

Village of Vicksburg
Kalamazoo County, Michigan

FINANCIAL STATEMENTS

Year ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Village Council
Village of Vicksburg, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Vicksburg, Michigan (the Village), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Vicksburg, Michigan, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules, as identified in the table of 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Stevens Kirinovic & Tucker, P.C.

STEVENS, KIRINOVIC & TUCKER, P.C.
Certified Public Accountants

December 18, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Village of Vicksburg's (the Village) financial performance provides a narrative overview of the Village's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

- The Village's total net position increased by \$934,940 (10 percent) as a result of this year's activities. The net position of the governmental activities increased by \$843,561 and the net position of the business-type activities increased by \$91,379.
- Of the \$9,976,157 total net position reported, \$2,055,743 (21 percent) is available to be used at the Council'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 \$1,002,065, which represents 70 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Village'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 additional supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village'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.

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 2018 and 2017 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Village's assets, deferred outflow 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 Village's net position and how it has changed. Net position (the difference between the Village's assets, deferred outflow of resources, liabilities, and deferred inflows of resources) is one way to measure the Village's financial health, or position.

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

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

- *Governmental activities* - Most of the Village's basic services are included here, such as police protection, fire protection, and general government. Property taxes and state grants finance most of these activities.
- *Business-type activities* - The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's sewer and water systems are reported here.
- *Component units* - The Village includes three other entities in its report - the Vicksburg Building Authority, the Downtown Development Authority, and the Brownfield Redevelopment Authority. Although legally separate, these "component units" are important because the Village is financially accountable for them.

Fund financial statements

The fund financial statements provide more detailed information about the Village's most significant funds - not the Village as a whole. Funds are accounting devices that the Village 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 Village Council establishes other funds to show that it is properly using certain taxes and other restricted revenues (like the motor fuel taxes collected for the street funds).

The Village has two kinds of funds:

- *Governmental funds.* Most of the Village'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 Village'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 Village 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.
 - The Village'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.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position

The total net position at the end of the fiscal year was \$9,976,157. Of this total, \$7,059,905 represents a net investment in capital assets and \$860,509 is restricted for various purposes. Consequently, unrestricted net position was \$2,055,743 or 21 percent of the total.

Condensed financial information
Net position

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 1,987,268	\$ 1,298,531	\$ 2,012,411	\$ 2,110,232	\$ 3,999,679	\$ 3,408,763
Capital assets	<u>3,519,247</u>	<u>3,575,164</u>	<u>6,764,565</u>	<u>6,689,605</u>	<u>10,283,812</u>	<u>10,264,769</u>
Total assets	<u>5,506,515</u>	<u>4,873,695</u>	<u>8,776,976</u>	<u>8,799,837</u>	<u>14,283,491</u>	<u>13,673,532</u>
Deferred outflows of resources	<u>44,880</u>	<u>126,494</u>	<u>72,522</u>	<u>105,000</u>	<u>117,402</u>	<u>231,494</u>
Current and other liabilities	<u>411,354</u>	<u>668,315</u>	<u>681,853</u>	<u>711,419</u>	<u>1,093,207</u>	<u>1,379,734</u>
Long-term debt	<u>540,807</u>	<u>620,692</u>	<u>2,683,100</u>	<u>2,863,383</u>	<u>3,223,907</u>	<u>3,484,075</u>
Total liabilities	<u>952,161</u>	<u>1,289,007</u>	<u>3,364,953</u>	<u>3,574,802</u>	<u>4,317,114</u>	<u>4,863,809</u>
Deferred inflows of resources	<u>44,491</u>	<u>-</u>	<u>63,131</u>	<u>-</u>	<u>107,622</u>	<u>-</u>
Net position:						
Net investment in capital assets	<u>2,978,440</u>	<u>2,954,472</u>	<u>4,081,465</u>	<u>3,826,222</u>	<u>7,059,905</u>	<u>6,780,694</u>
Restricted	<u>636,166</u>	<u>500,906</u>	<u>132,931</u>	<u>102,621</u>	<u>769,097</u>	<u>603,527</u>
Unrestricted	<u>940,137</u>	<u>255,804</u>	<u>1,207,018</u>	<u>1,401,192</u>	<u>2,147,155</u>	<u>1,656,996</u>
Total net position	<u>\$ 4,554,743</u>	<u>\$ 3,711,182</u>	<u>\$ 5,421,414</u>	<u>\$ 5,330,035</u>	<u>\$ 9,976,157</u>	<u>\$ 9,041,217</u>

Changes in net position

The Village's total revenues for the current fiscal year were \$4,865,061. In the current year, nearly 52 percent of the Village's revenues comes from charges for services and approximately 25 percent comes from property taxes.

The total cost of the Village's programs, covering a wide range of services, totaled \$3,930,121. More than 62 percent of the Village's expenses relates to the provision of utility and golf services. Public safety and public works expenses account for 16 and 12 percent of the Village's total expenses, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed financial information
Changes in net position

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 132,898	\$ 180,573	\$ 2,417,283	\$ 2,295,292	\$ 2,550,181	\$ 2,475,865
Grants and contributions:						
Operating grants	377,967	285,859	112,051	337,161	490,018	623,020
Capital grants	33,718	-	-	-	33,718	-
General revenues:						
Property taxes	1,194,969	1,157,001	-	-	1,194,969	1,157,001
State shared revenue	277,221	268,798	-	-	277,221	268,798
Vision campaign contributions	175,258	-	-	-	175,258	-
Local community stabilization revenue	71,259	66,576	-	-	71,259	66,576
Unrestricted investment return	3,517	2,243	3,691	3,492	7,208	5,735
Franchise fees	16,437	16,447	-	-	16,437	16,447
Other	24,786	-	-	-	24,786	-
Gain on sale of assets	24,006	173,023	-	-	24,006	173,023
Total revenues	2,332,036	2,150,520	2,533,025	2,635,945	4,865,061	4,786,465
Expenses:						
General government	258,105	344,968	-	-	258,105	344,968
Public safety	616,717	798,652	-	-	616,717	798,652
Public works	483,285	607,630	-	-	483,285	607,630
Community and economic development	18,576	24,393	-	-	18,576	24,393
Recreation and culture	89,214	66,535	-	-	89,214	66,535
Interest	22,578	23,567	-	-	22,578	23,567
Sewer	-	-	754,186	814,188	754,186	814,188
Water	-	-	361,879	297,805	361,879	297,805
Golf	-	-	1,325,581	1,137,367	1,325,581	1,137,367
Total expenses	1,488,475	1,865,745	2,441,646	2,249,360	3,930,121	4,115,105
Changes in net position	\$ 843,561	\$ 284,775	\$ 91,379	\$ 386,585	\$ 934,940	\$ 671,360
Net position, end of year	\$ 4,554,743	\$ 3,711,182	\$ 5,421,414	\$ 5,330,035	\$ 9,976,157	\$ 9,041,217

Governmental activities

Governmental activities increased the Village's net position by \$843,561, in the current year, compared to a \$284,775 increase in the prior year. The increase in the net position is higher in the current year, as revenues increased by \$181,516 and expenses decreased by \$377,270.

Total revenues were higher primarily due to a \$175,258 unrestricted contribution. Expenses decreased by \$377,270 as general government, public works, and public safety all decreased by over \$85,000.

The total cost of governmental activities this year was \$1,488,475. After subtracting the direct charges to those who directly benefited from the programs (\$132,898) and operating and capital grants (\$411,685), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$943,892.

Business-type activities

Business-type activities increased the Village's net position by \$91,379 in the current year compared to a \$386,585 increase in the prior year. Utility and golf billing rates have been set to keep pace with rising costs of the Village's enterprise operations so that the total net position increased in both years.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental funds

At the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,859,023, an increase of \$697,946 in comparison with the prior year. Of the total fund balances, \$1,002,065 (54 percent) constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is either nonspendable (\$15,792), restricted (\$636,166) for public works, or assigned (\$205,000) to indicate that it is not available for new spending.

The General Fund is the primary operating fund of the Village. At the end of the fiscal year, its fund balance was \$1,222,857, an increase of \$562,686, as revenues of \$1,990,205, exceeded expenditures of \$1,427,519.

Proprietary funds

The Sewer Fund experienced a decrease in net position of \$21,774 in the current year, as user fees of \$622,007 and nonoperating revenues of \$110,405 were lower than total costs of \$754,186. Total net position is \$3,037,108 at year end, of which \$530,441 is unrestricted.

The Water Fund experienced an increase in net position of \$136,343 in the current year, as user fees of \$493,291 and nonoperating revenues of \$4,931 exceeded total costs of \$361,879. Total net position is \$1,844,347 at year end, of which \$751,550 is unrestricted.

The Golf Course Fund experienced a decrease in net position of \$23,190 in the current year, as user fees of \$1,301,985 and nonoperating revenues of \$406 were lower than total costs of \$1,325,581. Total net position is \$539,959 at year end, including a deficit unrestricted net position balance of \$166,385.

General Fund budgetary highlights

The Village amended its revenue budget to increase total revenues by \$68,000, due to an increase in anticipated licenses and permits related to building inspections. The Village also amended its appropriations during the current year so that net budgeted expenditures increased by \$392,269 to reflect changes that occurred over the course of the year. The most significant amendments increased amounts appropriated for capital outlay expenditures by \$186,289 for an anticipated increase in projects.

Total revenues were \$324,155 more than budgeted, primarily because other revenue was \$243,007 more than anticipated. Expenditures were \$430,831 less than the amounts appropriated, as expenditures were lower than appropriations in all functions. These variances resulted in a \$754,986 positive budget variance with a \$562,686 increase in fund balance compared to a budgeted decrease of \$192,300.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$10,283,812, net of accumulated depreciation. Governmental capital assets amount to \$3,519,247 and business-type capital assets totaled \$6,764,565. These investments include a broad range of assets, including buildings, equipment, streets, and sewer and water facilities. The increase in the Village's net investment in capital assets for the current fiscal year was \$19,043 as additions of \$550,664 exceeded current year depreciation and disposals of \$508,371 and \$23,250 respectively.

	<i>Governmental activities</i>	<i>Business-type activities</i>
Land	\$ 1,087,935	\$ 1,000,000
Infrastructure	-	4,888,140
Golf course	-	876,425
Buildings and improvements	2,139,235	-
Furniture and equipment	200,335	-
Vehicles	91,742	-
Totals	<u>\$ 3,519,247</u>	<u>\$ 6,764,565</u>

Major capital asset events during the current fiscal year included the following:

- Purchase of police car for \$35,319
- Street improvements at a cost of \$156,610
- Purchase of DPW truck for \$27,684
- Water system improvements \$300,484

More detailed information about the Village'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 Village had total long-term debt outstanding, in the amount of \$3,223,907, which represents a net decrease of \$260,168. Debt decreased by \$260,168 due to timely principal payments.

Other long-term debt obligations of the governmental and business-type activities totaling \$39,510 and \$7,873, respectively, represent accrued compensated absences. The Village also recognized a net pension liability, associated with its defined benefit pension plan, in the amount of \$321,885 for governmental activities and \$456,744 for business-type activities.

More detailed information about the Village's long-term liabilities is presented in Notes 8 and 9 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village plans to primarily use current revenues to provide essential services in fiscal year 2019, in order to maintain current fund balances. The Village continues to review all budget line-items for opportunities to reduce expenditures. The budget will be monitored during the year to identify any necessary amendments.

Sewer and water charges for services are expected to increase for fiscal year 2019.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village'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:

Jim Mallery, Village Manager
Village of Vicksburg
126 North Kalamazoo Avenue
Vicksburg, Michigan 49097

Phone: (269) 649-1919
E-mail: jmallery@vicksburgmi.org

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2018

	Primary government			Component units	
	Governmental activities	Business-type activities	Totals	Downtown Development Authority	Brownfield Redevelopment Authority
ASSETS					
Current assets:					
Cash	\$ 1,750,087	\$ 1,474,487	\$ 3,224,574	\$ 244,649	\$ 700,835
Receivables	142,744	249,979	392,723	22,844	-
Due from primary government	-	-	-	-	1,113
Due from component units	3,968	-	3,968	-	-
Inventory and prepaids	15,792	51,445	67,237	-	-
Total current assets	1,912,591	1,775,911	3,688,502	267,493	701,948
Noncurrent assets:					
Restricted cash	-	236,500	236,500	-	-
Receivables	74,677	-	74,677	-	-
Capital assets not being depreciated	1,087,935	1,000,000	2,087,935	-	-
Capital assets, net of depreciation	2,431,312	5,764,565	8,195,877	178,300	-
Total noncurrent assets	3,593,924	7,001,065	10,594,989	178,300	-
Total assets	5,506,515	8,776,976	14,283,491	445,793	701,948
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension amounts	44,880	63,684	108,564	-	-
Loss on bond refunding, net	-	8,838	8,838	-	-
Total deferred outflows of resources	44,880	72,522	117,402	-	-
LIABILITIES					
Current liabilities:					
Payables	48,846	152,611	201,457	11,800	305
Unearned revenue	-	64,625	64,625	1,717	-
Due to component units	1,113	-	1,113	-	-
Due to primary government	-	-	-	3,968	-
Bonds and notes payable	25,000	120,000	145,000	16,667	-
Total current liabilities	74,959	337,236	412,195	34,152	305
Noncurrent liabilities:					
Compensated absences	39,510	7,873	47,383	-	-
Net pension liability	321,885	456,744	778,629	-	-
Bonds and notes payable	515,807	2,563,100	3,078,907	8,331	-
Total noncurrent liabilities	877,202	3,027,717	3,904,919	8,331	-
Total liabilities	952,161	3,364,953	4,317,114	42,483	305
DEFERRED INFLOWS OF RESOURCES					
Pension	44,491	63,131	107,622	-	-
NET POSITION					
Net investment in capital assets	2,978,440	4,081,465	7,059,905	153,302	-
Restricted for:					
Public works	636,166	-	636,166	-	-
Debt service	-	224,343	224,343	-	-
Unrestricted	940,137	1,115,606	2,055,743	250,008	701,643
Total net position	\$ 4,554,743	\$ 5,421,414	\$ 9,976,157	\$ 403,310	\$ 701,643

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended June 30, 2018

Functions/Programs	Program revenues				Net (expenses) revenues and changes in net position				
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government			Component units	
					Governmental activities	Business-type activities	Totals	Downtown Development Authority	Brownfield Redevelopment Authority
Primary government									
Governmental activities:									
General government	\$ 258,105	\$ 23,442	\$ -	\$ -	\$ (234,663)		\$ (234,663)		
Public safety	616,717	109,456	3,336	16,859	(487,066)		(487,066)		
Public works	483,285	-	373,613	16,859	(92,813)		(92,813)		
Community and economic development	18,576	-	-	-	(18,576)		(18,576)		
Recreation and culture	89,214	-	1,018	-	(88,196)		(88,196)		
Interest on long-term debt	22,578	-	-	-	(22,578)		(22,578)		
Total governmental activities	1,488,475	132,898	377,967	33,718	(943,892)		(943,892)		
Business-type activities:									
Sewer	754,186	622,007	108,869	-		\$ (23,310)	(23,310)		
Water	361,879	493,291	3,182	-		134,594	134,594		
Golf course	1,325,581	1,301,985	-	-		(23,596)	(23,596)		
Total business-type activities	2,441,646	2,417,283	112,051	-		87,688	87,688		
Total primary government	\$ 3,930,121	\$ 2,550,181	\$ 490,018	\$ 33,718	(943,892)	87,688	(856,204)		
Component units									
Downtown Development Authority	\$ 334,697	\$ 27,885	\$ 46,870	\$ -				\$ (259,942)	\$ -
Brownfield Redevelopment Authority	11,152	1,000	-	-				-	(10,152)
Total component units	\$ 345,849	\$ 28,885	\$ 46,870	\$ -				(259,942)	(10,152)
General revenues:									
Property taxes					1,194,969	-	1,194,969	97,944	193,322
State shared revenue					277,221	-	277,221	-	-
Vision campaign contributions					175,258	-	175,258	-	-
Local community stabilization revenue					71,259	-	71,259	-	-
Cable television franchise fees					16,437	-	16,437	-	-
Unrestricted interest income					3,517	3,691	7,208	-	1,689
Miscellaneous					24,786	-	24,786	-	-
Gain on sale of assets					24,006	-	24,006	-	-
Totals					1,787,453	3,691	1,791,144	97,944	195,011
Changes in net position					843,561	91,379	934,940	(161,998)	184,859
Net position - beginning					3,711,182	5,330,035	9,041,217	565,308	516,784
Net position - ending					\$ 4,554,743	\$ 5,421,414	\$ 9,976,157	\$ 403,310	\$ 701,643

See notes to financial statements

BALANCE SHEET - governmental funds

June 30, 2018

	<u>General</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
ASSETS			
Cash	\$ 1,176,874	\$ 573,213	\$ 1,750,087
Receivables	154,374	63,047	217,421
Due from component units	3,968	-	3,968
Prepays	15,792	-	15,792
Total assets	<u>\$ 1,351,008</u>	<u>\$ 636,260</u>	<u>\$ 1,987,268</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Payables	\$ 43,658	\$ 94	\$ 43,752
Due to component unit	1,113	-	1,113
Total liabilities	<u>44,771</u>	<u>94</u>	<u>44,865</u>
Deferred inflows of resources:			
Unavailable sales contract revenue	<u>83,380</u>	<u>-</u>	<u>83,380</u>
Fund balances:			
Nonspendable - prepaids	15,792	-	15,792
Restricted for - public works	-	636,166	636,166
Assigned for - capital acquisitions	205,000	-	205,000
Unassigned	<u>1,002,065</u>	<u>-</u>	<u>1,002,065</u>
Total fund balances	<u>1,222,857</u>	<u>636,166</u>	<u>1,859,023</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,351,008</u>	<u>\$ 636,260</u>	<u>\$ 1,987,268</u>
Reconciliation of the balance sheet to the statement of net position:			
Total fund balance - total governmental funds			\$ 1,859,023
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.			3,519,247
Deferred outflows of resources, related to the pension plan, relate to future years and, therefore, are not reported in the funds.			44,880
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.			(39,510)
Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.			(540,807)
Interest payable, related to long-term liabilities, is not due and payable in the current period and, therefore, is not reported in the funds.			(5,094)
Certain receivable are not available to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds.			83,380
Deferred inflows of resources, related to the pension plan, relate to future years and, therefore, are not reported in the funds.			(44,491)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.			<u>(321,885)</u>
Net position of <i>governmental activities</i>			<u>\$ 4,554,743</u>

Village of Vicksburg**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds***Year ended June 30, 2018*

	<i>General</i>	<i>Nonmajor funds</i>	<i>Total governmental funds</i>
REVENUES			
Property taxes	\$ 1,208,326	\$ -	\$ 1,208,326
Licenses and permits	76,132	-	76,132
State grants	351,816	372,832	724,648
Intergovernmental	78,227	-	78,227
Fines and forfeitures	10,118	-	10,118
Interest and rentals	8,529	988	9,517
Other	257,057	-	257,057
Total revenues	<u>1,990,205</u>	<u>373,820</u>	<u>2,364,025</u>
EXPENDITURES			
Current:			
General government	224,830	-	224,830
Public safety	673,982	-	673,982
Public works	256,211	238,560	494,771
Community and economic development	18,576	-	18,576
Recreation and culture	63,693	-	63,693
Capital outlay	87,639	-	87,639
Debt service:			
Principal	80,920	-	80,920
Interest	21,668	-	21,668
Total expenditures	<u>1,427,519</u>	<u>238,560</u>	<u>1,666,079</u>
NET CHANGES IN FUND BALANCES	562,686	135,260	697,946
FUND BALANCES - BEGINNING	<u>660,171</u>	<u>500,906</u>	<u>1,161,077</u>
FUND BALANCES - ENDING	<u>\$ 1,222,857</u>	<u>\$ 636,166</u>	<u>\$ 1,859,023</u>

Village of Vicksburg

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

Year ended June 30, 2018

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)	\$	697,946
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Amounts reported for *governmental activities* in the statement of
activities (page 13) are different because:

Capital assets:

Assets acquired	246,211
Provision for depreciation	(278,878)
Basis in disposed assets	(23,250)

Long-term debt:

Retirements	80,920
Amortization of bond discount	(1,035)

Changes in other assets/liabilities:

Net decrease in compensated absences	9,692
Net decrease in interest payable	125
Decrease in net pension liability	246,674
Decrease in deferred inflows of resources	(8,739)
Net decrease in deferred outflows of resources related to pension	(25,386)
Net increase in deferred inflows of resources related to pension	<u>(100,719)</u>

Change in net position of <i>governmental activities</i>	\$	<u>843,561</u>
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STATEMENT OF NET POSITION - proprietary funds

June 30, 2018

	Business-type activities			
	Enterprise funds			
	Sewer	Water	Golf Course	Totals
ASSETS				
Current assets:				
Cash	\$ 527,471	\$ 759,366	\$ 187,650	\$ 1,474,487
Receivables	140,122	89,607	20,250	249,979
Inventory and prepaids	1,210	537	49,698	51,445
Total current assets	668,803	849,510	257,598	1,775,911
Noncurrent assets:				
Restricted cash	138,811	97,689	-	236,500
Capital assets not being depreciated - land	-	-	1,000,000	1,000,000
Capital assets, net of depreciation	3,218,086	1,670,054	876,425	5,764,565
Total noncurrent assets	3,356,897	1,767,743	1,876,425	7,001,065
Total assets	4,025,700	2,617,253	2,134,023	8,776,976
DEFERRED OUTFLOWS OF RESOURCES				
Pension	13,006	11,508	39,170	63,684
Loss on bond refunding, net	-	8,838	-	8,838
Total deferred outflows of resources	13,006	20,346	39,170	72,522
LIABILITIES				
Current liabilities:				
Payables	51,075	30,640	70,896	152,611
Unearned operating revenue	-	-	64,625	64,625
Bonds payable	30,000	35,000	55,000	120,000
Total current liabilities	81,075	65,640	190,521	337,236
Noncurrent liabilities:				
Compensated absences	-	-	7,873	7,873
Net pension liability	93,280	82,535	280,929	456,744
Bonds payable	814,350	633,669	1,115,081	2,563,100
Total noncurrent liabilities	907,630	716,204	1,403,883	3,027,717
Total liabilities	988,705	781,844	1,594,404	3,364,953
DEFERRED INFLOWS OF RESOURCES				
Pension	12,893	11,408	38,830	63,131
NET POSITION				
Net investment in capital assets	2,373,736	1,001,385	706,344	4,081,465
Restricted for debt service	132,931	91,412	-	224,343
Unrestricted	530,441	751,550	(166,385)	1,115,606
Total net position	\$ 3,037,108	\$ 1,844,347	\$ 539,959	\$ 5,421,414

Village of Vicksburg

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

Year ended June 30, 2018

	<i>Business-type activities</i>			
	<i>Enterprise funds</i>			
	<i>Sewer</i>	<i>Water</i>	<i>Golf Course</i>	<i>Totals</i>
OPERATING REVENUES				
Charges for services	\$ 598,887	\$ 493,181	\$ 1,300,946	\$ 2,393,014
Other	<u>23,120</u>	<u>110</u>	<u>1,039</u>	<u>24,269</u>
Total operating revenues	<u>622,007</u>	<u>493,291</u>	<u>1,301,985</u>	<u>2,417,283</u>
OPERATING EXPENSES				
Administration	161,204	110,688	641,264	913,156
Professional services	188,364	74,131	48,947	311,442
Repairs and maintenance	43,790	4,661	26,932	75,383
Rent expense	-	-	44,954	44,954
Other	37,251	39,769	111,337	188,357
Treatment	197,900	-	-	197,900
Supplies	5,435	33,703	335,685	374,823
Depreciation	<u>88,020</u>	<u>71,659</u>	<u>69,814</u>	<u>229,493</u>
Total operating expenses	<u>721,964</u>	<u>334,611</u>	<u>1,278,933</u>	<u>2,335,508</u>
OPERATING INCOME (LOSS)	<u>(99,957)</u>	<u>158,680</u>	<u>23,052</u>	<u>81,775</u>
NONOPERATING REVENUES (EXPENSES)				
State grants	108,869	3,182	-	112,051
Interest revenue	1,536	1,749	406	3,691
Interest expense	<u>(32,222)</u>	<u>(27,268)</u>	<u>(46,648)</u>	<u>(106,138)</u>
Net nonoperating revenues (expenses)	<u>78,183</u>	<u>(22,337)</u>	<u>(46,242)</u>	<u>9,604</u>
CHANGES IN NET POSITION	<u>(21,774)</u>	<u>136,343</u>	<u>(23,190)</u>	<u>91,379</u>
NET POSITION - BEGINNING	<u>3,058,882</u>	<u>1,708,004</u>	<u>563,149</u>	<u>5,330,035</u>
NET POSITION - ENDING	<u>\$ 3,037,108</u>	<u>\$ 1,844,347</u>	<u>\$ 539,959</u>	<u>\$ 5,421,414</u>

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended June 30, 2018

	<i>Business-type activities</i>			
	<i>Enterprise funds</i>			
	<i>Sewer</i>	<i>Water</i>	<i>Golf Course</i>	<i>Totals</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 653,846	\$ 521,769	\$ 1,245,699	\$ 2,421,314
Payments to suppliers	(515,477)	(186,966)	(1,080,997)	(1,783,440)
Payments to employees	(66,475)	(77,074)	(111,717)	(255,266)
Net cash provided by operating activities	71,894	257,729	52,985	382,608
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State grants	108,869	3,182	-	112,051
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(3,968)	(300,485)	-	(304,453)
Principal paid on capital debt	(95,000)	(30,000)	(60,000)	(185,000)
Interest paid on capital debt	(31,206)	(25,405)	(44,706)	(101,317)
Net cash (used in) capital and related financing activities	(130,174)	(355,890)	(104,706)	(590,770)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,536	1,749	406	3,691
NET INCREASE (DECREASE) IN CASH	52,125	(93,230)	(51,315)	(92,420)
CASH - BEGINNING (including restricted cash: Sewer Fund - \$108,651 and Water Fund - \$57,791)	614,157	950,285	238,965	1,803,407
CASH - ENDING (including restricted cash: Sewer Fund - \$138,811 and Water Fund - \$97,689)	\$ 666,282	\$ 857,055	\$ 187,650	\$ 1,710,987

STATEMENT OF CASH FLOWS - proprietary funds (Continued)

Year ended June 30, 2018

	<i>Business-type activities</i>			
	<i>Enterprise funds</i>			<i>Totals</i>
	<i>Sewer</i>	<i>Water</i>	<i>Golf Course</i>	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (99,957)	\$ 158,680	\$ 23,052	\$ 81,775
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	88,020	71,659	69,814	229,493
Changes in assets and liabilities:				
Receivables	31,839	28,478	(20,250)	40,067
Deferred outflows of resources - pension	2,528	17,341	11,872	31,741
Inventory and prepaids	(104)	(21)	(34,541)	(34,666)
Payables	13,218	17,321	(35,198)	(4,659)
Unearned revenue	-	-	(37,075)	(37,075)
Deferred inflows of resources - pension	12,893	11,408	38,830	63,131
Compensated absences	-	-	(15,029)	(15,029)
Net pension liability	23,457	(47,137)	51,510	27,830
Net cash provided by operating activities	<u>\$ 71,894</u>	<u>\$ 257,729</u>	<u>\$ 52,985</u>	<u>\$ 382,608</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Vicksburg, Michigan (the Village), 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 the Village (the primary government, located in Kalamazoo County) and its component units described below, for which the Village is financially accountable. The blended and discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government.

Blended component unit - Vicksburg Building Authority:

The *Vicksburg Building Authority* is governed by a four-member board of directors appointed by the Village Council. Although it is legally separate from the Village, the Vicksburg Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the Village's public buildings. However, due to the absence of financial transactions during the year, and any carryforward balances, no information regarding the component unit has been included in the accompanying financial statements.

Discretely presented component units:

The *Downtown Development Authority* was established pursuant to Public Act 197 of 1975, as amended, to correct and prevent deterioration and promote economic growth within the downtown district. The Authority is fiscally dependent on the Village because the Village Council appoints the Authority's governing body and approves its budget. The Village is also obligated to provide some of its tax revenues to the Authority, through tax increment financing, which represents a financial burden on the Village. Fiscal dependence and the financial burden relationship make the Village financially accountable for the Authority and require the Village to report it in its financial statements. Separate financial statements for the component unit have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit.

The *Brownfield Redevelopment Authority* was established pursuant to Public Act 381 of 1996, as amended, to promote the revitalization of environmentally distressed areas within the Village. The Authority is fiscally dependent on the Village because the Village Council appoints the authority's governing body and approves its budget. The Village is also obligated to provide some of its tax revenues to the Authority, through tax increment financing, which represents a financial burden on the Village. Fiscal dependence and the financial burden relationship make the Village financially accountable for the Authority and require the Village to report it in its financial statements. Separate financial statements for the component unit have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit.

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 Village. 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. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and fund financial statements (continued):

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 and the proprietary funds. 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 Village generally considers 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. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental fund:

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

The Village reports the following major proprietary funds:

The Sewer Fund accounts for operation and maintenance of the Village's sewage collection systems and treatment plant.

The Water Fund accounts for the operation and maintenance of the Village's water distribution system and treatment plant.

The Golf Course Fund accounts for the operation and maintenance of the Angels Crossing Golf Course. Financing is provided by user charges.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Measurement focus, basis of accounting, and financial statement presentation (continued):*

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. 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, 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, with changes in value recognized in the operating statement of each fund. Realized and unrealized gains and losses are included in investment income. Pooled investment income is allocated proportionately to all funds.

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." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded, as the Village 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 basis and government-wide financial statements.

Restricted assets - Certain bond proceeds, and resources set aside for their repayment, are classified as restricted assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Capital assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., streets and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the Village as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. 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 Village has elected to account for infrastructure assets prospectively, beginning July 1, 2003. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment and vehicles	3 - 20 years
Sewer and water systems	50 years
Streets	5 - 30 years

Compensated absences - It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the Village. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unearned revenue - Unearned revenue represents resources related to certain golf course fees, which have received, but not yet been earned.

Deferred inflows of resources - The statement of net position and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenue will not be recognized until a future event occurs. The Village has one item. The unavailable sale contract revenue will not be recognized until it is available (collected not later than 60 days after the end of the Village's fiscal year) in the fund financials, but is recognized as revenue in the current year in the government-wide financials. It is deferred and recognized as an inflow of resources in the period that the contribution becomes available in the fund statements.

Deferred outflows of resources - The statement of net position and the proprietary funds statement of net position include a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The related expense will not be recognized until a future event occurs. The Village has two items in this category: a deferred amount arising from the refunding of bonds in a previous year and a deferred amount relating to pensions (Village contributions made after the measurement date of the net pension liability, as well as the unamortized difference between projected and actual investment earnings of the defined benefit pension plan). The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. The deferred pension contributions will be expensed in the subsequent year and the net difference between projected and actual earnings on pension plan investments is being amortized over a closed, five-year period using the straight-line method. No deferred outflows of resources affect the governmental funds financial statements.

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

Net position - Net position represents the difference between assets and deferred outflows of resources, and liabilities. The Village 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 attributable to the acquisition, construction, or improvement of those assets, and increases by balances of deferred outflows of resources related to 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 Village's debt. Restricted net position is reduced by liabilities 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 Village.

Net position flow assumption - Sometimes, the Village 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 Village's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 these resources by grantors, contributors, or laws and regulations of other governments. The Village Council has delegated the authority to assign fund balance to the Village President. Unassigned fund balance is the residual classification for the General Fund. When the Village incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Village'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 as of July 1 on property values assessed as of December 31 of the prior year. The billings are due on or before August 10, at which time the bill becomes delinquent and penalties and interest may be assessed by the Village. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Village levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

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 Village's general and special revenue funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. There were no reportable budget variations during the year.

NOTE 3 - CASH

At June 30, 2018, cash is classified in the accompanying financial statements as follows:

Primary government:	
Cash	\$ 3,224,574
Restricted cash	236,500
Component unit - cash	<u>945,484</u>
Total cash	<u><u>\$ 4,406,558</u></u>

At June 30, 2018, cash consists of the following:

Cash on hand	\$ 2,205
Deposits with financial institutions	<u>4,404,353</u>
Total	<u><u>\$ 4,406,558</u></u>

NOTE 3 - CASH (Continued)

Deposits - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Village's investment policy authorize the Village to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Village'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 Village will not be able to recover its deposits. The Village's investment policy does not specifically address custodial credit risk for deposits. As of June 30, 2018, \$3,934,773 of the Village's bank balances of \$4,605,554 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Village maintains individual and pooled bank accounts for all of its funds and its component units. Due to the use of pooled deposits, it is not practicable to allocate insured and uninsured portions of certain bank balances between the primary government and the component units.

NOTE 4 - RECEIVABLES

Receivables as of June 30, 2018, for the Village's individual major funds and nonmajor fund, in the aggregate, were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Inter- governmental</i>	<i>Totals</i>
Primary government:			
Governmental:			
General	\$ 106,094	\$ 48,280	\$ 154,374
Nonmajor	-	63,047	63,047
Total governmental	<u>\$ 106,094</u>	<u>\$ 111,327</u>	<u>\$ 217,421</u>
Noncurrent portion	<u>\$ 74,677</u>	<u>\$ -</u>	<u>\$ 74,677</u>
Proprietary:			
Enterprise:			
Sewer	\$ 140,122	\$ -	\$ 140,122
Water	89,607	-	89,607
Golf	<u>20,250</u>	<u>-</u>	<u>20,250</u>
Total proprietary	<u>\$ 249,979</u>	<u>\$ -</u>	<u>\$ 249,979</u>
Component unit:			
Downtown Development Authority	<u>\$ 22,844</u>	<u>\$ -</u>	<u>\$ 22,844</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 1,087,935	\$ -	\$ -	\$ 1,087,935
Capital assets being depreciated:				
Land improvements	3,496,383	156,610	-	3,652,993
Buildings and improvements	1,265,327	19,735	-	1,285,062
Furniture and equipment	1,234,375	6,863	-	1,241,238
Vehicles	166,115	63,003	(30,000)	199,118
Subtotal	6,162,200	246,211	(30,000)	6,378,411
Less accumulated depreciation for:				
Land improvements	(1,471,097)	(210,751)	-	(1,681,848)
Buildings and improvements	(1,051,119)	(17,956)	-	(1,069,075)
Furniture and equipment	(1,071,809)	(32,270)	-	(1,104,079)
Vehicles	(80,946)	(17,901)	6,750	(92,097)
Subtotal	(3,674,971)	(278,878)	6,750	(3,947,099)
Total capital assets being depreciated, net	2,487,229	(32,667)	(23,250)	2,431,312
Governmental activities capital assets, net	\$ 3,575,164	\$ (32,667)	\$ (23,250)	\$ 3,519,247
Component unit - DDA:				
Capital assets not being depreciated - CIP	\$ 109,708	\$ -	\$ (109,708)	\$ -
Capital assets being depreciated:				
Land improvements	85,246	109,708	-	194,954
Less accumulated depreciation for:				
Land improvements	(1,421)	(15,233)	-	(16,654)
Total capital assets being depreciated, net	83,825	94,475	-	178,300
Component unit - DDA capital assets, net	\$ 193,533	\$ 94,475	\$ (109,708)	\$ 178,300

NOTE 5 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Business-type activities:				
Capital assets not being depreciated - land	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>
Capital assets being depreciated:				
Sewer system	5,345,761	3,968	-	5,349,729
Water system	2,835,304	300,485	-	3,135,789
Golf course	<u>1,333,167</u>	<u>-</u>	<u>-</u>	<u>1,333,167</u>
Subtotal	<u>9,514,232</u>	<u>304,453</u>	<u>-</u>	<u>9,818,685</u>
Less accumulated depreciation for:				
Sewer system	(2,043,624)	(88,020)	-	(2,131,644)
Water system	(1,394,076)	(71,659)	-	(1,465,735)
Golf course	<u>(386,927)</u>	<u>(69,814)</u>	<u>-</u>	<u>(456,741)</u>
Subtotal	<u>(3,824,627)</u>	<u>(229,493)</u>	<u>-</u>	<u>(4,054,120)</u>
Total capital assets being depreciated, net	<u>5,689,605</u>	<u>74,960</u>	<u>-</u>	<u>5,764,565</u>
Business-type activities capital assets, net	<u>\$ 6,689,605</u>	<u>\$ 74,960</u>	<u>\$ -</u>	<u>\$ 6,764,565</u>

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

Governmental activities:	
General government	\$ 32,958
Public safety	15,394
Public works	202,618
Recreation and culture	<u>27,908</u>
Total governmental activities	<u>\$ 278,878</u>

NOTE 6 - PAYABLES

Payables as of June 30, 2018, for the Village's individual major funds and for the discretely presented component units, were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Payroll</i>	<i>Interest</i>	<i>Totals</i>
Primary government:				
Governmental:				
General	\$ 30,541	\$ 13,117	\$ -	\$ 43,658
Nonmajor	94	-	-	94
Total governmental	<u>\$ 30,635</u>	<u>\$ 13,117</u>	<u>\$ -</u>	<u>\$ 43,752</u>
Proprietary:				
Enterprise:				
Sewer	\$ 42,818	\$ 2,377	\$ 5,880	\$ 51,075
Water	21,540	2,823	6,277	30,640
Golf Course	57,845	2,024	11,027	70,896
Total proprietary	<u>\$ 122,203</u>	<u>\$ 7,224</u>	<u>\$ 23,184</u>	<u>\$ 152,611</u>
Component units:				
Downtown Development Authority	\$ 11,800	\$ -	\$ -	\$ 11,800
Brownfield Redevelopment Authority	305	-	-	305
Total component units	<u>\$ 12,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,105</u>

NOTE 7 - JOINT VENTURE

The Village is a member of the South Kalamazoo County Fire Authority (the Authority), which is a joint venture of the Townships of Schoolcraft, Brady, Prairie Ronde, and Wakeshma, and the Villages of Schoolcraft and Vicksburg. The administrative board of the Authority consists of members appointed by each participating unit and a member at-large. The Authority was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. The interlocal agreement governing the Authority does not convey an equity interest to its members. During the year ended June 30, 2018, the Village contributed \$115,760 as its proportionate share of the Authority's budgeted costs. The Village is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete audited financial statements for the Authority can be obtained from the Treasurer of the Authority.

NOTE 8 - LONG-TERM OBLIGATIONS

At June 30, 2018, long-term obligations are comprised of the following:

Primary government:

Governmental activities:

Installment purchase agreement and bond:

\$625,000 - 2014 Capital improvement and refunding bonds - payable in annual installments ranging from \$20,000 to \$45,000, plus interest at 2.00% to 4.00%; final payment due October 2033

\$ 550,000

Net discount on bonds payable

(9,193)

Total bonds and installment notes payable

540,807

Compensated absences

39,510

Total governmental activities long-term obligations

\$ 580,317

Business-type activities:

Bonds:

\$1,000,000 - 2007 Sanitary Sewer Improvements revenue bonds - payable in annual installments ranging from \$25,000 to \$90,000, plus interest at 5.42%; final payment due July 2022

\$ 220,000

\$2,855,000 - 2014 Capital and refunding bonds - payable in annual installments ranging from \$115,000 to \$210,000, plus interest at 2.00% to 4.00%; final payment due October 2033

2,505,000

Less discounts on bonds

(41,900)

Total bonds and installment notes payable

2,683,100

Compensated absences

7,873

Total business-type activities long-term obligations

\$ 2,690,973

Component units:

Downtown Development Authority:

Contract payable:

\$50,000 - 2017 loan from LISC contract payable in quarterly installments of \$4,167; final payment due February 2020

\$ 24,998

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligation activity for the year ended June 30, 2018, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Primary government:					
Governmental activities:					
2017 Installment purchase agreement	\$ 55,920	\$ -	\$ (55,920)	\$ -	\$ -
2014 Capital and refunding bonds	<u>575,000</u>	<u>-</u>	<u>(25,000)</u>	<u>550,000</u>	<u>25,000</u>
Subtotal	630,920	-	(80,920)	550,000	25,000
Less discounts on bonds	<u>(10,228)</u>	<u>-</u>	<u>1,035</u>	<u>(9,193)</u>	<u>-</u>
Total bonds and notes	620,692	-	(79,885)	540,807	25,000
Compensated absences	<u>49,202</u>	<u>20,042</u>	<u>(29,734)</u>	<u>39,510</u>	<u>-</u>
Total governmental activities	<u>\$ 669,894</u>	<u>\$ 20,042</u>	<u>\$ (109,619)</u>	<u>\$ 580,317</u>	<u>\$ 25,000</u>
Business-type activities:					
2007 Sewer revenue bonds	\$ 285,000	\$ -	\$ (65,000)	\$ 220,000	\$ -
2014 Capital and refunding bonds	<u>2,625,000</u>	<u>-</u>	<u>(120,000)</u>	<u>2,505,000</u>	<u>120,000</u>
Subtotal	2,910,000	-	(185,000)	2,725,000	120,000
Less discounts on bonds	<u>(46,617)</u>	<u>-</u>	<u>4,717</u>	<u>(41,900)</u>	<u>-</u>
Total bonds and notes	2,863,383	-	(180,283)	2,683,100	120,000
Compensated absences	<u>22,902</u>	<u>3,310</u>	<u>(18,339)</u>	<u>7,873</u>	<u>-</u>
Total business-type activities	<u>\$ 2,886,285</u>	<u>\$ 3,310</u>	<u>\$ (198,622)</u>	<u>\$ 2,690,973</u>	<u>\$ 120,000</u>
Component units:					
Downtown Development Authority -					
2017 Loan payable	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (25,002)</u>	<u>\$ 24,998</u>	<u>\$ 16,667</u>
Brownfield Redevelopment Authority -					
2004 Note payable	<u>\$ 29,341</u>	<u>\$ -</u>	<u>\$ (29,341)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

At June 30, 2018, debt service requirements, with the exception of compensated absences, are as follows:

<i>Year ended June 30:</i>	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Component units</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2019	\$ 25,000	\$ 22,072	\$ 120,000	\$ 97,704	\$ 16,667	\$ -
2020	25,000	21,197	190,000	98,155	8,331	-
2021	30,000	20,185	190,000	93,373	-	-
2022	30,000	18,963	220,000	87,927	-	-
2023	30,000	17,780	135,000	82,053	-	-
2024 - 2028	165,000	73,625	745,000	335,431	-	-
2029 - 2033	200,000	39,125	915,000	178,941	-	-
2034 - 2035	45,000	3,825	210,000	17,531	-	-
Totals	<u>\$ 550,000</u>	<u>\$ 216,772</u>	<u>\$ 2,725,000</u>	<u>\$ 991,115</u>	<u>\$ 24,998</u>	<u>\$ -</u>

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

NOTE 9 - DEFINED BENEFIT PENSION PLAN*Plan description:*

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

Benefits provided:

The Village's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries and covers employees of the Village's police department. Retirement benefits for eligible employees are calculated as 2.00% of the employee's three-year final average compensation times the employee's years of service. Normal retirement age is 60, with early retirement at a reduced benefit at age 50, with 25 years of service, or age 55 with 15 years of service. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred had the member remained an employee. Covered employees are not required to contribute to the plan. An employee who leaves service may withdraw their contributions, plus any accumulated interest. Benefit terms, within the parameters of MERS, are established and amended by the authority of the Village Council.

Employees covered by benefit terms:

At the December 31, 2017, measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to, but not yet receiving, benefits	13
Active employees	<u>8</u>
Total	<u>32</u>

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)*Contributions:*

The Village is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Covered employees are not required to contribute to the plan. For the fiscal year ended June 30, 2018, Village contributions ranged from 10.13% to 23.56% of monthly covered payroll. For the fiscal year ended June 30, 2018, the Village contributed \$98,228 to the plan.

Net pension liability:

The Village's net pension liability reported at June 30, 2018, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2017. The total pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	2.50%	
Salary increases	3.75%	in the long term
Investment rate of return	7.75%	net of investment expense, including inflation

Mortality rates were based on a blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables all with a 50 percent male and 50 percent female blend. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table with a 50 percent male and 50 percent female blend is used to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2017, valuation were based on the results of the 2015 Experience Study, which is the most recent actuarial experience study.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Global equity	55.50%	8.65%
Global fixed income	18.50%	3.76%
Real assets	13.50%	9.72%
Diversifying strategies	12.50%	7.50%

Discount rate:

The discount rate used to measure the total pension liability is 8.00% for 2017. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Changes in net pension liability:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at December 31, 2016	\$ 2,851,050	\$ 1,853,576	\$ 997,474
Changes for the year:			
Service cost	35,296	-	35,296
Interest	222,773	-	222,773
Difference in experience	(138,507)	-	(138,507)
Benefit change	(3,305)	-	(3,305)
Employer contributions	-	94,773	(94,773)
Employee contributions	-	2,182	(2,182)
Net investment income	-	241,982	(241,982)
Benefit payments, including refunds	(168,046)	(168,046)	-
Administrative expenses	-	(3,834)	3,834
Other	1	-	1
Net changes	(51,788)	167,057	(218,845)
Balances at December 31, 2017	\$ 2,799,262	\$ 2,020,633	\$ 778,629

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

The following presents the net pension liability of the Village, calculated using the discount rate of 8.00%, as well as what the Village's net pension liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate.

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
Village's net pension liability	\$ 1,119,662	\$ 778,629	\$ 493,833

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report, which can be found at www.mersofmich.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due. Benefit payments are recognized as expense when due and payable in accordance with benefit terms.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)*Pension expense and deferred outflows of resources related to pensions:*

For the fiscal year ended June 30, 2018, the Village recognized pension expense of \$98,177. At June 30, 2018, the Village reported deferred outflows of resource related to pensions from the following sources:

<i>Source</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Difference between projected and actual earnings	\$ -	\$ 38,367
Difference between expected and actual experience	37,649	69,255
Difference in assumptions	26,326	-
	63,975	107,622
Contributions made subsequent to the measurement date	44,589	-
Totals	<u>\$ 108,564</u>	<u>\$ 107,622</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in fiscal year 2018.

Amounts reported as deferred outflows of resources, related to pensions, will be recognized in pension expense as follows:

<i>Year ended June 30,</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
2019	\$ 47,161	\$ 60,112
2020	16,814	(2,879)
2021	-	31,048
2022	-	19,341
	<u>\$ 63,975</u>	<u>\$ 107,622</u>

NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN

The Village contributes to the Village of Vicksburg MERS Defined Contribution Plan (the Plan), a defined contribution pension plan, which is administered by a third-party administrator. The plan covers all full-time employees, who are eligible to participate immediately after they are hired.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Village Council. 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. The Village contributes between 4% to 8% of eligible wages to the plan. Employees are not required to make contributions to the Plan, but can make contributions up to the maximum allowed. For the year ended June 30, 2018, the Village made contributions of \$20,206. At June 30, 2018, the Village reported no amount as accrued liability as part of the contributions to the plan.

The Employee's contributions (and investment earnings allocated to the employee's account) are fully vested upon entering the plan. Forfeitures may be used to reduce or reallocate employer contributions. There were no forfeitures during the current fiscal year.

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

NOTE 11 - DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plans were held in trust (custodial account or annuity contract), as described in IRC Section 457(b) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the Village's financial statements.

NOTE 12 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Village manages its workers compensation risk, by participating in Michigan Municipal Workers Compensation Fund, and its liability and property risk by participating in the Michigan Municipal League's Liability and Property Pool.

The Michigan Municipal Liability and Property Pool is self-sustaining through member premiums. The Michigan Municipal Liability and Property Pool provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 13 - PROPERTY TAX REVENUE

The 2017 taxable valuation of the Village approximated \$83,116,000, on which ad valorem taxes levied consisted of 15.7529 mills for operating purposes raising approximately \$1,185,000, which is recognized in the fund financial statements as property tax revenue.

NOTE 14 - TAX ABATEMENTS

The Village enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within the Village. 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 Village or promising to relocate within the Village. Depending on the statute referenced for a particular abatement, the Village may grant abatements of up to 50% 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 Village has not made any commitments as part of the agreements other than to reduce taxes. The Village is not subject to any tax abatement agreements entered into by other governmental entities.

For the fiscal year ended June 30, 2018, the Village abated property taxes totaling \$46,398 under Public Act 198 of 1974, related to industrial facilities, which represents a 50% abatement of the millage rate on certain real and personal properties.

NOTE 15 - CONSTRUCTION CODE ACT

A summary of construction code enforcement transactions for the year ended June 30, 2018, is as follows:

Cumulative excess revenues, beginning of year	\$ <u>-</u>
Revenues	\$ 56,944
Expenses	<u>56,944</u>
Excess of revenues over expenses	\$ <u>-</u>
Cumulative excess revenues, end of year	\$ <u>-</u>

NOTE 16 - RESTRICTED NET POSITION

In the government-wide statement of net position, the governmental activities report restricted net position in the amount of \$636,166. Of this amount, all is restricted by enabling legislation for public works expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended June 30, 2018

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 1,167,250	\$ 1,167,250	\$ 1,208,326	\$ 41,076
Licenses and permits	13,000	81,000	76,132	(4,868)
State grants	307,200	307,200	351,816	44,616
Intergovernmental	79,650	79,650	78,227	(1,423)
Fines and forfeitures	9,500	9,500	10,118	618
Interest	7,400	7,400	8,529	1,129
Other	14,050	14,050	257,057	243,007
Total revenues	1,598,050	1,666,050	1,990,205	324,155
EXPENDITURES				
General government:				
Legislative - City Council	12,200	12,200	7,899	4,301
Village president	1,650	1,650	1,346	304
Village manager	70,120	80,320	72,899	7,421
Treasurer	5,850	17,800	15,130	2,670
Clerk	-	26,948	23,284	3,664
Administration	170,341	135,511	91,923	43,588
Building and grounds	13,475	21,675	12,349	9,326
Total general government	273,636	296,104	224,830	71,274
Public safety:				
Department of Public Safety:				
Police protection	583,600	583,600	499,750	83,850
Fire protection	122,050	122,050	117,288	4,762
Building inspections	-	68,000	56,944	11,056
Total public safety	705,650	773,650	673,982	99,668
Public works:				
Department of Public Works	252,690	276,710	229,889	46,821
Recycling	13,700	18,200	17,320	880
Sidewalks	12,000	12,000	9,002	2,998
Total public works	278,390	306,910	256,211	50,699
Community and economic development -				
community development	21,425	28,608	18,576	10,032
Recreation and culture:				
Parks	30,580	30,580	38,375	(7,795)
Historic village	18,000	18,000	17,156	844
Community center	-	-	506	(506)
Other	1,000	31,000	7,656	23,344
Total recreation and culture	49,580	79,580	63,693	15,887

*Village of Vicksburg***BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)***Year ended June 30, 2018*

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
EXPENDITURES (Continued)				
Capital outlay	<u>\$ 76,800</u>	<u>\$ 263,089</u>	<u>\$ 87,639</u>	<u>\$ 175,450</u>
Debt service - principal	<u>38,000</u>	<u>87,809</u>	<u>80,920</u>	<u>6,889</u>
Debt service - interest	<u>22,600</u>	<u>22,600</u>	<u>21,668</u>	<u>932</u>
Total expenditures	<u>1,466,081</u>	<u>1,858,350</u>	<u>1,427,519</u>	<u>430,831</u>
NET CHANGES IN FUND BALANCES	131,969	(192,300)	562,686	754,986
FUND BALANCES - BEGINNING	<u>660,171</u>	<u>660,171</u>	<u>660,171</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ 792,140</u></u>	<u><u>\$ 467,871</u></u>	<u><u>\$ 1,222,857</u></u>	<u><u>\$ 754,986</u></u>

SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS
Last four fiscal years only (schedule is built prospectively upon implementation of GASB 68)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:				
Service cost	\$ 35,296	\$ 55,959	\$ 66,434	\$ 53,971
Interest	222,773	209,559	196,303	187,244
Difference in experience	(138,507)	67,255	16,084	-
Change in assumptions	-	-	105,307	-
* Benefit change	(3,305)	-	-	-
Other	1	2	2	-
Benefit payments, including refunds	<u>(168,046)</u>	<u>(146,518)</u>	<u>(131,141)</u>	<u>(144,114)</u>
Net change in total pension liability	(51,788)	186,257	252,989	97,101
Total pension liability, beginning of year	<u>2,851,050</u>	<u>2,664,793</u>	<u>2,411,804</u>	<u>2,314,703</u>
Total pension liability, end of year	<u>\$ 2,799,262</u>	<u>\$ 2,851,050</u>	<u>\$ 2,664,793</u>	<u>\$ 2,411,804</u>
Plan fiduciary net position:				
Contributions - employer	\$ 94,773	\$ 113,293	\$ 103,872	\$ 84,447
Contributions - employee	2,182	-	-	-
Net investment income	241,982	192,887	(26,146)	107,258
Benefit payments, including refunds	(168,046)	(146,518)	(131,141)	(144,114)
Administrative expenses	<u>(3,834)</u>	<u>(3,805)</u>	<u>(3,833)</u>	<u>(3,926)</u>
Net change in plan fiduciary net position	167,057	155,857	(57,248)	43,665
Plan fiduciary net position, beginning of year	<u>1,853,576</u>	<u>1,697,719</u>	<u>1,754,967</u>	<u>1,711,302</u>
Plan fiduciary net position, end of year	<u>\$ 2,020,633</u>	<u>\$ 1,853,576</u>	<u>\$ 1,697,719</u>	<u>\$ 1,754,967</u>
Village's net pension liability, end of year	<u>\$ 778,629</u>	<u>\$ 997,474</u>	<u>\$ 967,074</u>	<u>\$ 656,837</u>
Plan fiduciary net position as a percent of total pension liability	72.18%	65.01%	63.71%	72.77%
Covered payroll	\$ 398,139	\$ 631,719	\$ 758,554	\$ 628,481
Village's net pension liability as a percentage of covered employee payroll	195.57%	157.90%	127.49%	104.51%

* Increased employee contributions from 0% to 2%

Village of Vicksburg

SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS

Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contributions	\$ 98,228	\$ 100,613	\$ 134,820	\$ 89,092	\$ 100,000	\$ 84,000	\$ 101,000	\$ 106,000	\$ 97,000	\$ 87,000
Contributions in relation to the actuarially determined contributions	<u>98,228</u>	<u>100,613</u>	<u>134,820</u>	<u>89,092</u>	<u>100,000</u>	<u>84,000</u>	<u>101,000</u>	<u>106,000</u>	<u>97,000</u>	<u>87,000</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 398,139</u>	<u>\$ 666,809</u>	<u>\$ 758,554</u>	<u>\$ 628,481</u>	<u>\$ 619,762</u>	<u>\$ 624,097</u>	<u>\$ 631,435</u>	<u>\$ 744,459</u>	<u>\$ 764,983</u>	<u>\$ 740,184</u>
Contributions as a percentage of covered payroll	24.67%	15.09%	17.77%	14.18%	16.14%	13.46%	16.00%	14.24%	12.68%	11.75%

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial costs method	Entry-age normal cost
Amortization method	Level percentage of pay, open
Remaining amortization period	22 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%, net of investment and administrative expenses, including inflation
Retirement age	Normal retirement age is 60 years
Mortality	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%

SUPPLEMENTARY INFORMATION

Village of Vicksburg**COMBINING BALANCE SHEET - nonmajor governmental funds***June 30, 2018*

	<i>Major Street</i>	<i>Local Street</i>	<i>Totals</i>
ASSETS			
Cash	\$ 419,561	\$ 153,652	\$ 573,213
Receivables	<u>45,806</u>	<u>17,241</u>	<u>63,047</u>
Total assets	<u>\$ 465,367</u>	<u>\$ 170,893</u>	<u>\$ 636,260</u>
LIABILITIES AND FUND BALANCES			
Liabilities - payables	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ 94</u>
FUND BALANCES			
Restricted for public works	<u>\$ 465,273</u>	<u>\$ 170,893</u>	<u>\$ 636,166</u>
Total liabilities and fund balances	<u>\$ 465,367</u>	<u>\$ 170,893</u>	<u>\$ 636,260</u>

Village of Vicksburg**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - *nonmajor governmental funds****Year ended June 30, 2018*

	<i>Major Street</i>	<i>Local Street</i>	<i>Totals</i>
REVENUES			
State grants	\$ 240,740	\$ 132,092	\$ 372,832
Interest	759	229	988
Total revenues	<u>241,499</u>	<u>132,321</u>	<u>373,820</u>
EXPENDITURES			
Public works	<u>187,844</u>	<u>50,716</u>	<u>238,560</u>
NET CHANGES IN FUND BALANCES	53,655	81,605	135,260
FUND BALANCES - BEGINNING	<u>411,618</u>	<u>89,288</u>	<u>500,906</u>
FUND BALANCES - ENDING	<u><u>\$ 465,273</u></u>	<u><u>\$ 170,893</u></u>	<u><u>\$ 636,166</u></u>

BALANCE SHEET - component units

June 30, 2018

	<i>Downtown Development Authority</i>	<i>Brownfield Redevelopment Authority</i>
ASSETS		
Cash	\$ 244,649	\$ 700,835
Receivables	22,844	-
Due from primary government	-	1,113
Total assets	<u>\$ 267,493</u>	<u>\$ 701,948</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Payables	\$ 11,800	\$ 305
Due to primary government	3,968	-
Unearned revenue	1,717	-
Total liabilities	<u>17,485</u>	<u>305</u>
Fund balances:		
Restricted for:		
Façade loan program	50,000	-
Unassigned	200,008	701,643
Total fund balance	<u>250,008</u>	<u>701,643</u>
Total liabilities and fund balances	<u>\$ 267,493</u>	<u>\$ 701,948</u>
Reconciliation of the balance sheet to the statement of net position:		
Total fund balances	\$ 250,008	\$ 701,643
Amounts reported for the <i>component units</i> in the statement of net position (page 12) are different because:		
Certain assets of the <i>component units</i> are not current financial resources and, therefore, are not reported in the funds.	178,300	-
Long-term liabilities, consisting notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(24,998)</u>	<u>-</u>
Net position of the <i>component units</i>	<u>\$ 403,310</u>	<u>\$ 701,643</u>

Village of Vicksburg

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - *component units*

Year ended June 30, 2018

	<i>Downtown Development Authority</i>	<i>Brownfield Redevelopment Authority</i>
REVENUES		
Property taxes	\$ 97,944	\$ 193,322
Charges for services	26,030	-
Interest and rentals	1,855	1,689
Other	46,870	1,000
Total revenues	172,699	196,011
EXPENDITURES		
Current - community and economic development	300,021	9,719
Capital outlay	19,443	-
Debt service:		
Principal	25,002	29,341
Interest	-	1,433
Total expenditures	344,466	40,493
NET CHANGES IN FUND BALANCES	(171,767)	155,518
FUND BALANCES - BEGINNING	421,775	546,125
FUND BALANCES - ENDING	<u>\$ 250,008</u>	<u>\$ 701,643</u>
Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:		
Net changes in fund balances, per above	\$ (171,767)	\$ 155,518
Amounts reported for <i>component units</i> in the statement of activities (page 13) are different because:		
Capital assets:		
Provision for depreciation	(15,233)	-
Long-term debt:		
Principal payments	25,002	29,341
Change in net position of <i>component units</i>	<u>\$ (161,998)</u>	<u>\$ 184,859</u>

BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority

Year ended June 30, 2018

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 55,095	\$ 55,095	\$ 97,944	\$ 42,849
Charges for services	82,621	82,621	26,030	(56,591)
Interest and rentals	75	75	1,855	1,780
Other	<u>44,000</u>	<u>44,000</u>	<u>46,870</u>	<u>2,870</u>
Total revenues	<u>181,791</u>	<u>181,791</u>	<u>172,699</u>	<u>(9,092)</u>
EXPENDITURES				
Community and economic development	170,837	170,837	300,021	(129,184)
Capital outlay	21,500	21,500	19,443	2,057
Debt service - principal	<u>-</u>	<u>-</u>	<u>25,002</u>	<u>(25,002)</u>
Total expenditures	<u>192,337</u>	<u>192,337</u>	<u>344,466</u>	<u>(152,129)</u>
NET CHANGES IN FUND BALANCES	(10,546)	(10,546)	(171,767)	(161,221)
FUND BALANCES - BEGINNING	<u>421,775</u>	<u>421,775</u>	<u>421,775</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 411,229</u>	<u>\$ 411,229</u>	<u>\$ 250,008</u>	<u>\$ (161,221)</u>

BUDGETARY COMPARISON SCHEDULE - Brownfield Redevelopment Authority

Year ended June 30, 2018

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 170,000	\$ 170,000	\$ 193,322	\$ 23,322
Interest	500	500	1,689	1,189
Other	-	-	1,000	1,000
Total revenues	<u>170,500</u>	<u>170,500</u>	<u>196,011</u>	<u>25,511</u>
EXPENDITURES				
Community and economic development	40,000	40,000	9,719	30,281
Debt service:				
Principal	29,335	29,335	29,341	(6)
Interest	<u>1,500</u>	<u>1,500</u>	<u>1,433</u>	<u>67</u>
Total expenditures	<u>70,835</u>	<u>70,835</u>	<u>40,493</u>	<u>30,342</u>
NET CHANGES IN FUND BALANCES	99,665	99,665	155,518	55,853
FUND BALANCES - BEGINNING	<u>546,125</u>	<u>546,125</u>	<u>546,125</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 645,790</u>	<u>\$ 645,790</u>	<u>\$ 701,643</u>	<u>\$ 55,853</u>

*Village of Vicksburg***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$3,480,000 2014 CAPITAL AND REFUNDING BONDS***June 30, 2018*

<i>Fiscal period</i>	<i>Interest</i>	<i>Principal</i>	<i>Total requirements</i>
2019	\$ 111,656	\$ 145,000	\$ 256,656
2020	107,956	150,000	257,956
2021	103,381	155,000	258,381
2022	98,656	160,000	258,656
2023	93,781	165,000	258,781
2024	88,756	170,000	258,756
2025	82,706	175,000	257,706
2026	75,606	180,000	255,606
2027	68,206	190,000	258,206
2028	60,506	195,000	255,506
2029	52,506	205,000	257,506
2030	44,106	215,000	259,106
2031	35,166	225,000	260,166
2032	25,782	230,000	255,782
2033	15,938	240,000	255,938
2034	5,419	255,000	260,419
	<u>\$ 1,070,127</u>	<u>\$ 3,055,000</u>	<u>\$ 4,125,127</u>
Allocation by activity:			
Governmental activities	\$ 192,650	\$ 550,000	\$ 742,650
Business-type activities	<u>877,477</u>	<u>2,505,000</u>	<u>3,382,477</u>
	<u>\$ 1,070,127</u>	<u>\$ 3,055,000</u>	<u>\$ 4,125,127</u>

Village of Vicksburg

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$1,000,000 2007 SEWER BONDS**

June 30, 2018

<i>Fiscal period</i>	<i>Interest</i>	<i>Principal</i>	<i>Total requirements</i>
2019	\$ 6,624	\$ -	\$ 6,624
2020	4,917	65,000	69,917
2021	3,221	65,000	68,221
2022	<u>1,172</u>	<u>90,000</u>	<u>91,172</u>
	<u>\$ 15,934</u>	<u>\$ 220,000</u>	<u>\$ 235,934</u>