

Spring Lake Township
Ottawa County, Michigan

FINANCIAL STATEMENTS

Year ended March 31, 2019

	<i>Page</i>
INDEPENDENT AUDITOR'S REPORT	3 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 11
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net position	12
Statement of activities	13
Fund financial statements:	
Balance sheet - governmental funds	14
Statement of revenues, expenditures, and changes in fund balances - governmental funds	15 - 16
Statement of net position - proprietary funds	17
Statement of revenues, expenses, and changes in net position - proprietary funds	18
Statement of cash flows - proprietary funds	19 - 20
Statement of assets and liabilities - agency funds	21
Notes to financial statements	22 - 38
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	39 - 40
Fire Fund	41
Harbor Transit Fund	42
Schedule of changes in the Township's Net OPEB liability and related ratios	43
Schedule of Township OPEB contributions	44
SUPPLEMENTARY INFORMATION	
Combining balance sheet - nonmajor governmental funds	45
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	46
Combining statement of assets and liabilities - agency funds	47
Schedules of debt retirement and annual interest requirements	48 - 52

INDEPENDENT AUDITOR'S REPORT

Township Board of Trustees
Spring Lake Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Spring Lake Township, Michigan, as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the 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, each major fund, and the aggregate remaining fund information of Spring Lake Township, Michigan, as of March 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 17 to the basic financial statements, the Township recorded a prior period adjustment to correct the accounting for a capital asset, and related debt, that are not the responsibility of the Township. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

As described in Note 18 to the basic financial statements, the Township adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedule of funding progress for the postemployment healthcare plan, as listed in the contents, 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spring Lake Township, Michigan's basic financial statements. The combining nonmajor governmental fund financial statements and schedules of debt retirement and annual interest requirements and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements and schedules of debt retirement and annual interest requirements (supplementary information) 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Siegfried Crandall P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Spring Lake Township's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended March 31, 2019. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$721,660 (3 percent) as a result of this year's activities. The net position of the governmental activities increased by \$700,754, and the net position of the business-type activities increased by \$20,906.
- Of the \$25,498,723 total net position reported, \$5,714,494 (22 percent) is available to be used at the Board's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$1,189,681, which represents 43 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements and additional information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental funds statements explain how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.
 - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business, such as the sewer and water systems.
 - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as an agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2019 and 2018 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets and deferred outflows of resources, and liabilities and deferred inflows of resources) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements are divided into two categories:

- *Governmental activities* - Most of the Township's basic services are included here, such as fire protection and general government. Property taxes and state grants finance most of these activities.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's sewer and water systems are reported here.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and other revenues (like property taxes collected to improve and maintain the Township's bike paths).

The Township has three types of funds:

- *Governmental funds*. Most of the Township's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Proprietary funds*. Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information. In fact, the Township's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *Fiduciary funds*. These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances are reported in a separate Statement of Assets and Liabilities. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$25,498,723. Of this total, \$18,108,597 represents a net investment in capital assets and \$1,675,632 is restricted for various purposes. Consequently, unrestricted net position was \$5,714,494 or 22 percent of the total.

Condensed financial information

Net position

	Governmental activities		Business-type activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 3,856,616	\$ 3,784,824	\$ 7,386,092	\$ 4,439,323	\$ 11,242,708	\$ 8,224,147
Capital assets	<u>11,789,335</u>	<u>11,426,909</u>	<u>16,701,989</u>	<u>17,465,088</u>	<u>28,491,324</u>	<u>28,891,997</u>
Total assets	<u>15,645,951</u>	<u>15,211,733</u>	<u>24,088,081</u>	<u>21,904,411</u>	<u>39,734,032</u>	<u>37,116,144</u>
Deferred outflow of resources	-	-	<u>7,398</u>	<u>11,096</u>	<u>7,398</u>	<u>11,096</u>
Current and other liabilities	<u>987,721</u>	<u>497,526</u>	<u>2,864,861</u>	<u>246,472</u>	<u>3,852,582</u>	<u>743,998</u>
Long-term debt	<u>3,182,702</u>	<u>3,340,371</u>	<u>6,812,677</u>	<u>7,092,964</u>	<u>9,995,379</u>	<u>10,433,335</u>
Total liabilities	<u>4,170,423</u>	<u>3,837,897</u>	<u>9,677,538</u>	<u>7,339,436</u>	<u>13,847,961</u>	<u>11,177,333</u>
Deferred inflow of resources	-	-	<u>394,746</u>	<u>421,063</u>	<u>394,746</u>	<u>421,063</u>
Net position:						
Net investment in capital assets	<u>8,606,633</u>	<u>8,086,538</u>	<u>9,501,964</u>	<u>9,962,157</u>	<u>18,108,597</u>	<u>18,048,695</u>
Restricted	<u>1,675,632</u>	<u>1,318,861</u>	-	-	<u>1,675,632</u>	<u>1,318,861</u>
Unrestricted	<u>1,193,263</u>	<u>1,968,437</u>	<u>4,521,231</u>	<u>4,192,851</u>	<u>5,714,494</u>	<u>6,161,288</u>
Total net position	<u>\$ 11,475,528</u>	<u>\$ 11,373,836</u>	<u>\$ 14,023,195</u>	<u>\$ 14,155,008</u>	<u>\$ 25,498,723</u>	<u>\$ 25,528,844</u>

Changes in net position

The Township's total revenues amounted to \$8,701,393 in the current year compared to \$8,330,842 in the prior year. Approximately 54 percent of the Township's revenues comes from charges for services. Property taxes and state shared revenue represent 19 and 12 percent of the Township's total revenues, respectively.

The total cost of the Township's programs, covering a wide range of services, totaled \$7,979,733 in the current year compared to \$7,731,616 in the prior year. Approximately 47 percent of the Township's costs relates to the provision of sewer and water utility services. Recreation and culture expenses represent 16 percent of the Township's total costs, while public safety expenses accounted for 14 percent of the total, in the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed financial information
Changes in net position

	Governmental activities		Business-type activities		Totals	
	2019	2018	2019	2018	2019	2018
Net position, beginning of year, as previously reported, after the effect of an error correction	\$ 11,373,836	\$ 11,032,162	\$ 14,155,008	\$ 13,897,456	\$ 25,528,844	\$ 24,929,618
Change in accounting principle	(599,062)	-	(152,719)	-	(751,781)	-
Net position, as restated	<u>10,774,774</u>	<u>11,032,162</u>	<u>14,002,289</u>	<u>13,897,456</u>	<u>24,777,063</u>	<u>24,929,618</u>
Program revenues:						
Charges for services	1,600,039	1,639,082	3,061,039	3,038,762	4,661,078	4,677,844
Operating grants and contributions	91,971	33,799	184,909	220,437	276,880	254,236
Capital grants and contributions	240,983	80,315	420,782	437,676	661,765	517,991
General revenues:						
Property taxes	1,682,007	1,493,425	-	-	1,682,007	1,493,425
State shared revenue	1,061,684	1,017,175	-	-	1,061,684	1,017,175
Franchise fees	214,660	211,855	-	-	214,660	211,855
Unrestricted interest	40,371	11,911	59,791	58,411	100,162	70,322
Gain on sales of capital assets	-	-	17,793	14,631	17,793	14,631
Other	25,364	73,363	-	-	25,364	73,363
Total revenues	<u>4,957,079</u>	<u>4,560,925</u>	<u>3,744,314</u>	<u>3,769,917</u>	<u>8,701,393</u>	<u>8,330,842</u>
Expenses:						
General government	1,055,656	848,661	-	-	1,055,656	848,661
Public safety	1,127,064	1,139,106	-	-	1,127,064	1,139,106
Public works	371,168	355,633	-	-	371,168	355,633
Community and economic development	138,497	212,520	-	-	138,497	212,520
Health and welfare	179,254	173,886	-	-	179,254	173,886
Recreation and culture	1,287,305	1,386,217	-	-	1,287,305	1,386,217
Interest on long-term debt	97,381	103,228	-	-	97,381	103,228
Sewer	-	-	1,880,142	1,613,009	1,880,142	1,613,009
Water	-	-	1,843,266	1,899,356	1,843,266	1,899,356
Total expenses	<u>4,256,325</u>	<u>4,219,251</u>	<u>3,723,408</u>	<u>3,512,365</u>	<u>7,979,733</u>	<u>7,731,616</u>
Changes in net position	<u>700,754</u>	<u>341,674</u>	<u>20,906</u>	<u>257,552</u>	<u>721,660</u>	<u>599,226</u>
Net position, end of year	<u>\$ 11,475,528</u>	<u>\$ 11,373,836</u>	<u>\$ 14,023,195</u>	<u>\$ 14,155,008</u>	<u>\$ 25,498,723</u>	<u>\$ 25,528,844</u>

As described in Note 17 to the financial statements, the Township recorded a prior period adjustment to correct the accounting for a capital asset, which was reduced by \$346,608, and related debt, which was reduced by \$525,390. The preceding tables have been restated for 2018 to increase the net position of the business-type activities by a net amount of \$178,782 to reflect the correction.

As described in Note 18 to the financial statements, the Township adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions* during fiscal year 2019. In connection with the adoption of this statement, the Township recorded a cumulative effect of a change in an accounting principle in the amount of \$751,781 in fiscal year 2019, which reduced beginning equity. As this pronouncement has been adopted prospectively, there was no restatement of the 2018 financial position or results of operations.

Governmental activities

Governmental activities increased the Township's net position by \$700,754 in the current year compared to an increase of \$341,674 in the prior year. Though expenses increased by \$37,074, revenues increased by \$396,154, causing the higher increase in net position in the current year. The increase in revenues was primarily the result of the recognition of a capital grant for radios for the Fire Department, in the amount of \$240,983, and a \$188,582 increase in tax revenues, due to an increase in taxable values. Expenses increased due to a \$206,995 increase in general government expenses, which was offset by a \$98,912 reduction in recreation and culture expenses.

The total cost of governmental activities this year was \$4,256,325. After subtracting the direct charges to those who directly benefited from the programs (\$1,600,039), operating grants (\$91,971), and capital grants (\$240,983), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$2,323,332.

Business-type activities

Business-type activities increased the Township's net position by \$20,906 in the current year compared to a \$257,552 increase in the prior year. The increase in net position was smaller in the current year as revenues decreased by \$25,603 and expenses increased by \$211,043. Revenues decreased due to a \$35,528 reduction in operating grants, as the SAW grant was completed in the current year. Expenses were higher due to an increase in system operation and maintenance costs.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

At March 31, 2019, the Township's governmental funds reported combined ending fund balances of \$3,617,977, an increase of \$109,702 in comparison with the prior year.

The General Fund is the primary operating fund of the Township. At March 31, 2019, total fund balance was \$1,284,757 of which \$1,189,681 was unassigned. Fund balance decreased as revenues of \$2,559,576 and transfers in of \$78,500 were not sufficient to cover expenditures of \$2,794,221 in the current year.

The Fire Fund, a special revenue fund, established to account for the use of a township-wide special assessment district to finance fire protection costs, has a fund balance at year end of \$662,982, which represents an increase of \$114,311. Revenues, in the amount of \$875,300 (primarily assessments), were sufficient to cover the costs of the fire department in the current year, which amounted to \$570,989. The fund also transferred \$190,000 to the Fire Replacement Capital Project Fund to support Fire Department capital acquisitions.

The Harbor Transit Fund, a special revenue fund, accounts for property taxes levied by the Township, which are provided to the Harbor Transit Authority. Taxes levied, in the amount of \$425,496, are paid to the Authority. The fund received its share of state grants during the year, in the amount of \$31,365, which is the fund balance at year end.

Proprietary funds

The Sewer Fund experienced an operating loss, in the amount of \$593,851, as rates are not set to cover the full cost of operations, which includes depreciation expense, which amounted to \$397,117 in the current year. However, due to net nonoperating revenues (\$351,177) and capital contributions (\$33,721), net position decreased by only \$208,953 during the year. Total net position is \$6,178,336 at year end, of which \$573,111 is unrestricted.

The Water Fund experienced an increase in net position of \$229,859, as revenues exceeded expenses, including depreciation (\$485,541) and interest (\$211,451), in the current year. Total net position is \$7,844,859 at year end, of which \$3,948,120 is unrestricted.

General Fund budgetary highlights

The Township amended the budget of the General Fund to reflect changes in anticipated revenue and expenditure levels. Total budgeted revenues were increased by \$54,900 to reflect revenues that were more than originally anticipated. Total budgeted expenditures were increased by \$614,700, including a \$225,900 increase in general government expenditures, as cemetery costs were higher than anticipated, and a \$323,000 increase in capital outlay expenditures, associated with costs that were not included in the original budget.

Total revenues were \$4,876 more than budgeted. Total expenditures were \$273,279 less than the amounts appropriated as every functional area was less than appropriated. The largest variance related to the general government function, which was \$101,436 under budget, primarily because administration costs were \$27,964 less than anticipated.

These variances resulted in a \$278,155 positive budget variance, due to a \$156,145 decrease in fund balance compared to a budgeted decrease of \$434,300.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital assets**

At March 31, 2019, the Township's net investment in capital assets amounts to \$28,491,324 (net of accumulated depreciation). Governmental capital assets amount to \$11,789,335 and business-type capital assets totaled \$16,701,989. These investments include a broad range of assets, including land, buildings, equipment, and sewer and water infrastructure.

	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
Land	\$ 2,235,614	\$ 50,900	\$ 2,286,514
Construction in progress	55,601	-	55,601
Land improvements	3,548,870	-	3,548,870
Utility infrastructure	-	16,040,331	16,040,331
Buildings and improvements	4,603,546	158,033	4,761,579
Machinery and equipment	<u>1,345,704</u>	<u>452,725</u>	<u>1,798,429</u>
Totals	<u>\$ 11,789,335</u>	<u>\$ 16,701,989</u>	<u>\$ 28,491,324</u>

The major capital asset events during the current fiscal year included the following:

- Property was purchased at a cost of \$288,626
- Fire equipment, with a value of \$240,983, was acquired through a grant
- Pathways were improved at cost of \$229,441
- Water system improvements amounted to \$102,103

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

Debt

At the end of the fiscal year, the Township had total long-term bonds and contracts outstanding in the amount of \$9,995,379, compared to a total of \$10,433,335 at the end of the prior year. The Township's full faith and credit has been pledged to repay all long-term debt.

The Township did not issue debt during the current year. Long-term obligations were reduced by principal payments, in the amount of \$430,287, that were made in a timely manner, and amortization of a bond premium, in the amount of \$7,669.

Other long-term obligations represent accrued compensated absences and accrued other postemployment healthcare benefits in the amounts of \$8,542, and \$984,096, respectively.

More detailed information about the Township's long-term obligations is presented in Note 7 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township continues to see growth with on-going planned unit developments (PUDs). These developments increase the tax base, improve and clean up previously unoccupied lots, and will increase the desire to live in the Township. They offer diverse housing and walkable areas that are centrally located to highways, businesses, bike paths, trails, and area schools.

In fiscal year 2018, the Township once again received the Michigan Townships Association (MTA) Township of Excellence Award, the first and only Township to accomplish this status twice. There are 1,240 Townships in the State of Michigan and Spring Lake Township was the first to achieve this designation in 2012. To qualify, the Township demonstrated superior processes, best practices, and fulfilled its statutory duties relating to community stewardship, administration, and demonstrating excellence in all areas of service that the Township provides.

In partnership with surrounding municipalities, Ottawa County, and the Grand Haven/Spring Lake Sewer Authority, the bonding and bidding processes were completed to install a new Force Main line under the Grand River and to upgrade the headworks at the Sewer Authority plant and several pump stations in Spring Lake Township, City of Grand Haven, and City of Ferrysburg. This work will be completed during fiscal year 2020.

Going forward, in fiscal year 2020, the Township anticipates completing a new bike path on Van Wagoner Road, connecting 168th Avenue and West Spring Lake Road. This will connect with the path put in by the new development along that road, Spring Ridge. Also, in fiscal year 2020, the Fire Department will expand the gear for their firefighters by purchasing turn-out gear that complies with new standards.

The Township continues to collaborate with surrounding municipalities to continue an efficient and cost-productive operation. Collaboration efforts include shared office space with the Village of Spring Lake, Fire Department mutual-aid agreements with surrounding municipalities, shared DPW Director and staff, Planner, Receptionist, and equipment with the Village of Spring Lake, and shared accountants with the City of Grand Haven.

The Township expects to be able to use current revenues to provide essential services and maintain fund balances through the next fiscal year. The fiscal year 2020 budget does not anticipate significant changes in the amounts or composition of major revenue sources, and budgeted expenditures are expected to be sufficient to support ongoing programs and activities.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Gordon Gallagher, Manager
Spring Lake Township
106 South Buchanan Street
Spring Lake, MI 49456

Phone: (616) 844-2113
E-mail: ggallagher@springlaketwp.org

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

March 31, 2019

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 3,293,937	\$ 3,360,375	\$ 6,654,312
Investments	-	2,503,426	2,503,426
Receivables, net	432,078	740,525	1,172,603
Prepaid expenses	80,042	25,446	105,488
	<u>3,806,057</u>	<u>6,629,772</u>	<u>10,435,829</u>
Total current assets			
Noncurrent assets:			
Receivables	50,559	756,320	806,879
Land and construction in progress	2,291,216	50,900	2,342,116
Depreciable capital assets, net	9,498,119	16,651,089	26,149,208
	<u>11,839,894</u>	<u>17,458,309</u>	<u>29,298,203</u>
Total noncurrent assets			
	<u>15,645,951</u>	<u>24,088,081</u>	<u>39,734,032</u>
Total assets			
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	-	7,398	7,398
	<u>-</u>	<u>7,398</u>	<u>7,398</u>
LIABILITIES			
Current liabilities:			
Payables	216,762	143,182	359,944
Unearned revenue	-	2,500,000	2,500,000
Current portion of bonds and contracts payable	150,000	50,000	200,000
	<u>366,762</u>	<u>2,693,182</u>	<u>3,059,944</u>
Total current liabilities			
Noncurrent liabilities:			
Compensated absences	5,227	3,315	8,542
Other postemployment obligation, net	765,732	218,364	984,096
Bonds and contracts payable	3,032,702	6,762,677	9,795,379
	<u>3,803,661</u>	<u>6,984,356</u>	<u>10,788,017</u>
Total noncurrent liabilities			
	<u>4,170,423</u>	<u>9,677,538</u>	<u>13,847,961</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred amount on bond refunding	-	394,746	394,746
	<u>-</u>	<u>394,746</u>	<u>394,746</u>
NET POSITION			
Net investment in capital assets	8,606,633	9,501,964	18,108,597
Restricted for:			
Public safety	328,562	-	328,562
Public works	251,060	-	251,060
Health and welfare	13,343	-	13,343
Recreation and culture	44,708	-	44,708
Capital projects	1,037,959	-	1,037,959
Unrestricted	1,193,263	4,521,231	5,714,494
	<u>11,475,528</u>	<u>14,023,195</u>	<u>25,498,723</u>
Total net position			

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended March 31, 2019

	Program revenues			Net (expenses) revenues and changes in net position		Totals
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	
Functions /Programs						
Governmental activities:						
General government	\$ 1,055,656	\$ 408,996	\$ -	\$ -	\$ (646,660)	\$ (646,660)
Public safety	1,127,064	1,063,884	-	240,983	177,803	177,803
Public works	371,168	82,089	8,431	-	(280,648)	(280,648)
Community and economic development	138,497	39,345	-	-	(99,152)	(99,152)
Health and welfare	179,254	-	13,343	-	(165,911)	(165,911)
Recreation and culture	1,287,305	5,725	70,197	-	(1,211,383)	(1,211,383)
Interest on long-term debt	97,381	-	-	-	(97,381)	(97,381)
Total governmental activities	<u>4,256,325</u>	<u>1,600,039</u>	<u>91,971</u>	<u>240,983</u>	<u>(2,323,332)</u>	<u>(2,323,332)</u>
Business-type activities:						
Sewer	1,880,142	1,136,380	184,909	328,852	\$ (230,001)	(230,001)
Water	<u>1,843,266</u>	<u>1,850,963</u>	<u>-</u>	<u>165,626</u>	<u>173,323</u>	<u>173,323</u>
Total business-type activities	<u>3,723,408</u>	<u>2,987,343</u>	<u>184,909</u>	<u>494,478</u>	<u>(56,678)</u>	<u>(56,678)</u>
Totals	<u>\$ 7,979,733</u>	<u>\$ 4,587,382</u>	<u>\$ 276,880</u>	<u>\$ 735,461</u>	<u>(2,323,332)</u>	<u>(56,678)</u>
General revenues:						
Property taxes					1,682,007	-
State shared revenue					1,061,684	-
Franchise fees					214,660	-
Local community stabilization share revenue					25,364	-
Unrestricted interest					40,371	59,791
Gain on sale of capital assets					-	17,793
Total general revenues					<u>3,024,086</u>	<u>77,584</u>
Changes in net position					700,754	20,906
Net position - beginning					<u>10,774,774</u>	<u>14,002,289</u>
Net position - ending					<u>\$ 11,475,528</u>	<u>\$ 14,023,195</u>

See notes to financial statements

Spring Lake Township

BALANCE SHEET - governmental funds

March 31, 2019

	<u>General</u>	<u>Fire</u>	<u>Harbor Transit</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$ 1,063,214	\$ 649,432	\$ -	\$ 1,581,291	\$ 3,293,937
Receivables, net	327,748	32,177	44,906	77,806	482,637
Prepays	65,353	14,689	-	-	80,042
Total assets	<u>\$ 1,456,315</u>	<u>\$ 696,298</u>	<u>\$ 44,906</u>	<u>\$ 1,659,097</u>	<u>\$ 3,856,616</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Payables	<u>\$ 106,281</u>	<u>\$ 33,316</u>	<u>\$ 13,541</u>	<u>\$ 20,224</u>	<u>\$ 173,362</u>
Deferred inflows of resources:					
Unavailable assessment revenue	61,152	-	-	-	61,152
Unavailable cost reimbursement	4,125	-	-	-	4,125
Total deferred inflows of resources	<u>65,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,277</u>
Fund balances:					
Nonspendable - prepaids	65,353	14,689	-	-	80,042
Restricted for:					
Public safety	29,723	284,150	-	-	313,873
Public works	-	-	-	251,060	251,060
Health and welfare	-	-	-	13,343	13,343
Recreation and culture	-	-	31,365	13,343	44,708
Capital outlay	-	-	-	1,037,959	1,037,959
Assigned for:					
General government (cemetery)	-	-	-	323,168	323,168
Public safety	-	364,143	-	-	364,143
Unassigned	<u>1,189,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,189,681</u>
Total fund balances	<u>1,284,757</u>	<u>662,982</u>	<u>31,365</u>	<u>1,638,873</u>	<u>3,617,977</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,456,315</u>	<u>\$ 696,298</u>	<u>\$ 44,906</u>	<u>\$ 1,659,097</u>	<u>\$ 3,856,616</u>
Reconciliation of the balance sheet to the statement of net position:					
Total fund balance - total governmental funds					\$ 3,617,977
Amounts reported for <i>governmental activities</i> in the statement of net position (page 12) are different because:					
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.					
					11,789,335
Certain assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					
					65,277
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:					
Bonds payable					(3,182,702)
Interest payable					(43,400)
Compensated absences					(5,227)
Other postemployment obligation, net					<u>(765,732)</u>
Net position of <i>governmental activities</i>					<u>\$ 11,475,528</u>

See notes to financial statements

Spring Lake Township

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds

Year ended March 31, 2019

	<u>General</u>	<u>Fire</u>	<u>Harbor Transit</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
REVENUES					
Property taxes	\$ 843,575	\$ -	\$ 425,496	\$ 694,115	\$ 1,963,186
Licenses and permits	432,060	-	-	-	432,060
State grants	1,095,479	-	31,365	52,175	1,179,019
Charges for services	99,333	-	-	22,785	122,118
Interest	42,451	5,258	-	16,270	63,979
Other	46,678	870,042	-	76,022	992,742
	<u>2,559,576</u>	<u>875,300</u>	<u>456,861</u>	<u>861,367</u>	<u>4,753,104</u>
Total revenues					
EXPENDITURES					
Current:					
General government	1,116,164	-	-	-	1,116,164
Public safety	334,720	570,989	-	-	905,709
Public works	240,798	-	-	130,370	371,168
Community and economic development	163,439	-	-	-	163,439
Health and welfare	-	-	-	179,254	179,254
Recreation and culture	313,762	-	425,496	295,143	1,034,401
Capital outlay	368,388	-	-	247,929	616,317
Debt service:					
Principal	150,000	-	-	-	150,000
Interest and fees	106,950	-	-	-	106,950
	<u>2,794,221</u>	<u>570,989</u>	<u>425,496</u>	<u>852,696</u>	<u>4,643,402</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(234,645)</u>	<u>304,311</u>	<u>31,365</u>	<u>8,671</u>	<u>109,702</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	78,500	-	-	190,000	268,500
Transfers out	-	(190,000)	-	(78,500)	(268,500)
	<u>78,500</u>	<u>(190,000)</u>	<u>-</u>	<u>111,500</u>	<u>-</u>
Net other financing sources (uses)					
NET CHANGES IN FUND BALANCES	(156,145)	114,311	31,365	120,171	109,702
FUND BALANCES - BEGINNING	<u>1,440,902</u>	<u>548,671</u>	<u>-</u>	<u>1,518,702</u>	<u>3,508,275</u>
FUND BALANCES - ENDING	<u>\$ 1,284,757</u>	<u>\$ 662,982</u>	<u>\$ 31,365</u>	<u>\$ 1,638,873</u>	<u>\$ 3,617,977</u>

See notes to financial statements

Spring Lake Township

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds
(Continued)**

Year ended March 31, 2019

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 15) \$ 109,702

Amounts reported for *governmental activities* in the statement of activities (page 13) are different because:

Capital assets:

Add - capital asset acquisitions	857,702
Deduct - provision for depreciation	(493,401)
Deduct - asset dispositions	(1,875)

Long-term debt:

Add - principal repayments	150,000
Add - premium amortization	7,669

Changes in other liabilities:

Decrease in accrued interest payable	1,900
Decrease in deferred inflows of resources	(35,133)
Decrease in compensated absences	262
Decrease in net other postemployment obligation	<u>103,928</u>

Change in net position of *governmental activities* \$ 700,754

STATEMENT OF NET POSITION - proprietary funds

March 31, 2019

	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 319,454	\$ 3,040,921	\$ 3,360,375
Investments	2,503,426	-	2,503,426
Receivables	362,727	377,798	740,525
Prepaid expenses	13,574	11,872	25,446
	<u>3,199,181</u>	<u>3,430,591</u>	<u>6,629,772</u>
Total current assets			
Noncurrent assets:			
Receivables	37,594	718,726	756,320
Land	50,900	-	50,900
Depreciable capital assets, net	7,954,334	8,696,755	16,651,089
	<u>8,042,828</u>	<u>9,415,481</u>	<u>17,458,309</u>
Total noncurrent assets			
	<u>11,242,009</u>	<u>12,846,072</u>	<u>24,088,081</u>
Total assets			
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	-	7,398	7,398
	<u>-</u>	<u>7,398</u>	<u>7,398</u>
LIABILITIES			
Current liabilities:			
Payables	86,077	57,105	143,182
Unearned revenue	2,500,000	-	2,500,000
Current portion of bonds and contracts payable	50,000	-	50,000
	<u>2,636,077</u>	<u>57,105</u>	<u>2,693,182</u>
Total current liabilities			
Noncurrent liabilities:			
Compensated absences	1,160	2,155	3,315
Other postemployment obligation, net	76,427	141,937	218,364
Bonds and contracts payable	2,350,009	4,412,668	6,762,677
	<u>2,427,596</u>	<u>4,556,760</u>	<u>6,984,356</u>
Total noncurrent liabilities			
	<u>5,063,673</u>	<u>4,613,865</u>	<u>9,677,538</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred amount on bond refunding	-	394,746	394,746
	<u>-</u>	<u>394,746</u>	<u>394,746</u>
NET POSITION			
Net investment in capital assets	5,605,225	3,896,739	9,501,964
Unrestricted	573,111	3,948,120	4,521,231
	<u>5,605,225</u>	<u>3,948,120</u>	<u>4,521,231</u>
Total net position			
	<u>\$ 6,178,336</u>	<u>\$ 7,844,859</u>	<u>\$ 14,023,195</u>

See notes to financial statements

Spring Lake Township

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - *proprietary funds*

Year ended March 31, 2019

	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 1,103,126	\$ 1,665,254	\$ 2,768,380
Other	<u>33,254</u>	<u>185,709</u>	<u>218,963</u>
Total operating revenues	<u>1,136,380</u>	<u>1,850,963</u>	<u>2,987,343</u>
OPERATING EXPENSES			
Personnel costs	151,904	300,687	452,591
Sewage treatment	707,953	-	707,953
Water distribution	-	561,130	561,130
Repairs and maintenance	68,512	28,466	96,978
Administration	118,600	135,600	254,200
Contracted services	243,000	48,017	291,017
Utilities	69,136	19,157	88,293
Other	47,705	53,217	100,922
Depreciation	<u>397,117</u>	<u>485,541</u>	<u>882,658</u>
Total operating expenses	<u>1,803,927</u>	<u>1,631,815</u>	<u>3,435,742</u>
OPERATING INCOME (LOSS)	<u>(667,547)</u>	<u>219,148</u>	<u>(448,399)</u>
NONOPERATING REVENUES (EXPENSES)			
Debt service charges	221,435	-	221,435
State grant	184,909	-	184,909
Interest revenue	10,265	49,526	59,791
Gain on sale of capital assets	10,783	7,010	17,793
Interest expense	<u>(76,215)</u>	<u>(211,451)</u>	<u>(287,666)</u>
Net nonoperating revenues (expenses)	<u>351,177</u>	<u>(154,915)</u>	<u>196,262</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>(316,370)</u>	<u>64,233</u>	<u>(252,137)</u>
CONTRIBUTIONS			
Connection fees	88,947	134,323	223,270
Special assessments	<u>18,470</u>	<u>31,303</u>	<u>49,773</u>
Total contributions	<u>107,417</u>	<u>165,626</u>	<u>273,043</u>
CHANGES IN NET POSITION	(208,953)	229,859	20,906
NET POSITION - BEGINNING	<u>6,387,289</u>	<u>7,615,000</u>	<u>14,002,289</u>
NET POSITION - ENDING	<u>\$ 6,178,336</u>	<u>\$ 7,844,859</u>	<u>\$ 14,023,195</u>

See notes to financial statements

Spring Lake Township

STATEMENT OF CASH FLOWS - proprietary funds

Year ended March 31, 2019

	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,110,516	\$ 1,838,049	\$ 2,948,565
Payments to suppliers	(1,290,169)	(972,894)	(2,263,063)
Payments to employees	(105,572)	(212,927)	(318,499)
Net cash provided by (used in) operating activities	<u>(285,225)</u>	<u>652,228</u>	<u>367,003</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State grants	210,062	-	210,062
Increase in unearned revenue	2,500,000	-	2,500,000
Net cash provided by noncapital financing activities	<u>2,710,062</u>	<u>-</u>	<u>2,710,062</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt service charges	221,435	-	221,435
Connection fees	88,947	134,323	223,270
Collection of special assessment principal	32,178	71,690	103,868
Collection on notes receivable	-	19,730	19,730
Proceeds from sale of capital assets	10,783	7,010	17,793
Acquisition of capital assets	(17,456)	(102,103)	(119,559)
Principal payments on capital debt	(125,000)	(155,287)	(280,287)
Interest payments on capital debt	(75,435)	(234,070)	(309,505)
Net cash provided by (used in) capital and related financing activities	<u>135,452</u>	<u>(258,707)</u>	<u>(123,255)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(2,500,000)	-	(2,500,000)
Interest received	5,459	37,516	42,975
Net cash provided by (used in) investing activities	<u>(2,494,541)</u>	<u>37,516</u>	<u>(2,457,025)</u>
NET CHANGE IN CASH	65,748	431,037	496,785
CASH - BEGINNING	<u>253,706</u>	<u>2,609,884</u>	<u>2,863,590</u>
CASH - ENDING	<u>\$ 319,454</u>	<u>\$ 3,040,921</u>	<u>\$ 3,360,375</u>

See notes to financial statements

Spring Lake Township

STATEMENT OF CASH FLOWS - proprietary funds (Continued)

Year ended March 31, 2019

	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (667,547)	\$ 219,148	\$ (448,399)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	397,117	485,541	882,658
Decrease in receivables	(25,864)	(12,914)	(38,778)
Increase in prepaid expenses	8,827	(2,195)	6,632
Increase (decrease) in payables	1,369	(38,973)	(37,604)
Decrease in compensated absences	347	645	992
Decrease in other postemployment obligation, net	<u>526</u>	<u>976</u>	<u>1,502</u>
Net cash provided by (used in) operating activities	<u>\$ (285,225)</u>	<u>\$ 652,228</u>	<u>\$ 367,003</u>

See notes to financial statements

Spring Lake Township

STATEMENT OF ASSETS AND LIABILITIES - agency funds

March 31, 2019

ASSETS

Cash	\$	44,010
Due from other governmental units		697
Due from others		<u>3,353</u>
Total assets	\$	<u><u>48,060</u></u>

LIABILITIES

Accounts payable	\$	5,188
Due to other governmental units		8,219
Escrow deposits		<u>34,653</u>
Total liabilities	\$	<u><u>48,060</u></u>

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Spring Lake Township, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting entity:

As required by generally accepted accounting principles, these financial statements present only the Township (located in Ottawa County), as management has determined that there are no other entities for which the Township is financially accountable.

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 Township. The effect of interfund activity has been removed from these statements. Governmental activities, normally 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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 government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 funds financial statements. Revenues are recorded when earned and expenses are recorded when a 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds 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 if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, 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. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund, a special revenue fund, accounts for the financial resources used for fire department operations and capital costs. Revenues are derived primarily from a Township-wide special assessment.

The Harbor Transit Fund, a special revenue fund, accounts for the financial resources provided to the Harbor Transit Authority. Revenues are derived from property taxes and state grants.

The Township reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the Township's sewage collection system.

The Water Fund accounts for the activities of the Township's water distribution system.

The Township also reports fiduciary funds, which account for assets held by the Township as an agent for individuals, private organizations, and other governments. The Township currently reports two fiduciary funds (the Tax Collection Fund and the Escrow Fund). Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or equity:

Cash and investments - Cash is considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

Receivables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund statements and the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or equity (continued):

Capital assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., sewer and water systems and bike paths), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the Township as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 - 40 years
Bike paths	15 - 25 years
Machinery and equipment	5 - 20 years
Vehicles	5 - 30 years
Sewer and water systems	30 - 50 years

Deferred outflows of resources - The statements of net position of the business-type activities and proprietary funds include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenses) until then. The Township has one item that qualifies for reporting in this category, a deferred charge on bond refunding. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is being amortized over the life of the refunding debt as a component of interest expense.

Compensated absences - It is the Township's policy to permit employees to accumulate earned but unused vacation pay benefits. Vested compensated absences are accrued when earned in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Deferred inflows of resources - The statements of net position of the business-type activities and proprietary funds and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element represents an increase in equity that applies to a future period. The related revenues will not be recognized until a future event occurs. The Township has one item that qualifies for reporting in this category in the statements of net position of the business-type activities and proprietary funds that relates to a deferred amount on bond refunding. A deferred amount on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is being amortized over the life of the refunded debt as a component of interest expense over the remaining life of the debt. The Township has two items that are included in this category in the governmental funds balance sheet: unavailable assessments and cost reimbursements, which are not recognized until available (collected not later than 60 days after the end of the Township's fiscal year), and are deferred and recognized as an inflow of resources in the period that the revenues become available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or equity (continued):

Postemployment benefits other than pensions - For purposes of measuring the net OPEB liability and OPEB expenses, information about the fiduciary net position of the Spring Lake Township Retiree Healthcare Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The Plan has no investments. The Township has elected to calculate the ADC and related information using the alternative measurement method permitted by GASB Statement 75 for employers in plans with fewer than one hundred (100) total plan members.

Net position - Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

Net position flow assumption - Sometimes, the Township 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 and unrestricted - net position in the government-wide and proprietary funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund equity - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are not in spendable form. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Township Board retains the authority to assign fund balance. Unassigned fund balance is the residual classification for the General Fund. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied each December 1 (lien date) on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. It is the Township's policy to recognize revenue from the tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township's general and special revenue funds. The budget document presents information by fund, function, activity, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year. There were no reportable budget violations during the fiscal year ended March 31, 2019.

NOTE 3 - CASH AND INVESTMENTS

Cash, as presented in the accompanying financial statements, as of March 31, 2019, was as follows:

	<u>Governmental activities</u>	<u>Proprietary activities</u>	<u>Agency activities</u>	<u>Totals</u>
Cash on hand	\$ 300	\$ -	\$ -	\$ 300
Deposits with financial institutions	<u>3,293,637</u>	<u>3,360,375</u>	<u>44,010</u>	<u>6,698,022</u>
Totals	<u>\$ 3,293,937</u>	<u>\$ 3,360,375</u>	<u>\$ 44,010</u>	<u>\$ 6,698,322</u>

Deposits - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township's investment policy does not specifically address custodial credit risk for deposits. At March 31, 2019, \$3,450,223 of the Township's bank balances of \$6,967,528 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments - State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two (2) highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds composed of otherwise legal investments; and f) investment pools organized under the local government investment pool act. The Township's investment policy does not address credit risk or interest rate risk for investments. The investment policy regarding concentration risk limits holdings, other than federal government obligations and investment pools, to 25% or less of total investments.

The Township's investments consist of holdings in the Cooperative Liquid Assets Securities System - Michigan (CLASS), a local government investment pool established under Michigan state statutes for participating Michigan municipalities. This pool, which is a nonrisk categorized qualifying investment, is carried at fair value. The fair value of the Township's position in the pool is the same as the value of its pool shares. The fund is rated AAAM by Standard and Poor's; it is not subject to regulatory oversight and is not registered with the SEC; the pool issues a separate report, which is available at 15309 Meadowwood Drive, Grand Haven, Michigan, 49417.

Fair value measurement - The Township categorizes its fair value measurements 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 MBIA CLASS Fund was measured at net asset value (or its equivalent) as a practical expedient, and, accordingly, has not been classified in the fair value hierarchy.

NOTE 4 - RECEIVABLES

Receivables as of March 31, 2019, for the Township's individual major funds and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Accounts</u>	<u>Interest</u>	<u>Assessments</u>	<u>Intergovernmental</u>	<u>Totals</u>
Governmental:						
General	\$ 37,299	\$ 55,898	\$ 8,150	\$ 61,152	\$ 165,249	\$ 327,748
Fire	-	998	4,330	26,849	-	32,177
Harbor transit	13,541	-	-	-	31,365	44,906
Nonmajor	<u>22,014</u>	<u>-</u>	<u>11,990</u>	<u>2,051</u>	<u>41,751</u>	<u>77,806</u>
Total governmental	<u>\$ 72,854</u>	<u>\$ 56,896</u>	<u>\$ 24,470</u>	<u>\$ 90,052</u>	<u>\$ 238,365</u>	<u>\$ 482,637</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,559</u>	<u>\$ -</u>	<u>\$ 50,559</u>
Proprietary:						
Sewer	\$ -	\$ 353,447	\$ 1,380	\$ 45,494	\$ -	\$ 400,321
Water	<u>-</u>	<u>304,688</u>	<u>36,556</u>	<u>83,483</u>	<u>671,797</u>	<u>1,096,524</u>
Total proprietary	<u>\$ -</u>	<u>\$ 658,135</u>	<u>\$ 37,936</u>	<u>\$ 128,977</u>	<u>\$ 671,797</u>	<u>\$ 1,496,845</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,779</u>	<u>\$ 627,541</u>	<u>\$ 756,320</u>

All receivables are considered fully collectible.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2019, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Change in Classification</u>	<u>Ending balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,946,989	\$ 288,626	\$ -	\$ -	\$ 2,235,615
Construction in progress	<u>406,477</u>	<u>55,601</u>	<u>-</u>	<u>(406,477)</u>	<u>55,601</u>
Total capital assets not being depreciated	<u>2,353,466</u>	<u>344,227</u>	<u>-</u>	<u>(406,477)</u>	<u>2,291,216</u>
Capital assets being depreciated:					
Land improvements	7,623,864	232,099	-	406,477	8,262,440
Buildings and improvements	5,414,299	-	-	-	5,414,299
Machinery and equipment	<u>2,480,762</u>	<u>281,376</u>	<u>(15,000)</u>	<u>-</u>	<u>2,747,138</u>
Subtotal	<u>15,518,925</u>	<u>513,475</u>	<u>(15,000)</u>	<u>406,477</u>	<u>16,423,877</u>
Less accumulated depreciation for:					
Land improvements	(4,473,305)	(240,267)	-	-	(4,713,572)
Buildings and improvements	(689,246)	(121,506)	-	-	(810,752)
Machinery and equipment	<u>(1,282,931)</u>	<u>(131,628)</u>	<u>13,125</u>	<u>-</u>	<u>(1,401,434)</u>
Subtotal	<u>(6,445,482)</u>	<u>(493,401)</u>	<u>13,125</u>	<u>-</u>	<u>(6,925,758)</u>
Total capital assets being depreciated, net	<u>9,073,443</u>	<u>20,074</u>	<u>(1,875)</u>	<u>406,477</u>	<u>9,498,119</u>
Governmental activities capital assets, net	<u>\$11,426,909</u>	<u>\$ 364,301</u>	<u>\$ (1,875)</u>	<u>\$ -</u>	<u>\$11,789,335</u>

Depreciation expense was charged to the Township's governmental functions as follows:

Governmental activities:	
General government	\$ 19,974
Public safety	220,946
Recreation and culture	<u>252,481</u>
Total governmental activities	<u>\$ 493,401</u>

NOTE 5 - CAPITAL ASSETS (Continued)

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities:				
Capital assets not being depreciated - land	\$ 50,900	\$ -	\$ -	\$ 50,900
Capital assets being depreciated:				
Buildings	323,815	-	-	323,815
Machinery and equipment	2,042,793	119,559	(24,860)	2,137,492
Sewer system	15,554,474	-	-	15,554,474
Water system	17,739,968	-	-	17,739,968
Subtotal	<u>35,661,050</u>	<u>119,559</u>	<u>(24,860)</u>	<u>35,755,749</u>
Less accumulated depreciation for:				
Buildings	(155,429)	(10,353)	-	(165,782)
Machinery and equipment	(1,637,896)	(71,731)	24,860	(1,684,767)
Sewer system	(7,294,451)	(386,196)	-	(7,680,647)
Water system	(9,159,086)	(414,378)	-	(9,573,464)
Subtotal	<u>(18,246,862)</u>	<u>(882,658)</u>	<u>24,860</u>	<u>(19,104,660)</u>
Total capital assets being depreciated, net	<u>17,414,188</u>	<u>(763,099)</u>	<u>-</u>	<u>16,651,089</u>
Business-type activities capital assets, net	<u>\$17,465,088</u>	<u>\$ (763,099)</u>	<u>\$ -</u>	<u>\$16,701,989</u>

NOTE 6 - PAYABLES

Payables as of March 31, 2019, for the Township's individual major funds and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Intergovern- mental</u>	<u>Interest</u>	<u>Totals</u>
Governmental:					
General	\$ 89,157	\$ 17,124	\$ -	\$ -	\$ 106,281
Fire	12,042	21,274	-	-	33,316
Harbor transit	-	-	13,541	-	13,541
Nonmajor	<u>8,832</u>	<u>-</u>	<u>11,392</u>	<u>-</u>	<u>20,224</u>
Total governmental	<u>\$ 110,031</u>	<u>\$ 38,398</u>	<u>\$ 24,933</u>	<u>\$ -</u>	<u>\$ 173,362</u>
Proprietary:					
Sewer	\$ 75,946	\$ 10,131	\$ -	\$ -	\$ 86,077
Water	<u>48,017</u>	<u>9,088</u>	<u>-</u>	<u>-</u>	<u>57,105</u>
Total proprietary	<u>\$ 123,963</u>	<u>\$ 19,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,182</u>

NOTE 7 - LONG-TERM LIABILITIES:

Governmental activities:

Bonds payable:

\$3,500,000 2015 General obligation bonds - payable in annual installments ranging from \$145,000 to \$225,000, plus interest at 3.00%; final payment due May 2035 \$ 3,060,000

2015 General obligation bond premium 122,702

Total bonds 3,182,702

Compensated absences 5,227

Total governmental activities \$ 3,187,929

Business-type activities:

Contracts payable:

\$992,635 2010 Ottawa County water system refunding bonds - payable in annual installments ranging from \$15,579 to \$124,636, plus interest at 2.000% to 2.625%; final payment due May 2021 \$ 242,595

\$840,000 2011 Ottawa County sewage disposal bonds - payable in annual installments ranging from \$20,000 to \$80,000, plus interest at 3.50% to 4.50%; final payment due March 2031 760,000

\$5,197,708 2016 Ottawa County water supply system refunding bonds - payable in annual installments ranging from \$46,593 to \$408,983, plus interest at 4.60%; final payment due May 2034 4,170,073

Bonds payable:

\$2,337,414 2011 Sewer capital improvement bonds - payable in annual installments ranging from \$97,405 to \$140,009, plus interest at 2.50%; final payment due April 2032 1,640,009

Total contracts and bonds payable 6,812,677

Compensated absences 3,315

Total business-type activities \$ 6,815,992

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity for the year ended March 31, 2019, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
Bonds - 2015 General obligation bonds	\$ 3,210,000	\$ -	\$ (150,000)	\$ 3,060,000	\$ 150,000
Premium - 2015 General obligation bonds	130,371	-	(7,669)	122,702	-
Total bonds	3,340,371	-	(157,669)	3,182,702	150,000
Compensated absences	5,489	55,102	(55,364)	5,227	-
Total governmental activities	<u>\$ 3,345,860</u>	<u>\$ 55,102</u>	<u>\$ (213,033)</u>	<u>\$ 3,187,929</u>	<u>\$ 150,000</u>
Business-type activities:					
Contracts with Ottawa County:					
2010 Water refunding bonds	\$ 353,877	\$ -	\$ (111,282)	\$ 242,595	\$ -
2011 Wastewater bonds	780,000	-	(20,000)	760,000	50,000
2016 Water refunding bonds	4,214,078	-	(44,005)	4,170,073	-
Bonds payable - 2011 Sewer capital improvement bonds	1,745,009	-	(105,000)	1,640,009	-
Total contracts and bonds	7,092,964	-	(280,287)	6,812,677	50,000
Compensated absences	2,323	14,036	(13,044)	3,315	-
Total business-type activities	<u>\$ 7,095,287</u>	<u>\$ 14,036</u>	<u>\$ (293,331)</u>	<u>\$ 6,815,992</u>	<u>\$ 50,000</u>

At March 31, 2019, debt service requirements, with the exception of compensated absences, are as follows:

<u>Year ended March 31,</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 150,000	\$ 101,950	\$ 50,000	\$ 171,872
2021	155,000	97,375	301,078	265,947
2022	155,000	92,725	369,702	256,173
2023	160,000	88,000	408,142	243,473
2024	160,000	83,200	431,085	228,736
2025 - 2029	855,000	341,075	2,365,556	893,186
2030 - 2034	985,000	188,175	2,478,132	364,008
2035 - 2037	440,000	17,800	408,982	10,225
Totals	<u>\$ 3,060,000</u>	<u>\$ 1,010,300</u>	<u>\$ 6,812,677</u>	<u>\$ 2,433,620</u>

All debt is secured by the full faith and credit of the Township.

NOTE 7 - LONG-TERM LIABILITIES (Continued)

In connection with debt refunding in a prior year, the Township has recognized the difference between the reacquisition price and the net carrying amount of the refunded debt (\$7,398 at March 31, 2019) as a deferred outflow of resources. The deferred charge on refunding is being amortized as a component of interest expense (\$3,698 in 2019) over the remaining life of the new debt, through 2021. In connection with debt refunding in a prior year, the Township has recognized the difference between the reacquisition price and the net carrying amount of the refunded debt (\$394,746 at March 31, 2019) as a deferred inflow of resources. The deferred amount on refunding is being amortized as a component of interest expense (\$26,316 in 2019) over the remaining life of the new debt, through 2034.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan description:

The Spring Lake Township Retiree Healthcare Plan (the Plan) is a single-employer, defined benefit healthcare plan administered by the Township, which provides healthcare benefits to eligible retirees and their spouses. The Plan was established by the Township and can be amended at its discretion. The Plan does not issue a separate stand-alone financial statement, is not advance funded, and is not administered through a trust agreement.

Benefits provided:

Eligible recipients include retirees and their spouses at April 1, 2007, and all full-time employees employed at April 1, 2007, who have reached age 62 and have worked at least 20 years for the Township upon their retirement from the Township. Employees hired after April 1, 2007, receive no postemployment healthcare benefits. The Township obtains healthcare coverage through private insurers.

Employees covered by benefit terms:

As of March 31, 2019, Plan membership consisted of the following:

Inactive participants receiving benefits	5
Active participants	<u>5</u>
Total participants	<u><u>10</u></u>

Contributions:

The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. In other words, the Plan may be financed on a “pay-as-you-go” basis. Plan participants are not required to make contributions to the Plan. There are no long-term contracts for contributions to the Plan and the Plan has no legally required reserves. For the year ended March 31, 2019, the Township contributed \$27,098 to the Plan.

Annual OPEB cost and net OPEB obligation:

The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *actuarially determined contribution of the employer (ADC)*. The Township has elected to calculate the ADC, and related information, using the alternative measurement method permitted by GASB Statement No. 75 for employers in plans with fewer than one hundred (100) total plan members. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)*Net OPEB liability:*

The total OPEB liability was determined by a valuation, using the alternative measurement method, as of March 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	3.50%
Investment rate of return	Not applicable as the Plan is not funded.
20-year Aa Municipal bond rate	3.00%
Mortality	2015 life tables for males and females, as appropriate, from the Social Security Administration

The discount rate used to measure the total OPEB liability was 3.0%. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted as a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. The first year end of required compliance with GASB Statement No. 75 is March 31, 2019, so there is no required discount rate change to disclose.

Changes in the net OPEB liability:

	<i>Increase (decrease)</i>		
	<i>Total OPEB liability</i> <i>(a)</i>	<i>Plan fiduciary net position</i> <i>(b)</i>	<i>Net OPEB liability (asset)</i> <i>(a) - (b)</i>
Balances at March 31, 2018	\$ 1,086,522	\$ -	\$ 1,086,522
Changes for the year:			
Service cost	18,872	-	18,872
Interest	32,473	-	32,473
Change in assumptions	(126,673)	-	(126,673)
Benefit payments	(27,098)	-	(27,098)
Net changes	(102,426)	-	(102,426)
Balances at March 31, 2019	\$ 984,096	\$ -	\$ 984,096

Sensitivity of the net OPEB liability to changes in the discount rate:

The following schedule presents the net OPEB liability of the Township, calculated using discount rates 1% higher and lower than the current rate of 3.0%:

	<i>Current</i>		
	<i>1% decrease</i>	<i>discount rate</i>	<i>1% increase</i>
Total OPEB liability	\$ 1,106,340	\$ 984,096	\$ 904,693

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:

The following schedule presents the net OPEB liability of the Township, calculated using healthcare cost trend rates 1% higher and lower than the current rate:

	<u>1% decrease</u>	<u>Current healthcare trend rate</u>	<u>1% increase</u>
Total OPEB liability	\$ 899,932	\$ 984,096	\$ 1,115,539

OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB Plan:

For the fiscal year ended March 31, 2019, the Township recognized OPEB expense of (\$75,328). At March 31, 2019, the Township reported no deferred outflows of resources or deferred inflows of resources related to OPEB, due to the use of the alternative measurement method, as allowed by GASB Statement No. 75.

NOTE 9 - INTERFUND TRANSFER

During the fiscal year ended March 31, 2019, the Fire Fund transferred \$190,000 to the Fire Replacement Fund, a nonmajor governmental fund, for future capital acquisitions of the Fire Department. The Cemetery Fund transferred \$78,500 to the General Fund to cover higher than anticipated cemetery costs paid by the General Fund during the year.

NOTE 10 - TAX REVENUE

The 2018 taxable valuation of the Township approximated \$764,336,000, on which ad valorem taxes levied consisted of the following:

<u>Fund</u>	<u>Millage</u>	<u>Millage rate</u>	<u>Revenues raised</u>
General	Operating	0.7500	\$ 551,000
Bike Path	Bike Path	0.4550	334,000
Harbor Transit	Harbor Transit	0.5800	425,000
Nonmajor	Museum	0.2440	179,000
Nonmajor	Aging Council	0.2440	179,000

These amounts are recognized in the fund financial statements as property tax revenue.

NOTE 11 - TAX ABATEMENTS

The Township enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within the Township. Each agreement was negotiated under a state law, which allows local units to abate property taxes for a variety of economic development purposes. The abatements may be granted to local businesses located within the Township or promising to relocate within the Township. Depending on the statute referenced for a particular abatement, the Township may grant abatements of up to 70% of annual property taxes through a direct reduction of the entity's property tax bill, not to exceed twelve years. Depending on the terms of the agreement and state law, abated taxes may be subject to recapture upon default of the entity. The Township has not made any commitments as part of the agreements other than to reduce taxes. The Township is not subject to any tax abatement agreements entered into by other governmental entities.

For the fiscal year ended March 31, 2019, the Township abated property taxes totaling \$9,580 under Public Act 198 of 1974, related to industrial facilities.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN

The Township and its employees contribute to the Township of Spring Lake Group Pension Plan, a defined contribution pension plan, which is administered by a third-party administrator. Each full-time employee and firefighter is eligible to participate in the Plan. The members of the Township Board, with the exception of the Clerk, are ineligible to participate in the Plan.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. Contributions to the Plan are discretionary. Each year, the Township Board may make a contribution to the Plan and will determine the amount of any contribution, though no contribution is required. In fiscal year 2019, the Township contributed 10% of covered payroll of qualifying employees. Employees are not permitted to make contributions to the Plan. For the year ended March 31, 2019, the Township incurred pension expense in the amount of \$103,775. At March 31, 2019, the Township reported no accrued liability as part of the contributions to the plan.

The Township's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested after two years of service. Any forfeitures shall be used to reduce the administrative expenses of the Plan or reduce the employer contribution for the plan year.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

NOTE 13 - OPERATING LEASE

In 2015, the Township began leasing office facilities from the Village of Spring Lake under a five (5) year operating lease. The agreement provides that after two and one-half (2.5) years, and every twelve (12) months thereafter, the lease shall automatically extend one year, unless terminated by either party. Written notice to terminate must be provided thirty (30) months prior to the termination date. The total costs associated with this lease were \$45,744 during the fiscal year ended March 31, 2019. The future minimum lease payments for this lease are as follows:

<i>Year ended</i>	
<u>March 31,</u>	<u>Amount</u>
2020	\$ 45,744
2021	45,744
2022	<u>45,744</u>
	<u>\$ 137,232</u>

NOTE 14 - CONSTRUCTION CODE ACT

A summary of construction code enforcement transactions for the year ended March 31, 2019, is as follows:

Cumulative excess revenues, beginning of year	<u>\$ -</u>
Revenues	\$ 189,964
Expenses	<u>160,241</u>
Excess of revenues over expenses	<u>\$ 29,723</u>
Cumulative excess revenues, end of year	<u>\$ 29,723</u>

NOTE 15 - JOINT VENTURES

The Township is a member of the Grand Haven - Spring Lake Sewer Authority (the Authority). The purpose of the Authority is to acquire, own, improve, enlarge, extend, and operate a sewage disposal system. The participating communities (the Cities of Grand Haven and Ferrysburg, the Townships of Spring Lake and Grand Haven, the Village of Spring Lake, and the County of Ottawa) pay a set rate to the Authority to process waste. In the current year, the Township paid \$696,088 to the Authority for sewage treatment. Payables of the Sewer Fund include \$67,529 due to the Authority. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street).

The Township is also a member of the Northwest Ottawa Water System (NOWS). The purpose of NOWS is to acquire, construct, finance, operate, and maintain a water production facility. The participating communities (the Cities of Grand Haven and Ferrysburg, the Townships of Spring Lake and Grand Haven, the Village of Spring Lake, and the County of Ottawa) pay for water at a rate that is estimated to cover operation, maintenance, replacement, and debt service. In the current year, the Township paid \$561,130 to the plant to purchase water. Payables of the Water Fund include \$30,449 due to NOWS. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street).

The governing documents of the Authority and NOWS do not explicitly convey an equity interest to its members. The Township is unaware of any indication that either joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause a benefit or burden on the Township in the near future.

NOTE 16 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, and employee medical claims. The risks of loss arising from general liability up to \$5,000,000, property losses, workers' compensation, and employee medical costs are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

NOTE 17 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been recorded in fiscal year 2019 to correct the accounting for a capital asset, and related debt, that are not the responsibility of the Township, that resulted in a restatement of opening net position. Net position, as of April 1, 2018, included in the financial statements, represents restated balances, as presented below.

	<u>Net position</u>	
	<u>Business-type activities</u>	<u>Sewer Fund</u>
Beginning of year, as previously reported	\$ 13,976,226	\$ 6,258,765
Prior period adjustment:		
Overstatement of capital assets	(346,608)	(346,608)
Overstatement of long-term debt	<u>525,390</u>	<u>525,390</u>
Beginning of year, as restated	<u>\$ 14,155,008</u>	<u>\$ 6,437,547</u>

NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE

Effective April 1, 2018, the Township adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. As a result, the government-wide and proprietary fund financial statements now include a liability for other postemployment benefits, known as the net OPEB liability. Some of the changes in the net OPEB liability are recognized immediately, as part of OPEB expense, and other changes will be deferred and recognized over future years. See Note 8 for more details.

The cumulative effect of this new accounting standard was a decrease in opening net position of governmental activities, business-type activities, and proprietary funds at April 1, 2018, to record the net OPEB liability, as shown below. The adoption of GASB Statement No. 75 did not affect the beginning of year equity of any governmental fund.

	<u>Net position</u>			
	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Proprietary funds</u>	
			<u>Sewer Fund</u>	<u>Water Fund</u>
Beginning of year, as previously reported, after effect of prior period adjustment	\$11,373,836	\$14,155,008	\$ 6,437,547	\$ 7,717,461
Cumulative effect of change in accounting principle:				
Net OPEB liability	<u>(599,062)</u>	<u>(152,719)</u>	<u>(50,258)</u>	<u>(102,461)</u>
Beginning of year, as restated	<u>\$10,774,774</u>	<u>\$14,002,289</u>	<u>\$ 6,387,289</u>	<u>\$ 7,615,000</u>

NOTE 19 - PENDING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for periods beginning after December 15, 2019. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

REQUIRED SUPPLEMENTARY INFORMATION

Spring Lake Township

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended March 31, 2019

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 831,100	\$ 866,100	\$ 843,575	\$ (22,525)
Licenses and permits	431,600	438,600	432,060	(6,540)
State grants	1,078,000	1,078,000	1,095,479	17,479
Charges for services	126,000	126,000	99,333	(26,667)
Interest and rentals	19,000	27,500	42,451	14,951
Other	14,100	18,500	46,678	28,178
Total revenues	<u>2,499,800</u>	<u>2,554,700</u>	<u>2,559,576</u>	<u>4,876</u>
EXPENDITURES				
General government:				
Legislative	25,900	25,900	25,836	64
Supervisor	69,700	83,200	77,362	5,838
Manager	168,400	173,600	170,750	2,850
Elections	44,700	37,500	33,969	3,531
Assessor	248,800	281,600	268,043	13,557
Clerk	186,200	188,700	177,096	11,604
Finance	171,900	225,800	218,204	7,596
Treasurer	43,700	52,600	49,483	3,117
Cemetery	178,600	286,600	261,285	25,315
General administration	108,000	116,300	88,336	27,964
Fund administration fees	(254,200)	(254,200)	(254,200)	-
Total general government	<u>991,700</u>	<u>1,217,600</u>	<u>1,116,164</u>	<u>101,436</u>
Public safety:				
Police protection	180,700	180,700	172,867	7,833
Code inspections	195,500	179,900	161,853	18,047
Total public safety	<u>376,200</u>	<u>360,600</u>	<u>334,720</u>	<u>25,880</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2019

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES				
Public works:				
Road maintenance	\$ 253,300	\$ 253,300	\$ 201,809	\$ 51,491
Drain maintenance	80,000	80,000	38,989	41,011
Total public works	<u>333,300</u>	<u>333,300</u>	<u>240,798</u>	<u>92,502</u>
Community and economic development	<u>174,700</u>	<u>169,100</u>	<u>163,439</u>	<u>5,661</u>
Recreation and culture	<u>251,900</u>	<u>338,900</u>	<u>313,762</u>	<u>25,138</u>
Capital outlay	<u>68,000</u>	<u>391,000</u>	<u>368,388</u>	<u>22,612</u>
Debt service - principal	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Debt service - interest	<u>107,000</u>	<u>107,000</u>	<u>106,950</u>	<u>50</u>
Total expenditures	<u>2,452,800</u>	<u>3,067,500</u>	<u>2,794,221</u>	<u>273,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	47,000	(512,800)	(234,645)	278,155
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>78,500</u>	<u>78,500</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	47,000	(434,300)	(156,145)	278,155
FUND BALANCES - BEGINNING	<u>1,440,902</u>	<u>1,440,902</u>	<u>1,440,902</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,487,902</u>	<u>\$ 1,006,602</u>	<u>\$ 1,284,757</u>	<u>\$ 278,155</u>

Spring Lake Township

BUDGETARY COMPARISON SCHEDULE - Fire Fund

Year ended March 31, 2019

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Interest	\$ 100	\$ 100	\$ 5,258	\$ 5,158
Other:				
Special assessments	835,000	835,000	861,546	26,546
Miscellaneous	<u>700</u>	<u>700</u>	<u>8,496</u>	<u>7,796</u>
Total revenues	835,800	835,800	875,300	39,500
EXPENDITURES				
Public safety	<u>606,200</u>	<u>606,200</u>	<u>570,989</u>	<u>35,211</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	229,600	229,600	304,311	74,711
OTHER FINANCING USES				
Transfer out - Fire Replacement Fund	<u>(190,000)</u>	<u>(190,000)</u>	<u>(190,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	39,600	39,600	114,311	74,711
FUND BALANCES - BEGINNING	<u>548,671</u>	<u>548,671</u>	<u>548,671</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 588,271</u>	<u>\$ 588,271</u>	<u>\$ 662,982</u>	<u>\$ 74,711</u>

Spring Lake Township

BUDGETARY COMPARISON SCHEDULE - Harbor Transit Fund

Year ended March 31, 2019

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 430,000	\$ 430,000	\$ 425,496	\$ (4,504)
State grants	-	-	31,365	31,365
	<u>430,000</u>	<u>430,000</u>	<u>456,861</u>	<u>26,861</u>
Total revenues	430,000	430,000	456,861	26,861
EXPENDITURES				
Recreation and culture	<u>430,000</u>	<u>430,000</u>	<u>425,496</u>	<u>4,504</u>
NET CHANGES IN FUND BALANCES	-	-	31,365	22,357
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,365</u>	<u>\$ 22,357</u>

Spring Lake Township

SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET OPEB LIABILITY AND RELATED RATIOS

Year ended March 31, 2019

	<u>2019</u>
Total OPEB liability:	
Service cost	\$ 18,872
Interest	32,473
Changes in assumptions	(126,673)
Benefit payments, including refunds	<u>(27,098)</u>
Net change in total OPEB liability	(102,426)
Total OPEB liability, beginning of year	<u>1,086,522</u>
Total OPEB liability, end of year	<u><u>\$ 984,096</u></u>
Plan fiduciary net position:	
Employer contributions	\$ 27,098
Benefit payments, including refunds	<u>(27,098)</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position, beginning of year	<u>\$ -</u>
Plan fiduciary net position, end of year	<u><u>\$ -</u></u>
Township's net OPEB liability, end of year	<u><u>\$ 984,096</u></u>
Plan fiduciary net position as a percent of total OPEB liability	0.00%
Covered employee payroll	\$ 289,937
Township's net OPEB liability as a percentage of covered employee payroll	29.5%

Note: This schedule is being built prospectively after the implementation of GASB Statement No. 75 in 2019. Ultimately, ten years of data will be presented.

SCHEDULE OF TOWNSHIP OPEB CONTRIBUTIONS

Year ended March 31, 2019

	2019
Actuarially determined contributions	\$ 54,186
Contributions in relation to the actuarially determined contributions	27,098
Contribution excess/(deficiency)	\$ (27,088)
Covered employee payroll	\$ 289,937
Contributions as a percentage of covered employee payroll	9.35%

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of March 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Inflation	3.50%	
Salary increases	3.50%	
Investment rate of return	Not applicable as the plan is not funded	
Healthcare cost trend rates	Initial rate of 8.5% decreasing 0.25% per year to a 4.5% long-term rate	
Mortality rates	2015 life tables for males and females, as appropriate, from the Social Security Administration	
Retirement age for active employees	Based on the historical average retirement age for the covered group, active plan members were assumed to retire (receiving benefits) at age sixty-two (62) or when first eligible for OPEB benefits. These assumptions are consistent with the first subsequent year in which the member would qualify for benefits.	
Turnover	Non-group-specific age-based turnover data from the Michigan Employee Retirement System (MERS 2015) experience study was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age.	

The actuarial assumptions used in the valuation were based on the Township's past experience, and State of Michigan and GASB Statement No. 75 requirements.

Ultimately, ten years of data will be presented.

SUPPLEMENTARY INFORMATION

Spring Lake Township

COMBINING BALANCE SHEET - nonmajor governmental funds

March 31, 2019

	<i>Special revenue funds</i>					<i>Capital project</i>	<i>Totals</i>
	<i>Bike Path</i>	<i>Street Lighting</i>	<i>Museum</i>	<i>Aging Council</i>	<i>Cemetery</i>	<i>Fire Replacement</i>	
ASSETS							
Cash	\$ 683,797	\$ 251,167	\$ -	\$ -	\$ 319,728	\$ 326,599	\$ 1,581,291
Receivables	30,767	2,051	19,039	19,039	3,440	3,470	77,806
Total assets	<u>\$ 714,564</u>	<u>\$ 253,218</u>	<u>\$ 19,039</u>	<u>\$ 19,039</u>	<u>\$ 323,168</u>	<u>\$ 330,069</u>	<u>\$ 1,659,097</u>
LIABILITIES AND FUND BALANCES							
Liabilities - payables	\$ 6,674	\$ 2,158	\$ 5,696	\$ 5,696	\$ -	\$ -	\$ 20,224
Fund balances:							
Restricted for:							
Public works	-	251,060	-	-	-	-	251,060
Health and welfare	-	-	-	13,343	-	-	13,343
Recreation and culture	-	-	13,343	-	-	-	13,343
Capital replacement	707,890	-	-	-	-	330,069	1,037,959
Assigned for cemetery	-	-	-	-	323,168	-	323,168
Total fund balances	<u>707,890</u>	<u>251,060</u>	<u>13,343</u>	<u>13,343</u>	<u>323,168</u>	<u>330,069</u>	<u>1,638,873</u>
Total liabilities and fund balances	<u>\$ 714,564</u>	<u>\$ 253,218</u>	<u>\$ 19,039</u>	<u>\$ 19,039</u>	<u>\$ 323,168</u>	<u>\$ 330,069</u>	<u>\$ 1,659,097</u>

Spring Lake Township

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2019

	<i>Special revenue funds</i>					<i>Capital project</i>	<i>Totals</i>
	<i>Bike Path</i>	<i>Street Lighting</i>	<i>Museum</i>	<i>Aging Council</i>	<i>Cemetery</i>	<i>Fire Replacement</i>	
REVENUES							
Property taxes	\$ 335,632	\$ -	\$ 179,229	\$ 179,254	\$ -	\$ -	\$ 694,115
State grants	25,489	-	13,343	13,343	-	-	52,175
Charges for services	-	-	-	-	22,785	-	22,785
Interest	7,253	1,518	-	-	3,665	3,834	16,270
Other - assessments	-	76,022	-	-	-	-	76,022
Total revenues	<u>368,374</u>	<u>77,540</u>	<u>192,572</u>	<u>192,597</u>	<u>26,450</u>	<u>3,834</u>	<u>861,367</u>
EXPENDITURES							
Current:							
Public works	-	130,370	-	-	-	-	130,370
Health and welfare	-	-	-	179,254	-	-	179,254
Recreation and culture	115,914	-	179,229	-	-	-	295,143
Capital outlay	247,929	-	-	-	-	-	247,929
Total expenditures	<u>363,843</u>	<u>130,370</u>	<u>179,229</u>	<u>179,254</u>	<u>-</u>	<u>-</u>	<u>852,696</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,531	(52,830)	13,343	13,343	26,450	3,834	8,671
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	190,000	190,000
Transfers out	-	-	-	-	(78,500)	-	(78,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,500)</u>	<u>190,000</u>	<u>111,500</u>
NET CHANGES IN FUND BALANCES	4,531	(52,830)	13,343	13,343	(52,050)	193,834	120,171
FUND BALANCES - BEGINNING	<u>703,359</u>	<u>303,890</u>	<u>-</u>	<u>-</u>	<u>375,218</u>	<u>136,235</u>	<u>1,518,702</u>
FUND BALANCES - ENDING	<u>\$ 707,890</u>	<u>\$ 251,060</u>	<u>\$ 13,343</u>	<u>\$ 13,343</u>	<u>\$ 323,168</u>	<u>\$ 330,069</u>	<u>\$ 1,638,873</u>

COMBINING STATEMENT OF ASSETS AND LIABILITIES - agency funds

March 31, 2019

	<u>Tax Collection</u>	<u>Escrow</u>	<u>Totals</u>
ASSETS			
Cash	\$ 9,635	\$ 34,375	\$ 44,010
Due from State of Michigan	697	-	697
Due from others	-	3,353	3,353
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 10,332</u>	<u>\$ 37,728</u>	<u>\$ 48,060</u>
LIABILITIES			
Accounts payable	\$ 2,113	\$ 3,075	\$ 5,188
Delinquent tax collections due to local units:			
Ottawa County	4,402	-	4,402
Tri-cities Museum	292	-	292
Four Pointes	292	-	292
Harbor Transit	694	-	694
Spring Lake Library	2,539	-	2,539
Escrow deposits	-	34,653	34,653
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 10,332</u>	<u>\$ 37,728</u>	<u>\$ 48,060</u>

Spring Lake Township

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$992,635 2010 OTTAWA COUNTY WATER SYSTEM REFUNDING BONDS**

March 31, 2019

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>May 1</i>	<i>November 1</i>			
2020	\$ -	\$ 3,110	5/1/19	\$ -	\$ 3,110
2021	3,110	1,637	5/1/20	117,959	122,706
2022	<u>1,636</u>	<u>-</u>	5/1/21	<u>124,636</u>	<u>126,272</u>
	<u>\$ 4,746</u>	<u>\$ 4,747</u>		<u>\$ 242,595</u>	<u>\$ 252,088</u>

Spring Lake Township

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$840,000 2011 OTTAWA COUNTY SEWAGE DISPOSAL BONDS**

March 31, 2019

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>September 1</i>	<i>March 1</i>			
2020	\$ 15,230	\$ 15,230	3/1/20	\$ 50,000	\$ 80,460
2021	14,355	14,355	3/1/21	55,000	83,710
2022	13,393	13,393	3/1/22	55,000	81,786
2023	12,430	12,430	3/1/23	55,000	79,860
2024	11,454	11,454	3/1/24	60,000	82,908
2025	10,344	10,344	3/1/25	60,000	80,688
2026	9,144	9,144	3/1/26	65,000	83,288
2027	7,803	7,803	3/1/27	65,000	80,606
2028	6,462	6,462	3/1/28	70,000	82,924
2029	4,975	4,975	3/1/29	70,000	79,950
2030	3,487	3,487	3/1/30	75,000	81,974
2031	1,800	1,800	3/1/31	80,000	83,600
	<u>\$ 110,877</u>	<u>\$ 110,877</u>		<u>\$ 760,000</u>	<u>\$ 981,754</u>

Spring Lake Township

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$2,337,414 2011 SEWER CAPITAL IMPROVEMENT BONDS**

March 31, 2019

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>October 1</i>	<i>April 1</i>			
2020	\$ 20,500	\$ 20,500	4/1/20	\$ 110,000	\$ 151,000
2021	19,125	19,125	4/1/21	115,000	153,250
2022	17,688	17,688	4/1/22	115,000	150,376
2023	16,250	16,250	4/1/23	120,000	152,500
2024	14,750	14,750	4/1/24	120,000	149,500
2025	13,250	13,250	4/1/25	125,000	151,500
2026	11,688	11,688	4/1/26	125,000	148,376
2027	10,125	10,125	4/1/27	130,000	150,250
2028	8,500	8,500	4/1/28	130,000	147,000
2029	6,875	6,875	4/1/29	135,000	148,750
2030	5,188	5,188	4/1/30	135,000	145,376
2031	3,500	3,500	4/1/31	140,000	147,000
2032	1,750	1,750	4/1/32	140,009	143,509
	<u>\$ 149,189</u>	<u>\$ 149,189</u>		<u>\$ 1,640,009</u>	<u>\$ 1,938,387</u>

Spring Lake Township

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$3,500,000 2015 GENERAL OBLIGATION BONDS**

March 31, 2019

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>November 1</i>	<i>May 1</i>			
2020	\$ 49,850	\$ 52,100	5/1/19	\$ 150,000	\$ 251,950
2021	47,525	49,850	5/1/20	155,000	252,375
2022	45,200	47,525	5/1/21	155,000	247,725
2023	42,800	45,200	5/1/22	160,000	248,000
2024	40,400	42,800	5/1/23	160,000	243,200
2025	37,925	40,400	5/1/24	165,000	243,325
2026	35,450	37,925	5/1/25	165,000	238,375
2027	32,900	35,450	5/1/26	170,000	238,350
2028	30,275	32,900	5/1/27	175,000	238,175
2029	27,575	30,275	5/1/28	180,000	237,850
2030	24,800	27,575	5/1/29	185,000	237,375
2031	21,000	24,800	5/1/30	190,000	235,800
2032	17,100	21,000	5/1/31	195,000	233,100
2033	13,000	17,100	5/1/32	205,000	235,100
2034	8,800	13,000	5/1/33	210,000	231,800
2035	4,500	8,800	5/1/34	215,000	228,300
2036	-	4,500	5/1/35	225,000	229,500
	<u>\$ 479,100</u>	<u>\$ 531,200</u>		<u>\$ 3,060,000</u>	<u>\$ 4,070,300</u>

Spring Lake Township

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$5,197,708 2016 OTTAWA COUNTY WATER SYSTEM REFUNDING BONDS**

March 31, 2019

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>May 1</i>	<i>November 1</i>			
2020	\$ -	\$ 97,302	5/1/19	\$ -	\$ 97,302
2021	97,302	96,939	5/1/20	18,119	212,360
2022	96,939	95,438	5/1/21	75,067	267,444
2023	95,438	90,675	5/1/22	238,142	424,255
2024	90,675	85,653	5/1/23	251,084	427,412
2025	85,653	80,476	5/1/24	258,850	424,979
2026	80,476	75,092	5/1/25	269,204	424,772
2027	75,092	69,502	5/1/26	279,558	424,152
2028	69,502	62,253	5/1/27	289,912	421,667
2029	62,253	54,553	5/1/28	308,031	424,837
2030	54,553	46,528	5/1/29	320,974	422,055
2031	46,528	38,116	5/1/30	336,505	421,149
2032	38,116	29,250	5/1/31	354,624	421,990
2033	29,250	19,996	5/1/32	370,156	419,402
2034	19,996	10,225	5/1/33	390,864	421,085
2035	10,225	-	5/1/34	408,983	419,208
	<u>\$ 951,998</u>	<u>\$ 951,998</u>		<u>\$ 4,170,073</u>	<u>\$ 6,074,069</u>