

Village of Middleville
Barry County, Michigan

FINANCIAL STATEMENTS

Year ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Village Council
Village of Middleville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Middleville, Michigan, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, as listed in the contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Middleville, Michigan, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note 16 to the basic financial statements, the Village adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in 2018. Our opinions are not modified with respect to this matter.

Required supplementary information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Middleville, Michigan's financial statements as a whole. The combining internal service fund financial statements, combining component units' fund financial statements, individual component units' budgetary comparison schedules, and the schedules of debt retirement and annual interest requirements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Siegfried Crandall P.C.

May 19, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Village of Middleville's (the Village) financial performance provides a narrative overview of the Village's financial activities for the fiscal year ended December 31, 2018. The Governmental Accounting Standards Board's (GASB) Statement No. 34 requires management to prepare a straightforward Management Discussion and Analysis (MD&A) of their local government's financial health during the past year. The reader should use this analysis, along with the annual report, to gain a complete picture of the Village of Middleville for 2018.

FINANCIAL HIGHLIGHTS

- Net position is the amount by which the Village's assets exceeded its liabilities. Net position totaled \$17,031,525 at December 31, 2018. The unrestricted portion of this amount, \$1,859,964 (11 percent), is available to be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$398,978 (2 percent) as a result of this year's activities. The net position of the governmental activities increased by \$176,816, and the net position of the business-type activities increased by \$222,162.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$600,356.
- The Village's operating millage is 12.5 mills. The Village has allocated 10.5 mills to the General Fund and 2.0 mills to the Major Street Fund, which will provide additional funding for major street capital infrastructure needs.
- The Village's multi-year utility rate increase policy for commodity charges keeps the utility fund revenues steady and avoids large increases all at once. The continued policy of new development paying for public water and sewer improvements allows the remaining resources to be used for repair and replacement of existing off-site infrastructure that serves these new developments.

Overview of the financial statements

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

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

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

A comparative analysis of the government-wide financial statements for 2018 and 2017 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Village's assets, deferred 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 are reported here.
- *Component units* - The Village includes two other entities in its report - the Local Development Finance Authority and the Downtown Development Authority. Although legally separate, these "component units" are important because the Village is financially accountable for them.

Fund financial statements

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

- Some funds are required by state law.
- The Village Council establishes other funds to control and manage money for particular purposes (like street maintenance) to show that it is properly using certain revenues (like motor fuel taxes 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.

The General Fund is the primary and most diverse governmental fund. The General Fund accounts for general administration, accounting, planning and zoning, parks and recreation, sidewalks, and other general government activities. Law enforcement is also accounted for in this fund.

The Major (6.4 miles) and Local (10.82 miles) Street funds account for improvements to, and preservation of, the 17.22 miles of streets in the Village.

- *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. In fact, 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 Sewer Fund records revenues from charges to the sewer customers and receipts in the form of connection fees made by developers that pay for the maintenance of the sewer system and wastewater treatment plant.

The Water Fund records revenues from charges to the water customers and receipts from developers in the form of connection fees to pay for the maintenance of the water system, wells, a tower, and two booster stations.

The Village uses internal service funds (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 funds include the Motor Vehicle Equipment Fund and the OPEB Fund. The Motor Vehicle Equipment Fund rents a fleet of equipment to the other funds, at rates established by the State, and the OPEB Fund is being used to fund costs of the Village's other post-employment benefits.

Component units

The Local Development Finance Authority and the Downtown Development Authority, although legally separate, are included in the Village's financial report because the Village is financially accountable for them.

The Local Development Finance Authority (LDFA) was created by the Village to capture property taxes from certain taxing units from a specific district within the Village to finance public improvements to that district. This entity has completed most of its plan by renovating the streets that serve its district.

The Downtown Development Authority (DDA) was also created by the Village to capture property taxes from certain taxing units from a specific district within the Village to finance public improvements to that district.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$17,031,525 compared to \$16,959,628 at the end of the prior year. Of this total, \$13,874,434 represents the net investment in capital assets and \$1,297,127 is restricted for various purposes. Consequently, unrestricted net position was \$1,859,964, or 11 percent of the total.

Condensed financial information

Net position

	Governmental activities		Business-type activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 1,538,785	\$ 1,386,091	\$ 3,113,197	\$ 3,479,262	\$ 4,651,982	\$ 4,865,353
Capital assets	<u>8,913,617</u>	<u>8,441,924</u>	<u>8,202,430</u>	<u>7,959,924</u>	<u>17,116,047</u>	<u>16,401,848</u>
Total assets	<u>10,452,402</u>	<u>9,828,015</u>	<u>11,315,627</u>	<u>11,439,186</u>	<u>21,768,029</u>	<u>21,267,201</u>
Deferred outflows of resources	<u>60,206</u>	<u>112,405</u>	<u>24,421</u>	<u>44,871</u>	<u>84,627</u>	<u>157,276</u>
Current and other liabilities	<u>1,046,733</u>	<u>743,226</u>	<u>496,129</u>	<u>465,368</u>	<u>1,542,862</u>	<u>1,208,594</u>
Long-term debt	<u>1,127,723</u>	<u>941,543</u>	<u>2,113,890</u>	<u>2,314,712</u>	<u>3,241,613</u>	<u>3,256,255</u>
Total liabilities	<u>2,174,456</u>	<u>1,684,769</u>	<u>2,610,019</u>	<u>2,780,080</u>	<u>4,784,475</u>	<u>4,464,849</u>
Deferred inflows of resources	<u>25,260</u>	<u>-</u>	<u>11,396</u>	<u>-</u>	<u>36,656</u>	<u>-</u>
Net position:						
Net investment in capital assets	<u>7,785,894</u>	<u>7,500,381</u>	<u>6,088,540</u>	<u>5,645,212</u>	<u>13,874,434</u>	<u>13,145,593</u>
Restricted	<u>761,757</u>	<u>618,114</u>	<u>535,370</u>	<u>535,370</u>	<u>1,297,127</u>	<u>1,153,484</u>
Unrestricted (deficit)	<u>(234,759)</u>	<u>137,156</u>	<u>2,094,723</u>	<u>2,523,395</u>	<u>1,859,964</u>	<u>2,660,551</u>
Total net position	<u>\$ 8,312,892</u>	<u>\$ 8,255,651</u>	<u>\$ 8,718,633</u>	<u>\$ 8,703,977</u>	<u>\$ 17,031,525</u>	<u>\$ 16,959,628</u>

Changes in net position

The Village's total revenues were \$3,259,491 in the current year compared to \$3,772,901 in the prior year. More than 38 percent of the Village's revenues comes from public utility charges for services. Property taxes represent approximately 32 percent of the total. Operating grants accounted for more than 13 percent of the total revenues in 2018, due to additional grants from the State in the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed financial information

Changes in net position

	Governmental activities		Business-type activities		Totals	
	2018	2017	2018	2017	2018	2017
Net position, beginning of year						
As previously reported	\$ 8,255,651	\$ -	\$ 8,703,977	\$ -	\$ 16,959,628	\$ -
Cumulative effect of a change in accounting principle	(119,575)	-	(207,506)	-	\$ (327,081)	-
As restated	8,136,076	-	8,496,471	-	16,632,547	-
Program revenues:						
Charges for services	48,993	22,953	1,244,243	1,312,136	1,293,236	1,335,089
Grants and contributions:						
Operating grants	436,273	339,060	-	28,842	436,273	367,902
Capital grants	155,509	74,407	-	500,000	155,509	574,407
General revenues:						
Property taxes	1,051,018	987,053	-	-	1,051,018	987,053
State shared revenue	303,948	296,799	-	-	303,948	296,799
Local stabilization grant	-	195,114	-	-	-	195,114
Interest	19,507	16,537	-	-	19,507	16,537
Total revenues	2,015,248	1,931,923	1,244,243	1,840,978	3,259,491	3,772,901
Expenses:						
General government	479,852	373,205	-	-	479,852	373,205
Public safety	296,631	292,464	-	-	296,631	292,464
Public works	794,115	726,735	-	-	794,115	726,735
Community and economic development	96,192	94,934	-	-	96,192	94,934
Recreation and culture	173,258	206,122	-	-	173,258	206,122
Interest	41,224	34,055	-	-	41,224	34,055
Sewer	-	-	574,275	549,235	574,275	549,235
Water	-	-	404,966	342,734	404,966	342,734
Total expenses	1,881,272	1,727,515	979,241	891,969	2,860,513	2,619,484
Excess before transfers	133,976	204,408	265,002	949,009	398,978	1,153,417
Transfers	42,840	42,840	(42,840)	(42,840)	-	-
Changes in net position	\$ 176,816	\$ 247,248	\$ 222,162	\$ 906,169	\$ 398,978	\$ 1,153,417
Net position, end of year	\$ 8,312,892	\$ 8,255,651	\$ 8,718,633	\$ 8,703,977	\$ 17,031,525	\$ 16,959,628

As described in Note 16 to the financial statements, the Village adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in 2018. In connection with the adoption of this statement, the Village recorded a cumulative effect of a change in an accounting principle in the amount of \$327,081 in fiscal year 2018, which reduced beginning equity. As this pronouncement has been adopted prospectively, there was no restatement of the 2017 financial position or results of operations.

The total cost of the Village's programs for the current year, covering a wide range of services, totaled \$2,860,513 compared to \$2,619,484 in the prior year. More than 34 percent of the Village's costs relates to the provision of utility services. Governmental public works expenses represent approximately 28 percent of all costs, while general government expenses account for more than 17 percent of the total costs.

Governmental activities

Revenues exceeded expenses during each of the past two years, causing the Village's net position to increase by \$176,816 in the current year and \$247,248 in the prior year. The increase in net position is lower in the current year because revenues increased by \$83,325, while expenses increased by \$153,757.

Revenues increased primarily because operating and capital grant revenues increased by \$178,315. Capital grants, associated with contributions from the State for road improvements, were recognized in the current year, and property taxes increased by \$63,965, due to increased taxable value. However, local stabilization revenues were \$195,114 lower in the current year as state distributions were reduced in the second year of the program. All expenses except recreation and culture increased during the year, related primarily to recognition of other postemployment benefits expenses accounted for under GASB 75.

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 \$1,881,272. After subtracting the direct charges to those who directly benefited from the programs (\$48,993), operating grants (\$436,273), and capital grants and contributions (\$155,509), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$1,240,497.

	<i>Total cost of services</i>	<i>Net cost of services</i>
Public works	\$ 794,115	\$ (227,840)
General government	479,852	(440,084)
Public safety	296,631	(285,100)
Other	<u>310,674</u>	<u>(287,473)</u>
Totals	<u>\$ 1,881,272</u>	<u>\$ (1,240,497)</u>

Business-type activities

Business-type activities increased the Village's net position by \$222,162 in the current year compared to an increase of \$906,169 in the prior year. The increases in each of the past two years indicate that rates have been set to fully cover both operating and debt service costs.

The increase in net position was lower in the current year, as revenues decreased by \$596,735, though expenses increased by \$87,272. The decrease in revenues was primarily due to a \$500,000 contribution from the Local Development Finance Authority, which partially funded improvements to the sewer system, in the prior year. Expenses increased by nearly 10 percent in the current year, primarily due to the recognition of other postemployment benefit expenses related to GASB 75.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental funds

As of December 31, 2018, the Village's governmental funds, in total, reported total fund balances of \$1,378,883, which represents an increase of \$225,254 compared to last year's total.

The General Fund experienced an increase in fund balance of \$77,543 and has a fund balance of \$637,292 at the end of the year; however, portions of the fund balance are nonspendable and restricted, totaling \$16,770 and \$20,166, respectively. Unassigned fund balance amounts to \$600,356 at year end, which represents approximately 48 percent of current year expenditures.

The Major Street Fund experienced an increase in fund balance of \$25,403. The increase in fund balance occurred because current year resources of \$449,600, which included property taxes (\$167,057) and state grants (\$282,543), exceeded expenditures of \$334,197 and a transfer to the Local Street Fund of \$90,000. The Fund has a fund balance of \$429,427 at the end of the year that is restricted by enabling legislation for major street maintenance and improvements.

The Local Street Fund experienced an increase in fund balance of \$122,308. The increase in fund balance occurred because the Fund received a \$90,000 transfer from the Major Street Fund that will be used for future street improvements. The Fund has a fund balance of \$312,164 at the end of the year that is restricted by enabling legislation for local street maintenance and improvements.

Enterprise funds

The Sewer Fund experienced an operating loss of \$40,742 and net nonoperating expenses of \$47,737 in the current year. A transfer to the General Fund, in the amount of \$42,840, reduced the fund's equity. However, capital contributions, in the amount of \$279,212, allowed an increase in net position of \$147,893. The fund's net position is \$6,333,407 at December 31, 2018, of which \$535,370 is restricted for debt service, leaving \$1,550,700 in unrestricted net position.

The Water Fund experienced an operating loss of \$26,248 in the current year. Capital contributions, in the amount of \$115,247, exceeded debt service expenses (\$19,823), so that the net position increased by \$69,176. The fund's net position is \$2,246,169 at December 31, 2018, of which \$404,966 is unrestricted.

Internal service funds

The Motor Vehicle Equipment Fund (MVEF) pays for its annual operational expenses by charging other funds for the use of its assets. The Village has compiled a Capital Improvement Plan (CIP) so that major purchases can be scheduled over time.

The OPEB Fund, which receives contributions from the Village's other funds, accounts for the funding of other post-employment benefit costs.

General Fund budgetary highlights

The Village did not amend budgeted revenues during the current year. Total actual revenues were \$116,452 less than budgeted due mainly to State distributions being \$209,133 less than budgeted.

The Village amended its expenditure budget to increase appropriations by \$1,712. Total expenditures were \$45,399 less than the final amounts appropriated. Recreation and culture and debt service expenditures were both over budget related to the purchase of park property.

The fund experienced a \$77,543 increase in fund balance compared to a budgeted increase of \$148,596.

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, 2018, amounts to \$17,116,047 (net of accumulated depreciation). This investment includes a broad range of assets, including land, equipment, buildings, and sewer and water facilities. The increase in the Village's net investment in capital assets for the current fiscal year was \$714,199, comprised of \$1,337,268 in additions and \$623,070 in provisions for depreciation.

	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
Infrastructure	\$ 5,664,837	\$ 8,025,289	\$ 13,690,126
Buildings and improvements	2,192,454	-	2,192,454
Equipment	284,163	33,992	318,155
Land	<u>772,163</u>	<u>143,149</u>	<u>915,312</u>
Totals	<u>\$ 8,913,617</u>	<u>\$ 8,202,430</u>	<u>\$ 17,116,047</u>

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

- Road improvements were made at a cost of \$364,070
- Sewer system improvements amounted to \$372,887
- Water system improvements amounted to \$117,700
- A payment of \$87,197 was made, which represents a deposit on the purchase of dump truck

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

Debt

At the end of the fiscal year, the Village had total long-term debt outstanding in the amount of \$3,241,613, which represents a net decrease of \$14,642, due to issuance of debt, amounting to \$385,000, and principal payments of \$399,642. All scheduled debt payments were made in a timely manner. All debt is backed by the full faith and credit of the Village.

Other noncurrent obligations include accrued other postemployment benefits, in the amount of \$1,001,633, and a net pension liability, in the amount of \$353,376.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village Council has set fiscal accountability and financial stability as its number one priority. Council continues their practice of tight fiscal controls, which includes continually monitoring sources and uses, asset management, energy use, and water and sewer rates, to be sure spending is in line with fiscal policies and financial stewardship.

The Village projects a slight increase in property tax revenue, anticipates increases in benefits and wages to employees, and will implement capital projects as funds allow.

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:

Village of Middleville
Duane Weeks, Village Manager
100 East Main Street
Middleville, MI 49333-0069

Phone: (269) 795-3385

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2018

	Primary government			Component units	
	Governmental activities	Business-type activities	Totals	Local Development Finance Authority	Downtown Development Authority
ASSETS					
Current assets:					
Cash	\$ 1,499,885	\$ 2,669,656	\$ 4,169,541	\$ 1,563,469	\$ 400,901
Receivables	161,187	285,336	446,523	36,207	42,199
Prepaid expenses	16,770	2,409	19,179	-	-
Internal balances	(139,057)	139,057	-	-	-
Total current assets	1,538,785	3,096,458	4,635,243	1,599,676	443,100
Noncurrent assets:					
Receivables	-	16,739	16,739	-	-
Capital assets not being depreciated	859,360	143,149	1,002,509	-	-
Capital assets, net of depreciation	8,054,257	8,059,281	16,113,538	1,851,037	73,337
Total noncurrent assets	8,913,617	8,219,169	17,132,786	1,851,037	73,337
Total assets	10,452,402	11,315,627	21,768,029	3,450,713	516,437
DEFERRED OUTFLOWS OF RESOURCES					
Pension	60,206	24,421	84,627	-	-
LIABILITIES					
Current liabilities:					
Payables	95,776	72,363	168,139	7,758	7,679
Escrows	19,714	-	19,714	-	-
Bonds, contracts, and notes payable	130,994	130,821	261,815	66,279	-
Total current liabilities	246,484	203,184	449,668	74,037	7,679
Noncurrent liabilities:					
Other postemployment obligation, net	682,713	318,920	1,001,633	-	-
Net pension liability	248,530	104,846	353,376	-	-
Bonds, contracts, and notes payable	996,729	1,983,069	2,979,798	460,557	-
Total noncurrent liabilities	1,927,972	2,406,835	4,334,807	460,557	-
Total liabilities	2,174,456	2,610,019	4,784,475	534,594	7,679
DEFERRED INFLOWS OF RESOURCES					
Pension	25,260	11,396	36,656	-	-
NET POSITION					
Net investment in capital assets	7,785,894	6,088,540	13,874,434	1,324,201	73,337
Restricted:					
Public safety	20,166	-	20,166	-	-
Public works	741,591	-	741,591	-	-
Debt service	-	535,370	535,370	-	-
Unrestricted	(234,759)	2,094,723	1,859,964	1,591,918	435,421
Total net position	\$ 8,312,892	\$ 8,718,633	\$ 17,031,525	\$ 2,916,119	\$ 508,758

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2018

Functions/Programs	Program revenues				Net (expenses) revenues and changes in net position				
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government			Component units	
					Governmental activities	Business-type activities	Totals	Local Development Finance Authority	Downtown Development Authority
Governmental activities:									
General government	\$ 479,852	\$ 39,768	\$ -	\$ -	\$ (440,084)		\$ (440,084)		
Public safety	296,631	9,225	2,306	-	(285,100)		(285,100)		
Public works	794,115	-	423,458	142,853	(227,804)		(227,804)		
Community and economic development	96,192	-	10,509	-	(85,683)		(85,683)		
Recreation and culture	173,258	-	-	12,656	(160,602)		(160,602)		
Interest on long-term debt	41,224	-	-	-	(41,224)		(41,224)		
Total governmental activities	1,881,272	48,993	436,273	155,509	(1,240,497)		(1,240,497)		
Business-type activities:									
Sewer	574,275	766,716	-	-		\$ 192,441	192,441		
Water	404,966	477,527	-	-		72,561	72,561		
Total business-type activities	979,241	1,244,243	-	-		265,002	265,002		
Total primary government	\$ 2,860,513	\$ 1,293,236	\$ 436,273	\$ 155,509	(1,240,497)	265,002	(975,495)		
Component units:									
Local Development Finance Authority	\$ 89,029	\$ -	\$ -	\$ -				\$ (89,029)	\$ -
Downtown Development Authority	139,458	13,721	-	-				-	(125,737)
Total component units	\$ 228,487	\$ 13,721	\$ -	\$ -				(89,029)	(125,737)
General revenues:									
Property taxes					1,051,018	-	1,051,018	276,330	153,924
Local community stabilization revenue					-	-	-	303,308	7,996
State shared revenue					303,948	-	303,948	-	-
Unrestricted interest earnings					19,507	-	19,507	-	-
Transfers					42,840	(42,840)	-	-	-
Total general revenues and transfers					1,417,313	(42,840)	1,374,473	579,638	161,920
Changes in net position					176,816	222,162	398,978	490,609	36,183
Net position - beginning					8,136,076	8,496,471	16,632,547	2,425,510	472,575
Net position - ending					\$ 8,312,892	\$ 8,718,633	\$ 17,031,525	\$ 2,916,119	\$ 508,758

See notes to financial statements

BALANCE SHEET - governmental funds

December 31, 2018

	<i>General</i>	<i>Major Street</i>	<i>Local Street</i>	<i>Total governmental funds</i>
ASSETS				
Cash	\$ 624,372	\$ 389,814	\$ 278,395	\$ 1,292,581
Receivables	87,151	40,211	33,825	161,187
Prepaid expenditures	16,770	-	-	16,770
Total assets	<u>\$ 728,293</u>	<u>\$ 430,025</u>	<u>\$ 312,220</u>	<u>\$ 1,470,538</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 71,287	\$ 598	\$ 56	\$ 71,941
Escrow deposits	19,714	-	-	19,714
Total liabilities	<u>91,001</u>	<u>598</u>	<u>56</u>	<u>91,655</u>
Fund balances:				
Nonspendable - prepaids	16,770	-	-	16,770
Restricted for:				
Public safety	20,166	-	-	20,166
Public works	-	429,427	312,164	741,591
Unassigned	600,356	-	-	600,356
Total fund balances	<u>637,292</u>	<u>429,427</u>	<u>312,164</u>	<u>1,378,883</u>
Total liabilities and fund balances	<u>\$ 728,293</u>	<u>\$ 430,025</u>	<u>\$ 312,220</u>	<u>\$ 1,470,538</u>
Reconciliation of the balance sheet to the statement of net position:				
Total fund balance - total governmental funds				\$ 1,378,883
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.				8,500,501
Deferred outflows of resources, related to the pension plan, relate to future years, and are not reported in the funds.				57,646
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:				
Bonds and notes payable				(1,037,111)
Other postemployment obligation, net				(643,649)
Net pension liability				(236,303)
Interest payable is not due and payable in the current period and, therefore, is not reported in the funds.				(20,800)
Deferred inflows of resources, related to the pension plan, relate to future years, and are not reported in the funds.				(23,713)
Internal service funds are used by management to charge costs to individual funds. The assets and liabilities of the internal service funds are included in <i>governmental activities</i> in the statement of net position.				337,438
Net position of <i>governmental activities</i>				<u>\$ 8,312,892</u>

See notes to financial statements

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

Year ended December 31, 2018

	<i>General</i>	<i>Major Street</i>	<i>Local Street</i>	<i>Total governmental funds</i>
REVENUES				
Property taxes	\$ 896,649	\$ 167,057	\$ -	\$ 1,063,706
Licenses and permits	9,225	-	-	9,225
State grants	316,973	282,543	140,914	740,430
Intergovernmental	12,656	-	-	12,656
Interest and rentals	31,777	-	-	31,777
Other	14,601	-	-	14,601
Total revenues	<u>1,281,881</u>	<u>449,600</u>	<u>140,914</u>	<u>1,872,395</u>
EXPENDITURES				
Current:				
General government	375,460	-	-	375,460
Public safety	293,678	-	-	293,678
Public works	227,966	306,372	100,246	634,584
Community and economic development	96,192	-	-	96,192
Recreation and culture	91,806	-	-	91,806
Debt service:				
Principal	162,406	16,564	6,107	185,077
Interest	16,270	11,261	2,253	29,784
Total expenditures	<u>1,263,778</u>	<u>334,197</u>	<u>108,606</u>	<u>1,706,581</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>18,103</u>	<u>115,403</u>	<u>32,308</u>	<u>165,814</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	59,440	-	90,000	149,440
Transfers out	-	(90,000)	-	(90,000)
Net other financing sources (uses)	<u>59,440</u>	<u>(90,000)</u>	<u>90,000</u>	<u>59,440</u>
NET CHANGES IN FUND BALANCES	<u>77,543</u>	<u>25,403</u>	<u>122,308</u>	<u>225,254</u>
FUND BALANCES - BEGINNING	<u>559,749</u>	<u>404,024</u>	<u>189,856</u>	<u>1,153,629</u>
FUND BALANCES - ENDING	<u>\$ 637,292</u>	<u>\$ 429,427</u>	<u>\$ 312,164</u>	<u>\$ 1,378,883</u>

See notes to financial statements

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

Year ended December 31, 2018

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

Net change in fund balance - total governmental funds (page 17) \$ 225,254

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

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the costs of those assets are allocated
over their estimated useful lives as depreciation expense.

Asset acquisitions	749,070
Provision for depreciation	(340,303)

Long-term debt:

Loan proceeds	(385,000)
Principal payments	185,077

Changes in other current assets/liabilities:

Net increase in accrued interest expense	(11,440)
Net increase in other postemployment benefit obligation	(224,858)
Net decrease in net pension liability	56,957
Net decrease in deferred outflows of resources related to pension	(50,277)
Net increase in deferred inflows of resources related to pension	(23,713)

A portion of the net expense of the internal service funds is reported with
governmental activities.

(3,951)

Change in net position of *governmental activities* \$ 176,816

STATEMENT OF NET POSITION - proprietary funds

December 31, 2018

	Business-type activities			Governmental activities
	Enterprise funds			Internal service
	Sewer	Water	Totals	
ASSETS				
Current assets:				
Cash	\$ 2,125,967	\$ 543,689	\$ 2,669,656	\$ 207,304
Receivables	184,916	100,420	285,336	-
Prepaid expenses	-	2,409	2,409	-
Total current assets	<u>2,310,883</u>	<u>646,518</u>	<u>2,957,401</u>	<u>207,304</u>
Noncurrent assets:				
Receivables	16,739	-	16,739	-
Capital assets not being depreciated	33,780	109,369	143,149	-
Capital assets, net of depreciation	<u>5,548,307</u>	<u>2,510,974</u>	<u>8,059,281</u>	<u>413,116</u>
Total noncurrent assets	<u>5,598,826</u>	<u>2,620,343</u>	<u>8,219,169</u>	<u>413,116</u>
Total assets	<u>7,909,709</u>	<u>3,266,861</u>	<u>11,176,570</u>	<u>620,420</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	<u>12,474</u>	<u>11,947</u>	<u>24,421</u>	<u>2,560</u>
LIABILITIES				
Current liabilities:				
Payables	30,734	41,629	72,363	3,035
Bonds, contracts, and notes payable - current portion	<u>57,750</u>	<u>73,071</u>	<u>130,821</u>	<u>14,115</u>
Total current liabilities	<u>88,484</u>	<u>114,700</u>	<u>203,184</u>	<u>17,150</u>
Noncurrent liabilities:				
Net pension liability	53,748	51,098	104,846	12,227
Other postemployment obligation, net	163,667	155,253	318,920	39,064
Bonds, contracts, and notes payable	<u>1,277,000</u>	<u>706,069</u>	<u>1,983,069</u>	<u>76,497</u>
Total noncurrent liabilities	<u>1,494,415</u>	<u>912,420</u>	<u>2,406,835</u>	<u>127,788</u>
Total liabilities	<u>1,582,899</u>	<u>1,027,120</u>	<u>2,610,019</u>	<u>144,938</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	<u>5,877</u>	<u>5,519</u>	<u>11,396</u>	<u>1,547</u>
NET POSITION				
Net investment in capital assets	4,247,337	1,841,203	6,088,540	322,504
Restricted for debt service	535,370	-	535,370	-
Unrestricted	<u>1,550,700</u>	<u>404,966</u>	<u>1,955,666</u>	<u>153,991</u>
Total net position	<u>\$ 6,333,407</u>	<u>\$ 2,246,169</u>	<u>\$ 8,579,576</u>	<u>\$ 476,495</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>139,057</u>	
Net position of <i>business-type activities</i> (page 14)			<u>\$ 8,718,633</u>	

See notes to financial statements

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

Year ended December 31, 2018

	Business-type activities			Governmental activities
	Enterprise funds			Internal service
	Sewer	Water	Totals	service
OPERATING REVENUES				
Charges for services:				
Utility charges	\$ 486,648	\$ 357,772	\$ 844,420	\$ -
Equipment rental	-	-	-	145,174
Other	856	4,508	5,364	-
Total operating revenues	487,504	362,280	849,784	145,174
OPERATING EXPENSES				
Personnel costs	166,422	160,453	326,875	50,036
Contracted services	58,357	48,089	106,446	-
Equipment and supplies	14,248	16,612	30,860	9,168
Utilities	86,703	59,644	146,347	16,733
Internal charges	12,061	23,899	35,960	-
Miscellaneous	12,759	9,446	22,205	13,992
Depreciation	177,696	70,385	248,081	34,685
Total operating expenses	528,246	388,528	916,774	124,614
OPERATING INCOME (LOSS)	(40,742)	(26,248)	(66,990)	20,560
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(47,737)	(19,823)	(67,560)	(2,818)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(88,479)	(46,071)	(134,550)	17,742
CAPITAL CONTRIBUTIONS				
Debt retirement charges	243,368	87,443	330,811	-
Connection fees	35,844	27,804	63,648	-
Total capital contributions	279,212	115,247	394,459	-
TRANSFERS OUT	(42,840)	-	(42,840)	(16,600)
CHANGES IN NET POSITION	147,893	69,176	217,069	1,142
NET POSITION - BEGINNING	6,185,514	2,176,993	8,362,507	475,353
NET POSITION - ENDING	\$ 6,333,407	\$ 2,246,169	\$ 8,579,576	\$ 476,495
Reconciliation of the fund basis changes in net position to the statement of activities:				
Changes in net position			\$ 217,069	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			5,093	
Change in net position of <i>business-type activities</i> (page 15)			\$ 222,162	

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended December 31, 2018

	Business-type activities			Governmental activities
	Enterprise funds			Internal services
	Sewer	Water	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 509,983	\$ 360,245	\$ 870,228	\$ -
Receipts from interfund services provided	-	-	-	145,174
Payments to vendors and suppliers	(205,653)	(138,857)	(344,510)	(56,616)
Payments to employees	(72,238)	(70,002)	(142,240)	(16,515)
Payments for interfund services used	(12,061)	(23,899)	(35,960)	-
Net cash provided by (used in) operating activities	220,031	127,487	347,518	72,043
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(42,840)	-	(42,840)	(16,600)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retirement charges	243,368	87,443	330,811	-
Connection fees	35,844	27,804	63,648	-
Acquisition of capital assets	(372,887)	(117,700)	(490,587)	(97,611)
Decrease in payables	(290,858)	-	(290,858)	-
Principal payments on capital debt	(132,750)	(68,072)	(200,822)	(13,743)
Interest payments on capital debt	(47,737)	(19,823)	(67,560)	(2,818)
Net cash provided by (used in) capital and related financing activities	(565,020)	(90,348)	(655,368)	(114,172)
NET CHANGE IN CASH	(387,829)	37,139	(350,690)	(58,729)
CASH - BEGINNING	2,513,796	506,550	3,020,346	266,033
CASH - ENDING	<u>\$ 2,125,967</u>	<u>\$ 543,689</u>	<u>\$ 2,669,656</u>	<u>\$ 207,304</u>

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds (Continued)

Year ended December 31, 2018

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal services</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (40,742)	\$ (26,248)	\$ (66,990)	\$ 20,560
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	177,696	70,385	248,081	34,685
Decrease in prepaid expenses	-	24	24	-
(Increase) decrease in receivables	22,479	(2,035)	20,444	-
Decrease in deferred outflows of resources	10,410	10,040	20,450	1,922
Increase (decrease) in payables	(4,432)	24,213	19,781	(365)
Increase in deferred inflows of resources	5,877	5,519	11,396	1,547
Increase in other postemployment liability	57,177	54,237	111,414	13,647
Increase (decrease) in net pension liability	(8,434)	(8,648)	(17,082)	47
Net cash provided by (used in) operating activities	<u>\$ 220,031</u>	<u>\$ 127,487</u>	<u>\$ 347,518</u>	<u>\$ 72,043</u>

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Discretely presented component units:

Local Development Finance Authority (LDFA) - The Authority was established pursuant to Public Act 281 of 1986, as amended, to encourage local development and promote economic growth through the use of tax increment financing within the Authority's boundary. The LDFA's governing body is appointed by the Village Council, its budget must be approved by the Village Council, and the LDFA's debt remains the responsibility of the Village.

Downtown Development Authority (DDA) - 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 DDA's governing body is appointed by the Village Council and its budget must be approved by the Village Council.

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 property 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 enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Village generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

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

The Major Street Fund, a special revenue fund, accounts for 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 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 the operation of the Village's sewage collection systems and treatment plant.

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

Additionally, the Village reports the following funds:

The Motor Vehicle Equipment Fund, an internal service fund, accounts for the financing of services provided to other departments or agencies of the Village on a cost-reimbursement basis.

The OPEB Fund, an internal service fund, accounts for the funding of other post-employment benefits.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash - Cash consists of cash on hand, demand deposits, and time deposits.

Receivables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded, as the Village considers all receivables to be fully collectible.

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

Capital assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., sewer and water systems and streets), 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:

Infrastructure	20 - 40 years
Buildings and improvements	20 - 40 years
Equipment	3 - 20 years
Sewage disposal system	50 - 70 years

Deferred outflows of resources - The statement of net position includes 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's deferred outflows of resources relate to the defined benefit pension plan, which is discussed in Note 11. No deferred outflows of resources affect the governmental funds financial statements.

Compensated absences - It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the Village. Vested compensated absences are accrued when earned in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Pension - For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Postemployment benefits other than pensions - For purposes of measuring the net 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, benefits payments are recognized when due and payable in accordance with the benefit terms. The Plan has no investments. The Village has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 75 for employers in plans with fewer than one hundred (100) total plan members.

Deferred inflows of resources - The statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenue will not be recognized until a future event occurs. The Village's deferred inflows of resources relate to the defined benefit pension plan, which is discussed in Note 11. No deferred inflows of resources affect the governmental funds financial statements.

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 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 related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Village.

Net position flow assumption - Sometimes, the Village will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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 Village has delegated the authority to assign fund balance to the Village Manager. Unassigned fund balance is the residual classification for amounts in the General Fund. When the Village incurs an expenditure for purposes for which various fund balance classifications can be used, it is the policy of the Village to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

Property taxes - The Village's property taxes are levied each July 1 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 2018 ad valorem tax was levied and collectible on July 1, 2018. 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 general and special revenue funds. The budget document presents information by fund, function, activity, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

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

<u>Entity</u>	<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Primary government:						
	General	General government	Manager	\$ 109,162	\$ 114,312	\$ 5,150
		Recreation and culture	Recreation	55,291	91,806	36,515
		Debt service	Principal	147,319	162,406	15,087
	Local street	Public works	Routine maintenance	37,584	42,750	5,166

NOTE 3 - CASH

At December 31, 2018, cash is classified in the accompanying financial statements as follows:

Statement of net position:	
Primary government - cash	\$ 4,169,541
Component units:	
LDFA - cash	1,563,469
DDA - cash	<u>400,901</u>
Total	<u>\$ 6,133,911</u>

At December 31, 2018, cash consists of the following:

Cash on hand	\$ 550
Deposits with financial institutions	<u>6,133,361</u>
Total	<u>\$ 6,133,911</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, 2018, \$5,699,799 of the Village's bank balances of \$6,199,799 was exposed to custodial credit risk because it was uninsured. However, this amount is collateralized by securities held by the pledging financial institution.

The Village maintains a pooled cash account for all of its funds and its component units. As such, it is not practicable to allocate the balance exposed to custodial credit risk between the primary government and the component units.

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2018, for the Village's funds were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Property taxes</i>	<i>Inter- govern- mental</i>	<i>Interest</i>	<i>Special assess- ments</i>	<i>Totals</i>
Primary government:						
Governmental:						
General	\$ -	\$ 29,338	\$ 50,427	\$ 7,386	\$ -	\$ 87,151
Major Street	-	5,588	34,623	-	-	40,211
Local Street	-	-	33,825	-	-	33,825
Total governmental	<u>\$ -</u>	<u>\$ 34,926</u>	<u>\$ 118,875</u>	<u>\$ 7,386</u>	<u>\$ -</u>	<u>\$ 161,187</u>
Proprietary:						
Sewer	\$ 179,336	\$ -	\$ -	\$ -	\$ 22,319	\$ 201,655
Water	100,420	-	-	-	-	100,420
Total proprietary	<u>\$ 179,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,319</u>	<u>\$ 302,075</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,739</u>	<u>\$ 16,739</u>
Component units:						
LDFA	<u>\$ -</u>	<u>\$ 36,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,207</u>
DDA	<u>\$ -</u>	<u>\$ 42,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,199</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 387,163	\$ 472,197	\$ -	\$ 859,360
Capital assets being depreciated:				
Land improvements	795,077	-	-	795,077
Buildings	2,146,180	-	-	2,146,180
Furniture, fixtures, and equipment	385,626	10,414	-	396,040
Infrastructure	6,781,656	364,070	-	7,145,726
Vehicles	573,984	-	-	573,984
Subtotal	10,682,523	374,484	-	11,057,007
Less accumulated depreciation for:				
Land improvements	(125,132)	(40,185)	-	(165,317)
Buildings	(526,852)	(56,633)	-	(583,485)
Furniture, fixtures, and equipment	(330,435)	(8,021)	-	(338,456)
Infrastructure	(1,235,259)	(245,630)	-	(1,480,889)
Vehicles	(410,084)	(24,519)	-	(434,603)
Subtotal	(2,627,762)	(374,988)	-	(3,002,750)
Total capital assets being depreciated, net	8,054,761	(504)	-	8,054,257
Governmental activities capital assets, net	\$ 8,441,924	\$ 471,693	\$ -	\$ 8,913,617

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 22,592
Public safety	2,953
Public works	249,030
Recreation and culture	65,728
Depreciation on capital assets held by internal service fund	34,685
Total governmental activities	\$ 374,988

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	\$ 143,149	\$ -	\$ -	\$ 143,149
Construction in progress	<u>1,944,232</u>	<u>(1,944,232)</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,087,381</u>	<u>(1,944,232)</u>	<u>-</u>	<u>143,149</u>
Capital assets being depreciated:				
Sewer system	6,023,139	2,317,120	-	8,340,259
Water system	3,692,639	117,700	-	3,810,339
Equipment	<u>382,732</u>	<u>-</u>	<u>-</u>	<u>382,732</u>
Subtotal	<u>10,098,510</u>	<u>2,434,820</u>	<u>-</u>	<u>12,533,330</u>
Less accumulated depreciation for:				
Sewer system	(2,513,736)	(173,501)	-	(2,687,237)
Water system	(1,414,388)	(66,934)	-	(1,481,322)
Equipment	<u>(297,843)</u>	<u>(7,647)</u>	<u>-</u>	<u>(305,490)</u>
Subtotal	<u>(4,225,967)</u>	<u>(248,082)</u>	<u>-</u>	<u>(4,474,049)</u>
Total capital assets being depreciated, net	<u>5,872,543</u>	<u>2,186,738</u>	<u>-</u>	<u>8,059,281</u>
Business-type activities capital assets, net	<u>\$ 7,959,924</u>	<u>\$ 242,506</u>	<u>\$ -</u>	<u>\$ 8,202,430</u>

NOTE 5 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Component units:				
LDFA:				
Capital assets not being depreciated - construction in progress	\$ 426,562	\$ (426,562)	\$ -	\$ -
Capital assets being depreciated - infrastructure	1,557,746	633,319	-	2,191,065
Less accumulated depreciation for - infrastructure	<u>(269,403)</u>	<u>(70,625)</u>	<u>-</u>	<u>(340,028)</u>
Total capital assets being depreciated, net	<u>1,288,343</u>	<u>562,694</u>	<u>-</u>	<u>1,851,037</u>
LDFA capital assets, net	<u>\$ 1,714,905</u>	<u>\$ 136,132</u>	<u>\$ -</u>	<u>\$ 1,851,037</u>
DDA:				
Capital assets being depreciated - infrastructure	\$ 91,573	\$ -	\$ -	\$ 91,573
Less accumulated depreciation for - infrastructure	<u>(14,273)</u>	<u>(3,963)</u>	<u>-</u>	<u>(18,236)</u>
DDA capital assets, net	<u>\$ 77,300</u>	<u>\$ (3,963)</u>	<u>\$ -</u>	<u>\$ 73,337</u>

NOTE 6 - PAYABLES

Payables as of December 31, 2018, for the Village's funds, and its component unit, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Interest</u>	<u>Totals</u>
Primary government:				
Governmental:				
General	\$ 68,244	\$ 3,043	\$ -	\$ 71,287
Major Street	525	73	-	598
Local Street	-	56	-	56
Total governmental	<u>\$ 68,769</u>	<u>\$ 3,172</u>	<u>\$ -</u>	<u>\$ 71,941</u>
Proprietary:				
Enterprise:				
Sewer	\$ 14,541	\$ 721	\$ 15,472	\$ 30,734
Water	<u>35,221</u>	<u>583</u>	<u>5,825</u>	<u>41,629</u>
	49,762	1,304	21,297	72,363
Motor Vehicle Equipment	<u>1,424</u>	<u>202</u>	<u>1,409</u>	<u>3,035</u>
Total proprietary	<u>\$ 51,186</u>	<u>\$ 1,506</u>	<u>\$ 22,706</u>	<u>\$ 75,398</u>
Component units:				
LDFA	<u>\$ 2,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,502</u>
DDA	<u>\$ 7,577</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ 7,679</u>

NOTE 7 - INTERFUND TRANSFERS

The interfund transfers for the year ended December 31, 2018, were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
General	<u>\$ 59,440</u>	Sewer	\$ 42,840
		Internal service	<u>16,600</u>
			<u>59,440</u>
Local street	<u>90,000</u>	Major street	<u>90,000</u>
	<u>\$ 149,440</u>		<u>\$ 149,440</u>

The transfers out of the Sewer and Internal Service funds relate to the Village's payment in lieu of taxes program. The payment is classified as a transfer because the transaction does not involve an exchange for services provided. The transfer to the Local Street Fund represents cash assistance for future construction projects.

NOTE 8 - LONG-TERM LIABILITIES

At December 31, 2018, long-term liabilities are comprised of the following individual issues:

Primary government:

Governmental activities:

Bonds payable:

\$700,000 2012 Capital Improvement bonds payable - payable in annual installments ranging from \$25,000 to \$50,000, plus interest ranging between 1.20% and 4.40%; final payment due March 2032	\$ 326,111
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\$410,000 2014 Capital Improvement bonds payable - payable in annual installments ranging from \$15,000 to \$30,000, plus interest ranging between 1.00% and 4.60%; final payment due March 2032	<u>345,000</u>
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Total bonds payable	<u>671,111</u>
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Notes payable:

\$136,000 2013 Drain improvement agreement - payable in annual installments of \$13,600, including interest at 3.73%; final payment due February 2023	54,400
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\$145,000 2014 Installment purchase agreement - payable in annual installments of \$16,561, including interest at 2.70%; final payment due April 2024	90,612
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\$45,200 2016 Installment purchase agreement - payable in annual installments of \$11,300; final payment due July 2020	22,600
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\$385,000 2018 Installment purchase agreement - payable in annual installments of \$57,800; final payment due January 2023	<u>289,000</u>
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Total notes payable	<u>456,612</u>
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Total governmental activities	<u><u>\$ 1,127,723</u></u>
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NOTE 8 - LONG-TERM LIABILITIES (Continued)

Business-type activities:

Contracts and bonds payable:

\$205,000 2006 Barry County Water contract payable - payable in annual installments ranging from \$10,000 to \$15,000, plus interest at 2.125%; final payment due April 2026 \$ 85,000

\$1,040,000 2006 Barry County Water contract payable - payable in annual installments ranging from \$40,000 to \$65,000, plus interest at 2.125%; final payment due April 2027 525,000

\$425,000 2010 Capital Improvement bonds payable - payable in annual installments ranging from \$10,000 to \$25,000, plus interest ranging between 1.95% and 5.20%; final payment due March 2030 295,000

\$700,000 2012 Capital Improvement bonds payable - payable in annual installments ranging from \$25,000 to \$50,000, plus interest ranging between 1.20% and 4.40%; final payment due March 2032 248,890

\$995,000 2017 Capital Improvement bonds payable - payable in annual installments ranging from \$35,000 to \$70,000, plus interest ranging between 1.00% and 3.55%; final payment due March 2037 960,000

Total business-type activities \$ 2,113,890

Component unit - LDFA:

Contract payable - \$745,509 2013 Barry County contract payable - payable in annual installments ranging from \$47,000 to \$75,000, plus interest at 0.80% to 3.60%; final payment due February 2026 \$ 526,836

NOTE 8 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity for the year ended December 31, 2018, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Governmental activities:					
2008 Note payable	\$ 30,000	\$ -	\$ (30,000)	\$ -	\$ -
2012 Bonds payable	340,288	-	(14,177)	326,111	14,179
2013 Drain assessment	68,000	-	(13,600)	54,400	13,600
2014 Bonds payable	365,000	-	(20,000)	345,000	20,000
2014 Note payable	104,355	-	(13,743)	90,612	14,115
2016 Note payable	33,900	-	(11,300)	22,600	11,300
2018 Note payable	-	385,000	(96,000)	289,000	57,800
Total governmental activities	<u>\$ 941,543</u>	<u>\$ 385,000</u>	<u>\$ (198,820)</u>	<u>\$ 1,127,723</u>	<u>\$ 130,994</u>
Business-type activities:					
1999 Contract payable	\$ 75,000	\$ -	\$ (75,000)	\$ -	\$ -
2006 Contract payable	95,000	-	(10,000)	85,000	10,000
2006 Contract payable	575,000	-	(50,000)	525,000	55,000
2010 Bonds payable	315,000	-	(20,000)	295,000	20,000
2012 Bonds payable	259,712	-	(10,822)	248,890	10,821
2017 Bonds payable	995,000	-	(35,000)	960,000	35,000
Total business-type activities	<u>\$ 2,314,712</u>	<u>\$ -</u>	<u>\$ (200,822)</u>	<u>\$ 2,113,890</u>	<u>\$ 130,821</u>
Component unit - LDFA:					
2013 Contract payable	<u>\$ 598,480</u>	<u>\$ -</u>	<u>\$ (71,644)</u>	<u>\$ 526,836</u>	<u>\$ 66,279</u>

NOTE 8 - LONG-TERM LIABILITIES (Continued)

At December 31, 2018, debt service requirements were as follows:

Year ended December 31:	Primary government				Component unit - LDFA	
	Governmental activities		Business-type activities			
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 130,994	\$ 41,492	\$ 130,821	\$ 60,252	\$ 66,279	\$ 14,266
2020	131,370	37,037	140,821	57,219	65,904	12,980
2021	120,469	32,450	140,821	53,907	65,518	11,427
2022	120,868	28,236	140,821	50,426	60,122	9,714
2023	112,681	23,851	145,821	46,760	59,715	7,927
2024 - 2028	282,910	76,362	738,215	169,458	209,298	11,345
2029 - 2033	228,431	20,569	416,570	77,896	-	-
2034 - 2037	-	-	260,000	18,754	-	-
Totals	<u>\$ 1,127,723</u>	<u>\$ 259,997</u>	<u>\$ 2,113,890</u>	<u>\$ 534,672</u>	<u>\$ 526,836</u>	<u>\$ 67,659</u>

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

NOTE 9 - PROPERTY TAXES

The 2018 taxable valuation of the Village approximated \$104,953,000, on which ad valorem taxes levied consisted of 10.5 mills for operating purposes and 2.0 mills for major street preservation and improvements, raising approximately \$1,085,000 for operating purposes and \$207,000 for major street preservation and improvements. These amounts are recognized in the respective fund financial statements as property tax revenue, though they are reduced by tax captures by the Village's component units.

NOTE 10 - 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, 2018, the Village abated property taxes totaling \$20,200 under the Industrial Facilities Exemption, which is authorized by Public Act 198 of 1974.

NOTE 11 - DEFINED BENEFIT PENSION PLAN*Plan description:*

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

Benefits provided:

The Village's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries and covers the Village's full-time employees. Retirement benefits for eligible employees are calculated as 2.25% of the employee's five-year final average compensation, times the employee's years of service, with a maximum of 80% of final average compensation. Normal retirement age is 60, with early retirement at a reduced benefit at age 50, with 25 years of service, or age 55 with 15 years of service. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred had the member remained an employee. Covered employees are required to contribute a percentage of their compensation to the plan, depending on the employee's classification within the plan. An employee who leaves service may withdraw their contributions, plus any accumulated interest. Benefit terms, within the parameters of MERS, are established and amended by the authority of the Village Council.

Employees covered by benefit terms:

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

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>7</u>
Total	<u><u>19</u></u>

Contributions:

The Village is required to contribute amounts at least equal to an 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. For the fiscal year ended December 31, 2018, Village contributions ranged from 1.50% to 19.56% of monthly covered payroll. Covered employees made contributions ranging from 2.2% to 4.7% to the plan. For the fiscal year ended December 31, 2018, the Village contributed \$58,126 to the plan, while employees contributed \$16,548.

Net pension liability:

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

Actuarial assumptions:

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)*Actuarial assumptions (continued):*

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

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

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

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

Discount rate:

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

NOTE 11 - 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, 2017	\$ 1,904,831	\$ 1,477,463	\$ 427,368
Changes for the year:			
Service cost	38,574	-	38,574
Interest	150,272	-	150,272
Difference in experience	1,732	-	1,732
Employer contributions	-	52,965	(52,965)
Employee contribution	-	18,698	(18,698)
Net investment income	-	196,009	(196,009)
Benefit payments, including refunds	(91,432)	(91,432)	-
Administrative expenses	-	(3,102)	3,102
Net changes	99,146	173,138	(73,992)
Balances at December 31, 2018	\$ 2,003,977	\$ 1,650,601	\$ 353,376

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

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

	<i>1% Decrease</i>	<i>Current rate</i>	<i>1% Increase</i>
	<i>(7.00%)</i>	<i>(8.00%)</i>	<i>(9.00%)</i>
Village's net pension liability	\$ 570,741	\$ 353,376	\$ 168,547

Pension plan fiduciary net position:

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

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)*Pension expense and deferred outflows of resources related to pensions:*

For the fiscal year ended December 31, 2018, the Village recognized pension expense of \$91,107. At December 31, 2018, 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>
Difference between projected and actual earnings	\$ -	\$ 36,656
Difference between expected and actual experience	6,168	-
Difference in assumptions	<u>24,271</u>	<u>-</u>
	30,439	36,656
Contributions made subsequent to measurement date	<u>54,188</u>	<u>-</u>
Totals	<u>\$ 84,627</u>	<u>\$ 36,656</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in 2019.

Other 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>
2019	\$ 31,539	\$ 36,656
2020	<u>(1,100)</u>	<u>-</u>
	<u>\$ 30,439</u>	<u>\$ 36,656</u>

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS*Plan description:*

The Village of Middleville Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the Village, which provides healthcare benefits to eligible employees upon retirement. Eligible recipients include exempt employees hired before June 1, 2014 and employees with union affiliation hired before January 1, 2015. The Plan was established by the Village and can be amended at its discretion. The plan does not issue a separate stand-alone financial statement, is not advance funded, and is not administered through a trust agreement.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)*Benefits provided:**Exempt employees:*

Hired before June 1, 2014:

Quarterly stipend for medical insurance from the date of retirement until death (currently \$777 for single, \$1,258 for self and spouse). The stipend is adjusted annually by the Consumer Price Index. The post retirement benefit transfers to the spouse upon retiree death.

Union employees:

Hired before January 1, 2015:

The retirees will receive 50% of medical insurance premiums from the first day following the retirees 65th birthday until death (currently 50% of monthly premiums of \$417 for single, \$834 for self and spouse). The post retirement benefit transfers to the spouse upon retiree death.

As of December 31, 2018, Plan membership consisted of the following:

Inactive participants receiving benefits	6
Active participants	<u>11</u>
Total participants	<u>17</u>

Contributions:

The Village of Middleville Retiree Healthcare Plan was established and is being funded under the authority of the Village and under agreements with the unions representing employees. The Plan's funding policy is that the employer will fund the plan on a pay-as-you-go basis, that is, benefit payments will be made from general operating funds. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

Net OPEB liability:

The total OPEB liability was determined by a valuation, using the alternative measurement method, as of December 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Payroll increases	3.50%
Investment rate of return	N/A; this plan is not pre-funded
20-year Aa Municipal bond rate	3.00%
Mortality	2014 life tables for males and females, as appropriate, from the Centers for Disease Control

The discount rate used to measure the total OPEB liability was 3.0%. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted as a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. The first year end of required compliance with GASB 75 is December 31, 2018, so there is no required discount rate change to disclose.

NOTE 12 - 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, 2017	\$ 651,714	\$ -	\$ 651,714
Changes for the year:			
Service cost	75,435	-	75,435
Interest	20,437	-	20,437
Change in assumptions	262,022	-	262,022
Contributions - employer	-	7,975	(7,975)
Benefit payments	(7,975)	(7,975)	-
Net changes	349,919	-	349,919
Balances at December 31, 2018	\$ 1,001,633	\$ -	\$ 1,001,633
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 3.0%:

	<i>1% decrease</i>	<i>Current rate</i>	<i>1% increase</i>
Net OPEB liability	\$ 1,135,349	\$ 1,001,633	\$ 881,181

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

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

	<i>1% decrease</i>	<i>Current rate</i>	<i>1% increase</i>
Net OPEB liability	\$ 914,537	\$ 1,001,633	\$ 1,107,549

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

For the fiscal year ended December 31, 2018, the Village recognized OPEB expense of \$357,894, which includes \$262,022 due to changes in assumptions. At December 31, 2018, The Village reported no deferred outflows of resources or deferred inflows of resources related to OPEB, due to the use of the alternative measurement method.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net OPEB liability by participant status:

	<u>Exempt Employee</u>	<u>Union Employee</u>	<u>Net OPEB Liability</u>
Active participants	\$ 150,724	\$ 458,104	\$ 608,828
Inactive participants receiving benefits	<u>229,865</u>	<u>162,940</u>	<u>392,805</u>
Total	<u>\$ 380,589</u>	<u>\$ 621,044</u>	<u>\$ 1,001,633</u>

NOTE 13 - DEFERRED COMPENSATION PLAN

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

NOTE 14 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has joined together with other local governmental units in the State to form the Michigan Municipal League Insurance Pool (MML), a public entity risk pool currently operating as a common risk management and insurance program for local governmental units within the State. The Village pays an annual premium to MML for all of its insurance coverages. MML is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$2,000,000 for each insured event.

NOTE 15 - RESTRICTED NET POSITION

In the government-wide statement of net position, the governmental activities report restricted net position, in the amount of \$741,591, which is restricted by enabling legislation for public works expenditures.

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2018, the Village adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the government-wide and proprietary fund financial statements now include a liability for unfunded OPEB costs, known as the net OPEB liability. Some of the changes in the net OPEB liability are recognized immediately, as part of health insurance expense, and other changes will be deferred and recognized over future years. See Note 12 for more details.

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

			<u>Governmental activities</u>	<u>Proprietary funds</u>	
	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Internal Service Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>
Net position, beginning of year, as previously reported	\$ 8,255,651	\$ 8,703,977	\$ 400,770	\$ 6,292,004	\$ 2,278,009
Cumulative effect of change in accounting principle:					
Net OPEB liability	<u>(119,575)</u>	<u>(207,506)</u>	<u>(25,417)</u>	<u>(106,490)</u>	<u>(101,016)</u>
Net position, beginning of year, after effect of the accounting change	<u>\$ 8,136,076</u>	<u>\$ 8,496,471</u>	<u>\$ 375,353</u>	<u>\$ 6,185,514</u>	<u>\$ 2,176,993</u>

NOTE 17 - PENDING ACCOUNTING PRONOUNCEMENT

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, effective for periods beginning after December 15, 2018. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the fiscal year beginning January 1, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2018

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 858,227	\$ 858,227	\$ 896,649	\$ 38,422
Licenses and permits	3,000	3,000	9,225	6,225
State grants	526,106	526,106	316,973	(209,133)
Intergovernmental	-	-	12,656	12,656
Interest and rentals	4,000	4,000	31,777	27,777
Other	7,000	7,000	14,601	7,601
Total revenues	<u>1,398,333</u>	<u>1,398,333</u>	<u>1,281,881</u>	<u>(116,452)</u>
EXPENDITURES				
General government:				
Legislative	26,992	26,992	25,992	1,000
Manager	109,162	109,162	114,312	(5,150)
Finance director	36,613	36,613	32,371	4,242
Professional fees	43,250	43,250	44,241	(991)
Clerk	42,419	42,419	37,415	5,004
Building and grounds	57,500	57,500	39,391	18,109
Nondepartmental	<u>123,445</u>	<u>123,445</u>	<u>81,738</u>	<u>41,707</u>
Total general government	<u>439,381</u>	<u>439,381</u>	<u>375,460</u>	<u>63,921</u>
Public safety:				
Police protection	301,939	301,939	290,195	11,744
Crossing guards	<u>5,940</u>	<u>5,940</u>	<u>3,483</u>	<u>2,457</u>
Total public safety	<u>307,879</u>	<u>307,879</u>	<u>293,678</u>	<u>14,201</u>
Public works:				
Public works department	132,884	132,884	125,794	7,090
Environmental control	45,790	45,790	45,443	347
Street lighting	37,000	37,000	38,819	(1,819)
Sidewalks	<u>24,702</u>	<u>24,702</u>	<u>17,910</u>	<u>6,792</u>
Total public works	<u>240,376</u>	<u>240,376</u>	<u>227,966</u>	<u>12,410</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2018

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
EXPENDITURES (Continued)				
Community and economic development - planning and zoning	\$ 103,809	\$ 103,809	\$ 96,192	\$ 7,617
Recreation and culture	53,579	55,291	91,806	(36,515)
Debt service:				
Principal	147,319	147,319	162,406	(15,087)
Interest	15,122	15,122	16,270	(1,148)
Total expenditures	1,307,465	1,309,177	1,263,778	45,399
EXCESS OF REVENUES OVER EXPENDITURES	90,868	89,156	18,103	(71,053)
OTHER FINANCING SOURCES				
Transfers in	59,440	59,440	59,440	-
NET CHANGES IN FUND BALANCES	150,308	148,596	77,543	(71,053)
FUND BALANCES - BEGINNING	559,749	559,749	559,749	-
FUND BALANCES - ENDING	<u>\$ 710,057</u>	<u>\$ 708,345</u>	<u>\$ 637,292</u>	<u>\$ (71,053)</u>

BUDGETARY COMPARISON SCHEDULE - Major Street Fund

Year ended December 31, 2018

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 159,184	\$ 159,184	\$ 167,057	\$ 7,873
State grants	<u>419,121</u>	<u>419,121</u>	<u>282,543</u>	<u>(136,578)</u>
Total revenues	<u>578,305</u>	<u>578,305</u>	<u>449,600</u>	<u>(128,705)</u>
EXPENDITURES				
Public works:				
Preservation	235,000	235,000	207,968	27,032
Routine maintenance	50,587	50,587	45,446	5,141
Winter maintenance	59,112	59,112	40,179	18,933
Traffic services	<u>14,414</u>	<u>14,414</u>	<u>12,779</u>	<u>1,635</u>
Total public works	<u>359,113</u>	<u>359,113</u>	<u>306,372</u>	<u>52,741</u>
Debt service:				
Principal	<u>16,565</u>	<u>16,565</u>	<u>16,564</u>	<u>1</u>
Interest	<u>11,416</u>	<u>11,416</u>	<u>11,261</u>	<u>155</u>
Total expenditures	<u>387,094</u>	<u>387,094</u>	<u>334,197</u>	<u>52,897</u>
EXCESS OF REVENUES OVER EXPENDITURES	191,211	191,211	115,403	(75,808)
OTHER FINANCING USES				
Transfers out	<u>(90,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	101,211	101,211	25,403	(75,808)
FUND BALANCES - BEGINNING	<u>404,024</u>	<u>404,024</u>	<u>404,024</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 505,235</u>	<u>\$ 505,235</u>	<u>\$ 429,427</u>	<u>\$ (75,808)</u>

BUDGETARY COMPARISON SCHEDULE - Local Street Fund

Year ended December 31, 2018

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
State grants	\$ 86,570	\$ 86,570	\$ 140,914	\$ 54,344
EXPENDITURES				
Public works:				
Preservation	33,000	33,000	25,000	8,000
Routine maintenance	37,584	37,584	42,750	(5,166)
Winter maintenance	30,982	30,982	27,597	3,385
Traffic services	8,446	8,446	4,899	3,547
Total public works	110,012	110,012	100,246	9,766
Debt service:				
Principal	6,108	6,108	6,107	1
Interest	2,409	2,409	2,253	156
Total expenditures	118,529	118,529	108,606	9,923
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,959)	(31,959)	32,308	64,267
OTHER FINANCING SOURCES				
Transfers in	90,000	90,000	90,000	-
NET CHANGES IN FUND BALANCES	58,041	58,041	122,308	64,267
FUND BALANCES - BEGINNING	189,856	189,856	189,856	-
FUND BALANCES - ENDING	\$ 247,897	\$ 247,897	\$ 312,164	\$ 64,267

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

Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:				
Service cost	\$ 38,574	\$ 40,702	\$ 32,669	\$ 30,840
Interest	150,272	143,405	130,827	125,042
Changes in benefits	-	-	(2,694)	-
Difference between expected and actual experience	1,732	(6,723)	33,494	-
Changes in assumptions	-	-	97,087	-
Benefit payments, including refunds	<u>(91,432)</u>	<u>(89,537)</u>	<u>(87,644)</u>	<u>(85,745)</u>
Net change in total pension liability	99,146	87,847	203,739	70,137
Total pension liability, beginning of year	<u>1,904,831</u>	<u>1,816,984</u>	<u>1,613,245</u>	<u>1,543,108</u>
Total pension liability, end of year	<u>\$ 2,003,977</u>	<u>\$ 1,904,831</u>	<u>\$ 1,816,984</u>	<u>\$ 1,613,245</u>
Plan fiduciary net position:				
Contributions:				
Employer	\$ 52,965	\$ 246,876	\$ 56,267	\$ 44,269
Employee	18,698	17,729	12,162	10,789
Net investment income (loss)	196,009	143,577	(17,960)	73,272
Benefit payments, including refunds	(91,432)	(89,537)	(87,640)	(85,745)
Administrative expenses	<u>(3,102)</u>	<u>(2,829)</u>	<u>(2,641)</u>	<u>(2,689)</u>
Net change in plan fiduciary net position	173,138	315,816	(39,812)	39,896
Plan fiduciary net position, beginning of year	<u>1,477,463</u>	<u>1,161,647</u>	<u>1,201,459</u>	<u>1,161,563</u>
Plan fiduciary net position, end of year	<u>\$ 1,650,601</u>	<u>\$ 1,477,463</u>	<u>\$ 1,161,647</u>	<u>\$ 1,201,459</u>
Village's net pension liability, end of year	<u>\$ 353,376</u>	<u>\$ 427,368</u>	<u>\$ 655,337</u>	<u>\$ 411,786</u>
Plan fiduciary net position as a percent of total pension liability	82.37%	77.56%	63.93%	74.47%
Covered payroll	\$ 378,506	\$ 398,578	\$ 346,677	\$ 282,404
Village's net pension liability as a percentage of covered payroll	93.36%	107.22%	189.03%	145.81%

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 Middleville

SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS

Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contributions	\$ 61,261	\$ 55,650	\$ 49,224	\$ 56,268	\$ 44,268	\$ 48,364	\$ 54,583	\$ 27,670	\$ 27,478	\$ 28,606
Contributions in relation to the actuarially determined contributions	<u>61,261</u>	<u>55,650</u>	<u>249,224</u>	<u>56,268</u>	<u>44,268</u>	<u>48,364</u>	<u>54,583</u>	<u>27,670</u>	<u>27,478</u>	<u>28,606</u>
Contribution excess/(deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 378,506	\$ 398,578	\$ 346,677	\$ 282,404	\$ 355,407	\$ 341,308	\$ 270,683	\$ 185,271	\$ 327,929	\$ 367,958
Contributions as a percentage of covered payroll	16.18%	13.96%	71.89%	19.92%	12.46%	14.17%	20.16%	14.93%	8.38%	7.77%

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

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

Year Ended December 31, 2018

	<u>2018</u>
Total OPEB liability:	
Service cost	\$ 75,435
Interest	20,437
Changes in assumptions	262,022
Benefit payments, including refunds	<u>(7,975)</u>
Net change in total OPEB liability	349,919
Total OPEB liability, beginning of year	<u>651,714</u>
Total OPEB liability, end of year	<u><u>\$ 1,001,633</u></u>
Plan fiduciary net position:	
Plan fiduciary net position, beginning of year	<u>\$ -</u>
Plan fiduciary net position, end of year	<u><u>\$ -</u></u>
Village's net OPEB liability, end of year	<u><u>\$ 1,001,633</u></u>
Plan fiduciary net position as a percent of total OPEB liability	0.00%
Covered payroll	\$ 313,941
Village's net OPEB liability as a percentage of covered payroll	319.05%

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 Middleville**SCHEDULE OF VILLAGE OPEB CONTRIBUTIONS***Year Ended December 31, 2018*

	<u>2018</u>
Actuarially determined contributions	\$ 107,464
Contributions in relation to the actuarially determined contributions	<u>7,975</u>
Contribution excess/(deficiency)	<u><u>\$ (99,489)</u></u>
Covered payroll	\$ 313,941
Contributions as a percentage of covered payroll	2.54%
Methods and assumptions used to determine contribution rates:	
Inflation	3.50%
Salary increases	3.50%
Investment rate of return	Not applicable as the plan is not funded
Healthcare cost trend	Initial rate of 8.5% decreasing .25% per year to a 4.5% long term rate
Mortality	2014 life tables for males and females, as appropriate from the Centers of Disease Control

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study and State of Michigan requirements.

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF NET POSITION - internal service funds

December 31, 2018

	<u>Equipment</u>	<u>OPEB</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 107,304	\$ 100,000	\$ 207,304
Noncurrent assets:			
Capital assets, net of depreciation	<u>413,116</u>	<u>-</u>	<u>413,116</u>
Total assets	<u>520,420</u>	<u>100,000</u>	<u>620,420</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	<u>2,560</u>	<u>-</u>	<u>2,560</u>
LIABILITIES			
Current liabilities:			
Payables	3,035	-	3,035
Note payable - current portion	<u>14,115</u>	<u>-</u>	<u>14,115</u>
Total current liabilities	<u>17,150</u>	<u>-</u>	<u>17,150</u>
Noncurrent liabilities:			
Net pension liability	12,227	-	12,227
Other postemployment obligation, net	39,064	-	39,064
Note payable	<u>76,497</u>	<u>-</u>	<u>76,497</u>
Total noncurrent liabilities	<u>127,788</u>	<u>-</u>	<u>127,788</u>
Total liabilities	<u>144,938</u>	<u>-</u>	<u>144,938</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	<u>1,547</u>	<u>-</u>	<u>1,547</u>
NET POSITION			
Net investment in capital assets	322,504	-	322,504
Unrestricted	<u>53,991</u>	<u>100,000</u>	<u>153,991</u>
Total net position	<u>\$ 376,495</u>	<u>\$ 100,000</u>	<u>\$ 476,495</u>

See notes to financial statements

Village of Middleville**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****- internal service funds***Year ended December 31, 2018*

	<u><i>Equipment</i></u>	<u><i>OPEB</i></u>	<u><i>Totals</i></u>
OPERATING REVENUES			
Charges for services:			
Equipment rental	\$ 145,174	\$ -	\$ 145,174
OPEB contributions	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>145,174</u>	<u>-</u>	<u>145,174</u>
OPERATING EXPENSES			
Personnel costs	50,036	-	50,036
Equipment and supplies	9,168	-	9,168
Utilities	16,733	-	16,733
Miscellaneous	13,992	-	13,992
Depreciation	<u>34,685</u>	<u>-</u>	<u>34,685</u>
Total operating expenses	<u>124,614</u>	<u>-</u>	<u>124,614</u>
OPERATING INCOME	20,560	-	20,560
NONOPERATING EXPENSE			
Interest expense	<u>(2,818)</u>	<u>-</u>	<u>(2,818)</u>
INCOME BEFORE TRANSFERS	17,742	-	17,742
TRANSFERS OUT	<u>(16,600)</u>	<u>-</u>	<u>(16,600)</u>
CHANGES IN NET POSITION	1,142	-	1,142
NET POSITION - BEGINNING	<u>375,353</u>	<u>100,000</u>	<u>475,353</u>
NET POSITION - ENDING	<u>\$ 376,495</u>	<u>\$ 100,000</u>	<u>\$ 476,495</u>

See notes to financial statements

COMBINING STATEMENT OF CASH FLOWS - internal service funds

Year ended December 31, 2018

	<u>Equipment</u>	<u>OPEB</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 145,174	\$ -	\$ 145,174
Payments to vendors and suppliers	(56,616)	-	(56,616)
Payments to employees	(16,515)	-	(16,515)
Net cash provided by operating activities	<u>72,043</u>	<u>-</u>	<u>72,043</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>(16,600)</u>	<u>-</u>	<u>(16,600)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(97,611)	-	(97,611)
Principal payments on capital debt	(13,743)	-	(13,743)
Interest payments on capital debt	<u>(2,818)</u>	<u>-</u>	<u>(2,818)</u>
Net cash used in capital and related financing activities	<u>(114,172)</u>	<u>-</u>	<u>(114,172)</u>
NET CHANGE IN CASH	<u>(58,729)</u>	<u>-</u>	<u>(58,729)</u>
CASH - BEGINNING	<u>166,033</u>	<u>100,000</u>	<u>266,033</u>
CASH - ENDING	<u>\$ 107,304</u>	<u>\$ 100,000</u>	<u>\$ 207,304</u>

See notes to financial statements

COMBINING STATEMENT OF CASH FLOWS - internal service funds (Continued)

Year ended December 31, 2018

	<u>Equipment</u>	<u>OPEB</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 20,560	\$ -	\$ 20,560
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	34,685	-	34,685
Decrease in deferred outflows of resources	1,922	-	1,922
Decrease in payables	(365)	-	(365)
Increase in deferred inflows of resources	1,547	-	1,547
Increase in other postemployment liability	13,647	-	13,647
Decrease in net pension liability	<u>47</u>	<u>-</u>	<u>47</u>
Net cash provided by operating activities	<u>\$ 72,043</u>	<u>\$ -</u>	<u>\$ 72,043</u>

See notes to financial statements

BALANCE SHEET - component units

December 31, 2018

	<i>Local Development Finance Authority</i>	<i>Downtown Development Authority</i>
ASSETS		
Cash	\$ 1,563,469	\$ 400,901
Receivables	<u>36,207</u>	<u>42,199</u>
Total assets	<u><u>\$ 1,599,676</u></u>	<u><u>\$ 443,100</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities - payables	\$ 2,502	\$ 7,679
Fund balances - unassigned	<u>1,597,174</u>	<u>435,421</u>
Total liabilities and fund balances	<u><u>\$ 1,599,676</u></u>	<u><u>\$ 443,100</u></u>
 Total fund balances	 \$ 1,597,174	 \$ 435,421
Amounts reported for the <i>component units</i> in the statement of net position (page 14) are different because:		
Capital assets used by the <i>component units</i> are not financial resources and, therefore, are not reported in the funds.	1,851,037	73,337
Long-term liabilities, consisting of a contract payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(526,836)	-
Interest related to long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(5,256)</u>	<u>-</u>
Net position of the <i>component units</i>	<u><u>\$ 2,916,119</u></u>	<u><u>\$ 508,758</u></u>

Village of Middleville**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - *component units****Year ended December 31, 2018*

	<i>Local Development Finance Authority</i>	<i>Downtown Development Authority</i>
REVENUES		
Property taxes	\$ 276,330	\$ 153,924
State grants	303,308	7,996
Charges for services	-	13,721
	<u>579,638</u>	<u>175,641</u>
Total revenues		
EXPENDITURES		
Current - public works	3,322	135,495
Capital outlay	206,757	-
Debt service:		
Principal	71,644	-
Interest	15,362	-
	<u>297,085</u>	<u>135,495</u>
Total expenditures		
NET CHANGES IN FUND BALANCES	282,553	40,146
FUND BALANCES - BEGINNING	<u>1,314,621</u>	<u>395,275</u>
FUND BALANCES - ENDING	<u><u>\$ 1,597,174</u></u>	<u><u>\$ 435,421</u></u>
Net changes in fund balances	\$ 282,553	\$ 40,146
Amounts reported for the <i>component units</i> in the statement of activities (page 15) are different because:		
Capital assets:		
Assets acquired	206,757	-
Depreciation provision	(70,625)	(3,963)
Long term obligations - principal payments	71,644	-
Decrease in accrued interest expense	<u>280</u>	<u>-</u>
Change in net position of <i>component units</i>	<u><u>\$ 490,609</u></u>	<u><u>\$ 36,183</u></u>

Village of Middleville**BUDGETARY COMPARISON SCHEDULE - Local Development Finance Authority***Year ended December 31, 2018*

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 293,099	\$ 293,099	\$ 276,330	\$ (16,769)
State grants	<u>274,790</u>	<u>274,790</u>	<u>303,308</u>	<u>28,518</u>
Total revenues	<u>567,889</u>	<u>567,889</u>	<u>579,638</u>	<u>11,749</u>
EXPENDITURES				
Current - public works	22,800	22,800	3,322	19,478
Capital outlay	700,000	966,185	206,757	759,428
Debt service:				
Principal	71,644	71,644	71,644	-
Interest	<u>15,362</u>	<u>15,362</u>	<u>15,362</u>	<u>-</u>
Total expenditures	<u>809,806</u>	<u>1,075,991</u>	<u>297,085</u>	<u>778,906</u>
NET CHANGES IN FUND BALANCES	(241,917)	(508,102)	282,553	790,655
FUND BALANCES - BEGINNING	<u>1,314,621</u>	<u>1,314,621</u>	<u>1,314,621</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,072,704</u>	<u>\$ 806,519</u>	<u>\$ 1,597,174</u>	<u>\$ 790,655</u>

Village of Middleville**BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority***Year ended December 31, 2018*

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 140,993	\$ 140,993	\$ 153,924	\$ 12,931
State grants	-	-	7,996	7,996
Charges for services	<u>20,200</u>	<u>20,200</u>	<u>13,721</u>	<u>(6,479)</u>
Total revenues	161,193	161,193	175,641	14,448
EXPENDITURES				
Current - public works	<u>192,857</u>	<u>192,857</u>	<u>135,495</u>	<u>57,362</u>
NET CHANGES IN FUND BALANCES	(31,664)	(31,664)	40,146	71,810
FUND BALANCES - BEGINNING	<u>395,275</u>	<u>395,275</u>	<u>395,275</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 363,611</u>	<u>\$ 363,611</u>	<u>\$ 435,421</u>	<u>\$ 71,810</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$205,000 2006 BARRY COUNTY WATER CONTRACT PAYABLE

December 31, 2018

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>April 1</i>	<i>October 1</i>			
2019	\$ 903	\$ 903	4/1/19	\$ 10,000	\$ 11,806
2020	797	797	4/1/20	10,000	11,594
2021	691	691	4/1/21	10,000	11,382
2022	584	584	4/1/22	10,000	11,168
2023	478	478	4/1/23	10,000	10,956
2024	372	372	4/1/24	10,000	10,744
2025	266	266	4/1/25	10,000	10,532
2026	159	159	4/1/26	15,000	15,318
	<u>\$ 4,250</u>	<u>\$ 4,250</u>		<u>\$ 85,000</u>	<u>\$ 93,500</u>

*Village of Middleville***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$1,040,000 2006 BARRY COUNTY WATER CONTRACT PAYABLE***December 31, 2018*

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>April 1</i>	<i>October 1</i>			
2019	\$ 5,275	\$ 4,691	4/1/19	\$ 55,000	\$ 64,966
2020	4,691	4,106	4/1/20	55,000	63,797
2021	4,106	3,522	4/1/21	55,000	62,628
2022	3,522	2,937	4/1/22	55,000	61,459
2023	2,937	2,300	4/1/23	60,000	65,237
2024	2,300	1,662	4/1/24	60,000	63,962
2025	1,662	1,025	4/1/25	60,000	62,687
2026	1,025	387	4/1/26	60,000	61,412
2027	387	-	4/1/27	65,000	65,387
	<u>\$ 25,905</u>	<u>\$ 20,630</u>		<u>\$ 525,000</u>	<u>\$ 571,535</u>

*Village of Middleville***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$425,000 2010 CAPITAL IMPROVEMENT BONDS PAYABLE***December 31, 2018*

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>March 1</i>	<i>September 1</i>			
2019	\$ 6,747	\$ 6,363	3/1/19	\$ 20,000	\$ 33,110
2020	6,363	5,856	3/1/20	25,000	37,219
2021	5,856	5,331	3/1/21	25,000	36,187
2022	5,331	4,788	3/1/22	25,000	35,119
2023	4,788	4,225	3/1/23	25,000	34,013
2024	4,225	3,643	3/1/24	25,000	32,868
2025	3,644	3,044	3/1/25	25,000	31,688
2026	3,044	2,431	3/1/26	25,000	30,475
2027	2,431	1,806	3/1/27	25,000	29,237
2028	1,806	1,294	3/1/28	25,000	28,100
2029	1,294	650	3/1/29	25,000	26,944
2030	650	-	3/1/30	25,000	25,650
	<u>\$ 46,179</u>	<u>\$ 39,431</u>		<u>\$ 295,000</u>	<u>\$ 380,610</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$700,000 2012 CAPITAL IMPROVEMENT BONDS PAYABLE

December 31, 2018

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>March 1</i>	<i>September 1</i>			
2019	\$ 10,806	\$ 10,519	3/1/19	\$ 25,000	\$ 46,325
2020	10,519	10,200	3/1/20	25,000	45,719
2021	10,200	9,850	3/1/21	25,000	45,050
2022	9,850	9,462	3/1/22	25,000	44,312
2023	9,462	9,050	3/1/23	25,000	43,512
2024	9,050	8,175	3/1/24	50,000	67,225
2025	8,175	7,250	3/1/25	50,000	65,425
2026	7,250	6,287	3/1/26	50,000	63,537
2027	6,287	5,300	3/1/27	50,000	61,587
2028	5,300	4,288	3/1/28	50,000	59,588
2029	4,288	3,250	3/1/29	50,000	57,538
2030	3,250	2,187	3/1/30	50,000	55,437
2031	2,187	1,100	3/1/31	50,000	53,287
2032	1,100	-	3/1/32	50,000	51,100
	<u>\$ 97,724</u>	<u>\$ 86,918</u>		<u>\$ 575,000</u>	<u>\$ 759,642</u>
			<i>Principal</i>	<i>Interest</i>	<i>Totals</i>
Allocation by activity:					
Governmental activities			\$ 326,110	\$ 104,720	\$ 430,830
Business-type activities			248,890	79,924	328,814
			<u>\$ 575,000</u>	<u>\$ 184,644</u>	<u>\$ 759,644</u>

Village of Middleville**LOCAL DEVELOPMENT FINANCE AUTHORITY****SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$745,509 2013 BARRY COUNTY CONTRACT PAYABLE***December 31, 2018*

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>February 1</i>	<i>August 1</i>			
2019	\$ 6,307	\$ 7,959	2/1/19	\$ 66,279	\$ 80,545
2020	5,922	7,059	2/1/20	65,904	78,885
2021	5,408	6,019	2/1/21	65,518	76,945
2022	4,764	4,950	2/1/22	60,122	69,836
2023	4,103	3,825	2/1/23	59,715	67,643
2024	3,395	2,625	2/1/24	59,298	65,318
2025	2,625	1,349	2/1/25	75,000	78,974
2026	1,349	-	2/1/26	75,000	76,349
	<u>\$ 33,873</u>	<u>\$ 33,786</u>		<u>\$ 526,836</u>	<u>\$ 594,495</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$136,000 2013 BARRY COUNTY DRAIN COMMISSION CONTRACT PAYABLE

December 31, 2018

<i>Fiscal period</i>	<i>Interest February 1</i>	<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
2019	\$ -	2/28/19	\$ -	\$ -
2020	2,067	2/28/20	13,600	15,667
2021	1,551	2/28/21	13,600	15,151
2022	1,033	2/28/22	13,600	14,633
2023	517	2/28/23	13,600	14,117
	<u>\$ 5,168</u>		<u>\$ 54,400</u>	<u>\$ 59,568</u>

*Village of Middleville***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$410,000 2014 CAPITAL IMPROVEMENT BONDS PAYABLE***December 31, 2018*

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>March 1</i>	<i>September 1</i>			
2019	\$ 6,313	\$ 6,107	3/1/19	\$ 20,000	\$ 32,420
2020	6,107	5,858	3/1/20	20,000	31,965
2021	5,858	5,582	3/1/21	20,000	31,440
2022	5,582	5,288	3/1/22	20,000	30,870
2023	5,288	4,893	3/1/23	25,000	35,181
2024	4,893	4,476	3/1/24	25,000	34,369
2025	4,476	4,030	3/1/25	25,000	33,506
2026	4,030	3,564	3/1/26	25,000	32,594
2027	3,564	3,067	3/1/27	25,000	31,631
2028	3,067	2,558	3/1/28	25,000	30,625
2029	2,558	2,023	3/1/29	25,000	29,581
2030	2,023	1,366	3/1/30	30,000	33,389
2031	1,366	690	3/1/31	30,000	32,056
2032	690	-	3/1/32	30,000	30,690
	<u>\$ 55,815</u>	<u>\$ 49,502</u>		<u>\$ 345,000</u>	<u>\$ 450,317</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$145,000 2014 INSTALLMENT PURCHASE AGREEMENT

December 31, 2018

<i>Fiscal period</i>	<i>Interest February 1</i>	<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
2019	\$ 2,447	4/01/19	\$ 14,115	\$ 16,562
2020	2,070	4/01/20	14,491	16,561
2021	1,671	4/01/21	14,890	16,561
2022	1,272	4/01/22	15,289	16,561
2023	859	4/01/23	15,702	16,561
2024	436	4/01/24	16,125	16,561
	<u>\$ 8,755</u>		<u>\$ 90,612</u>	<u>\$ 99,367</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$995,000 2017 GENERAL OBLIGATION LIMITED TAX SERIES

December 31, 2018

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>March 1</i>	<i>September 1</i>			
2019	\$ 13,179	\$ 12,960	3/1/19	\$ 35,000	\$ 48,179
2020	12,960	12,680	3/1/20	40,000	52,960
2021	12,680	12,350	3/1/21	40,000	52,680
2022	12,350	11,970	3/1/22	40,000	52,350
2023	11,970	11,570	3/1/23	40,000	51,970
2024	11,570	11,140	3/1/24	40,000	51,570
2025	11,140	10,611	3/1/25	45,000	56,140
2026	10,611	10,049	3/1/26	45,000	55,611
2027	10,049	9,464	3/1/27	45,000	55,049
2028	9,464	8,789	3/1/28	50,000	59,464
2029	8,789	8,076	3/1/29	50,000	58,789
2030	8,076	7,265	3/1/30	55,000	63,076
2031	7,265	6,426	3/1/31	55,000	62,265
2032	6,426	5,481	3/1/32	60,000	66,426
2033	5,481	4,506	3/1/33	60,000	65,481
2034	4,506	3,501	3/1/34	60,000	64,506
2035	3,501	2,380	3/1/35	65,000	68,501
2036	2,380	1,243	3/1/36	65,000	67,380
2037	1,243	-	3/1/37	70,000	71,243
	<u>\$ 163,640</u>	<u>\$ 150,461</u>		<u>\$ 960,000</u>	<u>\$ 1,123,640</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$45,200 2016 INSTALLMENT PURCHASE AGREEMENT

December 31, 2018

<i>Fiscal period</i>	<i>Interest July 1</i>	<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
2019	\$ 904	07/01/19	\$ 11,300	\$ 12,204
2020	452	07/01/20	11,300	11,752
	<u>\$ 1,356</u>		<u>\$ 22,600</u>	<u>\$ 23,956</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$385,000 2018 INSTALLMENT PURCHASE AGREEMENT

December 31, 2018

<i>Fiscal period</i>	<i>Interest February 1</i>	<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
2019	\$ 11,560	02/01/19	\$ 57,800	\$ 69,360
2020	9,248	02/01/20	57,800	67,048
2021	6,936	02/01/21	57,800	64,736
2022	4,624	02/01/22	57,800	62,424
2023	<u>2,312</u>	02/01/23	<u>57,800</u>	<u>60,112</u>
	<u>\$ 34,680</u>		<u>\$ 289,000</u>	<u>\$ 323,680</u>