

***Village of Sparta***

***Kent County, Michigan***

**FINANCIAL STATEMENTS**

***Year ended December 31, 2024***

---

<b>INDEPENDENT AUDITOR'S REPORT</b>	3 - 5
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	6 - 13
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide financial statements:	
Statement of net position	14
Statement of activities	15
Fund financial statements:	
Balance sheet - governmental funds	16
Statement of revenues, expenditures, and changes in fund balances - governmental funds	17 - 18
Statement of net position - proprietary funds	19
Statement of revenues, expenses, and changes in net position - proprietary funds	20
Statement of cash flows - proprietary funds	21 - 22
Notes to financial statements	23 - 43
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedules:	
General Fund	44 - 46
Major Street Fund	47 - 48
Local Street Fund	49
Schedule of changes in the Village's net pension liability and related ratios	50
Schedule of Village pension contributions	51
Schedule of changes in the Village's net OPEB liability and related ratios	52
Schedule of Village OPEB contributions	53
<b>SUPPLEMENTARY INFORMATION</b>	
Balance sheet - component unit	54
Statement of revenues, expenditures, and changes in fund balances - component unit	55
Budgetary comparison schedule - component unit	56
<b>OTHER INFORMATION</b>	
Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure	57 - 62

## INDEPENDENT AUDITOR'S REPORT

Village Council  
Village of Sparta, Michigan

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the Village of Sparta, Michigan (the Village), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the contents.

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 unit, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2024, 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.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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 schedules for the pension and other postemployment benefit plans, as listed in the contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The component unit fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based in the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in black ink that reads "Siegfried Crandall P.C.". The signature is written in a cursive, flowing style.

May 6, 2025

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Village of Sparta's (the Village) financial performance provides a narrative overview of the Village's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the Village's financial statements.

## **FINANCIAL HIGHLIGHTS**

- The Village's total net position increased by \$970,003 as a result of this year's activities. The net position of the governmental activities increased by \$636,725, and the net position of the business-type activities increased by \$333,278.
- Of the \$27,536,672 total net position reported, \$4,969,890 (18 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 \$3,929,905, which represents 142 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 other supplementary information that presents additional 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 government services, like general government and 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 and the Sparta Airport.

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 2024 and 2023 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 outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

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

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

- *Governmental activities* - Most of the Village's basic services are included here, such as police protection and general government. Property taxes and state shared revenue 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 and airport operations are reported here.
- *Component unit* - The Village includes another entity in its report - the Downtown Development Authority. Although legally separate, this "component unit" is important because the Village is financially accountable for it.

#### **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, like the Major and Local street funds, are required by state law.
- The Village Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and other revenues (like state grants collected for the street funds).

The Village has two types 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.
  - The Village uses an internal service fund (the other type of proprietary fund) to report activities that provide services for the Village's other programs and activities. The Village's internal service fund is its Equipment Rental Fund.



## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

## Net position

Total net position at the end of the fiscal year was \$27,536,672. Of this total, \$22,238,216 represents a net investment in capital assets and \$328,566 is restricted for public works. Consequently, unrestricted net position was \$4,969,890, or 18 percent of the total.

*Condensed financial information*  
*Net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current and other assets	<b>\$ 4,631,161</b>	\$ 4,630,770	<b>\$ 3,054,713</b>	\$ 2,893,846	<b>\$ 7,685,874</b>	\$ 7,524,616
Capital assets	<b>6,673,596</b>	6,016,322	<b>18,209,620</b>	18,235,417	<b>24,883,216</b>	24,251,739
Total assets	<b>11,304,757</b>	10,647,092	<b>21,264,333</b>	21,129,263	<b>32,569,090</b>	31,776,355
Deferred outflows of resources	<b>167,718</b>	209,512	<b>53,891</b>	66,875	<b>221,609</b>	276,387
Current and other liabilities	<b>1,778,448</b>	1,740,326	<b>691,155</b>	698,058	<b>2,469,603</b>	2,438,384
Long-term debt	<b>-</b>	73,000	<b>2,645,000</b>	2,852,000	<b>2,645,000</b>	2,925,000
Total liabilities	<b>1,778,448</b>	1,813,326	<b>3,336,155</b>	3,550,058	<b>5,114,603</b>	5,363,384
Deferred inflows of resources	<b>102,413</b>	88,389	<b>37,011</b>	34,300	<b>139,424</b>	122,689
Net position:						
Net investment in capital assets	<b>6,673,596</b>	5,944,830	<b>15,564,620</b>	15,383,417	<b>22,238,216</b>	21,328,247
Restricted	<b>328,566</b>	484,603	<b>-</b>	-	<b>328,566</b>	484,603
Unrestricted	<b>2,589,452</b>	2,525,456	<b>2,380,438</b>	2,228,363	<b>4,969,890</b>	4,753,819
Total net position	<b>\$ 9,591,614</b>	\$ 8,954,889	<b>\$ 17,945,058</b>	\$ 17,611,780	<b>\$ 27,536,672</b>	\$ 26,566,669

## Changes in net position

The Village's total revenues were \$7,526,410 in 2024 compared to \$8,144,946 in 2023. Property taxes account for 25 percent of the revenues, and another 26 percent of the Village's revenues comes from charges for services. State shared revenue accounts for only 7 percent of the Village's revenues. Capital grants and contributions represented 24 percent of the total revenues in the current year.

The total cost of the Village's programs for 2024, covering a wide range of services, totaled \$6,556,407 compared to \$6,244,065 in 2023. Approximately 35 percent of the Village's total expenses relates to the provision of utility services. Public safety (police and fire protection) costs represent 19 percent of total costs, and public works costs represent another 16 percent of the total expenses.

*Condensed financial information  
Changes in net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Program revenues:						
Charges for services	\$ 282,045	\$ 184,088	\$ 1,638,540	\$ 1,595,762	\$ 1,920,585	\$ 1,779,850
Grants and contributions:						
Operating	603,434	544,430	-	144,495	603,434	688,925
Capital	84,368	462,285	1,731,599	2,181,455	1,815,967	2,643,740
General revenues:						
Property taxes	1,880,544	1,735,258	-	-	1,880,544	1,735,258
State shared revenue	545,720	546,874	-	-	545,720	546,874
Local community stabilization share	331,709	336,815	-	-	331,709	336,815
Interest	203,960	207,014	142,907	136,922	346,867	343,936
Other	81,584	58,223	-	11,325	81,584	69,548
Total revenues	<u>4,013,364</u>	<u>4,074,987</u>	<u>3,513,046</u>	<u>4,069,959</u>	<u>7,526,410</u>	<u>8,144,946</u>
Expenses:						
General government	797,688	716,931	-	-	797,688	716,931
Public safety	1,248,092	1,146,702	-	-	1,248,092	1,146,702
Public works	1,044,002	962,433	-	-	1,044,002	962,433
Recreation and culture	280,603	231,858	-	-	280,603	231,858
Community and economic development	2,932	24,260	-	-	2,932	24,260
Interest	3,322	5,436	-	-	3,322	5,436
Sewer	-	-	1,339,918	1,286,570	1,339,918	1,286,570
Water	-	-	984,476	931,048	984,476	931,048
Airport	-	-	855,374	938,827	855,374	938,827
Total expenses	<u>3,376,639</u>	<u>3,087,620</u>	<u>3,179,768</u>	<u>3,156,445</u>	<u>6,556,407</u>	<u>6,244,065</u>
Changes in net position	<u>\$ 636,725</u>	<u>\$ 987,367</u>	<u>\$ 333,278</u>	<u>\$ 913,514</u>	<u>\$ 970,003</u>	<u>\$ 1,900,881</u>
Net position, end of year	<u>\$ 9,591,614</u>	<u>\$ 8,954,889</u>	<u>\$ 17,945,058</u>	<u>\$ 17,611,780</u>	<u>\$ 27,536,672</u>	<u>\$ 26,566,669</u>

**Governmental activities**

Governmental activities increased the Village's net position by \$636,725 in the current year compared to an increase of \$987,367 in the prior year. Revenues declined by \$61,623 while expenses increased by \$289,019, which created a lower increase in net position.

The decline in revenues was primarily the result of a \$377,917 reduction in capital contributions related to the recognition of a federal ARPA grant in the prior year. Increases in property tax revenues (\$145,286), related to continued increases in property values, and charges for services (\$97,957), offset the reduction in capital contributions. Expenses increased primarily due to a \$101,390 increase in public safety costs, related to an increase in costs associated with the police department.

The following schedule shows the costs of the Village's three largest programs, as well as the net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the burden that was placed on the Village's taxpayers by each of these functions. The total cost of all governmental activities was \$3,376,639. However, the amount that our taxpayers paid for these activities through general revenues was \$2,406,792. Some of the costs were paid by:

- Those who directly benefited from the programs (\$282,045)
- Other governments provided support for operating costs (\$603,434)
- Others provided support for capital costs (\$84,368)

The Village paid for the \$2,406,792 "public benefit" portion with \$3,043,517 in property taxes and other general revenues, such as state shared revenue and local community stabilization share revenue.

<i>Function</i>	<i>Total cost of services</i>	<i>Net cost of services</i>
Public safety	\$ 1,248,092	\$ 1,151,320
Public works	1,044,002	402,542
General government	797,688	609,178
Other	<u>286,857</u>	<u>243,752</u>
Totals	<u>\$ 3,376,639</u>	<u>\$ 2,406,792</u>

**Business-type activities**

Business-type activities increased the Village's net position by \$333,278 in the current year compared to an increase of \$913,514 in the prior year, which represents a reduction of \$580,236. The increase in net position was lower in the current year due to substantial operating and capital grants that were recognized in the prior year. While those revenues amounted to \$1,731,599 in the current year, primarily associated with improvements at the Sparta Airport, that amount represents a reduction of \$594,351 compared to the prior year. Expenses only increased by \$23,323, due to higher operating costs.

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS****Governmental funds**

As of December 31, 2024, the Village's governmental funds reported combined ending fund balances of \$4,275,301, an increase of \$129,998 compared to last year's balances.

The General Fund is the primary operating fund of the Village. At the end of the fiscal year, total fund balance was \$3,946,735, which represents 92 percent of the combined ending fund balances of the Village's governmental funds. Fund balance increased by \$286,035 during the current year, as revenues of \$3,109,747 were more than sufficient to cover expenditures and transfers out of \$2,773,467 and \$50,245, respectively.

The Major Street Fund experienced a decrease in fund balance of \$10,654 in the current year as expenditures of \$495,077 exceeded revenues of \$484,423. Fund balance amounts to \$309,191 at year end, which is restricted by enabling legislation for major street maintenance and improvements.

The Local Street Fund experienced a decrease in fund balance of \$145,383 in the current year as expenditures of \$589,828 exceeded revenues and transfers in of \$394,200 and \$50,245, respectively, in the current year. Fund balance amounts to \$19,375 at year end, which is restricted by enabling legislation for local street maintenance and improvements.

**Proprietary funds**

The Sewer Fund experienced an operating loss of \$636,989, but its net position increased by \$132,198 due to capital contributions (debt service charges and connection fees) of \$782,154 in the current year. The Sewer Fund typically experiences an operating loss because commodity charges do not cover all operating expenses, including depreciation, which amounted to \$339,646 in the current year. Unrestricted net position was \$1,703,074 at year end.

The Water Fund experienced an operating loss of \$494,473, but its net position increased by \$21,159 due to capital contributions (debt service charges and connection fees) of \$480,157 in the current year. The Water Fund typically experiences an operating loss because commodity charges do not cover all operating expenses, including depreciation, which amounted to \$266,001 in the current year. Unrestricted net position was \$584,128 at year end.

The Airport Fund experienced an operating loss of \$313,140, as operating revenues were insufficient to cover all operating expenses, including depreciation, in the amount of \$337,769. The fund's net position increased by \$169,548 due to nonoperating revenues and capital contributions totaling \$482,688. Unrestricted net position was \$116,049 at year end.

**General Fund budgetary highlights**

The Village amended both the revenue and expenditure portions of the General Fund budget to reflect anticipated changes in the nature and extent of revenues and expenditures. Total revenues were reduced by \$2,261,222, primarily to remove federal grants of \$2,501,293. Interest revenue was increased by \$100,000 to reflect higher interest earnings on investments. Total expenditures were reduced by a net amount of \$3,100,563 during the year, primarily to reduce capital outlay expenditures by \$3,235,628, related to capital improvements projects that were delayed.

Actual revenues were \$86,118 more than budgeted, primarily because other revenues were \$64,926 more than expected.

Actual expenditures were \$140,162 less than amounts appropriated, primarily because capital outlay expenditures were \$89,649 less than planned.

These variances, along with a \$59,755 positive variance related to other financing uses, resulted in a \$286,035 positive budget variance, as the fund balance increased by \$286,035 compared to a budget that anticipated no change in fund balance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital assets**

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$24,883,216 (net of accumulated depreciation). This investment includes a broad range of assets, including land, buildings, sewer and water facilities, streets, and equipment.

	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
Infrastructure	\$ 5,320,996	\$ 13,225,809	\$ 18,546,805
Land	94,846	972,292	1,067,138
Land improvements	-	2,700,437	2,700,437
Buildings and improvements	529,172	678,934	1,208,106
Vehicles and equipment	728,582	632,148	1,360,730
Totals	<u>\$ 6,673,596</u>	<u>\$ 18,209,620</u>	<u>\$ 24,883,216</u>

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

- Street improvements were made at a cost of \$592,359
- Costs associated with the new Village complex were incurred in the amount of \$105,377
- The Village's property at 347 Evergreen was improved at a cost of \$104,020
- Sewer system improvements were made at a cost of \$366,831
- Water system improvements were made at a cost of \$27,131
- Airport improvements amounted to \$523,657, most of which were contributed by other governments
- Equipment and vehicles, including a Vactor truck and street sweeper, were purchased by the Motor Vehicle Pool at a total cost of \$364,039

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 bonds payable outstanding, in the amount of \$2,645,000, which represents a decrease of \$280,000, that relates entirely to timely principal payments. No new debt was issued. All debt is backed by the full faith and credit of the Village or specific revenue streams.

Other noncurrent liabilities include a net pension liability (\$1,856,553), an other postemployment benefit liability (\$104,483), and accrued compensated absences (\$157,416). The Downtown Development Authority is responsible for a portion of the net pension liability and the other postemployment benefit liability in the amounts of \$31,561 and \$7,314, respectively.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Village expects to be able to use current revenues to provide essential services that will allow the current fund balances to be maintained. The Village plans to maintain all ongoing programs in 2025 at levels similar to 2024. The ongoing costs of providing essential services for the citizens of the Village will need to be closely monitored in order to maintain the financial condition and operational capabilities of the Village.

**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:

James Lower, Village Manager  
Village of Sparta  
156 East Division  
Sparta, MI 49345-1389

Phone: (616) 887-8251  
E-mail: [villagemanager@spartami.org](mailto:villagemanager@spartami.org)

## **BASIC FINANCIAL STATEMENTS**

## STATEMENT OF NET POSITION

December 31, 2024

	Primary government			Component unit
	Governmental activities	Business-type activities	Totals	Downtown Development Authority
<b>ASSETS</b>				
Current assets:				
Cash	\$ 94,531	\$ 11,915	\$ 106,446	\$ -
Investments	4,187,359	2,675,521	6,862,880	213,218
Receivables	284,928	352,047	636,975	61,905
Prepaid expenses	41,530	19,343	60,873	2,609
Inventory	-	18,700	18,700	-
Internal balances	22,813	(22,813)	-	-
Total current assets	4,631,161	3,054,713	7,685,874	277,732
Noncurrent assets:				
Capital assets not being depreciated	94,846	972,292	1,067,138	115,549
Capital assets being depreciated, net	6,578,750	17,237,328	23,816,078	223,420
Total noncurrent assets	6,673,596	18,209,620	24,883,216	338,969
Total assets	11,304,757	21,264,333	32,569,090	616,701
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts - pension	155,187	49,029	204,216	3,532
Deferred amounts - OPEB	12,531	4,862	17,393	1,309
Total deferred outflows of resources	167,718	53,891	221,609	4,841
<b>LIABILITIES</b>				
Current liabilities:				
Payables	144,337	86,315	230,652	6,406
Unearned revenue	19,847	139,527	159,374	-
Compensated absences due in one year	114,000	-	114,000	-
Bonds payable due within one year	-	160,000	160,000	-
Total current liabilities	278,184	385,842	664,026	6,406
Noncurrent liabilities:				
Compensated absences	43,416	-	43,416	-
Other postemployment benefit liability	70,003	27,166	97,169	7,314
Net pension liability	1,386,845	438,147	1,824,992	31,561
Bonds payable	-	2,485,000	2,485,000	-
Total noncurrent liabilities	1,500,264	2,950,313	4,450,577	38,875
Total liabilities	1,778,448	3,336,155	5,114,603	45,281
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts - pension	37,876	11,967	49,843	862
Deferred amounts - OPEB	64,537	25,044	89,581	6,743
Total deferred inflows of resources	102,413	37,011	139,424	7,605
<b>NET POSITION</b>				
Net investment in capital assets	6,673,596	15,564,620	22,238,216	338,969
Restricted for public works	328,566	-	328,566	-
Unrestricted	2,589,452	2,380,438	4,969,890	229,687
Total net position	\$ 9,591,614	\$ 17,945,058	\$ 27,536,672	\$ 568,656

See notes to financial statements



Village of Sparta

STATEMENT OF ACTIVITIES

Year ended December 31, 2024

					Net (expenses) revenues and changes in net position		
	Expenses	Program revenues			Primary government		Component unit
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Totals
							Downtown Development Authority
<b>Functions/Programs</b>							
Governmental activities:							
General government	\$ 797,688	\$ 188,510	\$ -	\$ -	\$ (609,178)		\$ (609,178)
Public safety	1,248,092	86,620	10,152	-	(1,151,320)		(1,151,320)
Public works	1,044,002	6,915	550,177	84,368	(402,542)		(402,542)
Recreation and culture	280,603	-	43,105	-	(237,498)		(237,498)
Community and economic development	2,932	-	-	-	(2,932)		(2,932)
Interest on long-term debt	3,322	-	-	-	(3,322)		(3,322)
Total governmental activities	3,376,639	282,045	603,434	84,368	(2,406,792)		(2,406,792)
Business-type activities:							
Sewer	1,339,918	600,189	-	782,154		\$ 42,425	42,425
Water	984,476	495,147	-	480,157		(9,172)	(9,172)
Airport	855,374	543,204	-	469,288		157,118	157,118
Total business-type activities	3,179,768	1,638,540	-	1,731,599		190,371	190,371
Total primary government	\$ 6,556,407	\$ 1,920,585	\$ 603,434	\$ 1,815,967	(2,406,792)	190,371	(2,216,421)
Component unit:							
Downtown Development Authority	\$ 321,831	\$ -	\$ 7,222	\$ -			\$ (314,609)
General revenues:							
Property taxes					1,880,544	-	1,880,544
State shared revenue					545,720	-	545,720
Local community stabilization share revenue					331,709	-	331,709
Franchise fees					42,292	-	42,292
Unrestricted interest income					203,960	142,907	346,867
Insurance proceeds					28,126	-	28,126
Gains on capital asset dispositions					11,166	-	11,166
Total general revenues					3,043,517	142,907	3,186,424
Changes in net position					636,725	333,278	970,003
Net position - beginning					8,954,889	17,611,780	26,566,669
Net position - ending					\$ 9,591,614	\$ 17,945,058	\$ 27,536,672
							\$ 568,656

See notes to financial statements

**BALANCE SHEET - governmental funds**

December 31, 2024

		<u>Special revenue funds</u>		<u>Total</u>
	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>governmental funds</u>
<b>ASSETS</b>				
Cash	\$ 85,294	\$ 2,335	\$ 6,901	\$ 94,530
Investments	3,798,902	242,220	1	4,041,123
Receivables	183,892	71,606	28,635	284,133
Prepaid expenditures	16,830	-	-	16,830
Total assets	<u>\$ 4,084,918</u>	<u>\$ 316,161</u>	<u>\$ 35,537</u>	<u>\$ 4,436,616</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 118,336	\$ 6,970	\$ 16,162	\$ 141,468
Unearned revenue	19,847	-	-	19,847
Total liabilities	<u>138,183</u>	<u>6,970</u>	<u>16,162</u>	<u>161,315</u>
Fund balances:				
Nonspendable - prepaids	16,830	-	-	16,830
Restricted for public works	-	309,191	19,375	328,566
Unassigned	3,929,905	-	-	3,929,905
Total fund balances	<u>3,946,735</u>	<u>309,191</u>	<u>19,375</u>	<u>4,275,301</u>
Total liabilities and fund balances	<u>\$ 4,084,918</u>	<u>\$ 316,161</u>	<u>\$ 35,537</u>	<u>\$ 4,436,616</u>
Reconciliation of the balance sheet to the statement of net position:				
Total fund balance - total governmental funds				\$ 4,275,301
Amounts reported for <i>governmental activities</i> in the statement of net position (page 14) are different because:				
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.				6,046,420
Some assets are not available to pay current period expenditures and, therefore, are deferred or are not recognized in the funds:				
Prepaid expenses				23,100
Deferred outflows of resources and deferred inflows of resources, related to the pension and OPEB plans, relate to future years, and are not reported in the funds:				
Deferred outflows of resources - pension				155,187
Deferred outflows of resources - OPEB				12,531
Deferred inflows of resources - pension				(37,876)
Deferred inflows of resources - OPEB				(64,537)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:				
Compensated absences				(157,416)
Net pension liability				(1,386,845)
Other postemployment benefit liability				(70,003)
Certain assets and liabilities of the internal service fund are included in <i>governmental activities</i> in the statement of net position.				<u>795,752</u>
Net position of <i>governmental activities</i>				<u>\$ 9,591,614</u>

**Village of Sparta**

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

Year ended December 31, 2024

		<i>Special revenue funds</i>		<i>Total</i>
	<i>General</i>	<i>Major Street</i>	<i>Local Street</i>	<i>governmental funds</i>
<b>REVENUES</b>				
Property taxes	\$ 1,592,183	\$ 77,418	\$ 232,266	\$ 1,901,867
Licenses and permits	51,115	-	-	51,115
State grants	877,429	393,934	156,243	1,427,606
Charges for services	157,495	-	-	157,495
Fines and forfeitures	2,280	-	-	2,280
Interest and rentals	256,144	13,071	5,691	274,906
Other	173,101	-	-	173,101
Total revenues	3,109,747	484,423	394,200	3,988,370
<b>EXPENDITURES</b>				
Current:				
General government	758,052	-	-	758,052
Public safety	1,223,544	-	-	1,223,544
Public works	236,615	419,863	589,828	1,246,306
Recreation and culture	240,008	-	-	240,008
Community and economic development	2,932	-	-	2,932
Capital outlay	312,316	-	-	312,316
Debt service:				
Principal	-	73,000	-	73,000
Interest	-	2,214	-	2,214
Total expenditures	2,773,467	495,077	589,828	3,858,372
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	336,280	(10,654)	(195,628)	129,998
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	50,245	50,245
Transfers out	(50,245)	-	-	(50,245)
Net other financing sources (uses)	(50,245)	-	50,245	-
<b>CHANGES IN FUND BALANCES</b>	286,035	(10,654)	(145,383)	129,998
<b>FUND BALANCES - BEGINNING</b>	3,660,700	319,845	164,758	4,145,303
<b>FUND BALANCES - ENDING</b>	\$ 3,946,735	\$ 309,191	\$ 19,375	\$ 4,275,301

See notes to financial statements

***Village of Sparta***

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

*Year ended December 31, 2024*

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

Change in fund balance - total governmental funds (page 17)	\$	129,998
---	----	---------

Amounts reported for *governmental activities* in the statement  
of activities (page 15) are different because:

Capital assets:

Add - assets acquired	988,934
Deduct - provision for depreciation	(562,993)

Long-term debt:

Add - principal payments	73,000
--------------------------	--------

Changes in other assets/liabilities:

Net increase in prepaid insurance	1,100
Net decrease in accrued interest payable	400
Net increase in compensated absences	(47,734)
Net decrease in net pension liability	29,813
Net increase in other postemployment benefit liability	(10,732)

Changes in deferred outflows and deferred inflows of resources:

Net decrease in deferred outflows of resources - bond refunding	(1,508)
Net decrease in deferred outflows of resources - pension	(51,189)
Net increase in deferred outflows of resources - OPEB	10,903
Net decrease in deferred inflows of resources - pension	(37,876)
Net decrease in deferred inflows of resources - OPEB	23,852

A portion of the net revenues of the internal service fund is reported  
with governmental activities.

90,757
--------

Change in net position of *governmental activities*

\$	<u>636,725</u>
----	----------------

*See notes to financial statements*

STATEMENT OF NET POSITION - *proprietary funds*

December 31, 2024

	<i>Business-type activities</i>				<i>Governmental activities</i>
	<i>Enterprise funds</i>				<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Airport</i>	<i>Totals</i>	
<b>ASSETS</b>					
Current assets:					
Cash	\$ 6,282	\$ 5,165	\$ 468	\$ 11,915	\$ 1
Investments	1,615,510	829,455	230,556	2,675,521	146,236
Receivables	222,180	124,159	5,708	352,047	795
Prepaid expenses	6,317	8,317	4,709	19,343	1,600
Inventory	-	-	18,700	18,700	-
Total current assets	<u>1,850,289</u>	<u>967,096</u>	<u>260,141</u>	<u>3,077,526</u>	<u>148,632</u>
Noncurrent assets:					
Capital assets not being depreciated	-	73,386	898,906	972,292	-
Capital assets being depreciated, net	<u>7,428,950</u>	<u>6,223,405</u>	<u>3,584,973</u>	<u>17,237,328</u>	<u>627,176</u>
Total noncurrent assets	<u>7,428,950</u>	<u>6,296,791</u>	<u>4,483,879</u>	<u>18,209,620</u>	<u>627,176</u>
Total assets	<u>9,279,239</u>	<u>7,263,887</u>	<u>4,744,020</u>	<u>21,287,146</u>	<u>775,808</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts - pension	10,803	38,226	-	49,029	-
Deferred amounts - OPEB	<u>-</u>	<u>4,862</u>	<u>-</u>	<u>4,862</u>	<u>-</u>
Total deferred outflows of resources	<u>10,803</u>	<u>43,088</u>	<u>-</u>	<u>53,891</u>	<u>-</u>
<b>LIABILITIES</b>					
Current liabilities:					
Payables	58,840	22,910	4,565	86,315	2,869
Unearned revenue	-	-	139,527	139,527	-
Bonds payable due within one year	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>160,000</u>	<u>-</u>
Total current liabilities	<u>218,840</u>	<u>22,910</u>	<u>144,092</u>	<u>385,842</u>	<u>2,869</u>
Noncurrent liabilities:					
Other postemployment benefit liability	-	27,166	-	27,166	-
Net pension liability	96,541	341,606	-	438,147	-
Bonds payable	<u>2,485,000</u>	<u>-</u>	<u>-</u>	<u>2,485,000</u>	<u>-</u>
Total noncurrent liabilities	<u>2,581,541</u>	<u>368,772</u>	<u>-</u>	<u>2,950,313</u>	<u>-</u>
Total liabilities	<u>2,800,381</u>	<u>391,682</u>	<u>144,092</u>	<u>3,336,155</u>	<u>2,869</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred amounts - pension	2,637	9,330	-	11,967	-
Deferred amounts - OPEB	<u>-</u>	<u>25,044</u>	<u>-</u>	<u>25,044</u>	<u>-</u>
Total deferred inflows of resources	<u>2,637</u>	<u>34,374</u>	<u>-</u>	<u>37,011</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	4,783,950	6,296,791	4,483,879	15,564,620	627,176
Unrestricted	<u>1,703,074</u>	<u>584,128</u>	<u>116,049</u>	<u>2,403,251</u>	<u>145,763</u>
Total net position	<u>\$ 6,487,024</u>	<u>\$ 6,880,919</u>	<u>\$ 4,599,928</u>	<u>17,967,871</u>	<u>\$ 772,939</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>(22,813)</u>	
Net position of <i>business-type activities</i> (page 14)				<u>\$ 17,945,058</u>	

See notes to financial statements

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

Year ended December 31, 2024

	<b>Business-type activities</b>				<b>Governmental activities</b>
	<b>Enterprise funds</b>				<b>Internal service</b>
	<b>Sewer</b>	<b>Water</b>	<b>Airport</b>	<b>Totals</b>	
<b>OPERATING REVENUES</b>					
Charges for services:					
Utility commodity charges	\$ 552,862	\$ 456,695	\$ -	\$ 1,009,557	\$ -
Rentals	-	37,033	168,853	205,886	252,554
Fuel sales	-	-	369,933	369,933	-
Other	47,327	1,419	4,418	53,164	7,249
Total operating revenues	600,189	495,147	543,204	1,638,540	259,803
<b>OPERATING EXPENSES</b>					
Personnel costs	329,031	351,941	104,157	785,129	-
Gas and oil	391	4,567	303,512	308,470	15,514
Supplies	160,143	148,603	7,624	316,370	18,859
Contracted services	268,936	112,339	57,106	438,381	7,978
Insurance	13,324	13,537	16,358	43,219	9,650
Utilities	112,188	67,490	23,587	203,265	-
Repairs and maintenance	1,853	1,435	1,151	4,439	10,709
Internal charges - equipment rentals	7,454	21,324	38	28,816	-
Depreciation	339,646	266,001	337,769	943,416	103,833
Miscellaneous	4,212	2,383	5,042	11,637	2,356
Total operating expenses	1,237,178	989,620	856,344	3,083,142	168,899
<b>OPERATING INCOME (LOSS)</b>	(636,989)	(494,473)	(313,140)	(1,444,602)	90,904
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gain (loss) on disposition of capital assets	-	-	-	-	2,347
Interest revenue	92,752	36,755	13,400	142,907	7,879
Interest expense and fees	(105,719)	(1,280)	-	(106,999)	-
Net nonoperating revenues (expenses)	(12,967)	35,475	13,400	35,908	10,226
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	(649,956)	(458,998)	(299,740)	(1,408,694)	101,130
<b>CAPITAL CONTRIBUTIONS</b>					
Capital grants	-	-	469,288	469,288	-
Debt service charges	760,398	449,601	-	1,209,999	-
Connection fees	21,756	30,556	-	52,312	-
Total capital contributions	782,154	480,157	469,288	1,731,599	-
<b>CHANGES IN NET POSITION</b>	132,198	21,159	169,548	322,905	101,130
<b>NET POSITION - BEGINNING</b>	6,354,826	6,859,760	4,430,380	17,644,966	671,809
<b>NET POSITION - ENDING</b>	\$ 6,487,024	\$ 6,880,919	\$ 4,599,928	\$ 17,967,871	\$ 772,939
Change in net position				\$ 322,905	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				10,373	
Change in net position of <i>business-type activities</i> (page 15)				\$ 333,278	

**STATEMENT OF CASH FLOWS - *proprietary funds***

Year ended December 31, 2024

	<b>Business-type activities</b>				<b>Governmental activities</b>
	<b>Enterprise funds</b>				<b>Internal service</b>
	<b>Sewer</b>	<b>Water</b>	<b>Airport</b>	<b>Totals</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 580,187	\$ 476,714	\$ 540,905	\$ 1,597,806	\$ -
Receipts from interfund services	-	-	-	-	259,803
Payments to vendors and suppliers	(651,198)	(472,104)	(429,719)	(1,553,021)	(110,675)
Payments to employees	(233,385)	(227,183)	(68,590)	(529,158)	-
Internal activity - payments to other funds	(7,454)	(21,324)	(38)	(28,816)	-
Net cash provided by (used in) operating activities	(311,850)	(243,897)	42,558	(513,189)	149,128
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sales of capital assets	-	-	-	-	31,220
Debt service charges	760,398	449,601	-	1,209,999	-
Connection fees	21,756	30,556	-	52,312	-
Acquisition of capital assets	(366,831)	(27,131)	(54,369)	(448,331)	(364,039)
Principal payments on capital debt	(178,000)	(29,000)	-	(207,000)	-
Interest payments on capital debt	(108,234)	(822)	-	(109,056)	-
Net cash provided by (used in) capital and related financing activities	129,089	423,204	(54,369)	497,924	(332,819)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale (purchase) of investments	93,179	(212,751)	(1,334)	(120,906)	175,812
Interest received	92,752	36,755	13,400	142,907	7,879
Net cash provided by (used in) investing activities	185,931	(175,996)	12,066	22,001	183,691
<b>NET CHANGE IN CASH</b>	3,170	3,311	255	6,736	-
<b>CASH - BEGINNING</b>	3,112	1,854	213	5,179	1
<b>CASH - ENDING</b>	\$ 6,282	\$ 5,165	\$ 468	\$ 11,915	\$ 1

See notes to financial statements

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

Year ended December 31, 2024

	<i>Business-type activities</i>				<i>Governmental activities</i>
	<i>Enterprise funds</i>				<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Airport</i>	<i>Totals</i>	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
Operating income (loss)	\$ (636,989)	\$ (494,473)	\$ (313,140)	\$ (1,444,602)	\$ 90,904
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	339,646	266,001	337,769	943,416	103,833
(Increase) decrease in:					
Receivables	(20,002)	(18,433)	(5,524)	(43,959)	(795)
Prepaid expenses	594	2,049	13,094	15,737	(100)
Inventory	-	-	5,370	5,370	-
Deferred outflows of resources - pension	3,563	12,608	-	16,171	-
Deferred outflows of resources - OPEB	-	(4,230)	-	(4,230)	-
Increase (decrease) in:					
Payables	776	(4,315)	1,764	(1,775)	(44,714)
Unearned revenue	-	-	3,225	3,225	-
Other postemployment benefit liability	-	4,165	-	4,165	-
Net pension liability	(2,075)	(7,343)	-	(9,418)	-
Deferred inflows of resources - pension	2,637	9,330	-	11,967	-
Deferred inflows of resources - OPEB	-	(9,256)	-	(9,256)	-
Net cash provided by (used in) operating activities	<u>\$ (311,850)</u>	<u>\$ (243,897)</u>	<u>\$ 42,558</u>	<u>\$ (513,189)</u>	<u>\$ 149,128</u>
<b>Noncash capital and related financing activities</b>					
Acquisition of capital assets	\$ (366,831)	\$ (27,131)	\$ (523,657)	\$ (917,619)	\$ (364,039)
Less capital grants	<u>-</u>	<u>-</u>	<u>469,288</u>	<u>469,288</u>	<u>-</u>
Net cash used	<u>\$ (366,831)</u>	<u>\$ (27,131)</u>	<u>\$ (54,369)</u>	<u>\$ (448,331)</u>	<u>\$ (364,039)</u>



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Village of Sparta, 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 Kent County, and its component unit described below, for which the Village is financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. Separate financial statements for the Authority have not been issued, as management believes these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit.

*Discretely presented component unit - Downtown Development Authority:*

The 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.

*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.

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. Property 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 proprietary funds. Major individual governmental funds and major individual proprietary 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the 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 allocated state gas and weight tax revenues that are restricted for expenditures related to maintaining and improving the Village's major streets.

The Local Street Fund, a special revenue fund, accounts for allocated state gas and weight tax revenues that are restricted for expenditures related to maintaining and improving the Village's local streets.

The Village reports the following major proprietary funds:

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

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

The Airport Fund accounts for activities of the Village's airport.

Additionally, the Village reports the following fund type:

The Motor Vehicle Pool Fund, an internal service fund, accounts for vehicle and equipment management services provided to other departments of the Village on a cost-reimbursement basis.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity:*

*Cash* - Cash is considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

*Investments* - Investments are reported at fair value, with changes in value recognized in the operating statement of the fund holding the investments. Realized and unrealized gains and losses are included in interest income.

*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.

*Inventories* - The costs of inventories are recorded as assets when purchased and charged to expenses when used. Inventories, reported in the proprietary funds, are valued at the lower of cost or market. Cost is determined under the first-in, first-out method.

*Prepays* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaids in the fund financial statements and the government-wide financial statements.

*Capital assets* - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., sewer and water systems, streets, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 (\$10,000 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 of governmental activities either retroactively to June 15, 1980, or prospectively. The Village has elected to account for its infrastructure assets prospectively, beginning January 1, 2004.

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

Buildings and improvements	50 years
Equipment	5 - 20 years
Vehicles	5 - 10 years
Infrastructure	20 - 50 years

*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: deferred amounts relating to the defined benefit pension plan and deferred amounts relating to the OPEB plan. The deferred outflows, related to the defined benefit pension plan, are discussed in Note 8, and the deferred outflows, related to the OPEB plan, are discussed in Note 9. No deferred outflows of resources affect the governmental funds financial statements.

*Unearned revenue* - The Airport Fund, a proprietary fund, reports unearned revenue in connection with land leases where resources have been received, but not yet earned. The General Fund reports unearned revenue in connection with contributions received, but not yet earned.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and 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. 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, if any.

*Postemployment benefits other than pensions* - For purposes of measuring the net other postemployment benefits (OPEB) liability and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the employer's fiduciary net position have been determined on the same basis as they are reported by the employer. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The Plan has no investments.

*Pension* - For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows 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. The Village and its defined pension plan share the same year-end date. Accordingly, the Village has elected to measure its net pension liability as of the prior December 31.

*Deferred inflows of resources* - The statement of net position and the proprietary funds statement of net position 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 increase will not be recognized until a future event occurs. The Village has two items in this category: deferred amounts relating to the defined benefit pension plan and deferred amounts relating to the OPEB plan. The deferred inflows of resources, related to the defined benefit pension plan, are discussed in Note 8 and the deferred inflows of resources, related to the OPEB plan, are discussed in Note 9.

*Long-term obligations* - In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and 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 resources by grantors, contributors, or laws and regulations of other governments. The Council has delegated the authority to assign fund balance to the Village manager. 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 the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

*Property tax revenue recognition* - Property taxes are levied each July 1 (lien date) on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on September 14 of the following year, at which time interest and penalties are assessed. The Village's 2024 ad valorem tax was levied and collectible on July 1, 2024. It is the Village's policy to recognize revenue from that tax levy in the current year when the proceeds are budgeted and made available for the financing of operations.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the 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 activity level. All annual appropriations lapse at the end of the fiscal year.

*Excess of expenditures over appropriations* - The following schedule sets forth the reportable budget variances:

<i>Fund</i>	<i>Function</i>	<i>Activity</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance</i>
Primary government:					
General	General government	General operations	\$ 340,399	\$ 352,367	\$ 11,968
	Public works	Dept of Public Works	116,175	124,005	7,830

**NOTE 3 - CASH AND INVESTMENTS**

At December 31, 2024, cash and investments are classified in the accompanying financial statements as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total primary government</u>	<u>Component unit</u>	<u>Totals</u>
Cash	\$ 94,356	\$ 11,915	\$ 106,271	\$ -	\$ 106,271
Cash on hand	175	-	175	-	175
Investments	<u>4,187,359</u>	<u>2,675,521</u>	<u>6,862,880</u>	<u>213,218</u>	<u>7,076,098</u>
Totals	<u>4,281,890</u>	<u>2,687,436</u>	<u>6,969,326</u>	<u>213,218</u>	<u>7,182,544</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. At December 31, 2024, none of the Village's bank balances of \$144,992 was exposed to custodial credit risk because it was fully insured. The Village maintains individual and pooled bank accounts for all of its funds and its component unit. 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 unit.

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

*Investments in entities that calculate net asset value per share* - The Village holds shares in an investment pool where the fair value of the investment is measured on a recurring basis using net asset value per share of the investment pool as a practical expedient. At December 31, 2024, the fair value, unfunded commitments, and redemption rules of that investment is as follows:

	<u>Michigan CLASS Pool</u>
Fair value at December 31, 2024	\$ 7,076,098
Unfunded commitments	none
Redemption frequency	n/a
Notice period	none

The Michigan CLASS investment Pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasury agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. The Pool purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Fair value measurement - The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The investment pool was measured at net asset value (or its equivalent) as a practical expedient and, accordingly, has not been classified in the fair value hierarchy.

**NOTE 4 - RECEIVABLES**

Receivables as of December 31, 2024, for the Village's funds and its component unit, all of which are considered fully collectible, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Taxes</u>	<u>Intergovern- mental</u>	<u>Totals</u>
Primary government:				
Governmental:				
General	\$ 89,338	\$ -	\$ 94,554	\$ 183,892
Major Street	-	-	71,606	71,606
Local Street	-	-	28,635	28,635
Total governmental	<u>\$ 89,338</u>	<u>\$ -</u>	<u>\$ 194,795</u>	<u>\$ 284,133</u>
Proprietary:				
Enterprise:				
Sewer	\$ 203,058	\$ -	\$ 19,122	\$ 222,180
Water	124,159	-	-	124,159
Airport	5,708	-	-	5,708
Total enterprise	<u>\$ 332,925</u>	<u>\$ -</u>	<u>\$ 19,122</u>	<u>\$ 352,047</u>
Component unit:				
Downtown Development Authority	<u>\$ -</u>	<u>\$ 61,905</u>	<u>\$ -</u>	<u>\$ 61,905</u>

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, 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	\$ 94,846	\$ -	\$ -	\$ 94,846
Capital assets being depreciated:				
Buildings	711,982	186,165	-	898,147
Equipment	677,930	160,171	(31,450)	806,651
Vehicles	891,544	227,099	-	1,118,643
Streets	10,779,937	779,537	-	11,559,474
Subtotal	13,071,392	1,352,972	(31,450)	14,382,915
Less accumulated depreciation for:				
Buildings	(348,936)	(20,039)	-	(368,975)
Equipment	(480,299)	(32,739)	2,578	(510,460)
Vehicles	(602,195)	(84,057)	-	(686,252)
Streets	(5,708,487)	(529,991)	-	(6,238,478)
Subtotal	(7,149,916)	(666,826)	2,578	(7,804,165)
Total capital assets being depreciated, net	5,921,476	686,146	(28,872)	6,578,750
Governmental activities capital assets, net	\$ 6,016,322	\$ 686,146	\$ (28,872)	\$ 6,673,596

Depreciation expense was charged to functions of the governmental activities as follows:

Governmental activities:	
General government	\$ 8,109
Public safety	11,592
Public works	507,245
Recreation and culture	36,047
Depreciation on capital assets held by internal service fund	103,833
Total governmental activities	\$ 666,826



## NOTE 5 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Business-type activities:				
Capital assets not being depreciated - land	<u>\$ 972,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 972,292</u>
Capital assets being depreciated:				
Sewer system	13,366,756	252,587	-	13,619,343
Water system	11,954,020	16,186	-	11,970,206
Land improvements	5,729,671	346,484	-	6,076,155
Buildings	1,510,176	-	-	1,510,176
Vehicles and equipment	<u>920,779</u>	<u>302,362</u>	<u>-</u>	<u>1,223,141</u>
Subtotal	<u>33,481,402</u>	<u>917,619</u>	<u>-</u>	<u>34,399,021</u>
Less accumulated depreciation for:				
Sewer system	(6,244,997)	(304,651)	-	(6,549,648)
Water system	(5,553,659)	(260,433)	-	(5,814,092)
Land improvements	(3,104,587)	(271,131)	-	(3,375,718)
Buildings	(771,947)	(59,295)	-	(831,242)
Vehicles and equipment	<u>(543,087)</u>	<u>(47,906)</u>	<u>-</u>	<u>(590,993)</u>
Subtotal	<u>(16,218,277)</u>	<u>(943,416)</u>	<u>-</u>	<u>(17,161,693)</u>
Total capital assets being depreciated, net	<u>17,263,125</u>	<u>(25,797)</u>	<u>-</u>	<u>17,237,328</u>
Business-type activities capital assets, net	<u>\$ 18,235,417</u>	<u>\$ (25,797)</u>	<u>\$ -</u>	<u>\$ 18,209,620</u>

## NOTE 5 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Component unit - Downtown Development Authority:				
Capital assets not being depreciated - land	\$ 115,549	\$ -	\$ -	\$ 115,549
Capital assets being depreciated -				
Buildings	185,655	-	-	185,655
Equipment	9,980	-	-	9,980
Infrastructure	125,304	-	-	125,304
Subtotal	320,939	-	-	320,939
Less accumulated depreciation for -				
Buildings	(36,856)	(8,116)	-	(44,972)
Equipment	(3,213)	(998)	-	(4,211)
Infrastructure	(43,928)	(4,408)	-	(48,336)
Subtotal	(83,997)	(13,522)	-	(97,519)
Total capital assets being depreciated, net	236,942	(13,522)	-	223,420
Component unit capital assets, net	\$ 352,491	\$ (13,522)	\$ -	\$ 338,969

**NOTE 6 - PAYABLES**

Payables as of December 31, 2024, for the Village's funds were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Interest</u>	<u>Totals</u>
Primary government:				
Governmental:				
General	\$ 72,886	\$ 45,450	\$ -	\$ 118,336
Major Street	4,325	2,645	-	6,970
Local Street	<u>11,858</u>	<u>4,304</u>	<u>-</u>	<u>16,162</u>
Total governmental	<u>\$ 89,069</u>	<u>\$ 52,399</u>	<u>\$ -</u>	<u>\$ 141,468</u>
Proprietary:				
Enterprise:				
Sewer	\$ 21,090	\$ 12,350	\$ 25,400	\$ 58,840
Water	11,359	11,551	-	22,910
Airport	<u>2,059</u>	<u>2,506</u>	<u>-</u>	<u>4,565</u>
Total enterprise	<u>\$ 34,508</u>	<u>\$ 26,407</u>	<u>\$ 25,400</u>	<u>\$ 86,315</u>
Internal Service	<u>\$ 2,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,869</u>
Component unit:				
Downtown Development Authority	<u>\$ 351</u>	<u>\$ 6,055</u>	<u>\$ -</u>	<u>\$ 6,406</u>

**NOTE 7 - LONG-TERM DEBT**

At December 31, 2024, long-term debt (primary government only) consists of the following individual issues:

Governmental activities:	
Accrued compensated absences	<u>\$ 157,416</u>
Business-type activities:	
Bonds:	
\$3,605,000 2018 Sewer refunding bonds - payable in annual installments ranging from \$105,000 to \$255,000, plus interest at 3.84%; final payment due October 2037	<u>\$ 2,645,000</u>

The debt issues of the business-type activities are secured by specific revenue streams. All other debt is secured by the full faith and credit of the Village. All outstanding debt of the Village is direct borrowing or direct placement debt.

**NOTE 7 - LONG-TERM DEBT (Continued)**

Long-term debt activity for the year ended December 31, 2024, is as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Net change</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Governmental activities:						
2014 Refunding bonds	\$ 73,000	\$ -	\$ -	\$ (73,000)	\$ -	\$ -
Compensated absences	<u>109,682</u>	<u>-</u>	<u>47,734</u>	<u>-</u>	<u>157,416</u>	<u>114,000</u>
Total governmental activities	<u>\$ 182,682</u>	<u>\$ -</u>	<u>\$ 47,734</u>	<u>\$ (73,000)</u>	<u>\$ 157,416</u>	<u>\$ 114,000</u>
Business-type activities:						
2014 Refunding bonds	\$ 52,000	\$ -	\$ -	\$ (52,000)	\$ -	\$ -
2018 Sewer refunding bonds	<u>2,800,000</u>	<u>-</u>	<u>-</u>	<u>(155,000)</u>	<u>2,645,000</u>	<u>160,000</u>
Total business-type activities	<u>\$ 2,852,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (207,000)</u>	<u>\$ 2,645,000</u>	<u>\$ 160,000</u>

At December 31, 2024, debt service requirements, excluding compensated absences, were as follows:

<i>Year ended December 31,</i>	<i>Business-type activities</i>	
	<i>Principal</i>	<i>Interest</i>
2025	\$ 160,000	\$ 101,568
2026	165,000	95,424
2027	175,000	89,088
2028	180,000	82,368
2029	185,000	75,456
2030 - 2034	1,045,000	264,384
2035 - 2037	<u>735,000</u>	<u>57,216</u>
Totals	<u>\$ 2,645,000</u>	<u>\$ 765,504</u>

**NOTE 8 - 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](http://www.mersofmich.com). The plan is closed to new participants.

*Benefits provided:*

The Village's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. Retirement benefits for eligible employees are calculated as 2.25% of the employee's final five-year 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. 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, 2024, measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>8</u>
Total	<u>30</u>

*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 required to contribute 5% of their compensation to the plan. For the year ended December 31, 2024, Village contributed a flat rate of \$12,345 each month for a total of \$148,140 to the plan, while employees contributed \$24,309 to the plan.

*Net pension liability:*

The Village's net pension liability reported at December 31, 2024, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2024. The total pension liability was determined by an annual actuarial valuation as of December 31, 2023.

*Actuarial assumptions:*

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	3.00%	in the long term
Investment rate of return	6.93%	net investment expense, including inflation

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)**

Mortality rates were based on a 50 percent male, 50 percent female blend of the Pub-2010 fully generational MP-2019 scale.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of the actuarial experience study from 2014 to 2018, and dated 2020, 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:

<i>Asset class</i>	<i>Target allocation</i>	<i>Long-term expected real rate of return</i>	<i>Expected money-weighted rate of return</i>
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private investments	<u>20.00%</u>	7.00%	1.40%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses			<u>0.18%</u>
Investment rate of return			<u>7.18%</u>

*Discount rate:*

The discount rate used to measure the total pension liability is 7.18% for 2024. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)***Changes in net pension liability:*

	<i>Increase (decrease)</i>		
	<i>Total pension liability</i>	<i>Plan fiduciary net position</i>	<i>Net pension liability</i>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances at December 31, 2023	\$ 6,581,131	\$ 4,684,668	\$ 1,896,463
Changes for the year:			
Service cost	60,821	-	60,821
Interest	465,958	-	465,958
Differences between expected and actual experience	(101,410)	-	(101,410)
Changes in assumptions	45,977		45,977
Employer contributions	-	148,140	(148,140)
Employee contributions	-	24,309	(24,309)
Net investment gain	-	349,023	(349,023)
Benefit payments, including refunds	(369,067)	(369,067)	-
Administrative expenses	-	(10,325)	10,325
Other changes	(109)	-	(109)
Net changes	102,170	142,080	(39,910)
Balances at December 31, 2024	\$ 6,683,301	\$ 4,826,748	\$ 1,856,553

*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 7.18%, as well as what the Village's net pension liability would be using a discount rate that is 1 percentage point lower (6.18%) or 1 percentage point higher (8.18%) than the current rate.

	<i>1% Decrease</i>	<i>Current rate</i>	<i>1% Increase</i>
	<i>(6.18%)</i>	<i>(7.18%)</i>	<i>(8.18%)</i>
Village's net pension liability	\$ 2,575,944	\$ 1,856,553	\$ 1,252,459

*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](http://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 an expense when due and payable in accordance with benefit terms.

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)**

*Pension expense and deferred outflows of resources related to pensions:*

For the fiscal year ended December 31, 2024, the Village recognized pension expense of \$227,460. At December 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources, related to the pension plan, from the following sources:

<i>Source</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Net difference between projected and actual earnings on pension plan investments	\$ 184,760	\$ -
Changes in assumptions	22,988	-
Difference between expected and actual experience	-	50,705
Total	<u>\$ 207,748</u>	<u>\$ 50,705</u>

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

<i>Year ended December 31,</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
2025	\$ 106,568	\$ (50,705)
2026	141,928	-
2027	(37,370)	-
2028	<u>(3,378)</u>	<u>-</u>
	<u>\$ 207,748</u>	<u>\$ (50,705)</u>

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS**

*Plan description:*

The Village of Sparta Retiree Healthcare Plan (the Plan) is a single-employer, defined benefit, healthcare plan administered by the Village, which provides healthcare benefits to eligible full-time employees upon retirement. The benefits are provided under the collective bargaining agreements for union employees and by resolution of the Village Council for non-union employees. Currently, no retirees are receiving postemployment health benefits. The Plan was established by the Village and can be amended at its discretion. The Plan does not issue a publicly available financial report, is not advance funded, and is not administered through a trust agreement.



NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

*Benefits provided:*

The Plan requires the Village to contribute an amount determined by multiplying \$15 times the employee's years of continuous active service toward the payment of retiree health insurance plan coverage for employees who retire under the Village's MERS defined benefit pension plan with at least twenty (20) years of service. Eligible retirees must participate in the Village's insurance plan which provides a participant-specific monthly insurance coverage rate (no implicit price subsidy). For eligible retirees, the Village's contributions start at the age of fifty-five (55) and cease when the retiree becomes eligible for Medicare. The Village's obligation to make contributions toward a qualifying retiree's health insurance coverage is suspended during any time that the retiree is eligible to participate in another group medical coverage plan, either as a result of the retiree's subsequent employment or the employment of the retiree's spouse. In the event that a retiree receiving a contribution toward retiree health insurance dies before reaching the age for Medicare eligibility, the Village will continue to make the contribution toward retiree health insurance for the deceased retiree's spouse through the time that the deceased retiree would have reached Medicare eligibility age, unless the spouse remarries or is eligible to participate in another group medical coverage plan. Upon eligibility for Medicare, the Village discontinues healthcare coverage for the retiree.

*Employees covered by benefit terms:*

As of December 31, 2024, Plan membership consisted of the following:

Retirees receiving benefits	4
Active participants	<u>4</u>
Total participants	<u><u>8</u></u>

*Contributions:*

The Village has no obligation to make contributions in advance of when the insurance premiums are due for payment. In other words, the plan may be financed on a "pay-as-you-go" basis. Participants do not make contributions to the Plan but are required to pay any difference between the participant-specific insurance coverage rate and the Village required payment. There are no long-term contracts for contributions to the Plan. The Plan has no legally required reserves. For the year ended December 31, 2024, the Village contributed \$11,190 to the Plan.

*Net OPEB liability:*

The total OPEB liability was determined by a valuation as of December 31, 2024, using the following actuarial assumptions:

Inflation	N/A; plan is not pre-funded
Salary increases	3.00%
Investment rate of return	N/A; plan is not pre-funded
20-year Aa Municipal bond rate	4.28%
Mortality	Public General 2010 Employee and Healthy Retiree, Headcount weighted; MP-2021 improvement scale

The discount rate used to measure the total OPEB liability was 4.28%. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members, therefore, benefit payments are discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. This discount rate is used to determine the total OPEB liability. The discount rate used for the December 31, 2023, liability was 4.00%.

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Changes in the net OPEB liability:*

	<i>Increase (decrease)</i>		
	<i>Total OPEB liability</i>	<i>Plan fiduciary net position</i>	<i>Net OPEB liability (asset)</i>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances at December 31, 2023	\$ 88,465	\$ -	\$ 88,465
Changes for the year:			
Service cost	1,632	-	1,632
Interest	3,380	-	3,380
Differences between expected and actual experience	23,412	-	23,412
Change in assumptions	(1,216)	-	(1,216)
Contributions - employer	-	11,190	(11,190)
Benefit payments	-	(11,190)	-
Net changes	27,208	-	16,018
Balances at December 31, 2024	\$ 115,673	\$ -	\$ 104,483

Plan fiduciary net position as a percentage of total OPEB liability 0.0%

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

The following schedule presents the net OPEB liability of the Village, calculated using the discount rates 1% higher and lower than the current rate of 4.28%:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Net OPEB liability	\$ 108,813	\$ 104,483	\$ 100,470

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

Not applicable as the Plan benefit is a payment based on years of service and is not dependent on healthcare costs.

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

For the year ended December 31, 2024, the Village recognized OPEB expense of a negative \$24,664. At December 31, 2024, the Village reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

<i>Source</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Changes in assumptions	\$ 17,633	\$ 90,557
Difference between expected and actual experience	<u>1,069</u>	<u>5,767</u>
Total	<u>\$ 18,702</u>	<u>\$ 96,324</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year ended December 31,</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
2025	\$ 7,140	\$ (36,816)
2026	7,140	(36,768)
2027	4,198	(15,406)
2028	94	(3,093)
2029	94	(3,093)
Thereafter	<u>36</u>	<u>(1,148)</u>
	<u>\$ 18,702</u>	<u>\$ (96,324)</u>

**NOTE 10 - PROPERTY TAXES**

The 2024 taxable valuation of the Village approximated \$167,223,713, on which ad valorem taxes levied consisted of 10.0 mills for operating purposes, 0.5 mills for major streets, and 1.5 mills for local streets, raising approximately \$1,665,000 for operating purposes, \$83,000 for major streets, and \$250,000 for local streets. These amounts are recognized in the respective fund financial statements as property tax revenue.

**NOTE 11 - 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 or not tax the entity on improvements to a property for a period of time, 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 year ended December 31, 2024, the Village abated property taxes totaling \$41,771 under the Industrial Facilities Exemption, which is authorized by Public Act 198 of 1974.

**NOTE 12 - INTERFUND TRANSFER**

During the year ended December 31, 2024, the General Fund transferred \$50,245 to the Local Street Fund which represents support for current construction projects.

**NOTE 13 - RESTRICTED NET POSITION**

In the government-wide statement of net position, the governmental activities report restricted net position, in the amount of \$328,566 which is restricted by enabling legislation for public works expenditures.

**NOTE 14 - JOINT VENTURE***Sparta Fire Department:*

The Village is a participant in the Sparta Fire Department (the Department), along with the Township of Sparta. The administrative board of the Department consists of members appointed by each participating unit. The Department was formed for the purpose of providing fire protection to the Sparta area. The Village has no equity interest in the Department; therefore, financial information of the Department has not been included in the Village's financial statements.

Costs of operations and capital asset acquisitions of the Department are supported by contributions from the Village, which contributes one-third, and the Township of Sparta, which contributes two-thirds of the Fire Department's proposed budget. During the year ended December 31, 2024, the Village paid the Department \$135,417.

Complete financial statements for the Department can be obtained from the Sparta Fire Department at 36 Elmwood Street, Sparta, Michigan 49345.

**NOTE 15 - RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and medical claims; injuries to employees; and natural disasters. The risks of loss arising from general liability up to \$5,000,000, building contents, employees' health insurance, workers' compensation, and casualty are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

**NOTE 16 - SUBSEQUENT EVENT**

Subsequent to the end of the year, the Village issued general obligation limited tax bonds in the amount of \$2,445,000. The proceeds of the bond issuance will be used to design, acquire, and construct certain capital improvements related to a new Village complex.

**NOTE 17 - CONSTRUCTION COMMITMENT**

Subsequent to the end of the year, the Village approved a construction contract, in the amount of \$3,413,967, to construct a new Village Hall complex. The project is being funded through the issuance of bonds and available resources of the General Fund.

**NOTE 18 - UPCOMING ACCOUNTING PRONOUNCEMENT**

The Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. This statement is effective for fiscal years ending June 30, 2026, and after. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; and budgetary comparison information.

## REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended December 31, 2024

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes:				
Current property taxes	\$ 1,444,500	\$ 1,515,690	\$ 1,515,139	\$ (551)
Payment in lieu of taxes	19,000	19,020	20,612	1,592
Industrial facility tax	28,000	35,109	35,109	-
Property tax administration fee	18,000	21,329	21,323	(6)
Total property taxes	1,509,500	1,591,148	1,592,183	1,035
Licenses and permits:				
Cable franchise fees	50,000	43,237	42,292	(945)
Licenses	5,500	8,822	8,823	1
Total licenses and permits	55,500	52,059	51,115	(944)
Federal grants	2,501,293	-	-	-
State grants:				
Local community stabilization share	300,000	331,709	331,709	-
State revenue sharing - constitutional	475,000	462,806	452,587	(10,219)
State revenue sharing - statutory	85,000	89,613	93,133	3,520
Total state grants	860,000	884,128	877,429	(6,699)
Charges for services:				
Code inspection fees	150,000	100,000	84,340	(15,660)
Other charges	27,658	33,596	73,155	39,559
Total charges for services	177,658	133,596	157,495	23,899
Fines and forfeitures	4,000	3,523	2,280	(1,243)
Interest and rentals:				
Interest	75,000	175,000	177,319	2,319
Rentals	31,000	76,000	78,825	2,825
Total interest and rentals	106,000	251,000	256,144	5,144
Other	70,900	108,175	173,101	64,926
Total revenues	5,284,851	3,023,629	3,109,747	86,118

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2024

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>EXPENDITURES</b>				
General government:				
Legislative	\$ 26,685	\$ 22,918	\$ 14,671	\$ 8,247
Manager	163,916	176,566	175,347	1,219
Clerk	3,868	3,329	1,980	1,349
Treasurer	129,268	130,863	127,947	2,916
General operations	377,672	340,399	352,367	(11,968)
Building and grounds	30,700	103,781	85,740	18,041
Total general government	<u>732,109</u>	<u>777,856</u>	<u>758,052</u>	<u>19,804</u>
Public safety:				
Police	944,704	1,018,257	1,012,325	5,932
Fire	135,416	135,416	135,416	-
Code inspections	135,000	90,000	75,803	14,197
Total public safety	<u>1,215,120</u>	<u>1,243,673</u>	<u>1,223,544</u>	<u>20,129</u>
Public works:				
Street lights	65,000	57,625	54,390	3,235
Sidewalks	50,000	60,000	58,220	1,780
Department of public works	98,798	116,175	124,005	(7,830)
Total public works	<u>213,798</u>	<u>233,800</u>	<u>236,615</u>	<u>(2,815)</u>
Recreation and culture:				
Civic center	33,612	33,612	31,590	2,022
Parks	173,660	214,423	208,418	6,005
Total recreation and culture	<u>207,272</u>	<u>248,035</u>	<u>240,008</u>	<u>8,027</u>
Community and economic development - Planning	<u>8,300</u>	<u>8,300</u>	<u>2,932</u>	<u>5,368</u>
Capital outlay	<u>3,637,593</u>	<u>401,965</u>	<u>312,316</u>	<u>89,649</u>
Total expenditures	<u>6,014,192</u>	<u>2,913,629</u>	<u>2,773,467</u>	<u>140,162</u>



**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2024

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (729,341)</u>	<u>\$ 110,000</u>	<u>\$ 336,280</u>	<u>\$ 226,280</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	1,000,000	-	-	-
Transfers out	<u>(110,000)</u>	<u>(110,000)</u>	<u>(50,245)</u>	<u>59,755</u>
Net other financing sources (uses)	<u>890,000</u>	<u>(110,000)</u>	<u>(50,245)</u>	<u>59,755</u>
<b>NET CHANGES IN FUND BALANCES</b>	160,659	-	286,035	286,035
<b>FUND BALANCES - BEGINNING</b>	<u>3,660,700</u>	<u>3,660,700</u>	<u>3,660,700</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 3,821,359</u></u>	<u><u>\$ 3,660,700</u></u>	<u><u>\$ 3,946,735</u></u>	<u><u>\$ 286,035</u></u>

**BUDGETARY COMPARISON SCHEDULE - Major Street Fund**

Year ended December 31, 2024

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes:				
Current property taxes	\$ 67,150	\$ 75,773	\$ 75,753	\$ (20)
Industrial facility tax	1,400	1,665	1,665	-
Total property taxes	68,550	77,438	77,418	(20)
State grants:				
Act 51	375,000	375,000	377,823	2,823
Metro act	16,850	16,111	16,111	-
Total state grants	391,850	391,111	393,934	2,823
Interest	3,500	12,221	13,071	850
Other	750	250	-	(250)
Total revenues	464,650	481,020	484,423	3,403
<b>EXPENDITURES</b>				
Public works:				
Street construction	290,000	290,000	272,814	17,186
Routine maintenance	63,477	63,477	52,110	11,367
Traffic services	36,684	36,684	33,474	3,210
Winter maintenance	39,762	41,491	37,459	4,032
Care of trees	28,654	27,911	6,753	21,158
Drains	24,244	23,257	17,253	6,004
Total public works	482,821	482,820	419,863	62,957
Debt service:				
Principal	73,000	73,000	73,000	-
Interest	2,214	2,214	2,214	-
Total expenditures	558,035	558,034	495,077	62,957

**BUDGETARY COMPARISON SCHEDULE - Major Street Fund (Continued)**

Year ended December 31, 2024

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
NET CHANGES IN FUND BALANCES	\$ (93,385)	\$ (77,014)	\$ (10,654)	\$ 66,360
FUND BALANCES - BEGINNING	<u>319,845</u>	<u>319,845</u>	<u>319,845</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 226,460</u>	<u>\$ 242,831</u>	<u>\$ 309,191</u>	<u>\$ 66,360</u>

**BUDGETARY COMPARISON SCHEDULE - Local Street Fund**

Year ended December 31, 2024

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes:				
Current property taxes	\$ 204,000	\$ 227,352	\$ 227,270	\$ (82)
Industrial facility tax	4,300	4,996	4,996	-
Total property taxes	208,300	232,348	232,266	(82)
State grants - Act 51	150,000	153,495	156,243	2,748
Interest	3,000	5,682	5,691	9
Other	100	100	-	(100)
Total revenues	361,400	391,625	394,200	2,575
<b>EXPENDITURES</b>				
Public works				
Street construction	406,775	406,775	342,336	64,439
Routine maintenance	77,338	80,707	66,042	14,665
Traffic services	11,336	12,176	11,418	758
Winter maintenance	53,112	54,679	70,348	(15,669)
Care of trees	53,666	61,408	74,591	(13,183)
Drains	44,711	39,576	25,093	14,483
Total public works	646,938	655,321	589,828	65,493
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(285,538)	(263,696)	(195,628)	68,068
<b>OTHER FINANCING SOURCES</b>				
Transfers in	110,000	110,000	50,245	(59,755)
<b>NET CHANGES IN FUND BALANCES</b>	(175,538)	(153,696)	(145,383)	8,313
<b>FUND BALANCES - BEGINNING</b>	164,758	164,758	164,758	-
<b>FUND BALANCES - ENDING</b>	<u>\$ (10,780)</u>	<u>\$ 11,062</u>	<u>\$ 19,375</u>	<u>\$ 8,313</u>

**SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS**

Year ended December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 60,821	\$ 76,830	\$ 49,634	\$ 74,823	\$ 84,354	\$ 95,098	\$ 100,539	\$ 102,425	\$ 94,703	\$ 94,447
Interest	465,958	451,764	445,990	421,733	426,139	410,995	415,206	398,695	351,210	350,858
Difference between expected and actual experience	(101,410)	61,249	(57,357)	(39,122)	(157,003)	(45,430)	(364,903)	(30,631)	(108,430)	-
Changes in assumptions	45,977	-	211,308	175,447	165,359	-	-	-	222,188	-
Benefit payments, including refunds	(369,067)	(312,019)	(284,790)	(241,660)	(237,744)	(227,027)	(254,249)	(195,108)	(204,480)	(213,007)
Other changes	(109)	(45,509)	13,166	(52,890)	(51,999)	(33,614)	39,877	(38,470)	(4,588)	2,115
Net change in total pension liability	102,170	232,315	377,951	338,331	229,106	200,022	(63,530)	236,911	350,603	234,413
Total pension liability, beginning of year	6,581,131	6,348,816	5,970,865	5,632,534	5,403,428	5,203,406	5,266,936	5,030,025	4,679,422	4,445,009
Total pension liability, end of year	<u>\$ 6,683,301</u>	<u>\$ 6,581,131</u>	<u>\$ 6,348,816</u>	<u>\$ 5,970,865</u>	<u>\$ 5,632,534</u>	<u>\$ 5,403,428</u>	<u>\$ 5,203,406</u>	<u>\$ 5,266,936</u>	<u>\$ 5,030,025</u>	<u>\$ 4,679,422</u>
Plan fiduciary net position:										
Contributions - employer	\$ 148,140	\$ 128,076	\$ 146,304	\$ 149,196	\$ 139,006	\$ 149,820	\$ 174,436	\$ 367,230	\$ 309,280	\$ 181,014
Contributions - employee	24,309	31,534	35,007	37,042	39,944	41,956	44,969	44,128	44,510	44,332
Net investment income (loss)	349,023	480,648	(520,769)	626,522	514,310	482,937	(147,161)	416,942	305,340	(40,758)
Benefit payments, including refunds	(369,067)	(312,019)	(284,790)	(241,660)	(237,744)	(227,027)	(254,249)	(195,108)	(204,480)	(213,007)
Administrative expenses	(10,325)	(10,207)	(9,221)	(7,189)	(8,060)	(8,326)	(7,245)	(6,584)	(6,024)	(5,919)
Net change in plan fiduciary net position	142,080	318,032	(633,469)	563,911	447,456	439,360	(189,250)	626,608	448,626	(34,338)
Plan fiduciary net position, beginning of year	4,684,668	4,366,636	5,000,105	4,436,194	3,988,738	3,549,378	3,738,628	3,112,020	2,663,394	2,697,732
Plan fiduciary net position, end of year	<u>\$ 4,826,748</u>	<u>\$ 4,684,668</u>	<u>\$ 4,366,636</u>	<u>\$ 5,000,105</u>	<u>\$ 4,436,194</u>	<u>\$ 3,988,738</u>	<u>\$ 3,549,378</u>	<u>\$ 3,738,628</u>	<u>\$ 3,112,020</u>	<u>\$ 2,663,394</u>
Village's net pension liability, end of year	<u>\$ 1,856,553</u>	<u>\$ 1,896,463</u>	<u>\$ 1,982,180</u>	<u>\$ 970,760</u>	<u>\$ 1,196,340</u>	<u>\$ 1,414,690</u>	<u>\$ 1,654,028</u>	<u>\$ 1,528,308</u>	<u>\$ 1,918,005</u>	<u>\$ 2,016,028</u>
Plan fiduciary net position as a percent of total pension liability	72.22%	71.18%	68.78%	83.74%	78.76%	73.82%	68.21%	70.98%	61.87%	56.92%
Covered payroll	\$ 543,453	\$ 650,325	\$ 741,086	\$ 717,777	\$ 790,111	\$ 891,936	\$ 889,425	\$ 862,670	\$ 862,670	\$ 862,670
Village's net pension liability as a percentage of covered payroll	341.62%	291.62%	267.47%	135.25%	151.41%	158.61%	224.71%	226.94%	226.94%	226.94%

Note: This schedule is being built prospectively after the implementation of GASB 68 in 2015.

Ultimately, ten years of data will be presented.

***Village of Sparta***

**SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS**

*Last Ten Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 148,140	\$ 128,076	\$ 146,304	\$ 149,196	\$ 139,006	\$ 149,820	\$ 174,436	\$ 167,230	\$ 162,397	\$ 141,552
Contributions in relation to the actuarially determined contributions	<u>148,140</u>	<u>128,076</u>	<u>146,304</u>	<u>149,196</u>	<u>139,006</u>	<u>149,820</u>	<u>174,436</u>	<u>367,230</u>	<u>162,397</u>	<u>141,552</u>
Contribution excess/(deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 543,453</u>	<u>\$ 650,325</u>	<u>\$ 741,086</u>	<u>\$ 717,777</u>	<u>\$ 790,111</u>	<u>\$ 891,936</u>	<u>\$ 889,425</u>	<u>\$ 862,670</u>	<u>\$ 853,560</u>	<u>\$ 888,353</u>
Contributions as a percentage of covered payroll	27.26%	19.69%	19.74%	20.79%	17.59%	16.80%	19.61%	42.57%	19.03%	15.93%

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 24 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal cost
Amortization method	Level percentage of payroll, open
Remaining amortization period	20 years
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.00%, net of investment and administrative expenses, including inflation
Retirement age	Normal retirement age is 60 years
Mortality	50% Male/50% Female blend of the Pub-2010 fully generational mortality table with scale MP-2019

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

Year ended December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability:					
Service cost	\$ 1,632	\$ 1,493	\$ 6,729	\$ 8,779	\$ 6,259
Interest	3,380	3,584	5,679	4,725	7,781
Difference between expected and actual experience	23,412	1,334	(167,544)	-	(32,078)
Changes in assumptions	(1,216)	1,039	(8,227)	(3,870)	976
Benefit payments, including refunds	<u>(11,190)</u>	<u>(1,305)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	16,018	6,145	(163,363)	9,634	(17,062)
Total OPEB liability, beginning of year	<u>88,465</u>	<u>82,320</u>	<u>245,683</u>	<u>236,049</u>	<u>253,111</u>
Total OPEB liability, end of year	<u>\$ 104,483</u>	<u>\$ 88,465</u>	<u>\$ 82,320</u>	<u>\$ 245,683</u>	<u>\$ 236,049</u>
Plan fiduciary net position:					
Contributions - employer	\$ 11,190	\$ 1,305	\$ -	\$ -	\$ -
Benefit payments, including refunds	<u>(11,190)</u>	<u>(1,305)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position, beginning of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's net OPEB liability, end of year	<u>\$ 104,483</u>	<u>\$ 88,465</u>	<u>\$ 82,320</u>	<u>\$ 245,683</u>	<u>\$ 236,049</u>
Plan fiduciary net position as a percent of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 317,103	\$ 550,205	\$ 656,224	\$ 741,084	\$ 774,372
Village's net OPEB liability as a percentage of covered employee payroll	32.9%	16.1%	12.5%	33.2%	30.5%

Note: This schedule is being built prospectively after the implementation of GASB 75 in 2018.

Ultimately, ten years of data will be presented.

**Village of Sparta****SCHEDULE OF VILLAGE OPEB CONTRIBUTIONS***Year ended December 31, 2024*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contributions	\$ 26,068	\$ 12,772	\$ 33,983	\$ 31,893	\$ 33,802
Contributions in relation to the actuarially determined contributions	<u>11,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution excess/(deficiency)	<u>\$ (14,878)</u>	<u>\$ (12,772)</u>	<u>\$ (33,983)</u>	<u>\$ (31,893)</u>	<u>\$ (33,802)</u>
Covered employee payroll	\$ 317,103	\$ 550,205	\$ 656,224	\$ 741,084	\$ 774,372
Contributions as a percentage of covered employee payroll	3.53%	0.00%	0.00%	0.00%	0.00%
Methods and assumptions used to determine contribution rates:					
Inflation	Not applicable as the Plan is not pre-funded				
Salary increases	3.00%				
Investment rate of return	Not applicable as the Plan is not pre-funded				
Healthcare cost trend rates	Not applicable as the Plan benefit is a payment based on years of service and not dependent on healthcare cost trends				
Mortality rates	Public General 2010 Employee and Healthy Retiree, headcount weighted, MP-2021 improvement scale; effectively no impact on mortality as benefits will continue to be paid until Medicare eligibility age				



## SUPPLEMENTARY INFORMATION

**BALANCE SHEET - Component Unit**

December 31, 2024

	<b><i>Downtown Development Authority</i></b>
<b>ASSETS</b>	
Investments	\$ 213,218
Receivables	61,905
Prepaid expenditures	<u>809</u>
Total assets	<u><u>\$ 275,932</u></u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities - payables	\$ 6,406
Fund balance - unassigned	<u>269,526</u>
Total liabilities and fund balance	<u><u>\$ 275,932</u></u>
Total fund balance	\$ 269,526
Amounts reported for the <i>component unit</i> in the statement of net position (page 14) are different because:	
Capital assets used by the <i>component unit</i> are not financial resources and, therefore, are not reported in the fund.	338,969
Certain prepaid expenses are not recognized in the fund.	1,800
Deferred outflows and inflows of resources:	
Deferred outflows of resources - pension	3,532
Deferred outflows of resources - OPEB	1,309
Deferred inflows of resources - pension	(862)
Deferred inflows of resources - OPEB	(6,743)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.	
Net pension liability	(31,561)
Other postemployment benefit liability	<u>(7,314)</u>
Net position (unrestricted) of the <i>component unit</i>	<u><u>\$ 568,656</u></u>

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - *Component Unit***

Year ended December 31, 2024

	<b><i>Downtown Development Authority</i></b>
<b>REVENUES</b>	
Property taxes	\$ 366,821
Interest	8,904
Other	<u>7,222</u>
Total revenues	<u>382,947</u>
<b>EXPENDITURES</b>	
Current - community and economic development	309,471
<b>NET CHANGES IN FUND BALANCES</b>	73,476
<b>FUND BALANCES - BEGINNING</b>	<u>196,050</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 269,526</u></u>
Net change in fund balance	\$ 73,476
Amounts reported for the <i>component unit</i> in the statement of activities (page 15) are different because:	
Capital assets:	
Deduct - depreciation provision	(13,522)
Changes in deferred outflows and inflows of resources:	
Net decrease in deferred outflows of resources - pension	(1,165)
Net increase in deferred outflows of resources - OPEB	1,139
Net increase in deferred inflows of resources - pension	(862)
Net decrease in deferred inflows of resources - OPEB	2,492
Long term liabilities:	
Add - decrease in net pension liability	679
Deduct - increase in other postemployment benefit liability	<u>(1,121)</u>
Change in net position of <i>component unit</i>	<u><u>\$ 61,116</u></u>

**Village of Sparta****BUDGETARY COMPARISON SCHEDULE - Component Unit***Year ended December 31, 2024*

	<i><b>Original budget</b></i>	<i><b>Final budget</b></i>	<i><b>Actual</b></i>	<i><b>Variance with final budget positive (negative)</b></i>
<b>REVENUES</b>				
Tax increment financing	\$ 303,000	\$ 361,634	\$ 366,821	\$ 5,187
Interest	-	8,500	8,904	404
Other - contributions	10,000	7,221	7,222	1
Total revenues	313,000	377,355	382,947	5,592
<b>EXPENDITURES</b>				
Community and economic development	285,370	340,608	309,471	31,137
Capital outlay	27,500	-	-	-
Total expenditures	312,870	340,608	309,471	31,137
<b>NET CHANGES IN FUND BALANCES</b>	130	36,747	73,476	36,729
<b>FUND BALANCES - BEGINNING</b>	196,050	196,050	196,050	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 196,180</u>	<u>\$ 232,797</u>	<u>\$ 269,526</u>	<u>\$ 36,729</u>

**SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 CONTINUING DISCLOSURE**  
***(UNAUDITED)***

**Village of Sparta  
Taxable Value  
Fiscal Years Ended December 31, 2020 Through 2024**

<i>Assessed Value as of December 31</i>	<i>Year of State Equalization and Tax Levy</i>	<i>Village's Fiscal Years Ended December 31</i>	<i>Ad Valorem Taxable Value</i>	<i>Equivalent Taxable Value of Property Granted Tax Abatement Under Act 198 (1)</i>	<i>Total Taxable Value</i>	<i>Percent Change Over Prior Year</i>
2019	2020	2020	\$ 128,090,405	\$ 2,300,519	\$ 130,390,924	3.45%
2020	2021	2021	137,410,992	3,780,490	141,191,482	8.28%
2021	2022	2022	148,172,758	3,599,383	151,772,141	7.49%
2022	2023	2023	158,068,949	4,481,149	162,550,098	7.10%
2023	2024	2024	177,010,329	5,434,752	182,445,081	12.24%

Per Capita Total Taxable Value for the fiscal year ended December 31, 2024 (2) = \$42,989

(1) At the full tax rate. See "Tax Abatement" herein.

(2) Based on the Village's 2020 census population of 4,244.

Source: Village of Sparta

**Village of Sparta  
Taxable Value by Use and Class  
Fiscal Years Ended December 31, 2020 Through 2024**

<i>Use</i>	<i>Fiscal Years Ended December 31</i>				
	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Commercial	\$ 28,962,674	\$ 30,377,643	\$ 31,523,808	\$ 32,535,422	\$ 34,862,332
Industrial	19,782,640	21,905,805	23,356,925	22,321,905	30,687,659
Residential	78,759,410	85,800,834	93,704,008	103,585,771	112,886,790
Utility	2,886,200	3,107,200	3,187,400	4,107,000	4,008,300
	<u>\$130,390,924</u>	<u>\$141,191,482</u>	<u>\$151,772,141</u>	<u>\$162,550,098</u>	<u>\$182,445,081</u>
<i>Class</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Real Property	\$121,449,224	\$131,109,882	\$141,023,041	\$154,148,398	\$173,365,981
Personal Property	8,941,700	10,081,600	10,749,100	8,401,700	9,079,100
	<u>\$130,390,924</u>	<u>\$141,191,482</u>	<u>\$151,772,141</u>	<u>\$162,550,098</u>	<u>\$182,445,081</u>

Source: Village of Sparta

(UNAUDITED)

**Village of Sparta**  
**State Equalized Valuation**  
**Fiscal Years Ended December 31, 2020 through 2024**

<i>Assessed Value as of December 31</i>	<i>Year of State Equalization and Tax Levy</i>	<i>Village's Fiscal Years Ended December 31</i>	<i>Ad valorem State Equalized Value</i>	<i>SEV of Property Granted Tax Abatement Under Act 198 (1)</i>	<i>Total State Equalized Value</i>	<i>Percent Change Over Prior Year</i>
2019	2020	2020	\$ 150,383,100	\$ 3,304,800	\$ 153,687,900	5.05%
2020	2021	2021	162,073,400	4,988,800	167,062,200	8.70%
2021	2022	2022	177,603,500	5,052,100	182,655,600	9.33%
2022	2023	2023	197,851,400	6,287,900	204,139,300	11.76%
2023	2024	2024	234,373,600	7,868,500	242,242,100	18.67%

Per Capita Total SEV for the fiscal year ended December 31, 2024 (2) = \$57,079

(1) See "Tax Abatement" herein.

(2) Based on the Village's 2020 census population of 4,244.

Source: Village of Sparta

**Village of Sparta**  
**SEV by Use and Class**  
**Fiscal Years Ended December 31, 2020 through 2024**

<i>Use</i>	<i>Fiscal Years Ended December 31</i>				
	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Commercial	\$ 31,762,600	\$ 33,319,500	\$ 34,647,900	\$ 34,700,900	\$ 39,297,800
Industrial	21,740,400	24,507,500	26,969,700	26,618,000	39,799,500
Residential	97,298,700	106,128,000	117,850,600	138,713,400	159,136,500
Utility	2,886,200	3,107,200	3,187,400	4,107,000	4,008,300
	<u>\$153,687,900</u>	<u>\$167,062,200</u>	<u>\$182,655,600</u>	<u>\$204,139,300</u>	<u>\$242,242,100</u>
<i>Class</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Real Property	\$144,638,000	\$156,887,200	\$171,853,600	\$195,641,100	\$233,085,200
Personal Property	9,049,900	10,175,000	10,802,000	8,498,200	9,156,900
	<u>\$153,687,900</u>	<u>\$167,062,200</u>	<u>\$182,655,600</u>	<u>\$204,139,300</u>	<u>\$242,242,100</u>

Source: Village of Sparta

**Tax Abatement**

The Village's Taxable Value does not include the value of certain facilities, which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198. The Act was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities ("Rehab Properties") and to build new facilities ("New Properties"). Except as indicated below, under the provisions of the Act, a local governmental unit (i.e., a city, village, or township) may establish plant rehabilitation districts and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

(UNAUDITED)

## Tax Abatement (Continued)

An industrial facilities exemption certificate granted under Act 198 entitles an eligible facility to exemption from Ad Valorem taxes for a period of up to 12 years. In lieu of Ad Valorem taxes, the eligible facility will pay an industrial facilities tax (the “IFT Tax”). For properties granted tax abatement under Act 198, there exists a separate tax roll referred to as the industrial facilities tax roll (the “IFT Tax Roll”). The IFT Tax for an obsolete facility, which is being restored or replaced, is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the taxable value level prior to the improvements, even though the restoration or replacement substantially increases the value of the facility. For a new facility, the IFT Tax is also determined the same as the Ad Valorem Tax, but instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. For abatements granted prior to 1994, this millage rate equals  $\frac{1}{2}$  of all tax rates levied by other than the state and local school district for operating purposes, plus  $\frac{1}{2}$  of the 1993 rate levied by the local school district for operating purposes. For abatements granted after 1994, this millage rate equals  $\frac{1}{2}$  of all tax rates levied by other than the state and local school district, plus none,  $\frac{1}{2}$ , or the entire state tax rate (as determined by the state treasurer).

The Village has established goals, objectives, and procedures to provide the opportunity for industrial development and expansion. Since 1974, the Village has approved a number of applications for local property tax relief for industrial and commercial firms. The SEV of properties that have been granted tax abatement under the Act, removed from the Ad Valorem Tax Roll, and placed on the IFT Tax Roll, totaled \$7,868,500 for the fiscal year ended December 31, 2024. The IFT Taxes paid on these properties is equivalent to Ad Valorem taxes paid on \$5,434,752 of taxable value at the full tax rate (the “Equivalent Taxable Value”). Upon expiration of the industrial facilities exemption certificates, the current equalized valuation of the abated properties will return to the Ad Valorem Tax Roll as Taxable Value.

### Village of Sparta Maximum Property Tax Rates Fiscal Year Ended December 31, 2024

<i>Millage Classification</i>	<i>Millage Authorized</i>	<i>Millage Rate As Permanently Reduced By Headlee</i>	<i>Current Year Reduction Fraction</i>	<i>Maximum Allowable Millage</i>
Operating	17.5000	15.3422	0.9931	15.3422

### Village of Sparta Property Tax Rates Fiscal Years Ended December 31, 2020 Through 2024

<i>Levy July 1</i>	<i>Fiscal Year Ended December 31</i>	<i>General Operating</i>	<i>Streets and Highways</i>	<i>Debt Service</i>	<i>Totals</i>
2020	2020	10.00	1.50	0.50	12.00
2021	2021	10.00	1.50	0.50	12.00
2022	2022	10.00	1.50	0.50	12.00
2023	2023	10.00	1.50	0.50	12.00
2024	2023	10.00	1.50	0.50	12.00

(UNAUDITED)



**Village of Sparta**  
**Homestead Property Tax Rates by Governmental Unit**  
**Fiscal Years Ended December 31, 2020 Through 2024**

<i>Governmental Unit</i>	<i>Fiscal Years Ended December 31</i>				
	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Village of Sparta	12.0000	12.0000	12.0000	12.0000	12.0000
Kent Intermediate Schools	5.5684	5.5157	5.4447	5.4447	5.4020
Grand Rapids Community College	1.7472	1.7307	1.7085	1.7085	1.6951
State Education	6.0000	6.0000	6.0000	6.0000	6.0000
Sparta Schools	8.1500	8.1500	8.1500	8.1500	8.1500
Kent County	6.2100	6.1521	6.0971	6.0971	6.0494
Sparta Township	1.7027	1.6878	1.6714	1.6714	1.6621
	<u>41.3783</u>	<u>41.2363</u>	<u>41.0717</u>	<u>41.0717</u>	<u>40.9586</u>

**Village of Sparta**  
**Non-Homestead Property Tax Rates by Governmental Unit**  
**Fiscal Years Ended December 31, 2020 Through 2024**

<i>Governmental Unit</i>	<i>Fiscal Years Ended December 31</i>				
	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Village of Sparta	12.0000	12.0000	12.0000	12.0000	12.0000
Kent Intermediate Schools	5.5684	5.5157	5.4447	5.4447	5.4020
Grand Rapids Community College	1.7472	1.7307	1.7085	1.7085	1.6951
State Education	6.0000	6.0000	6.0000	6.0000	6.0000
Sparta Schools	26.1500	26.1500	26.1500	26.1500	26.1500
Kent County	6.2100	6.1521	6.0971	6.0971	6.0494
Sparta Township	1.7027	1.6878	1.6714	1.6714	1.6621
	<u>59.3783</u>	<u>59.2363</u>	<u>59.0717</u>	<u>59.0717</u>	<u>58.9586</u>

**Village of Sparta**  
**Property Tax Collections**  
**Fiscal Years Ended December 31, 2020 Through 2024**

<i>July 1</i>	<i>Fiscal Year</i>	<i>Collections</i>		<i>Percent</i>
<i>Levy</i>	<i>Ended December 31</i>	<i>Tax Levy (1)</i>	<i>to December 31</i>	<i>Collected</i>
			<i>Following Levy</i>	
2020	2020	\$ 1,572,912	\$ 1,485,574	94.45%
2021	2021	1,673,179	1,586,056	94.79%
2022	2022	1,800,203	1,704,074	94.66%
2023	2023	1,920,608	1,831,928	95.38%
2024	2024	2,082,953	1,984,532	95.27%

(1) Village taxes only. Excludes special assessments. Includes property tax collections of property granted tax abatement under Act 198.

Source: Village of Sparta

(UNAUDITED)

**Village of Sparta  
Ten Largest Taxpayers  
Fiscal Year Ended December 31, 2024**

<i>Taxpayer</i>	<i>Principal Product or Service</i>	<i>Taxable Value</i>	<i>Percent of Total (1)</i>
Tesa Tape, Inc.	Adhesive tape manufacturer	\$ 4,693,619	2.57%
Consumers Energy Company	Utility	4,191,820	2.30%
Apple-Tree Sparta, LLC	Apartments	2,921,730	1.60%
Spartan Graphics, Inc.	Printing	2,401,409	1.32%
Celia Corporation	Paper products manufacturer	2,277,298	1.25%
CC Holdings, LLC	Developer	1,893,472	1.04%
Baker Investment Properties LLC	Investment properties	1,891,363	1.04%
B S Holdings, Inc.	Medical device manufacturer	1,625,037	0.89%
OOB Real Estate Holdings, LLC	Real estate	1,575,668	0.86%
Emmons Development Co.	Construction	<u>1,540,035</u>	0.84%
		<u>\$ 25,011,451</u>	13.71%

(1) Based on \$182,445,081, which is the Village's Total Taxable Value for its fiscal year ended December 31, 2024. Includes the equivalent taxable value of property granted under Act 198.

**Village of Sparta  
Revenues from the State of Michigan  
Fiscal Years Ended December 31, 2020 Through 2024**

	<i>Fiscal Years Ended December 31,</i>				
	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
State shared revenue	\$ 430,412	\$ 506,255	\$ 555,673	\$ 546,874	\$ 545,700
Local community stabilization	293,409	306,671	290,921	336,815	331,709
Liquor license fees	<u>4,631</u>	<u>4,871</u>	<u>4,916</u>	<u>5,237</u>	<u>4,822</u>
	<u>\$ 728,452</u>	<u>\$ 817,797</u>	<u>\$ 851,510</u>	<u>\$ 888,926</u>	<u>\$ 882,231</u>

**Legal Debt Margin**

Pursuant to the statutory and constitutional debt provisions set forth herein, the following schedule reflects the amount of additional debt the Village may legally incur as of December 31, 2024.

Debt Limit (1)	\$ 24,224,210
Debt Outstanding	\$ 2,645,000
Less: Exempt Debt	<u>2,645,000</u>
	<u>-</u>
Legal Debt Margin	<u>\$ 24,224,210</u>

(1) 10% of \$242,242,100 the Village's Total SEV for the fiscal year ended December 31, 2024.

(UNAUDITED)

**Village of Sparta  
Debt Statement  
December 31, 2024**

The following schedules reflect a breakdown of the Village's direct and overlapping debt as of December 31, 2024. To the extent necessary, the Village may levy taxes on all taxable property within its boundaries, without limitation as to rate or amount, to pay the principal of, and interest due on, the bonds in the following schedule, which are designated as "UT." However, the Village's ability to levy tax to pay the debt service on the bonds, which are designated as "LT," is subject to applicable charter, statutory, and constitutional limitations.

<u>Village Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
Revenue Bonds:			
Dated April 12, 2018 (Sewer)	<u>\$ 2,645,000</u>	<u>\$ 2,645,000</u>	<u>\$ -</u>
Per Capita Net Village Direct Debt (1)			\$ -0-
Percent of Net Direct Debt to SEV (2)			0.00%

<u>Overlapping Debt (3)</u>	<u>Gross</u>	<u>Village Share As Percent of Gross</u>	<u>Net</u>
Kent County	\$ 106,185,576	0.56%	\$ 594,639
Sparta Area Schools	66,923,403	25.73%	17,219,392
Grand Rapids Community College	<u>18,675,000</u>	0.54%	<u>100,845</u>
Totals	<u>\$ 191,783,979</u>		<u>\$ 17,914,876</u>

Per Capita Net Overlapping Debt (1)	\$4,221
Percent of Net Overlapping Debt to SEV (2)	8.78%
Per Capita Net Direct and Overlapping Debt (1)	\$4,221
Percent of Net Direct and Overlapping Debt to SEV (2)	8.78%

- (1) Based on the Village's 2020 census population of 4,244
- (2) Based on \$242,242,100 which is the Village's SEV for the fiscal year ended December 31, 2024. Includes the value of property granted tax abatement under Act 198.
- (3) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of the Village are liable, in addition to debt issued by the Village.

Source: Municipal Advisory Council of Michigan and the Village of Sparta

(UNAUDITED)