

**VILLAGE OF FOWLerville  
LIVINGSTON COUNTY, MICHIGAN**

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

**YEAR ENDED JUNE 30, 2021**

**VILLAGE OF FOWLerville  
LIVINGSTON COUNTY, MICHIGAN  
JUNE 30, 2021**

**VILLAGE COUNCIL AND ADMINISTRATION**

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Kathryn Heath	President Pro-Tem
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	Village Manager/Clerk

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## INDEPENDENT AUDITOR'S REPORT

To the Village Council  
Village of Fowlerville, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Fowlerville, Michigan (the Village), as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Fowlerville, Michigan, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 13 to the financial statements, the Village implemented GASB Statement No. 84, *Fiduciary Activities*, during the year. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

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

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

*Maney Costain PC*

November 8, 2021

## **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, 2021. 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 \$17,511,534 at the close of 2021 (excluding component units).
- Governmental activities net position was \$4,808,957.
- Business-type activities net position was \$12,702,577.
- Component unit net position was \$7,096,309.

#### **Fund Level**

- At the close of the fiscal year, the Village of Fowlerville's governmental funds reported a combined ending fund balance of \$1,115,578 with \$451,351 being nonspendable, restricted, committed, or assigned.
- The General Fund's fund balance increased by \$18,490 or approximately 2%.

#### **Capital and Long-term Debt Activities**

- The total long-term debt for the governmental activities of the primary government was \$1,435,000.
- The total long-term debt for the business-type activities of the primary government was \$1,445,000.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

## VILLAGE OF FOWLerville MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Activities (page 13) presents information showing how the Village of Fowlerville's net position changed during fiscal year 2021. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave. Both statements report the following activities:

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

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

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

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



## VILLAGE OF FOWLerville MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. GASB Statement No. 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues, or total expenditures/expenses that equal at least 10% of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds 5% of those categories for governmental and enterprise funds combined. The major funds for the Village of Fowlerville include the General Fund, Major Street Fund, 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 25 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 \$17,511,534 at the end of this fiscal year. The net position of the governmental activities was \$4,808,957 and the net position of the business-type activities was \$12,702,577.

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, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Current and Other Assets	\$ 2,144,240	\$ 2,573,284	\$ 5,646,432	\$ 5,893,651	\$ 7,790,672	\$ 8,466,935
Capital Assets	4,931,216	3,550,539	8,545,581	8,140,285	13,476,797	11,690,824
<b>TOTAL ASSETS</b>	<b>7,075,456</b>	<b>6,123,823</b>	<b>14,192,013</b>	<b>14,033,936</b>	<b>21,267,469</b>	<b>20,157,759</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>27,744</b>	<b>56,491</b>	-	-	<b>27,744</b>	<b>56,491</b>
<b>LIABILITIES</b>						
Current Liabilities	514,384	776,817	309,436	686,463	823,820	1,463,280
Noncurrent Liabilities	1,635,408	1,855,011	1,180,000	1,445,000	2,815,408	3,300,011
<b>TOTAL LIABILITIES</b>	<b>2,149,792</b>	<b>2,631,828</b>	<b>1,489,436</b>	<b>2,131,463</b>	<b>3,639,228</b>	<b>4,763,291</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>144,451</b>	-	-	-	<b>144,451</b>	-
<b>NET POSITION</b>						
Net investment in capital assets	3,496,216	1,925,539	7,100,581	6,440,285	10,596,797	8,365,824
Restricted	384,126	699,852	-	-	384,126	699,852
Unrestricted	928,615	923,095	5,601,996	5,462,188	6,530,611	6,385,283
<b>TOTAL NET POSITION</b>	<b>\$ 4,808,957</b>	<b>\$ 3,548,486</b>	<b>\$ 12,702,577</b>	<b>\$ 11,902,473</b>	<b>\$ 17,511,534</b>	<b>\$ 15,450,959</b>

**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	
	2021	2020	2021	2020	2021	2020
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 805,466	\$ 767,004	\$ 2,109,591	\$ 1,921,841	\$ 2,915,057	\$ 2,688,845
Operating Grants and Contributions	769,506	661,629	-	-	769,506	661,629
Capital Grants and Contributions	918,666	296,407	-	-	918,666	296,407
General Revenues						
Property Taxes	962,076	958,396	-	-	962,076	958,396
State Shared Revenue	323,566	289,120	-	-	323,566	289,120
Local Community Stabilization	61,142	58,572	-	-	61,142	58,572
Investment Earnings	1,871	36,334	8,291	95,867	10,162	132,201
Miscellaneous	51,345	51,400	-	-	51,345	51,400
<b>TOTAL REVENUES</b>	<b>3,893,638</b>	<b>3,118,862</b>	<b>2,117,882</b>	<b>2,017,708</b>	<b>6,011,520</b>	<b>5,136,570</b>
<b>EXPENSES</b>						
General Government	648,994	682,679	-	-	648,994	682,679
Public Safety	836,015	802,153	-	-	836,015	802,153
Public Works	1,014,514	964,526	-	-	1,014,514	964,526
Recreation and Culture Community and Economic Development	90,290	85,118	-	-	90,290	85,118
Interest on Long-term Debt	11,488	29,616	-	-	11,488	29,616
Water/Sewer	31,866	35,667	-	-	31,866	35,667
	-	-	1,317,778	1,374,703	1,317,778	1,374,703
<b>TOTAL EXPENSES</b>	<b>2,633,167</b>	<b>2,599,759</b>	<b>1,317,778</b>	<b>1,374,703</b>	<b>3,950,945</b>	<b>3,974,462</b>
Increase in Net Position	1,260,471	519,103	800,104	643,005	2,060,575	1,162,108
Net Position Beginning	3,548,486	3,029,383	11,902,473	11,259,468	15,450,959	14,288,851
Net Position Ending	<u>\$ 4,808,957</u>	<u>\$ 3,548,486</u>	<u>\$ 12,702,577</u>	<u>\$ 11,902,473</u>	<u>\$ 17,511,534</u>	<u>\$ 15,450,959</u>

**Governmental Activities**

The result of fiscal year 2021 governmental activity was an increase of \$1,260,471 in net position to \$4,808,957. Of the total governmental activities' net position, \$3,496,216 is invested in capital assets less related debt and \$384,126 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 \$928,615 is listed as unrestricted, having no legal commitment.

***Revenues***

The three largest revenue categories in governmental activities were property taxes at 25%; capital grants and contributions at 24%; and charges for services at 20%. The Village levies a property tax millage for general government operations at 8.4223 mills, which is not assigned to any specific service or activity. The Village also levies 0.6436 mills of special voted millage for mosquito control, 2.0211 mills for garbage services, including weekly garbage pick-up, composting, chipping, and leaf pick-up. Lastly, the Village levies 3.3687 mills for streetlights and 0.6736 mills for cemetery maintenance.

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

***Expenses***

Total governmental expenses increased approximately 1% or \$33,656 compared to the prior year. Public works is the largest governmental activity, expending \$1,014,514 of the approximately \$2.6 million total expenses. Public safety is the next largest activity, expending \$836,015.

**Business-type Activities:**

Net position in the business-type activities increased by \$800,104 during the fiscal year 2021. Business activities increased because of planned cash flow increases for future capital outlay and cash flow was needed to pay off debt, which is a non-budget item. In addition, water and sewer main preservation increased. Charges from services has increased over all from 2020, expenses have decreased. Net value went from \$645,005 in 2020 to \$800,104 in 2021.

Of the total \$12,702,577 of net position in the business-type activities, \$7,100,581 is reported as unrestricted and \$5,601,996 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 2021, its governmental funds reported *combined* fund balances of \$1,115,578. The net changes are summarized in the following chart:

	General Fund	Major Street Fund	Nonmajor Governmental Funds
Fund Balance June 30, 2021	\$ 925,329	\$ 59,471	\$ 130,778
Fund Balance June 30, 2020	906,839	297,640	195,655
Net Change	18,490	(238,169)	(64,877)

**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, 2021, the General Fund reported a fund balance of \$925,329. This amount is an increase of \$18,490 from the fund balance of \$906,839 reported as of June 30, 2020. The final budget planned for an increase of \$29,339.

**General Fund Budgetary Highlights**

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

General Fund revenues and other financing sources totaled \$2,174,940; \$124,959 below the final amended budget. The most significant variation was in intergovernmental revenue, which had a negative variation of \$134,430.

The Village of Fowlerville’s expenditures and other financing uses totaled \$2,156,450; \$114,110 below the final amended budget. Many departments underspent their budget so overall expenditures were below the amended budget. Final budgeted expenditures increased slightly due to transfers to road funds for road construction.

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

**Water and Sewer Fund**

The Water and Sewer Fund had an increase in its net position of \$800,104. Operating revenues showed an increase of \$187,750, while total operating expenses decreased by \$50,993 primarily due to rates being frozen, because of COVID-19. In 2021 the Fund had total operating expenses of \$1,282,614 and total operating revenues of \$2,109,591 for an operating income of \$826,977.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - At the end of Fiscal Year 2021, the Village had invested \$4,931,216 and \$8,545,581 (net of accumulated depreciation) for governmental and business-type capital assets (including construction in progress), respectively. Key additions to the governmental activities include road repairs. Additions to the business-type capital assets include repairs and improvements to the sewer and water systems. Accumulated depreciation was \$4,830,434 for the governmental activities and \$9,176,488 for the business-type activities. Depreciation charges for the fiscal year totaled \$374,368 for the governmental activities and \$548,206 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	\$ 447,642	\$ 587,249
Construction in progress	38,912	137,095	176,007
Land Improvement, net	132,163	-	132,163
Buildings, net	156,843	2,462,355	2,619,198
Vehicles, net	72,065	-	72,065
Machinery and Equipment, net	141,502	101,796	243,298
Infrastructure, net	4,250,124	-	4,250,124
Water System, net	-	2,659,766	2,659,766
Sewer System, net	-	2,736,927	2,736,927
Capital assets, net	<u>\$ 4,931,216</u>	<u>\$ 8,545,581</u>	<u>\$ 13,476,797</u>

**Outstanding Debt as of June 30, 2021**

As of June 30, 2021, the Village of Fowlerville had \$1,543,366 in bonds and accumulated vacation and sick time outstanding for the governmental activities. Of this amount, \$1,435,000 is bonds and \$108,366 is compensated absences. This level of net obligation is \$191,899 lower than the obligation recorded as of June 30, 2020.

The business-type activities showed total outstanding balance of \$1,445,000 as of June 30, 2021. The debt is comprised of refunding bonds. This level of net obligation is \$255,000 lower than the obligation recorded as of June 30, 2020. 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, 2021, was \$97,086,580 therefore, the Village of Fowlerville's debt limitation was \$9,708,658. The Village of Fowlerville remains well below its legal debt limit.

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

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS & EFFECTS**

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

The Village continues to improve roads and water and sewer mains however the state has decreased available Act 51 & grant funds, so we will be limited in what we can do in the future, based on potential grants from the state.

This year we did not need to spend money on DPW capital assets because we have kept them up to date in previous years. We have used some of the water-sewer funds to pay their part of the road construction.

**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, 2021**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash	\$ 1,834,296	\$ 4,927,683	\$ 6,761,979	\$ 1,940,631
Receivables	86,684	685,293	771,977	2,000
Due from other governmental units	118,667	-	118,667	4,519
Internal balances	58,527	(58,527)	-	-
Inventory	-	20,692	20,692	-
Prepays	46,066	-	46,066	-
<b>Total current assets</b>	<b>2,144,240</b>	<b>5,575,141</b>	<b>7,719,381</b>	<b>1,947,150</b>
Noncurrent assets				
Receivables	-	71,291	71,291	-
Capital assets not being depreciated	178,519	584,737	763,256	1,299,635
Capital assets, net of accumulated depreciation	4,752,697	7,960,844	12,713,541	3,886,900
<b>Total noncurrent assets</b>	<b>4,931,216</b>	<b>8,616,872</b>	<b>13,548,088</b>	<b>5,186,535</b>
<b>TOTAL ASSETS</b>	<b>7,075,456</b>	<b>14,192,013</b>	<b>21,267,469</b>	<b>7,133,685</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	27,744	-	27,744	-
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	93,144	35,650	128,794	35,780
Accrued liabilities	128,182	4,912	133,094	-
Due to other governmental units	3,773	-	3,773	1,046
Security deposits payable	-	-	-	550
Accrued interest payable	4,783	3,874	8,657	-
Unearned revenue	3,270	-	3,270	-
Current portion of compensated absences	86,232	-	86,232	-
Current portion of long-term debt	195,000	265,000	460,000	-
<b>Total current liabilities</b>	<b>514,384</b>	<b>309,436</b>	<b>823,820</b>	<b>37,376</b>
Noncurrent liabilities				
Noncurrent portion of compensated absences	22,134	-	22,134	-
Noncurrent portion of long-term debt	1,240,000	1,180,000	2,420,000	-
Net pension liability	373,274	-	373,274	-
<b>Total noncurrent liabilities</b>	<b>1,635,408</b>	<b>1,180,000</b>	<b>2,815,408</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>2,149,792</b>	<b>1,489,436</b>	<b>3,639,228</b>	<b>37,376</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	144,451	-	144,451	-
<b>NET POSITION</b>				
Net investment in capital assets	3,496,216	7,100,581	10,596,797	5,186,535
Restricted for streets and highways	166,280	-	166,280	-
Restricted for other purposes	217,846	-	217,846	-
Unrestricted	928,615	5,601,996	6,530,611	1,909,774
<b>TOTAL NET POSITION</b>	<b>\$ 4,808,957</b>	<b>\$ 12,702,577</b>	<b>\$ 17,511,534</b>	<b>\$ 7,096,309</b>

See accompanying notes to financial statements.



**VILLAGE OF FOWLerville  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

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	Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
<b>Governmental activities</b>								
General government	\$ 648,994	\$ 364,961	\$ 222,500	\$ -	\$ (61,533)	\$ -	\$ (61,533)	\$ -
Public safety	836,015	25,460	144,987	-	(665,568)	-	(665,568)	-
Public works	1,014,514	413,980	402,019	918,666	720,151	-	720,151	-
Recreation and culture	90,290	1,065	-	-	(89,225)	-	(89,225)	-
Community and economic development	11,488	-	-	-	(11,488)	-	(11,488)	-
Interest on long-term debt	31,866	-	-	-	(31,866)	-	(31,866)	-
<b>Total governmental activities</b>	<b>2,633,167</b>	<b>805,466</b>	<b>769,506</b>	<b>918,666</b>	<b>(139,529)</b>	<b>-</b>	<b>(139,529)</b>	<b>-</b>
<b>Business-type activities</b>								
Water and sewer	1,317,778	2,109,591	-	-	-	791,813	791,813	-
<b>Total primary government</b>	<b>\$ 3,950,945</b>	<b>\$ 2,915,057</b>	<b>\$ 769,506</b>	<b>\$ 918,666</b>	<b>(139,529)</b>	<b>791,813</b>	<b>652,284</b>	<b>-</b>
<b>Component units</b>								
Downtown Development Authority	\$ 434,977	\$ 24,244	\$ -	\$ -	-	-	-	(410,733)
Local Development Finance Authority	673,264	2,000	-	-	-	-	-	(671,264)
<b>Total component units</b>	<b>\$ 1,108,241</b>	<b>\$ 26,244</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,081,997)</b>
<b>General revenues</b>								
Property taxes					962,076	-	962,076	864,442
State shared revenue					323,566	-	323,566	-
Local community stabilization					61,142	-	61,142	455,430
Investment earnings					1,871	8,291	10,162	2,147
Miscellaneous					51,345	-	51,345	-
<b>Total general revenues</b>					<b>1,400,000</b>	<b>8,291</b>	<b>1,408,291</b>	<b>1,322,019</b>
<b>Change in net position</b>					<b>1,260,471</b>	<b>800,104</b>	<b>2,060,575</b>	<b>240,022</b>
<b>Net position, beginning of the year</b>					<b>3,548,486</b>	<b>11,902,473</b>	<b>15,450,959</b>	<b>6,856,287</b>
<b>Net position, end of the year</b>					<b>\$ 4,808,957</b>	<b>\$ 12,702,577</b>	<b>\$ 17,511,534</b>	<b>\$ 7,096,309</b>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2021**

	General	Major Street	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash	\$ 867,467	\$ 79,700	\$ 107,056	\$ 1,054,223
Accounts receivable	86,252	-	-	86,252
Due from other governmental units	56,122	47,920	13,993	118,035
Due from other funds	70,510	-	29,241	99,751
Prepays	46,066	-	-	46,066
<b>TOTAL ASSETS</b>	<b><u>\$ 1,126,417</u></b>	<b><u>\$ 127,620</u></b>	<b><u>\$ 150,290</u></b>	<b><u>\$ 1,404,327</u></b>
<b>LIABILITIES</b>				
Account payable	\$ 57,719	\$ 23,601	\$ 8,841	\$ 90,161
Accrued liabilities	125,423	1,381	861	127,665
Due to other governmental units	3,523	-	250	3,773
Due to other funds	11,153	43,167	9,560	63,880
Unearned revenue	3,270	-	-	3,270
<b>TOTAL LIABILITIES</b>	<b><u>201,088</u></b>	<b><u>68,149</u></b>	<b><u>19,512</u></b>	<b><u>288,749</u></b>
<b>FUND BALANCES</b>				
Nonspendable	46,066	-	-	46,066
Restricted	215,036	59,471	109,696	384,203
Committed	-	-	21,082	21,082
Unassigned	664,227	-	-	664,227
<b>TOTAL FUND BALANCES</b>	<b><u>925,329</u></b>	<b><u>59,471</u></b>	<b><u>130,778</u></b>	<b><u>1,115,578</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,126,417</u></b>	<b><u>\$ 127,620</u></b>	<b><u>\$ 150,290</u></b>	<b><u>\$ 1,404,327</u></b>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**Total Fund Balances - Governmental Funds** \$ 1,115,578

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	\$ 8,993,827	
Accumulated depreciation is	<u>(4,204,680)</u>	
Capital assets, net		4,789,147

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. 942,362

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	27,744	
Deferred inflows of resources related to pensions	<u>(144,451)</u>	
		(116,707)

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	(1,435,000)	
Accrued interest payable	(4,783)	
Compensated absences	(108,366)	
Net pension liability	<u>(373,274)</u>	
		<u>(1,921,423)</u>

**Net Position of Governmental Activities** \$ 4,808,957

**VILLAGE OF FOWLerville**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2021**

	General	Major Street	Nonmajor Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 765,578	\$ -	\$ 212,424	\$ 978,002
Licenses and permits	13,061	-	-	13,061
Intergovernmental	806,713	1,220,477	324,482	2,351,672
Charges for services	465,134	-	-	465,134
Fines and forfeitures	14,232	-	-	14,232
Interest and rents	2,468	177	291	2,936
Other	62,941	-	5,660	68,601
<b>TOTAL REVENUES</b>	<b>2,130,127</b>	<b>1,220,654</b>	<b>542,857</b>	<b>3,893,638</b>
<b>EXPENDITURES</b>				
Current				
General government	620,749	-	-	620,749
Public safety	805,725	-	448	806,173
Public works	474,088	103,576	157,158	734,822
Community and economic development	12,310	-	-	12,310
Recreation and culture	93,578	-	-	93,578
Capital outlay	-	1,625,980	62,082	1,688,062
Debt service	-	-	222,500	222,500
<b>TOTAL EXPENDITURES</b>	<b>2,006,450</b>	<b>1,729,556</b>	<b>442,188</b>	<b>4,178,194</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>123,677</b>	<b>(508,902)</b>	<b>100,669</b>	<b>(284,556)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	44,813	300,000	75,000	419,813
Transfers out	(150,000)	(29,267)	(240,546)	(419,813)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(105,187)</b>	<b>270,733</b>	<b>(165,546)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>18,490</b>	<b>(238,169)</b>	<b>(64,877)</b>	<b>(284,556)</b>
Fund balances, beginning of year	906,839	297,640	195,655	1,400,134
Fund balances, end of year	<u>\$ 925,329</u>	<u>\$ 59,471</u>	<u>\$ 130,778</u>	<u>\$ 1,115,578</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, 2021**

**Net Change in Fund Balances - Total Governmental Funds** \$ (284,556)

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

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

Capital outlay	\$ 1,755,045	
Depreciation expense	<u>(339,712)</u>	
Excess of capital outlay over depreciation expense		1,415,333

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

Bond retirement		190,000
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An internal service fund 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. 82,211

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

Decrease in accrued interest payable	634	
(Increase) in accrued compensated absences	(4,462)	
Decrease in net pension liability	34,509	
(Decrease) in deferred outflows of resources related to pensions	(28,747)	
(Increase) in deferred inflows of resources related to pensions	<u>(144,451)</u>	
		<u>(142,517)</u>

**Change in Net Position of Governmental Activities** **\$ 1,260,471**

**VILLAGE OF FOWLerville  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2021**

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service (Motor Pool)
<b>ASSETS</b>		
Current assets		
Cash	\$ 4,927,683	\$ 780,073
Accounts receivable	675,899	432
Special assessments receivable	9,394	-
Due from other governmental units	-	632
Due from other funds	6,323	25,878
Inventory	20,692	-
Total current assets	5,639,991	807,015
Noncurrent assets		
Special assessments receivable	71,291	-
Capital assets not being depreciated	584,737	-
Capital assets, net of accumulated depreciation	7,960,844	142,069
Total noncurrent assets	8,616,872	142,069
<b>TOTAL ASSETS</b>	<b>14,256,863</b>	<b>949,084</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	35,650	2,983
Accrued liabilities	4,912	517
Due to other funds	64,850	3,222
Accrued interest payable	3,874	-
Current portion of long-term debt	265,000	-
Total current liabilities	374,286	6,722
Noncurrent liabilities		
Noncurrent portion of long-term debt	1,180,000	-
<b>TOTAL LIABILITIES</b>	<b>1,554,286</b>	<b>6,722</b>
<b>NET POSITION</b>		
Net investment in capital assets	7,100,581	142,069
Unrestricted	5,601,996	800,293
<b>TOTAL NET POSITION</b>	<b>\$ 12,702,577</b>	<b>\$ 942,362</b>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 YEAR ENDED JUNE 30, 2021**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Internal Service (Motor Pool)</u>
OPERATING REVENUES		
Charges for services	<u>\$ 2,109,591</u>	<u>\$ 233,256</u>
OPERATING EXPENSES		
Administrative	260,339	117,345
Wastewater operations	304,658	-
Water distribution	169,411	-
Depreciation	<u>548,206</u>	<u>34,656</u>
TOTAL OPERATING EXPENSES	<u>1,282,614</u>	<u>152,001</u>
OPERATING INCOME	<u>826,977</u>	<u>81,255</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	8,291	956
Interest expense	<u>(35,164)</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(26,873)</u>	<u>956</u>
CHANGE IN NET POSITION	800,104	82,211
Net position, beginning of year	<u>11,902,473</u>	<u>860,151</u>
Net position, end of year	<u><u>\$ 12,702,577</u></u>	<u><u>\$ 942,362</u></u>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED JUNE 30, 2021**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	Water and Sewer	Internal Service (Motor Pool)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 1,907,402	\$ 232,845
Cash receipts from/(payments to) other funds	29,053	(448)
Cash paid to suppliers	(1,048,937)	(196,228)
Cash paid for employees and benefits	<u>(70,623)</u>	<u>-</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>816,895</u>	 <u>36,169</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital asset acquisitions	(953,502)	-
Special assessments received	9,209	-
Bond principal payments	(255,000)	-
Interest and fees paid	<u>(36,116)</u>	<u>-</u>
 NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(1,235,409)</u>	 <u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<u>8,291</u>	<u>956</u>
 NET INCREASE IN CASH	 (410,223)	 37,125
Cash, beginning of year	<u>5,337,906</u>	<u>742,948</u>
Cash, end of year	<u><u>\$ 4,927,683</u></u>	<u><u>\$ 780,073</u></u>

See accompanying notes to financial statements.



**VILLAGE OF FOWLerville  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED JUNE 30, 2021**

Reconciliation of operating income to		
net cash provided by operating activities		
Operating income	\$ 826,977	\$ 81,255
Adjustments to reconcile operating income to		
net cash provided by operating activities		
Depreciation	548,206	34,656
(Increase) decrease in:		
Accounts receivable	(202,189)	(287)
Due from other governmental units	-	(124)
Due from other funds	(6,323)	(1,497)
Inventory	923	-
Increase (decrease) in:		
Accounts payable	(386,931)	(79,328)
Accrued liabilities	856	445
Due to other funds	35,376	1,049
	<u>35,376</u>	<u>1,049</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 816,895</u>	<u>\$ 36,169</u>

**VILLAGE OF FOWLerville  
FIDUCIARY FUND  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2021**

	Custodial Fund
ASSETS	
Cash	\$ 30,669
LIABILITIES	-
NET POSITION	
Restricted	
4th of July	25,078
175th Celebration	5,591
TOTAL NET POSITION	\$ 30,669

**VILLAGE OF FOWLerville  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2021**

	Custodial Fund
ADDITIONS	
Contributions	\$ 8,606
Investment earnings	29
TOTAL ADDITIONS	8,635
DEDUCTIONS	
Distributions	162
NET CHANGE IN FIDUCIARY NET POSITION	8,473
NET POSITION	
Beginning of year	22,196
End of year	\$ 30,669

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville  
 COMPONENT UNITS  
 COMBINING STATEMENT OF NET POSITION  
 JUNE 30, 2021**

	Downtown Development Authority	Local Development Finance Authority	Total
<b>ASSETS</b>			
Current assets			
Cash	\$ 422,664	\$ 1,517,967	\$ 1,940,631
Accounts receivable	-	2,000	2,000
Due from other governmental units	2	4,517	4,519
	422,666	1,524,484	1,947,150
Noncurrent assets			
Capital assets, not being depreciated	1,299,107	528	1,299,635
Capital assets, net of accumulated depreciation	1,885,331	2,001,569	3,886,900
	3,184,438	2,002,097	5,186,535
<b>TOTAL ASSETS</b>	<b>3,607,104</b>	<b>3,526,581</b>	<b>7,133,685</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	13,194	22,586	35,780
Due to other governmental units	1,046	-	1,046
Security deposit payable	550	-	550
	14,790	22,586	37,376
<b>TOTAL LIABILITIES</b>	<b>14,790</b>	<b>22,586</b>	<b>37,376</b>
<b>NET POSITION</b>			
Investment in capital assets	3,184,438	2,002,097	5,186,535
Unrestricted	407,876	1,501,898	1,909,774
	3,592,314	3,503,995	7,096,309
<b>TOTAL NET POSITION</b>	<b>\$ 3,592,314</b>	<b>\$ 3,503,995</b>	<b>\$ 7,096,309</b>

See accompanying notes to financial statements.

**VILLAGE OF FOWLerville  
 COMPONENT UNITS  
 COMBINING STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2021**

	Downtown Development Authority	Local Development Finance Authority	Total
Program expenses			
Community and economic development	\$ 434,977	\$ 673,264	\$ 1,108,241
Program revenues			
Charges for services	<u>24,244</u>	<u>2,000</u>	<u>26,244</u>
NET PROGRAM (EXPENSES)	<u>(410,733)</u>	<u>(671,264)</u>	<u>(1,081,997)</u>
General revenues			
Property taxes	383,718	480,724	864,442
Local community stabilization	27,192	428,238	455,430
Investment earnings	<u>543</u>	<u>1,604</u>	<u>2,147</u>
TOTAL GENERAL REVENUES	<u>411,453</u>	<u>910,566</u>	<u>1,322,019</u>
CHANGE IN NET POSITION	720	239,302	240,022
Net position, beginning of the year	<u>3,591,594</u>	<u>3,264,693</u>	<u>6,856,287</u>
Net position, end of the year	<u><u>\$ 3,592,314</u></u>	<u><u>\$ 3,503,995</u></u>	<u><u>\$ 7,096,309</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 2,870 residents: public safety (police), public improvements (streets, sidewalks, sewers, and water system), planning and zoning, recreation, and general administrative services.

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

Reporting Entity

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

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

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

Discretely Presented Component Units

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

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

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

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

Discretely Presented Component Units (continued)

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

Joint Venture

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

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

Basis of Presentation

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

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

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS

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

The Village reports the following major governmental funds:

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

The Village reports the following major enterprise fund:

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

Additionally, the Village reports the following fund types:

- a. Internal service funds account for the management of equipment operating provided to various departments of the Village on cost reimbursement basis.
- b. Custodial fund accounts for assets held by the Village as a custodian for private organizations or individuals.

Measurement Focus

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

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



**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, 2021, the Village levied 8.4223 mills per \$1,000 of assessed valuation for general governmental services. In addition, the Village levied 0.3636 for cemetery maintenance, 2.0211 for garbage service, 3.3687 for streetlights, and 0.6436 for mosquito control. The total taxable value for the 2020 levy for property within the Village was \$97,086,580.

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, 2021, 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, 2021, 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, 2021, none of the Village's bank balance of \$8,634,532 was exposed to custodial credit risk because it was uninsured and uncollateralized. The balance of \$8,733,179 is reported on the financial statements as of June 30, 2021. 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, 2021:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Fund</u>	<u>Reporting Entity</u>
Cash	<u>\$ 6,761,979</u>	<u>\$ 1,940,631</u>	<u>\$ 30,669</u>	<u>\$ 8,733,279</u>

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

The following schedule details interfund receivables and payables at June 30, 2021:

Due to General Fund from:	
Major Street Fund	\$ 30,977
Water and Sewer Fund	27,230
Internal service fund	3,222
Nonmajor governmental funds	<u>9,081</u>
	<u><u>\$ 70,510</u></u>
Due to Water and Sewer Fund from:	
Major Street Fund	<u><u>\$ 6,323</u></u>
Due to nonmajor governmental funds from:	
Water and Sewer Fund	<u><u>\$ 29,241</u></u>
Due to Internal Service Fund from:	
General Fund	\$ 11,153
Major Street Fund	5,867
Water and Sewer Fund	8,379
Nonmajor governmental funds	<u>479</u>
	<u><u>\$ 25,878</u></u>

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.



**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

**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, 2021:

**Primary Government**

Transfers to General Fund from:

Major Street Fund	\$ 29,267
Nonmajor governmental funds	<u>15,546</u>
	<u>\$ 44,813</u>

Transfers to Major Street Fund from:

General Fund	\$ 150,000
Nonmajor governmental funds	<u>150,000</u>
	<u>\$ 300,000</u>

Transfers to nonmajor governmental funds from:

Nonmajor governmental funds	<u>\$ 75,000</u>
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**Component Units**

Downtown Development Authority

Transfers to Downtown Development Authority General Fund from:

Property Rental Fund	<u>\$ 18,000</u>
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Transfers from the Property Rental Fund to the Downtown Development Authority General Fund were to finance current year debt service payments. Transfers to the General Fund, Major Street Fund, and Local Street Fund were to finance public works projects.

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, was as follows:

**Primary Government**

	Balance July 1, 2020	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2021
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 139,607	\$ -	\$ -	\$ 139,607
Construction in progress	1,302,006	1,688,062	(2,951,156)	38,912
Subtotal	<u>1,441,613</u>	<u>1,688,062</u>	<u>(2,951,156)</u>	<u>178,519</u>
Capital assets being depreciated				
Land improvements	473,289	-	-	473,289
Buildings	840,284	-	-	840,284
Vehicles	712,705	66,983	(28,595)	751,093
Machinery and equipment	639,495	-	-	639,495
Infrastructure	3,927,814	2,951,156	-	6,878,970
Subtotal	<u>6,593,587</u>	<u>3,018,139</u>	<u>(28,595)</u>	<u>9,583,131</u>
Less accumulated depreciation for:				
Land improvements	(320,790)	(20,336)	-	(341,126)
Buildings	(655,283)	(28,158)	-	(683,441)
Vehicles	(674,470)	(33,153)	28,595	(679,028)
Machinery and equipment	(465,040)	(32,953)	-	(497,993)
Infrastructure	(2,369,078)	(259,768)	-	(2,628,846)
Subtotal	<u>(4,484,661)</u>	<u>(374,368)</u>	<u>28,595</u>	<u>(4,830,434)</u>
Net capital assets being depreciated	<u>2,108,926</u>	<u>2,643,771</u>	<u>-</u>	<u>4,752,697</u>
Total net capital assets	<u>\$ 3,550,539</u>	<u>\$ 4,331,833</u>	<u>\$ (2,951,156)</u>	<u>\$ 4,931,216</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 101,573
Public safety	16,374
Public works	228,504
Recreation and culture	27,917
Total depreciation expense	<u>\$ 374,368</u>

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - CAPITAL ASSETS (continued)**

**Primary Government (continued)**

	Balance July 1, 2020	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2021
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 447,642	\$ -	\$ -	\$ 447,642
Construction in progress	1,389,158	926,551	(2,178,614)	137,095
Subtotal	1,836,800	926,551	(2,178,614)	584,737
Capital assets being depreciated				
Buildings	3,667,583	-	-	3,667,583
Machinery and equipment	491,188	26,951	-	518,139
Vehicles	14,040	-	-	14,040
Sewer system	4,874,146	1,312,903	-	6,187,049
Water system	5,884,810	865,711	-	6,750,521
Subtotal	14,931,767	2,205,565	-	17,137,332
Less accumulated depreciation for:				
Buildings	(1,134,555)	(70,673)	-	(1,205,228)
Machinery and equipment	(397,036)	(19,307)	-	(416,343)
Vehicles	(14,040)	-	-	(14,040)
Sewer system	(3,258,658)	(191,464)	-	(3,450,122)
Water system	(3,823,993)	(266,762)	-	(4,090,755)
Subtotal	(8,628,282)	(548,206)	-	(9,176,488)
Net capital assets being depreciated	6,303,485	1,657,359	-	7,960,844
Total net capital assets	\$ 8,140,285	\$ 2,583,910	\$ (2,178,614)	\$ 8,545,581

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - CAPITAL ASSETS (continued)**

**Component Units**

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<b>Downtown Development Authority</b>				
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	310,012	-	-	310,012
Subtotal	3,055,672	-	-	3,055,672
Less accumulated depreciation for				
Land improvements	(1,018,596)	(70,159)	-	(1,088,755)
Buildings and improvements	(69,186)	(12,400)	-	(81,586)
Subtotal	(1,087,782)	(82,559)	-	(1,170,341)
Net capital assets being depreciated	1,967,890	(82,559)	-	1,885,331
Total net capital assets	<u>\$ 3,266,997</u>	<u>\$ (82,559)</u>	<u>\$ -</u>	<u>\$ 3,184,438</u>
<b>Local Development Finance Authority</b>				
Capital assets not being depreciated				
Construction in progress	\$ 528	\$ -	\$ -	\$ 528
Capital assets being depreciated				
Infrastructure	5,369,754	713	-	5,370,467
Less accumulated depreciation for				
Infrastructure	(3,076,930)	(291,968)	-	(3,368,898)
Net capital assets being depreciated	2,292,824	(291,255)	-	2,001,569
Total net capital assets	<u>\$ 2,293,352</u>	<u>\$ (291,255)</u>	<u>\$ -</u>	<u>\$ 2,002,097</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, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Primary Government					
Governmental Activities					
Long-term debt					
2016 Refunding Bonds	\$ 1,625,000	\$ -	\$ (190,000)	\$ 1,435,000	\$ 195,000
Other long-term obligations					
Compensated absences	<u>103,904</u>	<u>87,143</u>	<u>(82,681)</u>	<u>108,366</u>	<u>86,232</u>
Total Governmental Activities	<u>1,728,904</u>	<u>87,143</u>	<u>(272,681)</u>	<u>1,543,366</u>	<u>281,232</u>
Business-type Activities					
Long-term debt					
2016 Refunding Bonds	455,000	-	(60,000)	395,000	65,000
2015 Sewer Improvement Refunding Bonds	<u>1,245,000</u>	<u>-</u>	<u>(195,000)</u>	<u>1,050,000</u>	<u>200,000</u>
Total Business-Type Activities	<u>1,700,000</u>	<u>-</u>	<u>(255,000)</u>	<u>1,445,000</u>	<u>265,000</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,428,904</u>	<u>\$ 87,143</u>	<u>\$ (527,681)</u>	<u>\$ 2,988,366</u>	<u>\$ 546,232</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% \$ 1,830,000

\$2,160,000 2015 Sewer Improvement Refunding Bonds, due in annual installments ranging from \$200,000 to \$220,000 through June 1, 2026, plus interest of 2.17%. 1,050,000

\$ 2,880,000

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 \$108,366 at June 30, 2021. 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
2022	\$ 195,000	\$ 28,700	\$ 265,000	\$ 30,685
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
2027-2028	425,000	12,800	70,000	1,400
	<u>\$ 1,435,000</u>	<u>\$ 116,400</u>	<u>\$ 1,445,000</u>	<u>\$ 97,541</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, 2021, bonds due and payable April 1, 2022 through April 1, 2027, for the 2007 Capital Improvement Bonds in the amount of \$400,000 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, 2021, bonds due and payable May 1, 2022 through May 1, 2028, for the 2008 General Obligation Bonds in the amount of \$1,410,000 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, 2021, bonds due and payable June 1, 2022 through June 1, 2026, for the 2005 Sewer Improvement Bonds in the amount of \$1,085,000 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 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](http://www.mersofmich.com).

Summary of Significant Accounting Policies

For the purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

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

Retirement benefits for employees are calculated as 2.50% of the employee's three-year final average compensation times the employee's years of service with a maximum of 80% of final average compensation. Normal retirement age is 60 with a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

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

At the December 31, 2020, 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	<u>1</u>
	<u><u>20</u></u>

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN (continued)**

Contributions

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 cost of benefits earned by employees 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, 2020, were \$68,420. Active covered employees contribute 5.00% of annual payroll for the year ended June 30, 2021.

Net Pension Liability

The Village's Net Pension Liability was measured as of December 31, 2020, 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, 2020 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% in the long-term plus a percentage based on age related scale to reflect merit, longevity, and promotional pay increases.

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

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

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

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

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.



**VILLAGE OF FOWLerville  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN (continued)**

Actuarial Assumptions (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Expected Money-Weighted Rate of Return</u>
Global equity	60.00%	5.25%	3.15%
Global fixed income	20.00%	1.25%	0.25%
Private investments	<u>20.00%</u>	7.25%	1.45%
	<u>100.00%</u>		
Inflation			<u>2.50%</u>
Assumed investment rate of return			7.35%
Administrative expense netted above			<u>0.25%</u>
Investment rate of return			<u>7.60%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.60%. 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.

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN (continued)**

Changes in Net Pension Liability

<u>Changes in Net Pension Liability</u>	Calculating the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2019	\$ 3,608,216	\$ 3,200,433	\$ 407,783
Service cost	9,887	-	9,887
Interest on total pension liability	265,922	-	265,922
Difference between expected and actual experience	51,709	-	51,709
Changes in assumptions	100,645	-	100,645
Employer contributions	-	68,420	(68,420)
Employee contributions	-	4,067	(4,067)
Net investment income	-	396,577	(396,577)
Benefit payments, including employee refunds	(228,356)	(228,356)	-
Administrative expense	-	(6,391)	6,391
Other changes	1	-	1
Net changes	199,808	234,317	(34,509)
Balances at December 31, 2020	\$ 3,808,024	\$ 3,434,750	\$ 373,274

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 811,412	\$ 373,274	\$ 7,734

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT RETIREMENT PLAN (continued)**

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

For the year ended June 30, 2021, the Village recognized pension expense of \$106,324. 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	\$ -	\$ 144,451
Contributions subsequent to the measurement date*	27,744	-
Total	\$ 27,744	\$ 144,451

\* 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, 2022.

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
2022	\$ (41,620)
2023	(72,731)
2024	1,801
2025	(31,901)

**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, 2021, the Village contributed \$124,824 to the defined contribution plan for its employees.

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

**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 \$9,163,626 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 - FUND BALANCE CLASSIFICATIONS**

The following are the various fund balance classifications as of June 30, 2021:

	General	Major Street	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>				
Nonspendable				
Prepays	\$ 46,066	\$ -	\$ -	\$ 46,066
Restricted				
Mosquito control	54,998	-	-	54,998
Refuse collection	149,742	-	-	149,742
Composting	10,296	-	-	10,296
Streets and highways	-	59,471	106,809	166,280
Law enforcement	-	-	2,810	2,810
Debt service	-	-	77	77
Committed				
Perpetual care	-	-	21,082	21,082
Unassigned	664,227	-	-	664,227
	<u>\$ 925,329</u>	<u>\$ 59,471</u>	<u>\$ 130,778</u>	<u>\$ 1,115,578</u>

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - RESTRICTED NET POSITION**

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

The following are the various net position restrictions as of June 30, 2021:

Governmental activities	
Restricted for streets and highways	\$ 166,280
Restricted for other purposes	
Mosquito control	54,998
Refuse collection	149,742
Composting	10,296
Law enforcement	<u>2,810</u>
	<u>\$ 384,126</u>

**NOTE 12 - TAX ABATEMENTS**

The Village entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) (IFT) PA 198 of 1974, as amended. An Industrial Facilities Exemption (IFE) certificate entitles the facility an exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on a new plant and non-industrial property, such as some high-tech personal property, is computed at 50% of the property tax bill for new property. For rehabilitation properties, the taxable values can be frozen. The amount of taxes abated within the Village's Local Development Finance Authority Component Unit during the year ended June 30, 2021 was \$69,776.

**NOTE 13 - NEW ACCOUNTING STANDARD**

For the year ended June 30, 2021, the Village implemented the following new pronouncement: GASB Statement No. 84, *Fiduciary Activities*. Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

**VILLAGE OF FOWLerville**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - NEW ACCOUNTING STANDARD (continued)**

The restatement of the beginning of the year net position is as follows:

Fiduciary Net Position as of July 1, 2020, as previously stated	\$ -
Adoption of GASB Statement No. 84	<u>22,196</u>
Fiduciary Net Position as of July 1, 2020, as restated	<u><u>\$ 22,196</u></u>

**NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF FOWLerville  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - REVENUES  
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 764,095	\$ 766,736	\$ 765,578	\$ (1,158)
Licenses and permits	7,500	12,000	13,061	1,061
Intergovernmental				
Federal/State	330,121	581,743	446,209	(135,534)
Local	358,840	359,400	360,504	1,104
Total intergovernmental	688,961	941,143	806,713	(134,430)
Charges for services	467,320	456,220	465,134	8,914
Fines and forfeitures	25,100	15,500	14,232	(1,268)
Interest and rents	26,200	2,500	2,468	(32)
Other	35,100	61,100	62,941	1,841
Total revenues	2,014,276	2,255,199	2,130,127	(125,072)
OTHER FINANCING SOURCES				
Transfers in	38,000	44,700	44,813	113
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 2,052,276</u>	<u>\$ 2,299,899</u>	<u>\$ 2,174,940</u>	<u>\$ (124,959)</u>



**VILLAGE OF FOWLerville  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES  
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
Current				
General government				
Legislative	\$ 30,914	\$ 32,139	\$ 29,898	\$ 2,241
Executive	68,245	61,870	58,888	2,982
Clerk	134,562	132,007	129,453	2,554
Treasurer	147,405	157,595	157,162	433
Village hall and grounds	110,750	97,632	94,117	3,515
Other				
Miscellaneous	27,706	86,027	32,297	53,730
Insurance	73,000	71,046	71,046	-
Contracted services	72,800	54,300	47,888	6,412
Total general government	<u>665,382</u>	<u>692,616</u>	<u>620,749</u>	<u>71,867</u>
Public safety				
Police department	<u>798,100</u>	<u>821,852</u>	<u>805,725</u>	<u>16,127</u>
Public works				
Department of public works	142,043	150,332	149,970	362
Refuse collection	129,000	130,200	127,072	3,128
Sanitary landfill	55,771	72,403	67,499	4,904
Cemetery operations	105,465	100,938	99,712	1,226
Mosquito control	<u>35,000</u>	<u>35,000</u>	<u>29,835</u>	<u>5,165</u>
Total public works	467,279	488,873	474,088	14,785
Community and economic development				
Planning commission	32,602	19,442	12,310	7,132
Recreation and culture				
Recreation	<u>86,305</u>	<u>97,777</u>	<u>93,578</u>	<u>4,199</u>
Total expenditures	2,049,668	2,120,560	2,006,450	114,110
<b>OTHER FINANCING USES</b>				
Transfers out	<u>32,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<b>TOTAL EXPENDITURES AND         OTHER FINANCING USES</b>	<u><u>\$ 2,081,668</u></u>	<u><u>\$ 2,270,560</u></u>	<u><u>\$ 2,156,450</u></u>	<u><u>\$ 114,110</u></u>

**VILLAGE OF FOWLerville  
MAJOR STREET FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 635,918	\$ 1,217,000	\$ 1,220,477	\$ 3,477
Interest	4,500	200	177	(23)
<b>TOTAL REVENUES</b>	<u>640,418</u>	<u>1,217,200</u>	<u>1,220,654</u>	<u>3,454</u>
<b>EXPENDITURES</b>				
Public works				
Administration	500	500	-	500
Operations	166,260	129,227	103,576	25,651
Capital outlay	704,249	1,645,000	1,625,980	19,020
<b>TOTAL EXPENDITURES</b>	<u>871,009</u>	<u>1,774,727</u>	<u>1,729,556</u>	<u>45,171</u>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<u>(230,591)</u>	<u>(557,527)</u>	<u>(508,902)</u>	<u>48,625</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	222,000	300,000	300,000	-
Transfers out	(28,000)	(29,700)	(29,267)	433
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>194,000</u>	<u>270,300</u>	<u>270,733</u>	<u>433</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(36,591)</u>	<u>(287,227)</u>	<u>(238,169)</u>	<u>49,058</u>
Fund balance, beginning of year	<u>297,640</u>	<u>297,640</u>	<u>297,640</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 261,049</u></u>	<u><u>\$ 10,413</u></u>	<u><u>\$ 59,471</u></u>	<u><u>\$ 49,058</u></u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability							
Service cost	\$ 9,887	\$ 19,297	\$ 17,958	\$ 17,033	\$ 16,540	\$ 16,580	\$ 16,564
Interest	265,922	270,808	265,814	292,101	287,487	273,945	267,530
Difference between expected and actual experience	51,709	(84,812)	(11,713)	(418,394)	(14,713)	(72,815)	-
Changes of assumptions	100,645	133,364	-	-	-	173,211	-
Benefit payments, including employee refunds	(228,356)	(211,773)	(208,847)	(230,750)	(232,980)	(227,427)	(197,109)
Other	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>1</u>	<u>(1)</u>	<u>8,561</u>	<u>8,360</u>
Net Change in Total Pension Liability	199,808	126,883	63,212	(340,009)	56,333	172,055	95,345
Total Pension Liability, beginning	<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>	<u>3,434,397</u>
Total Pension Liability, ending	<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	\$ 68,420	\$ 71,781	\$ 96,282	\$ 47,728	\$ 68,549	\$ 44,679	\$ 20,140
Contributions - employee	4,067	5,807	5,820	5,108	5,381	5,437	8,563
Net investment income (loss)	396,577	398,329	(122,872)	386,325	314,014	(43,587)	189,791
Benefit payments, including employee refunds	(228,356)	(211,773)	(208,847)	(230,750)	(232,980)	(227,427)	(197,109)
Administrative expense	(6,391)	(6,861)	(6,146)	(6,129)	(6,210)	(6,529)	(6,938)
Other	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	234,317	257,282	(235,763)	202,282	148,754	(227,427)	14,447
Plan Fiduciary Net Position, beginning	<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>	<u>3,040,858</u>
Plan Fiduciary Net Position, ending	<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	<u>\$ 373,274</u>	<u>\$ 407,783</u>	<u>\$ 538,182</u>	<u>\$ 239,207</u>	<u>\$ 781,498</u>	<u>\$ 873,919</u>	<u>\$ 474,437</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	90%	89%	85%	93%	79%	76%	87%
Covered payroll	\$ 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	591%	329%	461%	216%	726%	803%	437%

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

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

**VILLAGE OF FOWLerville**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2021**

**NOTE 1 - EMPLOYEE RETIREMENT PLAN**

Changes of Benefits Terms: There were no changes of benefit terms during plan year 2020.

Changes in Assumptions: A five-year experience study analyzing historical experience from 2014 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions resulting from the experience study have been approved by the MERS Retirement Board and are effective beginning with the December 31, 2020 actuarial valuation, first impacting 2022 contributions. A complete description of the assumptions may be found in the Appendix to the valuation.

## **OTHER SUPPLEMENTARY INFORMATION**

**VILLAGE OF FOWLerville  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021**

	Special			Revenue		Debt Service	Total
	Local Street	Municipal Street	Drug Law Enforcement	K9 Program	Greenwood Cemetery	2008 G.O. Bond	
<b>ASSETS</b>							
Cash	\$ 40,612	\$ 41,275	\$ 2,230	\$ 580	\$ 22,282	\$ 77	\$ 107,056
Due from other governmental units	13,993	-	-	-	-	-	13,993
Due from other funds	29,241	-	-	-	-	-	29,241
<b>TOTAL ASSETS</b>	<b>\$ 83,846</b>	<b>\$ 41,275</b>	<b>\$ 2,230</b>	<b>\$ 580</b>	<b>\$ 22,282</b>	<b>\$ 77</b>	<b>\$ 150,290</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 3,332	\$ 4,309	\$ -	\$ -	\$ 1,200	\$ -	\$ 8,841
Accounts liabilities	861	-	-	-	-	-	861
Due to other governmental units	-	250	-	-	-	-	250
Due to other funds	9,560	-	-	-	-	-	9,560
<b>TOTAL LIABILITIES</b>	<b>13,753</b>	<b>4,559</b>	<b>-</b>	<b>-</b>	<b>1,200</b>	<b>-</b>	<b>19,512</b>
<b>FUND BALANCES</b>							
Restricted	70,093	36,716	2,230	580	-	77	109,696
Committed	-	-	-	-	21,082	-	21,082
<b>TOTAL FUND BALANCES</b>	<b>70,093</b>	<b>36,716</b>	<b>2,230</b>	<b>580</b>	<b>21,082</b>	<b>77</b>	<b>130,778</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 83,846</b>	<b>\$ 41,275</b>	<b>\$ 2,230</b>	<b>\$ 580</b>	<b>\$ 22,282</b>	<b>\$ 77</b>	<b>\$ 150,290</b>

**VILLAGE OF FOWLerville**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2021**

	Special			Revenue		Debt Service	Total
	Local Street	Municipal Street	Drug Law Enforcement	K9 Program	Greenwood Cemetery	2008 G.O. Bond	
<b>REVENUES</b>							
Taxes	\$ -	\$ 212,424	\$ -	\$ -	\$ -	\$ -	\$ 212,424
Intergovernmental	88,368	13,614	-	-	-	222,500	324,482
Interest and rents	73	161	3	14	23	17	291
Other	-	-	-	500	5,160	-	5,660
<b>TOTAL REVENUES</b>	<b>88,441</b>	<b>226,199</b>	<b>3</b>	<b>514</b>	<b>5,183</b>	<b>222,517</b>	<b>542,857</b>
<b>EXPENDITURES</b>							
Current							
Public safety	-	-	-	448	-	-	448
Public works	77,608	78,350	-	-	1,200	-	157,158
Capital outlay	62,082	-	-	-	-	-	62,082
Debt service	-	-	-	-	-	222,500	222,500
<b>TOTAL EXPENDITURES</b>	<b>139,690</b>	<b>78,350</b>	<b>-</b>	<b>448</b>	<b>1,200</b>	<b>222,500</b>	<b>442,188</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(51,249)</b>	<b>147,849</b>	<b>3</b>	<b>66</b>	<b>3,983</b>	<b>17</b>	<b>100,669</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfer in	75,000	-	-	-	-	-	75,000
Transfer out	(8,546)	(225,000)	-	(7,000)	-	-	(240,546)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>66,454</b>	<b>(225,000)</b>	<b>-</b>	<b>(7,000)</b>	<b>-</b>	<b>-</b>	<b>(165,546)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>15,205</b>	<b>(77,151)</b>	<b>3</b>	<b>(6,934)</b>	<b>3,983</b>	<b>17</b>	<b>(64,877)</b>
Fund balances, beginning of year	54,888	113,867	2,227	7,514	17,099	60	195,655
Fund balances, end of year	\$ 70,093	\$ 36,716	\$ 2,230	\$ 580	\$ 21,082	\$ 77	\$ 130,778



**VILLAGE OF FOWLerville  
 COMPONENT UNIT FUNDS  
 BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY  
 JUNE 30, 2021**

	<u>General</u>	<u>Property Rental</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 413,365	\$ 9,299	\$ 422,664
Due from other Governments	<u>2</u>	<u>-</u>	<u>2</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 413,367</u></u>	<u><u>\$ 9,299</u></u>	<u><u>\$ 422,666</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 13,194	\$ -	\$ 13,194
Due to other governmental units	1,046	-	1,046
Security deposits	<u>-</u>	<u>550</u>	<u>550</u>
<b>TOTAL LIABILITIES</b>	<u>14,240</u>	<u>550</u>	<u>14,790</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	<u>900</u>	<u>-</u>	<u>900</u>
<b>FUND BALANCES</b>			
Assigned			
Property rental	-	8,749	8,749
Unassigned	<u>398,227</u>	<u>-</u>	<u>398,227</u>
<b>TOTAL FUND BALANCES</b>	<u>398,227</u>	<u>8,749</u>	<u>406,976</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 413,367</u></u>	<u><u>\$ 9,299</u></u>	<u><u>\$ 422,666</u></u>

**VILLAGE OF FOWLerville  
 COMPONENT UNIT FUNDS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION - DOWNTOWN DEVELOPMENT AUTHORITY  
 JUNE 30, 2021**

**Total Fund Balances - Governmental Funds** \$ 406,976

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

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

The cost of capital assets is	\$ 4,354,779	
Accumulated depreciation is	<u>(1,170,341)</u>	
Capital assets, net		3,184,438

Other resources are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Unavailable revenue		<u>900</u>
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**Net Position of Governmental Activities** \$ 3,592,314

**VILLAGE OF FOWLerville  
 COMPONENT UNIT FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 DOWNTOWN DEVELOPMENT AUTHORITY  
 YEAR ENDED JUNE 30, 2021**

	General	Property Rental	Total
<b>REVENUES</b>			
Taxes	\$ 383,718	\$ -	\$ 383,718
Intergovernmental	27,192	-	27,192
Charges for services	13,472	-	13,472
Interest and rents	1,268	22,625	23,893
	<u>425,650</u>	<u>22,625</u>	<u>448,275</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Current			
Community and economic development			
Contracted services	75,046	-	75,046
Supplies	899	-	899
Repairs and maintenance	281	-	281
Equipment rental	1,200	5,098	6,298
Utilities	14,056	2,715	16,771
Management fees	-	687	687
Payments to primary government	29,936	-	29,936
Debt service	222,500	-	222,500
	<u>343,918</u>	<u>8,500</u>	<u>352,418</u>
<b>TOTAL EXPENDITURES</b>			
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>			
	<u>81,732</u>	<u>14,125</u>	<u>95,857</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	18,000	-	18,000
Transfers out	-	(18,000)	(18,000)
	<u>18,000</u>	<u>(18,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
<b>NET CHANGE IN FUND BALANCES</b>			
	99,732	(3,875)	95,857
Fund balances, beginning of year	<u>298,495</u>	<u>12,624</u>	<u>311,119</u>
Fund balances, end of year	<u>\$ 398,227</u>	<u>\$ 8,749</u>	<u>\$ 406,976</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, 2021**

**Net Change in Fund Balances - Total Governmental Funds** \$ 95,857

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

Depreciation expense (82,559)

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 (12,578)

**Change in Net Position of Governmental Activities** \$ 720

**VILLAGE OF FOWLerville  
COMPONENT UNIT FUNDS  
BALANCE SHEET - LOCAL DEVELOPMENT FINANCE AUTHORITY  
JUNE 30, 2021**

ASSETS	
Cash	\$ 1,517,967
Accounts receivable	2,000
Due from other governmental units	<u>4,517</u>
 TOTAL ASSETS	 <u><u>\$ 1,524,484</u></u>
LIABILITIES	
Accounts payable	\$ 22,586
FUND BALANCE	
Unassigned	<u>1,501,898</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 1,524,484</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, 2021**

**Total Fund Balance - Governmental Fund** \$ 1,501,898

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>(3,368,898)</u>	
Capital assets, net		<u>2,002,097</u>
<b>Net Position of Governmental Activities</b>		<b>\$ 3,503,995</b>

**VILLAGE OF FOWLerville  
 COMPONENT UNIT FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 LOCAL DEVELOPMENT FINANCE AUTHORITY  
 YEAR ENDED JUNE 30, 2021**

REVENUES	
Taxes	\$ 480,724
Intergovernmental	428,238
Charges for services	2,000
Interest	<u>1,604</u>
TOTAL REVENUES	<u>912,566</u>
EXPENDITURES	
Current	
Community and economic development	
Contracted services	6,872
Payments to primary government	346,625
Other	<u>28,512</u>
TOTAL EXPENDITURES	<u>382,009</u>
NET CHANGE IN FUND BALANCE	530,557
Fund balance, beginning of year	<u>971,341</u>
Fund balance, end of year	<u><u>\$ 1,501,898</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, 2021**

**Net Change in Fund Balance - Governmental Fund** \$ 530,557

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	\$	713	
Depreciation expense		(291,968)	
Excess of depreciation expense over capital outlay			(291,255)

**Change in Net Position of Governmental Activities** **\$ 239,302**