



VILLAGE OF SPRING LAKE, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020



Vredeveld Haefner LLC
CPAs and Consultants

VILLAGE OF SPRING LAKE

TABLE OF CONTENTS

FINANCIAL SECTION	<u>PAGE</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10-11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position - Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18
Statement of Assets and Liabilities - Agency Fund	19
Notes to Financial Statements	21-36
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	37
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Street Fund	38
Defined Benefit Pension Plan	
Schedule of Changes in Employers Net Pension Liability and Related Ratios	39
Schedule of Employer Contributions	40
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	42
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Local Street Fund	43
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - County-wide Road Millage Fund	44
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Pathways Fund	45
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Building Department Fund	46

VILLAGE OF SPRING LAKE

TABLE OF CONTENTS

	<u>PAGE</u>
Component Units	
Downtown Development Authority	
Balance Sheet/Statement of Net Position	47
Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities	48
Tax Increment Finance Authority	
Balance Sheet/Statement of Net Position	49
Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities	50



Vredeveld Haefner LLC

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

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

INDEPENDENT AUDITORS' REPORT

September 8, 2020

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, 2020, 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, 2020, 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, 2020.

Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2020 fiscal year as follows:

- The Village paid an additional \$70,000 toward unfunded pension liabilities.
- The Village spent over \$316,000 to upgrade the Village Cove lift station and decommission the Holiday Inn lift station.
- The Village spent \$82,000 on lighting upgrades along Savidge Street.
- The Village spent over \$41,000 to complete the Exchange Street Project.
- The Village spent over \$154,000 for the Storm and Wastewater (SAW) evaluation.
- The Village made the final payment (\$14,539) on the State of Michigan Loan for the Mill Point Brownfield.

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 \$13,174,919 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>	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 2,536,622	\$ 2,114,584	\$1,423,211	\$1,530,825	\$ 3,959,833	\$ 3,645,409
Capital assets	8,236,876	8,641,721	3,523,009	3,362,343	11,759,885	12,004,064
Total assets	10,773,498	10,756,305	4,946,220	4,893,168	15,719,718	15,649,473
Deferred outflows of resources	115,832	565,148	-	-	115,832	565,148
Liabilities						
Current liabilities	319,353	356,155	203,651	280,886	523,004	637,041
Long-term liabilities	2,003,682	2,247,823	18,113	46,247	2,021,795	2,294,070
Total liabilities	2,323,035	2,603,978	221,764	327,133	2,544,799	2,931,111
Deferred inflows of resources	64,293	-	-	-	64,293	-
Net position						
Net investment in capital assets	7,541,876	7,852,469	3,476,761	3,289,703	11,018,637	11,142,172
Restricted	955,304	726,092	-	-	955,304	726,092
Unrestricted	4,822	138,914	1,247,695	1,276,332	1,252,517	1,415,246
Total net position	\$ 8,502,002	\$ 8,717,475	\$4,724,456	\$4,566,035	\$13,226,458	\$13,283,510

Approximately 9% of the Village's net position reflects unrestricted net position which is available for future operation while a significant portion (83%) 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, 2020, was \$3,894,653 while total cost of all programs and services was \$3,951,705. This results in a decrease in net position of \$57,052. The business-type activities increase in net position of \$158,421 was primarily the result of charging rates high enough to meet the payment requirements of various contractual obligations. The governmental activities decrease in net position of \$215,473 is primarily due to changes in deferred outflows resulting from differences in pension experience.

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>	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 295,759	\$ 280,522	\$1,260,648	\$1,041,662	\$ 1,556,407	\$ 1,322,184
Operating grants and contributions	392,901	409,550	118,047	147,896	510,948	557,446
Capital grants and contributions	246,308	628,968	-	-	246,308	628,968
General revenues						
Property taxes	1,093,425	1,050,996	-	-	1,093,425	1,050,996
State shared revenues	208,525	210,479	-	-	208,525	210,479
Other	176,798	42,812	102,242	40,639	279,040	83,451
Total revenues	2,413,716	2,623,327	1,480,937	1,230,197	3,894,653	3,853,524
Expenses						
General government	671,126	632,679	-	-	671,126	632,679
Public safety	744,378	635,644	-	-	744,378	635,644
Public works	712,122	676,908	-	-	712,122	676,908
Community and economic Development	113,010	120,280	-	-	113,010	120,280
Culture and recreation	382,796	365,576	-	-	382,796	365,576
Interest on long-term debt	20,257	22,029	-	-	20,257	22,029
Sewer	-	-	824,745	756,642	824,745	756,642
Water	-	-	483,271	471,310	483,271	471,310
Total expenses	2,643,689	2,453,116	1,308,016	1,227,952	3,951,705	3,681,068
Increase (decrease) in net position before transfers	(229,973)	170,211	172,921	2,245	(57,052)	172,456
Transfers in (out)	14,500	14,500	(14,500)	(14,500)	-	-
Change in net position	(215,473)	184,711	158,421	(12,255)	(57,052)	172,456
Net position – beginning	8,717,475	8,532,764	4,566,035	4,578,290	13,283,510	13,111,054
Net position – ending	\$8,502,002	\$8,717,475	\$4,724,456	\$4,566,035	\$13,226,458	\$13,283,510

Governmental Activities During the year, the Village invested \$712,122 or 27% of governmental activities expenses in public works. Public safety, which includes the police and fire departments, was \$744,378 or 28% of governmental activities expenses while general government, community and economic development, culture and recreation, and interest on long-term debt made up the remaining 45% 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 increase in net position of \$158,421 consists of an increase in both the sewer and water funds. The sewer fund increase of \$25,731 is primarily the result of new charges for contractual debt obligations. The water fund increase of \$132,690 is primarily to generate cash flows to meet contractual obligations.

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 \$2,073,801, an increase of \$440,098 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 \$904,958. 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 62% of total general fund expenditures. The fund balance of the Village's general fund increased by \$186,207 during the current fiscal year.

The major streets fund reports an increase in fund balance of \$153,673. At the end of the current fiscal year, fund balance of the fund was \$573,719. 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 \$1,247,695. The enterprise funds reported an increase in net position for the year of \$158,421. 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 Sewer Fund budget for payments to the Grand Haven/Spring Lake Sewer Authority was increased by \$112,000 due to higher wastewater flows going to the treatment plant.
- The Sewer Fund capital outlay budget was increased \$205,000 to cover costs of upgrading the Village Cove lift station and decommissioning the Holiday Inn lift station.
- The Sewer Fund budget for engineering was increased \$40,000 for upgrading the Village Cove lift station and decommissioning the Holiday Inn lift station.
- The Barber School building maintenance budget was increased \$7,000 to pay cleanup after the Barber School basement flooded.
- The Parks budget for professional services was increased \$7,500 to pay for the recreation plan update and the asset management plan for the Village parks.

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, 2020, amounted to \$11,759,885 (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 \$741,248. Of this amount, \$695,000 was for governmental activities while \$46,248 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 2020-2021 fiscal year:

- The Village budgeted \$545,000 for contracted police services with Ottawa County.
- The Village budgeted \$300,000 to upgrade the Lake Street lift station.
- The Village budgeted \$100,000 for parking lot improvements in the downtown.
- High groundwater levels are expected to keep wastewater flows to the treatment plant well above the historic averages.
- Uncertainty regarding the level of state shared revenue and Act 51 road funding will continue to make budgeting a challenge for the foreseeable future.

Requests for Information

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

Marvin Hinga
Village Clerk/Treasurer
marv@springlakevillage.org

BASIC FINANCIAL STATEMENTS

VILLAGE OF SPRING LAKE

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority	Tax Increment Finance Authority
Assets					
Cash and pooled investments	\$ 2,382,954	\$ 1,084,499	\$ 3,467,453	\$ 709,715	\$ -
Accounts receivable, net	23,472	337,929	361,401	1,391	-
Due from other governments	128,150	-	128,150	-	-
Prepaid items and other assets	2,046	783	2,829	575	-
Capital assets					
Land	2,169,632	8,092	2,177,724	350,000	-
Construction in progress	-	30,010	30,010	-	-
Depreciable capital assets, net	6,067,244	3,484,907	9,552,151	-	-
Total assets	<u>10,773,498</u>	<u>4,946,220</u>	<u>15,719,718</u>	<u>1,061,681</u>	<u>-</u>
Deferred outflows of resources					
Deferred outflows - pension	115,832	-	115,832	-	-
Liabilities					
Accounts payable	198,043	171,735	369,778	13,664	-
Accrued liabilities	41,310	3,516	44,826	1,771	-
Accrued interest payable	-	265	265	-	-
Debt due within one year	80,000	28,135	108,135	-	-
Noncurrent liabilities					
Net pension liability	1,365,931	-	1,365,931	-	-
Compensated absences	22,751	-	22,751	-	-
Debt due in more than one year	615,000	18,113	633,113	-	-
Total liabilities	<u>2,323,035</u>	<u>221,764</u>	<u>2,544,799</u>	<u>15,435</u>	<u>-</u>
Deferred inflows of resources					
Deferred inflows - pension	64,293	-	64,293	-	-
Net position					
Net investment in capital assets	7,541,876	3,476,761	11,018,637	350,000	-
Restricted for					
Debt service	4,351	-	4,351	-	-
Building department	216,137	-	216,137	-	-
Transportation	734,816	-	734,816	-	-
Unrestricted	4,822	1,247,695	1,252,517	696,246	-
Total net position	<u>\$ 8,502,002</u>	<u>\$ 4,724,456</u>	<u>\$ 13,226,458</u>	<u>\$ 1,046,246</u>	<u>\$ -</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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 671,126	\$ 161,029	\$ 286	\$ -	\$ (509,811)
Public safety	744,378	102,153	17,915	-	(624,310)
Public works	712,122	-	355,669	112,618	(243,835)
Community and economic development	113,010	11,385	-	-	(101,625)
Culture and recreation	382,796	21,192	19,031	133,690	(208,883)
Interest on long-term debt	20,255	-	-	-	(20,255)
Total governmental activities	<u>2,643,687</u>	<u>295,759</u>	<u>392,901</u>	<u>246,308</u>	<u>(1,708,719)</u>
Business-type activities					
Sewer	824,745	705,134	118,047	-	(1,564)
Water	483,271	555,514	-	-	72,243
Total business-type activities	<u>1,308,016</u>	<u>1,260,648</u>	<u>118,047</u>	<u>-</u>	<u>70,679</u>
Total primary government	\$ 3,951,703	\$ 1,556,407	\$ 510,948	\$ 246,308	\$ (1,638,040)
Component units					
Downtown Development Authority	507,865	-	777,635	-	\$ 269,770
Tax Increment Finance Authority	810,047	-	-	-	(810,047)
Total component units	\$ 1,317,912	\$ -	\$ 777,635	\$ -	\$ (540,277)

(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, 2020

	Primary Government			Component Units	
	Governmental	Business-type	Total	Downtown	Tax
	Activities	Activities		Development	Increment
				Finance	Authority
Changes in net assets					
Net (expense) revenue	\$ (1,708,719)	\$ 70,679	\$ (1,638,040)	\$ 269,770	\$ (810,047)
General revenues					
Property taxes	1,093,425	-	1,093,425	-	727,881
State shared revenues - unrestricted	208,525	-	208,525	-	-
Investment earnings	43,368	24,863	68,231	-	-
Sale of property	109,438	-	109,438	-	-
Other general revenues	23,990	77,379	101,369	300	-
Transfers - internal activities	14,500	(14,500)	-	-	-
Total general revenues and transfers	<u>1,493,246</u>	<u>87,742</u>	<u>1,580,988</u>	<u>300</u>	<u>727,881</u>
Change in net position	(215,473)	158,421	(57,052)	270,070	(82,166)
Net position, beginning of year	<u>8,717,475</u>	<u>4,566,035</u>	<u>13,283,510</u>	<u>776,176</u>	<u>82,166</u>
Net position, end of year	<u>\$ 8,502,002</u>	<u>\$ 4,724,456</u>	<u>\$ 13,226,458</u>	<u>\$ 1,046,246</u>	<u>\$ -</u>

(Concluded)

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

VILLAGE OF SPRING LAKE

GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2020

	<u>General</u>	<u>Major Streets</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 1,061,866	\$ 551,632	\$ 540,604	\$ 2,154,102
Accounts receivable	17,338	779	3,185	21,302
Due from other governments	89,952	28,767	9,431	128,150
Prepaid items	<u>1,172</u>	<u>428</u>	<u>354</u>	<u>1,954</u>
Total assets	<u>\$ 1,170,328</u>	<u>\$ 581,606</u>	<u>\$ 553,574</u>	<u>\$ 2,305,508</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 168,752	\$ 7,540	\$ 14,240	\$ 190,532
Accrued liabilities	<u>40,408</u>	<u>347</u>	<u>420</u>	<u>41,175</u>
Total liabilities	<u>209,160</u>	<u>7,887</u>	<u>14,660</u>	<u>231,707</u>
Fund balances				
Non-spendable				
Prepaid items	1,172	428	354	1,954
Restricted				
Transportation	-	573,291	161,525	734,816
Building department	-	-	216,137	216,137
Debt service	-	-	4,351	4,351
Assigned				
Capital projects	-	-	156,547	156,547
Public safety operating	-	-	-	-
Subsequent year expenditures	55,038	-	-	55,038
Unassigned	<u>904,958</u>	<u>-</u>	<u>-</u>	<u>904,958</u>
Total fund balances	<u>961,168</u>	<u>573,719</u>	<u>538,914</u>	<u>2,073,801</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,170,328</u>	<u>\$ 581,606</u>	<u>\$ 553,574</u>	<u>\$ 2,305,508</u>

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

VILLAGE OF SPRING LAKE

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

JUNE 30, 2020

Fund balances - total governmental funds	\$ 2,073,801
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because</p>	
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.</p>	
Add - land	2,169,632
Add - capital assets (net of accumulated depreciation)	5,769,209
<p>Deferred inflows and outflows relate to future years and are not reported in the funds.</p>	
Add - deferred outflows from pension related items	115,832
Deduct - deferred inflows from pension related items	(64,293)
<p>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.</p>	
Add - net position of governmental activities accounted for in the internal service funds	521,503
<p>Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>	
Deduct - net pension liability	(1,365,931)
Deduct - compensated absences payable	(22,751)
Deduct - debt payable	<u>(695,000)</u>
Net position of governmental activities	<u>\$ 8,502,002</u>

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

VILLAGE OF SPRING LAKE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Major Streets</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ 994,463	\$ -	\$ 98,962	\$ 1,093,425
Intergovernmental revenues				
State	208,525	229,534	155,692	593,751
Local	32,455	9,678	86,866	128,999
Licenses and permits	6,286	-	96,892	103,178
Charges for services	121,017	-	-	121,017
Fines	6,146	-	-	6,146
Interest and rents	122,408	8,938	9,378	140,724
Miscellaneous	156,734	579	5,321	162,634
Total revenues	<u>1,648,034</u>	<u>248,729</u>	<u>453,111</u>	<u>2,349,874</u>
Expenditures				
Current				
General government	361,386	-	-	361,386
Public safety	577,159	-	76,766	653,925
Public works	208,806	93,118	69,819	371,743
Community and economic development	94,212	-	-	94,212
Culture and recreation	196,227	-	51,144	247,371
Debt service				
Principal	14,252	-	80,000	94,252
Interest	285	-	19,970	20,255
Capital Outlay	-	11,938	69,194	81,132
Total expenditures	<u>1,452,327</u>	<u>105,056</u>	<u>366,893</u>	<u>1,924,276</u>
Revenues over (under) expenditures	<u>195,707</u>	<u>143,673</u>	<u>86,218</u>	<u>425,598</u>
Other financing sources (uses)				
Transfers in	14,500	10,000	61,500	86,000
Transfers out	(24,000)	-	(47,500)	(71,500)
Total other financing sources (uses)	<u>(9,500)</u>	<u>10,000</u>	<u>14,000</u>	<u>14,500</u>
Net changes in fund balances	186,207	153,673	100,218	440,098
Fund balances, beginning of year	<u>774,961</u>	<u>420,046</u>	<u>438,696</u>	<u>1,633,703</u>
Fund balances, end of year	<u>\$ 961,168</u>	<u>\$ 573,719</u>	<u>\$ 538,914</u>	<u>\$ 2,073,801</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, 2020

Net changes in fund balances - total governmental funds	\$ 440,098
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	131,784
Deduct - depreciation expense	(469,765)
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	(14,254)
Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. 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	94,252
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	2,774
Deduct - decrease in deferred outflows - pension	(449,316)
Deduct - increase in deferred inflows - pension	(64,293)
Add - decrease in net pension liability	159,221
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>(45,974)</u>
Change in net position of governmental activities	<u>\$ (215,473)</u>

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

VILLAGE OF SPRING LAKE

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
Assets				
Current assets				
Cash and pooled investments	\$ 1,241	\$ 1,083,258	\$ 1,084,499	\$ 228,852
Accounts receivable, net	185,765	152,164	337,929	2,170
Prepaid items	282	501	783	92
Due from other funds	-	30,000	30,000	-
Due from other governments	-	-	-	-
Total current assets	<u>187,288</u>	<u>1,265,923</u>	<u>1,453,211</u>	<u>231,114</u>
Capital assets				
Land	-	8,092	8,092	-
Construction in progress	27,871	2,139	30,010	-
Being depreciated, net	1,195,077	2,289,830	3,484,907	298,035
Total capital assets	<u>1,222,948</u>	<u>2,300,061</u>	<u>3,523,009</u>	<u>298,035</u>
Total assets	<u>1,410,236</u>	<u>3,565,984</u>	<u>4,976,220</u>	<u>529,149</u>
Liabilities				
Current liabilities				
Accounts payable	134,103	37,632	171,735	7,511
Accrued liabilities	1,121	2,395	3,516	135
Accrued interest payable	-	265	265	-
Due to other funds	30,000	-	30,000	-
Current portion of bonds payable	-	28,135	28,135	-
Total current liabilities	<u>165,224</u>	<u>68,427</u>	<u>233,651</u>	<u>7,646</u>
Long-term liabilities				
Bonds payable, net of current portion	-	18,113	18,113	-
Total liabilities	<u>165,224</u>	<u>86,540</u>	<u>251,764</u>	<u>7,646</u>
Net position				
Net investment in capital assets	1,222,948	2,253,813	3,476,761	298,035
Unrestricted	22,064	1,225,631	1,247,695	223,468
Total net position	<u>\$ 1,245,012</u>	<u>\$ 3,479,444</u>	<u>\$ 4,724,456</u>	<u>\$ 521,503</u>

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, 2020

	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
Operating revenue				
Charges for services	\$ 705,134	\$ 555,514	\$ 1,260,648	\$ 116,336
Other	30,573	46,806	77,379	15,529
Total operating revenue	<u>735,707</u>	<u>602,320</u>	<u>1,338,027</u>	<u>131,865</u>
Operating expense				
Personnel services	64,685	84,041	148,726	8,810
Benefits	38,669	45,720	84,389	7,712
Contractual services	542,007	80,676	622,683	1,353
Materials and supplies	3,415	134,116	137,531	40,814
Utilities	13,210	3,211	16,421	-
Repairs and maintenance	3,477	3,289	6,766	29,081
Equipment rentals	5,295	9,759	15,054	-
Insurance	6,500	6,500	13,000	16,526
Depreciation	61,171	110,529	171,700	66,865
Miscellaneous	1,808	2,843	4,651	10,227
Total operating expense	<u>740,237</u>	<u>480,684</u>	<u>1,220,921</u>	<u>181,388</u>
Operating income (loss)	<u>(4,530)</u>	<u>121,636</u>	<u>117,106</u>	<u>(49,523)</u>
Non-operating revenue (expense)				
State grants	118,047	-	118,047	-
Grant related expenses	(84,508)	-	(84,508)	-
Interest income	3,722	21,141	24,863	3,549
Interest expense	-	(2,587)	(2,587)	-
Total non-operating revenue (expense)	<u>37,261</u>	<u>18,554</u>	<u>55,815</u>	<u>3,549</u>
Income (loss) before transfers	32,731	140,190	172,921	(45,974)
Transfers				
Transfers out	(7,000)	(7,500)	(14,500)	-
Total transfers	<u>(7,000)</u>	<u>(7,500)</u>	<u>(14,500)</u>	<u>-</u>
Changes in net position	25,731	132,690	158,421	(45,974)
Net position, beginning of year	<u>1,219,281</u>	<u>3,346,754</u>	<u>4,566,035</u>	<u>567,477</u>
Net position, end of year	<u>\$ 1,245,012</u>	<u>\$ 3,479,444</u>	<u>\$ 4,724,456</u>	<u>\$ 521,503</u>

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

VILLAGE OF SPRING LAKE

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
Cash flows from operating activities				
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ 129,758
State grants	118,047	-	118,047	-
Receipts from customers and users	689,942	563,609	1,253,551	-
Payments to employees	(103,556)	(129,079)	(232,635)	(16,585)
Payments to suppliers	(721,724)	(246,742)	(968,466)	(101,345)
Net cash provided by (used in) operating activities	<u>(17,291)</u>	<u>187,788</u>	<u>170,497</u>	<u>11,828</u>
Cash flows from non-capital financing activities				
Transfers out	(7,000)	(7,500)	(14,500)	-
Due to/from other funds	30,000	(30,000)	-	-
Net cash provided by (used in) non-capital financing activities	<u>23,000</u>	<u>(37,500)</u>	<u>(14,500)</u>	<u>-</u>
Cash flows from capital and related financing activities				
Interest expense	-	(2,697)	(2,697)	-
Principal payments on bonds and notes	-	(26,392)	(26,392)	-
Acquisitions of capital assets	(330,492)	(1,874)	(332,366)	-
Net cash provided by (used in) capital and related financing activities	<u>(330,492)</u>	<u>(30,963)</u>	<u>(361,455)</u>	<u>-</u>
Cash flows from investing activities				
Interest income	3,722	21,141	24,863	3,549
Net increase (decrease) in cash and cash equivalents	(321,061)	140,466	(180,595)	15,377
Cash and pooled investments, beginning of year	<u>322,302</u>	<u>942,792</u>	<u>1,265,094</u>	<u>213,475</u>
Cash and pooled investments, end of year	<u>\$ 1,241</u>	<u>\$ 1,083,258</u>	<u>\$ 1,084,499</u>	<u>\$ 228,852</u>
Cash flows from operating activities				
Operating income (loss)	\$ (4,530)	\$ 121,636	\$ 117,106	\$ (49,523)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	61,171	110,529	171,700	66,865
State grants	118,047	-	118,047	-
Grant expenses	(84,508)	-	(84,508)	-
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	(45,765)	(38,711)	(84,476)	(2,107)
Prepaid items	2,011	2,767	4,778	1,406
Due from other governments	6,717	-	6,717	-
Accounts payable	(70,232)	(9,115)	(79,347)	(4,750)
Accrued liabilities	(202)	682	480	(63)
Net cash provided by (used in) operating activities	<u>\$ (17,291)</u>	<u>\$ 187,788</u>	<u>\$ 170,497</u>	<u>\$ 11,828</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, 2020

Assets

Cash and pooled investments	<u>\$ 33,191</u>
-----------------------------	------------------

Liabilities

Accounts payable	<u>\$ 33,191</u>
------------------	------------------

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

(This page left intentionally blank)

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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

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.

Full time Village employees are allowed to accrue sick leave 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.

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, 2020

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 an item that qualifies for reporting in this category related to the net pension liability which is further discussed in note 5.

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, 2020

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 Spring Lake Township 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, 2020, the Village did not incur any expenditures in excess of the amounts appropriated.

3. CASH AND POOLED INVESTMENTS

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

	Governmental Activities	Business- type Activities	Fiduciary Funds	Component Units	Total
Cash and pooled investments	\$2,382,954	\$1,084,499	\$33,191	\$709,715	\$4,210,359

Cash and pooled investments consist of the following at June 30, 2020:

Demand deposits and certificates of deposit	\$4,127,070
Petty cash	400
Investments	336,258
Total	\$4,463,728

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. State law does not require, and the Village does not have, a policy for deposit custodial credit risk. As of year-end, \$1,273,503 of the Village's bank balance of \$4,127,070 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>
Comerica Money Market	N/A	\$ 234,085	N/A	N/A
Multi Bank Money Funds	N/A	102,173	N/A	N/A
Total		<u>\$336,258</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.

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 OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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 counter party for these securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The Village's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 2,169,632	\$ -	\$ -	\$ 2,169,632
Construction in progress	2,182	-	2,182	-
Total capital assets, not being depreciated	<u>2,171,814</u>	-	<u>2,182</u>	<u>2,169,632</u>
Capital assets, being depreciated				
Land improvements	3,591,999	84,177	-	3,676,176
Buildings and improvements	2,805,086	7,589	-	2,812,675
Machinery and equipment	533,127	10,097	-	543,224
Vehicles	849,793	-	123,883	725,910
Infrastructure	9,744,968	32,103	-	9,777,071
Total capital assets, being depreciated	<u>17,524,973</u>	<u>133,966</u>	<u>123,883</u>	<u>17,535,056</u>
Less accumulated depreciation for				
Land improvements	1,559,227	136,120	-	1,695,347
Buildings and improvements	1,223,108	103,040	-	1,326,148
Machinery and equipment	353,430	35,128	-	388,558
Vehicles	594,951	42,770	123,883	513,838
Infrastructure	7,324,349	219,572	-	7,543,921
Total accumulated depreciation	<u>11,055,065</u>	<u>536,630</u>	<u>123,883</u>	<u>11,467,812</u>
Net capital assets, being depreciated	<u>6,469,908</u>	<u>(402,664)</u>	<u>-</u>	<u>6,067,244</u>
Governmental Activities capital assets, net	<u>\$ 8,641,722</u>	<u>(\$402,664)</u>	<u>\$2,182</u>	<u>\$ 8,236,876</u>

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2020</u>
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 8,092	\$ -	\$ -	\$ 8,092
Construction in progress	29,371	26,400	25,761	30,010
Total capital assets, not being depreciated	37,463	26,400	25,761	38,102
Capital assets being depreciated				
Buildings and improvements	4,322,134	-	-	4,322,134
Mains	2,434,564	9,000	-	2,443,564
Machinery and equipment	1,014,949	322,727	-	1,337,676
Total capital assets, being depreciated	7,771,647	331,727	-	8,103,374
Less accumulated depreciation for				
Buildings and improvements	2,589,428	86,692	-	2,676,120
Mains	1,212,831	52,801	-	1,265,632
Machinery and equipment	644,508	32,207	-	676,715
Total accumulated depreciation	4,446,767	171,700	-	4,618,467
Net capital assets, being depreciated	3,324,880	160,027	-	3,484,907
Business-type Activities capital assets, net	\$3,362,343	\$186,427	\$ -	\$3,523,009

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

Governmental Activities	
General government	\$288,793
Public works	78,355
Recreation and culture	102,617
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	66,865
Total depreciation expense - governmental activities	\$536,630
Business-type Activities	
Sewer	\$ 61,171
Water	110,529
Total depreciation expense - business- type activities	\$171,700

5. PENSION PLANS

MERS Defined Benefit Plan

Plan Description

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

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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, 2019):

Active plan members	7
Inactive employees entitled but not yet receiving benefits	11
Inactive employees or beneficiaries currently receiving benefits	<u>8</u>
Total	<u><u>26</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 \$5,011 per month. Participating employees are required to contribute 6.75% or 11.85% 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, 2019, 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, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% in the long-term (plus merit and longevity from 0 to 11% based on age)

Investment rate of return: 7.35%, 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 retiree mortality tables of a 50% Male and 50% Female blend of disabled retirees

The actuarial assumptions used in valuation were based on the results of the most recent 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, 2020

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	60.0%	7.75%	3.15%
Global Fixed Income	20.0%	3.75%	0.25%
Private investments	20.0%	9.75%	1.45%
Inflation			2.50%
Administrative fee			0.25%
Investment rate of return			<u>7.60%</u>

Discount rate. The discount rate used to measure the total pension liability is 7.60% 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, 2018	\$4,629,504	\$3,104,352	\$1,525,152
Changes for the Year:			
Service cost	28,956	-	28,956
Interest	359,685	-	359,685
Change in benefits	-	-	-
Differences between expected and actual experience	(128,586)	-	(128,586)
Change in assumptions	150,143	-	150,143
Contributions: employer	-	139,879	(139,879)
Contributions: employee	-	22,985	(22,985)
Net investment income	-	413,668	(413,668)
Benefit payments, including refunds	(295,818)	(295,818)	-
Administrative expense	-	(7,113)	7,113
Other changes	-	-	-
Net changes	114,380	273,601	(159,221)
Balance at December 31, 2019	<u>\$4,743,884</u>	<u>\$3,377,953</u>	<u>\$1,365,931</u>

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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 7.60%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease	Current Discount Rate	1 % Increase
Total pension liability	\$5,237,185	\$4,743,884	\$4,365,552
Fiduciary net position	3,377,953	3,377,953	3,377,953
Net pension liability	\$1,859,232	\$1,365,931	\$ 987,599

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2020 the employer recognized pension expense of \$496,384. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$64,293
Differences in assumptions	75,072	-
(Excess) deficit investment returns	5,144	-
Contributions subsequent to the Measurement date*	35,616	-
Total	\$115,832	\$64,293

* 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:

2021	\$ 1,541
2022	9,996
2023	40,998
2024	(36,612)
Total	\$ 15,923

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, 2020 were \$16,229. This figure includes insurance opt-out payments totaling \$4,022.

VILLAGE OF SPRING LAKE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

6. LONG-TERM DEBT

The following is a summary of the debt transactions of the Village for the year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Governmental Activities					
\$239,850 Mill Point Station Loan due in annual installments of \$5,174 to \$14,789 through April 2020; plus interest at 2%	\$ 14,252	\$ -	\$14,252	\$ -	\$ -
\$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%	775,000	-	80,000	695,000	80,000
Total debt	789,252	-	94,252	695,000	80,000
Long-term compensated absences	25,525	-	2,774	22,751	-
Total Governmental Activities	\$814,777	\$ -	\$97,026	\$717,751	\$80,000
Business-type Activities					
\$2,230,000 2010 Ottawa County Water Supply Refunding Bonds (Village share \$221,419) due in annual installments of \$16,880 to \$26,312 through May 2021; plus interest at 2.00% to 2.625%	\$54,115	\$ -	\$26,313	\$27,802	\$27,802
\$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	-	79	18,446	333
Total Business-type Activities	\$72,640	\$ -	\$26,392	\$46,248	\$28,135

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, 2020

The annual requirements to amortize all debt outstanding (excluding long-term compensated absences) as of June 30, 2020 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 80,000	\$18,900	\$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	85,000	10,925	1,196	716
2026-2030	280,000	17,427	6,819	2,738
2031-2035	-	-	6,775	866
Total	\$695,000	\$92,829	\$46,248	\$8,328

7. CONDUIT DEBT OBLIGATION

The Village has an outstanding note payable with the Michigan Department of Transportation (MDOT). The annual installments will be paid by a third party to the Village, and the Village will then pay the annual installment to MDOT. The conduit debt obligation as of June 30, 2020 is \$500,000. The third party is responsible for all debt service payments and the Village is held harmless.

8. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2020 are as follows:

c	Transfers out				
	General Fund	Nonmajor Governmental Funds	Sewer Fund	Water Fund	Total
Transfers in					
General fund	\$ -	\$ -	\$7,000	\$7,500	\$ 14,500
Major streets	-	10,000	-	-	10,000
Nonmajor governmental funds	24,000	37,500	-	-	61,500
Total	\$24,000	\$47,500	\$7,000	\$7,500	\$86,000

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.

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.

VILLAGE OF SPRING LAKE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

10. 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 \$431,503 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, 2020, the portion of these Ottawa County bonds outstanding for which the Village has pledged its full faith and credit amounted to approximately \$1,409,256. The Village is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street, Grand Haven, MI 49417).

The Village is also a member of the Northwest Ottawa Water Treatment Plant. The Village appoints one member to the joint venture's governing board, which then approves the annual budget. In the current year, the Village paid \$118,921 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, 2020, the portion of these Ottawa County bonds outstanding for which the Village has pledged its full faith and credit amounted to approximately \$261,489. 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).

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, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 983,755	\$ 989,755	\$ 991,279	\$ 1,524
Penalties and interest	3,200	3,200	3,184	(16)
Administration fees	-	-	-	-
Intergovernmental revenues				
Federal	-	-	-	-
State	214,000	214,000	208,525	(5,475)
Local	31,573	33,518	32,455	(1,063)
Licenses and permits	5,500	5,500	6,286	786
Charges for services				
Cable TV franchise fees	54,000	54,000	50,482	(3,518)
Cellular tower usage	23,000	23,000	24,967	1,967
Zoning fees	1,000	8,000	11,385	3,385
Housing inspection fees	3,400	3,400	3,890	490
Launch ramp fees	6,500	6,500	3,293	(3,207)
Other charges for services	29,600	27,000	27,000	-
Fines	9,000	9,000	6,146	(2,854)
Rent	162,244	111,244	92,707	(18,537)
Interest	12,000	18,500	29,701	11,201
Refunds	10,050	10,050	10,175	125
Other revenue	(10,183)	58,791	146,559	87,768
Total revenues	<u>1,538,639</u>	<u>1,575,458</u>	<u>1,648,034</u>	<u>72,576</u>
Expenditures				
Current				
General government				
Village Council	11,605	11,605	9,057	2,548
Village Manager	75,180	78,959	75,142	3,817
Clerk-Treasurer	187,840	181,540	161,159	20,381
Village hall and grounds	71,291	69,491	62,760	6,731
Attorney	13,800	24,800	17,440	7,360
Barber Street School	24,087	35,887	35,828	59
Public safety - fire department				
Fire department	1,900	1,900	1,241	659
Policing services	555,516	577,776	575,918	1,858
Public works				
Public works	136,769	170,682	155,351	15,331
Storm water system	11,496	17,346	15,154	2,192
Street lighting	40,700	44,646	38,301	6,345
Community and economic development				
Planning and zoning	98,738	96,759	94,212	2,547
Culture and recreation				
Parks	192,747	176,009	134,068	41,941
Park maintenance	17,197	23,309	20,270	3,039
Community promotion	29,481	24,750	17,232	7,518
Recreation department	48,197	38,219	24,657	13,562
Debt service				
Principal	12,200	14,255	14,252	3
Interest and fiscal charges	395	285	285	-
Total expenditures	<u>1,529,139</u>	<u>1,588,218</u>	<u>1,452,327</u>	<u>135,891</u>
Revenues over (under) expenditures	<u>9,500</u>	<u>(12,760)</u>	<u>195,707</u>	<u>208,467</u>
Other financing sources (uses)				
Transfers in	14,500	14,500	14,500	-
Transfers out	(24,000)	(24,000)	(24,000)	-
Total other financing sources (uses)	<u>(9,500)</u>	<u>(9,500)</u>	<u>(9,500)</u>	<u>-</u>
Net changes in fund balance	-	(22,260)	186,207	208,467
Fund balance, beginning of year	<u>774,961</u>	<u>774,961</u>	<u>774,961</u>	<u>-</u>
Fund balance, end of year	<u>\$ 774,961</u>	<u>\$ 752,701</u>	<u>\$ 961,168</u>	<u>\$ 208,467</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, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State	\$ 207,000	\$ 208,400	\$ 229,534	\$ 21,134
Local	7,500	7,500	9,678	2,178
Interest and rents	2,000	2,000	8,938	6,938
Miscellaneous	-	750	579	(171)
Total revenues	<u>216,500</u>	<u>218,650</u>	<u>248,729</u>	<u>30,079</u>
Expenditures				
Current				
Public works	215,450	212,360	93,118	119,242
Capital Outlay	<u>11,050</u>	<u>16,290</u>	<u>11,938</u>	<u>4,352</u>
Total expenditures	<u>226,500</u>	<u>228,650</u>	<u>105,056</u>	<u>123,594</u>
Revenues over (under) expenditures	(10,000)	(10,000)	143,673	153,673
Other financing sources (uses)				
Bond issuance				
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net changes in fund balance	-	-	153,673	153,673
Fund balance, beginning of year	<u>420,046</u>	<u>420,046</u>	<u>420,046</u>	<u>-</u>
Fund balance, end of year	<u>\$ 420,046</u>	<u>\$ 420,046</u>	<u>\$ 573,719</u>	<u>\$ 153,673</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, 2020

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total pension liability						
Service cost	\$ 33,760	\$ 34,834	\$ 32,247	\$ 32,036	\$ 32,282	\$ 28,956
Interest	269,917	273,944	293,567	299,162	304,121	359,685
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(32,124)	(55,792)	(46,812)	626,695	(128,586)
Changes in assumptions	-	134,404	-	-	-	150,143
Benefit payments including employee refunds	(149,965)	(153,283)	(192,805)	(207,126)	(237,931)	(295,818)
Other	-	8,561	-	1	-	-
Net change in total pension liability	<u>153,712</u>	<u>266,336</u>	<u>77,217</u>	<u>77,261</u>	<u>725,167</u>	<u>114,380</u>
Total pension liability, beginning of year	<u>3,329,811</u>	<u>3,483,523</u>	<u>3,749,859</u>	<u>3,827,076</u>	<u>3,904,337</u>	<u>4,629,504</u>
Total pension liability, end of year	<u>\$ 3,483,523</u>	<u>\$ 3,749,859</u>	<u>\$ 3,827,076</u>	<u>\$ 3,904,337</u>	<u>\$ 4,629,504</u>	<u>\$ 4,743,884</u>
Plan Fiduciary Net Position						
Contributions-employer	\$ 142,827	\$ 101,136	\$ 51,332	\$ 105,889	\$ 149,986	\$ 139,879
Contributions-employee	130,834	23,968	20,007	21,503	20,897	22,985
Net investment income	167,383	(44,826)	315,902	391,480	(126,636)	413,668
Benefit payments including employee refunds	(149,965)	(153,283)	(192,805)	(207,126)	(237,931)	(295,818)
Administrative expense	(6,218)	(6,365)	(6,237)	(6,205)	(6,353)	(7,113)
Net change in plan fiduciary net position	<u>284,861</u>	<u>(79,370)</u>	<u>188,199</u>	<u>305,541</u>	<u>(200,037)</u>	<u>273,601</u>
Plan fiduciary net position, beginning of year	<u>2,605,158</u>	<u>2,890,019</u>	<u>2,810,649</u>	<u>2,998,848</u>	<u>3,304,389</u>	<u>3,104,352</u>
Plan fiduciary net position, end of year	<u>\$ 2,890,019</u>	<u>\$ 2,810,649</u>	<u>\$ 2,998,848</u>	<u>\$ 3,304,389</u>	<u>\$ 3,104,352</u>	<u>\$ 3,377,953</u>
Employer net pension liability	<u>\$ 593,504</u>	<u>\$ 939,210</u>	<u>\$ 828,228</u>	<u>\$ 599,948</u>	<u>\$ 1,525,152</u>	<u>\$ 1,365,931</u>
Plan fiduciary net position as a percentage of the total pension liability	83.0%	75.0%	78.4%	84.6%	67.1%	71.2%
Covered employee payroll	\$ 744,617	\$ 355,078	\$ 313,969	\$ 321,560	\$ 316,105	\$ 312,803
Employer's net pension liability as a percentage of covered employee payroll	79.7%	264.5%	263.8%	186.6%	482.5%	436.7%

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, 2020

	2015	2016	2017	2018	2019	2020
Actuarial determined contributions	\$ 69,017	\$ 53,070	\$ 53,402	\$ 57,141	\$ 65,119	\$ 71,996
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>	<u>141,996</u>
Contribution excess (deficiency)	<u>\$ 95,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>
Covered employee payroll	\$ 744,617	\$ 355,078	\$ 313,969	\$ 321,560	\$ 316,105	\$ 312,803
Contributions as a percentage of covered employee payroll	22%	15%	17%	40%	43%	45%

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
Inflation	2.50%
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.35% (7.75% for 2015 through 2019)
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, 2020

	Special Revenue			Debt Service		Capital Projects		Total
	Local Streets	County-wide Road Millage	Pathways	Building Department	2003 Village Hall	Public Improvement		
Assets								
Cash and pooled investments	\$ 132,003	\$ 1,793	\$ 29,234	\$ 218,201	\$ 4,351	\$ 155,022	\$ 540,604	
Accounts receivable	31	-	132	697	-	2,325	3,185	
Due from other governments	9,431	-	-	-	-	-	9,431	
Prepaid items	297	-	35	22	-	-	354	
Total assets	\$ 141,762	\$ 1,793	\$ 29,401	\$ 218,920	\$ 4,351	\$ 157,347	\$ 553,574	
Liabilities and fund balances								
Liabilities								
Accounts payable	\$ 4,569	\$ -	\$ 6,155	\$ 2,716	\$ -	\$ 800	\$ 14,240	
Accrued liabilities	264	-	111	45	-	-	420	
Total liabilities	4,833	-	6,266	2,761	-	800	14,660	
Fund balances								
Non-spendable								
Prepaid items	297	-	35	22	-	-	354	
Restricted								
Transportation	136,632	1,793	23,100	-	-	-	161,525	
Building department	-	-	-	216,137	-	-	216,137	
Debt service	-	-	-	-	4,351	-	4,351	
Assigned								
Capital projects	-	-	-	-	-	156,547	156,547	
Total fund balances	136,929	1,793	23,135	216,159	4,351	156,547	538,914	
Total liabilities and fund balances	\$ 141,762	\$ 1,793	\$ 29,401	\$ 218,920	\$ 4,351	\$ 157,347	\$ 553,574	

VILLAGE OF SPRING LAKE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue			Debt Service	Capital Projects	Total	
	Local Streets	County-wide Road Millage	Pathways	Building Department	2003 Village Hall		Public Improvement
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 98,962	\$ -	\$ 98,962
Intergovernmental revenues							
State	67,570	-	-	-	-	88,122	155,692
Local	-	48,887	34,188	-	-	3,791	86,866
Licenses and permits	-	-	-	96,892	-	-	96,892
Interest and rents	1,325	-	-	3,403	-	4,650	9,378
Miscellaneous	232	-	5,089	-	-	-	5,321
Total revenues	<u>69,127</u>	<u>48,887</u>	<u>39,277</u>	<u>100,295</u>	<u>98,962</u>	<u>96,563</u>	<u>453,111</u>
Expenditures							
Current							
Public safety	-	-	-	76,766	-	-	76,766
Public works	69,819	-	-	-	-	-	69,819
Culture and recreation	-	-	51,144	-	-	-	51,144
Debt service							
Principal	-	-	-	-	80,000	-	80,000
Interest	-	-	-	-	19,970	-	19,970
Capital Outlay	916	-	-	-	-	68,278	69,194
Total expenditures	<u>70,735</u>	<u>-</u>	<u>51,144</u>	<u>76,766</u>	<u>99,970</u>	<u>68,278</u>	<u>366,893</u>
Revenues over (under) expenditures	<u>(1,608)</u>	<u>48,887</u>	<u>(11,867)</u>	<u>23,529</u>	<u>(1,008)</u>	<u>28,285</u>	<u>86,218</u>
Other financing sources (uses)							
Transfers in	37,500	-	24,000	-	-	-	61,500
Transfers out	-	(47,500)	-	-	-	-	(47,500)
Total other financing sources (uses)	<u>37,500</u>	<u>(47,500)</u>	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,000</u>
Net changes in fund balances	35,892	1,387	12,133	23,529	(1,008)	28,285	100,218
Fund balances, beginning of year	<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>
Fund balances, end of year	<u>\$ 136,929</u>	<u>\$ 1,793</u>	<u>\$ 23,135</u>	<u>\$ 216,159</u>	<u>\$ 4,351</u>	<u>\$ 156,547</u>	<u>\$ 538,914</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, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 60,000	\$ 60,000	\$ 67,570	\$ 7,570
Interest and rents	500	500	1,325	825
Miscellaneous	-	-	232	232
Total revenues	<u>60,500</u>	<u>60,500</u>	<u>69,127</u>	<u>8,627</u>
Expenditures				
Current				
Public works	88,000	94,000	69,819	24,181
Capital Outlay	10,000	4,000	916	3,084
Total expenditures	<u>98,000</u>	<u>98,000</u>	<u>70,735</u>	<u>27,265</u>
Revenues over (under) expenditures	(37,500)	(37,500)	(1,608)	35,892
Other financing sources (uses)				
Transfers in	37,500	37,500	37,500	-
Net changes in fund balance	-	-	35,892	35,892
Fund balance, beginning of year	<u>101,037</u>	<u>101,037</u>	<u>101,037</u>	<u>-</u>
Fund balance, end of year	<u>\$ 101,037</u>	<u>\$ 101,037</u>	<u>\$ 136,929</u>	<u>\$ 35,892</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, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Local	\$ 47,500	\$ 47,500	\$ 48,887	\$ 1,387
Expenditures				
Current				
Public works	-	-	-	-
Revenues over (under) expenditures	47,500	47,500	48,887	1,387
Other financing sources (uses)				
Transfers out	(47,500)	(47,500)	(47,500)	-
Net changes in fund balance	-	-	1,387	1,387
Fund balance, beginning of year	406	406	406	-
Fund balance, end of year	<u>\$ 406</u>	<u>\$ 406</u>	<u>\$ 1,793</u>	<u>\$ 1,387</u>

VILLAGE OF SPRING LAKE

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Local	\$ 34,000	\$ 34,000	\$ 34,188	\$ 188
Miscellaneous	-	4,000	5,089	1,089
Total revenues	<u>34,000</u>	<u>38,000</u>	<u>39,277</u>	<u>1,277</u>
Expenditures				
Current				
Culture and recreation	<u>58,000</u>	<u>62,000</u>	<u>51,144</u>	<u>10,856</u>
Revenues over (under) expenditures	(24,000)	(24,000)	(11,867)	12,133
Other financing sources (uses)				
Bond issuance				
Transfers in	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>-</u>
Net changes in fund balance	-	-	12,133	12,133
Fund balance, beginning of year	<u>11,002</u>	<u>11,002</u>	<u>11,002</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,002</u>	<u>\$ 11,002</u>	<u>\$ 23,135</u>	<u>\$ 12,133</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, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 59,000	\$ 91,000	\$ 96,892	\$ 5,892
Interest and rents	1,000	1,500	3,403	1,903
Total revenues	60,000	92,500	100,295	7,795
Expenditures				
Current				
Public safety	60,000	92,500	76,766	15,734
Net changes in fund balance	-	-	23,529	23,529
Fund balance, beginning of year	192,630	192,630	192,630	-
Fund balance, end of year	\$ 192,630	\$ 192,630	\$ 216,159	\$ 23,529

VILLAGE OF SPRING LAKE

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

JUNE 30, 2020

	DDA General Fund	Adjustments	Statement of Net Position
Assets			
Cash and pooled investments	\$ 709,715	\$ -	\$ 709,715
Prepaid items	575	-	575
Capital assets:			
Land	-	350,000	350,000
Total assets	<u>\$ 711,681</u>	<u>350,000</u>	<u>1,061,681</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 13,664	-	13,664
Accrued liabilities	1,771	-	1,771
Total liabilities	<u>15,435</u>	<u>-</u>	<u>15,435</u>
Fund balances			
Unassigned	<u>695,671</u>		
Total fund balances	<u>696,246</u>	<u>(696,246)</u>	
Total liabilities and fund balances	<u>\$ 711,681</u>		
Net position			
Net investment in capital assets		350,000	350,000
Unrestricted		<u>696,246</u>	<u>696,246</u>
Total net position		<u>\$ 1,046,246</u>	<u>\$ 1,046,246</u>
Reconciliation of fund balances to net assets (deficit)			
Fund balances of governmental funds			\$ 696,246
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:			
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.			
Add - land			<u>350,000</u>
Net assets of governmental activities			<u>\$ 1,046,246</u>

VILLAGE OF SPRING LAKE

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

FOR THE YEAR ENDED JUNE 30, 2020

	DDA General <u>Fund</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
Revenues			
Intergovernmental revenues			
Local	771,202	-	771,202
Miscellaneous	<u>6,733</u>	<u>-</u>	<u>6,733</u>
Total revenues	777,935	-	777,935
Expenditures			
Current			
Community and economic development	507,865	-	507,865
Total expenditures	<u>507,865</u>	<u>-</u>	<u>507,865</u>
Net changes in fund balance	270,070	(270,070)	
Change in net position			270,070
Fund balances/net position			
Beginning of year	<u>426,176</u>		<u>776,176</u>
End of year	<u>\$ 696,246</u>		<u>\$ 1,046,246</u>

VILLAGE OF SPRING LAKE

TAX INCREMENT FINANCE AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2020

	TIFA General <u>Fund</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
Assets			
Cash and pooled investments	\$ <u> </u> -	\$ -	\$ -
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Fund balances			
Unassigned	<u> </u> -		
Total fund balances	<u> </u> -	<u> </u> -	<u> </u> -
Total liabilities and fund balances	\$ <u> </u> -		
Net position			
Unrestricted		\$ <u> </u> -	\$ <u> </u> -

VILLAGE OF SPRING LAKE

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

FOR THE YEAR ENDED JUNE 30, 2020

	TIFA General <u>Fund</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
Revenues			
Taxes	\$ 727,881	\$ -	\$ 727,881
Expenditures			
Current			
Community and economic development	<u>824,301</u>	<u>(14,254)</u>	<u>810,047</u>
Net changes in fund balance	(96,420)	96,420	
Change in net position			(82,166)
Fund balances/net position			
Beginning of year	<u>96,420</u>		<u>82,166</u>
End of year	<u><u>\$ -</u></u>		<u><u>\$ -</u></u>
 Reconciliation of change in fund balances to change in net position (deficit)			
Net change in fund balance of governmental funds			\$ (96,420)
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>14,254</u>
Change in net position of governmental activities			<u><u>\$ (82,166)</u></u>