

**VILLAGE OF FOWLerville
LIVINGSTON COUNTY, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required and other supplementary information)**

YEAR ENDED JUNE 30, 2020

**VILLAGE OF FOWLerville
LIVINGSTON COUNTY, MICHIGAN
JUNE 30, 2020**

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Jerry Bell	Council Member
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Jim Mayhew	Council Member
Jane Mills	Council Member
Craig Curtis	Council Member
Michelle Lamb	Treasurer
Kathryn Arledge	Village Manager/Clerk

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INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Fowlerville, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Fowlerville, Michigan (the Village), as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Fowlerville, Michigan, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Maney Costeiran PC

November 19, 2020

VILLAGE OF FOWLerville MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the Village of Fowlerville's financial performance and position, providing an overview of the activities for the fiscal year ended June 30, 2020. This analysis should be read in conjunction with the *Independent Auditor's Report* and with the Village of Fowlerville's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide

- Total net position or the amount assets exceeded liabilities was \$15,450,959 at the close of 2020 (excluding component units).
- Governmental activities net position was \$3,548,486.
- Business-type activities net position was \$11,902,473.
- Component unit net position was \$6,856,287.

Fund Level

- At the close of the fiscal year, the Village of Fowlerville's governmental funds reported a combined ending fund balance of \$1,400,134 with \$772,874 being nonspendable, restricted, committed, or assigned.
- The General Fund's fund balance decreased by \$188,734, due to approximately \$225,000 of net transfers to other funds.

Capital and Long-term Debt Activities

- The total long-term debt for the governmental activities of the primary government was \$1,625,000.
- The total long-term debt for the business-type activities of the primary government was \$1,700,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the Village of Fowlerville consists of the following components: 1) *Independent Auditor's Report*; 2) *Management's Discussion and Analysis*; and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), *Required Supplementary Information*, such as budget to actual comparisons for the General Fund and *Other Supplementary Information* including combining financial statements for all nonmajor governmental funds.

Government-wide Financial Statements (Reporting the Village of Fowlerville as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities, which report information about the Village of Fowlerville as a whole and about its activities. Their purpose is to assist in answering the question, is the Village of Fowlerville, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Position (page 12) presents all of the Village of Fowlerville's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, recording the difference between the four as "net position". Over time, increases or decreases in net position measure whether the Village of Fowlerville's financial position is improving or deteriorating.

VILLAGE OF FOWLerville MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Activities (page 13) presents information showing how the Village of Fowlerville's net position changed during fiscal year 2020. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave. Both statements report the following activities:

- **Governmental Activities** - Most of the Village of Fowlerville's basic services are reported under this category. Taxes, charges for services, and operating grants and contributions primarily fund these services. The Village of Fowlerville's general government departments such as the police department, the Village Council, public works, the Village's share of fire costs, and recreation programs are reported under these activities. This also includes activities such as the Major and Local street maintenance, the cemetery, and the various refuse services.
- **Business-type Activities** - These activities operate like private businesses. The Village of Fowlerville charges fees to recover the cost of the services provided. The Village of Fowlerville Water & Sewer System services are examples of such activities.
- **Discretely Presented Component Units** - Discretely Presented Component units are legally separate organizations for which the Village of Fowlerville's Council appoints a majority of the organization's policy board and there is a degree of financial accountability to the Village of Fowlerville. Organizations included as component units are the Downtown Development Authority and the Local Development Finance Authority.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide financial statements, pages 15 and 17 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however, depreciation expense is reported on the government-wide financial statements.
- Capital outlay spending results in capital assets on the government-wide financial statements but is reported as expenditures on the fund financial statements of the governmental funds.
- Internal service funds are reported as governmental activities on the government-wide financial statements but are reported as proprietary funds on the fund financial statements.
- Long-term liabilities, such as reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide financial statements; however, they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide financial statements but are recorded as other financing sources on the fund financial statements.

VILLAGE OF FOWLerville MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements (Reporting the Village of Fowlerville Major Funds)

The fund financial statements, which begin on page 14, provide information on the Village of Fowlerville's significant (major) funds and aggregated nonmajor funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village of Fowlerville uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as funds required by bond or grant agreements. Funds are also utilized to track specific operations; these include the internal services funds (e.g., Motor Pool) as well as enterprise funds such as the Water and Sewer Fund.

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. GASB Statement No. 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues, or total expenditures/expenses that equal at least 10% of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds 5% of those categories for governmental and enterprise funds combined. The major funds for the Village of Fowlerville include the General Fund, Major Street Fund, Local Street Fund, and the Water and Sewer Fund. All other funds are classified as nonmajor funds and are reported in aggregate. The Village of Fowlerville includes detailed information on its nonmajor funds in other supplementary sections of this report.

The Village of Fowlerville's funds are divided into three categories - governmental, proprietary, and fiduciary, and use different accounting approaches:

- **Governmental Funds** - Most of the Village of Fowlerville's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the Village of Fowlerville's programs. The *General Fund* is a Governmental Fund.
- **Proprietary Funds** - Services for which the Village of Fowlerville charges customers a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. *Internal Service funds* report activities that provide supplies or service to the Village of Fowlerville's other operations, such as the Motor Pool Fund. Internal Service funds are reported as governmental activities on the government-wide statements.
- **Fiduciary Fund** - The Village reports an agency fund to account for assets that are held by the Village as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured. The Village's agency fund is the Trust and Agency Fund.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 24 of this report.

**VILLAGE OF FOWLerville
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes the management's discussion and analysis, budgetary comparison schedules for the major funds, and schedules of funding progress and employer contributions for the defined benefit pension plan.

Other Supplementary Information

Other Supplementary Information includes combining financial statements for nonmajor governmental funds. These funds are added together by fund type and are presented in aggregate single columns in the appropriate basic financial statements.

FINANCIAL ANALYSIS OF THE VILLAGE OF FOWLerville AS A WHOLE

As previously stated, the Village of Fowlerville's combined net position were \$15,450,959 at the end of this fiscal year. The net position of the governmental activities was \$3,548,486 and the business-type activities were \$11,902,473.

The Village reports its investment in capital assets (e.g., land, buildings, equipment, etc.). The Village uses these capital assets to provide services to students and residents of the community; consequently, these assets are not available for future spending. Also, a certain amount of net position was restricted for specific purposes such as major streets, perpetual care, ambulance services, and debt service.

Net Position as of June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 2,573,284	\$ 2,807,995	\$ 5,893,651	\$ 5,836,621	\$ 8,466,935	\$ 8,644,616
Capital Assets	3,550,539	2,543,393	8,140,285	7,400,886	11,690,824	9,944,279
Total Assets	<u>6,123,823</u>	<u>5,351,388</u>	<u>14,033,936</u>	<u>13,237,507</u>	<u>20,157,759</u>	<u>18,588,895</u>
Deferred Outflows of Resources	<u>56,491</u>	<u>280,189</u>	<u>-</u>	<u>-</u>	<u>56,491</u>	<u>280,189</u>
Current Liabilities	776,817	407,271	686,463	278,039	1,463,280	685,310
Noncurrent Liabilities	<u>1,855,011</u>	<u>2,194,923</u>	<u>1,445,000</u>	<u>1,700,000</u>	<u>3,300,011</u>	<u>3,894,923</u>
Total Liabilities	<u>2,631,828</u>	<u>2,602,194</u>	<u>2,131,463</u>	<u>1,978,039</u>	<u>4,763,291</u>	<u>4,580,233</u>
Net Position						
Net investment in capital assets	1,925,539	728,393	6,440,285	5,450,886	8,365,824	6,179,279
Restricted	699,852	1,116,225	-	-	699,852	1,116,225
Unrestricted	<u>923,095</u>	<u>1,184,765</u>	<u>5,462,188</u>	<u>5,808,582</u>	<u>6,385,283</u>	<u>6,993,347</u>
Total Net Position	<u>\$ 3,548,486</u>	<u>\$ 3,029,383</u>	<u>\$ 11,902,473</u>	<u>\$ 11,259,468</u>	<u>\$ 15,450,959</u>	<u>\$ 14,288,851</u>

**VILLAGE OF FOWLerville
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the Village of Fowlerville's net position changed during the fiscal year:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 767,004	\$ 756,641	\$ 1,921,841	\$ 1,883,105	\$ 2,688,845	\$ 2,639,746
Operating Grants and Contributions	661,629	689,320	-	-	661,629	689,320
Capital Grants and Contributions	296,407	231	-	-	296,407	231
General Revenues						
Property Taxes	958,396	921,782	-	-	958,396	921,782
State Shared Revenue	289,120	296,287	-	-	289,120	296,287
Local Community Stabilization	58,572	56,755	-	-	58,572	56,755
Investment Earnings	36,334	33,607	95,867	87,715	132,201	121,322
Gain on Sale of Asset	-	156,564	-	-	-	156,564
Miscellaneous	51,400	-	-	-	51,400	-
Total Revenues	3,118,862	2,911,187	2,017,708	1,970,820	5,136,570	4,882,007
Expenses						
General Government	682,679	707,339	-	-	682,679	707,339
Public Safety	802,153	775,189	-	-	802,153	775,189
Public Works	964,526	904,868	-	-	964,526	904,868
Recreation and Culture Community and Economic Development	85,118	96,813	-	-	85,118	96,813
Interest on long-term debt	29,616	21,022	-	-	29,616	21,022
Water/Sewer	35,667	37,800	-	-	35,667	37,800
	-	-	1,374,703	1,386,130	1,374,703	1,386,130
Total Expenses	2,599,759	2,543,031	1,374,703	1,386,130	3,974,462	3,929,161
Increase in Net Position	519,103	368,156	643,005	584,690	1,162,108	952,846
Net Position Beginning	3,029,383	2,661,227	11,259,468	10,674,778	14,288,851	13,336,005
Net Position Ending	\$ 3,548,486	\$ 3,029,383	\$ 11,902,473	\$ 11,259,468	\$ 15,450,959	\$ 14,288,851

Governmental Activities

The result of fiscal year 2020 governmental activity was an increase of \$519,103 in net position to \$3,548,486. Of the total governmental activities' net position, \$1,925,539 is invested in capital assets less related debt and \$699,852 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the Village of Fowlerville's government. The balance of \$923,095 is listed as unrestricted, having no legal commitment.

Revenues

The three largest revenue categories in governmental activities were property taxes at 30.7%; charges for services at 24.6%; and operating grants and contributions at 21.2%. The Village of Fowlerville levies a property tax millage for general government operations at 8.5048 mills, which is not assigned to any specific service or activity. The Village also levies 0.6500 mills of special voted millage for mosquito control, 2.0409 mills for garbage services, including weekly garbage pick-up, composting, chipping, and leaf pick-up. Lastly, the Village levies 3.4017 mills for streetlights and 0.6802 mills for cemetery maintenance.

**VILLAGE OF FOWLerville
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Expenses

Total governmental expenses increased by 2.2% or \$56,728 compared to the prior year. Public works is the largest governmental activity, expending \$964,526 of the approximately \$2.6 million total expenses. Public safety is the next largest activity, expending \$802,153.

Business-type Activities:

Net position in the business-type activities increased by \$643,005 during the fiscal year 2020. Business activities increased because of planned cash flow increases for future capital outlay and cash flow was needed to pay off debt, which is a non-budget item. In addition, water and sewer main preservation increased.

Of the total \$11,902,473 of net position in the business-type activities, \$5,462,188 is reported as unrestricted and \$6,44,285 is invested in capital assets (net of related debt).

FINANCIAL ANALYSIS OF THE VILLAGE OF FOWLerville MAJOR AND NONMAJOR FUNDS

As the Village of Fowlerville completed fiscal year 2020, its governmental funds reported *combined* fund balances of \$1,400,134. The net changes are summarized in the following chart:

	General Fund	Major Street Fund	Local Street Fund	Nonmajor Governmental Funds
Fund Balance June 30, 2020	\$ 906,839	\$ 297,640	\$ 54,888	\$ 140,767
Fund Balance June 30, 2019	1,095,573	344,630	412,738	156,123
Net Change	(188,734)	(46,990)	(357,850)	(15,356)

General Fund

The General Fund is the chief operating fund of the Village of Fowlerville. Unless otherwise required by statute, contractual agreement, or Council policy all Village of Fowlerville revenue and expenditures are recorded in the General Fund. As of June 30, 2020, the General Fund reported a fund balance of \$906,839. This amount is a decrease of \$188,734 from the fund balance of \$1,095,573 reported as of June 30, 2019. The final budget planned for a decrease of \$250,436.

General Fund Budgetary Highlights

The Village of Fowlerville's budget is a dynamic document. Although adopted in June (prior to the start of the fiscal year), the budget is amended during the course of the fiscal year to reflect changing operational demands.

General Fund revenues and other financing sources totaled \$2,031,132; \$25,777 below the final amended budget. The most significant variation was in charges for services, which had a negative variation of \$16,131.

The Village of Fowlerville's expenditures and other financing uses totaled \$2,219,866; \$94,479 below the final amended budget. Many departments underspent their budget so overall expenditures were below the amended budget. Final budgeted expenditures increased by \$304,664 or 15.1% mainly due to an increase in budgeted transfers.

**VILLAGE OF FOWLerville
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Water and Sewer Fund

The Water and Sewer Fund had an increase in its net position of \$643,005. Operating revenues showed an increase of \$38,736, while total operating expenses decreased by \$6,854 primarily due to decreases in wastewater operations compared to the prior year. In 2020 the Fund had total operating expenses of \$1,333,607 and total operating revenues of \$1,921,841 for an operating income of \$588,234.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of Fiscal Year 2020, the Village of Fowlerville had invested \$3,550,539 and \$8,140,285 (net of accumulated depreciation) for governmental and business-type capital assets (including construction in progress), respectively. Key additions to the governmental activities include in-progress road repairs and a street sweeper. Additions to the business-type capital assets include in-progress repairs and improvements to the sewer and water systems. Accumulated depreciation was \$4,484,661 for the governmental activities and \$8,628,282 for the business-type activities. Depreciation charges for the fiscal year totaled \$369,271 for the governmental activities and \$548,643 for the business-type activities. For more detailed information related to capital assets, refer to Note 5 of the financial statements.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 139,607	\$ 447,642	\$ 587,249
Construction in progress	1,302,006	1,389,158	2,691,164
Land Improvement, net	152,499	-	152,499
Buildings, net	185,001	2,533,028	2,718,029
Vehicles, net	38,235	-	38,235
Machinery and Equipment, net	174,455	94,152	268,607
Infrastructure, net	1,558,736	-	1,558,736
Water System, net	-	2,060,817	2,060,817
Sewer System, net	-	1,615,488	1,615,488
	<u> </u>	<u> </u>	<u> </u>
Capital assets, net	<u>\$ 3,550,539</u>	<u>\$ 8,140,285</u>	<u>\$ 11,690,824</u>

**VILLAGE OF FOWLerville
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Outstanding Debt as of June 30, 2020

As of June 30, 2020, the Village of Fowlerville had \$1,728,904 in bonds and accumulated vacation and sick time outstanding for the governmental activities. Of this amount, \$1,625,000 is bonds and \$103,904 is compensated absences. This level of net obligation is \$191,899 lower than the obligation recorded as of June 30, 2019.

The business-type activities showed total outstanding balance of \$1,700,000 as of June 30, 2020. The debt is comprised of capital improvement bonds. This level of net obligation is \$250,000 lower than the obligation recorded as of June 30, 2019. For more detailed information related to long-term obligations, refer to Note 6 of the financial statements.

Limitations on Debt

State statute limits the Village of Fowlerville's debt obligations to 10% of the current state equalized value (SEV). The Village of Fowlerville's SEV, as of June 30, 2020, was \$94,420,230 therefore, the Village of Fowlerville's debt limitation was \$9,442,023. The Village of Fowlerville remains well below its legal debt limit.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS & EFFECTS

Due to the ongoing pandemic, revenue sharing revenues and personal property tax are in jeopardy.

The Village continues to improve roads and water and sewer mains however the state has decreased available Act 51 & grant funds, so we will be limited in what we can do in the future since we are paying for it out of local dollars.

The Village undertook to upgrade DPW equipment and has done so. It has been the Village's policy that we need to make sure that we have good working equipment and we have continued to do so this year with the purchase of some equipment. In addition to the General fund the Village has used fund balance in Water/Sewer, Motor Pool for needed capital expenses such as water/sewer lines, street sweeper, finish mower and a new gator. In the future we will attempt to purchase new equipment and vehicles as needed.

CONTACTING THE VILLAGE OF FOWLerville

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village of Fowlerville's finances and to demonstrate the Village of Fowlerville's accountability for the money it receives. If there are questions about this report or a need for additional information, contact the Village Offices at (517) 223-3771.

BASIC FINANCIAL STATEMENTS

VILLAGE OF FOWLerville
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash	\$ 2,357,866	\$ 5,337,906	\$ 7,695,772	\$ 1,240,588
Receivables	72,647	482,919	555,566	73,709
Due from other governmental units	86,826	-	86,826	-
Internal balances	29,474	(29,474)	-	-
Inventory	-	21,615	21,615	-
Prepays	26,471	-	26,471	666
Total current assets	<u>2,573,284</u>	<u>5,812,966</u>	<u>8,386,250</u>	<u>1,314,963</u>
Noncurrent assets				
Receivables	-	80,685	80,685	-
Capital assets not being depreciated	1,441,613	1,836,800	3,278,413	1,299,635
Capital assets, net of accumulated depreciation	<u>2,108,926</u>	<u>6,303,485</u>	<u>8,412,411</u>	<u>4,260,714</u>
Total noncurrent assets	<u>3,550,539</u>	<u>8,220,970</u>	<u>11,771,509</u>	<u>5,560,349</u>
TOTAL ASSETS	<u>6,123,823</u>	<u>14,033,936</u>	<u>20,157,759</u>	<u>6,875,312</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	56,491	-	56,491	-
LIABILITIES				
Current liabilities				
Accounts payable	398,586	422,581	821,167	18,235
Accrued liabilities	88,940	4,056	92,996	-
Due to other governmental units	2	-	2	240
Security deposits payable	-	-	-	550
Accrued interest payable	5,417	4,826	10,243	-
Unearned revenue	2,196	-	2,196	-
Current portion of compensated absences	91,676	-	91,676	-
Current portion of long-term debt	<u>190,000</u>	<u>255,000</u>	<u>445,000</u>	<u>-</u>
Total current liabilities	<u>776,817</u>	<u>686,463</u>	<u>1,463,280</u>	<u>19,025</u>
Noncurrent liabilities				
Noncurrent portion of compensated absences	12,228	-	12,228	-
Noncurrent portion of long-term debt	1,435,000	1,445,000	2,880,000	-
Net pension liability	<u>407,783</u>	<u>-</u>	<u>407,783</u>	<u>-</u>
Total noncurrent liabilities	<u>1,855,011</u>	<u>1,445,000</u>	<u>3,300,011</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,631,828</u>	<u>2,131,463</u>	<u>4,763,291</u>	<u>19,025</u>
NET POSITION				
Net investment in capital assets	1,925,539	6,440,285	8,365,824	5,560,349
Restricted for streets and highways	466,395	-	466,395	-
Restricted for other purposes	233,457	-	233,457	-
Unrestricted	<u>923,095</u>	<u>5,462,188</u>	<u>6,385,283</u>	<u>1,295,938</u>
TOTAL NET POSITION	<u>\$ 3,548,486</u>	<u>\$ 11,902,473</u>	<u>\$ 15,450,959</u>	<u>\$ 6,856,287</u>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue 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	Total	
Primary government								
Governmental activities								
General government	\$ 682,679	\$ 349,792	\$ 230,091	\$ -	\$ (102,796)	\$ -	\$ (102,796)	\$ -
Public safety	802,153	23,019	70,761	-	(708,373)	-	(708,373)	-
Public works	964,526	393,162	360,777	296,407	85,820	-	85,820	-
Recreation and culture	85,118	1,031	-	-	(84,087)	-	(84,087)	-
Community and economic development	29,616	-	-	-	(29,616)	-	(29,616)	-
Interest on long-term debt	35,667	-	-	-	(35,667)	-	(35,667)	-
Total governmental activities	2,599,759	767,004	661,629	296,407	(874,719)	-	(874,719)	-
Business-type activities								
Water and sewer	1,374,703	1,921,841	-	-	-	547,138	547,138	-
Total primary government	\$ 3,974,462	\$ 2,688,845	\$ 661,629	\$ 296,407	(874,719)	547,138	(327,581)	-
Component units								
Downtown Development Authority	\$ 389,815	\$ 47,523	\$ -	\$ -	-	-	-	(342,292)
Local Development Finance Authority	662,314	-	-	-	-	-	-	(662,314)
Total component units	\$ 1,052,129	\$ 47,523	\$ -	\$ -	-	-	-	(1,004,606)
General revenues								
Property taxes					958,396	-	958,396	734,882
State shared revenue					289,120	-	289,120	-
Local community stabilization					58,572	-	58,572	484,133
Investment earnings					36,334	95,867	132,201	22,582
Miscellaneous					51,400	-	51,400	-
Total general revenues					1,393,822	95,867	1,489,689	1,241,597
Change in net position					519,103	643,005	1,162,108	236,991
Net position, beginning of the year					3,029,383	11,259,468	14,288,851	6,619,296
Net position, end of the year					\$ 3,548,486	\$ 11,902,473	\$ 15,450,959	\$ 6,856,287

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	General	Major Street	Local Street	Nonmajor Governmental Funds	Total
ASSETS					
Cash	\$ 864,883	\$ 414,929	\$ 189,865	\$ 145,241	\$ 1,614,918
Accounts receivable	72,502	-	-	-	72,502
Due from other governmental units	38,347	37,129	10,842	-	86,318
Due from other funds	60,509	-	7,062	-	67,571
Prepays	26,471	-	-	-	26,471
TOTAL ASSETS	\$ 1,062,712	\$ 452,058	\$ 207,769	\$ 145,241	\$ 1,867,780
LIABILITIES					
Account payable	\$ 56,296	\$ 112,210	\$ 143,295	\$ 4,474	\$ 316,275
Accrued liabilities	86,393	1,584	891	-	88,868
Due to other governmental units	2	-	-	-	2
Due to other funds	10,986	40,624	8,695	-	60,305
Unearned revenue	2,196	-	-	-	2,196
TOTAL LIABILITIES	155,873	154,418	152,881	4,474	467,646
FUND BALANCES					
Nonspendable	26,471	-	-	-	26,471
Restricted	223,716	297,640	54,888	123,668	699,912
Committed	-	-	-	17,099	17,099
Assigned	29,392	-	-	-	29,392
Unassigned	627,260	-	-	-	627,260
TOTAL FUND BALANCES	906,839	297,640	54,888	140,767	1,400,134
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,062,712	\$ 452,058	\$ 207,769	\$ 145,241	\$ 1,867,780

See accompanying notes to financial statements.

VILLAGE OF FOWLerville
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances - governmental funds \$ 1,400,134

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 7,267,377	
Accumulated depreciation is	<u>(3,893,563)</u>	
Capital assets, net		3,373,814

An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the government-wide statement of net position. 860,151

Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	56,491
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Bonds payable	(1,625,000)	
Accrued interest payable	(5,417)	
Compensated absences	(103,904)	
Net pension liability	<u>(407,783)</u>	
		<u>(2,142,104)</u>

Net position of governmental activities \$ 3,548,486

VILLAGE OF FOWLerville
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020

	General	Major Street	Local Street	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 761,401	\$ -	\$ -	\$ 212,128	\$ 973,529
Licenses and permits	6,205	-	-	-	6,205
Intergovernmental	700,229	571,545	80,479	238,197	1,590,450
Charges for services	435,685	-	-	-	435,685
Fines and forfeitures	18,276	-	-	-	18,276
Interest and rents	23,469	3,675	5,800	4,421	37,365
Other	51,496	518	518	4,820	57,352
TOTAL REVENUES	1,996,761	575,738	86,797	459,566	3,118,862
EXPENDITURES					
Current					
General government	647,351	-	-	-	647,351
Public safety	753,353	-	-	1,372	754,725
Public works	440,893	113,760	67,596	92,250	714,499
Community and economic development	30,529	-	-	-	30,529
Recreation and culture	87,740	-	-	-	87,740
Capital outlay	-	614,659	651,989	-	1,266,648
Debt service	-	-	-	226,300	226,300
TOTAL EXPENDITURES	1,959,866	728,419	719,585	319,922	3,727,792
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	36,895	(152,681)	(632,788)	139,644	(608,930)
OTHER FINANCING SOURCES (USES)					
Transfers in	34,371	260,000	282,000	-	576,371
Transfers out	(260,000)	(154,309)	(7,062)	(155,000)	(576,371)
TOTAL OTHER FINANCING SOURCES (USES)	(225,629)	105,691	274,938	(155,000)	-
NET CHANGE IN FUND BALANCES	(188,734)	(46,990)	(357,850)	(15,356)	(608,930)
Fund balances, beginning of year	1,095,573	344,630	412,738	156,123	2,009,064
Fund balances, end of year	<u>\$ 906,839</u>	<u>\$ 297,640</u>	<u>\$ 54,888</u>	<u>\$ 140,767</u>	<u>\$ 1,400,134</u>

See accompanying notes to financial statements.

VILLAGE OF FOWLerville
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds \$ (608,930)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 1,276,645	
Depreciation expense	<u>(334,125)</u>	
Excess of capital outlay over depreciation expense		942,520

Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current period, these amounts consist of:

Bond retirement		190,000
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An internal service funds is used by management to charge the costs of certain activities to individual funds. The net position of the internal service fund increased in the current period. 86,280

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	633	
Decrease in accrued compensated absences	1,899	
Decrease in net pension liability	130,399	
(Decrease) in deferred outflows of resources related to pensions	<u>(223,698)</u>	
		<u>(90,767)</u>

Change in net position of governmental activities \$ 519,103

**VILLAGE OF FOWLerville
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service (Motor Pool)
ASSETS		
Current assets		
Cash	\$ 5,337,906	\$ 742,948
Accounts receivable	473,710	145
Special assessments receivable	9,209	-
Due from other governmental units	-	508
Due from other funds	-	24,381
Inventory	21,615	-
Total current assets	5,842,440	767,982
Noncurrent assets		
Special assessments receivable	80,685	-
Capital assets not being depreciated	1,836,800	-
Capital assets, net of accumulated depreciation	6,303,485	176,725
Total noncurrent assets	8,220,970	176,725
TOTAL ASSETS	14,063,410	944,707
LIABILITIES		
Current liabilities		
Accounts payable	422,581	82,311
Accrued liabilities	4,056	72
Due to other funds	29,474	2,173
Accrued interest payable	4,826	-
Current portion of long-term debt	255,000	-
Total current liabilities	715,937	84,556
Noncurrent liabilities		
Noncurrent portion of long-term debt	1,445,000	-
TOTAL LIABILITIES	2,160,937	84,556
NET POSITION		
Net investment in capital assets	6,440,285	176,725
Unrestricted	5,462,188	683,426
TOTAL NET POSITION	\$ 11,902,473	\$ 860,151

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED JUNE 30, 2020**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Internal Service (Motor Pool)</u>
OPERATING REVENUES		
Charges for services	<u>\$ 1,921,841</u>	<u>\$ 219,959</u>
OPERATING EXPENSES		
Administrative	279,818	110,501
Wastewater operations	346,378	-
Water distribution	158,768	-
Depreciation	<u>548,643</u>	<u>35,146</u>
TOTAL OPERATING EXPENSES	<u>1,333,607</u>	<u>145,647</u>
OPERATING INCOME	<u>588,234</u>	<u>74,312</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	95,867	11,968
Interest expense	<u>(41,096)</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>54,771</u>	<u>11,968</u>
CHANGE IN NET POSITION	643,005	86,280
Net position, beginning of year	<u>11,259,468</u>	<u>773,871</u>
Net position, end of year	<u><u>\$ 11,902,473</u></u>	<u><u>\$ 860,151</u></u>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2020**

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service (Motor Pool)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,935,435	\$ 219,787
Cash receipts from/(payments to) other funds	(22,254)	2,532
Cash paid to suppliers	(305,316)	(15,983)
Cash paid for employees and benefits	(73,678)	(14,542)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,534,187	191,794
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset acquisitions	(1,288,042)	(99,771)
Special assessments	9,026	-
Bond principal payments	(250,000)	-
Interest and fees paid	(41,440)	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,570,456)	(99,771)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	95,867	11,968
NET INCREASE IN CASH	59,598	103,991
Cash, beginning of year	5,278,308	638,957
Cash, end of year	\$ 5,337,906	\$ 742,948
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 588,234	\$ 74,312
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	548,643	35,146
(Increase) decrease in:		
Accounts receivable	13,594	(145)
Due from other governmental units	-	(27)
Due from other funds	-	3,997
Inventory	2,202	-
Increase (decrease) in:		
Accounts payable	402,818	80,046
Accrued liabilities	950	(70)
Due to other funds	(22,254)	(1,465)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,534,187	\$ 191,794

See accompanying notes to financial statements.

VILLAGE OF FOWLerville
FIDUCIARY FUND
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2020

	<u>Agency Fund</u>
ASSETS	
Cash	<u>\$ 22,196</u>
LIABILITIES	
Due to others	<u>\$ 22,196</u>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
 COMPONENT UNITS
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2020**

	<u>Downtown Development Authority</u>	<u>Local Development Finance Authority</u>	<u>Total</u>
ASSETS			
Current assets			
Cash	\$ 319,410	\$ 921,178	\$ 1,240,588
Accounts receivable	2	60,229	60,231
Contracts receivable	13,478	-	13,478
Prepays	333	333	666
	<u>333,223</u>	<u>981,740</u>	<u>1,314,963</u>
Noncurrent assets			
Capital assets, not being depreciated	1,299,107	528	1,299,635
Capital assets, net of accumulated depreciation	<u>1,967,890</u>	<u>2,292,824</u>	<u>4,260,714</u>
	<u>3,266,997</u>	<u>2,293,352</u>	<u>5,560,349</u>
TOTAL ASSETS	<u>3,600,220</u>	<u>3,275,092</u>	<u>6,875,312</u>
LIABILITIES			
Current liabilities			
Accounts payable	7,836	10,399	18,235
Security deposit payable	550	-	550
Due to other governmental units	<u>240</u>	<u>-</u>	<u>240</u>
TOTAL LIABILITIES	<u>8,626</u>	<u>10,399</u>	<u>19,025</u>
NET POSITION			
Investment in capital assets	3,266,997	2,293,352	5,560,349
Unrestricted	<u>324,597</u>	<u>971,341</u>	<u>1,295,938</u>
TOTAL NET POSITION	<u>\$ 3,591,594</u>	<u>\$ 3,264,693</u>	<u>\$ 6,856,287</u>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
 COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2020**

	Downtown Development Authority	Local Development Finance Authority	Total
Program expenses			
Community and economic development	\$ 389,815	\$ 662,314	\$ 1,052,129
Program revenues			
Charges for services	47,523	-	47,523
NET PROGRAM (EXPENSES)	<u>(342,292)</u>	<u>(662,314)</u>	<u>(1,004,606)</u>
General revenues			
Property taxes	355,277	379,605	734,882
Local community stabilization	24,354	459,779	484,133
Investment earnings	7,917	14,665	22,582
TOTAL GENERAL REVENUES	<u>387,548</u>	<u>854,049</u>	<u>1,241,597</u>
CHANGE IN NET POSITION	45,256	191,735	236,991
Restated net position, beginning of the year	<u>3,546,338</u>	<u>3,072,958</u>	<u>6,619,296</u>
Net position, end of the year	<u>\$ 3,591,594</u>	<u>\$ 3,264,693</u>	<u>\$ 6,856,287</u>

See accompanying notes to financial statements.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Located in Livingston County, Michigan, Fowlerville is incorporated as a general law village in which citizens elect the council members. The Village is not included in any other governmental “reporting entity”, as defined by the Governmental Accounting Standards Board (GASB), since Council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Village provides the following services, as authorized under the General Law Village Act, to approximately 2,870 residents: public safety (police), public improvements (streets, sidewalks, sewers, and water system), planning and zoning, recreation and general administrative services.

The financial statements of the Village have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to village governments. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Village’s more significant accounting policies are described below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the Village of Fowlerville (primary government) and its component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the Village. All component units are included in the Village’s audited financial statements and are not audited separately.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Village of Fowlerville contain all the funds controlled by the Village Council.

Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, the Village of Fowlerville remains financially accountable for these entities or the nature and significance of the relationship between these entities and the Village of Fowlerville is such that exclusion of these entities would render the financial statements misleading. The financial statements contain the following discretely presented component units:

Downtown Development Authority (DDA) - The Authority is responsible for the management of property tax revenues captured in the DDA district within the Village boundaries. Members of the DDA board are appointed by the Village Council and the Council has the ability to exercise oversight responsibility, specifically in the area of designation of management. The Authority is legally separate from the Village and is fiscally independent of the Village. The DDA is included in the Village’s audited financial statements and is not audited separately.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Units (continued)

Local Development Finance Authority (LDFA) - The Authority is responsible for the management of property tax revenues captured in the LDFA district in the Village boundaries. Members of the LDFA board are appointed by the Village Council and the Council has the ability to exercise oversight responsibility, specifically in the area of designation of management. The Authority is legally separate from the Village and is fiscally independent of the Village. The Authority is included in the Village's audited financial statements and is not audited separately.

Joint Venture

Fowlerville Area Fire Authority - The Fowlerville Area Fire Authority was created on January 1, 2005, by a joint venture agreement between the Townships of Handy, Iosco, and Conway and the Village of Fowlerville. The Authority is considered a Municipal Emergency Service Authority as provided in the Emergency Services to Municipalities Act, 1988 PA57, and MCL 124.601. The remaining formation and operating guidelines, etc. are detailed in the Authority's Articles of Incorporation and Bylaws and are maintained in the Authority's administrative offices. Each Township appoints one member and the Village appoints one member to the Board. The Chief oversees the day-to-day operations of the Authority. The Authority's audited financial statements can be obtained at the Village offices.

The Authority has no stockholders and all monies received are to be used for certain specified purposes in accordance with the joint venture agreement between the constituent municipalities.

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All activities of the primary government are included. For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS

The fund financial statements present the Village's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

- a. The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Major Street Fund is used to account for restricted Act 51 resources that are used for repairs and maintenance of the Village's major streets.
- c. The Local Street Fund is used to account for restricted Act 51 resources that are used for repairs and maintenance of the Village's local streets.

The Village reports the following major enterprise fund:

- a. The Water and Sewer Fund is used to account for the operations required to providing sewer and water services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

The Village also reports an internal service fund to account for the management of mobile equipment provided to other departments of the Village on a cost reimbursement basis.

The Village also reports an agency fund to account for assets held by the Village as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured. The Village's agency fund is the Trust and Agency Fund.

Measurement Focus

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

There is no measurement focus for the fiduciary agency fund since assets equal liabilities.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

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 Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

If/when both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The Village employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. The Village Manager is required to submit to the Village Council a proposed operating budget for the commencing fiscal year prior to its start each year. The operating budget includes proposed expenditures and the means of financing them. Budgets are prepared on a basis consistent with the accounting basis utilized by the fund.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally enacted through passage of a resolution.
- d. The Village Manager is authorized to transfer budget amounts of \$500 or less between departments within any fund with subsequent Council ratification. Any revisions altering the total expenditures of a particular fund must be approved by the Council. Annual appropriations lapse at fiscal year end.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

- e. Budgets for the General and Special Revenue Funds are adopted on an activity basis and are consistent with accounting principles generally accepted in the United States of America.
- f. Budgeted amounts are reported as originally adopted or amended by the Village Council during the year.

Cash

Cash consists of various savings and money market checking accounts.

In accordance with Michigan Compiled Laws, the Village is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan or other governments for various payments and grants.

Receivables

Receivables consist of amounts due related from individuals and businesses related to charges for services, interest receivable, special assessments receivable, and other amounts owed to the Village at year-end.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax

The Village of Fowlerville bills and collects its own property taxes. The Village's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph.

Property taxes are levied by the Village of Fowlerville on July 1 and are payable without penalty through September 15. The July 1 levy is composed of the Village's millage, voted millage and special assessments. All real property taxes not paid to the Village by the due date are turned over to the Livingston County Treasurer for collection. The Livingston County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent personal property taxes are retained by the Village for subsequent collection. Village property tax revenues are recognized as revenues in the fiscal year levied.

The Village is permitted to levy taxes up to 12.50 mills (\$12.50 per \$1,000 of taxable valuation) for general governmental services. For the year ended June 30, 2020, the Village levied 8.5048 mills per \$1,000 of assessed valuation for general governmental services. In addition, the Village levied 0.6802 for cemetery maintenance, 2.0409 for garbage service, 3.4017 for street lights, and 0.6500 for mosquito control. The total taxable value for the 2019 levy for property within the Village was \$94,420,230.

Inventory

Inventory in the Water and Sewer Fund consists of department supplies which are stated at the lower of cost or market on the first in - first out basis.

Prepays

Prepaid expenditures, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental, proprietary, and component unit funds are netted as part of the reconciliation to the government-wide financial statements.

Compensated Absences

Village employees hired before August 1, 2005, are granted sick/personal leave in varying amounts. Village employees hired after August 1, 2005, are granted a single allotment of paid time off in lieu of separate amounts of sick and vacation leave. In the event of termination, an employee is paid for portions of accumulated sick/personal time. Employees are not paid for accumulated vacation. All employees with accumulated unused sick/personal time pay at June 30, 2020, were vested and the total due to them, along with the related payroll taxes, is recorded entirely in the government-wide financial statements.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences (continued)

Employees accrue vacation time throughout the year based on prior years' service. Vacation time must be used or lost, with limited exceptions.

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities, business-type activities, and component units' columns. Capital assets are those with an initial individual cost of \$500 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	2 - 15 years
Buildings	10 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	2 - 8 years
Sewer system	10 - 40 years
Water system	7 - 50 years
Infrastructure	20 - 30 years

Unearned Revenue

Unearned revenues are reported for resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position and balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one item that qualifies for reporting in these categories and is reported in the government-wide financial statement of net position.

The Village reports deferred outflows of resources which correspond to the Village's net pension liability and are related to contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow of resources in the period to which they apply.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate restrictions imposed by the funding source or some other outside source, which precludes their use for unrestricted purposes.

Fund Balance Classifications

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification Policies and Procedures

For committed fund balance, the Village of Fowlerville's highest level of decision-making authority is the Village Council. Formal action that is required to be taken to establish a fund balance commitment is a resolution of the Village Council. If a fund balance commitment is made, the commitment remains in effect until a resolution is made to remove it.

For assigned fund balance, the Village policy is that either the Council or the Village Manager may assign fund balance pursuant to the Fund Balance Policy adopted by the Village Council.

The Village of Fowlerville has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

Comparative Data

Comparative data for the prior year has not been presented in the basic financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

NOTE 2 - DEPOSITS

As of June 30, 2020, the Village had deposits subject to the following risk:

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of June 30, 2020, the carrying amounts of the Village's deposits were \$8,958,456 and the bank balance was \$9,118,200. Of this bank balance, \$9,074,260 was covered by federal depository insurance, and \$43,940 was uninsured and uncollateralized. The primary government had \$100 of imprest cash on hand.

The Village will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Council and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Village will do business in accordance with Council approved policy.

Interest Rate Risk. The Village will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Village's cash requirements.

Concentration of Credit Risk. The Village will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Village's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign Currency Risk. The Village is not authorized to invest in investments which have this type of risk.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS (continued)

The following summarizes the categorization of cash as of June 30, 2020:

	Primary Government	Component Units	Fiduciary Fund	Reporting Entity
Cash	\$ 7,695,772	\$ 1,240,588	\$ 22,196	\$ 8,958,556

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables at June 30, 2020:

Due to General Fund from:		
Major Street Fund		\$ 28,238
Local Street Fund		7,413
Water and Sewer Fund		22,685
Internal service fund		2,173
		\$ 60,509
Due to Local Street Fund from:		
Major Street Fund		\$ 7,062
Due to Internal Service Fund from:		
General Fund		\$ 10,986
Major Street Fund		5,324
Local Street Fund		1,282
Water and Sewer Fund		6,789
		\$ 24,381

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE 4 - INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds and component unit funds have been eliminated.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INTERFUND TRANSFERS (continued)

The following schedule details interfund transfers for the year ended June 30, 2020:

Primary Government

Transfers to General Fund from:

Major Street Fund	\$ 27,309
Local Street Fund	<u>7,062</u>
	<u><u>\$ 34,371</u></u>

Transfers to Major Street Fund from:
General Fund

\$ 260,000

Transfers to Local Street Fund from:

Major Street Fund	\$ 127,000
Nonmajor governmental funds	<u>155,000</u>
	<u><u>\$ 282,000</u></u>

Component Units

Downtown Development Authority

Transfers to Downtown Development Authority General Fund from:
Property Rental Fund

\$ 14,000

Transfers from the Property Rental Fund to the Downtown Development Authority General Fund were to finance current year debt service payments. Transfers to the General Fund, Major Street Fund, and Local Street Funds were to finance public works projects.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

Primary Government

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 139,607	\$ -	\$ -	\$ 139,607
Construction in progress	<u>104,433</u>	<u>1,197,573</u>	<u>-</u>	<u>1,302,006</u>
Subtotal	<u>244,040</u>	<u>1,197,573</u>	<u>-</u>	<u>1,441,613</u>

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities (continued)				
Capital assets being depreciated				
Land improvements	\$ 473,289	\$ -	\$ -	\$ 473,289
Buildings	840,284	-	-	840,284
Vehicles	738,605	10,000	(35,900)	712,705
Machinery and equipment	577,609	99,771	(37,885)	639,495
Infrastructure	3,858,741	69,073	-	3,927,814
Subtotal	<u>6,488,528</u>	<u>178,844</u>	<u>(73,785)</u>	<u>6,593,587</u>
Less accumulated depreciation for:				
Land improvements	(300,454)	(20,336)	-	(320,790)
Buildings	(626,739)	(28,544)	-	(655,283)
Vehicles	(675,170)	(35,200)	35,900	(674,470)
Machinery and equipment	(477,502)	(25,423)	37,885	(465,040)
Infrastructure	(2,109,310)	(259,768)	-	(2,369,078)
Subtotal	<u>(4,189,175)</u>	<u>(369,271)</u>	<u>73,785</u>	<u>(4,484,661)</u>
Net capital assets being depreciated	<u>2,299,353</u>	<u>(190,427)</u>	<u>-</u>	<u>2,108,926</u>
Total net capital assets	<u>\$ 2,543,393</u>	<u>\$ 1,007,146</u>	<u>\$ -</u>	<u>\$ 3,550,539</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 100,191
Public safety	16,151
Public works	225,392
Recreation and culture	<u>27,537</u>
Total depreciation expense	<u>\$ 369,271</u>

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 447,642	\$ -	\$ -	\$ 447,642
Construction in progress	125,391	1,263,767	-	1,389,158
Subtotal	573,033	1,263,767	-	1,836,800
Capital assets being depreciated				
Buildings	3,667,583	-	-	3,667,583
Machinery and equipment	466,913	24,275	-	491,188
Vehicles	14,040	-	-	14,040
Sewer system	4,874,146	-	-	4,874,146
Water system	5,884,810	-	-	5,884,810
Subtotal	14,907,492	24,275	-	14,931,767
Less accumulated depreciation for:				
Buildings	(1,063,578)	(70,977)	-	(1,134,555)
Machinery and equipment	(384,669)	(12,367)	-	(397,036)
Vehicles	(14,040)	-	-	(14,040)
Sewer system	(3,066,618)	(192,040)	-	(3,258,658)
Water system	(3,550,734)	(273,259)	-	(3,823,993)
Subtotal	(8,079,639)	(548,643)	-	(8,628,282)
Net capital assets being depreciated	6,827,853	(524,368)	-	6,303,485
Total net capital assets	\$ 7,400,886	\$ 739,399	\$ -	\$ 8,140,285

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

Component Units

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Downtown Development Authority				
Capital assets not being depreciated				
Land	\$ 1,299,107	\$ -	\$ -	\$ 1,299,107
Capital assets being depreciated				
Land improvements	2,745,660	-	-	2,745,660
Buildings and improvements	256,821	53,191	-	310,012
Subtotal	3,002,481	53,191	-	3,055,672
Less accumulated depreciation for				
Land improvements	(948,436)	(70,160)	-	(1,018,596)
Buildings and improvements	(58,913)	(10,273)	-	(69,186)
Subtotal	(1,007,349)	(80,433)	-	(1,087,782)
Net capital assets being depreciated	1,995,132	(27,242)	-	1,967,890
Total net capital assets	<u>\$ 3,294,239</u>	<u>\$ (27,242)</u>	<u>\$ -</u>	<u>\$ 3,266,997</u>
	Balance July 1, 2019	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2020
Local Development Finance Authority				
Capital assets not being depreciated				
Construction in progress	\$ 24,743	\$ 399,355	\$ (423,570)	\$ 528
Capital assets being depreciated				
Infrastructure	4,939,620	430,134	-	5,369,754
Less accumulated depreciation for				
Infrastructure	(2,785,059)	(291,871)	-	(3,076,930)
Net capital assets being depreciated	2,154,561	138,263	-	2,292,824
Total net capital assets	<u>\$ 2,179,304</u>	<u>\$ 537,618</u>	<u>\$ (423,570)</u>	<u>\$ 2,293,352</u>

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM OBLIGATIONS

The Village issues bonds to provide for the acquisition and construction of major capital facilities. The following is a summary of changes in long-term obligations (including current portion) of the Village for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amount Due Within One Year
Primary Government					
Governmental Activities					
Long-term debt					
2016 Refunding Bonds	\$ 1,815,000	\$ -	\$ (190,000)	\$ 1,625,000	\$ 190,000
Other long-term obligations					
Compensated absences	<u>105,803</u>	<u>91,452</u>	<u>(93,351)</u>	<u>103,904</u>	<u>91,676</u>
Total Governmental Activities	<u>1,920,803</u>	<u>91,452</u>	<u>(283,351)</u>	<u>1,728,904</u>	<u>281,676</u>
Business-type Activities					
Long-term debt					
2016 Refunding Bonds	515,000	-	(60,000)	455,000	60,000
2015 Sewer Improvement Refunding Bonds	<u>1,435,000</u>	<u>-</u>	<u>(190,000)</u>	<u>1,245,000</u>	<u>195,000</u>
Total Business-Type Activities	<u>1,950,000</u>	<u>-</u>	<u>(250,000)</u>	<u>1,700,000</u>	<u>255,000</u>
TOTAL PRIMARY GOVERNMENT	<u><u>\$ 3,870,803</u></u>	<u><u>\$ 91,452</u></u>	<u><u>\$ (533,351)</u></u>	<u><u>\$ 3,428,904</u></u>	<u><u>\$ 536,676</u></u>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

Primary Government

General Obligation Bonds

\$2,720,000 2016 Refunding Bonds, due in annual installments ranging from \$215,000 to \$280,000 through May 1, 2028, plus interest of 2.00% \$ 2,080,000

\$2,160,000 2015 Sewer Improvement Refunding Bonds, due in annual installments ranging from \$190,000 to \$220,000 through June 1, 2026, plus interest of 2.17% 1,245,000

\$ 3,765,000

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused sick leave. The dollar amounts of these vested rights, including related payroll taxes, which have been recorded in the government-wide financial statements, amounted to \$103,904 at June 30, 2020. Compensated absences are normally liquidated by the General Fund.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Annual Requirements for Bonded Obligations

The annual requirements to pay the principal and interest outstanding for bonds are as follows:

Primary Government

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 190,000	\$ 32,500	\$ 255,000	\$ 34,001
2022	195,000	28,700	265,000	28,515
2023	200,000	24,800	265,000	22,821
2024	205,000	20,800	275,000	17,118
2025	205,000	16,700	285,000	11,207
2026-2028	630,000	25,400	355,000	6,487
	<u>\$ 1,625,000</u>	<u>\$ 148,900</u>	<u>\$ 1,700,000</u>	<u>\$ 120,149</u>

Advance Refunding - Prior

On September 20, 2016, the Village defeased the portion of the 2007 Capital Improvement Bonds, which are due and payable April 1, 2018 through April 1, 2027. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The Village issued General Obligation 2016 Refunding Bonds in the amount of \$650,000 to provide resources to fund the escrow amounts and pay the costs of insurance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Village's financial statements. At June 30, 2020, bonds due and payable April 1, 2021 through April 1, 2027, for the 2007 Capital Improvement Bonds in the amount of \$455,000 are considered defeased.

In addition, also on September 20, 2016, the Village defeased the portion of the 2008 General Obligation Bonds, which are due and payable May 1, 2019 through May 1, 2028. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The Village issued General Obligation 2016 Refunding Bonds in the amount of \$2,070,000 to provide resources to fund the escrow amounts and pay the costs of insurance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Village's financial statements. At June 30, 2020, bonds due and payable May 1, 2021 through May 1, 2028, for the 2008 General Obligation Bonds in the amount of \$1,580,000 are considered defeased.

On December 15, 2015, the Village defeased the portion of the 2005 Sewer Improvement Bonds, which were due and payable June 1, 2017 through June 1, 2026. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The Village issued General Obligation 2015 Refunding Bonds in the amount of \$2,160,000 to provide resources to fund the escrow amounts and pay the costs of insurance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Village's financial statements. At June 30, 2020, bonds due and payable June 1, 2021 through June 1, 2026, for the 2005 Sewer Improvement Bonds in the amount of \$1,275,000 are considered defeased.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT RETIREMENT 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's 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 accessing MERS website at www.mersofmich.com.

Summary of Significant Accounting Policies

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers full-time employees at the Village electing the defined benefit retirement plan.

Retirement benefits for employees are calculated as 2.50% of the employee's three-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 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. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Village Council.

At the December 31, 2019, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>2</u>
	<u><u>20</u></u>

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN (continued)

Contributions

The Village is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Village may establish contribution rates to be paid by its covered employees.

Employer contributions were \$2,461 to \$3,269 per month for open divisions. Active covered employees contributed 5.00% of annual payroll for the year ended June 30, 2020.

Net Pension Liability

The Village's net pension liability reported at June 30, 2020, was determined using a measure of the total pension liability and the pension net position as of December 31, 2019. The December 31, 2019 total pension liability was determined by an actuarial valuation performed as of that date.

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances at December 31, 2018	\$ 3,481,333	\$ 2,943,151	\$ 538,182
Service cost	19,297	-	19,297
Interest on total pension liability	270,808	-	270,808
Difference between expected and actual experience	(84,812)	-	(84,812)
Changes in assumptions	133,364	-	133,364
Employer contributions	-	71,781	(71,781)
Employee contributions	-	5,807	(5,807)
Net investment income	-	398,329	(398,329)
Benefit payments, including employee refunds	(211,773)	(211,773)	-
Administrative expense	-	(6,861)	6,861
Other changes	(1)	(1)	-
Net changes	<u>126,883</u>	<u>257,282</u>	<u>(130,399)</u>
Balances at December 31, 2019	<u>\$ 3,608,216</u>	<u>\$ 3,200,433</u>	<u>\$ 407,783</u>

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN (continued)

Pension Expenses and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2020, the Village recognized pension expense of \$156,870. The Village reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 7,685	\$ -
Contributions subsequent to the measurement date*	48,806	-
Total	\$ 56,491	\$ -

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2021.

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

Year Ended June 30,	Pension Expense
2021	\$ (9,159)
2022	9,718
2023	40,829
2024	(33,703)

Actuarial Assumptions

The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: 3.00%

Investment rate of return: 7.35%, net of investment expenses, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 2.50%.

**VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN (continued)

Actuarial Assumptions (continued)

The mortality table used to project the mortality experience of non-disabled plan members is a 50% Male - 50% Female blend of the following tables: 1. the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, 2. the RP-2014 Employee Mortality Tables, and 3. the RP-2014 Juvenile Mortality Tables. The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in valuation were based on the results of the 2014-2018 Five-year Experience Study.

Discount Rate

The discount rate used to measure the total pension liability is 7.60%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

Projected Cash Flows

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.

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 table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	60.00%	6.15%
Global Fixed Income	20.00%	1.26%
Private Investments	20.00%	6.56%

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% lower (6.60%) or 1% higher (8.60%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	<u>\$ 807,578</u>	<u>\$ 407,783</u>	<u>\$ 70,425</u>

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - DEFINED CONTRIBUTION RETIREMENT PLAN

Beginning August 1, 2005, the Village offers a Defined Contribution Plan created in accordance with Internal Revenue Code Section 401 to its employees. The plan is managed by Michigan Municipal Employees Retirement System. The Village Council established, and may amend, the provisions of the plan, including the amounts required to be contributed by the Village. For this plan, the Village contributes 5% of an employee's compensation for all eligible enrolled employees. In addition, the Village matches dollar for dollar the contributions of the individual employees up to 5%, if they choose to contribute.

For the year ended June 30, 2020, the Village contributed \$67,140 to the defined contribution plan for its employees. The Village employees contributed \$41,582 to the defined contribution plan for the year ended June 30, 2020.

NOTE 9 - RISK MANAGEMENT

The Village participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property, liability, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Village has no individual self-insured retention amounts and a \$250 deductible for vehicle physical damage per occurrence, \$1,000 deductible for property and crime coverage, and a \$10,000 deductible per occurrence for sewage system overflow. State pool members' limits of coverage (per occurrence) are \$10,000,000 for liability and approximately \$8,696,770 for property. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Village has not been informed of any special assessments being required.

The Village also participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Village has not been informed of any special assessments being required.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - FUND BALANCE CLASSIFICATIONS

The following are the various fund balance classifications as of June 30, 2020:

	General	Major Street	Local Street	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable					
Prepays	\$ 26,471	\$ -	\$ -	\$ -	\$ 26,471
Restricted					
Mosquito control	41,708	-	-	-	41,708
Refuse collection	146,927	-	-	-	146,927
Composting	35,081	-	-	-	35,081
Streets and highways	-	297,640	54,888	113,867	466,395
Law enforcement	-	-	-	9,741	9,741
Debt service	-	-	-	60	60
Committed					
Perpetual care	-	-	-	17,099	17,099
Assigned					
Subsequent year's expenditures	29,392	-	-	-	29,392
Unassigned	627,260	-	-	-	627,260
	<u>\$ 906,839</u>	<u>\$ 297,640</u>	<u>\$ 54,888</u>	<u>\$ 140,767</u>	<u>\$ 1,400,134</u>

NOTE 11 - RESTRICTED NET POSITION

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes.

The following are the various net position restrictions as of June 30, 2020:

Governmental activities	
Restricted for streets and highways	\$ 466,395
Restricted for other purposes	
Mosquito control	41,708
Refuse collection	146,927
Composting	35,081
Law enforcement	9,741
	<u>\$ 699,852</u>

NOTE 12 - TAX ABATEMENTS

The Village entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) (IFT) PA 198 of 1974, as amended. An Industrial Facilities Exemption (IFE) certificate entitles the facility an exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on a new plant and non-industrial property, such as some high-tech personal property, is computed at 50% of the property tax bill for new property. For rehabilitation properties, the taxable values can be frozen. The amount of taxes abated within the Village's Local Development Finance Authority Component Unit during the year ended June 30, 2020 was \$32,858.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities for all state and local governments, focusing on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries for whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Village is current evaluating the impact this standard will have on the financial statements when adopting during the 2020-2021 fiscal year.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases the previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset -an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

NOTE 14 - SUBSEQUENT EVENT

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of many businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Village expects this matter to potentially negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time. In addition, the Village has applied for \$106,616 in CARES Act funding. Of this amount, \$63,429 has been awarded.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOWLerville
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - REVENUES
YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 759,400	\$ 760,968	\$ 761,401	\$ 433
Licenses and permits	9,000	7,500	6,205	(1,295)
Intergovernmental				
Federal/State	357,400	340,224	342,655	2,431
Local	<u>359,850</u>	<u>358,200</u>	<u>357,574</u>	<u>(626)</u>
Total intergovernmental	717,250	698,424	700,229	1,805
Charges for services	425,320	451,816	435,685	(16,131)
Fines and forfeitures	26,500	25,000	18,276	(6,724)
Interest and rents	19,200	26,200	23,469	(2,731)
Other	23,100	51,501	51,496	(5)
Transfers in	<u>32,500</u>	<u>35,500</u>	<u>34,371</u>	<u>(1,129)</u>
TOTAL REVENUES	<u><u>\$ 2,012,270</u></u>	<u><u>\$ 2,056,909</u></u>	<u><u>\$ 2,031,132</u></u>	<u><u>\$ (25,777)</u></u>

**VILLAGE OF FOWLerville
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
YEAR ENDED JUNE 30, 2020**

EXPENDITURES	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Current				
General government				
Legislative	\$ 30,463	\$ 28,434	\$ 25,047	\$ 3,387
Executive	64,933	66,833	63,157	3,676
Clerk	130,045	132,245	126,910	5,335
Treasurer	142,494	145,703	144,683	1,020
Village hall and grounds	117,848	113,998	106,851	7,147
Other				
Miscellaneous	74,100	61,220	46,407	14,813
Insurance	77,000	72,000	71,212	788
Contracted services	82,500	70,200	63,084	7,116
Total general government	719,383	690,633	647,351	43,282
Public safety				
Police department	728,207	778,499	753,353	25,146
Public works				
Department of public works	130,048	148,670	144,586	4,084
Refuse collection	125,500	122,000	121,700	300
Sanitary landfill	54,501	54,501	54,420	81
Cemetery operations	104,006	99,006	87,741	11,265
Mosquito control	36,000	35,000	32,446	2,554
Total public works	450,055	459,177	440,893	18,284
Community and economic development				
Planning commission	22,453	37,453	30,529	6,924
Recreation and culture				
Recreation	89,583	88,583	87,740	843
Transfers Out	-	260,000	260,000	-
TOTAL EXPENDITURES	\$ 2,009,681	\$ 2,314,345	\$ 2,219,866	\$ 94,479

**VILLAGE OF FOWLerville
MAJOR STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 860,500	\$ 1,285,960	\$ 571,545	\$ (714,415)
Interest	3,000	4,800	3,675	(1,125)
Other	-	-	518	518
	<u>863,500</u>	<u>1,290,760</u>	<u>575,738</u>	<u>(715,022)</u>
TOTAL REVENUES				
EXPENDITURES				
Public works				
Administration	500	500	-	500
Operations	169,706	164,328	113,760	50,568
Capital outlay	752,000	1,538,748	614,659	924,089
	<u>922,206</u>	<u>1,703,576</u>	<u>728,419</u>	<u>975,157</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES (UNDER) EXPENDITURES	(58,706)	(412,816)	(152,681)	260,135
OTHER FINANCING (USES)				
Transfers in	-	260,000	260,000	-
Transfers out	(163,000)	(154,000)	(154,309)	(309)
	<u>(163,000)</u>	<u>106,000</u>	<u>105,691</u>	<u>(309)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	(221,706)	(306,816)	(46,990)	259,826
Fund balance, beginning of year	<u>344,630</u>	<u>344,630</u>	<u>344,630</u>	<u>-</u>
Fund balance, end of year	<u>\$ 122,924</u>	<u>\$ 37,814</u>	<u>\$ 297,640</u>	<u>\$ 259,826</u>

**VILLAGE OF FOWLerville
LOCAL STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 82,500	\$ 79,054	\$ 80,479	\$ 1,425
Interest	1,000	6,500	5,800	(700)
Other	-	-	518	518
	<u>83,500</u>	<u>85,554</u>	<u>86,797</u>	<u>1,243</u>
TOTAL REVENUES				
	83,500	85,554	86,797	1,243
EXPENDITURES				
Public works				
Operations	111,785	104,692	67,596	37,096
Capital outlay	512,000	656,000	651,989	4,011
	<u>623,785</u>	<u>760,692</u>	<u>719,585</u>	<u>41,107</u>
TOTAL EXPENDITURES				
	623,785	760,692	719,585	41,107
EXCESS OF REVENUES (UNDER) EXPENDITURES	(540,285)	(675,138)	(632,788)	42,350
OTHER FINANCING SOURCES (USES)				
Transfer in	345,000	282,000	282,000	-
Transfer out	(8,000)	(8,000)	(7,062)	(938)
	<u>337,000</u>	<u>274,000</u>	<u>274,938</u>	<u>(938)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
	337,000	274,000	274,938	(938)
NET CHANGE IN FUND BALANCE	(203,285)	(401,138)	(357,850)	41,412
Fund balance, beginning of year	412,738	412,738	412,738	-
Fund balance, end of year	<u>\$ 209,453</u>	<u>\$ 11,600</u>	<u>\$ 54,888</u>	<u>\$ 41,412</u>

VILLAGE OF FOWLerville
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX MEASUREMENT DATES (AMOUNTS DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)
(ULTIMATELY TEN MEASUREMENT DATES WILL BE DISPLAYED)

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 19,297	\$ 17,958	\$ 17,033	\$ 16,540	\$ 16,580	\$ 16,564
Interest	270,808	265,814	292,101	287,487	273,945	267,530
Difference between expected and actual experience	(84,812)	(11,713)	(418,394)	(14,713)	(72,815)	-
Changes of assumptions	133,364	-	-	-	173,211	-
Benefit payments, including employee refunds	(211,773)	(208,847)	(230,750)	(232,980)	(227,427)	(197,109)
Other	(1)	-	1	(1)	8,561	8,360
Net Change in Total Pension Liability	126,883	63,212	(340,009)	56,333	172,055	95,345
Total Pension Liability, beginning	3,481,333	3,418,121	3,758,130	3,701,797	3,529,742	3,434,397
Total Pension Liability, ending	<u>\$ 3,608,216</u>	<u>\$ 3,481,333</u>	<u>\$ 3,418,121</u>	<u>\$ 3,758,130</u>	<u>\$ 3,701,797</u>	<u>\$ 3,529,742</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 71,781	\$ 96,282	\$ 47,728	\$ 68,549	\$ 44,679	\$ 20,140
Contributions - employee	5,807	5,820	5,108	5,381	5,437	8,563
Net investment income (loss)	398,329	(122,872)	386,325	314,014	(43,587)	189,791
Benefit payments, including employee refunds	(211,773)	(208,847)	(230,750)	(232,980)	(227,427)	(197,109)
Administrative expense	(6,861)	(6,146)	(6,129)	(6,210)	(6,529)	(6,938)
Other	(1)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	257,282	(235,763)	202,282	148,754	(227,427)	14,447
Plan Fiduciary Net Position, beginning	2,943,151	3,178,914	2,976,632	2,827,878	3,055,305	3,040,858
Plan Fiduciary Net Position, ending	<u>\$ 3,200,433</u>	<u>\$ 2,943,151</u>	<u>\$ 3,178,914</u>	<u>\$ 2,976,632</u>	<u>\$ 2,827,878</u>	<u>\$ 3,055,305</u>
Village's Net Pension Liability	<u>\$ 407,783</u>	<u>\$ 538,182</u>	<u>\$ 239,207</u>	<u>\$ 781,498</u>	<u>\$ 873,919</u>	<u>\$ 474,437</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	89%	85%	93%	79%	76%	87%
Covered employee payroll	\$ 123,855	\$ 116,841	\$ 110,822	\$ 107,612	\$ 108,795	\$ 108,685
Village's Net Pension Liability as a percentage of Covered Employee Payroll	329.2%	460.6%	215.8%	726.2%	803.3%	436.5%

VILLAGE OF FOWLerville
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST SIX FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
(ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial determined contributions	\$ 33,572	\$ 45,275	\$ 54,854	\$ 42,121	\$ 16,580	\$ 16,459
Contributions in relation to the actuarially determined contribution	<u>63,572</u>	<u>85,275</u>	<u>94,854</u>	<u>77,121</u>	<u>46,580</u>	<u>16,459</u>
Contribution deficiency (excess)	<u><u>\$ (30,000)</u></u>	<u><u>\$ (40,000)</u></u>	<u><u>\$ (40,000)</u></u>	<u><u>\$ (35,000)</u></u>	<u><u>\$ (30,000)</u></u>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 90,120	\$ 118,822	\$ 113,480	\$ 109,615	\$ 107,940	\$ 129,712
Contributions as a percentage of covered employee payroll	70.54%	71.77%	83.59%	70.36%	43.15%	12.69%

VILLAGE OF FOWLerville
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020

NOTE 1 - EMPLOYEE RETIREMENT PLAN

Changes of benefits terms: There were no changes of benefit terms during plan year 2019.

Changes in assumptions: The discount rate was changed to 7.60% from 8.00%.
The long term investment rate was changed to 7.35% from 7.75%.
The salary inflation rate was changed to 3.00% from 3.50%.
The five-year experience study was updated to 2014-2018 from 2009-2013.

OTHER SUPPLEMENTARY INFORMATION

**VILLAGE OF FOWLerville
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	Special Revenue				Debt Service	Total
	Municipal Street	Drug Law Enforcement	K9 Program	Greenwood Cemetery	2008 G.O. Bond	
ASSETS						
Cash	\$ 118,089	\$ 2,227	\$ 7,766	\$ 17,099	\$ 60	\$ 145,241
LIABILITIES						
Accounts payable	\$ 4,222	\$ -	\$ 252	\$ -	\$ -	\$ 4,474
FUND BALANCES						
Restricted	113,867	2,227	7,514	-	60	123,668
Committed	-	-	-	17,099	-	17,099
TOTAL FUND BALANCES	113,867	2,227	7,514	17,099	60	140,767
TOTAL LIABILITIES AND FUND BALANCES	\$ 118,089	\$ 2,227	\$ 7,766	\$ 17,099	\$ 60	\$ 145,241

VILLAGE OF FOWLerville
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020

	Special Revenue				Debt Service	Total
	Municipal Street	Drug Law Enforcement	K9 Program	Greenwood Cemetery	2008 G.O. Bond	
REVENUES						
Taxes	\$ 212,128	\$ -	\$ -	\$ -	\$ -	\$ 212,128
Intergovernmental	13,197	-	-	-	225,000	238,197
Interest and rents	3,933	37	141	264	46	4,421
Other	-	-	100	4,720	-	4,820
TOTAL REVENUES	229,258	37	241	4,984	225,046	459,566
EXPENDITURES						
Current						
Public safety	-	-	1,372	-	-	1,372
Public works	92,250	-	-	-	-	92,250
Debt service	-	-	-	-	226,300	226,300
TOTAL EXPENDITURES	92,250	-	1,372	-	226,300	319,922
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	137,008	37	(1,131)	4,984	(1,254)	139,644
OTHER FINANCING (USES)						
Transfer out	(155,000)	-	-	-	-	(155,000)
NET CHANGE IN FUND BALANCES	(17,992)	37	(1,131)	4,984	(1,254)	(15,356)
Fund balances, beginning of year	131,859	2,190	8,645	12,115	1,314	156,123
Fund balances, end of year	<u>\$ 113,867</u>	<u>\$ 2,227</u>	<u>\$ 7,514</u>	<u>\$ 17,099</u>	<u>\$ 60</u>	<u>\$ 140,767</u>

**VILLAGE OF FOWLerville
 COMPONENT UNIT FUNDS
 BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY
 JUNE 30, 2020**

	General	Property Rental	Total
ASSETS			
Cash	\$ 306,236	\$ 13,174	\$ 319,410
Contracts receivable	13,478	-	13,478
Accounts receivable	2	-	2
Prepays	333	-	333
	\$ 320,049	\$ 13,174	\$ 333,223
LIABILITIES			
Accounts payable	\$ 7,836	\$ -	\$ 7,836
Due to other governmental units	240	-	240
Security deposits	-	550	550
	8,076	550	8,626
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	13,478	-	13,478
FUND BALANCES			
Nonspendable			
Prepays	333	-	333
Assigned			
Property rental	-	12,624	12,624
Unassigned	298,162	-	298,162
	298,495	12,624	311,119
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	\$ 320,049	\$ 13,174	\$ 333,223

**VILLAGE OF FOWLerville
 COMPONENT UNIT FUNDS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION - DOWNTOWN DEVELOPMENT AUTHORITY
 JUNE 30, 2020**

Total fund balances - governmental funds \$ 311,119

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 4,354,779	
Accumulated depreciation is	<u>(1,087,782)</u>	

Capital assets, net		3,266,997
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Other resources are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Unavailable revenue		<u>13,478</u>
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Net position of governmental activities		<u><u>\$ 3,591,594</u></u>
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**VILLAGE OF FOWLerville
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 DOWNTOWN DEVELOPMENT AUTHORITY
 YEAR ENDED JUNE 30, 2020**

	General	Property Rental	Total
REVENUES			
Taxes	\$ 355,277	\$ -	\$ 355,277
Intergovernmental	24,354	-	24,354
Charges for services	12,695	-	12,695
Interest and rents	7,917	21,350	29,267
	<u>400,243</u>	<u>21,350</u>	<u>421,593</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Community and economic development			
Contracted services	53,092	-	53,092
Supplies	3,668	-	3,668
Repairs and maintenance	3,691	-	3,691
Equipment rental	840	3,280	4,120
Utilities	13,997	2,671	16,668
Management fees	-	822	822
Payments to primary government	2,321	-	2,321
Debt service	225,000	-	225,000
Capital outlay	53,191	-	53,191
	<u>355,800</u>	<u>6,773</u>	<u>362,573</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER EXPENDITURES	<u>44,443</u>	<u>14,577</u>	<u>59,020</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	14,000	-	14,000
Transfers out	-	(14,000)	(14,000)
	<u>14,000</u>	<u>(14,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	58,443	577	59,020
Fund balances, beginning of year	<u>240,052</u>	<u>12,047</u>	<u>252,099</u>
Fund balances, end of year	<u>\$ 298,495</u>	<u>\$ 12,624</u>	<u>\$ 311,119</u>

**VILLAGE OF FOWLerville
 COMPONENT UNIT FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES -
 DOWNTOWN DEVELOPMENT AUTHORITY
 YEAR ENDED JUNE 30, 2020**

Net change in fund balances - total governmental funds \$ 59,020

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	53,191	
Depreciation expense		<u>(80,433)</u>	
Excess of depreciation expense over capital outlay			(27,242)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts consist of:

Change in unavailable revenue		<u>13,478</u>	
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Change in net position of governmental activities \$ 45,256

**VILLAGE OF FOWLerville
 COMPONENT UNIT FUNDS
 BALANCE SHEET - LOCAL DEVELOPMENT FINANCE AUTHORITY
 JUNE 30, 2020**

ASSETS	
Cash	\$ 921,178
Accounts receivable	60,229
Prepays	<u>333</u>
TOTAL ASSETS	<u><u>\$ 981,740</u></u>
LIABILITIES	
Accounts payable	\$ 10,399
FUND BALANCE	
Nonspendable	
Prepays	333
Unassigned	<u>971,008</u>
TOTAL FUND BALANCE	<u>971,341</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 981,740</u></u>

**VILLAGE OF FOWLerville
 COMPONENT UNIT FUNDS
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
 STATEMENT OF NET POSITION - LOCAL DEVELOPMENT FINANCE AUTHORITY
 JUNE 30, 2020**

Total fund balance - governmental fund \$ 971,008

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 5,370,282	
Accumulated depreciation is	<u>(3,076,930)</u>	
Capital assets, net		<u>2,293,352</u>
Net position of governmental activities		\$ 3,264,360

**VILLAGE OF FOWLerville
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 LOCAL DEVELOPMENT FINANCE AUTHORITY
 YEAR ENDED JUNE 30, 2020**

REVENUES	
Taxes	\$ 379,605
Intergovernmental	459,779
Interest	<u>14,665</u>
TOTAL REVENUES	<u>854,049</u>
EXPENDITURES	
Current	
Community and economic development	
Contracted services	10,904
Payments to primary government	335,355
Other	26,115
Capital outlay	<u>403,988</u>
TOTAL EXPENDITURES	<u>776,362</u>
NET CHANGE IN FUND BALANCE	77,687
Fund balance, beginning of year	<u>893,654</u>
Fund balance, end of year	<u><u>\$ 971,341</u></u>

**VILLAGE OF FOWLerville
 COMPONENT UNIT FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES -
 LOCAL DEVELOPMENT FINANCE AUTHORITY
 YEAR ENDED JUNE 30, 2020**

Net change in fund balance - governmental fund \$ 77,687

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	405,919	
Depreciation expense		(291,871)	
Excess of capital outlay over depreciation expense			114,048

Change in net position of governmental activities **\$ 191,735**