

Village of Vicksburg
Kalamazoo County, Michigan

FINANCIAL STATEMENTS

Year ended June 30, 2019



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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, and each major fund of the Village of Vicksburg, Michigan (the Village), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the Village of Vicksburg, Michigan, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 combining component unit financial statements are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining component unit financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Manes Costeian PC

December 19, 2019



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, 2019. Please read it in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

- The Village's total net position increased by \$1,212,237 (12 percent) as a result of this year's activities. The net position of the governmental activities increased by \$644,473 and the net position of the business-type activities increased by \$567,764.
- Of the \$11,113,045 total net position reported, \$2,640,845 (24 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 \$796,969, which represents 51 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 2019 and 2018 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, and liabilities. 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 and deferred outflow of resources, and liabilities) 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position

The total net position at the end of the fiscal year was \$11,113,045. Of this total, \$7,510,875 represents a net investment in capital assets and \$961,325 is restricted for various purposes. Consequently, unrestricted net position was \$2,640,845 or 24 percent of the total.

Condensed financial information

Net position

	Governmental activities		Business-type activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 2,580,103	\$ 1,987,268	\$ 2,285,969	\$ 2,012,411	\$ 4,866,072	\$ 3,999,679
Capital assets	3,661,343	3,519,247	6,868,931	6,764,565	10,530,274	10,283,812
Total assets	6,241,446	5,506,515	9,154,900	8,776,976	15,396,346	14,283,491
Deferred outflows of resources	126,533	44,880	94,087	72,522	220,620	117,402
Current and other liabilities	56,464	486,703	493,703	681,853	550,167	1,168,556
Noncurrent liabilities	1,187,648	540,807	2,766,106	2,683,100	3,953,754	3,223,907
Total liabilities	1,244,112	1,027,510	3,259,809	3,364,953	4,503,921	4,392,463
Deferred inflows of resources	-	44,491	-	63,131	-	107,622
Net position:						
Net investment in capital assets	3,144,548	2,978,440	4,366,327	4,081,465	7,510,875	7,059,905
Restricted	736,232	636,166	225,093	132,931	961,325	769,097
Unrestricted	1,243,087	864,788	1,397,758	1,207,018	2,640,845	2,071,806
Total net position	\$ 5,123,867	\$ 4,479,394	\$ 5,989,178	\$ 5,421,414	\$ 11,113,045	\$ 9,900,808

Changes in net position

The Village's total revenues for the current fiscal year were \$5,099,340. In the current year, nearly 54 percent of the Village's revenues comes from charges for services and approximately 27 percent comes from property taxes.

The total cost of the Village's programs, covering a wide range of services, totaled \$3,887,103. More than 51 percent of the Village's expenses relates to the provision of utility and golf services. Public safety and public works expenses account for 22 and 16 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>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Program revenues:						
Charges for services	\$ 195,680	\$ 132,898	\$ 2,543,922	\$ 2,417,283	\$ 2,739,602	\$ 2,550,181
Grants and contributions:						
Operating grants	473,482	377,967	3,662	112,051	477,144	490,018
Capital grants	62,958	33,718	-	-	62,958	33,718
General revenues:						
Property taxes	1,372,458	1,194,969	-	-	1,372,458	1,194,969
State shared revenue	288,382	277,221	-	-	288,382	277,221
Vision campaign contributions	-	175,258	-	-	-	175,258
Local community stabilization revenue	69,292	71,259	-	-	69,292	71,259
Unrestricted investment return	9,482	3,517	4,872	3,691	14,354	7,208
Franchise fees	16,153	16,437	-	-	16,153	16,437
Other	58,997	24,786	-	-	58,997	24,786
Gain on sale of assets	-	24,006	-	-	-	24,006
Total revenues	<u>2,546,884</u>	<u>2,332,036</u>	<u>2,552,456</u>	<u>2,533,025</u>	<u>5,099,340</u>	<u>4,865,061</u>
Expenses:						
General government	282,053	287,764	-	-	282,053	287,764
Public safety	848,884	639,826	-	-	848,884	639,826
Public works	634,890	505,866	-	-	634,890	505,866
Community and economic development	23,298	18,576	-	-	23,298	18,576
Recreation and culture	92,298	89,214	-	-	92,298	89,214
Interest	20,988	22,578	-	-	20,988	22,578
Sewer	-	-	597,577	754,186	597,577	754,186
Water	-	-	573,830	361,879	573,830	361,879
Golf	-	-	813,285	1,325,581	813,285	1,325,581
Total expenses	<u>1,902,411</u>	<u>1,563,824</u>	<u>1,984,692</u>	<u>2,441,646</u>	<u>3,887,103</u>	<u>4,005,470</u>
Changes in net position	<u>\$ 644,473</u>	<u>\$ 768,212</u>	<u>\$ 567,764</u>	<u>\$ 91,379</u>	<u>\$ 1,212,237</u>	<u>\$ 859,591</u>
Net position, end of year	<u>\$ 5,123,867</u>	<u>\$ 4,479,394</u>	<u>\$ 5,989,178</u>	<u>\$ 5,421,414</u>	<u>\$ 11,113,045</u>	<u>\$ 9,900,808</u>

Governmental activities

Governmental activities increased the Village's net position by \$644,473, in the current year, compared to a \$768,212 increase in the prior year. The increase in the net position is lower in the current year, as revenues increased by \$214,848 and expenses increased by \$338,587.

Total revenues were higher primarily due to a \$177,489 increase in property tax revenues as taxable value increased. Expenses increased by \$338,587 as public works and public safety increased by \$129,024 and \$209,058 respectively.

The total cost of governmental activities this year was \$1,902,411. After subtracting the direct charges to those who directly benefited from the programs (\$195,680) and operating and capital grants (\$536,440), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$1,170,291.

Business-type activities

Business-type activities increased the Village's net position by \$567,764 in the current year compared to a \$91,379 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 \$2,478,931, an increase of \$619,908 from the prior year. Of the total fund balances, \$796,969 (32 percent) constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is either nonspendable (\$26,884), restricted for public works (\$726,828), committed (\$700,000) or assigned (\$228,250) 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 \$1,742,699, an increase of \$519,842, as revenues of \$2,086,380, exceeded expenditures of \$1,566,538.

The Major Street Fund, a special revenue fund, accounts for the use of motor fuel taxes that are earmarked by state statute for major street repairs and improvements. Its fund balance at June 30, 2019, was \$551,933, an increase of \$86,660, as revenues of \$257,994 exceeded street maintenance costs of \$171,334.

The Local Street Fund, a special revenue fund, accounts for the use of motor fuel taxes that are earmarked by state statute for local street repairs and improvements. Its fund balance at June 30, 2019, was \$184,299, an increase of \$13,406, as revenues of \$211,203 exceeded street maintenance costs of \$197,807.

Proprietary funds

The Sewer Fund experienced an increase in net position of \$336,297 in the current year, as user fees of \$932,032 and nonoperating revenues of \$1,842 were higher than total costs of \$597,577. Total net position is \$3,373,405 at year end, of which \$587,164 is unrestricted.

The Water Fund experienced a decrease in net position of \$27,476 in the current year, as user fees of \$540,140 and nonoperating revenues of \$6,214 were exceeded by total costs of \$573,830. Total net position is \$1,816,871 at year end, of which \$708,415 is unrestricted.

The Golf Course Fund experienced an increase in net position of \$258,943 in the current year, as user fees of \$1,071,750 and nonoperating revenues of \$478 exceeded total costs of \$813,285. Total net position is \$798,902 at year end, of which \$102,179 is unrestricted.

General Fund budgetary highlights

The Village amended its revenue budget to increase total revenues by \$342,000, due to an increase in anticipated licenses and permits related to building inspections, increased anticipated property taxes, and increased anticipated other contributions. The Village also amended its appropriations during the current year so that net budgeted expenditures increased by \$151,082 to reflect changes that occurred over the course of the year. The most significant amendments increased amounts appropriated for recreation and culture expenditures by \$125,000 for an anticipated increase in project costs.

Total revenues were \$62,052 more than budgeted, primarily because property taxes were \$69,861 more than anticipated. Expenditures were \$388,389 less than the amounts appropriated, as expenditures were lower than appropriations in all functions. These variances resulted in a \$450,441 positive budget variance with a \$519,842 increase in fund balance compared to a budgeted increase of \$69,401.

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, 2019, amounts to \$10,530,274, net of accumulated depreciation. Governmental capital assets amount to \$3,661,343 and business-type capital assets totaled \$6,868,931. 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 \$246,462 as additions of \$793,896 exceeded current year depreciation of \$547,434.

	<i>Governmental activities</i>	<i>Business-type activities</i>
Land	\$ 1,087,935	\$ 1,000,000
Infrastructure	2,010,661	4,761,612
Golf course	-	813,945
Buildings and improvements	103,223	-
Furniture and equipment	189,595	-
Vehicles	199,924	-
Construction in progress	70,005	293,374
Totals	<u>\$ 3,661,343</u>	<u>\$ 6,868,931</u>

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

- Purchase of a crane truck for \$128,942
- Street improvements at a cost of \$247,636
- Street, Sewer and Water infrastructure improvements \$363,379

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 \$3,019,399, which represents a net decrease of \$204,508, due to timely principal payments.

Other long-term debt obligations of the governmental activities of \$124,142, represent accrued compensated absences. The Village also recognized a net pension liability, associated with its defined benefit pension plan, in the amount of \$571,711 for governmental activities and \$388,502 for business-type activities.

More detailed information about the Village's long-term obligations 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 2020, 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.

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, MI 49097

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2019

	Primary government			Component units	
	Governmental activities	Business-type activities	Totals	Downtown Development Authority	Brownfield Redevelopment Authority
ASSETS					
Current assets:					
Cash	\$ 2,328,163	\$ 1,634,437	\$ 3,962,600	\$ 217,905	\$ 524,709
Receivables	150,750	352,038	502,788	31,389	-
Due from component units	8,467	-	8,467	-	-
Restricted cash	-	237,075	237,075	-	-
Inventory and prepaids	26,884	62,419	89,303	-	-
Total current assets	2,514,264	2,285,969	4,800,233	249,294	524,709
Noncurrent assets:					
Receivables	65,839	-	65,839	-	-
Capital assets not being depreciated	1,157,940	1,293,374	2,451,314	-	-
Capital assets, net of depreciation	2,503,403	5,575,557	8,078,960	163,067	-
Total noncurrent assets	3,727,182	6,868,931	10,596,113	163,067	-
Total assets	6,241,446	9,154,900	15,396,346	412,361	524,709
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension amounts	126,533	85,985	212,518	-	-
Loss on bond refunding, net	-	8,102	8,102	-	-
Total deferred outflows of resources	126,533	94,087	220,620	-	-
LIABILITIES					
Current liabilities:					
Payables	31,464	274,669	306,133	2,684	-
Unearned revenue	-	94,034	94,034	-	-
Due to primary government	-	-	-	1,080	7,387
Bonds and notes payable	25,000	125,000	150,000	8,330	-
Total current liabilities	56,464	493,703	550,167	12,094	7,387
Noncurrent liabilities:					
Compensated absences	124,142	-	124,142	-	-
Net pension liability	571,711	388,502	960,213	-	-
Bonds and notes payable	491,795	2,377,604	2,869,399	-	-
Total noncurrent liabilities	1,187,648	2,766,106	3,953,754	-	-
Total liabilities	1,244,112	3,259,809	4,503,921	12,094	7,387
NET POSITION					
Net investment in capital assets	3,144,548	4,366,327	7,510,875	154,737	-
Restricted for:					
Public works	736,232	-	736,232	-	-
Debt service	-	225,093	225,093	-	-
Economic development	-	-	-	42,000	-
Unrestricted	1,243,087	1,397,758	2,640,845	203,530	517,322
Total net position	\$ 5,123,867	\$ 5,989,178	\$ 11,113,045	\$ 400,267	\$ 517,322

Village of
STATEMENT OF ACTIVITIES
Year ended June 30, 2019

	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	
Functions/Programs							
Primary government							
Governmental activities:							
General government	\$ 282,053	\$ 40,991	\$ -	\$ -	\$ (241,062)	\$ (241,062)	
Public safety	848,884	154,689	4,003	-	(690,192)	(690,192)	
Public works	634,890	-	467,858	62,958	(104,074)	(104,074)	
Community and economic development	23,298	-	-	-	(23,298)	(23,298)	
Recreation and culture	92,298	-	1,621	-	(90,677)	(90,677)	
Interest on long-term debt	20,988	-	-	-	(20,988)	(20,988)	
Total governmental activities	1,902,411	195,680	473,482	62,958	(1,170,291)	(1,170,291)	
Business-type activities:							
Sewer	597,577	932,032	-	-	\$ 334,455	334,455	
Water	573,830	540,140	3,662	-	(30,028)	(30,028)	
Golf course	813,285	1,071,750	-	-	258,465	258,465	
Total business-type activities	1,984,692	2,543,922	3,662	-	562,892	562,892	
Total primary government	\$ 3,887,103	\$ 2,739,602	\$ 477,144	\$ 62,958	(1,170,291)	(607,399)	
Component units							
Downtown Development Authority	\$ 116,542	\$ 21,538	\$ 29,391	\$ -	\$ (65,613)	\$ (65,613)	
Brownfield Redevelopment Authority	186,501	500	-	-	-	(186,001)	
Total component units	\$ 303,043	\$ 22,038	\$ 29,391	\$ -	(65,613)	(186,001)	
General revenues:							
Property taxes					1,372,458	62,424	
State shared revenue					288,382	-	
Local community stabilization revenue					69,292	-	
Cable television franchise fees					16,153	-	
Unrestricted interest income					9,482	146	1,680
Other					58,997	-	-
Totals					1,814,764	4,872	1,680
Changes in net position					644,473	567,764	(3,043)
Net position - beginning					4,479,394	5,421,414	701,643
Net position - ending					\$ 5,123,867	\$ 5,989,178	\$ 400,267
					\$ 11,113,045	\$ 11,113,045	\$ 517,322

	General	Major Street	Local Street	Total governmental funds
ASSETS				
Cash	\$ 1,664,369	\$ 497,819	\$ 165,975	\$ 2,328,163
Receivables	153,555	44,710	18,324	216,589
Due from component units	8,467	-	-	8,467
Prepays	17,480	9,404	-	26,884
Total assets	\$ 1,843,871	\$ 551,933	\$ 184,299	\$ 2,580,103
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Payables	\$ 26,495	\$ -	\$ -	\$ 26,495
Deferred inflows of resources:				
Unavailable sales contract revenue	74,677	-	-	74,677
Fund balances:				
Nonspendable - prepaids	17,480	9,404	-	26,884
Restricted for - public works	-	542,529	184,299	726,828
Committed for:				
General government stabilization	150,000	-	-	150,000
New village hall	550,000	-	-	550,000
Assigned for - capital acquisitions	228,250	-	-	228,250
Unassigned	796,969	-	-	796,969
Total fund balances	1,742,699	551,933	184,299	2,478,931
Total liabilities, deferred inflows of resources and fund balances	\$ 1,843,871	\$ 551,933	\$ 184,299	\$ 2,580,103

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - total governmental funds \$ 2,478,931

Amounts reported for *governmental activities* in the statement of net position (page 12) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 3,661,343

Deferred outflows of resources, related to the pension plan, relate to future years and, therefore, are not reported in the funds. 126,533

Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. (124,142)

Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds. (516,795)

Interest payable, related to long-term liabilities, is not due and payable in the current period and, therefore, is not reported in the funds. (4,969)

Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds. 74,677

The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds. (571,711)

Net position of *governmental activities* \$ 5,123,867

Village of Vicksburg

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds

Year ended June 30, 2019

	<i>General</i>	<i>Major Street</i>	<i>Local Street</i>	<i>Total governmental funds</i>
REVENUES				
Property taxes	\$ 1,386,131	\$ -	\$ -	\$ 1,386,131
Licenses and permits	135,285	-	-	135,285
State grants	361,677	256,865	210,994	829,536
Intergovernmental	50,000	-	-	50,000
Fines and forfeitures	5,057	-	-	5,057
Interest and rentals	14,134	1,129	219	15,482
Other	134,096	-	-	134,096
Total revenues	2,086,380	257,994	211,213	2,555,587
EXPENDITURES				
Current:				
General government	251,318	-	-	251,318
Public safety	771,550	-	-	771,550
Public works	236,645	171,334	197,807	605,786
Community and economic development	23,298	-	-	23,298
Recreation and culture	95,671	-	-	95,671
Capital outlay	142,931	-	-	142,931
Debt service:				
Principal	25,000	-	-	25,000
Interest	20,125	-	-	20,125
Total expenditures	1,566,538	171,334	197,807	1,935,679
NET CHANGES IN FUND BALANCES	519,842	86,660	13,406	619,908
FUND BALANCES - BEGINNING	1,222,857	465,273	170,893	1,859,023
FUND BALANCES - ENDING	\$ 1,742,699	\$ 551,933	\$ 184,299	\$ 2,478,931

See notes to financial statements

Village of Vicksburg

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds (Continued)

Year ended June 30, 2019

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

Net change in fund balance - total governmental funds (page 15)	\$	619,908
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Amounts reported for *governmental activities* in the statement of activities (page 13) are different because:

Capital assets:

Assets acquired	460,510
Provision for depreciation	(318,414)

Long-term debt:

Retirements	25,000
Amortization of bond discount	(988)

Changes in other assets/liabilities:

Net increase in compensated absences	(9,283)
Net decrease in interest payable	125
Increase in net pension liability	(249,826)
Decrease in deferred inflows of resources related to unavailable revenue	(8,703)
Net increase in deferred outflows of resources related to pension	81,653
Net decrease in deferred inflows of resources related to pension	<u>44,491</u>

Change in net position of <i>governmental activities</i>	\$	<u><u>644,473</u></u>
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STATEMENT OF NET POSITION - *proprietary funds*

June 30, 2019

	<i>Business-type activities</i>			
	<i>Enterprise funds</i>			<i>Totals</i>
	<i>Sewer</i>	<i>Water</i>	<i>Golf Course</i>	
ASSETS				
Current assets:				
Cash	\$ 526,415	\$ 860,887	\$ 247,135	\$ 1,634,437
Receivables	237,279	108,521	6,238	352,038
Restricted cash	139,166	97,909	-	237,075
Inventory and prepaids	1,089	484	60,846	62,419
Total current assets	903,949	1,067,801	314,219	2,285,969
Noncurrent assets:				
Capital assets not being depreciated	253,369	40,005	1,000,000	1,293,374
Capital assets, net of depreciation	3,150,081	1,611,531	813,945	5,575,557
Total noncurrent assets	3,403,450	1,651,536	1,813,945	6,868,931
Total assets	4,307,399	2,719,337	2,128,164	9,154,900
DEFERRED OUTFLOWS OF RESOURCES				
Pension	32,707	32,855	20,423	85,985
Loss on bond refunding, net	-	8,102	-	8,102
Total deferred outflows of resources	32,707	40,957	20,423	94,087
LIABILITIES				
Current liabilities:				
Payables	68,429	160,087	46,153	274,669
Unearned operating revenue	-	-	94,034	94,034
Bonds payable	30,000	35,000	60,000	125,000
Total current liabilities	98,429	195,087	200,187	493,703
Noncurrent liabilities:				
Net pension liability	147,777	148,449	92,276	388,502
Bonds payable	720,495	599,887	1,057,222	2,377,604
Total noncurrent liabilities	868,272	748,336	1,149,498	2,766,106
Total liabilities	966,701	943,423	1,349,685	3,259,809
NET POSITION				
Net investment in capital assets	2,652,955	1,016,649	696,723	4,366,327
Restricted for debt service	133,286	91,807	-	225,093
Unrestricted	587,164	708,415	102,179	1,397,758
Total net position	\$ 3,373,405	\$ 1,816,871	\$ 798,902	\$ 5,989,178

Village of Vicksburg

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -

proprietary funds

Year ended June 30, 2019

	Business-type activities			
	Enterprise funds			
	Sewer	Water	Golf Course	Totals
OPERATING REVENUES				
Charges for services	\$ 907,377	\$ 540,050	\$ 1,070,963	\$ 2,518,390
Other	24,655	90	787	25,532
Total operating revenues	932,032	540,140	1,071,750	2,543,922
OPERATING EXPENSES				
Administration	182,937	208,498	165,630	557,065
Professional services	9,968	25,750	116,176	151,894
Repairs and maintenance	27,945	168,603	67,130	263,678
Rent expense	-	5,300	60,915	66,215
Other	31,530	37,595	78,902	148,027
Treatment	218,572	-	-	218,572
Supplies	9,723	30,025	208,629	248,377
Depreciation	87,017	71,523	70,480	229,020
Total operating expenses	567,692	547,294	767,862	1,882,848
OPERATING INCOME (LOSS)	364,340	(7,154)	303,888	661,074
NONOPERATING REVENUES (EXPENSES)				
State grants	-	3,662	-	3,662
Interest revenue	1,842	2,552	478	4,872
Interest expense	(29,885)	(26,536)	(45,423)	(101,844)
Net nonoperating revenues (expenses)	(28,043)	(20,322)	(44,945)	(93,310)
CHANGES IN NET POSITION	336,297	(27,476)	258,943	567,764
NET POSITION - BEGINNING	3,037,108	1,844,347	539,959	5,421,414
NET POSITION - ENDING	\$ 3,373,405	\$ 1,816,871	\$ 798,902	\$ 5,989,178

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended June 30, 2019

	<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	\$ 834,875	\$ 521,226	\$ 1,115,958	\$ 2,472,059
Payments to suppliers	(350,946)	(206,971)	(884,210)	(1,442,127)
Payments to employees	(90,201)	(105,966)	(66,184)	(262,351)
Net cash provided by operating activities	393,728	208,289	165,564	767,581
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State grants	-	3,662	-	3,662
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(272,381)	(53,005)	(8,000)	(333,386)
Principal paid on capital debt	(95,000)	(35,000)	(55,000)	(185,000)
Interest paid on capital debt	(28,890)	(24,757)	(43,557)	(97,204)
Net cash (used in) capital and related financing activities	(396,271)	(112,762)	(106,557)	(615,590)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,842	2,552	478	4,872
NET INCREASE (DECREASE) IN CASH	(701)	101,741	59,485	160,525
CASH - BEGINNING (including restricted cash: Sewer Fund - \$138,811 and Water Fund - \$97,689)	666,282	857,055	187,650	1,710,987
CASH - ENDING (including restricted cash: Sewer Fund - \$139,166 and Water Fund - \$97,909)	\$ 665,581	\$ 958,796	\$ 247,135	\$ 1,871,512

STATEMENT OF CASH FLOWS - *proprietary funds* (Continued)

Year ended June 30, 2019

	<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)	\$ 364,340	\$ (7,154)	\$ 303,888	\$ 661,074
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	87,017	71,523	70,480	229,020
Changes in assets and liabilities:				
Receivables	(97,157)	(18,914)	14,012	(102,059)
Deferred outflows of resources - pension	(19,701)	(21,347)	18,747	(22,301)
Inventory and prepaids	121	53	(11,148)	(10,974)
Payables	17,504	129,622	(24,468)	122,658
Unearned revenue	-	-	29,409	29,409
Deferred inflows of resources - pension	(12,893)	(11,408)	(38,830)	(63,131)
Compensated absences	-	-	(7,873)	(7,873)
Net pension liability	54,497	65,914	(188,653)	(68,242)
Net cash provided by operating activities	<u>\$ 393,728</u>	<u>\$ 208,289</u>	<u>\$ 165,564</u>	<u>\$ 767,581</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 funds:

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 Major Street Fund, a special revenue fund, accounts for the use of motor fuel taxes that are earmarked by state statute for major street repairs and improvements.

The Local Street Fund, a special revenue fund, accounts for the use of motor fuel taxes that are earmarked by state statute for local street repairs and improvements.

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.

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

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

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, deferred inflows of resources, and net position or equity:

Cash and investments - Cash is considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, 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, are defined by the Village as assets with an initial, individual cost of more than \$5,000 (\$50,000 for infrastructure assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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, 2019, cash is classified in the accompanying financial statements as follows:

Primary government:	
Cash	\$ 3,962,600
Restricted cash	237,075
Component unit - cash	<u>742,614</u>
 Total cash	 <u>\$ 4,942,289</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH (Continued)

At June 30, 2019, cash consists of the following:

Cash on hand	\$ 2,055
Deposits with financial institutions	<u>4,940,234</u>
Total	<u>\$ 4,942,289</u>

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, 2019, \$4,308,988 of the Village's bank balances of \$5,027,211 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, 2019, 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	\$ 83,955	\$ 69,600	\$ 153,555
Major street	-	44,710	44,710
Nonmajor	-	18,324	18,324
Total governmental	<u>\$ 83,955</u>	<u>\$ 132,634</u>	<u>\$ 216,589</u>
Noncurrent portion	<u>\$ 65,839</u>	<u>\$ -</u>	<u>\$ 65,839</u>
Proprietary:			
Enterprise:			
Sewer	\$ 237,279	\$ -	\$ 237,279
Water	108,521	-	108,521
Golf	6,238	-	6,238
Total proprietary	<u>\$ 352,038</u>	<u>\$ -</u>	<u>\$ 352,038</u>
Component unit:			
Downtown Development Authority	<u>\$ 31,389</u>	<u>\$ -</u>	<u>\$ 31,389</u>

NOTES TO FINANCIAL STATEMENTS (Continued)**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, 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
Construction in progress	-	70,005	-	70,005
Total capital assets not being depreciated	<u>1,087,935</u>	<u>70,005</u>	<u>-</u>	<u>1,157,940</u>
Capital assets being depreciated:				
Land improvements	3,652,993	247,636	-	3,900,629
Buildings and improvements	1,285,062	-	-	1,285,062
Furniture and equipment	1,241,238	13,927	-	1,255,165
Vehicles	199,118	128,942	-	328,060
Subtotal	<u>6,378,411</u>	<u>390,505</u>	<u>-</u>	<u>6,768,916</u>
Less accumulated depreciation for:				
Land improvements	(1,681,848)	(257,169)	-	(1,939,017)
Buildings and improvements	(1,069,075)	(15,817)	-	(1,084,892)
Furniture and equipment	(1,104,079)	(24,667)	-	(1,128,746)
Vehicles	(92,097)	(20,761)	-	(112,858)
Subtotal	<u>(3,947,099)</u>	<u>(318,414)</u>	<u>-</u>	<u>(4,265,513)</u>
Total capital assets being depreciated, net	<u>2,431,312</u>	<u>72,091</u>	<u>-</u>	<u>2,503,403</u>
Governmental activities capital assets, net	<u>\$ 3,519,247</u>	<u>\$ 142,096</u>	<u>\$ -</u>	<u>\$ 3,661,343</u>
Component unit - DDA:				
Capital assets being depreciated:				
Land improvements	194,954	-	-	194,954
Less accumulated depreciation for:				
Land improvements	(16,654)	(15,233)	-	(31,887)
Total capital assets being depreciated, net	<u>178,300</u>	<u>(15,233)</u>	<u>-</u>	<u>163,067</u>
Component unit - DDA capital assets, net	<u>\$ 178,300</u>	<u>\$ (15,233)</u>	<u>\$ -</u>	<u>\$ 163,067</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

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	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Construction in progress	-	293,374	-	293,374
Total capital assets not being depreciated	<u>\$ 1,000,000</u>	<u>\$ 293,374</u>	<u>\$ -</u>	<u>\$ 1,293,374</u>
Capital assets being depreciated:				
Sewer system	5,349,729	19,012	-	5,368,741
Water system	3,135,789	13,000	-	3,148,789
Golf course	1,333,167	8,000	-	1,341,167
Subtotal	<u>9,818,685</u>	<u>40,012</u>	<u>-</u>	<u>9,858,697</u>
Less accumulated depreciation for:				
Sewer system	(2,131,643)	(87,017)	-	(2,218,660)
Water system	(1,465,735)	(71,523)	-	(1,537,258)
Golf course	(456,742)	(70,480)	-	(527,222)
Subtotal	<u>(4,054,120)</u>	<u>(229,020)</u>	<u>-</u>	<u>(4,283,140)</u>
Total capital assets being depreciated, net	<u>5,764,565</u>	<u>(189,008)</u>	<u>-</u>	<u>5,575,557</u>
Business-type activities capital assets, net	<u>\$ 6,764,565</u>	<u>\$ 104,366</u>	<u>\$ -</u>	<u>\$ 6,868,931</u>

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

Governmental activities:	
General government	\$ 27,081
Public safety	14,872
Public works	249,896
Recreation and culture	26,565
Total governmental activities	<u>\$ 318,414</u>

NOTES TO FINANCIAL STATEMENTS (Continued)**NOTE 6 - PAYABLES**

Payables as of June 30, 2019, 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	\$ 12,584	\$ 13,911	\$ -	\$ 26,495
Proprietary:				
Enterprise:				
Sewer	\$ 60,036	\$ 2,663	\$ 5,730	\$ 68,429
Water	150,803	3,182	6,102	160,087
Golf Course	34,547	854	10,752	46,153
Total proprietary	\$ 245,386	\$ 6,699	\$ 22,584	\$ 274,669
Component units - Downtown Development Authority	\$ 2,684	\$ -	\$ -	\$ 2,684

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, 2019, the Village contributed \$119,213 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, 2019, long-term obligations are comprised of the following:

Primary government:

Governmental activities:

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

\$ 525,000

Net discount on bonds payable (8,205)

Total bonds payable 516,795

Compensated absences 124,142

Total governmental activities long-term obligations \$ 640,937

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

\$ 155,000

\$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

2,385,000

Less discounts on bonds (37,396)

Total bonds payable \$ 2,502,604

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

\$ 8,330

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligation activity for the year ended June 30, 2019, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Primary government:					
Governmental activities:					
Refunding bonds					
2014 Capital and refunding bonds	\$ 550,000	\$ -	\$ (25,000)	\$ 525,000	\$ 25,000
Other long-term obligations					
Compensated absences	114,859	72,187	(62,904)	124,142	-
Subtotal	664,859	72,187	(87,904)	649,142	25,000
Less discounts on bonds	(9,193)	-	988	(8,205)	-
Total governmental activities	<u>\$ 655,666</u>	<u>\$ 72,187</u>	<u>\$ (86,916)</u>	<u>\$ 640,937</u>	<u>\$ 25,000</u>
Business-type activities:					
Revenue bonds					
2007 Sewer revenue bonds	\$ 220,000	\$ -	\$ (65,000)	\$ 155,000	\$ -
Refunding bonds					
2014 Capital and refunding bonds	2,505,000	-	(120,000)	2,385,000	125,000
Other long-term obligations					
Compensated absences	7,873	-	(7,873)	-	-
Subtotal	2,732,873	-	(192,873)	2,540,000	125,000
Less discounts on bonds	(41,900)	-	4,504	(37,396)	-
Total business-type activities	<u>\$ 2,690,973</u>	<u>\$ -</u>	<u>\$ (188,369)</u>	<u>\$ 2,502,604</u>	<u>\$ 125,000</u>
Component units:					
Downtown Development Authority -					
Direct borrowings and direct placements					
2017 Loan payable	<u>\$ 24,998</u>	<u>\$ -</u>	<u>\$ (16,668)</u>	<u>\$ 8,330</u>	<u>\$ 8,330</u>

NOTES TO FINANCIAL STATEMENTS (Continued)**NOTE 8 - LONG-TERM OBLIGATIONS (Continued)**

At June 30, 2019, debt service requirements, with the exception of compensated absences, are as follows:

<i>Year ended</i>	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Component units</i>	
	<i>Other debt - bonds</i>		<i>Other debt - bonds</i>		<i>Direct borrowings</i>	
<i>June 30:</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2020	\$ 25,000	\$ 19,500	\$ 125,000	\$ 90,508	\$ 8,330	\$ -
2021	30,000	18,675	190,000	87,927	-	-
2022	30,000	17,775	220,000	82,053	-	-
2023	30,000	16,875	135,000	76,906	-	-
2024	30,000	15,975	140,000	72,781	-	-
2025 - 2029	170,000	56,563	775,000	278,506	-	-
2030 - 2034	210,000	22,700	955,000	103,710	-	-
2035	-	4,462	-	-	-	-
Totals	<u>\$ 525,000</u>	<u>\$ 172,525</u>	<u>\$ 2,540,000</u>	<u>\$ 792,391</u>	<u>\$ 8,330</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, 2018, 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	16
Active employees	<u>5</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, 2019, Village contributions ranged from 10.36% to 23.56% of monthly covered payroll. For the fiscal year ended June 30, 2019, the Village contributed \$94,980 to the plan.

Net pension liability:

The Village's net pension liability reported at June 30, 2019, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2018. 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, 2018, 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, 2018, 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%	6.15%
Global fixed income	18.50%	1.26%
Real assets	13.50%	7.22%
Diversifying strategies	12.50%	5.00%

Discount rate:

The discount rate used to measure the total pension liability is 8.00% for 2018. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Changes in net pension liability:

	Increase (decrease)		
	Total pension liability	Plan fiduciary net position	Net pension liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2017	\$ 2,799,262	\$ 2,020,633	\$ 778,629
Changes for the year:			
Service cost	23,991	-	23,991
Interest	218,178	-	218,178
Difference in experience	(51,205)	-	(51,205)
Benefit change	(1,169)	-	(1,169)
Employer contributions	-	84,759	(84,759)
Employee contributions	-	4,690	(4,690)
Net investment income (loss)	-	(77,358)	77,358
Benefit payments, including refunds	(168,046)	(168,046)	-
Administrative expenses	-	(3,878)	3,878
Other	2	-	2
Net changes	21,751	(159,833)	181,584
Balances at December 31, 2018	\$ 2,821,013	\$ 1,860,800	\$ 960,213

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	\$ 1,297,497	\$ 960,213	\$ 677,660

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension expense and deferred outflows of resources related to pensions:

For the fiscal year ended June 30, 2019, the Village recognized pension expense of \$64,824. At June 30, 2019, the Village reported deferred outflows of resource related to pensions from the following sources:

<i>Source</i>	<i>Deferred outflows of resources</i>
Difference between projected and actual earnings	\$ 141,061
Difference between expected and actual experience	<u>16,813</u>
	157,874
Contributions made subsequent to the measurement date	<u>54,644</u>
Totals	<u><u>\$ 212,518</u></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 2020.

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>
2020	\$ 66,834
2021	16,094
2022	27,804
2023	<u>47,142</u>
	<u><u>\$ 157,874</u></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, 2019, the Village made contributions of \$28,882. At June 30, 2019, 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 2018 taxable valuation of the Village approximated \$87,532,000, on which ad valorem taxes levied consisted of 15.6316 mills for operating purposes raising approximately \$1,362,000, 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, 2019, the Village abated property taxes totaling \$35,016 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, 2019, is as follows:

Cumulative excess revenues, beginning of year	<u>\$ -</u>
Revenues	\$ 93,632
Expenses	<u>93,632</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 \$736,232. Of this amount, all is restricted by enabling legislation for public works expenditures.

NOTE 17 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been recorded in fiscal year 2019 to correct the method of accounting for compensated absences that resulted in a restatement of opening net position of governmental activities. Net position, as of June 30, 2018, included in the government-wide financial statements, represents a restated balance as presented below.

	<u>Net position</u>
	<u>Governmental</u>
	<u>activities</u>
Beginning of year, as previously reported	\$ 4,554,743
Prior period adjustment - understatement of noncurrent liabilities	<u>(75,349)</u>
Beginning of year, as restated	<u>\$ 4,479,394</u>

NOTE 18 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Village of Vicksburg

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended June 30, 2019

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 1,171,270	\$ 1,316,270	\$ 1,386,131	\$ 69,861
Licenses and permits	50,500	127,500	135,285	7,785
State grants	302,200	302,200	361,677	59,477
Intergovernmental	85,958	23,000	50,000	27,000
Fines and forfeitures	7,500	7,500	5,057	(2,443)
Interest	7,400	7,400	14,134	6,734
Other	57,500	240,458	134,096	(106,362)
Total revenues	<u>1,682,328</u>	<u>2,024,328</u>	<u>2,086,380</u>	<u>62,052</u>
EXPENDITURES				
General government:				
Legislative - City Council	17,200	17,200	13,009	4,191
Village president	3,225	3,225	1,722	1,503
Village manager	88,595	88,595	69,738	18,857
Treasurer	20,725	23,225	18,354	4,871
Clerk	35,350	35,350	19,610	15,740
Administration	123,000	151,500	115,852	35,648
Building and grounds	22,250	22,250	13,033	9,217
Total general government	<u>310,345</u>	<u>341,345</u>	<u>251,318</u>	<u>90,027</u>
Public safety:				
Department of Public Safety:				
Police protection	603,625	603,625	557,047	46,578
Fire protection	122,050	122,050	120,871	1,179
Building inspections	-	100,000	93,632	6,368
Total public safety	<u>725,675</u>	<u>825,675</u>	<u>771,550</u>	<u>54,125</u>
Public works:				
Department of Public Works	444,200	319,200	220,508	98,692
Recycling	18,500	18,500	15,937	2,563
Sidewalks	8,000	8,000	200	7,800
Total public works	<u>470,700</u>	<u>345,700</u>	<u>236,645</u>	<u>109,055</u>
Community and economic development - community development and planning				
	<u>42,100</u>	<u>42,100</u>	<u>23,298</u>	<u>18,802</u>
Recreation and culture:				
Parks	50,875	201,025	95,671	105,354
Historic village	25,150	-	-	-
Total recreation and culture	<u>76,025</u>	<u>201,025</u>	<u>95,671</u>	<u>105,354</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2019

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
EXPENDITURES (Continued)				
Capital outlay	\$ 133,000	\$ 153,082	\$ 142,931	\$ 10,151
Debt service - principal	25,000	25,000	25,000	-
Debt service - interest	21,000	21,000	20,125	875
Total expenditures	1,803,845	1,954,927	1,566,538	388,389
NET CHANGES IN FUND BALANCE	(121,517)	69,401	519,842	450,441
FUND BALANCE - BEGINNING	1,222,857	1,222,857	1,222,857	-
FUND BALANCE - ENDING	\$ 1,101,340	\$ 1,292,258	\$ 1,742,699	\$ 450,441

BUDGETARY COMPARISON SCHEDULE - Major Street Fund

Year ended June 30, 2019

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
State grants	\$ 175,000	\$ 175,000	\$ 256,865	\$ 81,865
Interest	500	500	1,129	629
Total revenues	<u>175,500</u>	<u>175,500</u>	<u>257,994</u>	<u>82,494</u>
EXPENDITURES				
Public works:				
Preservation	160,891	156,391	156,391	-
Winter maintenance	7,500	12,000	9,902	2,098
Traffic service	23,500	23,500	3,331	20,169
Administration	<u>2,800</u>	<u>2,800</u>	<u>1,710</u>	<u>1,090</u>
Total expenditures	<u>194,691</u>	<u>194,691</u>	<u>171,334</u>	<u>23,357</u>
NET CHANGES IN FUND BALANCE	(19,191)	(19,191)	86,660	105,851
FUND BALANCE - BEGINNING	<u>465,273</u>	<u>465,273</u>	<u>465,273</u>	-
FUND BALANCE - ENDING	<u>\$ 446,082</u>	<u>\$ 446,082</u>	<u>\$ 551,933</u>	<u>\$ 105,851</u>

Village of Vicksburg

BUDGETARY COMPARISON SCHEDULE - Local Street Fund

Year ended June 30, 2019

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
State grants	\$ 75,000	\$ 75,000	\$ 210,994	\$ 135,994
Interest	150	150	219	69
Total revenues	<u>75,150</u>	<u>75,150</u>	<u>211,213</u>	<u>136,063</u>
EXPENDITURES				
Public works:				
Preservation	135,565	190,565	179,744	10,821
Winter maintenance	17,500	17,500	14,637	2,863
Traffic service	3,700	3,700	750	2,950
Administration	<u>3,350</u>	<u>3,350</u>	<u>2,676</u>	<u>674</u>
Total expenditures	<u>160,115</u>	<u>215,115</u>	<u>197,807</u>	<u>17,308</u>
NET CHANGES IN FUND BALANCE	(84,965)	(139,965)	13,406	153,371
FUND BALANCE - BEGINNING	<u>170,893</u>	<u>170,893</u>	<u>170,893</u>	-
FUND BALANCE - ENDING	<u>\$ 85,928</u>	<u>\$ 30,928</u>	<u>\$ 184,299</u>	<u>\$ 153,371</u>

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

	2019	2018	2017	2016	2015
Total pension liability:					
Service cost	\$ 23,991	\$ 35,296	\$ 55,959	\$ 66,434	\$ 53,971
Interest	218,178	222,773	209,559	196,303	187,244
Difference in experience	(51,205)	(138,507)	67,255	16,084	-
Change in assumptions	-	-	-	105,307	-
Benefit change*	(1,169)	(3,305)	-	-	-
Other	2	1	2	2	-
Benefit payments, including refunds	(168,046)	(168,046)	(146,518)	(131,141)	(144,114)
Net change in total pension liability	21,751	(51,788)	186,257	252,989	97,101
Total pension liability, beginning of year	2,799,262	2,851,050	2,664,793	2,411,804	2,314,703
Total pension liability, end of year	<u>\$ 2,821,013</u>	<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	\$ 84,759	\$ 94,773	\$ 113,293	\$ 103,872	\$ 84,447
Contributions - employee	4,690	2,182	-	-	-
Net investment income (loss)	(77,358)	241,982	192,887	(26,146)	107,258
Benefit payments, including refunds	(168,046)	(168,046)	(146,518)	(131,141)	(144,114)
Administrative expenses	(3,878)	(3,834)	(3,805)	(3,833)	(3,926)
Net change in plan fiduciary net position	(159,833)	167,057	155,857	(57,248)	43,665
Plan fiduciary net position, beginning of year	2,020,633	1,853,576	1,697,719	1,754,967	1,711,302
Plan fiduciary net position, end of year	<u>\$ 1,860,800</u>	<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>\$ 960,213</u>	<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	65.96%	72.18%	65.01%	63.71%	72.77%
Covered payroll	\$ 267,488	\$ 398,139	\$ 631,719	\$ 758,554	\$ 628,481
Village's net pension liability as a percentage of covered employee payroll	358.97%	195.57%	157.90%	127.49%	104.51%

* Increased employee contributions from 0% to 2%

SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS

Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contributions	\$ 94,980	\$ 98,228	\$100,613	\$134,820	\$ 89,092	\$100,000	\$ 84,000	\$101,000	\$106,000	\$ 97,000
Contributions in relation to the actuarially determined contributions	94,980	98,228	100,613	134,820	89,092	100,000	84,000	101,000	106,000	97,000
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$398,389	\$398,139	\$666,809	\$758,554	\$628,481	\$619,762	\$624,097	\$631,435	\$744,459	\$764,983
Contributions as a percentage of covered payroll	23.84%	24.67%	15.09%	17.77%	14.18%	16.14%	13.46%	16.00%	14.24%	12.68%

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%

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SUPPLEMENTARY INFORMATION

Village of Vicksburg

BALANCE SHEET - component units

June 30, 2019

	<i>Downtown Development Authority</i>	<i>Brownfield Redevelopment Authority</i>
ASSETS		
Cash	\$ 217,905	\$ 524,709
Receivables	31,389	-
Total assets	<u>\$ 249,294</u>	<u>\$ 524,709</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Payables	\$ 2,684	\$ -
Due to primary government	1,080	7,387
Total liabilities	<u>3,764</u>	<u>7,387</u>
Fund balances:		
Restricted for - Façade loan program	42,000	-
Unassigned	203,530	517,322
Total fund balance	<u>245,530</u>	<u>517,322</u>
Total liabilities and fund balances	<u>\$ 249,294</u>	<u>\$ 524,709</u>
Reconciliation of the balance sheet to the statement of net position:		
Total fund balances	\$ 245,530	\$ 517,322
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.	163,067	-
Long-term liabilities, consisting of notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(8,330)</u>	<u>-</u>
Net position of the <i>component units</i>	<u>\$ 400,267</u>	<u>\$ 517,322</u>

Village of Vicksburg

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - *component units*

Year ended June 30, 2019

	<i>Downtown Development Authority</i>	<i>Brownfield Redevelopment Authority</i>
REVENUES		
Property taxes	\$ 62,424	\$ -
Charges for services	21,538	-
Interest	146	1,680
Other	<u>29,391</u>	<u>500</u>
Total revenues	<u>113,499</u>	<u>2,180</u>
EXPENDITURES		
Current - community and economic development	101,309	186,501
Debt service - principal	<u>16,668</u>	<u>-</u>
Total expenditures	<u>117,977</u>	<u>186,501</u>
NET CHANGES IN FUND BALANCES	(4,478)	(184,321)
FUND BALANCES - BEGINNING	<u>250,008</u>	<u>701,643</u>
FUND BALANCES - ENDING	<u>\$ 245,530</u>	<u>\$ 517,322</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	\$ (4,478)	\$ (184,321)
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	<u>16,668</u>	<u>-</u>
Change in net position of <i>component units</i>	<u>\$ (3,043)</u>	<u>\$ (184,321)</u>

BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority

Year ended June 30, 2019

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 55,094	\$ 51,935	\$ 62,424	\$ 10,489
Charges for services	32,910	32,910	21,538	(11,372)
Interest and rentals	720	720	146	(574)
Other	44,086	33,015	29,391	(3,624)
Total revenues	<u>132,810</u>	<u>118,580</u>	<u>113,499</u>	<u>(5,081)</u>
EXPENDITURES				
Community and economic development	104,699	148,159	101,309	46,850
Debt service - principal	-	-	16,668	(16,668)
Total expenditures	<u>104,699</u>	<u>148,159</u>	<u>117,977</u>	<u>30,182</u>
NET CHANGES IN FUND BALANCES	28,111	(29,579)	(4,478)	25,101
FUND BALANCES - BEGINNING	<u>250,008</u>	<u>250,008</u>	<u>250,008</u>	-
FUND BALANCES - ENDING	<u>\$ 278,119</u>	<u>\$ 220,429</u>	<u>\$ 245,530</u>	<u>\$ 25,101</u>

BUDGETARY COMPARISON SCHEDULE - Brownfield Redevelopment Authority

Year ended June 30, 2019

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Interest	\$ 1,400	\$ 1,400	\$ 1,680	\$ 280
Other	-	-	500	500
Total revenues	1,400	1,400	2,180	780
EXPENDITURES				
Community and economic development	198,500	366,775	186,501	180,274
Debt service:				
Principal	29,087	29,087	-	29,087
Interest	1,062	1,062	-	1,062
Total expenditures	228,649	396,924	186,501	210,423
NET CHANGES IN FUND BALANCES	(227,249)	(395,524)	(184,321)	211,203
FUND BALANCES - BEGINNING	701,643	701,643	701,643	-
FUND BALANCES - ENDING	<u>\$ 474,394</u>	<u>\$ 306,119</u>	<u>\$ 517,322</u>	<u>\$ 211,203</u>

Village of Vicksburg

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -

\$3,480,000 2014 CAPITAL AND REFUNDING BONDS

June 30, 2019

<i>Fiscal period</i>	<i>Interest</i>	<i>Principal</i>	<i>Total requirements</i>
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>\$ 958,471</u>	<u>\$ 2,910,000</u>	<u>\$ 3,868,471</u>
	<i>Interest</i>	<i>Principal</i>	<i>Totals</i>
Allocation by activity:			
Governmental activities	\$ 172,525	\$ 525,000	\$ 697,525
Business-type activities	<u>785,946</u>	<u>2,385,000</u>	<u>3,170,946</u>
	<u>\$ 958,471</u>	<u>\$ 2,910,000</u>	<u>\$ 3,868,471</u>

Village of Vicksburg

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -

\$1,000,000 2007 SEWER BONDS

June 30, 2019

<i><u>Fiscal period</u></i>	<i><u>Interest</u></i>	<i><u>Principal</u></i>	<i><u>Total requirements</u></i>
2020	\$ 2,052	\$ -	\$ 2,052
2021	3,221	65,000	68,221
2022	<u>1,172</u>	<u>90,000</u>	<u>91,172</u>
	<u>\$ 6,445</u>	<u>\$ 155,000</u>	<u>\$ 161,445</u>

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