

**VILLAGE OF FOWLerville
LIVINGSTON COUNTY, MICHIGAN**

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

YEAR ENDED JUNE 30, 2022

**VILLAGE OF FOWLerville
LIVINGSTON COUNTY, MICHIGAN
JUNE 30, 2022**

VILLAGE COUNCIL AND ADMINISTRATION

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Kathryn Heath	President Pro-Temp
Jerry Bell	Council Member
Mary Helfmann	Council Member
Jim Mayhew	Council Member
Jane Mills	Council Member
Craig Curtis	Council Member
Michelle Lamb	Treasurer
Kathryn Rajala-Gutzki	Village Manager/Clerk

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INDEPENDENT AUDITOR'S REPORT

To the Village Council of the
Village of Fowlerville, Michigan

Opinions

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 Village of Fowlerville, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Village of Fowlerville's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Fowlerville, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 13 to the financial statements, the Village adopted new accounting guidance, GASB Statement No. 87, *Leases*, during the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Manes Costeiran PC

November 10, 2022

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, 2022. 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 \$18,429,602 at the close of 2022 (excluding component units).
- Governmental activities net position was \$4,978,113.
- Business-type activities net position was \$13,451,489.
- Component unit net position was \$7,299,044.

Fund Level

- At the close of the fiscal year, the Village of Fowlerville's governmental funds reported a combined ending fund balance of \$1,448,386 with \$767,430 being nonspendable, restricted, committed, or assigned.
- The General Fund's fund balance increased by \$12,994 or approximately 1%.

Capital and Long-term Debt Activities

- The total long-term debt for the governmental activities of the primary government was \$1,240,000.
- The total long-term debt for the business-type activities of the primary government was \$1,180,000.

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 13) 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 14) presents information showing how the Village of Fowlerville's net position changed during fiscal year 2022. 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 16 and 18 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 15, 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, 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 acts as a fiduciary in certain instances. The Custodial Fund, which is fiduciary in nature, is reported using the accrual basis of accounting. The government-wide statements exclude any fiduciary fund activities and balances because these assets are not available to the Village to fund its operations.

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 27 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 General Fund and major Special Revenue 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 was \$18,429,602 at the end of this fiscal year. The net position of the governmental activities was \$4,978,113 and the net position of the business-type activities was \$13,451,489.

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, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and Other Assets	\$ 2,888,587	\$ 2,144,240	\$ 5,958,415	\$ 5,646,432	\$ 8,847,002	\$ 7,790,672
Capital Assets	4,475,977	4,931,216	9,075,289	8,545,581	13,551,266	13,476,797
TOTAL ASSETS	7,364,564	7,075,456	15,033,704	14,192,013	22,398,268	21,267,469
DEFERRED OUTFLOWS OF RESOURCES	34,555	27,744	-	-	34,555	27,744
LIABILITIES						
Current Liabilities	837,278	514,384	667,215	309,436	1,504,493	823,820
Noncurrent Liabilities	1,302,605	1,635,408	915,000	1,180,000	2,217,605	2,815,408
TOTAL LIABILITIES	2,139,883	2,149,792	1,582,215	1,489,436	3,722,098	3,639,228
DEFERRED INFLOWS OF RESOURCES	281,123	144,451	-	-	281,123	144,451
NET POSITION						
Net investment in capital assets	3,235,977	3,496,216	7,895,289	7,100,581	11,131,266	10,596,797
Restricted	683,321	384,126	-	-	683,321	384,126
Unrestricted	1,058,815	928,615	5,556,200	5,601,996	6,615,015	6,530,611
TOTAL NET POSITION	\$ 4,978,113	\$ 4,808,957	\$ 13,451,489	\$ 12,702,577	\$ 18,429,602	\$ 17,511,534

**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	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program Revenues						
Charges for Services	\$ 579,472	\$ 805,466	\$ 2,139,745	\$ 2,109,591	\$ 2,719,217	\$ 2,915,057
Operating Grants and Contributions	996,572	769,506	-	-	996,572	769,506
Capital Grants and Contributions	-	918,666	399,704	-	399,704	918,666
General Revenues						
Property Taxes	900,686	962,076	-	-	900,686	962,076
State Shared Revenue	369,335	323,566	-	-	369,335	323,566
Local Community Stabilization	79,024	61,142	-	-	79,024	61,142
Investment Earnings	1,902	1,871	7,819	8,291	9,721	10,162
Miscellaneous	67,968	51,345	-	-	67,968	51,345
TOTAL REVENUES	2,994,959	3,893,638	2,547,268	2,117,882	5,542,227	6,011,520
EXPENSES						
General Government	645,857	648,994	-	-	645,857	648,994
Public Safety	873,955	836,015	-	-	873,955	836,015
Public Works	1,137,789	1,014,514	-	-	1,137,789	1,014,514
Recreation and Culture Community and Economic Development	121,567	90,290	-	-	121,567	90,290
Interest on Long-term Debt	16,518	11,488	-	-	16,518	11,488
Water/Sewer	30,117	31,866	-	-	30,117	31,866
	-	-	1,798,356	1,317,778	1,798,356	1,317,778
TOTAL EXPENSES	2,825,803	2,633,167	1,798,356	1,317,778	4,624,159	3,950,945
Change in Net Position	169,156	1,260,471	748,912	800,104	918,068	2,060,575
Net Position Beginning	4,808,957	3,548,486	12,702,577	11,902,473	17,511,534	15,450,959
Net Position Ending	\$ 4,978,113	\$ 4,808,957	\$ 13,451,489	\$ 12,702,577	\$ 18,429,602	\$ 17,511,534

Governmental Activities

The result of fiscal year 2022 governmental activity was an increase of \$169,156 in net position to \$4,978,113. Of the total governmental activities' net position, \$3,235,977 is invested in capital assets less related debt and \$692,055 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 \$1,050,081 is listed as unrestricted, having no legal commitment.

Revenues

The three largest revenue categories in governmental activities were property taxes at 30%; operating grants and contributions at 33%; and charges for services at 19%. The Village levies a property tax millage for general government operations at 7.9388 mills, which is not assigned to any specific service or activity. The Village also levies 0.6066 mills of special voted millage for mosquito control, 1.9050 mills for garbage services, including weekly garbage pick-up, composting, chipping, and leaf pick-up. Lastly, the Village levies 3.1753 mills for streetlights and 0.6349 mills for cemetery maintenance.

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

Expenses

Total governmental expenses increased approximately 7% or \$192,636 compared to the prior year. Public works is the largest governmental activity, expending \$1,137,789 of the approximately \$2.8 million total expenses. Public safety is the next largest activity, expending \$873,955.

Business-type Activities:

Net position in the business-type activities increased by \$748,912 during the fiscal year 2022. Business activities increased because of planned cash flow increases for future capital outlay, specifically for the water treatment plant and the purchase of land for the treatment plant. Charges from services has increased over all from 2021, expenses also increased. The net value went from \$645,005 in 2021 to \$800,104 in 2022.

Of the total \$13,451,489 of net position in the business-type activities, \$5,556,200 is reported as unrestricted and \$7,895,289 is invested in capital assets (net of related debt).

FINANCIAL ANALYSIS OF THE VILLAGE OF FOWLerville MAJOR AND NONMAJOR FUNDS

As the Village completed fiscal year 2022, its governmental funds reported *combined* fund balances of \$1,448,386. The net changes are summarized in the following chart:

	General Fund	Major Street Fund	Nonmajor Governmental Funds
Fund Balance June 30, 2022	\$ 938,323	\$ 215,036	\$ 295,027
Fund Balance June 30, 2021	925,329	59,471	130,778
Net Change	12,994	155,565	164,249

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, 2022, the General Fund reported a fund balance of \$938,323. This amount is an increase of \$12,994 from the fund balance of \$925,329 reported as of June 30, 2021.

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.

Actual General Fund revenues and other financing sources totaled \$2,192,839, or \$96,576 below the final amended budget which was increased from the original budget by \$64,912. The most significant variation was in intergovernmental revenue, which had a negative variation of \$103,336.

The Village of Fowlerville’s actual General Fund expenditures and other financing uses totaled \$2,179,845, or \$105,299 below the final amended budget which was increased from the original budget by \$68,619. The final budget planned for a fund balance increase of \$4,271. Many departments underspent their budget so overall expenditures were below the amended budget.

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

Major Street Fund

As of June 30, 2022, the Major Street Fund reported a fund balance of \$215,036, which is an increase of \$155,565 from the prior fiscal year. The increase is due to limited expenditures because reconstruction projects did not start until after the 2021-2022 fiscal year. There were also fewer sidewalk repairs. The expenses were normal road maintenance items.

Water and Sewer Fund

The Water and Sewer Fund had an increase in its net position of \$748,912. Operating revenues showed an increase of \$30,154, while total operating expenses increased by \$485,744 primarily due to rates being frozen, because of COVID-19 in the prior year. In 2022, the Water and Sewer Fund had total operating expenses of \$1,768,358 and total operating revenues of \$2,139,745 for an operating income of \$371,387.

Component Units

During the Fiscal Year 2022, the Fowlerville Downtown Development Authority purchased the property at 114 S. Second St. for rental and parking purposes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of Fiscal Year 2022, the Village had invested \$4,475,977 and \$9,075,289 (net of accumulated depreciation) for governmental and business-type capital assets (including construction in progress), respectively. Key additions to governmental activities include police vehicles and road projects. Additions to the business-type capital assets include land and preservation/improvements to the sewer and water systems. Accumulated depreciation was \$5,335,973 for the governmental activities and \$9,821,235 for the business-type activities. Depreciation charges for the fiscal year totaled \$542,796 for the governmental activities and \$644,747 for the business-type activities. For more detailed information related to capital assets, refer to Note 5 of the financial statements.

	Governmental Activities	Business-type Activities	Total
Land	\$ 139,607	\$ 750,203	\$ 889,810
Construction in progress	50,697	982,910	1,033,607
Land Improvement, net	111,824	-	111,824
Buildings, net	128,753	2,391,924	2,520,677
Vehicles, net	100,252	-	100,252
Machinery and Equipment, net	124,092	97,953	222,045
Infrastructure, net	3,820,752	-	3,820,752
Water System, net	-	2,378,273	2,378,273
Sewer System, net	-	2,474,026	2,474,026
	\$ 4,475,977	\$ 9,075,289	\$ 13,551,266
Capital assets, net	\$ 4,475,977	\$ 9,075,289	\$ 13,551,266

Outstanding Debt as of June 30, 2022

As of June 30, 2022, the Village of Fowlerville had \$1,345,386 in bonds and accumulated vacation and sick time outstanding for the governmental activities. Of this amount, \$1,240,000 is bonds and \$105,386 is compensated absences. This level of net obligation is \$197,980 lower than the obligation recorded as of June 30, 2021.

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

The business-type activities showed total outstanding balance of \$1,180,000 as of June 30, 2022. The debt is comprised of refunding bonds. This level of net obligation is \$265,000 lower than the obligation recorded as of June 30, 2021. 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, 2022, was \$106,895,630 therefore, the Village of Fowlerville's debt limitation was \$10,689,563. 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 infrastructures based on available grants.

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, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash	\$ 2,564,242	\$ 4,991,070	\$ 7,555,312	\$ 2,317,513
Receivables	86,888	963,064	1,049,952	2,000
Due from other governmental units	139,427	-	139,427	-
Internal balances	55,699	(55,699)	-	-
Inventory	-	18,928	18,928	-
Prepays	42,331	-	42,331	-
Total current assets	<u>2,888,587</u>	<u>5,917,363</u>	<u>8,805,950</u>	<u>2,319,513</u>
Noncurrent assets				
Receivables	-	41,052	41,052	-
Capital assets not being depreciated	190,304	1,733,113	1,923,417	1,299,635
Capital assets, net of accumulated depreciation	<u>4,285,673</u>	<u>7,342,176</u>	<u>11,627,849</u>	<u>3,688,593</u>
Total noncurrent assets	<u>4,475,977</u>	<u>9,116,341</u>	<u>13,592,318</u>	<u>4,988,228</u>
TOTAL ASSETS	<u>7,364,564</u>	<u>15,033,704</u>	<u>22,398,268</u>	<u>7,307,741</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	<u>34,555</u>	<u>-</u>	<u>34,555</u>	<u>-</u>
LIABILITIES				
Current liabilities				
Accounts payable	86,673	393,779	480,452	7,577
Accrued liabilities	144,470	5,249	149,719	-
Due to other governmental units	-	-	-	570
Security deposits payable	-	-	-	550
Accrued interest payable	6,200	3,187	9,387	-
Unearned revenue	304,322	-	304,322	-
Current portion of compensated absences	95,613	-	95,613	-
Current portion of long-term debt	<u>200,000</u>	<u>265,000</u>	<u>465,000</u>	<u>-</u>
Total current liabilities	<u>837,278</u>	<u>667,215</u>	<u>1,504,493</u>	<u>8,697</u>
Noncurrent liabilities				
Noncurrent portion of compensated absences	9,773	-	9,773	-
Noncurrent portion of long-term debt	1,040,000	915,000	1,955,000	-
Net pension liability	<u>252,832</u>	<u>-</u>	<u>252,832</u>	<u>-</u>
Total noncurrent liabilities	<u>1,302,605</u>	<u>915,000</u>	<u>2,217,605</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,139,883</u>	<u>1,582,215</u>	<u>3,722,098</u>	<u>8,697</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>281,123</u>	<u>-</u>	<u>281,123</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	3,235,977	7,895,289	11,131,266	4,988,228
Restricted for streets and highways	474,339	-	474,339	-
Restricted for other purposes	208,982	-	208,982	-
Unrestricted	<u>1,058,815</u>	<u>5,556,200</u>	<u>6,615,015</u>	<u>2,310,816</u>
TOTAL NET POSITION	<u>\$ 4,978,113</u>	<u>\$ 13,451,489</u>	<u>\$ 18,429,602</u>	<u>\$ 7,299,044</u>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 645,857	\$ 35,299	\$ 493,700	\$ -	\$ (116,858)	\$ -	\$ (116,858)	\$ -
Public safety	873,955	162,749	2,783	-	(708,423)	-	(708,423)	-
Public works	1,137,789	376,375	500,089	-	(261,325)	-	(261,325)	-
Recreation and culture	121,567	5,049	-	-	(116,518)	-	(116,518)	-
Community and economic development	16,518	-	-	-	(16,518)	-	(16,518)	-
Interest on long-term debt	30,117	-	-	-	(30,117)	-	(30,117)	-
Total governmental activities	2,825,803	579,472	996,572	-	(1,249,759)	-	(1,249,759)	-
Business-type activities								
Water and sewer	1,798,356	2,139,745	-	399,704	-	741,093	741,093	-
Total primary government	\$ 4,624,159	\$ 2,719,217	\$ 996,572	\$ 399,704	(1,249,759)	741,093	(508,666)	-
Component units								
Downtown Development Authority	\$ 421,369	\$ 24,400	\$ -	\$ -	-	-	-	(396,969)
Local Development Finance Authority	692,395	-	-	-	-	-	-	(692,395)
Total component units	\$ 1,113,764	\$ 24,400	\$ -	\$ -	-	-	-	(1,089,364)
General revenues								
Property taxes					900,686	-	900,686	986,256
State shared revenue					369,335	-	369,335	-
Local community stabilization					79,024	-	79,024	301,591
Investment earnings					1,902	7,819	9,721	2,852
Miscellaneous					67,968	-	67,968	1,400
Total general revenues					1,418,915	7,819	1,426,734	1,292,099
Change in net position					169,156	748,912	918,068	202,735
Net position, beginning of the year					4,808,957	12,702,577	17,511,534	7,096,309
Net position, end of the year					\$ 4,978,113	\$ 13,451,489	\$ 18,429,602	\$ 7,299,044

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

	General	Major Street	Nonmajor Governmental Funds	Total
ASSETS				
Cash	\$ 1,187,907	\$ 213,641	\$ 301,610	\$ 1,703,158
Accounts receivable	85,746	-	-	85,746
Due from other governmental units	74,461	48,448	14,152	137,061
Due from other funds	87,473	-	-	87,473
Prepays	42,331	-	-	42,331
TOTAL ASSETS	<u>\$ 1,477,918</u>	<u>\$ 262,089</u>	<u>\$ 315,762</u>	<u>\$ 2,055,769</u>
LIABILITIES				
Account payable	\$ 68,301	\$ 4,391	\$ 8,945	\$ 81,637
Accrued liabilities	142,449	1,009	324	143,782
Due to other funds	24,523	41,653	11,466	77,642
Unearned revenue	304,322	-	-	304,322
TOTAL LIABILITIES	<u>539,595</u>	<u>47,053</u>	<u>20,735</u>	<u>607,383</u>
FUND BALANCES				
Nonspendable	42,331	-	-	42,331
Restricted	206,302	215,036	262,068	683,406
Committed	-	-	32,959	32,959
Unassigned	689,690	-	-	689,690
TOTAL FUND BALANCES	<u>938,323</u>	<u>215,036</u>	<u>295,027</u>	<u>1,448,386</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,477,918</u>	<u>\$ 262,089</u>	<u>\$ 315,762</u>	<u>\$ 2,055,769</u>

See accompanying notes to financial statements.

VILLAGE OF FOWLerville
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balances - Governmental Funds \$ 1,448,386

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	\$ 9,044,127	
Accumulated depreciation is	<u>(4,676,027)</u>	
Capital assets, net		4,368,100

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. 1,012,613

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	34,555	
Deferred inflows of resources related to pensions	<u>(281,123)</u>	
		(246,568)

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	(1,240,000)	
Accrued interest payable	(6,200)	
Compensated absences	(105,386)	
Net pension liability	<u>(252,832)</u>	
		<u>(1,604,418)</u>

Net Position of Governmental Activities **\$ 4,978,113**

VILLAGE OF FOWLerville
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	General	Major Street	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	\$ 717,358	\$ -	\$ 199,096	\$ 916,454
Licenses and permits	19,164	-	-	19,164
Intergovernmental	840,828	322,902	336,468	1,500,198
Charges for services	451,651	-	11,840	463,491
Fines and forfeitures	21,952	-	-	21,952
Interest and rents	3,721	147	334	4,202
Other	68,016	741	741	69,498
TOTAL REVENUES	2,122,690	323,790	548,479	2,994,959
EXPENDITURES				
Current				
General government	669,108	-	-	669,108
Public safety	903,320	-	133	903,453
Public works	504,068	129,328	139,094	772,490
Community and economic development	17,503	-	-	17,503
Recreation and culture	85,846	-	-	85,846
Capital outlay	-	6,518	11,783	18,301
Debt service	-	-	223,700	223,700
TOTAL EXPENDITURES	2,179,845	135,846	374,710	2,690,401
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(57,155)	187,944	173,769	304,558
OTHER FINANCING SOURCES (USES)				
Transfers in	70,149	-	-	70,149
Transfers out	-	(32,379)	(9,520)	(41,899)
TOTAL OTHER FINANCING SOURCES (USES)	70,149	(32,379)	(9,520)	28,250
NET CHANGE IN FUND BALANCES	12,994	155,565	164,249	332,808
Fund balances, beginning of year	925,329	59,471	130,778	1,115,578
Fund balances, end of year	<u>\$ 938,323</u>	<u>\$ 215,036</u>	<u>\$ 295,027</u>	<u>\$ 1,448,386</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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 332,808

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	\$ 87,557	
Depreciation expense	<u>(508,604)</u>	

Excess of depreciation expense over capital outlay		(421,047)
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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		195,000
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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.		70,251
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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:

(Increase) in accrued interest payable	(1,417)	
Decrease in accrued compensated absences	2,980	
Decrease in net pension liability	120,442	
Increase in deferred outflows of resources related to pensions	6,811	
(Increase) in deferred inflows of resources related to pensions	<u>(136,672)</u>	

(7,856)

Change in Net Position of Governmental Activities **\$ 169,156**

**VILLAGE OF FOWLerville
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2022**

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service (Motor Pool)
ASSETS		
Current assets		
Cash	\$ 4,991,070	\$ 861,084
Accounts receivable	953,480	1,142
Special assessments receivable	9,584	-
Due from other governmental units	-	2,366
Due from other funds	-	45,868
Inventory	18,928	-
Total current assets	5,973,062	910,460
Noncurrent assets		
Special assessments receivable	41,052	-
Capital assets not being depreciated	1,733,113	-
Capital assets, net of accumulated depreciation	7,342,176	107,877
Total noncurrent assets	9,116,341	107,877
TOTAL ASSETS	15,089,403	1,018,337
LIABILITIES		
Current liabilities		
Accounts payable	393,779	5,036
Accrued liabilities	5,249	688
Due to other funds	55,699	-
Accrued interest payable	3,187	-
Current portion of long-term debt	265,000	-
Total current liabilities	722,914	5,724
Noncurrent liabilities		
Noncurrent portion of long-term debt	915,000	-
TOTAL LIABILITIES	1,637,914	5,724
NET POSITION		
Net investment in capital assets	7,895,289	107,877
Unrestricted	5,556,200	904,736
TOTAL NET POSITION	\$ 13,451,489	\$ 1,012,613

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED JUNE 30, 2022**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	Water and Sewer	Internal Service (Motor Pool)
OPERATING REVENUES		
Charges for services	<u>\$ 2,139,745</u>	<u>\$ 248,345</u>
OPERATING EXPENSES		
Administrative	240,569	116,673
Wastewater operations	694,193	-
Water distribution	188,849	-
Depreciation	<u>644,747</u>	<u>34,192</u>
TOTAL OPERATING EXPENSES	<u>1,768,358</u>	<u>150,865</u>
OPERATING INCOME	<u>371,387</u>	<u>97,480</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	7,819	1,021
Interest expense	<u>(29,998)</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(22,179)</u>	<u>1,021</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	349,208	98,501
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions	399,704	-
Transfers out	<u>-</u>	<u>(28,250)</u>
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>399,704</u>	<u>(28,250)</u>
CHANGE IN NET POSITION	748,912	70,251
Net position, beginning of year	<u>12,702,577</u>	<u>942,362</u>
Net position, end of year	<u><u>\$ 13,451,489</u></u>	<u><u>\$ 1,012,613</u></u>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2022**

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service (Motor Pool)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,862,164	\$ 245,901
Cash payments to other funds	(2,828)	(23,212)
Cash paid to suppliers	(670,452)	(114,449)
Cash paid for employees and benefits	(92,929)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,095,955	108,240
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payment of interfund balances	-	(28,250)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset acquisitions	(1,174,455)	-
Intergovernmental receipts	399,704	-
Special assessments received	30,049	-
Bond principal payments	(265,000)	-
Interest and fees paid	(30,685)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,040,387)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	7,819	1,021
NET INCREASE IN CASH	63,387	81,011
Cash, beginning of year	4,927,683	780,073
Cash, end of year	\$ 4,991,070	\$ 861,084

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2022**

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service (Motor Pool)
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 371,387	\$ 97,480
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	644,747	34,192
(Increase) decrease in:		
Accounts receivable	(277,581)	(710)
Due from other governmental units	-	(1,734)
Due from other funds	6,323	(19,990)
Inventory	1,764	-
Increase (decrease) in:		
Accounts payable	358,129	2,053
Accrued liabilities	337	171
Due to other funds	(9,151)	(3,222)
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 1,095,955	 \$ 108,240

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Custodial Fund
ASSETS	
Cash	\$ 48,697
LIABILITIES	
Due to others	377
NET POSITION	
Restricted	
4th of July	42,729
175th Celebration	5,591
TOTAL NET POSITION	\$ 48,320

**VILLAGE OF FOWLerville
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Custodial Fund
ADDITIONS	
Contributions	\$ 35,487
Investment earnings	43
TOTAL ADDITIONS	35,530
DEDUCTIONS	
Distributions	17,879
NET CHANGE IN FIDUCIARY NET POSITION	17,651
NET POSITION	
Beginning of year	30,669
End of year	\$ 48,320

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
 COMPONENT UNITS
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2022**

	<u>Downtown Development Authority</u>	<u>Local Development Finance Authority</u>	<u>Total</u>
ASSETS			
Current assets			
Cash	\$ 347,508	\$ 1,970,005	\$ 2,317,513
Accounts receivable	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Total current assets	<u>347,508</u>	<u>1,972,005</u>	<u>2,319,513</u>
Noncurrent assets			
Capital assets, not being depreciated	1,299,107	528	1,299,635
Capital assets, net of accumulated depreciation	<u>1,978,943</u>	<u>1,709,650</u>	<u>3,688,593</u>
Total noncurrent assets	<u>3,278,050</u>	<u>1,710,178</u>	<u>4,988,228</u>
TOTAL ASSETS	<u><u>3,625,558</u></u>	<u><u>3,682,183</u></u>	<u><u>7,307,741</u></u>
LIABILITIES			
Current liabilities			
Accounts payable	7,577	-	7,577
Due to other governmental units	570	-	570
Security deposit payable	<u>550</u>	<u>-</u>	<u>550</u>
TOTAL LIABILITIES	<u><u>8,697</u></u>	<u><u>-</u></u>	<u><u>8,697</u></u>
NET POSITION			
Investment in capital assets	3,278,050	1,710,178	4,988,228
Unrestricted	<u>338,811</u>	<u>1,972,005</u>	<u>2,310,816</u>
TOTAL NET POSITION	<u><u>\$ 3,616,861</u></u>	<u><u>\$ 3,682,183</u></u>	<u><u>\$ 7,299,044</u></u>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville
 COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2022**

	Downtown Development Authority	Local Development Finance Authority	Total
	<u> </u>	<u> </u>	<u> </u>
NET PROGRAM (EXPENSES)			
Program expenses			
Community and economic development	\$ 421,369	\$ 692,395	\$ 1,113,764
Program revenues			
Charges for services	<u>24,400</u>	<u>-</u>	<u>24,400</u>
NET PROGRAM (EXPENSES)	<u>(396,969)</u>	<u>(692,395)</u>	<u>(1,089,364)</u>
GENERAL REVENUES			
Property taxes	402,903	583,353	986,256
Local community stabilization	16,621	284,970	301,591
Investment earnings	592	2,260	2,852
Miscellaneous	<u>1,400</u>	<u>-</u>	<u>1,400</u>
TOTAL GENERAL REVENUES	<u>421,516</u>	<u>870,583</u>	<u>1,292,099</u>
CHANGE IN NET POSITION	24,547	178,188	202,735
Net position, beginning of the year	<u>3,592,314</u>	<u>3,503,995</u>	<u>7,096,309</u>
Net position, end of the year	<u><u>\$ 3,616,861</u></u>	<u><u>\$ 3,682,183</u></u>	<u><u>\$ 7,299,044</u></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 2,963 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.

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.

Additionally, the Village reports the following *Fund Types*:

- a. The *Internal Service Fund* accounts for the management of equipment operating provided to various departments of the Village on cost reimbursement basis.
- b. The *Custodial Fund* accounts for assets held by the Village as a custodian for private organizations or individuals.

Measurement Focus

The government-wide, proprietary, and fiduciary 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.

**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 (i.e., enterprise and internal service) 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.

The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the Village to disburse fiduciary resources.

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.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

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

Budgets and Budgetary Accounting (continued)

- 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.
- 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.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

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

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.

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, 2022, the Village levied 7.9388 mills per \$1,000 of assessed valuation for general governmental services. In addition, the Village levied 0.6349 for cemetery maintenance, 1.9050 for garbage service, 3.1753 for streetlights, and 0.6066 for mosquito control. The total taxable value for the 2021 levy for property within the Village was \$106,895,630.

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.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

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

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, 2022, were vested and the total due to them, along with the related payroll taxes, is recorded entirely in the government-wide financial statements.

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.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

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

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.

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

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:

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.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

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

Fund Balance Classifications (continued)

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.

Fund Balance Classification Policies and Procedures

For committed fund balance, the Village'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, 2022, 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, 2022, none of the Village's bank balance of \$10,149,085 was exposed to custodial credit risk because it was uninsured and uncollateralized. The balance of \$9,921,422 is reported on the financial statements as of June 30, 2022. 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.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS (continued)

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.

The following summarizes the categorization of cash as of June 30, 2022:

	Primary Government	Component Units	Fiduciary Fund	Reporting Entity
Cash	\$ 7,555,312	\$ 2,317,513	\$ 48,697	\$ 9,921,522

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables at June 30, 2022:

Due to General Fund from:	
Major Street Fund	\$ 34,615
Water and Sewer Fund	42,713
Nonmajor governmental funds	10,145
	\$ 87,473
Due to Internal Service Fund from:	
General Fund	24,523
Major Street Fund	7,038
Water and Sewer Fund	12,986
Nonmajor governmental funds	1,321
	\$ 45,868

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (continued)

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.

The following schedule details interfund transfers for the year ended June 30, 2022:

Transfers to General Fund from:	
Major Street Fund	\$ 32,379
Internal service fund	28,250
Nonmajor governmental funds	<u>9,520</u>
	<u><u>\$ 70,149</u></u>

Transfers to the General Fund were to finance public works projects and administrative costs.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

Primary Government

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 139,607	\$ -	\$ -	\$ 139,607
Construction in progress	<u>38,912</u>	<u>11,785</u>	<u>-</u>	<u>50,697</u>
Subtotal	<u>178,519</u>	<u>11,785</u>	<u>-</u>	<u>190,304</u>
Capital assets being depreciated				
Land improvements	473,289	-	-	473,289
Buildings	840,284	-	-	840,284
Vehicles	751,093	59,926	(37,257)	773,762
Machinery and equipment	639,495	9,328	-	648,823
Infrastructure	<u>6,878,970</u>	<u>6,518</u>	<u>-</u>	<u>6,885,488</u>
Subtotal	<u>9,583,131</u>	<u>75,772</u>	<u>(37,257)</u>	<u>9,621,646</u>
Less accumulated depreciation for:				
Land improvements	(341,126)	(20,339)	-	(361,465)
Buildings	(683,441)	(28,090)	-	(711,531)
Vehicles	(679,028)	(31,739)	37,257	(673,510)
Machinery and equipment	(497,993)	(26,738)	-	(524,731)
Infrastructure	<u>(2,628,846)</u>	<u>(435,890)</u>	<u>-</u>	<u>(3,064,736)</u>
Subtotal	<u>(4,830,434)</u>	<u>(542,796)</u>	<u>37,257</u>	<u>(5,335,973)</u>
Net capital assets being depreciated	<u>4,752,697</u>	<u>(467,024)</u>	<u>-</u>	<u>4,285,673</u>
Total net capital assets	<u>\$ 4,931,216</u>	<u>\$ (455,239)</u>	<u>\$ -</u>	<u>\$ 4,475,977</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 147,554
Public safety	23,785
Public works	331,947
Recreation and culture	<u>39,510</u>
 Total depreciation expense	 <u>\$ 542,796</u>

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 447,642	\$ 302,561	\$ -	\$ 750,203
Construction in progress	137,095	845,815	-	982,910
Subtotal	584,737	1,148,376	-	1,733,113
Capital assets being depreciated				
Buildings	3,667,583	-	-	3,667,583
Machinery and equipment	518,139	15,940	-	534,079
Vehicles	14,040	-	-	14,040
Sewer system	6,187,049	7,310	-	6,194,359
Water system	6,750,521	2,829	-	6,753,350
Subtotal	17,137,332	26,079	-	17,163,411
Less accumulated depreciation for:				
Buildings	(1,205,228)	(70,431)	-	(1,275,659)
Machinery and equipment	(416,343)	(19,783)	-	(436,126)
Vehicles	(14,040)	-	-	(14,040)
Sewer system	(3,450,122)	(270,211)	-	(3,720,333)
Water system	(4,090,755)	(284,322)	-	(4,375,077)
Subtotal	(9,176,488)	(644,747)	-	(9,821,235)
Net capital assets being depreciated	7,960,844	(618,668)	-	7,342,176
Total net capital assets	\$ 8,545,581	\$ 529,708	\$ -	\$ 9,075,289

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

Component Units

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
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	<u>310,012</u>	<u>176,172</u>	<u>-</u>	<u>486,184</u>
Subtotal	<u>3,055,672</u>	<u>176,172</u>	<u>-</u>	<u>3,231,844</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Downtown Development Authority - continued				
Less accumulated depreciation for				
Land improvements	(1,088,755)	(70,160)	-	(1,158,915)
Buildings and improvements	<u>(81,586)</u>	<u>(12,400)</u>	<u>-</u>	<u>(93,986)</u>
Subtotal	<u>(1,170,341)</u>	<u>(82,560)</u>	<u>-</u>	<u>(1,252,901)</u>
Net capital assets being depreciated	<u>1,885,331</u>	<u>93,612</u>	<u>-</u>	<u>1,978,943</u>
Total net capital assets	<u>\$ 3,184,438</u>	<u>\$ 93,612</u>	<u>\$ -</u>	<u>\$ 3,278,050</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Local Development Finance Authority				
Capital assets not being depreciated				
Construction in progress	\$ 528	\$ -	\$ -	\$ 528
Capital assets being depreciated				
Infrastructure	5,370,467	-	-	5,370,467
Less accumulated depreciation for				
Infrastructure	<u>(3,368,898)</u>	<u>(291,919)</u>	<u>-</u>	<u>(3,660,817)</u>
Net capital assets being depreciated	<u>2,001,569</u>	<u>(291,919)</u>	<u>-</u>	<u>1,709,650</u>
Total net capital assets	<u>\$ 2,002,097</u>	<u>\$ (291,919)</u>	<u>\$ -</u>	<u>\$ 1,710,178</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, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Primary Government					
Governmental Activities					
Long-term debt					
2016 Refunding Bonds	\$ 1,435,000	\$ -	\$ (195,000)	\$ 1,240,000	\$ 200,000
Other long-term obligations					
Compensated absences	108,366	94,874	(97,854)	105,386	95,613
Total governmental activities	<u>1,543,366</u>	<u>94,874</u>	<u>(292,854)</u>	<u>1,345,386</u>	<u>295,613</u>
Business-type Activities					
Long-term debt					
2016 Refunding Bonds	395,000	-	(65,000)	330,000	60,000
2015 Sewer Improvement Refunding Bonds	1,050,000	-	(200,000)	850,000	205,000
Total business-type activities	<u>1,445,000</u>	<u>-</u>	<u>(265,000)</u>	<u>1,180,000</u>	<u>265,000</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,988,366</u>	<u>\$ 94,874</u>	<u>\$ (557,854)</u>	<u>\$ 2,525,386</u>	<u>\$ 560,613</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% \$ 1,570,000

\$2,160,000 2015 Sewer Improvement Refunding Bonds, due in annual installments ranging from \$205,000 to \$220,000 through June 1, 2026, plus interest of 2.17% 850,000

\$ 2,420,000

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 \$105,386 at June 30, 2022. 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
2023	\$ 200,000	\$ 24,800	\$ 265,000	\$ 25,045
2024	205,000	20,800	275,000	19,397
2025	205,000	16,700	285,000	13,540
2026	205,000	12,600	285,000	7,474
2027	210,000	8,500	70,000	1,400
2028	215,000	4,300	-	-
	<u>\$ 1,240,000</u>	<u>\$ 87,700</u>	<u>\$ 1,180,000</u>	<u>\$ 66,856</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, 2022, bonds due and payable April 1, 2023 through April 1, 2027, for the 2007 Capital Improvement Bonds in the amount of \$340,000 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, 2022, bonds due and payable May 1, 2023 through May 1, 2028, for the 2008 General Obligation Bonds in the amount of \$1,230,000 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, 2022, bonds due and payable June 1, 2023 through June 1, 2026, for the 2005 Sewer Improvement Bonds in the amount of \$885,000 are considered defeased.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN

Plan Description

The Village's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The plan is closed to new hires. 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.

Benefits provided 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.

Vesting period of 10 years.

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.

Active covered employees contribute 5.00% of their payroll.

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

**VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN (continued)

Benefits Provided (continued)

At the December 31, 2021, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	6
Active employees	1
	20

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer 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 costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Total employer contributions for the year ended December 31, 2021, were \$57,114.

Payable to the Pension Plan

At June 30, 2022, there were no amounts outstanding by the Village for contributions to the pension plan required for the year ended June 30, 2022.

Net Pension Liability

The Village's Net Pension Liability was measured as of December 31, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2021 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% plus merit and longevity, 3.00% in the long-term

Investment rate of return: 7.00%, net of investment and administrative expense 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 3.00-4.00%

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

Changes in Assumptions

The actuarial assumptions were changed during the year as follows:

- Decrease in investment rate of return from 7.35% to 7.00%.
- Change in discount rate from 7.60% to 7.25%.

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 geographic 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>	<u>Expected Money-Weighted Rate of Return</u>
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private investments	<u>20.00%</u>	7.00%	1.40%
	<u>100.00%</u>		
Inflation			<u>2.50%</u>
Assumed investment rate of return			7.00%
Administrative expense netted above			<u>0.25%</u>
Investment rate of return			<u>7.25%</u>

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. 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. 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.

Changes in the net pension liability during the measurement year were as follows:

Calculating the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<u>Changes in Net Pension Liability</u>			
Balances at December 31, 2020	\$ 3,808,024	\$ 3,434,750	\$ 373,274
Service cost	10,413	-	10,413
Interest on total pension liability	280,839	-	280,839
Difference between expected and actual experience	(22,240)	-	(22,240)
Changes in assumptions	142,414	-	142,414
Employer contributions	-	57,114	(57,114)
Employee contributions	-	3,203	(3,203)
Net investment income	-	477,022	(477,022)
Benefit payments, including employee refunds	(235,986)	(235,986)	-
Administrative expense	-	(5,472)	5,472
Other changes	(1)	-	(1)
Net changes	175,439	295,881	(120,442)
Balances at December 31, 2021	\$ 3,983,463	\$ 3,730,631	\$ 252,832

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN (continued)

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 7.25%, as well as what the Village's net pension liability would be using a discount rate that is 1% lower or 1% higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 714,072	\$ 252,832	\$ (131,791)

Pension Expenses and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the Village recognized pension expense of \$73,343. 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	\$ -	\$ 281,123
Contributions subsequent to the measurement date*	34,555	-
Total	\$ 34,555	\$ 281,123

* 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, 2023.

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
2023	\$ (117,304)
2024	(42,772)
2025	(76,475)
2026	(44,572)

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, 2022, the Village contributed \$155,674 to the defined contribution plan for its employees.

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 \$9,195,962 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.

NOTE 10 - 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, 2022, was \$45,056.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - FUND BALANCE CLASSIFICATIONS

The following are the various fund balance classifications as of June 30, 2022:

	<u>General</u>	<u>Major Street</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES				
Nonspendable				
Prepays	\$ 42,331	\$ -	\$ -	\$ 42,331
Restricted				
Mosquito control	56,422	-	-	56,422
Refuse collection	149,880	-	-	149,880
Streets and highways	-	215,036	259,303	474,339
Law enforcement	-	-	2,680	2,680
Debt service	-	-	85	85
Committed				
Perpetual care	-	-	32,959	32,959
Unassigned	<u>689,690</u>	<u>-</u>	<u>-</u>	<u>689,690</u>
	<u><u>\$ 938,323</u></u>	<u><u>\$ 215,036</u></u>	<u><u>\$ 295,027</u></u>	<u><u>\$ 1,448,386</u></u>

NOTE 12 - 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, 2022:

Governmental activities	
Restricted for streets and highways	\$ 474,339
Restricted for other purposes	
Mosquito control	56,422
Refuse collection	149,880
Law enforcement	<u>2,680</u>
	<u><u>\$ 683,321</u></u>

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - NEW ACCOUNTING STANDARD

For the year ended June 30, 2022, the Village implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

There was no material impact on the Village's financial statement after the adoption of GASB Statement 87.

NOTE 14 - CONTRACTUAL COMMITMENTS

The Village has entered into contracts for a water related infrastructure project that was not completed at June 30, 2022. The total contractual commitments outstanding at June 30, 2022, totaled \$2,144,111. Grant funding and net position are expected to be sufficient to cover these commitments.

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

VILLAGE OF FOWLerville
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used by not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF FOWLerville
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - REVENUES
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 719,410	\$ 718,203	\$ 717,358	\$ (845)
Licenses and permits	15,200	9,753	19,164	9,411
Intergovernmental				
State	500,400	521,664	429,975	(91,689)
Local	424,577	422,500	410,853	(11,647)
Total intergovernmental	924,977	944,164	840,828	(103,336)
Charges for services	435,816	458,490	451,651	(6,839)
Fines and forfeitures	5,000	8,000	21,952	13,952
Interest and rents	2,600	2,200	3,721	1,521
Other	52,000	68,705	68,016	(689)
TOTAL REVENUES	2,155,003	2,209,515	2,122,690	(86,825)
OTHER FINANCING SOURCES				
Transfers in	69,500	79,900	70,149	(9,751)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 2,224,503</u>	<u>\$ 2,289,415</u>	<u>\$ 2,192,839</u>	<u>\$ (96,576)</u>

VILLAGE OF FOWLerville
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current				
General government				
Legislative	\$ 32,738	\$ 31,179	\$ 28,618	\$ 2,561
Executive	125,280	138,913	133,182	5,731
Clerk	94,544	83,198	81,970	1,228
Treasurer	175,990	180,352	178,305	2,047
Village hall and grounds	95,905	109,423	102,194	7,229
Other				
Miscellaneous	26,365	28,845	8,639	20,206
Insurance	72,000	71,910	71,910	-
Contracted services	57,500	66,000	64,290	1,710
Total general government	<u>680,322</u>	<u>709,820</u>	<u>669,108</u>	<u>40,712</u>
Public safety				
Fire department	57,577	53,723	53,119	604
Police department	772,627	854,119	850,201	3,918
Total public safety	<u>830,204</u>	<u>907,842</u>	<u>903,320</u>	<u>4,522</u>
Public works				
Department of public works	147,653	171,126	168,012	3,114
Refuse collection	133,000	147,000	122,960	24,040
Sanitary landfill	65,370	73,883	61,419	12,464
Cemetery operations	95,093	104,733	112,016	(7,283)
Mosquito control	35,000	48,000	39,661	8,339
Total public works	<u>476,116</u>	<u>544,742</u>	<u>504,068</u>	<u>40,674</u>
Community and economic development				
Planning commission	20,815	22,177	17,503	4,674
Recreation and culture				
Recreation	89,068	100,563	85,846	14,717
TOTAL EXPENDITURES	2,096,525	2,285,144	2,179,845	105,299
OTHER FINANCING USES				
Transfers out	120,000	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 2,216,525</u>	<u>\$ 2,285,144</u>	<u>\$ 2,179,845</u>	<u>\$ 105,299</u>

**VILLAGE OF FOWLerville
MAJOR STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 315,000	\$ 321,500	\$ 322,902	\$ 1,402
Interest	200	70	147	77
Other	-	741	741	-
	<u>315,200</u>	<u>322,311</u>	<u>323,790</u>	<u>1,479</u>
TOTAL REVENUES				
EXPENDITURES				
Public works				
Operations	132,107	149,478	129,328	20,150
Capital outlay	-	10,000	6,518	3,482
	<u>132,107</u>	<u>159,478</u>	<u>135,846</u>	<u>23,632</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>183,093</u>	<u>162,833</u>	<u>187,944</u>	<u>25,111</u>
OTHER FINANCING (USES)				
Transfers out	<u>(30,700)</u>	<u>(31,000)</u>	<u>(32,379)</u>	<u>(1,379)</u>
NET CHANGE IN FUND BALANCE	152,393	131,833	155,565	23,732
Fund balance, beginning of year	<u>59,471</u>	<u>59,471</u>	<u>59,471</u>	<u>-</u>
Fund balance, end of year	<u>\$ 211,864</u>	<u>\$ 191,304</u>	<u>\$ 215,036</u>	<u>\$ 23,732</u>

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 10,413	\$ 9,887	\$ 19,297	\$ 17,958	\$ 17,033	\$ 16,540	\$ 16,580	\$ 16,564
Interest	280,839	265,922	270,808	265,814	292,101	287,487	273,945	267,530
Difference between expected and actual experience	(22,240)	51,709	(84,812)	(11,713)	(418,394)	(14,713)	(72,815)	-
Changes of assumptions	142,414	100,645	133,364	-	-	-	173,211	-
Benefit payments, including employee refunds	(235,986)	(228,356)	(211,773)	(208,847)	(230,750)	(232,980)	(227,427)	(197,109)
Other	(1)	1	(1)	-	1	(1)	8,561	8,360
Net Change in Total Pension Liability	175,439	199,808	126,883	63,212	(340,009)	56,333	172,055	95,345
Total Pension Liability, beginning	3,808,024	3,608,216	3,481,333	3,418,121	3,758,130	3,701,797	3,529,742	3,434,397
Total Pension Liability, ending	<u>\$ 3,983,463</u>	<u>\$ 3,808,024</u>	<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	\$ 57,114	\$ 68,420	\$ 71,781	\$ 96,282	\$ 47,728	\$ 68,549	\$ 44,679	\$ 20,140
Contributions - employee	3,203	4,067	5,807	5,820	5,108	5,381	5,437	8,563
Net investment income (loss)	477,022	396,577	398,329	(122,872)	386,325	314,014	(43,587)	189,791
Benefit payments, including employee refunds	(235,986)	(228,356)	(211,773)	(208,847)	(230,750)	(232,980)	(227,427)	(197,109)
Administrative expense	(5,472)	(6,391)	(6,861)	(6,146)	(6,129)	(6,210)	(6,529)	(6,938)
Other	-	-	(1)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	295,881	234,317	257,282	(235,763)	202,282	148,754	(227,427)	14,447
Plan Fiduciary Net Position, beginning	3,434,750	3,200,433	2,943,151	3,178,914	2,976,632	2,827,878	3,055,305	3,040,858
Plan Fiduciary Net Position, ending	<u>\$ 3,730,631</u>	<u>\$ 3,434,750</u>	<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	\$ 252,832	\$ 373,274	\$ 407,783	\$ 538,182	\$ 239,207	\$ 781,498	\$ 873,919	\$ 474,437
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	94%	90%	89%	85%	93%	79%	76%	87%
Covered payroll	\$ 64,196	\$ 63,133	\$ 123,855	\$ 116,841	\$ 110,822	\$ 107,612	\$ 108,795	\$ 108,685
Village's Net Pension Liability as a percentage of Covered Payroll	394%	591%	329%	461%	216%	726%	803%	437%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial determined contributions	\$ 63,925	\$ 47,358	\$ 33,572	\$ 45,275	\$ 54,854	\$ 42,121	\$ 16,580	\$ 16,459
Contributions in relation to the actuarially determined contribution	<u>63,925</u>	<u>47,358</u>	<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>	<u>\$ -</u>	<u>\$ (30,000)</u>	<u>\$ (40,000)</u>	<u>\$ (40,000)</u>	<u>\$ (35,000)</u>	<u>\$ (30,000)</u>	<u>\$ -</u>
Covered payroll	\$ 64,851	\$ 63,638	\$ 90,120	\$ 118,822	\$ 113,480	\$ 109,615	\$ 107,940	\$ 129,712
Contributions as a percentage of covered payroll	99%	74%	71%	72%	84%	70%	43%	13%

VILLAGE OF FOWLerville
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

NOTE 1 - EMPLOYEE RETIREMENT PLAN

Actuarial valuation information relative to the determination of contributions:

Valuation date: December 31, 2021
Measurement date: December 31, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Normal
Amortization method: Level percentage of payroll, closed
Asset valuation method: 5 year smoothing
Remaining amortization period: 12 years
Investment rate of return: 7.00%, net of investment and administrative expense including inflation
Discount rate: 7.25%
Salary increases: 3.00% in the long-term plus merit and longevity
Inflation rate: 2.50%
Mortality: Version of Pub-2010 and fully generational MP-2019

Changes of Benefits Terms: There were no changes of benefit terms during plan year 2021

Changes in Assumptions: Decrease in investment rate of return from 7.35% to 7.00%
Change in discount rate from 7.60% to 7.25%

OTHER SUPPLEMENTARY INFORMATION

**VILLAGE OF FOWLerville
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	Special Revenue				Debt Service	Total	
	Local Street	Municipal Street	Drug Law Enforcement	K9 Program	Greenwood Cemetery		2008 G.O. Bond
ASSETS							
Cash	\$ 68,848	\$ 197,038	\$ 2,232	\$ 448	\$ 32,959	\$ 85	\$ 301,610
Due from other governmental units	14,152	-	-	-	-	-	14,152
TOTAL ASSETS	\$ 83,000	\$ 197,038	\$ 2,232	\$ 448	\$ 32,959	\$ 85	\$ 315,762
LIABILITIES							
Accounts payable	\$ 4,627	\$ 4,318	\$ -	\$ -	\$ -	\$ -	\$ 8,945
Accounts liabilities	324	-	-	-	-	-	324
Due to other funds	11,466	-	-	-	-	-	11,466
TOTAL LIABILITIES	16,417	4,318	-	-	-	-	20,735
FUND BALANCES							
Restricted	66,583	192,720	2,232	448	-	85	262,068
Committed	-	-	-	-	32,959	-	32,959
TOTAL FUND BALANCES	66,583	192,720	2,232	448	32,959	85	295,027
TOTAL LIABILITIES AND FUND BALANCES	\$ 83,000	\$ 197,038	\$ 2,232	\$ 448	\$ 32,959	\$ 85	\$ 315,762

VILLAGE OF FOWLerville
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	Special Revenue					Debt Service	Total
	Local Street	Municipal Street	Drug Law Enforcement	K9 Program	Greenwood Cemetery	2008 G.O. Bond	
REVENUES							
Taxes	\$ -	\$ 199,096	\$ -	\$ -	\$ -	\$ -	\$ 199,096
Intergovernmental	94,384	18,384	-	-	-	223,700	336,468
Charges for services	-	-	-	-	11,840	-	11,840
Interest and rents	75	211	2	1	37	8	334
Other	741	-	-	-	-	-	741
TOTAL REVENUES	95,200	217,691	2	1	11,877	223,708	548,479
EXPENDITURES							
Current							
Public safety	-	-	-	133	-	-	133
Public works	77,407	61,687	-	-	-	-	139,094
Capital outlay	11,783	-	-	-	-	-	11,783
Debt service	-	-	-	-	-	223,700	223,700
TOTAL EXPENDITURES	89,190	61,687	-	133	-	223,700	374,710
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,010	156,004	2	(132)	11,877	8	173,769
OTHER FINANCING (USES)							
Transfer out	(9,520)	-	-	-	-	-	(9,520)
NET CHANGE IN FUND BALANCES	(3,510)	156,004	2	(132)	11,877	8	164,249
Fund balances, beginning of year	70,093	36,716	2,230	580	21,082	77	130,778
Fund balances, end of year	<u>\$ 66,583</u>	<u>\$ 192,720</u>	<u>\$ 2,232</u>	<u>\$ 448</u>	<u>\$ 32,959</u>	<u>\$ 85</u>	<u>\$ 295,027</u>

**VILLAGE OF FOWLerville
 COMPONENT UNIT FUNDS
 BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY
 JUNE 30, 2022**

	General	Property Rental	Total
ASSETS			
Cash	\$ 345,299	\$ 2,209	\$ 347,508
LIABILITIES			
Accounts payable	\$ 7,577	\$ -	\$ 7,577
Due to other governmental units	570	-	570
Security deposits payable	-	550	550
TOTAL LIABILITIES	8,147	550	8,697
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	600	-	600
FUND BALANCES			
Assigned			
Property rental	-	1,659	1,659
Unassigned	336,552	-	336,552
TOTAL FUND BALANCES	336,552	1,659	338,211
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 345,299	\$ 2,209	\$ 347,508

**VILLAGE OF FOWLerville
 COMPONENT UNIT FUNDS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION - DOWNTOWN DEVELOPMENT AUTHORITY
 JUNE 30, 2022**

Total Fund Balances - Governmental Funds \$ 338,211

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	\$ 4,530,951	
Accumulated depreciation is	<u>(1,252,901)</u>	

Capital assets, net		3,278,050
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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>600</u>
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Net Position of Governmental Activities		<u><u>\$ 3,616,861</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, 2022**

	General	Property Rental	Total
REVENUES			
Taxes	\$ 402,903	\$ -	\$ 402,903
Intergovernmental	16,621	-	16,621
Interest and rents	892	24,400	25,292
Other revenue	1,400	-	1,400
TOTAL REVENUES	421,816	24,400	446,216
EXPENDITURES			
Current			
Community and economic development			
Contracted services	75,271	-	75,271
Supplies	567	-	567
Repairs and maintenance	188	-	188
Equipment rental	-	10,210	10,210
Utilities	13,771	2,480	16,251
Management fees	-	800	800
Payments to primary government	11,822	-	11,822
Capital outlay	176,172	-	176,172
Debt service	223,700	-	223,700
TOTAL EXPENDITURES	501,491	13,490	514,981
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(79,675)	10,910	(68,765)
OTHER FINANCING SOURCES (USES)			
Transfers in	18,000	-	18,000
Transfers out	-	(18,000)	(18,000)
TOTAL OTHER FINANCING SOURCES (USES)	18,000	(18,000)	-
NET CHANGE IN FUND BALANCES	(61,675)	(7,090)	(68,765)
Fund balances, beginning of year	398,227	8,749	406,976
Fund balances, end of year	<u>\$ 336,552</u>	<u>\$ 1,659</u>	<u>\$ 338,211</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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (68,765)

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

Capital outlay	\$	176,172
Depreciation expense		<u>(82,560)</u>

Excess of capital outlay over depreciation expense	93,612
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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>(300)</u>
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Change in Net Position of Governmental Activities \$ 24,547

**VILLAGE OF FOWLerville
COMPONENT UNIT FUNDS
BALANCE SHEET - LOCAL DEVELOPMENT FINANCE AUTHORITY
JUNE 30, 2022**

ASSETS	
Cash	\$ 1,970,005
Accounts receivable	<u>2,000</u>
TOTAL ASSETS	<u><u>\$ 1,972,005</u></u>
LIABILITIES	<u>\$ -</u>
FUND BALANCE	
Unassigned	<u>1,972,005</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 1,972,005</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, 2022**

Total Fund Balance - Governmental Fund \$ 1,972,005

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	\$ 5,370,995	
Accumulated depreciation is	<u>(3,660,817)</u>	
Capital assets, net		<u>1,710,178</u>
Net Position of Governmental Activities		<u><u>\$ 3,682,183</u></u>

**VILLAGE OF FOWLerville
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 LOCAL DEVELOPMENT FINANCE AUTHORITY
 YEAR ENDED JUNE 30, 2022**

REVENUES	
Taxes	\$ 583,353
Intergovernmental	284,970
Interest	<u>2,260</u>
TOTAL REVENUES	<u>870,583</u>
EXPENDITURES	
Current	
Community and economic development	
Contracted services	10,541
Payments to primary government	349,104
Other	<u>40,831</u>
TOTAL EXPENDITURES	<u>400,476</u>
NET CHANGE IN FUND BALANCE	470,107
Fund balance, beginning of year	<u>1,501,898</u>
Fund balance, end of year	<u><u>\$ 1,972,005</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, 2022**

Net Change in Fund Balance - Governmental Fund \$ 470,107

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:

Depreciation expense	(291,919)
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Change in Net Position of Governmental Activities	\$ 178,188
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