$ 3,206,658	\$ 595,707	\$ 96,420
Accounts receivable, net	24,398	253,453	277,851	-	-
Due from other governments	104,995	6,717	111,712	-	-
Prepaid items and other assets	43,627	5,561	49,188	1,740	-
Capital assets					
Land	2,169,632	8,092	2,177,724	350,000	-
Construction in progress	2,182	29,371	31,553	-	-
Depreciable capital assets, net	6,469,907	3,324,880	9,794,787	-	-
<b>Total assets</b>	<u>10,756,305</u>	<u>4,893,168</u>	<u>15,649,473</u>	<u>947,447</u>	<u>96,420</u>
<b>Deferred outflows of resources</b>					
Deferred outflows - pension	565,148	-	565,148	-	-
<b>Liabilities</b>					
Accounts payable	226,336	251,082	477,418	170,389	-
Accrued liabilities	37,713	3,036	40,749	882	-
Accrued interest payable	-	375	375	-	-
Debt due within one year	92,106	26,393	118,499	-	-
Noncurrent liabilities					
Net pension liability	1,525,152	-	1,525,152	-	-
Compensated absences	25,525	-	25,525	-	-
Debt due in more than one year	697,146	46,247	743,393	-	-
<b>Total liabilities</b>	<u>2,603,978</u>	<u>327,133</u>	<u>2,931,111</u>	<u>171,271</u>	<u>14,254</u>
<b>Net position</b>					
Net investment in capital assets	7,852,469	3,289,703	11,142,172	350,000	-
Restricted for					
Debt service	5,359	-	5,359	-	-
Building department	192,006	-	192,006	-	-
Transportation	528,727	-	528,727	-	-
Unrestricted	138,914	1,276,332	1,415,246	426,176	82,166
<b>Total net position</b>	<u>\$ 8,717,475</u>	<u>\$ 4,566,035</u>	<u>\$ 13,283,510</u>	<u>\$ 776,176</u>	<u>\$ 82,166</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, 2019**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 632,679	\$ 174,579	\$ 526	\$ -	\$ (457,574)
Public safety	635,644	67,344	15,986	-	(552,314)
Public works	676,908	-	382,866	262,335	(31,707)
Community and economic development	120,280	6,825	-	-	(113,455)
Culture and recreation	365,576	31,774	10,172	366,633	43,003
Interest on long-term debt	22,029	-	-	-	(22,029)
<b>Total governmental activities</b>	<b>2,453,116</b>	<b>280,522</b>	<b>409,550</b>	<b>628,968</b>	<b>(1,134,076)</b>
Business-type activities					
Sewer	756,642	557,335	147,896	-	(51,411)
Water	471,310	484,327	-	-	13,017
<b>Total business-type activities</b>	<b>1,227,952</b>	<b>1,041,662</b>	<b>147,896</b>	<b>-</b>	<b>(38,394)</b>
<b>Total primary government</b>	<b>\$ 3,681,068</b>	<b>\$ 1,322,184</b>	<b>\$ 557,446</b>	<b>\$ 628,968</b>	<b>\$ (1,172,470)</b>
<b>Component units</b>					
Downtown Development Authority	528,080	-	614,045	6,224	\$ 92,189
Tax Increment Finance Authority	616,996	-	-	-	(616,996)
<b>Total component units</b>	<b>\$ 1,145,076</b>	<b>\$ -</b>	<b>\$ 614,045</b>	<b>\$ 6,224</b>	<b>\$ (524,807)</b>

(Continued)

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

**VILLAGE OF SPRING LAKE**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Downtown</u>	<u>Tax</u>
	<u>Activities</u>	<u>Activities</u>		<u>Development</u>	<u>Increment</u>
				<u>Authority</u>	<u>Finance</u>
				<u>Authority</u>	<u>Authority</u>
<b>Changes in net assets</b>					
<b>Net (expense) revenue</b>	\$ (1,134,076)	\$ (38,394)	\$ (1,172,470)	\$ 92,189	\$ (616,996)
General revenues					
Property taxes	1,050,996	-	1,050,996	-	669,684
State shared revenues - unrestricted	210,479	-	210,479	-	-
Investment earnings	39,489	24,899	64,388	-	-
Other general revenues	3,323	15,740	19,063	11,583	-
Transfers - internal activities	14,500	(14,500)	-	-	-
Total general revenues and transfers	<u>1,318,787</u>	<u>26,139</u>	<u>1,344,926</u>	<u>11,583</u>	<u>669,684</u>
Change in net position	184,711	(12,255)	172,456	103,772	52,688
<b>Net position, beginning of year</b>	<u>8,532,764</u>	<u>4,578,290</u>	<u>13,111,054</u>	<u>672,404</u>	<u>29,478</u>
<b>Net position, end of year</b>	<u>\$ 8,717,475</u>	<u>\$ 4,566,035</u>	<u>\$ 13,283,510</u>	<u>\$ 776,176</u>	<u>\$ 82,166</u>

(Concluded)

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

VILLAGE OF SPRING LAKE

GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2019

	<u>General</u>	<u>Major Streets</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>				
Cash and pooled investments	\$ 834,228	\$ 448,909	\$ 444,952	\$ 1,728,089
Accounts receivable	23,105	699	531	24,335
Due from other governments	51,049	34,340	19,606	104,995
Prepaid items	37,740	2,234	2,154	42,128
<b>Total assets</b>	<b>\$ 946,122</b>	<b>\$ 486,182</b>	<b>\$ 467,243</b>	<b>\$ 1,899,547</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 121,045	\$ 65,409	\$ 27,621	\$ 214,075
Accrued liabilities	35,862	727	926	37,515
<b>Total liabilities</b>	<b>156,907</b>	<b>66,136</b>	<b>28,547</b>	<b>251,590</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue	14,254	-	-	14,254
<b>Fund balances</b>				
Non-spendable				
Prepaid items	37,740	2,234	2,154	42,128
Restricted				
Transportation	-	417,812	110,915	528,727
Building department	-	-	192,006	192,006
Debt service	-	-	5,359	5,359
Assigned				
Capital projects	-	-	128,262	128,262
Public safety operating	20,450	-	-	20,450
Unassigned	716,771	-	-	716,771
<b>Total fund balances</b>	<b>774,961</b>	<b>420,046</b>	<b>438,696</b>	<b>1,633,703</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 946,122</b>	<b>\$ 486,182</b>	<b>\$ 467,243</b>	<b>\$ 1,899,547</b>

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, 2019

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<b>Fund balances - total governmental funds</b>	<b>\$ 1,633,703</b>
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Amounts reported for *governmental activities* 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	2,182
Add - capital assets (net of accumulated depreciation)	6,105,008

Certain assets are not due and receivable in the current period and therefore are offset with deferred inflows in the funds.

Add - deferred inflows	14,254
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Deferred inflows and outflows relate to future years and are not reported in the funds.

Add - deferred outflows from pension related items	565,148
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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	567,477
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - net pension liability	(1,525,152)
Deduct - compensated absences payable	(25,525)
Deduct - debt payable	<u>(789,252)</u>

<b>Net position of governmental activities</b>	<b><u>\$ 8,717,475</u></b>
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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, 2019**

	<u>General</u>	<u>Major Streets</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>				
Taxes	\$ 954,621	\$ -	\$ 96,377	\$ 1,050,998
Intergovernmental revenues				
State	210,479	249,694	178,113	638,286
Local	28,581	8,759	89,238	126,578
Licenses and permits	6,092	-	62,252	68,344
Charges for services	122,882	-	-	122,882
Fines	10,103	-	-	10,103
Interest and rents	132,871	7,719	7,102	147,692
Miscellaneous	20,245	933	2,492	23,670
<b>Total revenues</b>	<u>1,485,874</u>	<u>267,105</u>	<u>435,574</u>	<u>2,188,553</u>
<b>Expenditures</b>				
Current				
General government	330,580	-	-	330,580
Public safety	516,104	-	63,723	579,827
Public works	175,376	122,600	66,782	364,758
Community and economic development	98,310	-	-	98,310
Culture and recreation	182,459	-	152,838	335,297
Debt service				
Principal	12,069	-	75,000	87,069
Interest	526	-	21,503	22,029
Capital Outlay	-	81,663	94,412	176,075
<b>Total expenditures</b>	<u>1,315,424</u>	<u>204,263</u>	<u>474,258</u>	<u>1,993,945</u>
Revenues over (under) expenditures	<u>170,450</u>	<u>62,842</u>	<u>(38,684)</u>	<u>194,608</u>
Other financing sources (uses)				
Transfers in	14,500	17,000	90,000	121,500
Transfers out	(60,000)	-	(47,000)	(107,000)
Total other financing sources (uses)	<u>(45,500)</u>	<u>17,000</u>	<u>43,000</u>	<u>14,500</u>
Net changes in fund balances	124,950	79,842	4,316	209,108
<b>Fund balances, beginning of year</b>	<u>650,011</u>	<u>340,204</u>	<u>434,380</u>	<u>1,424,595</u>
<b>Fund balances, end of year</b>	<u>\$ 774,961</u>	<u>\$ 420,046</u>	<u>\$ 438,696</u>	<u>\$ 1,633,703</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, 2019

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<b>Net changes in fund balances - total governmental fund</b>	\$ 209,108
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	682,751
Deduct - depreciation expense	(482,219)
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	(12,069)
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	87,069
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	5,524
Add - increase in deferred outflows - pension	578,148
Add - decrease in deferred inflows - pension	49,802
Deduct - increase in net pension liability	(925,204)
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>(8,199)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 184,711</u></b>

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

# VILLAGE OF SPRING LAKE

## PROPRIETARY FUNDS STATEMENT OF NET POSITION

JUNE 30, 2019

Assets	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
Current assets				
Cash and pooled investments	\$ 322,302	\$ 942,792	\$ 1,265,094	\$ 213,475
Accounts receivable, net	140,000	113,453	253,453	63
Prepaid items	2,293	3,268	5,561	1,499
Due from other governments	6,717	-	6,717	-
Total current assets	471,312	1,059,513	1,530,825	215,037
Capital assets				
Land	-	8,092	8,092	-
Construction in progress	27,232	2,139	29,371	-
Being depreciated, net	926,395	2,398,485	3,324,880	364,899
Total capital assets	953,627	2,408,716	3,362,343	364,899
<b>Total assets</b>	<b>1,424,939</b>	<b>3,468,229</b>	<b>4,893,168</b>	<b>579,936</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	204,335	46,747	251,082	12,261
Accrued liabilities	1,323	1,713	3,036	198
Accrued interest payable	-	375	375	-
Current portion of bonds payable	-	26,393	26,393	-
Total current liabilities	205,658	75,228	280,886	12,459
Long-term liabilities				
Bonds payable, net of current portion	-	46,247	46,247	-
<b>Total liabilities</b>	<b>205,658</b>	<b>121,475</b>	<b>327,133</b>	<b>12,459</b>
<b>Net position</b>				
Net investment in capital assets	953,627	2,336,076	3,289,703	364,899
Unrestricted	265,654	1,010,678	1,276,332	202,578
<b>Total net position</b>	<b>\$ 1,219,281</b>	<b>\$ 3,346,754</b>	<b>\$ 4,566,035</b>	<b>\$ 567,477</b>

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

# VILLAGE OF SPRING LAKE

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

FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
<b>Operating revenue</b>				
Charges for services	\$ 557,335	\$ 484,327	\$ 1,041,662	\$ 176,656
Other	9,408	6,332	15,740	-
<b>Total operating revenue</b>	566,743	490,659	1,057,402	176,656
<b>Operating expense</b>				
Personnel services	64,254	81,382	145,636	15,733
Benefits	40,653	43,454	84,107	7,874
Contractual services	386,537	73,303	459,840	755
Materials and supplies	14,156	129,597	143,753	40,756
Utilities	11,593	3,007	14,600	-
Repairs and maintenance	6,308	929	7,237	31,413
Equipment rentals	5,050	15,606	20,656	-
Insurance	6,397	6,397	12,794	16,509
Depreciation	51,325	111,896	163,221	65,813
Miscellaneous	2,286	2,465	4,751	10,107
<b>Total operating expense</b>	588,559	468,036	1,056,595	188,960
Operating income (loss)	(21,816)	22,623	807	(12,304)
Non-operating revenue (expense)				
State grants	147,896	-	147,896	-
Grant related expenses	(168,083)	-	(168,083)	-
Interest income	4,331	20,568	24,899	4,105
Interest expense	-	(3,274)	(3,274)	-
<b>Total non-operating revenue (expense)</b>	(15,856)	17,294	1,438	4,105
Income (loss) before transfers	(37,672)	39,917	2,245	(8,199)
Transfers				
Transfers out	(7,000)	(7,500)	(14,500)	-
Changes in net position	(44,672)	32,417	(12,255)	(8,199)
<b>Net position, beginning of year</b>	1,263,953	3,314,337	4,578,290	575,676
<b>Net position, end of year</b>	\$ 1,219,281	\$ 3,346,754	\$ 4,566,035	\$ 567,477

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, 2019**

	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
<b>Cash flows from operating activities</b>				
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ 178,427
State grants	147,896	-	147,896	-
Receipts from customers and users	542,096	484,093	1,026,189	-
Payments to employees	(105,137)	(124,862)	(229,999)	(23,656)
Payments to suppliers	(423,162)	(213,890)	(637,052)	(91,877)
<b>Net cash provided by (used in) operating activities</b>	<u>161,693</u>	<u>145,341</u>	<u>307,034</u>	<u>62,894</u>
<b>Cash flows from non-capital financing activities</b>				
Transfers out	(7,000)	(7,500)	(14,500)	-
<b>Cash flows from capital and related financing activities</b>				
Interest expense	-	(3,390)	(3,390)	-
Principal payments on bonds and notes	-	(25,018)	(25,018)	-
Acquisitions of capital assets	(116,494)	(18,870)	(135,364)	(165,826)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(116,494)</u>	<u>(47,278)</u>	<u>(163,772)</u>	<u>(165,826)</u>
<b>Cash flows from investing activities</b>				
Interest income	4,331	20,568	24,899	4,105
Net increase (decrease) in cash and cash equivalents	42,530	111,131	153,661	(98,827)
<b>Cash and pooled investments, beginning of year</b>	<u>279,772</u>	<u>831,661</u>	<u>1,111,433</u>	<u>312,302</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 322,302</u>	<u>\$ 942,792</u>	<u>\$ 1,265,094</u>	<u>\$ 213,475</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ (21,816)	\$ 22,623	\$ 807	\$ (12,304)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	51,325	111,896	163,221	65,813
State grants	147,896	-	147,896	-
Grant expenses	(168,083)	-	(168,083)	-
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	(24,647)	(6,566)	(31,213)	1,771
Prepaid items	(550)	(1,115)	(1,665)	(1,196)
Due from other governments	102,017	-	102,017	-
Accounts payable	75,781	18,529	94,310	8,859
Accrued liabilities	(230)	(26)	(256)	(49)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 161,693</u>	<u>\$ 145,341</u>	<u>\$ 307,034</u>	<u>\$ 62,894</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, 2019**

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**Assets**

Cash and pooled investments	<u>\$ 32,757</u>
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**Liabilities**

Accounts payable	<u>\$ 32,757</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, 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The component unit columns in the basic financial statements include the financial data of the Downtown Development Authority (DDA) and the Tax Increment Finance Authority (TIFA). These entities are reported in separate columns to emphasize that they are legally separate from the Village. The members of the governing boards of these Authorities are appointed by the Village Council. The budgets of these Authorities must be approved by the Village Council. The Village temporarily relinquishes part of its tax base to the entities. 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, 2019

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

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

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

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

The Village reports the following major governmental funds:

The *General Fund* is the general operating fund of the Village. It is used to account for all financial resources, except those required to be accounted for in another fund. The Policing services have been combined with the General Fund for reporting purposes.

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

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, 2019**

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Additionally, the Village reports the following fund types:

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

The *Debt Service 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, 2019**

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***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 following the consumption method.

***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, 2019

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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/expenses in all funds and activities.

#### **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, 2019**

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***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 5.

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.

***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, 2019

### **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, 2019, 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:

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Fiduciary Funds</b>	<b>Component Units</b>	<b>Total</b>
Cash and pooled investments	\$1,941,564	\$1,265,094	\$32,757	\$692,127	\$3,931,542

Cash and pooled investments consist of the following at June 30, 2019:

Demand deposits and certificates of deposit	\$3,639,399
Petty cash	400
Investments	291,743
<b>Total</b>	<b><u>\$3,931,542</u></b>

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

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, \$816,496 of the Village's bank balance of \$3,732,413 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>
FNMA Bond/Note	07/05/19	\$ 99,783	Aaa	Moody
FHLMC Bond/Note	10/27/20	52,017	Aaa	Moody
FHLMC Bond/Note	11/25/20	88,947	Aaa	Moody
FHLMC Bond/Note	02/16/21	<u>50,996</u>	Aaa	Moody
Total		<u>\$291,743</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, 2019

*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 and FNMA 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:

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 2,169,632	\$ -	\$ -	\$ 2,169,632
Construction in progress	24,357	2,182	24,357	2,182
Total capital assets, not being depreciated	<u>2,193,989</u>	<u>2,182</u>	<u>24,357</u>	<u>2,171,814</u>
<b>Capital assets, being depreciated</b>				
Land improvements	3,374,250	217,748	-	3,591,998
Buildings and improvements	2,805,086	-	-	2,805,086
Machinery and equipment	527,527	5,600	-	533,127
Vehicles	683,966	165,827	-	849,793
Infrastructure	9,263,391	481,577	-	9,744,968
Total capital assets, being depreciated	<u>16,654,220</u>	<u>870,752</u>	<u>-</u>	<u>17,524,972</u>
Less accumulated depreciation for				
Land improvements	1,416,941	142,286	-	1,559,227
Buildings and improvements	1,120,237	102,871	-	1,223,108
Machinery and equipment	312,790	40,640	-	353,430
Vehicles	557,665	37,286	-	594,951
Infrastructure	7,099,400	224,949	-	7,324,349
Total accumulated depreciation	<u>10,507,033</u>	<u>548,032</u>	<u>-</u>	<u>11,055,065</u>
<b>Net capital assets, being depreciated</b>	<u>6,147,187</u>	<u>322,720</u>	<u>-</u>	<u>6,469,907</u>
<b>Governmental Activities capital assets, net</b>	<u><b>\$ 8,341,176</b></u>	<u><b>\$324,902</b></u>	<u><b>\$24,357</b></u>	<u><b>\$ 8,641,721</b></u>

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 8,092	\$ -	\$ -	\$ 8,092
Construction in progress	-	29,371	-	29,371
Total capital assets, not being depreciated	8,092	29,371	-	37,463
<b>Capital assets being depreciated</b>				
Buildings and improvements	4,322,134	-	-	4,322,134
Mains	2,328,571	105,993	-	2,434,564
Machinery and equipment	1,014,949	-	-	1,014,949
Total capital assets, being depreciated	7,665,654	105,993	-	7,771,647
Less accumulated depreciation for				
Buildings and improvements	2,502,738	86,690	-	2,589,428
Mains	1,161,791	51,040	-	1,212,831
Machinery and equipment	619,017	25,491	-	644,508
Total accumulated depreciation	4,283,546	163,221	-	4,446,767
<b>Net capital assets, being depreciated</b>	<b>3,382,108</b>	<b>(57,228)</b>	<b>-</b>	<b>3,324,880</b>
<b>Business-type Activities capital assets, net</b>	<b>\$3,390,200</b>	<b>\$(27,857)</b>	<b>\$ -</b>	<b>\$3,362,343</b>

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

<b>Governmental Activities</b>	
General government	\$296,449
Public works	80,432
Recreation and culture	105,338
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	65,813
<b>Total depreciation expense - governmental activities</b>	<b>\$548,032</b>
<b>Business-type Activities</b>	
Sewer	\$ 51,325
Water	111,896
<b>Total depreciation expense - business- type activities</b>	<b>\$163,221</b>

### 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](http://www.mersofmich.com).

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

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#### **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, 2018):

Active plan members	7
Inactive employees entitled but not yet receiving benefits	10
Inactive employees or beneficiaries currently receiving benefits	<u>8</u>
Total	<u><u>25</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 \$4,860 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, 2018, 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, 2018 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

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

Investment rate of return: 7.75%, net of investment expense, including inflation

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.

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, 2019

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 (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balance at December 31, 2017	\$3,904,337	\$3,304,389	\$ 599,948
Changes for the Year:			
Service cost	32,282	-	32,282
Interest	304,121	-	304,121
Change in benefits	-	-	-
Differences between expected and actual experience	626,695	-	626,695
Change in assumptions	-	-	-
Contributions: employer	-	149,986	(149,986)
Contributions: employee	-	20,897	(20,897)
Net investment income	-	(126,636)	126,636
Benefit payments, including refunds	(237,931)	(237,931)	-
Administrative expense	-	(6,353)	6,353
Other changes	-	-	-
Net changes	725,167	(200,037)	925,204
Balance at December 31, 2018	<u>\$4,629,504</u>	<u>\$3,104,352</u>	<u>\$1,525,152</u>

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

**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.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1 % Increase</b>
Total pension liability	\$5,091,587	\$4,629,504	\$4,247,800
Fiduciary net position	3,104,352	3,104,352	3,104,352
Net pension liability	\$1,987,235	\$1,525,152	\$1,143,448

***Pension Expense and Deferred Outflows of Resources Related to Pensions***

For the year ended June 30, 2019 the employer recognized pension expense of \$432,373. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$297,746	\$ -
Differences in assumptions	-	-
(Excess) deficit investment returns	233,903	-
Contributions subsequent to the Measurement date*	33,499	-
Total	\$565,148	\$ -

\* 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 2020.

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:

2020	\$380,057
2021	27,374
2022	46,608
2023	77,610
Total	\$531,649

***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, 2019 were \$17,019. This figure includes insurance opt-out payments totaling \$5,281.

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

### 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, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
\$239,850 Mill Point Station Loan due in annual installments of \$5,174 to \$14,789 through April 2020; plus interest at 2%	\$ 26,321	\$ -	\$ 12,069	\$ 14,252	\$12,106
\$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%	850,000	-	75,000	775,000	80,000
Total debt	<b>876,321</b>	-	<b>87,069</b>	<b>789,252</b>	<b>92,106</b>
Long-term compensated absences	31,049	511	6,035	25,525	-
<b>Total Governmental Activities</b>	<b><u>\$907,370</u></b>	<b><u>\$511</u></b>	<b><u>\$93,104</u></b>	<b><u>\$814,777</u></b>	<b><u>\$92,106</u></b>
<b>Business-type Activities</b>					
\$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%	\$78,937	\$ -	\$24,822	\$54,115	\$26,313
\$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%	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	80
<b>Total Business-type Activities</b>	<b><u>\$97,658</u></b>	<b><u>\$ -</u></b>	<b><u>\$25,018</u></b>	<b><u>\$72,640</u></b>	<b><u>\$26,393</u></b>

All outstanding debt of the Village is direct placement or direct borrowing debt. The debt documents contain various provisions that in the event of default, the Village shall be required to use money from its general fund or levy an ad valorem tax sufficient to pay the obligation, subject to applicable constitutional, statutory, and charter limitations.

Compensated absences and the net pension liability of governmental activities are generally liquidated with general fund resources.

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

The annual requirements to amortize all debt outstanding (excluding long-term compensated absences) as of June 30, 2019 are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 92,106	\$ 21,029	\$26,393	\$ 2,252
2021	82,146	19,147	28,135	1,592
2022	80,000	17,140	1,058	848
2023	85,000	15,260	1,115	806
2024	85,000	13,177	1,150	762
2025-2029	365,000	28,352	6,520	3,040
2030-2034	-	-	8,269	1,280
<b>Total</b>	<b>\$789,252</b>	<b>\$114,105</b>	<b>\$72,640</b>	<b>\$10,580</b>

#### 7. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2019 are as follows:

<u>Transfers in</u>	<u>Transfers out</u>				<u>Total</u>
	<u>General Fund</u>	<u>Governmental Funds</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	
General fund	\$ -	\$ -	\$7,000	\$7,500	\$ 14,500
Major streets	-	17,000	-	-	17,000
Nonmajor governmental funds	60,000	30,000	-	-	90,000
<b>Total</b>	<b>\$60,000</b>	<b>\$47,000</b>	<b>\$7,000</b>	<b>\$7,500</b>	<b>\$121,500</b>

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

#### 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 \$299,928 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, 2019, the portion of these Ottawa County bonds outstanding for which the Village has pledged its full faith and credit amounted to approximately \$1,646,149. 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).

# VILLAGE OF SPRING LAKE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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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 \$110,959 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, 2019, the portion of these Ottawa County bonds outstanding for which the Village has pledged its full faith and credit amounted to approximately \$279,140. 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, 2019, the Village is committed to construction contracts of approximately \$280,000.

### 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.

## **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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Property taxes	\$ 945,501	\$ 945,001	\$ 953,204	\$ 8,203
Penalties and interest	3,200	3,200	1,415	(1,785)
Administration fees	-	-	2	2
Intergovernmental revenues				
State	198,967	198,967	210,479	11,512
Local	30,333	29,583	28,581	(1,002)
Licenses and permits	5,200	5,700	6,092	392
Charges for services				
Cable TV franchise fees	53,000	53,000	52,632	(368)
Cellular tower usage	23,500	23,500	20,889	(2,611)
Zoning fees	1,000	1,162	6,825	5,663
Housing inspection fees	3,300	3,300	3,400	100
Launch ramp fees	6,000	6,000	5,041	(959)
Other charges for services	34,325	34,155	34,095	(60)
Fines	10,000	10,000	10,103	103
Rent	186,444	95,806	103,640	7,834
Interest	6,000	12,128	29,231	17,103
Refunds	10,150	10,150	10,175	25
Other revenue	38,205	116,622	10,070	(106,552)
<b>Total revenues</b>	<u>1,555,125</u>	<u>1,548,274</u>	<u>1,485,874</u>	<u>(62,400)</u>
<b>Expenditures</b>				
Current				
General government				
Village Council	11,535	11,535	9,512	2,023
Village Manager	71,372	72,131	69,331	2,800
Clerk-Treasurer	192,013	187,491	165,502	21,989
Village hall and grounds	73,286	69,606	53,629	15,977
Attorney	13,800	9,800	9,098	702
Barber Street School	25,285	29,267	23,508	5,759
Public safety - fire department				
Fire department	1,250	1,726	1,337	389
Policing services	516,264	530,514	514,767	15,747
Public works				
Public works	135,190	145,007	127,028	17,979
Storm water system	11,318	11,318	9,539	1,779
Street lighting	39,400	41,400	38,809	2,591
Community and economic development				
Planning and zoning	103,869	120,467	98,310	22,157
Culture and recreation				
Parks	207,613	187,163	133,615	53,548
Park maintenance	19,297	19,263	13,847	5,416
Community promotion	22,940	28,631	22,732	5,899
Recreation department	22,598	24,860	12,265	12,595
Debt service				
Principal	11,869	12,069	12,069	-
Interest and fiscal charges	726	526	526	-
<b>Total expenditures</b>	<u>1,479,625</u>	<u>1,502,774</u>	<u>1,315,424</u>	<u>187,350</u>
<b>Revenues over (under) expenditures</b>	<u>75,500</u>	<u>45,500</u>	<u>170,450</u>	<u>124,950</u>
Other financing sources (uses)				
Transfers in	14,500	14,500	14,500	-
Transfers out	(90,000)	(60,000)	(60,000)	-
Total other financing sources (uses)	<u>(75,500)</u>	<u>(45,500)</u>	<u>(45,500)</u>	<u>-</u>
Net changes in fund balance	-	-	124,950	124,950
<b>Fund balance, beginning of year</b>	<u>650,011</u>	<u>650,011</u>	<u>650,011</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 650,011</u>	<u>\$ 650,011</u>	<u>\$ 774,961</u>	<u>\$ 124,950</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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 203,000	\$ 235,495	\$ 249,694	\$ 14,199
Local	7,000	8,000	8,759	759
Interest and rents	800	6,250	7,719	1,469
<b>Total revenues</b>	<u>258,270</u>	<u>288,643</u>	<u>267,105</u>	<u>(21,538)</u>
<b>Expenditures</b>				
Current				
Public works	149,170	169,543	122,600	46,943
Capital Outlay	126,100	136,100	81,663	54,437
<b>Total expenditures</b>	<u>275,270</u>	<u>305,643</u>	<u>204,263</u>	<u>101,380</u>
Revenues over (under) expenditures	(17,000)	(17,000)	62,842	79,842
Other financing sources (uses)				
Transfers in	17,000	17,000	17,000	-
Net changes in fund balance	-	-	79,842	79,842
<b>Fund balance, beginning of year</b>	<u>340,204</u>	<u>340,204</u>	<u>340,204</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 340,204</u>	<u>\$ 340,204</u>	<u>\$ 420,046</u>	<u>\$ 79,842</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, 2019**

	2014	2015	2016	2017	2018
<b>Total pension liability</b>					
Service cost	\$ 33,760	\$ 34,834	\$ 32,247	\$ 32,036	\$ 32,282
Interest	269,917	273,944	293,567	299,162	304,121
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(32,124)	(55,792)	(46,812)	626,695
Changes in assumptions	-	134,404	-	-	-
Benefit payments including employee refunds	(149,965)	(153,283)	(192,805)	(207,126)	(237,931)
Other	-	8,561	-	1	-
<b>Net change in total pension liability</b>	<u>153,712</u>	<u>266,336</u>	<u>77,217</u>	<u>77,261</u>	<u>725,167</u>
<b>Total pension liability, beginning of year</b>	<u>3,329,811</u>	<u>3,483,523</u>	<u>3,749,859</u>	<u>3,827,076</u>	<u>3,904,337</u>
<b>Total pension liability, end of year</b>	<u>\$ 3,483,523</u>	<u>\$ 3,749,859</u>	<u>\$ 3,827,076</u>	<u>\$ 3,904,337</u>	<u>\$ 4,629,504</u>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	\$ 142,827	\$ 101,136	\$ 51,332	\$ 105,889	\$ 149,986
Contributions-employee	130,834	23,968	20,007	21,503	20,897
Net investment income	167,383	(44,826)	315,902	391,480	(126,636)
Benefit payments including employee refunds	(149,965)	(153,283)	(192,805)	(207,126)	(237,931)
Administrative expense	(6,218)	(6,365)	(6,237)	(6,205)	(6,353)
<b>Net change in plan fiduciary net position</b>	<u>284,861</u>	<u>(79,370)</u>	<u>188,199</u>	<u>305,541</u>	<u>(200,037)</u>
<b>Plan fiduciary net position, beginning of year</b>	<u>2,605,158</u>	<u>2,890,019</u>	<u>2,810,649</u>	<u>2,998,848</u>	<u>3,304,389</u>
<b>Plan fiduciary net position, end of year</b>	<u>\$ 2,890,019</u>	<u>\$ 2,810,649</u>	<u>\$ 2,998,848</u>	<u>\$ 3,304,389</u>	<u>\$ 3,104,352</u>
<b>Employer net pension liability</b>	<u>\$ 593,504</u>	<u>\$ 939,210</u>	<u>\$ 828,228</u>	<u>\$ 599,948</u>	<u>\$ 1,525,152</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	83.0%	75.0%	78.4%	84.6%	67.1%
<b>Covered employee payroll</b>	\$ 744,617	\$ 355,078	\$ 313,969	\$ 321,560	\$ 316,105
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	79.7%	264.5%	263.8%	186.6%	482.5%

**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, 2019**

	2015	2016	2017	2018	2019
Actuarial determined contributions	\$ 69,017	\$ 53,070	\$ 53,402	\$ 57,141	\$ 65,119
Contributions in relation to the actuarially determined contribution	<u>164,562</u>	<u>53,070</u>	<u>53,402</u>	<u>127,141</u>	<u>135,119</u>
Contribution excess (deficiency)	<u>\$ 95,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>
Covered employee payroll	\$ 744,617	\$ 355,078	\$ 313,969	\$ 321,560	\$ 316,105
Contributions as a percentage of covered employee payroll	22%	15%	17%	40%	43%

**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.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**VILLAGE OF SPRING LAKE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

JUNE 30, 2019

	Special Revenue			Debt Service	Capital Projects		Total
	Local Streets	County-wide Road Millage	Pathways	Building Department	2003 Village Hall	Public Improvement	
<b>Assets</b>							
Cash and pooled investments	\$ 90,835	\$ 406	\$ 14,881	\$ 193,840	\$ 5,359	\$ 139,631	\$ 444,952
Accounts receivable	106	-	-	425	-	-	531
Due from other governments	11,257	-	-	-	-	8,349	19,606
Prepaid items	1,423	-	107	624	-	-	2,154
<b>Total assets</b>	<b>\$ 103,621</b>	<b>\$ 406</b>	<b>\$ 14,988</b>	<b>\$ 194,889</b>	<b>\$ 5,359</b>	<b>\$ 147,980</b>	<b>\$ 467,243</b>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 2,029	\$ -	\$ 3,928	\$ 1,946	\$ -	\$ 19,718	\$ 27,621
Accrued liabilities	555	-	58	313	-	-	926
<b>Total liabilities</b>	<b>2,584</b>	<b>-</b>	<b>3,986</b>	<b>2,259</b>	<b>-</b>	<b>19,718</b>	<b>28,547</b>
<b>Fund balances</b>							
Non-spendable							
Prepaid items	1,423	-	107	624	-	-	2,154
Restricted							
Transportation	99,614	406	10,895	-	-	-	110,915
Building department	-	-	-	192,006	-	-	192,006
Debt service	-	-	-	-	5,359	-	5,359
Assigned							
Capital projects	-	-	-	-	-	128,262	128,262
<b>Total fund balances</b>	<b>101,037</b>	<b>406</b>	<b>11,002</b>	<b>192,630</b>	<b>5,359</b>	<b>128,262</b>	<b>438,696</b>
<b>Total liabilities and fund balances</b>	<b>\$ 103,621</b>	<b>\$ 406</b>	<b>\$ 14,988</b>	<b>\$ 194,889</b>	<b>\$ 5,359</b>	<b>\$ 147,980</b>	<b>\$ 467,243</b>

**VILLAGE OF SPRING LAKE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue			Debt Service	Capital Projects	Total	
	Local Streets	County-wide Road Millage	Pathways	Building Department	2003 Village Hall		Public Improvement
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 96,377	\$ -	\$ 96,377
Intergovernmental revenues							
State	77,007	-	-	-	-	101,106	178,113
Local	-	47,406	33,100	-	-	8,732	89,238
Licenses and permits	-	-	-	62,252	-	-	62,252
Interest and rents	620	-	-	1,920	-	4,562	7,102
<b>Total revenues</b>	<u>77,627</u>	<u>47,406</u>	<u>35,592</u>	<u>64,172</u>	<u>96,377</u>	<u>114,400</u>	<u>435,574</u>
<b>Expenditures</b>							
Current							
Public safety	-	-	-	63,723	-	-	63,723
Public works	66,782	-	-	-	-	-	66,782
Culture and recreation	-	-	152,838	-	-	-	152,838
Debt service							
Principal	-	-	-	-	75,000	-	75,000
Interest	-	-	-	-	21,503	-	21,503
Capital Outlay	6,184	-	-	-	-	88,228	94,412
<b>Total expenditures</b>	<u>72,966</u>	<u>-</u>	<u>152,838</u>	<u>63,723</u>	<u>96,503</u>	<u>88,228</u>	<u>474,258</u>
Revenues over (under) expenditures	<u>4,661</u>	<u>47,406</u>	<u>(117,246)</u>	<u>449</u>	<u>(126)</u>	<u>26,172</u>	<u>(38,684)</u>
Other financing sources (uses)							
Transfers in	30,000	-	60,000	-	-	-	90,000
Transfers out	-	(47,000)	-	-	-	-	(47,000)
Total other financing sources (uses)	<u>30,000</u>	<u>(47,000)</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,000</u>
Net changes in fund balances	34,661	406	(57,246)	449	(126)	26,172	4,316
<b>Fund balances, beginning of year</b>	<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>
<b>Fund balances, end of year</b>	<u>\$ 101,037</u>	<u>\$ 406</u>	<u>\$ 11,002</u>	<u>\$ 192,630</u>	<u>\$ 5,359</u>	<u>\$ 128,262</u>	<u>\$ 438,696</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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 55,000	\$ 67,000	\$ 77,007	\$ 10,007
Interest and rents	-	-	620	620
<b>Total revenues</b>	<u>55,000</u>	<u>67,000</u>	<u>77,627</u>	<u>10,627</u>
<b>Expenditures</b>				
Current				
Public works	85,000	90,816	66,782	24,034
Capital Outlay	-	6,184	6,184	-
<b>Total expenditures</b>	<u>85,000</u>	<u>97,000</u>	<u>72,966</u>	<u>24,034</u>
Revenues over (under) expenditures	(30,000)	(30,000)	4,661	34,661
Other financing sources (uses)				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net changes in fund balance	-	-	34,661	34,661
<b>Fund balance, beginning of year</b>	<u>66,376</u>	<u>66,376</u>	<u>66,376</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 66,376</u>	<u>\$ 66,376</u>	<u>\$ 101,037</u>	<u>\$ 34,661</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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Local	\$ 47,000	\$ 47,000	\$ 47,406	\$ 406
<b>Expenditures</b>				
Current				
Public works	-	-	-	-
Revenues over (under) expenditures	47,000	47,000	47,406	406
Other financing sources (uses)				
Transfers out	(47,000)	(47,000)	(47,000)	-
Net changes in fund balance	-	-	406	406
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ 406	\$ 406

**VILLAGE OF SPRING LAKE**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Local	\$ 33,000	\$ 33,000	\$ 33,100	\$ 100
Miscellaneous	-	2,492	2,492	-
<b>Total revenues</b>	<u>33,000</u>	<u>35,492</u>	<u>35,592</u>	<u>100</u>
<b>Expenditures</b>				
Current				
Culture and recreation	<u>160,132</u>	<u>162,624</u>	<u>152,838</u>	<u>9,786</u>
Revenues over (under) expenditures	(127,132)	(127,132)	(117,246)	9,886
Other financing sources (uses)				
Transfers in	<u>90,000</u>	<u>90,000</u>	<u>60,000</u>	<u>(30,000)</u>
Net changes in fund balance	(37,132)	(37,132)	(57,246)	(20,114)
<b>Fund balance, beginning of year</b>	<u>68,248</u>	<u>68,248</u>	<u>68,248</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 31,116</u>	<u>\$ 31,116</u>	<u>\$ 11,002</u>	<u>\$ (20,114)</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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 54,000	\$ 54,000	\$ 62,252	\$ 8,252
Interest and rents	500	1,000	1,920	920
<b>Total revenues</b>	54,500	55,000	64,172	9,172
<b>Expenditures</b>				
Current				
Public safety	54,500	55,000	63,723	(8,723)
Net changes in fund balance	-	-	449	449
<b>Fund balance, beginning of year</b>	192,181	192,181	192,181	-
<b>Fund balance, end of year</b>	\$ 192,181	\$ 192,181	\$ 192,630	\$ 449

**VILLAGE OF SPRING LAKE**

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

**JUNE 30, 2019**

	<b>DDA General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and pooled investments	\$ 595,707	\$ -	\$ 595,707
Prepaid items	1,740	-	1,740
Capital assets:			
Land	-	350,000	350,000
<b>Total assets</b>	<b>\$ 597,447</b>	<b>350,000</b>	<b>947,447</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 170,389	-	170,389
Accrued liabilities	882	-	882
<b>Total liabilities</b>	<b>171,271</b>	<b>-</b>	<b>171,271</b>
<b>Fund balances</b>			
Unassigned	424,436		
<b>Total fund balances</b>	<b>426,176</b>	<b>(426,176)</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 597,447</b>		
<b>Net position</b>			
Net investment in capital assets		350,000	350,000
Unrestricted		426,176	426,176
<b>Total net position</b>		<b>\$ 776,176</b>	<b>\$ 776,176</b>
<b>Reconciliation of fund balances to net assets (deficit)</b>			
<b>Fund balances of governmental funds</b>			\$ 426,176
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			350,000
<b>Net assets of governmental activities</b>			<b>\$ 776,176</b>

# 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, 2019

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	DDA General <u>Fund</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
<b>Revenues</b>			
Intergovernmental revenues			
State	\$ 6,224	\$ -	\$ 6,224
Local	579,151	-	579,151
Miscellaneous	<u>46,477</u>	<u>-</u>	<u>46,477</u>
<b>Total revenues</b>	631,852	-	631,852
<b>Expenditures</b>			
Current			
Community and economic development	528,080	-	528,080
<b>Total expenditures</b>	<u>528,080</u>	<u>-</u>	<u>528,080</u>
Net changes in fund balance	103,772	(103,772)	
Change in net position			103,772
<b>Fund balances/net position</b>			
Beginning of year	<u>322,404</u>		<u>672,404</u>
<b>End of year</b>	<u>\$ 426,176</u>		<u>\$ 776,176</u>

# VILLAGE OF SPRING LAKE

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

JUNE 30, 2019

	<u>TIFA General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash and pooled investments	\$ 96,420	\$ -	\$ 96,420
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Noncurrent liabilities			
Due to other governments	-	14,254	14,254
<b>Fund balances</b>			
Unassigned	96,420		
<b>Total fund balances</b>	96,420	(96,420)	-
<b>Total liabilities and fund balances</b>	\$ 96,420		
<b>Net position</b>			
Unrestricted		\$ 82,166	\$ 82,166
<b>Reconciliation of fund balances to net position (deficit)</b>			
Fund balances of governmental funds			\$ 96,420
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			(14,254)
<b>Net position (deficit) of governmental activities</b>			\$ 82,166

# 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, 2019

	TIFA General <u>Fund</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
<b>Revenues</b>			
Taxes	\$ 669,684	\$ -	\$ 669,684
<b>Expenditures</b>			
Current			
Community and economic development	<u>629,065</u>	<u>(12,069)</u>	<u>616,996</u>
Net changes in fund balance	40,619	(40,619)	
Change in net position			52,688
<b>Fund balances/net position</b>			
Beginning of year	<u>55,801</u>		<u>29,478</u>
<b>End of year</b>	<u>\$ 96,420</u>		<u>\$ 82,166</u>
<b>Reconciliation of change in fund balances to change in net position (deficit)</b>			
Net change in fund balance of governmental funds			\$ 40,619
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>12,069</u>
<b>Change in net position of governmental activities</b>			<u>\$ 52,688</u>