

**VILLAGE OF WOLVERINE LAKE
Oakland County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2021**

VILLAGE OF WOLVERINE LAKE
For the Year Ended June 30, 2021

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FINANCIAL SECTION

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Independent Auditor's Report

November 30, 2021

To the Village President and
Members of the Village Council
Village of Wolverine Lake, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wolverine Lake, Michigan, 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 of 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.

Village President and
Members of the Village Council
Village of Wolverine Lake, Michigan

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, each major fund, and the aggregate remaining fund information of the Village of Wolverine Lake, 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.

Other Matters

Required Supplementary Information

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

Respectfully,

A handwritten signature in black ink that reads "PSLZ PLLC". The letters are stylized and cursive.

PSLZ PLLC
Certified Public Accountants

Management's Discussion and Analysis

As management of the Village of Wolverine Lake, we offer readers of the Village of Wolverine Lake's financial statements this narrative overview and analysis of the financial activities of the Village of Wolverine Lake for the fiscal year ended June 30, 2021. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The assets of the Village of Wolverine Lake exceeded its liabilities at the close of the most recent fiscal year by \$10,735,825 (*net position*). Of this amount, \$3,075,994 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$725,131.
- At the close of the most recent fiscal year, the Village of Wolverine Lake's governmental funds reported combined ending fund balances of \$3,665,794. Of this amount, \$2,696,682 (74%) is *available for spending* at the government's discretion (*unrestricted fund balance*).
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$2,696,682, or 99 percent of total general fund expenditures.
- The Village of Wolverine Lake's total bonded debt decreased by \$325,000 during the current fiscal year as a result of annual debt payments made. The Village had no new debt issued in fiscal year 2021.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village of Wolverine Lake's basic financial statements, which have three components:

- 1) Government-Wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Financial Statements.

Government-wide financial statements.

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Wolverine Lake's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Wolverine Lake's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Wolverine Lake is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused compensatory leave).

Both of the government-wide financial statements distinguish functions of the Village of Wolverine Lake that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Wolverine Lake include general government, public works, police, streets, lake management, and parks and recreation. The business-type activity of the Village of Wolverine Lake is the Water and Sewer Fund.

The government-wide financial statements can be found on pages 11-13 of this report.

Fund financial statements.

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Wolverine Lake, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Wolverine Lake can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and

the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the major streets fund, and the local streets fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14-16 of this report.

Proprietary funds.

The Village of Wolverine Lake maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Wolverine Lake uses an enterprise fund to account for its Water and Sewer operation.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund which is considered to be a major fund of the Village of Wolverine Lake.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Fiduciary funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village of Wolverine Lake's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 20 of this report.

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-43 of this report.

Government-wide Financial Analysis

Assets exceeded liabilities by \$10,735,825 at the close of the most recent fiscal year. Of the Village of Wolverine Lake's net position, 52 percent reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village of Wolverine Lake uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Wolverine Lake's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 3,769,029	\$ 3,271,836	\$ 2,694,503	\$ 3,057,253	\$ 6,463,532	\$ 6,329,089
Capital Assets	2,481,510	2,490,454	3,933,743	3,990,100	6,415,253	6,480,554
Total Assets	<u>6,250,539</u>	<u>5,762,290</u>	<u>6,628,246</u>	<u>7,047,353</u>	<u>12,878,785</u>	<u>12,809,643</u>
Deferred Outflows	310,021	154,158	-	-	310,021	154,158
Long-term liabilities outstanding	1,459,179	1,614,152	810,000	1,135,000	2,269,179	2,749,152
Other liabilities	103,235	108,585	67,585	64,798	170,820	173,383
Total Liabilities	<u>1,562,414</u>	<u>1,722,737</u>	<u>877,585</u>	<u>1,199,798</u>	<u>2,439,999</u>	<u>2,922,535</u>
Deferred Inflows	12,982	30,572	-	-	12,982	30,572
Net Position:						
Net Investment in capital assets	2,481,510	2,490,454	3,123,743	2,855,100	5,605,253	5,345,554
Restricted	969,112	638,379	1,085,466	1,459,167	2,054,578	2,097,546
Unrestricted	1,534,542	1,034,306	1,541,452	1,533,288	3,075,994	2,567,594
Total Net Position	<u>\$ 4,985,164</u>	<u>\$ 4,163,139</u>	<u>\$ 5,750,661</u>	<u>\$ 5,847,555</u>	<u>\$ 10,735,825</u>	<u>\$ 10,010,694</u>

At the end of the current fiscal year, the Village of Wolverine Lake is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Net position increased by \$725,131 during the current fiscal year.

Governmental activities.

Governmental activities increased net position by \$822,025. In the current fiscal year, the Village contributed an additional \$75,000 to the Police defined benefit pension plan and an additional \$25,000 to the DPW pension plan. These amounts are in addition to the Village's annual required contributions and are expected to total \$1 million over the course of ten years with the expected result of significantly lowering the plan's unfunded liability. Also, the Village's net pension liability for fiscal year 2021 reflects a decrease in the net pension liability of \$125,643 and a decrease in net deferred inflows related to the pension of \$190,268, resulting in a net decrease to the Governmental net position of \$315,911 for the pension activity.

Village of Wolverine Lake - Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 511,853	\$ 497,820	\$ 276,152	\$ 291,555	\$ 788,005	\$ 789,375
Operating Grants & Contributions	554,759	491,413	-	-	554,759	491,413
Capital Grants & Contributions	-	-	33,019	42,427	33,019	42,427
General Revenues:						
Property Taxes	1,788,117	1,718,304	-	-	1,788,117	1,718,304
State Shared Revenues	430,821	382,939	-	-	430,821	382,939
Franchise Fees	65,050	63,679	-	-	65,050	63,679
Unrestricted Investment Earnings	33,935	75,158	19,857	45,310	53,792	120,468
Total Revenues	<u>3,384,535</u>	<u>3,229,313</u>	<u>329,028</u>	<u>379,292</u>	<u>3,713,563</u>	<u>3,608,605</u>
Expenses:						
General Government	679,735	712,956	-	-	679,735	712,956
Public Safety	901,410	865,438	-	-	901,410	865,438
Public Works	838,441	1,020,093	-	-	838,441	1,020,093
Community Development	30,074	16,812	-	-	30,074	16,812
Recreation and Cultural	112,850	123,873	-	-	112,850	123,873
Water and Sewer	-	-	425,922	446,439	425,922	446,439
Total Expenses	<u>2,562,510</u>	<u>2,739,172</u>	<u>425,922</u>	<u>446,439</u>	<u>2,988,432</u>	<u>3,185,611</u>
Change in Net Position	<u>\$ 822,025</u>	<u>\$ 490,141</u>	<u>\$ (96,894)</u>	<u>\$ (67,147)</u>	<u>\$ 725,131</u>	<u>\$ 422,994</u>

Business-type activities.

Business-type activities decreased net position by \$96,894, as compared to a decrease of \$67,147 in the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the Village of Wolverine Lake uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds.

The focus of the Village of Wolverine Lake's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$3,665,794, of which \$2,696,682 (98%) constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. Total governmental fund balances increased \$502,543.

The General Fund is the chief operating fund of the Village of Wolverine Lake. At the end of the current fiscal year, the total fund balance of the general fund was \$2,751,627, of which \$90,697 has been assigned by the Council for future park property purchases in the southern portion of the Village and \$194,030 has been assigned for use in the subsequent year's budget.

The fund balance of the Village's General Fund increased by \$163,730 during the fiscal year, as compared to a decrease of \$205,896 in the prior year.

Proprietary funds.

The Village of Wolverine Lake's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$1,541,452, as compared to unrestricted net position of \$1,533,288 in the prior year. The Water and Sewer Fund decreased their debt by \$325,000 in fiscal year 2021 as a result of annual debt principal payments.

General Fund Budgetary Highlights

The General Fund original budgeted revenues increased \$29,000 over final budgeted revenues to reflect an increase in state shared revenues and a decrease in interest earnings. The General Fund original budgeted expenditures increased \$52,900 over the final budgeted expenditures which reflects a \$30,000 increase in the police department, a \$8,400 increase in the department of public works, a \$17,200 increase in lake improvement expenditures and a \$15,000 increase in budgeted capital outlay.

Capital Asset and Debt Administration

Capital assets.

The Village of Wolverine Lake's investment in capital assets for its governmental and business type activities is \$6,415,253 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, machinery and equipment, park facilities, roads, and bridges. The decrease in the Village of Wolverine Lake's investment in capital assets for the current fiscal year was a 4 percent decrease for governmental activities, and a 1 percent decrease in business-type activities.

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

- Benstein Walkway (\$54,640)
- LED Street Lights (\$20,384)
- Police Vehicle (\$42,819)
- Park Restroom Project (\$73,852)
- Veterans Memorial Lot (\$23,058)

Additional information on the Village of Wolverine Lake's capital assets can be found in note III.B on pages 30-31 of this report.

Long-term debt.

At the end of the current fiscal year, the Village of Wolverine Lake had total bond debt outstanding of \$810,000, which is all in the Water and Sewer Fund (business-type activity). The Village of Wolverine Lake's total bond debt decreased by \$325,000 during the current fiscal year as a result of annual principal payments made during the year.

Additional information on the Village of Wolverine Lake's long-term debt can be found in note III.D. on pages 32-33 of this report.

Economic Factors and Next Year's Budgets and Rates

Residential property values in the Village peaked in FY09 and fell nearly 22% before beginning a slight rebound in FY13. A healthy housing market since then coupled with the final buildout of the Beechcrest project in the Panhandle area have led to the Village's taxable climbing to an all-time high. Property tax revenues made up about 62% of total General Fund operating revenue in FY21.

The healthy growth in General Fund surplus over the past several years has put the Village in an excellent position to be able to maintain its existing service level and protect its infrastructure assets for the foreseeable future. The Village began to use some of its fund balance to augment various road maintenance projects in FY19 and will continue to do so over the next several years because the scope of the work will exceed the limited resources of the Major and Local Street Funds.

Requests for Information

This financial report is designed to provide a general overview of the Village of Wolverine Lake's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the administrative offices at 425 Glengary Road, Wolverine Lake, Michigan 48390.

BASIC FINANCIAL STATEMENTS

VILLAGE OF WOLVERINE LAKE
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,612,634	\$ 1,521,189	\$ 5,133,823
Restricted Assets - Cash	-	496,135	496,135
Receivables:			
Accounts	1,047	30,615	31,662
Special Assessments	-	589,331	589,331
Due from Other Governmental Units	155,348	-	155,348
Inventory	-	48,327	48,327
Prepaid Expenses	-	8,906	8,906
Capital Assets (net of accumulated depreciation)	2,481,510	3,933,743	6,415,253
Total Assets	6,250,539	6,628,246	12,878,785
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows related to Pensions	295,404	-	295,404
Deferred Outflows related to OPEB	14,617	-	14,617
Total Deferred Outflows	310,021	-	310,021
<u>LIABILITIES</u>			
Accounts Payable	98,658	67,585	166,243
Unearned Revenue	4,577	-	4,577
Noncurrent Liabilities:			
Net Other Post Employment Benefit Liability	199,399	-	199,399
Compensated Absences	35,160	-	35,160
Net Pension Liability	1,224,620	-	1,224,620
Due within one year	-	250,000	250,000
Due in more than one year	-	560,000	560,000
Total Liabilities	1,562,414	877,585	2,439,999
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows related to OPEB	12,982	-	12,982
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,481,510	3,123,743	5,605,253
Restricted for:			
Streets	914,167	-	914,167
Building	54,945	-	54,945
Debt Service	-	1,085,466	1,085,466
Unrestricted	1,534,542	1,541,452	3,075,994
Total Net Position	\$ 4,985,164	\$ 5,750,661	\$ 10,735,825

VILLAGE OF WOLVERINE LAKE
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 679,735	\$ 18,545	\$ 11,619	\$ -
Public Safety	901,410	85,028	55,725	-
Public Works	838,441	397,661	487,415	-
Community Development	30,074	5,001	-	-
Recreation and Cultural	112,850	5,618	-	-
Total Governmental Activities	2,562,510	511,853	554,759	-
Business-type Activities:				
Water and Sewer	425,922	276,152	-	33,019
Total Primary Government	\$ 2,988,432	\$ 788,005	\$ 554,759	\$ 33,019

General Revenues:
Property Taxes
State Shared Revenue
Interest Earnings
Franchise Fees
Total General Revenues

Change in Net Position
Net Position - Beginning

Net Position - Ending

**Net (Expense) Revenue
and Changes in Net Position**

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (649,571)	\$ -	\$ (649,571)
(760,657)	-	(760,657)
46,635	-	46,635
(25,073)	-	(25,073)
<u>(107,232)</u>	<u>-</u>	<u>(107,232)</u>
<u>(1,495,898)</u>	<u>-</u>	<u>(1,495,898)</u>
<u>-</u>	<u>(116,751)</u>	<u>(116,751)</u>
<u>(1,495,898)</u>	<u>(116,751)</u>	<u>(1,612,649)</u>
1,788,117	-	1,788,117
430,821	-	430,821
33,935	19,857	53,792
65,050	-	65,050
<u>2,317,923</u>	<u>19,857</u>	<u>2,337,780</u>
822,025	(96,894)	725,131
<u>4,163,139</u>	<u>5,847,555</u>	<u>10,010,694</u>
<u>\$ 4,985,164</u>	<u>\$ 5,750,661</u>	<u>\$ 10,735,825</u>

VILLAGE OF WOLVERINE LAKE
Balance Sheet
Governmental Funds
June 30, 2021

<u>ASSETS</u>	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 2,770,556	\$ 567,413	\$ 274,665	\$ 3,612,634
Accounts Receivable	872	175	-	1,047
Due from State	<u>80,283</u>	<u>50,757</u>	<u>24,308</u>	<u>155,348</u>
Total Assets	<u>\$ 2,851,711</u>	<u>\$ 618,345</u>	<u>\$ 298,973</u>	<u>\$ 3,769,029</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 95,507	\$ 11	\$ 3,140	\$ 98,658
Unearned Revenue	<u>4,577</u>	<u>-</u>	<u>-</u>	<u>4,577</u>
Total Liabilities	<u>100,084</u>	<u>11</u>	<u>3,140</u>	<u>103,235</u>
Fund Balances:				
Restricted for:				
Streets	-	618,334	295,833	914,167
Building Department	<u>54,945</u>	<u>-</u>	<u>-</u>	<u>54,945</u>
Assigned for:				
Park Property	90,697	-	-	90,697
Subsequent Year's Expenditures	<u>194,030</u>	<u>-</u>	<u>-</u>	<u>194,030</u>
Unassigned	<u>2,411,955</u>	<u>-</u>	<u>-</u>	<u>2,411,955</u>
Total Fund Balance	<u>2,751,627</u>	<u>618,334</u>	<u>295,833</u>	<u>3,665,794</u>
Total Liabilities and Fund Balance	<u>\$ 2,851,711</u>	<u>\$ 618,345</u>	<u>\$ 298,973</u>	

Amounts reported for 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 in the funds.	2,481,510
Net Pension Liabilities are not reported in the funds	(1,224,620)
Net Deferred Outflows and Inflows related to Pensions	295,404
Net Other Post Employment Benefit Liability	(199,399)
Net Deferred Outflows and Inflows related to OPEB	1,635
Compensated absences are included as a liability in governmental activities.	<u>(35,160)</u>
Net Position of Governmental Activities	<u>\$ 4,985,164</u>

VILLAGE OF WOLVERINE LAKE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Property Taxes	\$ 1,788,117	\$ -	\$ -	\$ 1,788,117
Intergovernmental:				
Federal, State and Local	489,915	309,985	177,430	977,330
Licenses and Permits	67,913	-	-	67,913
Charges for Services	408,522	-	-	408,522
Fines and Forfeitures	17,115	-	-	17,115
Franchise Fees	65,050	-	-	65,050
Interest Earned	30,011	3,924	-	33,935
Grants	8,250	-	-	8,250
Other	18,303	-	-	18,303
Total Revenues	<u>2,893,196</u>	<u>313,909</u>	<u>177,430</u>	<u>3,384,535</u>
<u>Expenditures</u>				
General Government	484,228	-	-	484,228
Public Safety	1,113,503	-	-	1,113,503
Public Works	741,487	55,005	97,521	894,013
Community Development	30,074	-	-	30,074
Recreation and Cultural	94,969	-	-	94,969
Capital Outlay	265,205	-	-	265,205
Total Expenditures	<u>2,729,466</u>	<u>55,005</u>	<u>97,521</u>	<u>2,881,992</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>163,730</u>	<u>258,904</u>	<u>79,909</u>	<u>502,543</u>
<u>Other Financing Sources(Uses):</u>				
Transfers In	-	-	150,000	150,000
Transfers Out	-	(150,000)	-	(150,000)
Total Other Financing Sources(Uses)	<u>-</u>	<u>(150,000)</u>	<u>150,000</u>	<u>-</u>
Net Change in Fund Balance	163,730	108,904	229,909	502,543
Fund Balance - Beginning	<u>2,587,897</u>	<u>509,430</u>	<u>65,924</u>	<u>3,163,251</u>
Fund Balance - Ending	<u>\$ 2,751,627</u>	<u>\$ 618,334</u>	<u>\$ 295,833</u>	<u>\$ 3,665,794</u>

VILLAGE OF WOLVERINE LAKE
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

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

Net change in fund balance - total governmental funds	\$	502,543
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital Outlay		299,448
Depreciation		(308,392)
Change in Net Pension Liability		315,911
Change in Net Other Post Employment Benefit Liability		153
Decrease in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities.		<u>12,362</u>
Change in net position in governmental activities	\$	<u><u>822,025</u></u>

VILLAGE OF WOLVERINE LAKE
Statement of Net Position
Proprietary Fund
June 30, 2021

		<u>Enterprise Fund</u> <u>Water & Sewer</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$	1,521,189
Restricted Assets - Cash		496,135
Receivables:		
Accounts		30,615
Special Assessments		589,331
Inventory		48,327
Prepaid Expenses		8,906
Total Current Assets		<u>2,694,503</u>
Capital Assets		5,532,449
Less: Accumulated Depreciation		<u>(1,598,706)</u>
Net Capital Assets		<u>3,933,743</u>
Total Assets		<u>6,628,246</u>
 LIABILITIES:		
Current Liabilities:		
Accounts Payable		67,585
Current Portion of Bonds Payable		<u>250,000</u>
Total Current Liabilities		<u>317,585</u>
Long-Term Liabilities:		
Special Assessment Bonds Payable		<u>560,000</u>
Total Liabilities		<u>877,585</u>
 NET POSITION:		
Net Investment in Capital Assets		3,123,743
Restricted for Debt Service		1,085,466
Unrestricted		<u>1,541,452</u>
Total Net Position	\$	<u><u>5,750,661</u></u>

VILLAGE OF WOLVERINE LAKE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2021

	Enterprise Fund
	Water & Sewer
<u>Operating Revenues:</u>	
Water and Sewer Sales	\$ 78,998
Miscellaneous	197,154
Total Operating Revenues	276,152
<u>Operating Expenses:</u>	
Personal Services	41,304
Supplies	762
Repairs and Maintenance	16,602
Utilities	10,144
Other Services and Supplies	209,760
Depreciation	120,650
Total Operating Expenses	399,222
Operating Income (Loss)	(123,070)
<u>Non-Operating Revenues (Expenses):</u>	
Interest Income from Special Assessments	33,019
Interest Income from Investments	19,857
Interest Expense and Related Fees	(26,700)
Total Non-Operating Revenues (Expenses)	26,176
Net Income (Loss)	(96,894)
Net Position, Beginning	5,847,555
Net Position, Ending	\$ 5,750,661

VILLAGE OF WOLVERINE LAKE
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

		<u>Enterprise Fund</u> <u>Water & Sewer</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers and Users	\$	278,588
Payments to Suppliers		(191,081)
Payments to Employees		(41,304)
Net Cash Provided by Operating Activities		<u>46,203</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Principal Paid on Capital Debt		(325,000)
Interest Paid on Capital Debt		(26,700)
Construction of Capital Assets		(64,293)
Collection on Special Assessments - Principal		274,989
Collection on Special Assessments - Interest		33,019
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>(107,985)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest Earned		<u>19,857</u>
Net Increase (Decrease) in Cash and Cash Equivalents		(41,925)
Cash and Cash Equivalents, Beginning		<u>2,059,249</u>
Cash and Cash Equivalents, Ending	\$	<u><u>2,017,324</u></u>
Balance Sheet Classifications:		
Cash and Cash Equivalents	\$	1,521,189
Restricted Assets - Cash		496,135
Total	\$	<u><u>2,017,324</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>		
Operating Income (Loss)	\$	(123,070)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense		120,650
(Increase) Decrease in Accounts Receivable		2,436
(Increase) Decrease in Inventory		43,400
Increase (Decrease) in Accounts Payable		2,787
Net Cash Provided (Used) by Operating Activities	\$	<u><u>46,203</u></u>

VILLAGE OF WOLVERINE LAKE
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2021

	<u>Custodial Fund</u>
ASSETS	
Cash	\$ 136,361
LIABILITIES	
Deposits and Escrows	<u>136,361</u>
NET POSITION	<u>\$ -</u>

VILLAGE OF WOLVERINE LAKE
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2021

	<u>Custodial Fund</u>
Additions:	
Deposits and Escrows Collected	\$ 30,624
Deductions:	
Deposits and Escrows Refunded	<u>30,624</u>
Change in Net Position	<u>\$ -</u>

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Wolverine Lake, Michigan is governed by an elected seven-member council. The accompanying financial statements present the Village.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally 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 demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and Enterprise Fund are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred revenue liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Governmental Funds

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Streets Fund is a special revenue fund used to account for the resources of state gas and weight tax revenues that are restricted for use on major streets.

The Local Streets Fund is a special revenue fund used to account for the resources of state gas and weight tax revenues that are restricted for use on local streets.

The Village reports the following major proprietary fund:

The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system.

Additionally, the Village reports the following fund types:

Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions.

Fiduciary Funds are used to account for assets held by the Village in a trustee or custodial capacity.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, and 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 needed.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Village to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks. Investments for the Village are recorded at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

3. Restricted Assets

The Village's remaining bond proceeds are set aside for various upcoming debt service payments. These amounts have been classified as restricted.

4. Capital Assets

Capital assets, which include property, plant, equipment, vehicles and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide or business-type activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property, plant and equipment of the Village are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Roads	20
Water Meters and Equipment	10
Sewer Treatment Facilities	40
Water Mains	25-30
Buildings and Improvements	15-30
Vehicles	3-5

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position or Equity – Continued

5. Inventory

Inventories are valued at cost using the first-in/first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

6. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

7. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

8. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

9. Fund Balance

In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position or Equity – Continued

9. Fund Balance – Continued

Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

Committed – Amounts that have been formally set aside by the Council for use for a specific purpose. Commitments are made and can be rescinded only via resolution of the Village Council.

Assigned – Intent to spend resources on specific purposes expressed by the governing body.

Unassigned – This is the residual classification for the general fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Village is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following is a summary of the requirements of this act:

1. Budgets must be adopted for the General and Special Revenue Funds.
2. Budgets must be balanced.
3. Budgets must be amended as necessary.
4. Public hearings must be held prior to adoption.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget appropriation prior to being incurred.

The annual budget is prepared by the Village's management and adopted by the Village Council on an activity basis; subsequent amendments are approved by the Village Council. Expenditures in excess of amounts budgeted are in violation of Michigan law. Unexpended appropriations lapse at year end and encumbrances are not included as expenditures but are reappropriated as part of the subsequent year budget. During the current fiscal year, the Village Council authorized budget amendments, which are reflected in the financial statements.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

The Village has no deficit fund balances as of June 30, 2021.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The Village had no excess expenditures over appropriations as of June 30, 2021.

C. Public Act 245 of 1999 Compliance

In accordance with the State Construction Code Act, Public Act 245 of 1999, the Village must account for cumulative revenues over or under expenditures generated by the Village's building department from January 1, 2000 and forward.

The cumulative amounts as of June 30, 2021 are as follows:

Cumulative Surplus(Deficit) at July 1, 2020	\$ 63,025
Fees Collected in Fiscal Year 2021	67,913
Expenditures in Fiscal Year 2021	<u>(75,993)</u>
Revenues Over(Under) Expenditures	<u>(8,080)</u>
Cumulative Surplus(Deficit) at June 30, 2021	\$ <u><u>54,945</u></u>

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Village is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information, as required by the Governmental Accounting Standards Board Statement Number 40 is presented, regarding the Village's deposits and investments:

Custodial Credit Risk is the risk that in the event of a bank failure, the Village's deposits may not be recovered. Neither State law nor the Village's investment policy requires consideration of custodial credit risk. As of June 30, 2021, the Village's book balance of its deposits was \$5,766,319. The bank balance was \$5,744,698, of which \$5,458,860 was uninsured and uncollateralized.

A reconciliation of cash as it appears on the financial statements follows:

Cash and Cash Equivalents per:	
Statement of Net Position:	
Cash and Cash Equivalents	\$ 5,133,823
Restricted Assets-Cash	496,135
Fiduciary Fund – Statement of Net Position	<u>136,361</u>
Total	<u>\$ 5,766,319</u>

Interest Rate Risk. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Village's investments consisted of the following:

<u>Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Govt. Pooled Investments (Share price=\$1)	<u>\$ 5,342,235</u>	.64 yrs

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

III. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Credit Risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Oakland County Investment Pool	\$5,342,235	Unrated	N/A

Concentration of Credit Risk. The Village places no limit on the amount it may invest in any one issuer. Approximately 93 percent of the Village's cash and investments are in the Oakland County Local Government Investment Pool (LGIP). The Oakland County LGIP is not registered with the SEC and does not issue a separate report. The fair value position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

Investments in Entities that Calculate Net Asset Value per Share. The Village holds shares in investment pools whereby the fair value of the investments is measured on a recurring basis using net value per share of the investment pools as a practical expedient. As of June 30, 2021, the fair value of those investments are \$5,342,235 in the Oakland County Investment Pool, with no unfunded commitments, no required redemption frequency, and no redemption notice period.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

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

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 62,874	\$ -	\$ -	\$ 62,874
Capital Assets, being depreciated:				
Infrastructure	2,436,618	-	-	2,436,618
Building and Improvements	1,267,604	111,149	-	1,378,753
Vehicles	784,203	42,819	-	827,022
Equipment	880,635	145,480	-	1,026,115
	<u>5,369,060</u>	<u>299,448</u>	<u>-</u>	<u>5,668,508</u>
Less: Accumulated Depreciation:				
Infrastructure	(1,157,751)	(131,771)	-	(1,289,522)
Building and Improvements	(690,227)	(51,188)	-	(741,415)
Vehicles	(452,815)	(55,255)	-	(508,070)
Equipment	(640,687)	(70,178)	-	(710,865)
	<u>(2,941,480)</u>	<u>(308,392)</u>	<u>-</u>	<u>(3,249,872)</u>
Governmental Activities Capital Assets, net	\$ <u>2,490,454</u>	\$ <u>(8,944)</u>	\$ <u>-</u>	\$ <u>2,481,510</u>

Depreciation expense was charged on the Statement of Activities as follows:

General Government	\$ 226,175
Public Safety	28,644
Public Works	35,692
Recreation and Cultural	17,881
	<u>\$ 308,392</u>

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Construction in Progress	\$ <u>1,606,186</u>	\$ <u>64,293</u>	\$ <u>-</u>	\$ <u>1,670,479</u>
Capital Assets, being depreciated:				
Sewer Treatment Facilities	3,361,033	-	-	3,361,033
Water Mains	443,950	-	-	443,950
Building and Improvements	35,355	-	-	35,355
Water Meters and Equipment	21,632	-	-	21,632
	<u>3,861,970</u>	<u>-</u>	<u>-</u>	<u>3,861,970</u>
Less: Accumulated Depreciation:				
Sewer Treatment Facilities	(1,304,642)	(106,384)	-	(1,411,026)
Water Mains	(122,086)	(11,099)	-	(133,185)
Building and Improvements	(29,696)	(398)	-	(30,094)
Water Meters and Equipment	(21,632)	-	-	(21,632)
	<u>(1,478,056)</u>	<u>(117,881)</u>	<u>-</u>	<u>(1,595,937)</u>
Business-type Activities				
Capital Assets, net	\$ <u><u>3,990,100</u></u>	\$ <u><u>(53,588)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>3,936,512</u></u>

C. Interfund Transfers

<u>Transfers Out:</u>	<u>Transfers In:</u>	<u>Total</u>
Major Streets Fund	Local Streets Fund	<u>\$ 150,000</u>

Transfer to the Local Streets Fund from the Major Streets Fund is to fund current year local street projects.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2021:

	<u>Interest Rates</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Governmental Activities:						
Compensated Absences		\$ 47,522	\$ -	\$ 12,362	\$ 35,160	\$ -
Business-type Activities:						
General Obligation Bonds:						
Special Assessment, Series 2018						
Issue Amount: \$570,000						
Maturing through 2028	3.19%	\$ 480,000	\$ -	\$ 60,000	\$ 420,000	\$ 60,000
Special Assessment, Series 2013						
Issue Amount: \$480,000						
Maturing through 2023	2.09%	150,000	-	50,000	100,000	50,000
Special Assessment, Series 2012						
Issue Amount: \$915,000						
Maturing through 2022	2.20%	230,000	-	115,000	115,000	115,000
Special Assessment, Series 2011A						
Issue Amount: \$760,000						
Maturing through 2021	3.48%	80,000	-	80,000	-	-
DWRF Water Bonds, Series 2008						
Issue Amount: \$425,000						
Maturing through 2028	2.50%	195,000	-	20,000	175,000	25,000
Total Business-type Activities		<u>\$ 1,135,000</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ 810,000</u>	<u>\$ 250,000</u>

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

Special Assessment Bonds, Series 2012

On July 17, 2012, the Village of Wolverine Lake issued Special Assessment Bonds (LTGO), Series 2012, in the amount of \$915,000 with a 2.20% interest rate. The debt payments commenced in April 2013 and will mature in October 2021. The bonds were issued to finance the Lakes Area #2 Sanitary Sewer Infrastructure Project and Sanitary Sewer Individual Hook-up Project special assessment districts.

Special Assessment Bonds, Series 2013

On June 13, 2013, the Village of Wolverine Lake issued Special Assessment Bonds (LTGO), Series 2013, in the amount of \$480,000 with a 2.09% interest rate. The debt payments commenced in October 2013 and will mature in October 2022. The bonds were issued to finance the Lakes Area #3 Sanitary Sewer Individual Hook-up Project special assessment district.

Special Assessment Bonds, Series 2018

On March 29, 2018, the Village of Wolverine Lake issued Special Assessment Bonds (LTGO), Series 2018, in the amount of \$570,000 with a 3.19% interest rate. The debt payments commence in November 2018 and will mature in November 2027. The bonds were issued to finance the Lakes Area #4 Sanitary Sewer Individual Hook-up Project special assessment district.

The annual debt service requirements to maturity for general obligation bonds outstanding as of June 30, 2021 are as follows:

<u>Year Ended</u>	Business-type Activities	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 250,000	\$ 18,953
2023	135,000	14,105
2024	85,000	11,043
2025	85,000	8,504
2026	85,000	5,965
2027-2028	170,000	4,504
	<u>\$ 810,000</u>	<u>\$ 63,074</u>

E. Property Taxes

Property taxes are assessed as of each December 31. The Village tax levy is billed on July 1 of the following year. Taxes are considered delinquent on March 1 of the following year, at which time the applicable property is subject to lien and penalty and interest is assessed. The maximum authorized operating levy for the Village is 20 mills. The Village's tax levy for the 2020 tax roll is 9.5730 mills for general operating purposes.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description

The Village contributes to the Municipal Employees' Retirement System of Michigan (MERS), which is an agent multiple-employer defined benefit pension plan that covers all union employees of the Village. MERS was established by the Michigan Legislature in 1945 and is administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained at *mersofmich.com*.

Benefits Provided

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries, as established by Public Act 427 of 1984, as amended. The Plan covers all union employees at the Village. Benefits are calculated as 2.25 percent of the employee's five-year final average compensation or police and three-year final average compensation for Public Works times the employee's years of service with a maximum of 80 percent of final average compensation. Normal retirement age is 60. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred if the member had remained an employee.

Benefit terms, within the guidelines established by MERS, are generally established and amended by authority of the Village Council, generally after negotiations of these terms with the affected unions. Police employee benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms

At the December 31, 2020 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	5
Active Plan Members	<u>10</u>
Total Employees covered by MERS	<u>26</u>

Contributions

The State of Michigan Constitution, Article 9, Section 24, requires that financial benefits arising on account of employee services rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

IV. OTHER INFORMATION – Continued

A. Defined Benefit Pension Plan – Continued

For the year ended June 30, 2021, the average active employee contribution rate was 15.0 percent of gross wages for police union employees and for Department of Public Works employees. The Village is required to contribute at a maximum contribution rate of 10 percent for both groups. The Village has also agreed to make additional lump sum contributions to the pension of \$100,000 annually over the next four years.

Net Pension Liability

The net pension liability reported at June 30, 2021 was determined using a measure of the total pension liability and the plan net position as of December 31, 2020. The December 31, 2020 total pension liability was determined by an actuarial valuation performed as of that date.

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

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2019	\$ <u>3,822,073</u>	\$ <u>2,471,810</u>	\$ <u>1,350,263</u>
Service Cost	92,561	-	92,561
Interest	285,702	-	285,702
Contributions-Employer	-	193,759	(193,759)
Contributions-Employee	-	109,157	(109,157)
Net Investment Income	-	337,455	(337,455)
Differences between expected and actual experience	23,363	-	23,363
Changes in assumptions	107,981	-	107,981
Benefit Payments, including refunds	(218,213)	(218,213)	-
Administrative Expenses	-	(5,121)	5,121
Net Changes	<u>291,394</u>	<u>417,037</u>	<u>(125,643)</u>
Balance at December 31, 2020	\$ <u><u>4,113,467</u></u>	\$ <u><u>2,888,847</u></u>	\$ <u><u>1,224,620</u></u>

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

IV. OTHER INFORMATION – Continued

A. Defined Benefit Pension Plan – Continued

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

At June 30, 2021, the Village reported deferred outflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 106,115
Difference between expected and actual experience	17,122
Changes in assumptions related to economic and demographic factors	128,659
Employer contributions to the plan subsequent to the measurement date	43,508
Total	\$ 295,404

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$43,508), which will impact the net pension liability in fiscal year 2022, rather than pension expense.

Years Ending	
June 30	Amount
2022	\$ 99,421
2023	69,723
2024	53,438
2025	29,314

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35%

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

IV. OTHER INFORMATION – Continued

A. Defined Benefit Pension Plan – Continued

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%. For disabled retirees, the regular mortality table is used with a 10 year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study in 2015.

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2020, the measurement date, for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	60%	3.15%
Global Fixed Income	20%	0.25%
Private Investments	20%	1.45%

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

IV. OTHER INFORMATION – Continued

A. Defined Benefit Pension Plan – Continued

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

The following presents the net pension liability of the Village, calculated using the discount rate of 7.60 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Net Pension Liability	\$ <u>1,656,203</u>	\$ <u>1,224,620</u>	\$ <u>856,543</u>

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

B. Defined Contribution Pension Plan

The Village provides pension benefits to all nonunion full-time employees through a defined contribution plan, the Village of Wolverine Lake Pension Plan, administered by Transamerica Asset Management. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment gain and losses. The Village contributes 10 percent of annual compensation of the participants, which becomes vested 20 percent after three years, increasing 20 percent per year until fully vested after seven years. Contributions are made on a monthly basis. The plan provisions were established and may be amended by the Village Council. The Village's contribution to the plan was \$22,697 and the employees contributed \$3,252 for fiscal year ended June 30, 2021.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

IV. OTHER INFORMATION – Continued

C. Other Post-Employment Benefits

Plan Description

The Village provides health care insurance coverage to all eligible full-time employees who retire from the Village, in accordance with labor contracts and Village policy.

Benefits Provided

For administrative, patrol, and dispatch retirees, under normal retirement, who have attained the age of 55 with 20 years of service, the Village will pay for the employee's and spouse's health insurance for a maximum of 12 years to age 67 with a maximum cost to the Village of \$4,000 per year. After the retiree attains 67 years of age, the Village will pay the insurance carrier a maximum of \$2,000 per year, per couple for the lives of the retiree and spouse. The retired employee pays the difference in cost.

For DPW retirees, under normal retirement, who have attained the age of 55 with 25 years of service, the Village will pay for the employee's and spouse's health insurance for a maximum of 10 years to age 65 with a maximum cost to the Village of \$4,000 per year. After the retiree attains 65 years of age, the Village will pay the insurance carrier a maximum of \$2,000 per year, per couple for the lives of the retiree and spouse. The retired DPW employee pays the difference in cost.

Employees Covered by Benefit Terms

At the June 30, 2021 valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	6
Active Plan Members	<u>13</u>
Total Employees covered	<u>19</u>

Contributions

Active employees are not required to contribute to the plan. During the year ended June 30, 2021, the Village contributed \$22,000.

Net OPEB Liability

The Village uses June 30, 2021 as the measurement date for the net OPEB liability. The net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2021 measurement date.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

IV. OTHER INFORMATION – Continued

C. Other Post-Employment Benefits – Continued

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

<u>Changes in Net OPEB Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Net Position</u>	<u>Net OPEB Liability</u>
Balance at July 1, 2020	\$ 270,662	\$ 54,295	\$ 216,367
Changes for the year:			
Service Cost	6,497	-	6,497
Interest	19,931	-	19,931
Experience(Gains)/Losses	(5,810)	-	(5,810)
Change in Actuarial Assumptions	(254)	-	(254)
Contributions-Employer	-	22,000	(22,000)
Net Investment Income	-	15,446	(15,446)
Benefit Payments, including refunds	(12,000)	(12,000)	-
Administrative Expenses	-	(114)	114
Net Changes	<u>8,364</u>	<u>25,332</u>	<u>(16,968)</u>
Balance at June 30, 2021	<u>\$ 279,026</u>	<u>\$ 79,627</u>	<u>\$ 199,399</u>

The plan's fiduciary net position represents 28.5 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2021 the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 5,169
Changes in assumptions	14,617	226
Investment Earnings (Gains)/Losses	-	7,587
Total	<u>\$ 14,617</u>	<u>\$ 12,982</u>

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

IV. OTHER INFORMATION – Continued

C. Other Post-Employment Benefits – Continued

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

Years Ending	
<u>June 30</u>	<u>Amount</u>
2022	\$ (524)
2023	(524)
2024	(522)
2025	(1,001)
2026	1,254
Thereafter	2,952

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021. The following actuarial assumptions were applied:

Actuarial Cost Method	Entry-age normal
Inflation	2.50%
Salary Increases	2.00%
Investment Rate of Return	7.35%
20 year AaMunicipal Bond Rate	2.18%
Retirement Age	Administrative, patrol and dispatch: age 55 with 20 years of service DPW retirees: age 55 with 25 years of service
Mortality	2010 Public General and Public Safety Employees and Healthy Retirees, headcount weighted
Health care trend rates	No trend for pre-65 benefit. No trend for post-65 benefit.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.35%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability, and the discount rate was set equal to the long-term expected rate of return.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

IV. OTHER INFORMATION – Continued

C, Other Post-Employment Benefits – Continued

Investments

The Village has no formal investment policy, but contributions are made annually to the Michigan Employees' Retirement System (MERS) Retiree Health Funding Vehicle. All contributions have been invested in the Total Market Portfolio, which contains the following allocation:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	60.0%	5.25%
Global Fixed Income	20.0%	1.25%
Private Assets	20.0%	7.25%

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

The following presents the net OPEB liability of the Village, calculated using the discount rate of 7.35 percent, as well as what the Village's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.35%)	Current Discount Rate (7.35%)	1% Increase (8.35%)
Net OPEB Liability	\$ <u>225,999</u>	\$ <u>199,399</u>	\$ <u>176,580</u>

The Healthcare Cost Trend Rate was not calculated as the costs to the Village are stipend amounts with no expected increase, therefore no trend rate has been applied.

VILLAGE OF WOLVERINE LAKE
Notes to Financial Statements
June 30, 2021

IV. OTHER INFORMATION – Continued

D. Risk Management

The Village is a member of the Michigan Municipal League Liability & Property Pool for its general liability coverage and a member of the Michigan Municipal League Workers Compensation Fund for its workers compensation coverage. The Village pays annual premiums to the pools. The pools are self-sustaining through member premiums, and each carries reinsurance through commercial companies for claims in excess of the pool loss reserve fund.

In the event that a single loss should exceed the amount of protection afforded by the pool loss reserve fund, reinsurance, or other insurance carried by the pools, or in the event that a series of losses should deplete or exhaust the loss reserve fund and reinsurance, the payment of valid losses shall be the obligation of the individual member or members of the respective pool against whom the claim was made. No such event has occurred with the Village and the pools to which it belongs in any of the past three fiscal years.

E. Upcoming Accounting Pronouncements

Leases

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement is based on the principle that leases are financings of the right to use an underlying asset. The Village is currently evaluating the impact of this standard on its financial statements. The Statement is effective beginning with the Village's fiscal year ending June 30, 2021, but was extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

F. Subsequent Event

On December 1, 2021 the Village issued \$794,000 of limited tax general obligation Special Assessment bonds for the Lakes Area #5 Sanitary Sewer Project. Payments are to be made semi-annually at an interest rate of 1.50%, with annual maturities from November 2022 through November 2031.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF WOLVERINE LAKE
Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 68)

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
Service Cost	\$ 92,561	\$ 93,387	\$ 86,048	\$ 75,049	\$ 66,276	\$ 70,463	\$ 88,171
Interest	285,702	279,675	263,675	252,577	242,326	244,096	233,142
Differences between expected and actual experience	23,363	(16,892)	39,972	(7,211)	14,522	(73,174)	-
Change in benefits	-	-	-	-	-	(118,075)	-
Change in assumptions	107,981	113,345	-	-	-	147,824	-
Benefit payments, including refunds	(218,213)	(193,370)	(193,370)	(181,003)	(217,727)	(179,696)	(179,696)
Net Change in Total Pension Liability	291,394	276,145	196,325	139,412	105,397	91,438	141,617
Total Pension Liability, Beginning of year	<u>3,822,073</u>	<u>3,545,928</u>	<u>3,349,603</u>	<u>3,210,191</u>	<u>3,104,794</u>	<u>3,013,356</u>	<u>2,871,739</u>
Total Pension Liability, End of year	<u>\$ 4,113,467</u>	<u>\$ 3,822,073</u>	<u>\$ 3,545,928</u>	<u>\$ 3,349,603</u>	<u>\$ 3,210,191</u>	<u>\$ 3,104,794</u>	<u>\$ 3,013,356</u>
Plan Fiduciary Net Position:							
Contributions - Employer	\$ 193,759	\$ 187,667	\$ 178,532	\$ 168,354	\$ 163,346	\$ 159,944	\$ 62,229
Contributions - Employee	109,157	106,068	97,045	84,533	67,066	103,524	84,656
Net Investment Income	337,455	291,253	(87,360)	243,852	185,640	(23,270)	92,582
Administrative Expenses	(5,121)	(5,035)	(4,177)	(3,835)	(3,641)	(3,372)	(3,400)
Benefit payments, including refunds	(218,213)	(193,370)	(193,370)	(181,003)	(217,727)	(179,696)	(179,696)
Net Change in Plan Fiduciary Net Position	417,037	386,583	(9,330)	311,901	194,684	57,130	56,371
Plan Fiduciary Net Position, Beg. of year	<u>2,471,810</u>	<u>2,085,227</u>	<u>2,094,557</u>	<u>1,782,656</u>	<u>1,587,972</u>	<u>1,530,842</u>	<u>1,474,471</u>
Plan Fiduciary Net Position, End of year	<u>\$ 2,888,847</u>	<u>\$ 2,471,810</u>	<u>\$ 2,085,227</u>	<u>\$ 2,094,557</u>	<u>\$ 1,782,656</u>	<u>\$ 1,587,972</u>	<u>\$ 1,530,842</u>
Village's Net Pension Liability - Ending	<u>\$ 1,224,620</u>	<u>\$ 1,350,263</u>	<u>\$ 1,460,701</u>	<u>\$ 1,255,046</u>	<u>\$ 1,427,535</u>	<u>\$ 1,516,822</u>	<u>\$ 1,482,514</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	70.2%	64.7%	58.8%	62.5%	55.5%	51.1%	50.8%
Covered Employee Payroll	\$ 700,637	700,360	\$ 648,762	\$ 565,390	\$ 497,622	\$ 435,943	\$ 539,852
Village's Net Pension Liability as a Percent of Covered Employee Payroll	174.8%	192.8%	225.2%	222.0%	286.9%	347.9%	274.6%

VILLAGE OF WOLVERINE LAKE
Required Supplemental Information
Schedule of Village Pension Contributions
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 92,083	\$ 89,915	\$ 83,754	\$ 59,537	\$ 55,678	\$ 49,849	\$ 62,229	\$ 58,121	\$ 57,562	\$ 55,668
Contributions in relation to the actuarially determined contribution	192,083	189,915	183,754	159,537	155,678	149,849	62,229	208,121	57,562	55,668
Contribution Deficiency (Excess)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ -	\$ (150,000)	\$ -	\$ -
Covered Employee Payroll	\$ 689,586	\$ 714,849	\$ 648,762	\$ 565,390	\$ 497,622	\$ 435,943	\$ 539,852	\$ 512,083	\$ 502,007	\$ 497,099
Contributions as a Percentage of Covered Employee Payroll	27.9%	26.6%	28.3%	28.2%	31.3%	34.4%	11.5%	40.6%	11.5%	11.2%

Actuarial valuation information relative to the determination of contributions:

Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-age normal
Amortization Method	Level percentage of pay, open
Remaining Amortization Period	19 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	3.00% including inflation
Investment Rate of Return	7.35%
Cost of living adjustments	None
Mortality	50% Male - 50% Female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables

VILLAGE OF WOLVERINE LAKE
Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 75)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:				
Service Cost	\$ 6,497	\$ 6,030	\$ 3,460	\$ 3,211
Interest	19,931	17,514	17,131	26,036
Experience (Gains)/Losses	(5,810)	14,687	-	-
Change in Actuarial Assumptions	(254)	18,463	-	-
Benefit payments, including refunds	(12,000)	(12,000)	-	-
Net Change in Total Pension Liability	<u>8,364</u>	<u>44,694</u>	<u>20,591</u>	<u>29,247</u>
Total OPEB Liability, Beginning of year	<u>270,662</u>	<u>225,968</u>	<u>169,387</u>	<u>140,140</u>
Total OPEB Liability, End of year	<u>\$ 279,026</u>	<u>\$ 270,662</u>	<u>\$ 189,978</u>	<u>\$ 169,387</u>
Plan Fiduciary Net Position:				
Contributions - Employer	22,000	32,000	10,000	10,000
Net Investment Income	15,446	974	1,489	880
Benefit payments, including refunds	(12,000)	(12,000)	-	-
Administrative Expenses	(114)	(80)	(55)	(60)
Net Change in Plan Fiduciary Net Position	<u>25,332</u>	<u>20,894</u>	<u>11,434</u>	<u>10,820</u>
Plan Fiduciary Net Position, Beginning of year	<u>54,295</u>	<u>33,401</u>	<u>21,073</u>	<u>10,253</u>
Plan Fiduciary Net Position, End of year	<u>\$ 79,627</u>	<u>\$ 54,295</u>	<u>\$ 32,507</u>	<u>\$ 21,073</u>
Village's Net OPEB Liability - Ending	<u>\$ 199,399</u>	<u>\$ 216,367</u>	<u>\$ 157,471</u>	<u>\$ 148,314</u>
Plan Fiduciary Net Position as a Percent of Total OPEB Liability	28.5%	20.1%	17.1%	12.4%
Covered Employee Payroll	n/a	n/a	n/a	n/a
Village's Net OPEB Liability as a Percent of Covered Employee Payroll	n/a	n/a	n/a	n/a

VILLAGE OF WOLVERINE LAKE
Required Supplemental Information
Schedule of Village OPEB Contributions
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 29,622	\$ 26,244	\$ 29,225	\$ 29,228	\$ 18,019	\$ 18,019	\$ 18,102	\$ 18,296	\$ 18,247	\$ 16,762
Contributions in relation to the actuarially determined contribution	22,000	22,000	10,000	10,000	10,000	10,000	-	-	-	-
Contribution Deficiency (Excess)	\$ 7,622	\$ 4,244	\$ 19,225	\$ 19,228	\$ 8,019	\$ 8,019	\$ 18,102	\$ 18,296	\$ 18,247	\$ 16,762
Covered Employee Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a Percentage of Covered Employee Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Actuarial valuation information relative to the determination of contributions:

Valuation Date Actuarially determined contribution rates are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

- Actuarial Cost Method Entry-age normal
- Amortization Method Level percentage of payroll
- Remaining Amortization Period Market value
- Asset Valuation Method 2.50%
- Inflation 2.0% including inflation
- Salary Increases 7.35%
- Investment Rate of Return Administrative, patrol and dispatch age 55 with 20 years of service
- Retirement Age: Public Works age 55 with 25 years of service
- Mortality 2013 U.S. Life Tables for males and females
- Health care trend rates No trend for pre-65 or post-65 benefit.

VILLAGE OF WOLVERINE LAKE
Required Supplemental Information
Schedule of OPEB Investment Returns
Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 74)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return - Net of investment expense	28.12%	2.32%	3.09%	7.68%

VILLAGE OF WOLVERINE LAKE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ 1,786,200	\$ 1,786,200	\$ 1,788,117	\$ 1,917
Licenses and Permits	50,000	60,000	67,913	7,913
Intergovernmental:				
State Shared Revenue	352,000	400,000	430,821	30,821
State Grants	1,200	1,200	837	(363)
Local	74,400	74,400	58,257	(16,143)
Solid Waste Fees	323,000	323,000	323,387	387
Charges for Services	78,600	78,600	85,135	6,535
Fines and Forfeitures	23,000	14,000	17,115	3,115
Franchise Fees	64,000	64,000	65,050	1,050
Interest Earnings	55,000	27,000	30,011	3,011
Grants	100	8,100	8,250	150
Other Revenues	13,600	13,600	18,303	4,703
Total Revenues	<u>2,821,100</u>	<u>2,850,100</u>	<u>2,893,196</u>	<u>43,096</u>
<u>Expenditures:</u>				
General Government:				
Village Council	5,400	5,400	3,886	1,514
Village Administrator	128,060	89,060	77,842	11,218
Financial Services	11,000	13,800	13,000	800
Legal Fees	41,000	31,000	24,954	6,046
Treasurer	105,150	103,150	99,351	3,799
Village Complex	37,300	42,300	39,828	2,472
General Services	220,950	234,450	225,367	9,083
Total General Government	<u>548,860</u>	<u>519,160</u>	<u>484,228</u>	<u>34,932</u>
Public Safety:				
Police Department	1,051,200	1,081,200	1,042,510	38,690
Building Department	73,550	73,550	70,993	2,557
Total Public Safety	<u>1,124,750</u>	<u>1,154,750</u>	<u>1,113,503</u>	<u>41,247</u>
Public Works:				
Department of Public Works	268,150	276,550	244,626	31,924
Lake Improvement	146,250	163,450	132,596	30,854
Engineering	12,000	12,000	11,443	557
Rubbish/Leaf Collection	315,100	322,100	321,044	1,056
Sewer/Septic/Water Study	1,000	1,000	463	537
Water Management Board	47,800	47,800	31,315	16,485
Total Public Works	<u>790,300</u>	<u>822,900</u>	<u>741,487</u>	<u>81,413</u>
Community and Economic Development:				
Planning Commission	16,360	16,360	7,609	8,751
Zoning Board	5,650	5,650	4,790	860
Community Services	21,400	21,400	17,675	3,725
Total Community and Economic Development	<u>43,410</u>	<u>43,410</u>	<u>30,074</u>	<u>13,336</u>

(Continued)

VILLAGE OF WOLVERINE LAKE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

(Continued)	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Recreation and Cultural:				
Parks and Recreation Department	\$ 89,600	\$ 94,600	\$ 89,748	\$ 4,852
Parks and Recreation Projects	10,800	10,800	3,712	7,088
Beautification	4,200	4,200	1,509	2,691
Total Recreation and Cultural	104,600	109,600	94,969	14,631
Capital Outlay	300,000	315,000	265,205	49,795
Total Expenditures	2,911,920	2,964,820	2,729,466	235,354
Excess (Deficiency) of Revenues Over Expenditures	(90,820)	(114,720)	163,730	278,450
Fund Balance - July 1	2,587,897	2,587,897	2,587,897	-
Fund Balance - June 30	\$ 2,497,077	\$ 2,473,177	\$ 2,751,627	\$ 278,450

VILLAGE OF WOLVERINE LAKE
Major Streets Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental-State	\$ 311,700	\$ 311,700	\$ 309,985	\$ (1,715)
Intergovernmental-County	26,000	26,000	-	
Interest Income	6,000	6,000	3,924	(2,076)
Total Revenues	<u>343,700</u>	<u>343,700</u>	<u>313,909</u>	<u>(3,791)</u>
Expenditures:				
Administration	2,700	2,700	2,700	-
Routine Maintenance:				
Road Maintenance	68,450	68,450	20,136	48,314
Drainage	7,150	7,150	182	6,968
Traffic Signs	63,810	63,810	18,853	44,957
Winter Maintenance	21,850	21,850	13,134	8,716
Total Expenditures	<u>163,960</u>	<u>163,960</u>	<u>55,005</u>	<u>108,955</u>
Excess (Deficiency) of Revenues Over Expenditures	179,740	179,740	258,904	105,164
Other Financing Uses:				
Transfers Out	-	(150,000)	(150,000)	-
Net Change in Fund Balance	179,740	29,740	108,904	105,164
Fund Balance, July 1	<u>509,430</u>	<u>509,430</u>	<u>509,430</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 689,170</u>	<u>\$ 539,170</u>	<u>\$ 618,334</u>	<u>\$ 105,164</u>

VILLAGE OF WOLVERINE LAKE
Local Streets Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental-State/Act 51	\$ 149,700	\$ 149,700	\$ 148,457	\$ (1,243)
Intergovernmental-State/Metro Act	10,000	10,000	15,332	5,332
Intergovernmental-Local	4,700	4,700	13,641	8,941
Total Revenues	<u>164,400</u>	<u>164,400</u>	<u>177,430</u>	<u>13,030</u>
<u>Expenditures:</u>				
Administration	2,100	2,100	2,100	-
Routine Maintenance:				
Road Maintenance	115,600	115,600	68,382	47,218
Drainage	9,450	9,450	970	8,480
Bridge Repair	1,600	1,600	-	1,600
Traffic Signs	2,300	2,300	730	1,570
Winter Maintenance	32,170	32,170	25,339	6,831
Total Expenditures	<u>163,220</u>	<u>163,220</u>	<u>97,521</u>	<u>65,699</u>
Excess (Deficiency) of Revenues Over Expenditures	1,180	1,180	79,909	78,729
<u>Other Financing Sources:</u>				
Transfers In	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net Change in Fund Balance	1,180	151,180	229,909	78,729
Fund Balance, July 1	<u>65,924</u>	<u>65,924</u>	<u>65,924</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 67,104</u>	<u>\$ 217,104</u>	<u>\$ 295,833</u>	<u>\$ 78,729</u>

