

Village of Middleville
Barry County, Michigan

FINANCIAL STATEMENTS

Year ended December 31, 2020

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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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required supplementary information

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

April 14, 2021

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, 2020. Please read it in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

- Net position is the amount by which the Village's assets exceeded its liabilities. Net position totaled \$18,867,183 at December 31, 2020. The unrestricted portion of this amount, \$3,169,637 (17 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 \$1,201,441 (7 percent) as a result of this year's activities. The net position of the governmental activities increased by \$666,584, and the net position of the business-type activities increased by \$534,857.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$812,068, which represents 43 percent of the actual total General Fund expenditures for the current fiscal year.
- 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 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 government services, like general government and community and economic development, 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 2020 and 2019 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 general government and police protection. 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 \$18,867,183 compared to \$17,665,742 at the end of the prior year. Of this total, \$14,596,371 represents the net investment in capital assets and \$1,986,665 is restricted for various purposes. Consequently, unrestricted net position was \$2,284,147, or 12 percent of the total.

Condensed financial information

Net position

	Governmental activities		Business-type activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 2,465,333	\$ 2,145,836	\$ 3,850,059	\$ 3,579,388	\$ 6,315,392	\$ 5,725,224
Capital assets	<u>8,969,579</u>	<u>8,643,349</u>	<u>8,334,398</u>	<u>8,051,656</u>	<u>17,303,977</u>	<u>16,695,005</u>
Total assets	<u>11,434,912</u>	<u>10,789,185</u>	<u>12,184,457</u>	<u>11,631,044</u>	<u>23,619,369</u>	<u>22,420,229</u>
Deferred outflows of resources	<u>269,295</u>	<u>166,710</u>	<u>117,600</u>	<u>68,424</u>	<u>386,895</u>	<u>235,134</u>
Current and other liabilities	<u>1,600,463</u>	<u>1,491,129</u>	<u>710,668</u>	<u>538,694</u>	<u>2,311,131</u>	<u>2,029,823</u>
Long-term debt	<u>865,360</u>	<u>976,731</u>	<u>1,842,246</u>	<u>1,983,067</u>	<u>2,707,606</u>	<u>2,959,798</u>
Total liabilities	<u>2,465,823</u>	<u>2,467,860</u>	<u>2,552,914</u>	<u>2,521,761</u>	<u>5,018,737</u>	<u>4,989,621</u>
Deferred inflows of resources	<u>83,765</u>	<u>-</u>	<u>36,579</u>	<u>-</u>	<u>120,344</u>	<u>-</u>
Net position:						
Net investment in capital						
assets	<u>8,104,219</u>	<u>7,666,618</u>	<u>6,492,152</u>	<u>6,068,589</u>	<u>14,596,371</u>	<u>13,735,207</u>
Restricted	<u>538,537</u>	<u>437,074</u>	<u>562,638</u>	<u>562,638</u>	<u>1,101,175</u>	<u>999,712</u>
Unrestricted	<u>511,863</u>	<u>384,343</u>	<u>2,657,774</u>	<u>2,546,480</u>	<u>3,169,637</u>	<u>2,930,823</u>
Total net position	<u>\$ 9,154,619</u>	<u>\$ 8,488,035</u>	<u>\$ 9,712,564</u>	<u>\$ 9,177,707</u>	<u>\$ 18,867,183</u>	<u>\$ 17,665,742</u>

Changes in net position

The Village's total revenues were \$4,377,796 in the current year compared to \$3,604,046 in the prior year. Approximately 28 percent of the Village's revenues comes from property taxes while charges for services and operating grants both represent 20 percent of the total. Capital grants and contributions accounted for about 24 percent of the total revenues in the current year.

The total cost of the Village's programs for the current year, covering a wide range of services, totaled \$3,176,355 compared to \$2,969,829 in the prior year. Approximately 31 percent of the Village's costs relates to the provision of utility services. Governmental public works expenses represent 21 percent of all costs, while community and economic development expenses accounted for 19 percent of the total costs in the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed financial information
Changes in net position

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Program revenues:						
Charges for services	63,056	62,815	830,952	895,536	894,008	958,351
Grants and contributions:						
Operating	871,907	604,690	-	-	871,907	604,690
Capital	335,920	19,018	716,331	528,339	1,052,251	547,357
General revenues:						
Property taxes	1,218,288	1,120,667	-	-	1,218,288	1,120,667
State shared revenue	312,605	317,585	-	-	312,605	317,585
Interest	12,863	20,737	15,874	34,659	28,737	55,396
Total revenues	<u>2,814,639</u>	<u>2,145,512</u>	<u>1,563,157</u>	<u>1,458,534</u>	<u>4,377,796</u>	<u>3,604,046</u>
Expenses:						
General government	473,980	466,036	-	-	473,980	466,036
Public safety	259,821	275,462	-	-	259,821	275,462
Public works	673,857	763,618	-	-	673,857	763,618
Community and economic development	601,118	333,446	-	-	601,118	333,446
Recreation and culture	148,055	147,950	-	-	148,055	147,950
Interest	34,064	26,697	-	-	34,064	26,697
Sewer	-	-	550,904	585,283	550,904	585,283
Water	-	-	434,556	371,337	434,556	371,337
Total expenses	<u>2,190,895</u>	<u>2,013,209</u>	<u>985,460</u>	<u>956,620</u>	<u>3,176,355</u>	<u>2,969,829</u>
Excess before transfers	623,744	132,303	577,697	501,914	1,201,441	634,217
Transfers	<u>42,840</u>	<u>42,840</u>	<u>(42,840)</u>	<u>(42,840)</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>\$ 666,584</u>	<u>\$ 175,143</u>	<u>\$ 534,857</u>	<u>\$ 459,074</u>	<u>\$ 1,201,441</u>	<u>\$ 634,217</u>
Net position, end of year	<u>\$ 9,154,619</u>	<u>\$ 8,488,035</u>	<u>\$ 9,712,564</u>	<u>\$ 9,177,707</u>	<u>\$ 18,867,183</u>	<u>\$ 17,665,742</u>

Governmental activities

Governmental revenues exceeded expenses during each of the past two years, causing the Village's net position to increase by \$666,584 in the current year and \$175,143 in the prior year. While expenses increased by \$177,686, revenues increased by \$669,127, causing the larger increase in net position in the current year.

Revenues increased because capital grant revenues increased by \$316,902, primarily related to a street improvement project, and operating grant revenues increased by \$267,217, related to grants that supported a building renovation project in the Village. Expenses increased primarily due to a \$267,672 increase in community and economic development costs, which were also related to the building renovation project.

The following schedule shows the costs of the Village's four 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 \$2,190,895. After subtracting the direct charges to those who directly benefited from the programs (\$63,056), operating grants and contributions (\$871,907), and capital grants and contributions (\$335,920), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$920,012.

	<i>Total cost of services</i>	<i>Net cost of services</i>
General government	\$ 473,980	\$ 414,472
Public safety	259,821	248,165
Public works	673,857	(29,611)
Community and economic development	601,118	137,881
Other	182,119	149,105
Totals	<u>\$ 2,190,895</u>	<u>\$ 920,012</u>

Business-type activities

Business-type activities increased the Village's net position by \$534,857 in the current year compared to an increase of \$459,074 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 higher in the current year, as revenues increased by \$104,623, while expenses only increased by \$28,840. The increase in revenues was primarily due to a capital contribution from the Local Development Finance Authority, in the amount of \$170,284, related to the construction of well #6. Expenses rose in the current year, by approximately 3 percent, due to a slight increase in personnel costs.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental funds

As of December 31, 2020, the Village's governmental funds, in total, reported total fund balances of \$2,254,060, which represents an increase of \$435,372 compared to last year's total.

The General Fund experienced an increase in fund balance of \$52,328, primarily due to \$59,440 in transfers from other funds, and has a fund balance of \$854,610 at the end of the year; however, portions of the fund balance are nonspendable and restricted, totaling \$17,965 and \$24,577, respectively. Unassigned fund balance amounts to \$812,068 at year end, which represents approximately 43 percent of current year expenditures.

The Major Street Fund experienced an increase in fund balance of \$281,581. The increase in fund balance occurred because current year resources of \$480,932, which included property taxes (\$194,134) and state grants (\$282,855), exceeded expenditures of \$109,351 and a transfer to the Local Street Fund of \$90,000. The Fund has a fund balance of \$885,490 at the end of the year that is assigned for major street maintenance and improvements, as it consists of an allocation of unrestricted property taxes.

The Local Street Fund experienced an increase in fund balance of \$101,463. 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 \$513,960 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 \$73,346 and net nonoperating expenses of \$28,316 in the current year. A transfer to the General Fund, in the amount of \$42,840, also reduced the fund's equity. However, capital contributions in the amount of \$366,137, generated an increase in net position of \$221,635. The fund's net position is \$6,822,919 at December 31, 2020, of which \$2,004,782 is unrestricted.

The Water Fund generated an operating loss of \$57,033 and net nonoperating expenses of \$12,516 in the current year. Capital contributions, in the amount of \$350,194, generated an increase in net position of \$280,645. The fund's net position is \$2,699,240 at December 31, 2020, of which \$462,587 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 \$159,055 more than budgeted as federal and state grant revenues, related to a building renovation project, were \$178,218 more than budgeted.

The Village did not amend its expenditure budget during the current year. Total expenditures were \$69,038 more than the amounts appropriated, primarily because community development expenditures were \$183,312 more than budgeted, as the building renovation project costs exceeded appropriations.

The fund experienced a \$52,328 increase in fund balance compared to a budgeted decrease of \$37,689.

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, 2020, amounts to \$17,303,977 (net of accumulated depreciation). This investment includes a broad range of assets, including land, equipment, buildings, and sewer and water facilities. The net increase in the Village's net investment in capital assets for the current fiscal year was \$608,972, comprised of \$1,255,668 in additions and \$646,696 in provisions for depreciation.

	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
Infrastructure	\$ 5,534,080	\$ 7,941,305	\$ 13,475,385
Land improvements	550,390		550,390
Buildings	1,632,560	-	1,632,560
Equipment	393,189	249,944	643,133
Land	859,360	143,149	1,002,509
	<u>\$ 8,969,579</u>	<u>\$ 8,334,398</u>	<u>\$ 17,303,977</u>
Totals			

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

- Street improvements were made at a cost of \$332,328
- The East Bank restrooms were completed at a cost of \$180,118
- Sewer system improvements amounted to \$156,073
- Water system improvements amounted to \$381,068
- Equipment and vehicle purchases totaling \$195,932 were made by the Equipment Fund

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 \$2,707,606, which represents a decrease of \$252,192 related to timely principal payments. All debt is backed by the full faith and credit of the Village.

Other noncurrent obligations include a net pension liability of \$628,616, and a net OPEB liability of \$1,297,123.

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. The Council continues their practice of tight fiscal controls, which includes continually monitoring sources and uses of funds, 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
Patricia Rayl, Village Manager
100 East Main Street
Middleville, MI 49333-0069

Phone: (269) 795-3385

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2020

	Primary government			Component units	
	Governmental activities	Business-type activities	Totals	Local Development Finance Authority	Downtown Development Authority
ASSETS					
Current assets:					
Cash	\$ 2,482,594	\$ 3,387,867	\$ 5,870,461	\$ 2,300,301	\$ 194,735
Receivables	155,179	269,113	424,292	46,420	35,415
Prepaid expenses	17,965	2,674	20,639	-	-
Internal balances	(190,405)	190,405	-	-	-
Total current assets	<u>2,465,333</u>	<u>3,850,059</u>	<u>6,315,392</u>	<u>2,346,721</u>	<u>230,150</u>
Noncurrent assets:					
Capital assets not being depreciated	859,360	143,149	1,002,509	-	-
Capital assets, net of depreciation	<u>8,110,219</u>	<u>8,191,249</u>	<u>16,301,468</u>	<u>1,709,786</u>	<u>316,716</u>
Total noncurrent assets	<u>8,969,579</u>	<u>8,334,398</u>	<u>17,303,977</u>	<u>1,709,786</u>	<u>316,716</u>
Total assets	<u>11,434,912</u>	<u>12,184,457</u>	<u>23,619,369</u>	<u>4,056,507</u>	<u>546,866</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	117,094	51,135	168,229	-	-
OPEB related	<u>152,201</u>	<u>66,465</u>	<u>218,666</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>269,295</u>	<u>117,600</u>	<u>386,895</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Payables	197,260	125,328	322,588	34,908	2,610
Escrows	62,804	-	62,804	-	-
Bonds, contracts, and notes payable	<u>120,469</u>	<u>140,821</u>	<u>261,290</u>	<u>65,518</u>	<u>-</u>
Total current liabilities	<u>380,533</u>	<u>266,149</u>	<u>646,682</u>	<u>100,426</u>	<u>2,610</u>
Noncurrent liabilities:					
Net pension liability	437,544	191,072	628,616	-	-
Net OPEB liability	902,855	394,268	1,297,123	-	-
Bonds, contracts, and notes payable	<u>744,891</u>	<u>1,701,425</u>	<u>2,446,316</u>	<u>329,135</u>	<u>-</u>
Total noncurrent liabilities	<u>2,085,290</u>	<u>2,286,765</u>	<u>4,372,055</u>	<u>329,135</u>	<u>-</u>
Total liabilities	<u>2,465,823</u>	<u>2,552,914</u>	<u>5,018,737</u>	<u>429,561</u>	<u>2,610</u>
DEFERRED INFLOWS OF RESOURCES					
OPEB related	<u>83,765</u>	<u>36,579</u>	<u>120,344</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	8,104,219	6,492,152	14,596,371	1,315,133	316,716
Restricted:					
Public safety	24,577	-	24,577	-	-
Public works	513,960	-	513,960	-	-
Debt service	-	562,638	562,638	-	-
Unrestricted	<u>511,863</u>	<u>2,657,774</u>	<u>3,169,637</u>	<u>2,311,813</u>	<u>227,540</u>
Total net position	<u>\$ 9,154,619</u>	<u>\$ 9,712,564</u>	<u>\$ 18,867,183</u>	<u>\$ 3,626,946</u>	<u>\$ 544,256</u>

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

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	\$ 473,980	\$ 53,471	\$ 6,037	\$ -	\$ (414,472)		\$ (414,472)		
Public safety	259,821	9,585	2,071	-	(248,165)		(248,165)		
Public works	673,857	-	400,562	302,906	29,611		29,611		
Community and economic development	601,118	-	463,237	-	(137,881)		(137,881)		
Recreation and culture	148,055	-	-	33,014	(115,041)		(115,041)		
Interest on long-term debt	34,064	-	-	-	(34,064)		(34,064)		
Total governmental activities	2,190,895	63,056	871,907	335,920	(920,012)		(920,012)		
Business-type activities:									
Sewer	550,904	451,473	-	366,137		\$ 266,706	266,706		
Water	434,556	379,479	-	350,194		295,117	295,117		
Total business-type activities	985,460	830,952	-	716,331		561,823	561,823		
Total primary government	\$ 3,176,355	\$ 894,008	\$ 871,907	\$ 1,052,251	(920,012)	561,823	(358,189)		
Component units:									
Local Development Finance Authority	\$ 557,350	\$ -	\$ -	\$ -				\$ (557,350)	\$ -
Downtown Development Authority	189,709	14,009	-	-				-	(175,700)
Total component units	\$ 747,059	\$ 14,009	\$ -	\$ -				(557,350)	(175,700)
General revenues:									
Property taxes					1,218,288	-	1,218,288	315,279	155,229
Local community stabilization revenue					-	-	-	394,335	4,957
State shared revenue					312,605	-	312,605	-	-
Unrestricted interest earnings					12,863	15,874	28,737	12,503	1,171
Transfers					42,840	(42,840)	-	-	-
Total general revenues and transfers					1,586,596	(26,966)	1,559,630	722,117	161,357
Changes in net position					666,584	534,857	1,201,441	164,767	(14,343)
Net position - beginning					8,488,035	9,177,707	17,665,742	3,462,179	558,599
Net position - ending					\$ 9,154,619	\$ 9,712,564	\$ 18,867,183	\$ 3,626,946	\$ 544,256

See notes to financial statements

BALANCE SHEET - governmental funds

December 31, 2020

	<i>General</i>	<i>Major Street</i>	<i>Local Street</i>	<i>Total governmental funds</i>
ASSETS				
Cash	\$ 974,282	\$ 834,195	\$ 500,846	\$ 2,309,323
Receivables	86,333	51,991	16,855	155,179
Due from other funds	13,456	-	-	13,456
Prepaid expenditures	17,965	-	-	17,965
Total assets	<u>\$ 1,092,036</u>	<u>\$ 886,186</u>	<u>\$ 517,701</u>	<u>\$ 2,495,923</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 174,622	\$ 696	\$ 3,741	\$ 179,059
Escrow deposits	62,804	-	-	62,804
Total liabilities	<u>237,426</u>	<u>696</u>	<u>3,741</u>	<u>241,863</u>
Fund balances:				
Nonspendable - prepaids	17,965	-	-	17,965
Restricted for:				
Public safety	24,577	-	-	24,577
Public works	-	-	513,960	513,960
Assigned for public works	-	885,490	-	885,490
Unassigned	<u>812,068</u>	<u>-</u>	<u>-</u>	<u>812,068</u>
Total fund balances	<u>854,610</u>	<u>885,490</u>	<u>513,960</u>	<u>2,254,060</u>
Total liabilities and fund balances	<u>\$ 1,092,036</u>	<u>\$ 886,186</u>	<u>\$ 517,701</u>	<u>\$ 2,495,923</u>
Reconciliation of the balance sheet to the statement of net position:				
Total fund balance - total governmental funds				\$ 2,254,060
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.				8,375,053
Deferred outflows of resources, related to the pension and OPEB plans, relate to future years and, therefore, are not reported in the funds.				
Deferred outflows of resources - pension related				113,450
Deferred outflows of resources - OPEB related				147,465
Interest payable is not due and payable in the current period and, therefore, is not reported in the funds.				(14,970)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:				
Bonds and notes payable				(803,354)
Net OPEB liability				(874,761)
Net pension liability				(423,929)
Deferred inflows of resources, related to the pension and OPEB plans, relate to future years and, therefore, are not reported in the funds.				
Deferred inflows of resources - OPEB related				(81,158)
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.				<u>462,763</u>
Net position of <i>governmental activities</i>				<u>\$ 9,154,619</u>

See notes to financial statements

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

Year ended December 31, 2020

	<i>General</i>	<i>Major Street</i>	<i>Local Street</i>	<i>Total governmental funds</i>
REVENUES				
Property taxes	\$ 1,038,915	\$ 194,134	\$ -	\$ 1,233,049
Licenses and permits	9,585	-	-	9,585
Federal grants	369,274	-	-	369,274
State grants	427,979	282,855	104,404	815,238
Intergovernmental	11,752	-	-	11,752
Interest and rentals	20,082	3,943	2,546	26,571
Other	23,860	-	-	23,860
Total revenues	<u>1,901,447</u>	<u>480,932</u>	<u>106,950</u>	<u>2,489,329</u>
EXPENDITURES				
Current:				
General government	424,967	-	-	424,967
Public safety	257,029	-	-	257,029
Public works	274,733	82,400	87,521	444,654
Community and economic development	601,118	-	-	601,118
Recreation and culture	253,586	-	-	253,586
Debt service:				
Principal	74,209	16,564	6,107	96,880
Interest	22,917	10,387	1,859	35,163
Total expenditures	<u>1,908,559</u>	<u>109,351</u>	<u>95,487</u>	<u>2,113,397</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,112)</u>	<u>371,581</u>	<u>11,463</u>	<u>375,932</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>52,328</u>	<u>281,581</u>	<u>101,463</u>	<u>435,372</u>
FUND BALANCES - BEGINNING	<u>802,282</u>	<u>603,909</u>	<u>412,497</u>	<u>1,818,688</u>
FUND BALANCES - ENDING	<u>\$ 854,610</u>	<u>\$ 885,490</u>	<u>\$ 513,960</u>	<u>\$ 2,254,060</u>

See notes to financial statements

Village of Middleville

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

Year ended December 31, 2020

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) \$ 435,372

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

Capital assets:

Add - asset acquisitions	522,596
Deduct - provision for depreciation	(342,989)

Long-term debt:

Add - principal payments	96,880
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Changes in other assets/liabilities:

Net decrease in accrued interest expense	2,970
Net increase in net OPEB liability	(117,504)
Net decrease in net pension liability	4,928

Changes in deferred outflows and deferred inflows of resources:

Net increase in deferred outflows of resources - OPEB related	147,465
Net increase in deferred inflows of resources - OPEB related	(81,158)
Net decrease in deferred outflows of resources - pension related	(47,428)

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

45,452

Change in net position of *governmental activities* \$ 666,584

STATEMENT OF NET POSITION - proprietary funds

December 31, 2020

	Business-type activities			Governmental activities
	Enterprise funds			Internal service
	Sewer	Water	Totals	
ASSETS				
Current assets:				
Cash	\$ 2,749,972	\$ 637,895	\$ 3,387,867	\$ 173,271
Receivables	180,564	88,549	269,113	-
Prepaid expenses	-	2,674	2,674	-
Total current assets	<u>2,930,536</u>	<u>729,118</u>	<u>3,659,654</u>	<u>173,271</u>
Noncurrent assets:				
Capital assets not being depreciated	33,780	109,369	143,149	-
Capital assets, net of depreciation	<u>5,431,469</u>	<u>2,759,780</u>	<u>8,191,249</u>	<u>594,526</u>
Total noncurrent assets	<u>5,465,249</u>	<u>2,869,149</u>	<u>8,334,398</u>	<u>594,526</u>
Total assets	<u>8,395,785</u>	<u>3,598,267</u>	<u>11,994,052</u>	<u>767,797</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	25,602	25,533	51,135	3,644
OPEB related	<u>33,277</u>	<u>33,188</u>	<u>66,465</u>	<u>4,736</u>
Total deferred outflows of resources	<u>58,879</u>	<u>58,721</u>	<u>117,600</u>	<u>8,380</u>
LIABILITIES				
Current liabilities:				
Payables	110,622	14,706	125,328	3,231
Due to other funds	-	-	-	13,456
Bonds, contracts, and notes payable - current portion	<u>67,250</u>	<u>73,571</u>	<u>140,821</u>	<u>14,890</u>
Total current liabilities	<u>177,872</u>	<u>88,277</u>	<u>266,149</u>	<u>31,577</u>
Noncurrent liabilities:				
Net pension liability	95,663	95,409	191,072	13,615
Net OPEB liability	197,396	196,872	394,268	28,094
Bonds, contracts, and notes payable	<u>1,142,500</u>	<u>558,925</u>	<u>1,701,425</u>	<u>47,116</u>
Total noncurrent liabilities	<u>1,435,559</u>	<u>851,206</u>	<u>2,286,765</u>	<u>88,825</u>
Total liabilities	<u>1,613,431</u>	<u>939,483</u>	<u>2,552,914</u>	<u>120,402</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB related	<u>18,314</u>	<u>18,265</u>	<u>36,579</u>	<u>2,607</u>
NET POSITION				
Net investment in capital assets	4,255,499	2,236,653	6,492,152	532,520
Restricted for debt service	562,638	-	562,638	-
Unrestricted	<u>2,004,782</u>	<u>462,587</u>	<u>2,467,369</u>	<u>120,648</u>
Total net position	<u>\$ 6,822,919</u>	<u>\$ 2,699,240</u>	<u>\$ 9,522,159</u>	<u>\$ 653,168</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>190,405</u>	
Net position of <i>business-type activities</i> (page 14)			<u>\$ 9,712,564</u>	

See notes to financial statements

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

Year ended December 31, 2020

	Business-type activities			Governmental activities
	Enterprise funds			Internal service
	Sewer	Water	Totals	
OPERATING REVENUES				
Charges for services:				
Utility charges	\$ 446,522	\$ 361,342	\$ 807,864	\$ -
Equipment rental	-	-	-	155,330
OPEB contributions	-	-	-	53,857
Other	4,951	18,137	23,088	-
Total operating revenues	451,473	379,479	830,952	209,187
OPERATING EXPENSES				
Personnel costs	156,867	158,797	315,664	14,393
Contracted services	38,383	69,629	108,012	-
Equipment and supplies	27,047	25,948	52,995	21,974
Utilities	86,498	65,477	151,975	10,016
Internal charges	24,015	30,458	54,473	-
OPEB payments	9,424	8,159	17,583	18,137
Miscellaneous	2,704	3,527	6,231	-
Depreciation	179,881	74,517	254,398	49,309
Total operating expenses	524,819	436,512	961,331	113,829
OPERATING INCOME (LOSS)	(73,346)	(57,033)	(130,379)	95,358
NONOPERATING REVENUES (EXPENSES)				
Interest income	12,131	3,743	15,874	1,142
Interest expense	(40,447)	(16,259)	(56,706)	(1,871)
Net nonoperating revenues (expenses)	(28,316)	(12,516)	(40,832)	(729)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(101,662)	(69,549)	(171,211)	94,629
CAPITAL CONTRIBUTIONS				
Debt retirement charges	268,166	95,720	363,886	-
Intergovernmental contribution	-	170,284	170,284	-
Connection fees	97,971	84,190	182,161	-
Total capital contributions	366,137	350,194	716,331	-
TRANSFERS OUT	(42,840)	-	(42,840)	(16,600)
CHANGES IN NET POSITION	221,635	280,645	502,280	78,029
NET POSITION - BEGINNING	6,601,284	2,418,595	9,019,879	575,139
NET POSITION - ENDING	<u>\$ 6,822,919</u>	<u>\$ 2,699,240</u>	<u>\$ 9,522,159</u>	<u>\$ 653,168</u>
Reconciliation of the fund basis changes in net position to the statement of activities:				
Changes in net position			\$ 502,280	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			32,577	
Change in net position of <i>business-type activities</i> (page 15)			<u>\$ 534,857</u>	

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended December 31, 2020

	Business-type activities			Governmental activities
	Enterprise funds			Internal services
	Sewer	Water	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 487,271	\$ 411,194	\$ 898,465	\$ -
Receipts from interfund services provided	-	-	-	209,187
Payments to vendors and suppliers	(195,485)	(228,535)	(424,020)	(52,805)
Payments to employees	(76,425)	(76,260)	(152,685)	(10,937)
Payments for interfund services used	(24,015)	(30,458)	(54,473)	-
Net cash provided by (used in) operating activities	191,346	75,941	267,287	145,445
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase in due from other funds	-	-	-	13,456
Transfers to other funds	(42,840)	-	(42,840)	(16,600)
Net cash used in noncapital financing activities	(42,840)	-	(42,840)	(3,144)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retirement charges	268,166	95,720	363,886	-
Connection fees	97,971	84,190	182,161	-
Special assessment principal collections	22,319	-	22,319	-
Acquisition of capital assets	(71,754)	(210,783)	(282,537)	(195,932)
Principal payments on capital debt	(67,250)	(73,571)	(140,821)	(14,491)
Interest payments on capital debt	(40,978)	(16,690)	(57,668)	(2,070)
Net cash provided by (used in) capital and related financing activities	208,474	(121,134)	87,340	(212,493)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest revenue received	12,131	3,743	15,874	1,142
NET CHANGE IN CASH	369,111	(41,450)	327,661	(69,050)
CASH - BEGINNING	2,380,861	679,345	3,060,206	242,321
CASH - ENDING	<u>\$ 2,749,972</u>	<u>\$ 637,895</u>	<u>\$ 3,387,867</u>	<u>\$ 173,271</u>

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds (Continued)

Year ended December 31, 2020

	Business-type activities			Governmental activities
	Enterprise funds			Internal services
	Sewer	Water	Totals	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (73,346)	\$ (57,033)	\$ (130,379)	\$ 95,358
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	179,881	74,517	254,398	49,309
(Increase) decrease in prepaid expenses	-	(265)	(265)	-
(Increase) decrease in receivables	35,798	31,715	67,513	-
Increase in deferred outflows of resources	(24,691)	(24,485)	(49,176)	(2,548)
Increase (decrease) in payables	7,169	(13,872)	(6,703)	2,084
Increase (decrease) in net OPEB liability	43,694	42,952	86,646	565
Increase (decrease) in net pension liability	4,527	4,147	8,674	(1,930)
Increase in deferred inflows of resources	18,314	18,265	36,579	2,607
Net cash provided by (used in) operating activities	<u>\$ 191,346</u>	<u>\$ 75,941</u>	<u>\$ 267,287</u>	<u>\$ 145,445</u>
Noncash capital and related financing activities				
Acquisition of capital assets	\$ (156,073)	\$ (381,067)	\$ (537,140)	\$ (195,932)
Less intergovernmental contributions	-	170,284	170,284	-
Less increase in payables	84,319	-	84,319	-
Net cash used	<u>\$ (71,754)</u>	<u>\$ (210,783)</u>	<u>\$ (282,537)</u>	<u>\$ (195,932)</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. The authorities are fiscally dependent on the Village because the Village Council appoints their governing bodies, approves their budgets, and their debt remains the responsibility of the Village. The Village is also obligated to provide some of its tax revenues to the authorities, through tax increment financing, which represents a financial responsibility of the Village. 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 within the Authority's boundary.

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.

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 allocated state gas and weight tax revenues that are restricted for expenditures related to maintaining and improving the Village's major streets.

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

The Village reports the following major proprietary funds:

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

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

Additionally, the Village reports the following funds:

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

The OPEB Fund, an internal service fund, accounts for the funding of other postemployment 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 property taxes.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash - Cash 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.

Prepays - 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 land, 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 and OPEB plans, which are discussed in Note 9 and Note 10. No deferred outflows of resources affect the governmental funds financial statements.

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

Other postemployment benefits (OPEB) obligations - For purposes of measuring the OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 and OPEB plans, which are discussed in Note 9 and Note 10. 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 tax revenue recognition - 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 2020 ad valorem tax was levied and collectible on July 1, 2020. 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 the 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	Finance director	Finance director	\$ 37,152	\$ 38,240	\$ 1,088
			Nondepartmental	87,500	108,205	20,705
		Public works	Environmental control	50,680	52,971	2,291
			Street lighting	31,000	43,336	12,336
		Community and economic development	Community development	291,063	474,375	183,312
			Recreation and culture	Recreation	243,187	253,586
		Debt service	Principal	25,607	74,209	48,602
			Interest	13,230	22,917	9,687
Component units:						
Local Development						
Finance Authority	Public works	Public works		314,800	474,170	159,370

Deficit fund equity - The Equipment Fund, an internal service fund, has a deficit unrestricted net position of \$52,623. The deficit was caused by purchase of a substantial amount of equipment during the current year. The deficit is expected to be eliminated in the subsequent year when equipment rentals are expected to exceed expenses and asset acquisitions.

NOTE 3 - CASH

At December 31, 2020, cash is classified in the accompanying financial statements as follows:

Statement of net position:	
Primary government - cash	\$ 5,870,461
Component units:	
LDFA - cash	2,300,301
DDA - cash	<u>194,735</u>
Total	<u>\$ 8,365,497</u>

At December 31, 2020, cash consists of the following:

Cash on hand	\$ 550
Deposits with financial institutions	<u>8,364,947</u>
Total	<u>\$ 8,365,497</u>

NOTE 3 - CASH (Continued)

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

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Village will not be able to recover its deposits. The Village's investment policy does not specifically address custodial credit risk for deposits. At December 31, 2020, \$7,878,597 of the Village's bank balances of \$8,378,597 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, 2020, 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>Totals</i>
Primary government:					
Governmental:					
General	\$ -	\$ 34,034	\$ 52,003	\$ 296	\$ 86,333
Major Street	-	6,408	45,583	-	51,991
Local Street	-	-	16,855	-	16,855
Total governmental	<u>\$ -</u>	<u>\$ 40,442</u>	<u>\$ 114,441</u>	<u>\$ 296</u>	<u>\$ 155,179</u>
Proprietary:					
Sewer	\$ 180,564	\$ -	\$ -	\$ -	\$ 180,564
Water	<u>88,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,549</u>
Total proprietary	<u>\$ 269,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,113</u>
Component units:					
LDFA	<u>\$ -</u>	<u>\$ 46,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,420</u>
DDA	<u>\$ -</u>	<u>\$ 35,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,415</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, 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	\$ 859,360	\$ -	\$ -	\$ 859,360
Capital assets being depreciated:				
Land improvements	795,077	-	-	795,077
Buildings	2,146,180	180,118	-	2,326,298
Equipment	402,484	23,606	-	426,090
Infrastructure	7,169,226	332,328	-	7,501,554
Vehicles	648,811	182,476	-	831,287
Subtotal	11,161,778	718,528	-	11,880,306
Less accumulated depreciation for:				
Land improvements	(205,502)	(39,185)	-	(244,687)
Buildings	(634,103)	(59,635)	-	(693,738)
Equipment	(341,409)	(12,020)	-	(353,429)
Infrastructure	(1,722,132)	(245,342)	-	(1,967,474)
Vehicles	(474,643)	(36,116)	-	(510,759)
Subtotal	(3,377,789)	(392,298)	-	(3,770,087)
Total capital assets being depreciated, net	7,783,989	326,230	-	8,110,219
Governmental activities capital assets, net	\$ 8,643,349	\$ 326,230	\$ -	\$ 8,969,579

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 24,642
Public safety	2,792
Public works	248,742
Recreation and culture	66,813
Depreciation on capital assets held by internal service fund	49,309
Total governmental activities	\$ 392,298

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
Capital assets being depreciated:				
Sewer system	8,426,766	156,073	-	8,582,839
Water system	3,810,339	210,784	-	4,021,123
Equipment	395,958	170,283	-	566,241
Subtotal	12,633,063	537,140	-	13,170,203
Less accumulated depreciation for:				
Sewer system	(2,866,774)	(176,357)	-	(3,043,131)
Water system	(1,552,292)	(67,234)	-	(1,619,526)
Equipment	(305,490)	(10,807)	-	(316,297)
Subtotal	(4,724,556)	(254,398)	-	(4,978,954)
Total capital assets being depreciated, net	7,908,507	282,742	-	8,191,249
Business-type activities capital assets, net	\$ 8,051,656	\$ 282,742	\$ -	\$ 8,334,398

NOTE 5 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Component units:				
LDFA:				
Capital assets being depreciated - infrastructure	\$ 2,191,065	\$ -	\$ -	\$ 2,191,065
Less accumulated depreciation for - infrastructure	(410,653)	(70,626)	-	(481,279)
Total capital assets being depreciated, net	1,780,412	(70,626)	-	1,709,786
LDFA capital assets, net	<u>\$ 1,780,412</u>	<u>\$ (70,626)</u>	<u>\$ -</u>	<u>\$ 1,709,786</u>
DDA:				
Capital assets being depreciated - infrastructure	\$ 351,542	\$ -	\$ -	\$ 351,542
Less accumulated depreciation for - infrastructure	(22,198)	(12,628)	-	(34,826)
DDA capital assets, net	<u>\$ 329,344</u>	<u>\$ (12,628)</u>	<u>\$ -</u>	<u>\$ 316,716</u>

NOTE 6 - PAYABLES

Payables as of December 31, 2020, for the Village's funds, and its component units, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Interest</u>	<u>Totals</u>
Primary government:				
Governmental:				
General	\$ 163,646	\$ 10,976	\$ -	\$ 174,622
Major Street	-	696	-	696
Local Street	<u>3,154</u>	<u>587</u>	<u>-</u>	<u>3,741</u>
Total governmental	<u>\$ 166,800</u>	<u>\$ 12,259</u>	<u>\$ -</u>	<u>\$ 179,059</u>
Proprietary:				
Enterprise:				
Sewer	\$ 95,963	\$ 1,400	\$ 13,259	\$ 110,622
Water	<u>8,635</u>	<u>1,479</u>	<u>4,592</u>	<u>14,706</u>
	104,598	2,879	17,851	125,328
Motor Vehicle Equipment	<u>2,154</u>	<u>241</u>	<u>836</u>	<u>3,231</u>
Total proprietary	<u>\$ 106,752</u>	<u>\$ 3,120</u>	<u>\$ 18,687</u>	<u>\$ 128,559</u>
Component units:				
LDFA	<u>\$ 30,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,401</u>
DDA	<u>\$ 1,459</u>	<u>\$ 1,151</u>	<u>\$ -</u>	<u>\$ 2,610</u>

NOTE 7 - INTERFUND TRANSFERS

The interfund transfers for the year ended December 31, 2020, 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 support for future construction projects.

NOTE 8 - LONG-TERM LIABILITIES

At December 31, 2020, 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	\$ 297,754
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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>305,000</u>
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Total bonds payable	<u>602,754</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	27,200
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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	62,006
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\$385,000 2018 Installment purchase agreement - payable in annual installments of \$57,800; final payment due January 2023	<u>173,400</u>
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Total notes payable	<u>262,606</u>
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Total governmental activities	<u>\$ 865,360</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	\$ 65,000
\$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	415,000
\$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	250,000
\$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	227,246
\$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	<u>885,000</u>
Total business-type activities	<u>\$ 1,842,246</u>

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	<u>\$ 394,653</u>
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All of the business-type activities debt issues are secured by specific revenue streams. All other debt is secured by the full faith and credit of the Village. All outstanding debt of the Village is direct borrowing or direct placement debt.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity for the year ended December 31, 2020, 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:					
2012 Bonds payable	\$ 311,934	\$ -	\$ (14,180)	\$ 297,754	\$ 14,179
2014 Bonds payable	325,000	-	(20,000)	305,000	20,000
2013 Drain assessment	40,800	-	(13,600)	27,200	13,600
2014 Note payable	76,497	-	(14,491)	62,006	14,890
2016 Note payable	11,300	-	(11,300)	-	-
2018 Note payable	211,200	-	(37,800)	173,400	57,800
Total governmental activities	<u>\$ 976,731</u>	<u>\$ -</u>	<u>\$ (111,371)</u>	<u>\$ 865,360</u>	<u>\$ 120,469</u>
Business-type activities:					
2010 Bonds payable	275,000	-	(25,000)	250,000	25,000
2012 Bonds payable	238,067	-	(10,821)	227,246	10,821
2017 Bonds payable	925,000	-	(40,000)	885,000	40,000
2006 Contract payable	75,000	-	(10,000)	65,000	10,000
2006 Contract payable	470,000	-	(55,000)	415,000	55,000
Total business-type activities	<u>\$ 1,983,067</u>	<u>\$ -</u>	<u>\$ (140,821)</u>	<u>\$ 1,842,246</u>	<u>\$ 140,821</u>
Component unit - LDFA:					
2013 Contract payable	<u>\$ 460,557</u>	<u>\$ -</u>	<u>\$ (65,904)</u>	<u>\$ 394,653</u>	<u>\$ 65,518</u>

At December 31, 2020, debt service requirements were as follows:

<i>Year ended December 31:</i>	<i>Primary government</i>				<i>Component unit - LDFA</i>	
	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Component unit - LDFA</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
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	69,482	19,574	156,643	42,741	59,298	6,022
2025	53,357	17,253	161,643	38,335	75,000	3,974
2026 - 2030	271,785	54,865	618,215	128,802	75,000	1,349
2031 - 2035	116,718	5,239	343,282	51,367	-	-
2036 - 2037	-	-	135,000	4,864	-	-
Totals	<u>\$ 865,360</u>	<u>\$ 181,468</u>	<u>\$ 1,842,246</u>	<u>\$ 417,202</u>	<u>\$ 394,653</u>	<u>\$ 40,413</u>

NOTE 9 - 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, 2019, measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>9</u>
Total	<u><u>24</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, 2020, Village contributions ranged from 2.22% to 10.75% of monthly covered payroll. Covered employees made contributions ranging from 2.22% to 4.75% to the plan. For the fiscal year ended December 31, 2020, the Village contributed \$73,920 to the plan, while employees contributed \$21,915.

Net pension liability:

The Village's net pension liability reported at December 31, 2020, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2019. 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, 2019, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	
Salary increases	3.00%	in the long term
Investment rate of return	7.35%	net of investment expense, including inflation

NOTE 9 - 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, 2019, valuation were based on the results of the most recent actuarial experience study.

Assumption changes:

The following assumption changes were reflected in the 2019 valuation:

- The investment rate of return, net of investment expense, including inflation, was reduced from 7.75 to 7.35 percent.
- The rate of wage inflation was changed from 3.75 to 3.00 percent.

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

<i>Asset class</i>	<i>Target allocation</i>	<i>Long-term expected real rate of return</i>	<i>Expected money-weighted rate of return</i>
Global equity	60.00%	7.75%	3.15%
Global fixed income	20.00%	3.75%	0.25%
Private investments	20.00%	9.75%	1.45%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses			<u>0.25%</u>
Investment rate of return			<u>7.60%</u>

Discount rate:

The discount rate used to measure the total pension liability is 7.60% for 2019. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Changes in net pension liability:

	<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, 2019	\$ 2,157,582	\$ 1,530,782	\$ 626,800
Changes for the year:			
Service cost	40,497	-	40,497
Interest	168,360	-	168,360
Difference between expected and actual experience	2,138	-	2,138
Changes in assumptions	73,258	-	73,258
Employer contributions	-	61,798	(61,798)
Employee contributions	-	18,677	(18,677)
Net investment income	-	205,497	(205,497)
Benefit payments, including refunds	(146,669)	(146,669)	-
Administrative expenses	-	(3,536)	3,536
Other	(1)	-	(1)
Net changes	137,583	135,767	1,816
Balances at December 31, 2020	\$ 2,295,165	\$ 1,666,549	\$ 628,616

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

The following presents the net pension liability of the Village, calculated using the discount rate of 7.60%, as well as what the Village's net pension liability would be using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	<i>1% Decrease (6.60%)</i>	<i>Current rate (7.60%)</i>	<i>1% Increase (8.60%)</i>
Village's net pension liability	\$ 875,276	\$ 628,616	\$ 420,554

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

For the fiscal year ended December 31, 2020, the Village recognized pension expense of \$142,635. At December 31, 2020, the Village reported deferred outflows of resources, related to the pension plan, from the following sources:

<i>Source</i>	<i>Deferred outflows of resources</i>
Differences between projected and actual investment earnings	\$ 7,833
Differences between expected and actual economic experience	31,543
Changes in actuarial assumptions	<u>54,943</u>
	94,319
Contributions made subsequent to the measurement date	<u>73,910</u>
Totals	<u><u>\$ 168,229</u></u>

The amount reported as deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability in 2021.

Other amounts reported as deferred outflows of resources, related to the pension plan, will be recognized in pension expense as follows:

<i>Year ended December 31:</i>	<i>Deferred outflows of resources</i>
2021	\$ 46,455
2022	24,644
2023	40,384
2024	<u>(17,164)</u>
	<u><u>\$ 94,319</u></u>

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS*Plan description:*

The Village of Middleville Retiree Healthcare Plan (the 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 10 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (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.

Employees covered by benefit terms:

As of December 31, 2020, Plan membership consisted of the following:

Active members	4
Inactive members	2
Retirees and beneficiaries	<u>5</u>
Total	<u><u>11</u></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. For the year ended December 31, 2020, the Village contributed \$18,137 to the Plan.

Net OPEB liability:

The total OPEB liability was determined by a valuation as of December 31, 2020 using the following actuarial assumptions:

Inflation	N/A (plan is not pre-funded)
Salary increases	3.50%
Investment rate of return	N/A (plan is not pre-funded)
20-year Aa Municipal bond rate	1.93%
Mortality	2010 Public General Employees and Healthy Retirees, Headcount weighted, MP-2020

Discount rate:

The discount rate used to measure the total OPEB liability was 1.93%. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members, therefore, benefit payments are discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. This discount rate is used to determine the total OPEB liability. The discount rate used for the December 31, 2019 OPEB liability was 3.0%.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (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, 2019	\$ 1,092,408	\$ -	\$ 1,092,408
Changes for the year:			
Service cost	75,435	-	75,435
Interest	34,763	-	34,763
Differences between expected and actual experience	(137,887)	-	(137,887)
Change in assumptions	250,541	-	250,541
Contributions - employer	-	18,137	18,137
Benefit payments	(18,137)	(18,137)	(36,274)
Net changes	204,715	-	204,715
Balances at December 31, 2020	\$ 1,297,123	\$ -	\$ 1,297,123

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 1.93%:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Net OPEB liability	\$ 1,546,234	\$ 1,297,123	\$ 1,100,582

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:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Net OPEB liability	\$ 1,081,877	\$ 1,297,123	\$ 1,580,875

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (Continued)

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

For the year ended December 31, 2020, the Village recognized OPEB expense of \$124,530. At December 31, 2020, the Village reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

<i>Source</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Changes in assumptions	\$ 218,666	\$ -
Difference between expected and actual experience	-	120,344
Total	<u>\$ 218,666</u>	<u>\$ 120,344</u>

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

<i>Year ended December 31,</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
2021	\$ 31,875	\$ 17,543
2022	31,875	17,543
2023	31,875	17,543
2024	31,875	17,543
2025	31,875	17,543
Thereafter	<u>59,291</u>	<u>32,629</u>
	<u>\$ 218,666</u>	<u>\$ 120,344</u>

NOTE 11 - DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plans were held in trust (custodial account or annuity contract), as described in IRC Section 457(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 12 - RESTRICTED NET POSITION

In the government-wide statement of net position, the governmental activities report restricted net position, in the amount of \$513,960, which is restricted by enabling legislation for public works expenditures.

NOTE 13- PROPERTY TAXES

The 2020 taxable valuation of the Village approximated \$125,830,000, 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 \$1,255,000 for operating purposes and \$236,000 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 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 - PENDING ACCOUNTING PRONOUNCEMENT

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021. 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, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 1,002,500	\$ 1,002,500	\$ 1,038,915	\$ 36,415
Licenses and permits	5,000	5,000	9,585	4,585
Federal grants	291,056	291,056	369,274	78,218
State grants	326,836	326,836	427,979	101,143
Intergovernmental	-	-	11,752	11,752
Interest and rentals	70,000	70,000	20,082	(49,918)
Other	47,000	47,000	23,860	(23,140)
Total revenues	<u>1,742,392</u>	<u>1,742,392</u>	<u>1,901,447</u>	<u>159,055</u>
EXPENDITURES				
General government:				
Legislative	27,422	27,422	21,485	5,937
Manager	124,797	124,797	112,476	12,321
Finance director	37,152	37,152	38,240	(1,088)
Professional fees	35,500	35,500	29,218	6,282
Clerk	45,454	45,454	36,637	8,817
Building and grounds	142,500	142,500	78,706	63,794
Nondepartmental	87,500	87,500	108,205	(20,705)
Total general government	<u>500,325</u>	<u>500,325</u>	<u>424,967</u>	<u>75,358</u>
Public safety:				
Police protection	327,552	327,552	251,108	76,444
Crossing guards	5,892	5,892	5,921	(29)
Total public safety	<u>333,444</u>	<u>333,444</u>	<u>257,029</u>	<u>76,415</u>
Public works:				
Public works department	180,667	180,667	169,002	11,665
Environmental control	50,680	50,680	52,971	(2,291)
Street lighting	31,000	31,000	43,336	(12,336)
Sidewalks	26,170	26,170	9,424	16,746
Total public works	<u>288,517</u>	<u>288,517</u>	<u>274,733</u>	<u>13,784</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2020

	<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	\$ 144,148	\$ 144,148	\$ 126,743	\$ 17,405
Community development	<u>291,063</u>	<u>291,063</u>	<u>474,375</u>	<u>(183,312)</u>
Total community and economic development	<u>435,211</u>	<u>435,211</u>	<u>601,118</u>	<u>(165,907)</u>
Recreation and culture	<u>243,187</u>	<u>243,187</u>	<u>253,586</u>	<u>(10,399)</u>
Debt service:				
Principal	<u>25,607</u>	<u>25,607</u>	<u>74,209</u>	<u>(48,602)</u>
Interest	<u>13,230</u>	<u>13,230</u>	<u>22,917</u>	<u>(9,687)</u>
Total expenditures	<u>1,839,521</u>	<u>1,839,521</u>	<u>1,908,559</u>	<u>(69,038)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(97,129)	(97,129)	(7,112)	90,017
OTHER FINANCING SOURCES				
Transfers in	<u>59,440</u>	<u>59,440</u>	<u>59,440</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(37,689)	(37,689)	52,328	90,017
FUND BALANCES - BEGINNING	<u>802,282</u>	<u>802,282</u>	<u>802,282</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 764,593</u>	<u>\$ 764,593</u>	<u>\$ 854,610</u>	<u>\$ 90,017</u>

BUDGETARY COMPARISON SCHEDULE - Major Street Fund

Year ended December 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 186,447	\$ 186,447	\$ 194,134	\$ 7,687
State grants	274,057	274,057	282,855	8,798
Interest and rentals	-	-	3,943	3,943
Total revenues	460,504	460,504	480,932	20,428
EXPENDITURES				
Public works:				
Preservation	140,000	140,000	6,042	133,958
Routine maintenance	44,694	44,694	34,458	10,236
Winter maintenance	60,326	60,326	32,273	28,053
Traffic services	13,952	13,952	9,627	4,325
Total public works	258,972	258,972	82,400	176,572
Debt service:				
Principal	18,564	18,564	16,564	2,000
Interest	10,541	10,541	10,387	154
Total expenditures	288,077	288,077	109,351	178,726
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	172,427	172,427	371,581	199,154
OTHER FINANCING USES				
Transfers out	(90,000)	(90,000)	(90,000)	-
NET CHANGES IN FUND BALANCES	82,427	82,427	281,581	199,154
FUND BALANCES - BEGINNING	603,909	603,909	603,909	-
FUND BALANCES - ENDING	<u>\$ 686,336</u>	<u>\$ 686,336</u>	<u>\$ 885,490</u>	<u>\$ 199,154</u>

BUDGETARY COMPARISON SCHEDULE - Local Street Fund

Year ended December 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
State grants	\$ 100,951	\$ 100,951	\$ 104,404	\$ 3,453
Interest and rentals	-	-	2,546	2,546
Total revenues	100,951	100,951	106,950	5,999
EXPENDITURES				
Public works:				
Preservation	53,000	53,000	38,731	14,269
Routine maintenance	33,282	33,282	25,890	7,392
Winter maintenance	37,793	37,793	17,887	19,906
Traffic services	8,056	8,056	5,013	3,043
Total public works	132,131	132,131	87,521	44,610
Debt service:				
Principal	6,107	6,107	6,107	-
Interest	2,013	2,013	1,859	154
Total expenditures	140,251	140,251	95,487	44,764
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(39,300)	(39,300)	11,463	50,763
OTHER FINANCING SOURCES				
Transfers in	90,000	90,000	90,000	-
NET CHANGES IN FUND BALANCES	50,700	50,700	101,463	50,763
FUND BALANCES - BEGINNING	412,497	412,497	412,497	-
FUND BALANCES - ENDING	\$ 463,197	\$ 463,197	\$ 513,960	\$ 50,763

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

Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:						
Service cost	\$ 40,497	\$ 34,768	\$ 38,574	\$ 40,702	\$ 32,669	\$ 30,840
Interest	168,360	156,605	150,272	143,405	130,827	125,042
Changes in benefits	-	-	-	-	(2,694)	-
Difference between expected and actual experience	2,138	89,820	1,732	(6,723)	33,494	-
Changes in assumptions	73,258	-	-	-	97,087	-
Benefit payments, including refunds	(146,669)	(127,588)	(91,432)	(89,537)	(87,644)	(85,745)
Other	(1)	-	-	-	-	-
Net change in total pension liability	137,583	153,605	99,146	87,847	203,739	70,137
Total pension liability, beginning of year	<u>2,157,582</u>	<u>2,003,977</u>	<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>\$ 2,295,165</u>	<u>\$ 2,157,582</u>	<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	\$ 61,798	\$ 58,125	\$ 52,965	\$ 246,876	\$ 56,267	\$ 44,269
Employee	18,677	16,550	18,698	17,729	12,162	10,789
Net investment income (loss)	205,497	(63,713)	196,009	143,577	(17,960)	73,272
Benefit payments, including refunds	(146,669)	(127,588)	(91,432)	(89,537)	(87,640)	(85,745)
Administrative expenses	(3,536)	(3,193)	(3,102)	(2,829)	(2,641)	(2,689)
Net change in plan fiduciary net position	135,767	(119,819)	173,138	315,816	(39,812)	39,896
Plan fiduciary net position, beginning of year	<u>1,530,782</u>	<u>1,650,601</u>	<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>\$ 1,666,549</u>	<u>\$ 1,530,782</u>	<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>\$ 628,616</u>	<u>\$ 626,800</u>	<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	72.61%	70.95%	82.37%	77.56%	63.93%	74.47%
Covered payroll	\$ 460,072	\$ 385,026	\$ 378,506	\$ 398,578	\$ 346,677	\$ 282,404
Village's net pension liability as a percentage of covered payroll	136.63%	162.79%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 61,798	\$ 58,125	\$ 61,261	\$ 55,650	\$ 49,224	\$ 56,268	\$ 44,268	\$ 48,364	\$ 54,583	\$ 27,670
Contributions in relation to the actuarially determined contributions	<u>61,798</u>	<u>58,125</u>	<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>
Contribution excess/(deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 460,072	\$ 385,026	\$ 378,506	\$ 398,578	\$ 346,677	\$ 282,404	\$ 355,407	\$ 341,308	\$ 270,683	\$ 185,271
Contributions as a percentage of covered payroll	13.43%	15.10%	16.18%	13.96%	71.89%	19.92%	12.46%	14.17%	20.16%	14.93%

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31 each year, which is 24 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal cost
Amortization method	Level percentage of payroll, open
Remaining amortization period	19 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35%, 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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 75,435	\$ 75,435	\$ 75,435
Interest	34,763	30,947	20,437
Difference between expected and actual experience	(137,887)	-	-
Changes in assumptions	250,541	-	262,022
Benefit payments, including refunds	<u>(18,137)</u>	<u>(15,607)</u>	<u>(7,975)</u>
Net change in total OPEB liability	204,715	90,775	349,919
Total OPEB liability, beginning of year	<u>1,092,408</u>	<u>1,001,633</u>	<u>651,714</u>
Total OPEB liability, end of year	<u>\$ 1,297,123</u>	<u>\$ 1,092,408</u>	<u>\$ 1,001,633</u>
Plan fiduciary net position:			
Plan fiduciary net position, beginning of year	\$ -	\$ -	\$ -
Plan fiduciary net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's net OPEB liability, end of year	<u>\$ 1,297,123</u>	<u>\$ 1,092,408</u>	<u>\$ 1,001,633</u>
Plan fiduciary net position as a percent of total OPEB liability	0.00%	0.00%	0.00%
Covered payroll	\$ 259,535	\$ 281,703	\$ 313,941
Village's net OPEB liability as a percentage of covered employee payroll	499.79%	387.79%	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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 144,132	\$ 111,667	\$ 107,464
Contributions in relation to the actuarially determined contributions	<u>18,137</u>	<u>15,607</u>	<u>7,975</u>
Contribution excess/(deficiency)	<u>\$ (125,995)</u>	<u>\$ (96,060)</u>	<u>\$ (99,489)</u>
Covered employee payroll	\$ 259,535	\$ 281,703	\$ 313,941
Actuarially determined contributions as a percentage of covered employee payroll	55.53%	39.64%	34.23%
Contributions as a percentage of covered employee payroll	6.99%	5.54%	2.54%

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contributions are calculated as of December 31 each year.

Methods and assumptions used to determine contribution rates:

Inflation	Not applicable as plan is not prefunded
Salary increases	2.00%
Investment rate of return	Not applicable as the plan is not prefunded
20-year Aa municipal bond rate	1.93%
Healthcare cost trend	Initial rate of 8.5% decreasing .25% per year to a 4.5% long-term rate
Mortality	2010 Public General Employees and Healthy Retirees, headcount weighted

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF NET POSITION - internal service funds

December 31, 2020

	<u>Equipment</u>	<u>OPEB</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ -	\$ 173,271	\$ 173,271
Noncurrent assets:			
Capital assets, net of depreciation	<u>594,526</u>	<u>-</u>	<u>594,526</u>
Total assets	<u>594,526</u>	<u>173,271</u>	<u>767,797</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	3,644	-	3,644
OPEB related	<u>4,736</u>	<u>-</u>	<u>4,736</u>
Total deferred outflows of resources	<u>8,380</u>	<u>-</u>	<u>8,380</u>
LIABILITIES			
Current liabilities:			
Payables	3,231	-	3,231
Due to other funds	13,456	-	13,456
Note payable - current portion	<u>14,890</u>	<u>-</u>	<u>14,890</u>
Total current liabilities	<u>31,577</u>	<u>-</u>	<u>31,577</u>
Noncurrent liabilities:			
Net pension liability	13,615	-	13,615
Net OPEB liability	28,094	-	28,094
Note payable	<u>47,116</u>	<u>-</u>	<u>47,116</u>
Total noncurrent liabilities	<u>88,825</u>	<u>-</u>	<u>88,825</u>
Total liabilities	<u>120,402</u>	<u>-</u>	<u>120,402</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB related	<u>2,607</u>	<u>-</u>	<u>2,607</u>
NET POSITION			
Net investment in capital assets	532,520	-	532,520
Unrestricted (deficit)	<u>(52,623)</u>	<u>173,271</u>	<u>120,648</u>
Total net position	<u>\$ 479,897</u>	<u>\$ 173,271</u>	<u>\$ 653,168</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, 2020

	<u>Equipment</u>	<u>OPEB</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services:			
Equipment rental	\$ 155,330	\$ -	\$ 155,330
OPEB contributions	<u>-</u>	<u>53,857</u>	<u>53,857</u>
Total operating revenues	<u>155,330</u>	<u>53,857</u>	<u>209,187</u>
OPERATING EXPENSES			
Personnel costs	14,393	-	14,393
Equipment and supplies	21,974	-	21,974
Gas and oil	10,016	-	10,016
OPEB payments	-	18,137	18,137
Depreciation	<u>49,309</u>	<u>-</u>	<u>49,309</u>
Total operating expenses	<u>95,692</u>	<u>18,137</u>	<u>113,829</u>
OPERATING INCOME	<u>59,638</u>	<u>35,720</u>	<u>95,358</u>
NONOPERATING INCOME (EXPENSE)			
Interest revenue	263	879	1,142
Interest expense	<u>(1,871)</u>	<u>-</u>	<u>(1,871)</u>
Total nonoperating income (expenses)	<u>(1,608)</u>	<u>879</u>	<u>(729)</u>
INCOME BEFORE TRANSFERS	58,030	36,599	94,629
TRANSFERS OUT	<u>(16,600)</u>	<u>-</u>	<u>(16,600)</u>
CHANGES IN NET POSITION	41,430	36,599	78,029
NET POSITION - BEGINNING	<u>438,467</u>	<u>136,672</u>	<u>575,139</u>
NET POSITION - ENDING	<u>\$ 479,897</u>	<u>\$ 173,271</u>	<u>\$ 653,168</u>

See notes to financial statements

COMBINING STATEMENT OF CASH FLOWS - internal service funds

Year ended December 31, 2020

	<u>Equipment</u>	<u>OPEB</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 155,330	\$ 53,857	\$ 209,187
Payments to vendors and suppliers	(34,668)	(18,137)	(52,805)
Payments to employees	(10,937)	-	(10,937)
Net cash provided by operating activities	<u>109,725</u>	<u>35,720</u>	<u>145,445</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase in due from other funds	13,456	-	13,456
Transfers to other funds	(16,600)	-	(16,600)
Net cash used in noncapital financing activities	<u>(3,144)</u>	<u>-</u>	<u>(3,144)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(195,932)	-	(195,932)
Principal payments on capital debt	(14,491)	-	(14,491)
Interest payments on capital debt	(2,070)	-	(2,070)
Net cash used in capital and related financing activities	<u>(212,493)</u>	<u>-</u>	<u>(212,493)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>263</u>	<u>879</u>	<u>1,142</u>
NET CHANGE IN CASH	<u>(105,649)</u>	<u>36,599</u>	<u>(69,050)</u>
CASH - BEGINNING	<u>105,649</u>	<u>136,672</u>	<u>242,321</u>
CASH - ENDING	<u>\$ -</u>	<u>\$ 173,271</u>	<u>\$ 173,271</u>

See notes to financial statements

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

Year ended December 31, 2020

	<u>Equipment</u>	<u>OPEB</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 59,638	\$ 35,720	\$ 95,358
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	49,309	-	49,309
Increase in deferred outflows of resources	(2,548)	-	(2,548)
Increase in payables	2,084	-	2,084
Increase in other postemployment liability	565	-	565
Decrease in net pension liability	(1,930)	-	(1,930)
Increase in deferred inflows of resources	<u>2,607</u>	<u>-</u>	<u>2,607</u>
Net cash provided by operating activities	<u>\$ 109,725</u>	<u>\$ 35,720</u>	<u>\$ 145,445</u>

See notes to financial statements

BALANCE SHEET - component units

December 31, 2020

	<i>Local Development Finance Authority</i>	<i>Downtown Development Authority</i>
ASSETS		
Cash	\$ 2,300,301	\$ 194,735
Receivables	<u>46,420</u>	<u>35,415</u>
Total assets	<u><u>\$ 2,346,721</u></u>	<u><u>\$ 230,150</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities - payables	\$ 30,401	\$ 2,610
Fund balances - unassigned	<u>2,316,320</u>	<u>227,540</u>
Total liabilities and fund balances	<u><u>\$ 2,346,721</u></u>	<u><u>\$ 230,150</u></u>
 Total fund balances	 \$ 2,316,320	 \$ 227,540
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.	1,709,786	316,716
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.	(394,653)	-
Interest related to long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(4,507)</u>	<u>-</u>
Net position of the <i>component units</i>	<u><u>\$ 3,626,946</u></u>	<u><u>\$ 544,256</u></u>

Village of Middleville

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - *component units*

Year ended December 31, 2020

	<i>Local Development Finance Authority</i>	<i>Downtown Development Authority</i>
REVENUES		
Property taxes	\$ 315,279	\$ 155,229
State grants	394,335	4,957
Charges for services	-	9,670
Interest and rentals	<u>12,503</u>	<u>5,510</u>
Total revenues	<u>722,117</u>	<u>175,366</u>
EXPENDITURES		
Current - public works	474,170	165,329
Capital outlay	-	11,752
Debt service:		
Principal	65,904	-
Interest	<u>12,981</u>	<u>-</u>
Total expenditures	<u>553,055</u>	<u>177,081</u>
NET CHANGES IN FUND BALANCES	169,062	(1,715)
FUND BALANCES - BEGINNING	<u>2,147,258</u>	<u>229,255</u>
FUND BALANCES - ENDING	<u><u>\$ 2,316,320</u></u>	<u><u>\$ 227,540</u></u>
Net changes in fund balances	\$ 169,062	\$ (1,715)
Amounts reported for the <i>component units</i> in the statement of activities (page 15) are different because:		
Capital assets - deduct depreciation provision		
Depreciation provision	(70,626)	(12,628)
Long term debt - add principal payments	65,904	-
Decrease in accrued interest expense	<u>427</u>	<u>-</u>
Change in net position of <i>component units</i>	<u><u>\$ 164,767</u></u>	<u><u>\$ (14,343)</u></u>

Village of Middleville

BUDGETARY COMPARISON SCHEDULE - Local Development Finance Authority

Year ended December 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 294,059	\$ 294,059	\$ 315,279	\$ 21,220
State grants	274,790	274,790	394,335	119,545
Interest and rentals	-	-	12,503	12,503
Total revenues	<u>568,849</u>	<u>568,849</u>	<u>722,117</u>	<u>153,268</u>
EXPENDITURES				
Current - public works	314,800	314,800	474,170	(159,370)
Capital outlay	285,000	285,000	-	285,000
Debt service:				
Principal	66,279	66,279	65,904	375
Interest	<u>14,266</u>	<u>14,266</u>	<u>12,981</u>	<u>1,285</u>
Total expenditures	<u>680,345</u>	<u>680,345</u>	<u>553,055</u>	<u>127,290</u>
NET CHANGES IN FUND BALANCES	(111,496)	(111,496)	169,062	280,558
FUND BALANCES - BEGINNING	<u>2,147,258</u>	<u>2,147,258</u>	<u>2,147,258</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,035,762</u>	<u>\$ 2,035,762</u>	<u>\$ 2,316,320</u>	<u>\$ 280,558</u>

Village of Middleville

BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority

Year ended December 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 166,235	\$ 166,235	\$ 155,229	\$ (11,006)
State grants	-	-	4,957	4,957
Charges for services	20,250	20,250	9,670	(10,580)
Interest and rentals	12,000	12,000	5,510	(6,490)
Total revenues	198,485	198,485	175,366	(23,119)
EXPENDITURES				
Current - public works	214,089	214,089	165,329	48,760
Capital outlay	12,500	12,500	11,752	748
Total expenditures	226,589	226,589	177,081	49,508
NET CHANGES IN FUND BALANCES	(28,104)	(28,104)	(1,715)	26,389
FUND BALANCES - BEGINNING	229,255	229,255	229,255	-
FUND BALANCES - ENDING	<u>\$ 201,151</u>	<u>\$ 201,151</u>	<u>\$ 227,540</u>	<u>\$ 26,389</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$205,000 2006 BARRY COUNTY WATER CONTRACT PAYABLE

December 31, 2020

<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>			
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>\$ 2,550</u>	<u>\$ 2,550</u>		<u>\$ 65,000</u>	<u>\$ 70,100</u>

*Village of Middleville***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$1,040,000 2006 BARRY COUNTY WATER CONTRACT PAYABLE***December 31, 2020*

<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>			
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	389	4/1/26	60,000	61,414
2027	388	-	4/1/27	65,000	65,388
	<u>\$ 15,940</u>	<u>\$ 11,835</u>		<u>\$ 415,000</u>	<u>\$ 442,775</u>

*Village of Middleville***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$425,000 2010 CAPITAL IMPROVEMENT BONDS PAYABLE***December 31, 2020*

<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>			
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>\$ 33,069</u>	<u>\$ 27,212</u>		<u>\$ 250,000</u>	<u>\$ 310,281</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$700,000 2012 CAPITAL IMPROVEMENT BONDS PAYABLE

December 31, 2020

<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>			
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	2,188	3/1/30	50,000	55,438
2031	2,188	1,100	3/1/31	50,000	53,288
2032	1,100	-	3/1/32	50,000	51,100
	<u>\$ 76,400</u>	<u>\$ 66,200</u>		<u>\$ 525,000</u>	<u>\$ 667,600</u>
			<i>Principal</i>	<i>Interest</i>	<i>Totals</i>
Allocation by activity:					
Governmental activities			\$ 297,754	\$ 80,875	\$ 378,629
Business-type activities			227,246	61,725	288,971
			<u>\$ 525,000</u>	<u>\$ 142,600</u>	<u>\$ 667,600</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, 2020*

<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>			
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	4,102	3,825	2/1/23	59,715	67,642
2024	3,397	2,625	2/1/24	59,298	65,320
2025	2,625	1,349	2/1/25	75,000	78,974
2026	1,349	-	2/1/26	75,000	76,349
	<u>\$ 21,645</u>	<u>\$ 18,768</u>		<u>\$ 394,653</u>	<u>\$ 435,066</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

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

December 31, 2020

<i>Fiscal period</i>	<i>Interest February 1</i>	<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
2021	\$ 1,033	2/28/21	\$ 13,600	\$ 14,633
2022	<u>517</u>	2/28/22	<u>13,600</u>	<u>14,117</u>
	<u>\$ 1,550</u>		<u>\$ 27,200</u>	<u>\$ 28,750</u>

Village of Middleville**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$410,000 2014 CAPITAL IMPROVEMENT BONDS PAYABLE***December 31, 2020*

<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>			
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>\$ 43,395</u>	<u>\$ 37,537</u>		<u>\$ 305,000</u>	<u>\$ 385,932</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$145,000 2014 INSTALLMENT PURCHASE AGREEMENT

December 31, 2020

<i>Fiscal period</i>	<i>Interest February 1</i>	<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
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>\$ 4,238</u>		<u>\$ 62,006</u>	<u>\$ 66,244</u>

*Village of Middleville***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$995,000 2017 GENERAL OBLIGATION LIMITED TAX SERIES***December 31, 2020*

<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>			
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>\$ 137,501</u>	<u>\$ 124,821</u>		<u>\$ 885,000</u>	<u>\$ 1,022,501</u>

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$385,000 2018 INSTALLMENT PURCHASE AGREEMENT

December 31, 2020

<i>Fiscal period</i>	<i>Interest February 1</i>	<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
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>\$ 13,872</u>		<u>\$ 173,400</u>	<u>\$ 187,272</u>