

Village of Middleville
Barry County, Michigan

FINANCIAL STATEMENTS

Year ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Village Council
Village of Middleville, Michigan

Opinions

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 (the Village), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Correction of Error

As described in Note 16 to the financial statements, the Village recorded a prior period adjustment to correct its accounting for utility billings. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Siegfried Crandall P.C.

April 28, 2022

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, 2021. 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 \$21,567,147 at December 31, 2021. The unrestricted portion of this amount, \$4,691,401 (22 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 \$2,806,057 (15 percent) as a result of this year's activities. The net position of the governmental activities increased by \$812,715, and the net position of the business-type activities increased by \$1,993,342.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$866,416, which represents 54 percent of the actual total General Fund expenditures for the current fiscal year.
- The Village's operating millage is 12.4626 mills. The Village has allocated 10.5 mills to the General Fund and 1.9626 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 2021 and 2020 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 (12.09 miles) Street funds account for improvements to, and preservation of, the 18.49 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 \$21,567,147 compared to \$18,761,090 at the end of the prior year. Of this total, \$13,915,023 represents the net investment in capital assets and \$2,960,723 is restricted for various purposes. Consequently, unrestricted net position was \$4,691,401, or 22 percent of the total.

Condensed financial information

Net position

| | Governmental activities | | Business-type activities | | Totals | |
|----------------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 3,112,401 | \$ 2,465,333 | \$ 7,547,734 | \$ 3,850,059 | \$ 10,660,135 | \$ 6,315,392 |
| Capital assets | <u>9,273,031</u> | <u>8,969,579</u> | <u>9,550,790</u> | <u>8,334,398</u> | <u>18,823,821</u> | <u>17,303,977</u> |
| Total assets | <u>12,385,432</u> | <u>11,434,912</u> | <u>17,098,524</u> | <u>12,184,457</u> | <u>29,483,956</u> | <u>23,619,369</u> |
| Deferred outflows of resources | <u>306,369</u> | <u>269,295</u> | <u>121,556</u> | <u>117,600</u> | <u>427,925</u> | <u>386,895</u> |
| Current and other liabilities | 1,816,464 | 1,600,463 | 1,391,609 | 816,761 | 3,208,073 | 2,417,224 |
| Long-term debt | <u>744,866</u> | <u>865,360</u> | <u>4,163,932</u> | <u>1,842,246</u> | <u>4,908,798</u> | <u>2,707,606</u> |
| Total liabilities | <u>2,561,330</u> | <u>2,465,823</u> | <u>5,555,541</u> | <u>2,659,007</u> | <u>8,116,871</u> | <u>5,124,830</u> |
| Deferred inflows of resources | <u>163,137</u> | <u>83,765</u> | <u>64,726</u> | <u>36,579</u> | <u>227,863</u> | <u>120,344</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 8,528,165 | 8,104,219 | 5,386,858 | 6,492,152 | 13,915,023 | 14,596,371 |
| Restricted | 546,902 | 538,537 | 2,413,821 | 562,638 | 2,960,723 | 1,101,175 |
| Unrestricted | <u>892,267</u> | <u>511,863</u> | <u>3,799,134</u> | <u>2,551,681</u> | <u>4,691,401</u> | <u>3,063,544</u> |
| Total net position | <u>\$ 9,967,334</u> | <u>\$ 9,154,619</u> | <u>\$ 11,599,813</u> | <u>\$ 9,606,471</u> | <u>\$ 21,567,147</u> | <u>\$ 18,761,090</u> |

As described in Note 16, the Village recorded a prior period adjustment to correct errors related to utility overbillings. The Village recorded a payable, to refund the overbillings, of as of December 31, 2020, which reduced net position of the business-type activities at that date by \$106,093.

Changes in net position

The Village's total revenues were \$6,002,877 in the current year compared to \$4,271,703 in the prior year. Approximately 22 percent of the Village's revenues comes from property taxes while charges for services represents 19 percent of the total. Capital grants and contributions accounted for about 43 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 \$3,196,820 compared to \$3,176,355 in the prior year. Approximately 36 percent of the Village's costs relates to the provision of utility services. Governmental public works expenses represent 23 percent of all costs, while general government expenses accounted for 21 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>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Program revenues: | | | | | | |
| Charges for services | \$ 86,181 | \$ 63,056 | \$ 1,057,211 | \$ 724,859 | \$ 1,143,392 | \$ 787,915 |
| Grants and contributions: | | | | | | |
| Operating | 489,451 | 871,907 | - | - | 489,451 | 871,907 |
| Capital | 392,716 | 335,920 | 2,161,947 | 716,331 | 2,554,663 | 1,052,251 |
| General revenues: | | | | | | |
| Property taxes | 1,301,692 | 1,218,288 | - | - | 1,301,692 | 1,218,288 |
| State shared revenue | 500,212 | 312,605 | - | - | 500,212 | 312,605 |
| Local stabilization grant | 6,261 | - | - | - | 6,261 | - |
| Interest | 7,206 | 12,863 | - | 15,874 | 7,206 | 28,737 |
| Total revenues | <u>2,783,719</u> | <u>2,814,639</u> | <u>3,219,158</u> | <u>1,457,064</u> | <u>6,002,877</u> | <u>4,271,703</u> |
| Expenses: | | | | | | |
| General government | 667,421 | 473,980 | - | - | 667,421 | 473,980 |
| Public safety | 288,763 | 259,821 | - | - | 288,763 | 259,821 |
| Public works | 737,032 | 673,857 | - | - | 737,032 | 673,857 |
| Community and economic development | 131,621 | 601,118 | - | - | 131,621 | 601,118 |
| Recreation and culture | 199,478 | 148,055 | - | - | 199,478 | 148,055 |
| Interest | 29,529 | 34,064 | - | - | 29,529 | 34,064 |
| Sewer | - | - | 695,112 | 550,904 | 695,112 | 550,904 |
| Water | - | - | 447,864 | 434,556 | 447,864 | 434,556 |
| Total expenses | <u>2,053,844</u> | <u>2,190,895</u> | <u>1,142,976</u> | <u>985,460</u> | <u>3,196,820</u> | <u>3,176,355</u> |
| Excess before transfers | 729,875 | 623,744 | 2,076,182 | 471,604 | 2,806,057 | 1,095,348 |
| Transfers | <u>82,840</u> | <u>42,840</u> | <u>(82,840)</u> | <u>(42,840)</u> | <u>-</u> | <u>-</u> |
| Changes in net position | <u>\$ 812,715</u> | <u>\$ 666,584</u> | <u>\$ 1,993,342</u> | <u>\$ 428,764</u> | <u>\$ 2,806,057</u> | <u>\$ 1,095,348</u> |
| Net position, end of year | <u>\$ 9,967,334</u> | <u>\$ 9,154,619</u> | <u>\$ 11,599,813</u> | <u>\$ 9,606,471</u> | <u>\$ 21,567,147</u> | <u>\$ 18,761,090</u> |

As described in Note 16, the Village recorded a prior period adjustment to correct errors related to utility overbillings. The adjustment reduced charges for services of the business-type activities in 2020 by \$106,093.

Governmental activities

Governmental revenues exceeded expenses during each of the past two years, causing the Village's net position to increase by \$812,715 in the current year and \$666,584 in the prior year. While revenues declined by \$30,920, expenses were reduced by \$137,051, and transfers from the business-type activities were \$40,000 higher, causing the larger increase in net position in the current year.

Revenues declined because operating grant revenues were \$382,456 lower, related to a building renovation project in the prior year. The reduction in operating grants was offset by a \$187,607 increase in state shared revenue, which was higher due to a census adjustment associated with a population increase in the previous decade, and an \$83,404 increase in property taxes, due to continued growth in taxable values. Expenses were reduced primarily due to a \$469,497 decrease in community and economic development costs, which were also related to the building renovation project in the prior year.

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 \$2,053,844. After subtracting the direct charges to those who directly benefited from the programs (\$86,181), operating grants and contributions (\$489,451), and capital grants and contributions (\$392,716), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$1,085,496.

| | <i>Total cost of services</i> | <i>Net cost of services</i> |
|------------------------------------|---------------------------------------|-------------------------------------|
| General government | \$ 667,421 | \$ 593,198 |
| Public safety | 288,763 | 267,449 |
| Public works | 737,032 | 271,061 |
| Community and economic development | 131,621 | 121,497 |
| Other | <u>229,007</u> | <u>(167,709)</u> |
| Totals | <u>\$ 2,053,844</u> | <u>\$ 1,085,496</u> |

Business-type activities

Business-type activities increased the Village's net position by \$1,993,342 in the current year compared to an increase of \$428,764 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 much higher in the current year, as revenues increased by \$1,762,094, while expenses only increased by \$157,516. The increase in revenues was primarily due to a capital contribution from the Local Development Finance Authority, in the amount of \$1,514,938, related to sewer system improvements. Expenses rose in the current year, primarily due to fees associated with the issuance of bonds through the County.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental funds

As of December 31, 2021, the Village's governmental funds reported total fund balances of \$2,524,225, which represents an increase of \$270,165 compared to last year's total.

The General Fund experienced an increase in fund balance of \$89,640, primarily due to \$59,440 in transfers from other funds, and has a fund balance of \$944,250 at the end of the year; however, portions of the fund balance are nonspendable and restricted, totaling \$17,532 and \$60,302, respectively. Unassigned fund balance amounts to \$866,416 at year end, which represents approximately 54 percent of current year expenditures.

The Major Street Fund, a special revenue fund, experienced an increase in fund balance of \$207,835. The increase in fund balance occurred because current year resources of \$532,904, which included property taxes (\$203,335) and state grants (\$329,469), exceeded expenditures of \$155,069 and a transfer to the Local Street Fund of \$170,000. The Fund has a fund balance of \$1,093,325 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, a special revenue fund, experienced a decrease in fund balance of \$27,310. The decrease in fund balance occurred because expenditures of \$320,006, which included street improvement costs of \$246,812, exceeded revenues of \$122,696 and a \$170,000 transfer from the Major Street Fund. The Fund has a fund balance of \$486,650 at the end of the year that is restricted by enabling legislation for local street maintenance and improvements.

The ARPA Fund, a new special revenue fund, has a fund balance of \$-0- at year end. A federal grant of \$181,861 was received during the current year, but the fund did not incur any expenditures; therefore, no revenue was recognized during the year.

Enterprise funds

The Sewer Fund experienced an operating loss of \$50,880 and nonoperating expenses of \$109,089 in the current year. Transfers to other funds, in the amount of \$82,840, also reduced the fund's equity. However, capital contributions in the amount of \$1,915,301, generated an increase in net position of \$1,672,492. The fund's net position is \$8,437,780 at year end, of which \$3,028,493 is unrestricted. The county issued bonds for the Village during the year, in the amount of \$2,315,000, that will be used to make sewer system improvements in 2022.

The Water Fund generated operating income of \$52,201 and nonoperating expenses of \$14,632 in the current year. Capital contributions, in the amount of \$246,646, generated an increase in net position of \$284,215. The fund's net position is \$2,934,993 at year end, of which \$543,601 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 \$98,403 more than budgeted primarily because state grants were \$84,564 more than anticipated.

The Village did not amend its expenditure budget during the current year. Total expenditures were \$8,801 more than the amounts appropriated. General government expenditures were \$89,793 more than appropriated primarily due to an additional contribution to the pension plan of \$75,000.

The fund experienced an \$89,640 increase in fund balance compared to a budgeted increase of \$38.

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, 2021, amounts to \$18,823,821 (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 \$1,519,844, comprised of \$1,899,382 in additions, a \$316,716 transfer from the Downtown Development Authority, an \$86 net disposition, and \$696,168 in provisions for depreciation.

| | <i>Governmental activities</i> | <i>Business-type activities</i> | <i>Totals</i> |
|-------------------|------------------------------------|-------------------------------------|----------------------|
| Infrastructure | \$ 5,538,550 | \$ 9,068,253 | \$ 14,606,803 |
| Land improvements | 511,202 | - | 511,202 |
| Buildings | 1,945,171 | - | 1,945,171 |
| Equipment | 505,945 | 339,388 | 845,333 |
| Land | 772,163 | 143,149 | 915,312 |
| Totals | <u>\$ 9,273,031</u> | <u>\$ 9,550,790</u> | <u>\$ 18,823,821</u> |

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

- Street improvements were made at a cost of \$246,812
- Sewer system improvements amounted to \$1,316,491
- Water system improvements amounted to \$175,372
- Equipment purchases totaling \$69,921 were made by the Equipment Fund
- The Downtown Development Authority transferred assets with a net book value of \$316,716 to the Village

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 \$4,908,798, which represents a net increase of \$2,201,192. Debt increased during the year, due to a new contract payable to the county, in the amount of \$2,462,482, and debt was reduced due to timely principal payments of \$261,290. All debt is backed by the full faith and credit of the Village.

Other noncurrent obligations include a net pension liability of \$674,581, and a net OPEB liability of \$1,282,807.

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
Brian Urquhart, Acting Village Manager
100 East Main Street
Middleville, MI 49333-0069

Phone: (269) 795-3385

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2021

| | Primary government | | | Component units | |
|---------------------------------------|-------------------------|--------------------------|---------------|-------------------------------------|--------------------------------|
| | Governmental activities | Business-type activities | Totals | Local Development Finance Authority | Downtown Development Authority |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash | \$ 2,973,090 | \$ 4,524,515 | \$ 7,497,605 | \$ 1,412,253 | \$ 197,999 |
| Receivables | 348,819 | 362,642 | 711,461 | 49,037 | 38,831 |
| Prepaid expenses | 17,532 | 4,622 | 22,154 | - | - |
| Cash held at county | - | 2,428,915 | 2,428,915 | - | - |
| Internal balances | (227,040) | 227,040 | - | - | - |
| Total current assets | 3,112,401 | 7,547,734 | 10,660,135 | 1,461,290 | 236,830 |
| Noncurrent assets: | | | | | |
| Capital assets not being depreciated | 772,163 | 1,417,900 | 2,190,063 | - | - |
| Capital assets, net of depreciation | 8,500,868 | 8,132,890 | 16,633,758 | 1,639,160 | - |
| Total noncurrent assets | 9,273,031 | 9,550,790 | 18,823,821 | 1,639,160 | - |
| Total assets | 12,385,432 | 17,098,524 | 29,483,956 | 3,100,450 | 236,830 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension related | 172,638 | 68,496 | 241,134 | - | - |
| OPEB related | 133,731 | 53,060 | 186,791 | - | - |
| Total deferred outflows of resources | 306,369 | 121,556 | 427,925 | - | - |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Payables | 146,035 | 835,595 | 981,630 | 36,848 | 9,746 |
| Escrows | 87,194 | - | 87,194 | - | - |
| Unearned revenue | 181,861 | - | 181,861 | - | - |
| Bonds, contracts, and notes payable | 120,868 | 230,821 | 351,689 | 60,122 | - |
| Total current liabilities | 535,958 | 1,066,416 | 1,602,374 | 96,970 | 9,746 |
| Noncurrent liabilities: | | | | | |
| Net pension liability | 482,960 | 191,621 | 674,581 | - | - |
| Net OPEB liability | 918,414 | 364,393 | 1,282,807 | - | - |
| Bonds, contracts, and notes payable | 623,998 | 3,933,111 | 4,557,109 | 269,013 | - |
| Total noncurrent liabilities | 2,025,372 | 4,489,125 | 6,514,497 | 269,013 | - |
| Total liabilities | 2,561,330 | 5,555,541 | 8,116,871 | 365,983 | 9,746 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Pension related | 53,518 | 21,233 | 74,751 | - | - |
| OPEB related | 109,619 | 43,493 | 153,112 | - | - |
| Total deferred inflows of resources | 163,137 | 64,726 | 227,863 | - | - |
| NET POSITION | | | | | |
| Net investment in capital assets | 8,528,165 | 5,386,858 | 13,915,023 | 1,310,025 | - |
| Restricted: | | | | | |
| General government | 25,000 | - | 25,000 | - | - |
| Public safety | 25,302 | - | 25,302 | - | - |
| Public works | 486,600 | - | 486,600 | - | - |
| Recreation and culture | 10,000 | - | 10,000 | - | - |
| Capital projects | - | 1,873,502 | 1,873,502 | - | - |
| Debt service | - | 540,319 | 540,319 | - | - |
| Unrestricted | 892,267 | 3,799,134 | 4,691,401 | 1,424,442 | 227,084 |
| Total net position | \$ 9,967,334 | \$ 11,599,813 | \$ 21,567,147 | \$ 2,734,467 | \$ 227,084 |

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2021

| 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 | \$ 667,421 | \$ 74,223 | \$ - | \$ - | \$ (593,198) | | \$ (593,198) | | |
| Public safety | 288,763 | 11,958 | 9,356 | - | (267,449) | | (267,449) | | |
| Public works | 737,032 | - | 465,971 | - | (271,061) | | (271,061) | | |
| Community and economic development | 131,621 | - | 10,124 | - | (121,497) | | (121,497) | | |
| Recreation and culture | 199,478 | - | 4,000 | 392,716 | 197,238 | | 197,238 | | |
| Interest on long-term debt | 29,529 | - | - | - | (29,529) | | (29,529) | | |
| Total governmental activities | 2,053,844 | 86,181 | 489,451 | 392,716 | (1,085,496) | | (1,085,496) | | |
| Business-type activities: | | | | | | | | | |
| Sewer | 695,112 | 552,216 | - | 1,915,301 | | \$ 1,772,405 | 1,772,405 | | |
| Water | 447,864 | 504,995 | - | 246,646 | | 303,777 | 303,777 | | |
| Total business-type activities | 1,142,976 | 1,057,211 | - | 2,161,947 | | 2,076,182 | 2,076,182 | | |
| Total primary government | \$ 3,196,820 | \$ 1,143,392 | \$ 489,451 | \$ 2,554,663 | (1,085,496) | 2,076,182 | 990,686 | | |
| Component units: | | | | | | | | | |
| Local Development Finance Authority | \$ 1,608,632 | \$ - | \$ - | \$ - | | | | \$ (1,608,632) | \$ - |
| Downtown Development Authority | 500,264 | 9,757 | - | - | | | | - | (490,507) |
| Total component units | \$ 2,108,896 | \$ 9,757 | \$ - | \$ - | | | | (1,608,632) | (490,507) |
| General revenues: | | | | | | | | | |
| Property taxes | | | | | 1,301,692 | - | 1,301,692 | 378,702 | 172,653 |
| State shared revenue | | | | | 500,212 | - | 500,212 | - | - |
| Local community stabilization revenue | | | | | 6,261 | - | 6,261 | 337,451 | 682 |
| Unrestricted interest earnings | | | | | 7,206 | - | 7,206 | - | - |
| Transfers | | | | | 82,840 | (82,840) | - | - | - |
| Total general revenues and transfers | | | | | 1,898,211 | (82,840) | 1,815,371 | 716,153 | 173,335 |
| Changes in net position | | | | | 812,715 | 1,993,342 | 2,806,057 | (892,479) | (317,172) |
| Net position - beginning | | | | | 9,154,619 | 9,606,471 | 18,761,090 | 3,626,946 | 544,256 |
| Net position - ending | | | | | \$ 9,967,334 | \$ 11,599,813 | \$ 21,567,147 | \$ 2,734,467 | \$ 227,084 |

See notes to financial statements

BALANCE SHEET - governmental funds

December 31, 2021

| | <u>General</u> | <u>Major Street</u> | <u>Local Street</u> | <u>ARPA</u> | <u>Total governmental funds</u> |
|--|---------------------|-------------------------|-------------------------|-------------------|---|
| ASSETS | | | | | |
| Cash | \$ 1,052,573 | \$ 1,028,658 | \$ 464,615 | \$ 181,861 | \$ 2,727,707 |
| Receivables | 254,548 | 69,945 | 24,326 | - | 348,819 |
| Prepaid expenditures | 17,532 | - | - | - | 17,532 |
| Total assets | <u>\$ 1,324,653</u> | <u>\$ 1,098,603</u> | <u>\$ 488,941</u> | <u>\$ 181,861</u> | <u>\$ 3,094,058</u> |
| LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Payables | \$ 124,847 | \$ 5,278 | \$ 2,291 | \$ - | \$ 132,416 |
| Escrow deposits | 87,194 | - | - | - | 87,194 |
| Unearned revenue | - | - | - | 181,861 | 181,861 |
| Total liabilities | <u>212,041</u> | <u>5,278</u> | <u>2,291</u> | <u>181,861</u> | <u>401,471</u> |
| Deferred inflows of resources - unavailable intergovernmental advance | | | | | |
| Unavailable state grant | 135,362 | - | - | - | 135,362 |
| Unavailable intergovernmental advance | 33,000 | - | - | - | 33,000 |
| Total deferred inflows of resources | <u>168,362</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>168,362</u> |
| Fund balances: | | | | | |
| Nonspendable - prepaids | 17,532 | - | - | - | 17,532 |
| Restricted for: | | | | | |
| General government | 25,000 | - | - | - | 25,000 |
| Public safety | 25,302 | - | - | - | 25,302 |
| Public works | - | - | 486,650 | - | 486,650 |
| Recreation and culture | 10,000 | - | - | - | 10,000 |
| Assigned for public works | - | 1,093,325 | - | - | 1,093,325 |
| Unassigned | 866,416 | - | - | - | 866,416 |
| Total fund balances | <u>944,250</u> | <u>1,093,325</u> | <u>486,650</u> | <u>-</u> | <u>2,524,225</u> |
| Total liabilities, deferred inflow of resources, and fund balances | <u>\$ 1,324,653</u> | <u>\$ 1,098,603</u> | <u>\$ 488,941</u> | <u>\$ 181,861</u> | <u>\$ 3,094,058</u> |
| Reconciliation of the balance sheet to the statement of net position: | | | | | |
| Total fund balance - total governmental funds | | | | | \$ 2,524,225 |
| Amounts reported for <i>governmental activities</i> in the statement of net position (page 15) are different because: | | | | | |
| Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds. | | | | | 8,660,685 |
| Certain receivables are not available to pay for the current period's expenditures and are deferred in the funds. | | | | | 168,362 |
| 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 - OPEB related | | | | | 131,026 |
| Deferred outflows of resources - pension related | | | | | 169,147 |
| Interest payable is not due and payable in the current period and, therefore, is not reported in the funds. | | | | | (12,150) |
| Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | | | | | |
| Bonds and notes payable | | | | | (697,750) |
| Net OPEB liability | | | | | (899,840) |
| Net pension liability | | | | | (473,193) |
| 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 | | | | | (107,402) |
| Deferred inflows of resources - pension | | | | | (52,436) |
| 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. | | | | | 556,660 |
| Net position of <i>governmental activities</i> | | | | | <u>\$ 9,967,334</u> |

See notes to financial statements

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

Year ended December 31, 2021

| | <i>General</i> | <i>Major Street</i> | <i>Local Street</i> | <i>ARPA</i> | <i>Total governmental funds</i> |
|--|-------------------|-------------------------|-------------------------|-------------|---|
| REVENUES | | | | | |
| Property taxes | \$ 1,113,951 | \$ 203,335 | \$ - | \$ - | \$ 1,317,286 |
| Licenses and permits | 36,843 | - | - | - | 36,843 |
| Federal grants | 10,124 | - | - | - | 10,124 |
| State grants | 387,611 | 329,469 | 122,646 | - | 839,726 |
| Intergovernmental | 43,712 | - | - | - | 43,712 |
| Interest and rentals | 21,571 | 100 | 50 | - | 21,721 |
| Other | 29,229 | - | - | - | 29,229 |
| | | | | | |
| Total revenues | <u>1,643,041</u> | <u>532,904</u> | <u>122,696</u> | <u>-</u> | <u>2,298,641</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 593,629 | - | - | - | 593,629 |
| Public safety | 286,773 | - | - | - | 286,773 |
| Public works | 295,229 | 128,608 | 312,245 | - | 736,082 |
| Community and economic development | 136,229 | - | - | - | 136,229 |
| Recreation and culture | 198,721 | - | - | - | 198,721 |
| Debt service: | | | | | |
| Principal | 82,933 | 16,564 | 6,107 | - | 105,604 |
| Interest | 19,327 | 9,897 | 1,654 | - | 30,878 |
| | | | | | |
| Total expenditures | <u>1,612,841</u> | <u>155,069</u> | <u>320,006</u> | <u>-</u> | <u>2,087,916</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>30,200</u> | <u>377,835</u> | <u>(197,310)</u> | <u>-</u> | <u>210,725</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 59,440 | - | 170,000 | - | 229,440 |
| Transfers out | - | (170,000) | - | - | (170,000) |
| | | | | | |
| Net other financing sources (uses) | <u>59,440</u> | <u>(170,000)</u> | <u>170,000</u> | <u>-</u> | <u>59,440</u> |
| NET CHANGES IN FUND BALANCES | 89,640 | 207,835 | (27,310) | - | 270,165 |
| FUND BALANCES - BEGINNING | <u>854,610</u> | <u>885,490</u> | <u>513,960</u> | <u>-</u> | <u>2,254,060</u> |
| FUND BALANCES - ENDING | <u>\$ 944,250</u> | <u>\$ 1,093,325</u> | <u>\$ 486,650</u> | <u>\$ -</u> | <u>\$ 2,524,225</u> |

See notes to financial statements

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

Year ended December 31, 2021

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 18) \$ 270,165

Amounts reported for *governmental activities* in the statement of
activities (page 16) are different because:

Capital assets:

| | |
|-------------------------------------|-----------|
| Add - asset acquisitions | 337,598 |
| Add - transfer of assets from DDA | 316,716 |
| Deduct - provision for depreciation | (368,682) |

Long-term debt:

| | |
|--------------------------|---------|
| Add - principal payments | 105,604 |
|--------------------------|---------|

Changes in other assets/liabilities:

| | |
|--|----------|
| Net decrease in accrued interest expense | 2,820 |
| Net increase in net OPEB liability | (25,079) |
| Net increase in net pension liability | (49,264) |

Changes in deferred outflows and deferred inflows of resources:

| | |
|---|----------|
| Net decrease in deferred outflows of resources - OPEB related | (16,439) |
| Net increase in deferred inflows of resources - OPEB related | (26,244) |
| Net increase in deferred outflows of resources - pension related | 55,697 |
| Net increase in deferred inflows of resources - pension related | (52,436) |
| Increase in deferred inflows of resources - unavailable state grant | 135,362 |
| Increase in deferred inflows of resources - unavailable advance | 33,000 |

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

93,897

Change in net position of *governmental activities*

\$ 812,715

STATEMENT OF NET POSITION - proprietary funds

December 31, 2021

| | <i>Business-type activities</i> | | | <i>Governmental activities</i> |
|--|---------------------------------|--------------|---------------|--------------------------------|
| | <i>Enterprise funds</i> | | | <i>Internal service</i> |
| | <i>Sewer</i> | <i>Water</i> | <i>Totals</i> | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | \$ 3,767,992 | \$ 756,523 | \$ 4,524,515 | \$ 245,383 |
| Receivables | 218,720 | 143,922 | 362,642 | - |
| Prepaid expenses | - | 4,622 | 4,622 | - |
| Cash held by county | 2,428,915 | - | 2,428,915 | - |
| Total current assets | 6,415,627 | 905,067 | 7,320,694 | 245,383 |
| Noncurrent assets: | | | | |
| Capital assets not being depreciated | 1,308,531 | 109,369 | 1,417,900 | - |
| Capital assets, net of depreciation | 5,291,917 | 2,840,973 | 8,132,890 | 612,346 |
| Total noncurrent assets | 6,600,448 | 2,950,342 | 9,550,790 | 612,346 |
| Total assets | 13,016,075 | 3,855,409 | 16,871,484 | 857,729 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension related | 34,531 | 33,965 | 68,496 | 3,491 |
| OPEB related | 26,749 | 26,311 | 53,060 | 2,705 |
| Total deferred outflows of resources | 61,280 | 60,276 | 121,556 | 6,196 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Payables | 721,662 | 113,933 | 835,595 | 1,469 |
| Bonds, contracts, and notes payable - current portion | 157,250 | 73,571 | 230,821 | 15,289 |
| Total current liabilities | 878,912 | 187,504 | 1,066,416 | 16,758 |
| Noncurrent liabilities: | | | | |
| Net pension liability | 96,601 | 95,020 | 191,621 | 9,767 |
| Net OPEB liability | 183,700 | 180,693 | 364,393 | 18,574 |
| Bonds, contracts, and notes payable | 3,447,732 | 485,379 | 3,933,111 | 31,827 |
| Total noncurrent liabilities | 3,728,033 | 761,092 | 4,489,125 | 60,168 |
| Total liabilities | 4,606,945 | 948,596 | 5,555,541 | 76,926 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension related | 10,704 | 10,529 | 21,233 | 1,082 |
| OPEB related | 21,926 | 21,567 | 43,493 | 2,217 |
| Total deferred inflows of resources | 32,630 | 32,096 | 64,726 | 3,299 |
| NET POSITION | | | | |
| Net investment in capital assets | 2,995,466 | 2,391,392 | 5,386,858 | 565,230 |
| Restricted for: | | | | |
| Debt service | 540,319 | - | 540,319 | - |
| Capital projects | 1,873,502 | - | 1,873,502 | - |
| Unrestricted | 3,028,493 | 543,601 | 3,572,094 | 218,470 |
| Total net position | \$ 8,437,780 | \$ 2,934,993 | 11,372,773 | \$ 783,700 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | 227,040 | |
| Net position of <i>business-type activities</i> (page 14) | | | \$ 11,599,813 | |

See notes to financial statements

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

Year ended December 31, 2021

| | <i>Business-type activities</i> | | | <i>Governmental activities</i> |
|--|---------------------------------|--------------|---------------|--------------------------------|
| | <i>Enterprise funds</i> | | | <i>Internal service</i> |
| | <i>Sewer</i> | <i>Water</i> | <i>Totals</i> | |
| OPERATING REVENUES | | | | |
| Charges for services: | | | | |
| Utility charges | \$ 550,682 | \$ 497,069 | \$ 1,047,751 | \$ - |
| Equipment rental | - | - | - | 162,217 |
| OPEB contributions | - | - | - | 54,169 |
| Other | 1,534 | 7,926 | 9,460 | 5,055 |
| Total operating revenues | 552,216 | 504,995 | 1,057,211 | 221,441 |
| OPERATING EXPENSES | | | | |
| Personnel costs | 141,677 | 139,685 | 281,362 | (341) |
| Contracted services | 126,160 | 88,212 | 214,372 | - |
| Equipment and supplies | 32,014 | 34,078 | 66,092 | 25,580 |
| Utilities | 85,887 | 53,930 | 139,817 | 17,096 |
| Interfund charges (equipment rentals) | 23,673 | 31,050 | 54,723 | - |
| OPEB costs | 9,634 | 8,348 | 17,982 | 18,402 |
| Miscellaneous | 2,759 | 3,312 | 6,071 | - |
| Depreciation | 181,292 | 94,179 | 275,471 | 52,015 |
| Total operating expenses | 603,096 | 452,794 | 1,055,890 | 112,752 |
| OPERATING INCOME (LOSS) | (50,880) | 52,201 | 1,321 | 108,689 |
| NONOPERATING EXPENSE | | | | |
| Gain (loss) on asset disposition | - | - | - | (86) |
| Interest expense and issuance fees | (109,089) | (14,632) | (123,721) | (1,471) |
| Net nonoperating revenues (expenses) | (109,089) | (14,632) | (123,721) | (1,557) |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | (159,969) | 37,569 | (122,400) | 107,132 |
| CAPITAL CONTRIBUTIONS | | | | |
| Intergovernmental contribution | 1,514,938 | - | 1,514,938 | - |
| Debt retirement charges | 286,236 | 101,820 | 388,056 | - |
| Connection fees | 114,127 | 144,826 | 258,953 | - |
| Total capital contributions | 1,915,301 | 246,646 | 2,161,947 | - |
| TRANSFERS | | | | |
| Transfers in | - | - | - | 40,000 |
| Transfers out | (82,840) | - | (82,840) | (16,600) |
| Total transfers in (out) | (82,840) | - | (82,840) | 23,400 |
| CHANGES IN NET POSITION | 1,672,492 | 284,215 | 1,956,707 | 130,532 |
| NET POSITION - BEGINNING | 6,765,288 | 2,650,778 | 9,416,066 | 653,168 |
| NET POSITION - ENDING | \$ 8,437,780 | \$ 2,934,993 | \$ 11,372,773 | \$ 783,700 |
| Reconciliation of the fund basis changes in net position to the statement of activities: | | | | |
| Changes in net position | | | \$ 1,956,707 | |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | 36,635 | |
| Change in net position of <i>business-type activities</i> (page 15) | | | \$ 1,993,342 | |

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended December 31, 2021

| | Business-type activities | | | Governmental activities |
|---|---------------------------------|--------------|---------------|--------------------------------|
| | Enterprise funds | | | Internal services |
| | Sewer | Water | Totals | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 514,060 | \$ 449,622 | \$ 963,682 | \$ - |
| Receipts from interfund services provided | - | - | - | 221,441 |
| Payments to vendors and suppliers | (292,654) | (207,590) | (500,244) | (65,279) |
| Payments to employees | (75,713) | (75,014) | (150,727) | (7,512) |
| Payments for interfund services used | (23,673) | (31,050) | (54,723) | - |
| Net cash provided by (used in) operating activities | 122,020 | 135,968 | 257,988 | 148,650 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Decrease in due from other funds | - | - | - | (13,456) |
| Transfers from other funds | - | - | - | 40,000 |
| Transfers to other funds | (82,840) | - | (82,840) | (16,600) |
| Net cash provided by (used in) noncapital financing activities | (82,840) | - | (82,840) | 9,944 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Debt retirement charges | 286,236 | 101,820 | 388,056 | - |
| Connection fees | 114,127 | 144,826 | 258,953 | - |
| Contributions from other government (LDFA) | 1,514,938 | - | 1,514,938 | - |
| Acquisition of capital assets | (730,651) | (175,372) | (906,023) | (69,921) |
| Decrease in payables | (84,319) | - | (84,319) | - |
| Principal payments on capital debt | (67,250) | (73,546) | (140,796) | (14,890) |
| Interest payments on capital debt | (54,241) | (15,068) | (69,309) | (1,671) |
| Net cash provided by (used in) capital and related financing activities | 978,840 | (17,340) | 961,500 | (86,482) |
| NET CHANGE IN CASH | 1,018,020 | 118,628 | 1,136,648 | 72,112 |
| CASH - BEGINNING | 2,749,972 | 637,895 | 3,387,867 | 173,271 |
| CASH - ENDING | \$ 3,767,992 | \$ 756,523 | \$ 4,524,515 | \$ 245,383 |

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds (Continued)

Year ended December 31, 2021

| | 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) | \$ (50,880) | \$ 52,201 | \$ 1,321 | \$ 108,689 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 181,292 | 94,179 | 275,471 | 52,015 |
| (Increase) decrease in prepaid expenses | - | (1,948) | (1,948) | - |
| (Increase) decrease in receivables | (38,156) | (55,373) | (93,529) | - |
| (Increase) decrease in deferred outflows | (2,401) | (1,555) | (3,956) | 2,184 |
| Increase (decrease) in payables | 30,607 | 51,201 | 81,808 | (1,562) |
| Increase (decrease) in net OPEB liability | (13,696) | (16,179) | (29,875) | (9,520) |
| Increase (decrease) in net pension liability | 938 | (389) | 549 | (3,848) |
| Increase in deferred inflows | 14,316 | 13,831 | 28,147 | 692 |
| Net cash provided by (used in) operating activities | <u>\$ 122,020</u> | <u>\$ 135,968</u> | <u>\$ 257,988</u> | <u>\$ 148,650</u> |
| Noncash capital and related financing activities | | | | |
| Acquisition of capital assets | \$ (1,316,491) | \$ (175,372) | \$ (1,491,863) | \$ (69,921) |
| Less increase in payables | <u>585,840</u> | <u>-</u> | <u>585,840</u> | <u>-</u> |
| Net cash used | <u>\$ (730,651)</u> | <u>\$ (175,372)</u> | <u>\$ (906,023)</u> | <u>\$ (69,921)</u> |
| Proceeds from the issuance of bonds | \$ 2,428,915 | \$ - | \$ 2,428,915 | \$ - |
| Less cash held at county | <u>(2,428,915)</u> | <u>-</u> | <u>(2,428,915)</u> | <u>-</u> |
| Net cash received | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</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. Fiscal dependence and the financial responsibility relationship make the Village financially accountable for the authorities and require the Village to report the authorities in the Village's financial statements. 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 ARPA Fund, a special revenue fund, is used to account for the restricted resources provided by the American Rescue Plan Act. Revenues are derived from a federal grant.

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.

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

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

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and 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 prepaids 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 | 40 - 70 years |
| Water system | 40 - 50 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 expenses 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Unearned revenue - Unearned revenue represents resources related to a federal grant which have not yet been earned.

Deferred inflows of resources - The statement of net position and the governmental funds balance sheet 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 revenues will not be recognized until a future event occurs. The Village's deferred inflows of resources, reported in the government-wide statement of net position, relate to the defined benefit pension and OPEB plans, which are discussed in Note 9 and Note 10. The Village has two items that are included in this category in the governmental funds balance sheet: an unavailable state grant and an unavailable intergovernmental advance. These unavailable revenues (collected later than 60 days after the end of the Village's fiscal year) are deferred and recognized as an inflow of resources in the period that the revenue becomes available in the fund financial statements but are recognized as revenue in the government-wide statement of activities.

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 2021 ad valorem tax was levied and collectible on July 1, 2021. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 | \$ 33,558 | \$ 53,698 | \$ 20,140 |
| | | | Professional fees | 45,500 | 52,776 | 7,276 |
| | | | Nondepartmental | 122,800 | 245,875 | 123,075 |
| | Public works | | Environmental control | 51,163 | 54,989 | 3,826 |
| | | | Street lighting | 31,000 | 45,394 | 14,394 |
| Major Street | Debt service | | Principal | 25,106 | 82,933 | 57,827 |
| | Public works | | Traffic services | 14,043 | 16,417 | 2,374 |

NOTE 3 - CASH

At December 31, 2021, cash is classified in the accompanying financial statements as follows:

| | |
|----------------------------|---------------------|
| Statement of net position: | |
| Primary government - cash | \$ 7,497,605 |
| Component units: | |
| LDFA - cash | 1,412,253 |
| DDA - cash | <u>197,999</u> |
| Total | <u>\$ 9,107,857</u> |

At December 31, 2021, cash consists of the following:

| | |
|--------------------------------------|---------------------|
| Cash on hand | \$ 550 |
| Deposits with financial institutions | <u>9,107,307</u> |
| Total | <u>\$ 9,107,857</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, 2021, \$9,040,485 of the Village's bank balances of \$9,541,562 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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, 2021, for the Village's funds, and its component units, were as follows:

| <u>Fund</u> | <u>Accounts</u> | <u>Property taxes</u> | <u>Inter- govern- mental</u> | <u>Totals</u> |
|---------------------|-------------------|---------------------------|--------------------------------------|-------------------|
| Primary government: | | | | |
| Governmental: | | | | |
| General | \$ 23,635 | \$ - | \$ 230,913 | \$ 254,548 |
| Major Street | - | 4,365 | 65,580 | 69,945 |
| Local Street | - | - | 24,326 | 24,326 |
| Total governmental | <u>\$ 23,635</u> | <u>\$ 4,365</u> | <u>\$ 320,819</u> | <u>\$ 348,819</u> |
| Proprietary: | | | | |
| Sewer | \$ 218,720 | \$ - | \$ - | \$ 218,720 |
| Water | 143,922 | - | - | 143,922 |
| Total proprietary | <u>\$ 362,642</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 362,642</u> |
| Noncurrent portion | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Component units: | | | | |
| LDFA | <u>\$ -</u> | <u>\$ 49,037</u> | <u>\$ -</u> | <u>\$ 49,037</u> |
| DDA | <u>\$ -</u> | <u>\$ 38,831</u> | <u>\$ -</u> | <u>\$ 38,831</u> |

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

| | <i>Beginning balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Asset transfer</i> | <i>Ending balance</i> |
|---|------------------------------|------------------|------------------|---------------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated - land | \$ 772,163 | \$ - | \$ - | \$ - | \$ 772,163 |
| Capital assets being depreciated: | | | | | |
| Land improvements | 795,077 | - | - | - | 795,077 |
| Buildings | 2,326,298 | 81,486 | - | 316,716 | 2,724,500 |
| Equipment | 426,092 | 69,921 | (6,662) | - | 489,351 |
| Infrastructure | 7,501,555 | 256,112 | - | - | 7,757,667 |
| Vehicles | 857,209 | - | - | - | 857,209 |
| Subtotal | 11,906,231 | 407,519 | (6,662) | 316,716 | 12,623,804 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (244,690) | (39,185) | - | - | (283,875) |
| Buildings | (699,752) | (79,577) | - | - | (779,329) |
| Equipment | (358,812) | (17,030) | 6,576 | - | (369,266) |
| Infrastructure | (1,967,476) | (251,641) | - | - | (2,219,117) |
| Vehicles | (438,085) | (33,264) | - | - | (471,349) |
| Subtotal | (3,708,815) | (420,697) | 6,576 | - | (4,122,936) |
| Total capital assets being depreciated, net | 8,197,416 | (13,178) | (86) | 316,716 | 8,500,868 |
| Governmental activities capital assets, net | \$ 8,969,579 | \$ (13,178) | \$ (86) | \$ 316,716 | \$ 9,273,031 |

Depreciation expense was charged to governmental activities as follows:

| | |
|--|------------|
| Governmental activities: | |
| General government | \$ 24,896 |
| Public safety | 1,990 |
| Public works | 255,041 |
| Recreation and culture | 86,755 |
| Depreciation on capital assets held by internal service fund | 52,015 |
| Total governmental activities | \$ 420,697 |

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 | | | | |
| Land | \$ 143,149 | \$ - | \$ - | \$ 143,149 |
| Construction in progress | 55,196 | 1,219,555 | - | 1,274,751 |
| Subtotal | 198,345 | 1,219,555 | - | 1,417,900 |
| Capital assets being depreciated: | | | | |
| Sewer system | 8,441,416 | 96,936 | - | 8,538,352 |
| Water system | 3,943,792 | 156,372 | - | 4,100,164 |
| Equipment | 729,799 | 19,000 | - | 748,799 |
| Subtotal | 13,115,007 | 272,308 | - | 13,387,315 |
| Less accumulated depreciation for: | | | | |
| Sewer system | (3,081,100) | (178,248) | - | (3,259,348) |
| Water system | (1,514,645) | (71,021) | - | (1,585,666) |
| Equipment | (383,209) | (26,202) | - | (409,411) |
| Subtotal | (4,978,954) | (275,471) | - | (5,254,425) |
| Total capital assets being depreciated, net | 8,136,053 | (3,163) | - | 8,132,890 |
| Business-type activities capital assets, net | <u>\$ 8,334,398</u> | <u>\$ 1,216,392</u> | <u>\$ -</u> | <u>\$ 9,550,790</u> |

NOTE 5 - CAPITAL ASSETS (Continued)

| | <i>Beginning balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Asset transfer</i> | <i>Ending balance</i> |
|---|------------------------------|--------------------|------------------|---------------------------|---------------------------|
| Component units: | | | | | |
| LDFA: | | | | | |
| Capital assets being depreciated - infrastructure | \$ 2,191,065 | \$ - | \$ - | \$ - | \$ 2,191,065 |
| Less accumulated depreciation for - infrastructure | (481,279) | (70,626) | - | - | (551,905) |
| Total capital assets being depreciated, net | 1,709,786 | (70,626) | - | - | 1,639,160 |
| LDFA capital assets, net | <u>\$ 1,709,786</u> | <u>\$ (70,626)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,639,160</u> |
| DDA: | | | | | |
| Capital assets being depreciated - infrastructure | \$ 351,542 | \$ - | \$ - | \$ (351,542) | \$ - |
| Less accumulated depreciation for - infrastructure | (34,826) | - | - | 34,826 | - |
| DDA capital assets, net | <u>\$ 316,716</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (316,716)</u> | <u>\$ -</u> |

NOTE 6 - PAYABLES

Payables as of December 31, 2021, 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 | \$ 115,397 | \$ 9,450 | \$ - | \$ 124,847 |
| Major Street | 3,248 | 2,030 | - | 5,278 |
| Local Street | <u>930</u> | <u>1,361</u> | <u>-</u> | <u>2,291</u> |
| Total governmental | <u>\$ 119,575</u> | <u>\$ 12,841</u> | <u>\$ -</u> | <u>\$ 132,416</u> |
| Proprietary: | | | | |
| Enterprise: | | | | |
| Sewer | \$ 684,937 | \$ 2,185 | \$ 34,540 | \$ 721,662 |
| Water | <u>108,066</u> | <u>1,711</u> | <u>4,156</u> | <u>113,933</u> |
| | 793,003 | 3,896 | 38,696 | 835,595 |
| Motor Vehicle Equipment | <u>370</u> | <u>463</u> | <u>636</u> | <u>1,469</u> |
| Total proprietary | <u>\$ 793,373</u> | <u>\$ 4,359</u> | <u>\$ 39,332</u> | <u>\$ 837,064</u> |
| Component units: | | | | |
| LDFA | <u>\$ 32,878</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 32,878</u> |
| DDA | <u>\$ 8,630</u> | <u>\$ 1,116</u> | <u>\$ -</u> | <u>\$ 9,746</u> |

NOTE 7 - INTERFUND TRANSFERS

The interfund transfers for the year ended December 31, 2021, 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> |
| Internal service | <u>40,000</u> | Sewer | <u>40,000</u> |
| Local street | <u>170,000</u> | Major street | <u>170,000</u> |
| | <u>\$ 269,440</u> | | <u>\$ 269,440</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 Internal Service Fund represents financial support from the Sewer Fund for the purchase of heavy machinery. The transfer to the Local Street Fund represents support for future construction projects.

NOTE 8 - LONG-TERM LIABILITIES

At December 31, 2021, 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 | \$ 283,550 |
|--|------------|

| | |
|--|----------------|
| \$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>285,000</u> |
|--|----------------|

| | |
|---------------------|----------------|
| Total bonds payable | <u>568,550</u> |
|---------------------|----------------|

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 | 13,600 |
|---|--------|

| | |
|---|--------|
| \$145,000 2014 Installment purchase agreement - payable in annual installments of \$16,561, including interest at 2.70%; final payment due April 2024 | 47,116 |
|---|--------|

| | |
|--|----------------|
| \$385,000 2018 Installment purchase agreement - payable in annual installments of \$57,800; final payment due January 2023 | <u>115,600</u> |
|--|----------------|

| | |
|---------------------|----------------|
| Total notes payable | <u>176,316</u> |
|---------------------|----------------|

| | |
|-------------------------------|--------------------------|
| Total governmental activities | <u><u>\$ 744,866</u></u> |
|-------------------------------|--------------------------|

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 | \$ 55,000 |
| \$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 | 360,000 |
| \$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 | 225,000 |
| \$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 | 216,450 |
| \$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 | 845,000 |
| \$2,315,000 2021 Barry County Sewer contract payable - payable in annual installments ranging from \$90,000 to \$145,000, plus interest ranging between 2.125% and 4.000%; final payment due March 2041 | <u>2,315,000</u> |
| Total business-type activities | <u>\$ 4,016,450</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>\$ 329,135</u> |
|--|-------------------|

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, 2021, 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 | \$ 297,754 | \$ - | \$ (14,204) | \$ 283,550 | \$ 14,179 |
| 2014 Bonds payable | 305,000 | - | (20,000) | 285,000 | 20,000 |
| 2013 Drain assessment | 27,200 | - | (13,600) | 13,600 | 13,600 |
| 2014 Note payable | 62,006 | - | (14,890) | 47,116 | 15,289 |
| 2018 Note payable | 173,400 | - | (57,800) | 115,600 | 57,800 |
| Total governmental activities | <u>\$ 865,360</u> | <u>\$ -</u> | <u>\$ (120,494)</u> | <u>\$ 744,866</u> | <u>\$ 120,868</u> |
| Business-type activities: | | | | | |
| 2010 Bonds payable | \$ 250,000 | \$ - | \$ (25,000) | \$ 225,000 | \$ 25,000 |
| 2012 Bonds payable | 227,246 | - | (10,796) | 216,450 | 10,821 |
| 2017 Bonds payable | 885,000 | - | (40,000) | 845,000 | 40,000 |
| 2006 Contract payable | 65,000 | - | (10,000) | 55,000 | 10,000 |
| 2006 Contract payable | 415,000 | - | (55,000) | 360,000 | 55,000 |
| 2021 Contract payable | - | 2,315,000 | - | 2,315,000 | 90,000 |
| Subtotal | 1,842,246 | 2,315,000 | (140,796) | 4,016,450 | 230,821 |
| Premium on bonds | - | 147,482 | - | 147,482 | - |
| Total business-type activities | <u>\$ 1,842,246</u> | <u>\$ 2,462,482</u> | <u>\$ (140,796)</u> | <u>\$ 4,163,932</u> | <u>\$ 230,821</u> |
| Component unit - LDFA: | | | | | |
| 2013 Contract payable | <u>\$ 394,653</u> | <u>\$ -</u> | <u>\$ (65,518)</u> | <u>\$ 329,135</u> | <u>\$ 60,122</u> |

At December 31, 2021, 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>Principal</i> <i>Interest</i> | |
| | <i>Principal</i> | <i>Interest</i> | <i>Principal</i> | <i>Interest</i> | | |
| 2022 | \$ 120,868 | \$ 28,236 | \$ 230,821 | \$ 114,208 | \$ 60,122 | \$ 9,714 |
| 2023 | 112,681 | 23,851 | 240,821 | 106,842 | 59,715 | 7,927 |
| 2024 | 69,482 | 19,574 | 251,643 | 99,023 | 59,298 | 6,022 |
| 2025 | 53,357 | 17,253 | 261,643 | 90,717 | 75,000 | 3,974 |
| 2026 | 53,357 | 15,272 | 266,643 | 82,108 | 75,000 | 1,349 |
| 2027 - 2031 | 276,785 | 43,509 | 1,058,215 | 290,647 | - | - |
| 2032 - 2036 | 58,336 | 1,323 | 941,664 | 141,481 | - | - |
| 2037 - 2041 | - | - | 765,000 | 37,603 | - | - |
| Totals | <u>\$ 744,866</u> | <u>\$ 149,018</u> | <u>\$ 4,016,450</u> | <u>\$ 962,629</u> | <u>\$ 329,135</u> | <u>\$ 28,986</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, 2020, 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, 2021, Village contributions ranged from 2.15% to 10.90% of monthly covered payroll. Covered employees made contributions ranging from 4.44% to 17.20% to the plan. For the fiscal year ended December 31, 2021, the Village contributed \$237,289 to the plan, which included an additional \$150,000 contribution, while employees contributed \$21,244.

Net pension liability:

The Village's net pension liability reported at December 31, 2021, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2020. 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, 2020, 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, 2020, valuation were based on the results of the 2020 Experience Study on data gathered from 2014 to 2018, which is the most recent actuarial experience study.

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

| <u>Asset class</u> | <u>Target allocation</u> | <u>Long-term expected real rate of return</u> | <u>Expected money-weighted rate of return</u> |
|---------------------------|------------------------------|---|---|
| Global equity | 60.00% | 4.65% | 3.15% |
| Global fixed income | 20.00% | 0.75% | 0.25% |
| Private investments | 20.00% | 1.95% | 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 2020. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Changes in net pension liability:

| | Increase (decrease) | | |
|---|-------------------------|-----------------------------|-----------------------|
| | Total pension liability | Plan fiduciary net position | Net pension liability |
| | (a) | (b) | (a) - (b) |
| Balances at December 31, 2020 | \$ 2,295,165 | \$ 1,666,549 | \$ 628,616 |
| Changes for the year: | | | |
| Service cost | 39,045 | - | 39,045 |
| Interest | 169,828 | - | 169,828 |
| Difference between expected and actual experience | 76,051 | - | 76,051 |
| Changes in assumptions | 83,778 | - | 83,778 |
| Employer contributions | - | 73,910 | (73,910) |
| Employee contributions | - | 21,915 | (21,915) |
| Net investment income | - | 230,234 | (230,234) |
| Benefit payments, including refunds | (160,234) | (160,234) | - |
| Administrative expenses | - | (3,324) | 3,324 |
| Other | (2) | - | (2) |
| Net changes | 208,466 | 162,501 | 45,965 |
| Balances at December 31, 2021 | \$ 2,503,631 | \$ 1,829,050 | \$ 674,581 |

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.

| | 1% Decrease (6.60%) | Current rate (7.60%) | 1% Increase (8.60%) |
|---------------------------------|------------------------|-------------------------|------------------------|
| Village's net pension liability | \$ 957,890 | \$ 674,581 | \$ 438,452 |

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, 2021, the Village recognized pension expense of \$131,381. At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources, related to the pension plan, from the following sources:

| <i>Source</i> | <i>Deferred outflows of resources</i> | <i>Deferred inflows of resources</i> |
|--|---|--|
| Differences between projected and actual investment earnings | \$ - | \$ 74,751 |
| Differences between expected and actual economic experience | 58,106 | - |
| Changes in actuarial assumptions | <u>99,461</u> | <u>-</u> |
| | 157,567 | 74,751 |
| Contributions made subsequent to the measurement date | <u>83,567</u> | <u>-</u> |
| Totals | <u>\$ 241,134</u> | <u>\$ 74,751</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 and deferred inflows 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> | <i>Deferred inflows of resources</i> |
|------------------------------------|---|--|
| 2022 | \$ 58,808 | \$ 15,436 |
| 2023 | 58,804 | (308) |
| 2024 | 39,955 | 38,394 |
| 2025 | <u>-</u> | <u>21,229</u> |
| | <u>\$ 157,567</u> | <u>\$ 74,751</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, 2021, 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, 2021, the Village contributed \$18,402 to the Plan.

Net OPEB liability:

The total OPEB liability was determined by a valuation as of December 31, 2021 using the following actuarial assumptions:

| | |
|--------------------------------|--|
| Inflation | N/A (plan is not pre-funded) |
| Salary increases | 2.00% |
| Investment rate of return | N/A (plan is not pre-funded) |
| 20-year Aa Municipal bond rate | 2.25% |
| 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 2.25%. 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, 2020 OPEB liability was 1.93%.

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, 2020 | <u>\$ 1,297,123</u> | <u>\$ -</u> | <u>\$ 1,297,123</u> |
| Changes for the year: | | | |
| Service cost | 36,494 | - | 36,494 |
| Interest | 25,560 | - | 25,560 |
| Differences between expected and actual experience | (3,105) | - | (3,105) |
| Change in assumptions | (54,863) | - | (54,863) |
| Contributions - employer | - | 18,402 | (18,402) |
| Benefit payments | <u>(18,402)</u> | <u>(18,402)</u> | <u>-</u> |
| Net changes | <u>(14,316)</u> | <u>-</u> | <u>(14,316)</u> |
| Balances at December 31, 2021 | <u><u>\$ 1,282,807</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,282,807</u></u> |

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 | <u>\$ 1,520,201</u> | <u>\$ 1,282,807</u> | <u>\$ 1,094,731</u> |

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 | <u>\$ 1,135,447</u> | <u>\$ 1,282,807</u> | <u>\$ 1,480,345</u> |

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, 2021, the Village recognized OPEB expense of \$68,729. At December 31, 2021, 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 | \$ 186,791 | \$ 47,616 |
| Difference between expected and actual experience | - | 105,496 |
| Total | <u>\$ 186,791</u> | <u>\$ 153,112</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> |
|------------------------------------|---|--|
| 2022 | \$ 31,875 | \$ 25,200 |
| 2023 | 31,875 | 25,200 |
| 2024 | 31,875 | 25,200 |
| 2025 | 31,875 | 25,200 |
| 2026 | 31,875 | 25,200 |
| Thereafter | <u>27,416</u> | <u>27,112</u> |
| | <u>\$ 186,791</u> | <u>\$ 153,112</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 \$486,600, which is restricted by enabling legislation for public works expenditures.

NOTE 13 - PROPERTY TAXES

The 2021 taxable valuation of the Village approximated \$134,517,000, on which ad valorem taxes levied consisted of 10.5 mills for operating purposes and 1.9626 mills for major street preservation and improvements, raising approximately \$1,314,000 for operating purposes and \$246,000 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.

NOTE 16 - PRIOR PERIOD ADJUSTMENTS

A prior period adjustment has been recorded in fiscal year 2021 to correct errors related to utility overbillings that resulted in a restatement of opening net position of the Sewer and Water funds and net position of the business-type activities. Net position, as of December 31, 2020, included in the financial statements, represents restated balances, as presented below.

| | <i>Net position</i> | | <i>Net position</i> |
|--|-----------------------|-----------------------|-------------------------------------|
| | <i>Sewer Fund</i> | <i>Water Fund</i> | <i>Business-type activities</i> |
| Beginning of year, as previously reported | \$ 6,822,919 | \$ 2,699,240 | \$ 9,712,564 |
| Prior period adjustment - utility overbillings | (57,631) | (48,462) | (106,093) |
| Beginning of year, as restated | <u>\$ 6,765,288</u> | <u>\$ 2,650,778</u> | <u>\$ 9,606,471</u> |

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2021

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|--------------------------|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 1,159,591 | \$ 1,159,591 | \$ 1,113,951 | \$ (45,640) |
| Licenses and permits | 5,000 | 5,000 | 36,843 | 31,843 |
| Federal grant | - | - | 10,124 | 10,124 |
| State grants | 303,047 | 303,047 | 387,611 | 84,564 |
| Intergovernmental | - | - | 43,712 | 43,712 |
| Interest and rentals | 70,000 | 70,000 | 21,571 | (48,429) |
| Other | 7,000 | 7,000 | 29,229 | 22,229 |
| | | | | |
| Total revenues | <u>1,544,638</u> | <u>1,544,638</u> | <u>1,643,041</u> | <u>98,403</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Legislative | 29,622 | 29,622 | 25,118 | 4,504 |
| Manager | 122,154 | 122,154 | 121,747 | 407 |
| Finance director | 33,558 | 33,558 | 53,698 | (20,140) |
| Professional fees | 45,500 | 45,500 | 52,776 | (7,276) |
| Clerk | 46,702 | 46,702 | 39,803 | 6,899 |
| Building and grounds | 103,500 | 103,500 | 54,612 | 48,888 |
| Nondepartmental | 122,800 | 122,800 | 245,875 | (123,075) |
| | | | | |
| Total general government | <u>503,836</u> | <u>503,836</u> | <u>593,629</u> | <u>(89,793)</u> |
| | | | | |
| Public safety: | | | | |
| Police protection | 336,871 | 336,871 | 280,788 | 56,083 |
| Crossing guards | 6,730 | 6,730 | 5,985 | 745 |
| | | | | |
| Total public safety | <u>343,601</u> | <u>343,601</u> | <u>286,773</u> | <u>56,828</u> |
| | | | | |
| Public works: | | | | |
| Public works department | 204,533 | 204,533 | 171,950 | 32,583 |
| Environmental control | 51,163 | 51,163 | 54,989 | (3,826) |
| Street lighting | 31,000 | 31,000 | 45,394 | (14,394) |
| Sidewalks | 28,300 | 28,300 | 22,896 | 5,404 |
| | | | | |
| Total public works | <u>314,996</u> | <u>314,996</u> | <u>295,229</u> | <u>19,767</u> |

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2021

| | <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 | \$ 146,374 | \$ 146,374 | \$ 136,229 | \$ 10,145 |
| Recreation and culture | 246,737 | 246,737 | 198,721 | 48,016 |
| Debt service: | | | | |
| Principal | 25,106 | 25,106 | 82,933 | (57,827) |
| Interest | 23,390 | 23,390 | 19,327 | 4,063 |
| Total expenditures | 1,604,040 | 1,604,040 | 1,612,841 | (8,801) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (59,402) | (59,402) | 30,200 | 89,602 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 59,440 | 59,440 | 59,440 | - |
| NET CHANGES IN FUND BALANCES | 38 | 38 | 89,640 | 89,602 |
| FUND BALANCES - BEGINNING | 854,610 | 854,610 | 854,610 | - |
| FUND BALANCES - ENDING | <u>\$ 854,648</u> | <u>\$ 854,648</u> | <u>\$ 944,250</u> | <u>\$ 89,602</u> |

BUDGETARY COMPARISON SCHEDULE - Major Street Fund

Year ended December 31, 2021

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|---|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 214,935 | \$ 214,935 | \$ 203,335 | \$ (11,600) |
| State grants | 300,328 | 300,328 | 329,469 | 29,141 |
| Interest | - | - | 100 | 100 |
| Total revenues | <u>515,263</u> | <u>515,263</u> | <u>532,904</u> | <u>17,641</u> |
| EXPENDITURES | | | | |
| Public works: | | | | |
| Preservation | 120,000 | 120,000 | 9,376 | 110,624 |
| Routine maintenance | 67,273 | 67,273 | 61,621 | 5,652 |
| Winter maintenance | 65,665 | 65,665 | 41,194 | 24,471 |
| Traffic services | <u>14,043</u> | <u>14,043</u> | <u>16,417</u> | <u>(2,374)</u> |
| Total public works | <u>266,981</u> | <u>266,981</u> | <u>128,608</u> | <u>138,373</u> |
| Debt service: | | | | |
| Principal | <u>16,564</u> | <u>16,564</u> | <u>16,564</u> | <u>-</u> |
| Interest | <u>10,053</u> | <u>10,053</u> | <u>9,897</u> | <u>156</u> |
| Total expenditures | <u>293,598</u> | <u>293,598</u> | <u>155,069</u> | <u>138,529</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 221,665 | 221,665 | 377,835 | 156,170 |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(170,000)</u> | <u>(170,000)</u> | <u>(170,000)</u> | <u>-</u> |
| NET CHANGES IN FUND BALANCES | 51,665 | 51,665 | 207,835 | 156,170 |
| FUND BALANCES - BEGINNING | <u>885,490</u> | <u>885,490</u> | <u>885,490</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 937,155</u> | <u>\$ 937,155</u> | <u>\$ 1,093,325</u> | <u>\$ 156,170</u> |

BUDGETARY COMPARISON SCHEDULE - Local Street Fund

Year ended December 31, 2021

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|--|----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | |
| State grants | \$ 110,102 | \$ 110,102 | \$ 122,646 | \$ 12,544 |
| Interest | - | - | 50 | 50 |
| Total revenues | <u>110,102</u> | <u>110,102</u> | <u>122,696</u> | <u>12,594</u> |
| EXPENDITURES | | | | |
| Public works: | | | | |
| Preservation | 200,000 | 260,000 | 246,812 | 13,188 |
| Routine maintenance | 36,216 | 36,216 | 33,636 | 2,580 |
| Winter maintenance | 37,349 | 37,349 | 24,235 | 13,114 |
| Traffic services | <u>8,526</u> | <u>8,526</u> | <u>7,562</u> | <u>964</u> |
| Total public works | <u>282,091</u> | <u>342,091</u> | <u>312,245</u> | <u>29,846</u> |
| Debt service: | | | | |
| Principal | <u>6,107</u> | <u>6,107</u> | <u>6,107</u> | <u>-</u> |
| Interest | <u>1,804</u> | <u>1,804</u> | <u>1,654</u> | <u>150</u> |
| Total expenditures | <u>290,002</u> | <u>350,002</u> | <u>320,006</u> | <u>29,996</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (179,900) | (239,900) | (197,310) | 42,590 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>170,000</u> | <u>170,000</u> | <u>170,000</u> | <u>-</u> |
| NET CHANGES IN FUND BALANCES | (9,900) | (69,900) | (27,310) | 42,590 |
| FUND BALANCES - BEGINNING | <u>513,960</u> | <u>513,960</u> | <u>513,960</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 504,060</u> | <u>\$ 444,060</u> | <u>\$ 486,650</u> | <u>\$ 42,590</u> |

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

Year Ended December 31, 2021

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability: | | | | | | | |
| Service cost | \$ 39,045 | \$ 40,497 | \$ 34,768 | \$ 38,574 | \$ 40,702 | \$ 32,669 | \$ 30,840 |
| Interest | 169,828 | 168,360 | 156,605 | 150,272 | 143,405 | 130,827 | 125,042 |
| Changes in benefits | - | - | - | - | - | (2,694) | - |
| Difference between expected and actual experience | 76,051 | 2,138 | 89,820 | 1,732 | (6,723) | 33,494 | - |
| Changes in assumptions | 83,778 | 73,258 | - | - | - | 97,087 | - |
| Benefit payments, including refunds | (160,234) | (146,669) | (127,588) | (91,432) | (89,537) | (87,644) | (85,745) |
| Other | (2) | (1) | - | - | - | - | - |
| Net change in total pension liability | 208,466 | 137,583 | 153,605 | 99,146 | 87,847 | 203,739 | 70,137 |
| Total pension liability, beginning 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> | <u>1,543,108</u> |
| Total pension liability, end of year | <u>\$ 2,503,631</u> | <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 | \$ 73,910 | \$ 61,798 | \$ 58,125 | \$ 52,965 | \$ 246,876 | \$ 56,267 | \$ 44,269 |
| Employee | 21,915 | 18,677 | 16,550 | 18,698 | 17,729 | 12,162 | 10,789 |
| Net investment income (loss) | 230,234 | 205,497 | (63,713) | 196,009 | 143,577 | (17,960) | 73,272 |
| Benefit payments, including refunds | (160,234) | (146,669) | (127,588) | (91,432) | (89,537) | (87,640) | (85,745) |
| Administrative expenses | (3,324) | (3,536) | (3,193) | (3,102) | (2,829) | (2,641) | (2,689) |
| Net change in plan fiduciary net position | 162,501 | 135,767 | (119,819) | 173,138 | 315,816 | (39,812) | 39,896 |
| Plan fiduciary net position, beginning 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> | <u>1,161,563</u> |
| Plan fiduciary net position, end of year | <u>\$ 1,829,050</u> | <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>\$ 674,581</u> | <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 | 73.06% | 72.61% | 70.95% | 82.37% | 77.56% | 63.93% | 74.47% |
| Covered payroll | \$ 511,718 | \$ 460,072 | \$ 385,026 | \$ 378,506 | \$ 398,578 | \$ 346,677 | \$ 282,404 |
| Village's net pension liability as a percentage of covered payroll | 131.83% | 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>2021</u> | <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> |
|---|---------------|---------------|---------------|---------------|---------------|-------------------|---------------|---------------|---------------|---------------|
| Actuarially determined contributions | \$ 73,910 | \$ 61,798 | \$ 58,125 | \$ 61,261 | \$ 55,650 | \$ 49,224 | \$ 56,268 | \$ 44,268 | \$ 48,364 | \$ 54,583 |
| Contributions in relation to the actuarially determined contributions | <u>73,910</u> | <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> |
| Contribution excess/(deficiency) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 200,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 511,718 | \$ 460,072 | \$ 385,026 | \$ 378,506 | \$ 398,578 | \$ 346,677 | \$ 282,404 | \$ 355,407 | \$ 341,308 | \$ 270,683 |
| Contributions as a percentage of covered payroll | 14.44% | 13.43% | 15.10% | 16.18% | 13.96% | 71.89% | 19.92% | 12.46% | 14.17% | 20.16% |

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, 2021

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| Total OPEB liability: | | | | |
| Service cost | \$ 36,494 | \$ 75,435 | \$ 75,435 | \$ 75,435 |
| Interest | 25,560 | 34,763 | 30,947 | 20,437 |
| Difference between expected and actual experience | (3,105) | (137,887) | - | - |
| Changes in assumptions | (54,863) | 250,541 | - | 262,022 |
| Benefit payments, including refunds | <u>(18,402)</u> | <u>(18,137)</u> | <u>(15,607)</u> | <u>(7,975)</u> |
| Net change in total OPEB liability | (14,316) | 204,715 | 90,775 | 349,919 |
| Total OPEB liability, beginning of year | <u>1,297,123</u> | <u>1,092,408</u> | <u>1,001,633</u> | <u>651,714</u> |
| Total OPEB liability, end of year | <u>\$ 1,282,807</u> | <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> | <u>\$ -</u> |
| Village's net OPEB liability, end of year | <u>\$ 1,282,807</u> | <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% | 0.00% |
| Covered payroll | \$ 194,284 | \$ 259,535 | \$ 281,703 | \$ 313,941 |
| Village's net OPEB liability as a percentage of covered employee payroll | 660.27% | 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, 2021

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|--------------------|---------------------|--------------------|--------------------|
| Actuarially determined contributions | \$ 110,118 | \$ 144,132 | \$ 111,667 | \$ 107,464 |
| Contributions in relation to the actuarially determined contributions | <u>18,402</u> | <u>18,137</u> | <u>15,607</u> | <u>7,975</u> |
| Contribution excess/(deficiency) | <u>\$ (91,716)</u> | <u>\$ (125,995)</u> | <u>\$ (96,060)</u> | <u>\$ (99,489)</u> |
| Covered employee payroll | \$ 194,284 | \$ 259,535 | \$ 281,703 | \$ 313,941 |
| Actuarially determined contributions as a percentage of covered employee payroll | 56.68% | 55.53% | 39.64% | 34.23% |
| Contributions as a percentage of covered employee payroll | 9.47% | 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 | 3.50% |
| 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, 2021

| | <u>Equipment</u> | <u>OPEB</u> | <u>Totals</u> |
|---------------------------------------|------------------|-------------|---------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 36,345 | \$ 209,038 | \$ 245,383 |
| Noncurrent assets: | | | |
| Capital assets, net of depreciation | 612,346 | - | 612,346 |
| Total assets | 648,691 | 209,038 | 857,729 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related | 3,491 | - | 3,491 |
| OPEB related | 2,705 | - | 2,705 |
| Total deferred outflows of resources | 6,196 | - | 6,196 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Payables | 1,469 | - | 1,469 |
| Note payable - current portion | 15,289 | - | 15,289 |
| Total current liabilities | 16,758 | - | 16,758 |
| Noncurrent liabilities: | | | |
| Net pension liability | 9,767 | - | 9,767 |
| Net OPEB liability | 18,574 | - | 18,574 |
| Note payable | 31,827 | - | 31,827 |
| Total noncurrent liabilities | 60,168 | - | 60,168 |
| Total liabilities | 76,926 | - | 76,926 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related | 1,082 | - | 1,082 |
| OPEB related | 2,217 | - | 2,217 |
| Total deferred inflows of resources | 3,299 | - | 3,299 |
| NET POSITION | | | |
| Net investment in capital assets | 565,230 | - | 565,230 |
| Unrestricted | 9,432 | 209,038 | 218,470 |
| Total net position | \$ 574,662 | \$ 209,038 | \$ 783,700 |

See notes to financial statements

Village of Middletown

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
internal service funds**

Year ended December 31, 2021

| | <u>Equipment</u> | <u>OPEB</u> | <u>Totals</u> |
|--------------------------------------|-------------------|-------------------|-------------------|
| OPERATING REVENUES | | | |
| Charges for services: | | | |
| Equipment rental | \$ 162,217 | \$ - | \$ 162,217 |
| OPEB contributions | - | 54,169 | 54,169 |
| Other | <u>5,055</u> | <u>-</u> | <u>5,055</u> |
| Total operating revenues | <u>167,272</u> | <u>54,169</u> | <u>221,441</u> |
| OPERATING EXPENSES | | | |
| Personnel costs | (341) | - | (341) |
| Equipment and supplies | 25,580 | - | 25,580 |
| Gas and oil | 17,096 | - | 17,096 |
| OPEB payments | - | 18,402 | 18,402 |
| Depreciation | <u>52,015</u> | <u>-</u> | <u>52,015</u> |
| Total operating expenses | <u>94,350</u> | <u>18,402</u> | <u>112,752</u> |
| OPERATING INCOME | <u>72,922</u> | <u>35,767</u> | <u>108,689</u> |
| NONOPERATING INCOME (EXPENSE) | | | |
| Loss on asset disposal | (86) | - | (86) |
| Interest expense | <u>(1,471)</u> | <u>-</u> | <u>(1,471)</u> |
| Total nonoperating income (expenses) | <u>(1,557)</u> | <u>-</u> | <u>(1,557)</u> |
| INCOME BEFORE TRANSFERS | <u>71,365</u> | <u>35,767</u> | <u>107,132</u> |
| TRANSFERS | | | |
| Transfers in | 40,000 | - | 40,000 |
| Transfers out | <u>(16,600)</u> | <u>-</u> | <u>(16,600)</u> |
| Total transfers in (out) | <u>23,400</u> | <u>-</u> | <u>23,400</u> |
| CHANGES IN NET POSITION | <u>94,765</u> | <u>35,767</u> | <u>130,532</u> |
| NET POSITION - BEGINNING | <u>479,897</u> | <u>173,271</u> | <u>653,168</u> |
| NET POSITION - ENDING | <u>\$ 574,662</u> | <u>\$ 209,038</u> | <u>\$ 783,700</u> |

See notes to financial statements

COMBINING STATEMENT OF CASH FLOWS - internal service funds

Year ended December 31, 2021

| | <u>Equipment</u> | <u>OPEB</u> | <u>Totals</u> |
|---|------------------|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from interfund services provided | \$ 167,272 | \$ 54,169 | \$ 221,441 |
| Payments to vendors and suppliers | (46,877) | (18,402) | (65,279) |
| Payments to employees | (7,512) | - | (7,512) |
| Net cash provided by operating activities | <u>112,883</u> | <u>35,767</u> | <u>148,650</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Decrease in due to other funds | (13,456) | - | (13,456) |
| Transfer from other fund | 40,000 | - | 40,000 |
| Transfer to other fund | (16,600) | - | (16,600) |
| Net cash provided by noncapital financing activities | <u>9,944</u> | <u>-</u> | <u>9,944</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition of capital assets | (69,921) | - | (69,921) |
| Principal payments on capital debt | (14,890) | - | (14,890) |
| Interest payments on capital debt | (1,671) | - | (1,671) |
| Net cash used in capital and related financing activities | <u>(86,482)</u> | <u>-</u> | <u>(86,482)</u> |
| NET CHANGE IN CASH | <u>36,345</u> | <u>35,767</u> | <u>72,112</u> |
| CASH - BEGINNING | <u>-</u> | <u>173,271</u> | <u>173,271</u> |
| CASH - ENDING | <u>\$ 36,345</u> | <u>\$ 209,038</u> | <u>\$ 245,383</u> |

See notes to financial statements

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

Year ended December 31, 2021

| | <u>Equipment</u> | <u>OPEB</u> | <u>Totals</u> |
|---|-------------------|------------------|-------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 72,922 | \$ 35,767 | \$ 108,689 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 52,015 | - | 52,015 |
| Decrease in deferred outflows of resources | 2,184 | - | 2,184 |
| Decrease in payables | (1,562) | - | (1,562) |
| Decrease in other postemployment liability | (9,520) | - | (9,520) |
| Decrease in net pension liability | (3,848) | - | (3,848) |
| Increase in deferred inflows of resources | 692 | - | 692 |
| Net cash provided by operating activities | <u>\$ 112,883</u> | <u>\$ 35,767</u> | <u>\$ 148,650</u> |

See notes to financial statements

BALANCE SHEET - component units

December 31, 2021

| | <i>Local Development Finance Authority</i> | <i>Downtown Development Authority</i> |
|---|--|---|
| ASSETS | | |
| Cash | \$ 1,412,253 | \$ 197,999 |
| Receivables | <u>49,037</u> | <u>38,831</u> |
| Total assets | <u><u>\$ 1,461,290</u></u> | <u><u>\$ 236,830</u></u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities - payables | \$ 32,878 | \$ 9,746 |
| Fund balances - unassigned | <u>1,428,412</u> | <u>227,084</u> |
| Total liabilities and fund balances | <u><u>\$ 1,461,290</u></u> | <u><u>\$ 236,830</u></u> |
| Total fund balances | \$ 1,428,412 | \$ 227,084 |
| Amounts reported for the <i>component units</i> in the statement of net position (page 15) are different because: | | |
| Capital assets used by the <i>component units</i> are not financial resources and, therefore, are not reported in the funds. | 1,639,160 | - |
| 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. | (329,135) | - |
| Interest related to long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds. | <u>(3,970)</u> | <u>-</u> |
| Net position of the <i>component units</i> | <u><u>\$ 2,734,467</u></u> | <u><u>\$ 227,084</u></u> |

Village of Middleville

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

Year ended December 31, 2021

| | <i>Local Development Finance Authority</i> | <i>Downtown Development Authority</i> |
|---|--|---|
| REVENUES | | |
| Property taxes | \$ 378,702 | \$ 172,653 |
| State grants | 337,451 | 682 |
| Charges for services | - | 9,386 |
| Other | - | 371 |
| | <hr/> | <hr/> |
| Total revenues | 716,153 | 183,092 |
| | <hr/> | <hr/> |
| EXPENDITURES | | |
| Current - public works | 1,514,938 | 183,548 |
| Capital outlay | 12,178 | - |
| Debt service: | | |
| Principal | 65,518 | - |
| Interest | 11,427 | - |
| | <hr/> | <hr/> |
| Total expenditures | 1,604,061 | 183,548 |
| | <hr/> | <hr/> |
| NET CHANGES IN FUND BALANCES | (887,908) | (456) |
| | <hr/> | <hr/> |
| FUND BALANCES - BEGINNING | 2,316,320 | 227,540 |
| | <hr/> | <hr/> |
| FUND BALANCES - ENDING | <u>\$ 1,428,412</u> | <u>\$ 227,084</u> |
| | <hr/> | <hr/> |
| Net changes in fund balances | \$ (887,908) | \$ (456) |
| Amounts reported for the <i>component units</i> in the statement of activities (page 16) are different because: | | |
| Capital assets - deduct depreciation provision | | |
| Depreciation provision | (70,626) | - |
| Transfer of assets to primary government | - | (316,716) |
| | <hr/> | <hr/> |
| Long term debt - add principal payments | 65,518 | - |
| | <hr/> | <hr/> |
| Decrease in accrued interest expense | 537 | - |
| | <hr/> | <hr/> |
| Change in net position of <i>component units</i> | <u>\$ (892,479)</u> | <u>\$ (317,172)</u> |

Village of Middleville**BUDGETARY COMPARISON SCHEDULE - Local Development Finance Authority***Year ended December 31, 2021*

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|-------------------------------------|-----------------------------------|--------------------------------|----------------------|--|
| REVENUES | | | | |
| Property taxes | \$ 294,069 | \$ 294,069 | \$ 378,702 | \$ 84,633 |
| State grants | <u>274,790</u> | <u>274,790</u> | <u>337,451</u> | <u>62,661</u> |
| Total revenues | <u>568,859</u> | <u>568,859</u> | <u>716,153</u> | <u>147,294</u> |
| EXPENDITURES | | | | |
| Current - public works | 1,554,800 | 1,554,800 | 1,514,938 | 39,862 |
| Capital outlay | 35,000 | 35,000 | 12,178 | 22,822 |
| Debt service: | | | | |
| Principal | 140,518 | 140,518 | 65,518 | 75,000 |
| Interest | <u>11,427</u> | <u>11,427</u> | <u>11,427</u> | <u>-</u> |
| Total expenditures | <u>1,741,745</u> | <u>1,741,745</u> | <u>1,604,061</u> | <u>137,684</u> |
| NET CHANGES IN FUND BALANCES | (1,172,886) | (1,172,886) | (887,908) | 284,978 |
| FUND BALANCES - BEGINNING | <u>2,316,320</u> | <u>2,316,320</u> | <u>2,316,320</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 1,143,434</u> | <u>\$ 1,143,434</u> | <u>\$ 1,428,412</u> | <u>\$ 284,978</u> |

Village of Middletown**BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority***Year ended December 31, 2021*

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|-------------------------------------|-----------------------------------|--------------------------------|----------------------|--|
| REVENUES | | | | |
| Property taxes | \$ 151,790 | \$ 151,790 | \$ 172,653 | \$ 20,863 |
| State grants | - | - | 682 | 682 |
| Charges for services | 18,750 | 18,750 | 9,386 | (9,364) |
| Other | - | - | 371 | 371 |
| | <u>170,540</u> | <u>170,540</u> | <u>183,092</u> | <u>12,552</u> |
| Total revenues | | | | |
| EXPENDITURES | | | | |
| Current - public works | 193,623 | 193,623 | 183,548 | 10,075 |
| Capital outlay | 20,000 | 20,000 | - | 20,000 |
| | <u>213,623</u> | <u>213,623</u> | <u>183,548</u> | <u>30,075</u> |
| Total expenditures | | | | |
| NET CHANGES IN FUND BALANCES | (43,083) | (43,083) | (456) | 42,627 |
| FUND BALANCES - BEGINNING | <u>227,540</u> | <u>227,540</u> | <u>227,540</u> | - |
| FUND BALANCES - ENDING | <u>\$ 184,457</u> | <u>\$ 184,457</u> | <u>\$ 227,084</u> | <u>\$ 42,627</u> |

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$205,000 2006 BARRY COUNTY WATER CONTRACT PAYABLE

December 31, 2021

| <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> | | | |
| 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>\$ 1,859</u> | <u>\$ 1,859</u> | | <u>\$ 55,000</u> | <u>\$ 58,718</u> |

*Village of Middleville***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$1,040,000 2006 BARRY COUNTY WATER CONTRACT PAYABLE***December 31, 2021*

| <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> | | | |
| 2022 | \$ 3,522 | \$ 2,937 | 4/1/22 | \$ 55,000 | \$ 61,459 |
| 2023 | 2,937 | 2,300 | 4/1/23 | 60,000 | 65,237 |
| 2024 | 2,300 | 1,662 | 4/1/24 | 60,000 | 63,962 |
| 2025 | 1,662 | 1,025 | 4/1/25 | 60,000 | 62,687 |
| 2026 | 1,025 | 387 | 4/1/26 | 60,000 | 61,412 |
| 2027 | 387 | - | 4/1/27 | 65,000 | 65,387 |
| | <u>\$ 11,833</u> | <u>\$ 8,311</u> | | <u>\$ 360,000</u> | <u>\$ 380,144</u> |

*Village of Middleville***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$425,000 2010 CAPITAL IMPROVEMENT BONDS PAYABLE***December 31, 2021*

| <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> | | | |
| 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>\$ 27,213</u> | <u>\$ 21,881</u> | | <u>\$ 225,000</u> | <u>\$ 274,094</u> |

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$700,000 2012 CAPITAL IMPROVEMENT BONDS PAYABLE

December 31, 2021

| <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> | | | |
| 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>\$ 66,200</u> | <u>\$ 56,350</u> | | <u>\$ 500,000</u> | <u>\$ 622,550</u> |
| | | | | | |
| | | | <i>Principal</i> | <i>Interest</i> | <i>Totals</i> |
| Allocation by activity: | | | | | |
| Governmental activities | | | \$ 283,550 | \$ 69,505 | \$ 353,055 |
| Business-type activities | | | <u>216,450</u> | <u>53,045</u> | <u>269,495</u> |
| | | | <u>\$ 500,000</u> | <u>\$ 122,550</u> | <u>\$ 622,550</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, 2021

| <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> | | | |
| 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>\$ 16,237</u> | <u>\$ 12,749</u> | | <u>\$ 329,135</u> | <u>\$ 358,121</u> |

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

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

December 31, 2021

| <i><u>Fiscal period</u></i> | <i><u>Interest February 1</u></i> | <i><u>Maturity date</u></i> | <i><u>Principal</u></i> | <i><u>Total requirements</u></i> |
|---------------------------------|---------------------------------------|---------------------------------|-------------------------|--------------------------------------|
| 2022 | \$ <u>517</u> | 2/28/22 | \$ <u>13,600</u> | \$ <u>14,117</u> |

Village of Middleville**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$410,000 2014 CAPITAL IMPROVEMENT BONDS PAYABLE***December 31, 2021*

| <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> | | | |
| 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>\$ 37,537</u> | <u>\$ 31,955</u> | | <u>\$ 285,000</u> | <u>\$ 354,492</u> |

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$145,000 2014 INSTALLMENT PURCHASE AGREEMENT

December 31, 2021

| <i>Fiscal period</i> | <i>Interest February 1</i> | <i>Maturity date</i> | <i>Principal</i> | <i>Total requirements</i> |
|--------------------------|--------------------------------|--------------------------|------------------|-------------------------------|
| 2022 | \$ 1,272 | 4/01/22 | \$ 15,289 | \$ 16,561 |
| 2023 | 859 | 4/01/23 | 15,702 | 16,561 |
| 2024 | <u>436</u> | 4/01/24 | <u>16,125</u> | <u>16,561</u> |
| | <u>\$ 2,567</u> | | <u>\$ 47,116</u> | <u>\$ 49,683</u> |

*Village of Middleville***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$995,000 2017 GENERAL OBLIGATION LIMITED TAX SERIES***December 31, 2021*

| <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> | | | |
| 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>\$ 124,821</u> | <u>\$ 112,471</u> | | <u>\$ 845,000</u> | <u>\$ 969,821</u> |

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

\$385,000 2018 INSTALLMENT PURCHASE AGREEMENT

December 31, 2021

| <i><u>Fiscal period</u></i> | <i><u>Interest February 1</u></i> | <i><u>Maturity date</u></i> | <i><u>Principal</u></i> | <i><u>Total requirements</u></i> |
|---------------------------------|---------------------------------------|---------------------------------|-------------------------|--------------------------------------|
| 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>\$ 6,936</u> | | <u>\$ 115,600</u> | <u>\$ 122,536</u> |

*Village of Middleville***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****\$2,315,000 2021 BARRY COUNTY SEWER CONTRACT PAYABLE***December 31, 2021*

| <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> | | | |
| 2022 | \$ 32,791 | \$ 30,991 | 3/1/22 | \$ 90,000 | \$ 122,791 |
| 2023 | 30,991 | 29,091 | 3/1/23 | 95,000 | 125,991 |
| 2024 | 29,091 | 27,191 | 3/1/24 | 95,000 | 124,091 |
| 2025 | 27,191 | 25,191 | 3/1/25 | 100,000 | 127,191 |
| 2026 | 25,191 | 23,191 | 3/1/26 | 100,000 | 125,191 |
| 2027 | 23,191 | 21,191 | 3/1/27 | 100,000 | 123,191 |
| 2028 | 21,191 | 19,091 | 3/1/28 | 105,000 | 126,191 |
| 2029 | 19,091 | 16,991 | 3/1/29 | 105,000 | 124,091 |
| 2030 | 16,991 | 14,791 | 3/1/30 | 110,000 | 126,991 |
| 2031 | 14,791 | 13,141 | 3/1/31 | 110,000 | 124,791 |
| 2032 | 13,141 | 11,991 | 3/1/32 | 115,000 | 128,141 |
| 2033 | 11,991 | 10,791 | 3/1/33 | 120,000 | 131,991 |
| 2034 | 10,791 | 9,590 | 3/1/34 | 120,000 | 130,791 |
| 2035 | 9,590 | 8,340 | 3/1/35 | 125,000 | 134,590 |
| 2036 | 8,340 | 7,040 | 3/1/36 | 130,000 | 138,340 |
| 2037 | 7,040 | 5,740 | 3/1/37 | 130,000 | 137,040 |
| 2038 | 5,740 | 4,390 | 3/1/38 | 135,000 | 140,740 |
| 2039 | 4,390 | 2,990 | 3/1/39 | 140,000 | 144,390 |
| 2040 | 2,990 | 1,540 | 3/1/40 | 145,000 | 147,990 |
| 2041 | 1,540 | - | 3/1/41 | 145,000 | 146,540 |
| | <u>\$ 316,063</u> | <u>\$ 283,272</u> | | <u>\$ 2,315,000</u> | <u>\$ 2,631,063</u> |