



VILLAGE OF GRAND BEACH

FINANCIAL REPORT
October 31, 2020



VILLAGE OF GRAND BEACH
Berrien County, Michigan
October 31, 2020

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Independent Auditor's Report

To the Village Council
Village of Grand Beach, Michigan
Grand Beach, Michigan

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 Village of Grand Beach, Michigan (the "Village"), as of and for the year ended October 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of October 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed 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 presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and were derived from and relate 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 financial 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 basic financial statements as a whole.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kruegel, Lawton & Company, LLC". The signature is written in a cursive, flowing style.

Certified Public Accountants

St. Joseph, Michigan
February 9, 2021

Using this Annual Report

This report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Village of Grand Beach (the "Village") as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

Financial Highlights

The Village's combined net position increased 13.1% from a year ago, increasing from \$4,575,619 to \$5,176,939. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase in net position of \$441,710 during the year, while the business-type activities experienced an increase in net position of \$159,610.

Overview of the Financial Statements

This report consists of four parts----*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Village government, reporting the Village's operations in more detail than the government-wide statements.
 - The *governmental funds statements* tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
 - *Proprietary fund statements* offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the water system and golf course.
 - *Fiduciary fund statements* provide information about the financial relationships, in which the Village acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The Village does not currently utilize any fiduciary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's net position and how it has changed, which is one way to measure the Village's financial health, or position.

- Over time, changes in the Village's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Village you need to consider additional non-financial factors such as changes in the Village's property tax base and condition of the Village's infrastructure.

The government-wide financial statements of the Village are divided into two categories:

- Governmental activities—Most of the Village's basic services are included here, such as general government, public safety, public works, and recreation and culture.
- Business-type activities—The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's water system and golf course are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's most significant funds—not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Village Council establishes other funds to control and manage money for a particular purpose (i.e., building inspector, capital projects) or to show that it is properly using certain taxes and grants (i.e., major and local streets).

Fund Financial Statements, concluded

The Village has the following two kinds of funds:

- *Governmental Funds*—Most of the Village’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the differences between them.
- *Proprietary Funds*—Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Village’s enterprise funds (a type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

Financial Analysis of the Village as a Whole

In a condensed format the following table below shows a breakdown of the Village’s net position as of October 31st:

	Governmental Activities		Business-type Activities		Total Primary	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 1,915,530	\$ 1,706,010	\$ 803,003	\$ 518,480	\$ 2,718,533	\$ 2,224,490
Noncurrent assets	1,494,214	1,262,266	1,331,195	1,498,188	2,825,409	2,760,454
Total assets	\$ 3,409,744	\$ 2,968,276	\$ 2,134,198	\$ 2,016,668	\$ 5,543,942	\$ 4,984,944
Deferred outflows of resources	\$ 51,910	\$ 60,603	\$ -	\$ -	\$ 51,910	\$ 60,603
Current liabilities	\$ 7,187	\$ 9,749	\$ 61,785	\$ 68,865	\$ 68,972	\$ 78,614
Noncurrent liabilities	50,203	52,863	283,807	318,807	334,010	371,670
Total liabilities	\$ 57,390	\$ 62,612	\$ 345,592	\$ 387,672	\$ 402,982	\$ 450,284
Deferred inflows of resources	\$ 15,931	\$ 19,644	\$ -	\$ -	\$ 15,931	\$ 19,644
Net Position						
Net investment in capital assets	\$ 928,154	\$ 756,665	\$ 816,916	\$ 853,277	\$ 1,745,070	\$ 1,609,942
Restricted	789,854	682,110	-	-	789,854	682,110
Unrestricted	1,670,325	1,507,848	971,690	775,719	2,642,015	2,283,567
Total net position	\$ 3,388,333	\$ 2,946,623	\$ 1,788,606	\$ 1,628,996	\$ 5,176,939	\$ 4,575,619

Financial Analysis of the Village as a Whole, concluded

The Village's current assets increased by \$494,043 from the prior year primarily due to an increase in cash and cash equivalents. Noncurrent assets increased by \$64,955, largely due to a decrease in the amount of restricted cash on hand. Liabilities decreased by \$47,302, due mainly to continued payoff of long-term obligations.

The following table shows the changes in net position for years ended October 31st:

	Governmental Activities		Business-type Activities		Total Primary	
	2020	2019	2020	2019	2020	2019
Program Revenues						
Charges for services	\$ 91,403	\$ 85,130	\$ 776,811	\$ 686,750	\$ 868,214	\$ 771,880
Operating grants and contributions	112,852	102,792	500	1,500	113,352	104,292
Capital grants and contributions	15,324	402,406	-	-	15,324	402,406
General Revenues						
Property taxes	828,509	822,632	-	-	828,509	822,632
State grants	24,040	23,938	-	-	24,040	23,938
Rents	40,252	50,577	-	-	40,252	50,577
Local revenue sharing	22,088	29,067	-	-	22,088	29,067
Interest income	9,718	17,304	11,275	6,539	20,993	23,843
Miscellaneous	102,008	20,278	138	1,592	102,146	21,870
Total Revenues	\$ 1,246,194	\$ 1,554,124	\$ 788,724	\$ 696,381	\$ 2,034,918	\$ 2,250,505
Program Expenses						
General government	\$ 204,074	\$ 223,818	\$ -	\$ -	\$ 204,074	\$ 223,818
Public safety	287,406	320,280	-	-	287,406	320,280
Public works	235,583	209,790	-	-	235,583	209,790
Recreation and culture	30,172	27,193	-	-	30,172	27,193
Depreciation (unallocated)	47,249	51,720	-	-	47,249	51,720
Water	-	-	363,981	327,987	363,981	327,987
Golf	-	-	265,133	259,515	265,133	259,515
Total Expenses	\$ 804,484	\$ 832,801	\$ 629,114	\$ 587,502	\$ 1,433,598	\$ 1,420,303
Change in Net Position						
Before Transfers	\$ 441,710	\$ 721,323	\$ 159,610	\$ 108,879	\$ 601,320	\$ 830,202
Transfers	-	-	-	-	-	-
Change in Net Position	\$ 441,710	\$ 721,323	\$ 159,610	\$ 108,879	\$ 601,320	\$ 830,202
Beginning Net Position	2,946,623	2,225,300	1,628,996	1,520,117	4,575,619	3,745,417
Ending Net Position	\$ 3,388,333	\$ 2,946,623	\$ 1,788,606	\$ 1,628,996	\$ 5,176,939	\$ 4,575,619

Governmental Activities

The Village's total governmental activities revenues decreased by \$307,930 from the prior year, due largely to a decrease in contributions.

Governmental activities expenses decreased by \$28,317, caused by decreased public safety expenditures.

Business-Type Activities

The Village's business-type activities consist of the Water Fund and Golf Fund. We provide water, purchased from the Village of Michiana, to the Village residents. Total business-type revenues increased by \$92,343 from the prior year, driven by higher charges for services.

Business-type expenses increased by \$41,612, primarily due to increased water purchase costs..

The Village's Funds

Our analysis of the Village's major funds begins following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as state revenue funds for streets. The Village's major funds for 2020 included the General Fund, Capital Projects Fund, Water Fund, and Golf Fund.

The General Fund pays for most of the Village's governmental services, including general government, police and other services. The most significant this year were costs related to revetment work to protect the beach access and the golf course pump house, and employee benefits, which incurred expenditures of \$195,474 and \$186,876, respectively. These services and expenditures are supported by general revenue sources of the General Fund.

Capital Asset and Debt Administration

During 2020, the Village had \$218,738 of additions to capital assets for governmental activities, most of which was related to a revetment project. The Village had no capital additions related to its business-type activities.

As of October 31, 2020, the Village had capital assets for its governmental and business-type activities of \$2,063,877 (net of depreciation). This investment includes a broad range of capital assets, including land, buildings and improvements, furniture and equipment, and water lines. The Village has chosen to not retroactively report any other infrastructure assets and will only report any additions prospectively in accordance with Governmental Accounting Standards Board ("GASB") Statement Number 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Capital Asset and Debt Administration, Concluded

At the end of the current fiscal year, the Village had business-type activity debt outstanding of \$318,807. During 2020, the Village made principal payments totaling \$38,611, including \$3,611 of payments for debt related to a capital lease, which was paid off during the year.

Economic Factors and Next Year's Budgets and Rates

The Village's budget for 2021 has been modified to reflect the prior year's activities. The Village Council will continue to monitor the budget on a monthly basis to ensure fiscal responsibility. Additionally, COVID-19 is expected to have an effect on operations during fiscal year 2021, including decreased state revenue sharing, offset to some degree by additional federal funding.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

GOVERNMENT-WIDE STATEMENT OF NET POSITION
October 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,810,430	\$ 669,023	\$ 2,479,453
Investments - current	-	101,494	101,494
Receivables	70,422	45,117	115,539
Inventory	1,643	3,805	5,448
Internal balances	16,436	(16,436)	-
Prepaid expenses	16,599	-	16,599
Noncurrent assets			
Restricted cash	443,325	-	443,325
Investments - noncurrent	122,735	195,472	318,207
Capital assets, net	928,154	1,135,723	2,063,877
Total assets	<u>\$ 3,409,744</u>	<u>\$ 2,134,198</u>	<u>\$ 5,543,942</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	<u>\$ 51,910</u>	<u>\$ -</u>	<u>\$ 51,910</u>
Liabilities			
Accounts payable	\$ 2,864	\$ 26,108	\$ 28,972
Accrued wages and taxes	4,323	-	4,323
Accrued interest payable	-	677	677
Noncurrent liabilities			
Long-term debt, due within one year	-	35,000	35,000
Long-term debt, due in more than one year	27,296	283,807	311,103
Net pension liability	22,907	-	22,907
Total liabilities	<u>\$ 57,390</u>	<u>\$ 345,592</u>	<u>\$ 402,982</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	<u>\$ 15,931</u>	<u>\$ -</u>	<u>\$ 15,931</u>
Net Position			
Net investment in capital assets	\$ 928,154	\$ 816,916	\$ 1,745,070
Restricted for building inspection	101,410	-	101,410
Restricted for streets	245,119	-	245,119
Restricted for capital acquisition	443,325	-	443,325
Unrestricted	1,670,325	971,690	2,642,015
Total net position	<u><u>\$ 3,388,333</u></u>	<u><u>\$ 1,788,606</u></u>	<u><u>\$ 5,176,939</u></u>

The Notes to the Financial Statements are an integral part of this statement.

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended October 31, 2020

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Net (Expense) Revenue
Primary Government							
<i>Governmental Activities</i>							
General government	\$ 204,074	\$ 91,403	\$ -	\$ 15,324	\$ (97,347)	\$ -	\$ (97,347)
Public safety	287,406	-	-	-	(287,406)	-	(287,406)
Public works	235,583	-	112,852	-	(122,731)	-	(122,731)
Recreation and culture	30,172	-	-	-	(30,172)	-	(30,172)
Depreciation (unallocated)	47,249	-	-	-	(47,249)	-	(47,249)
Total governmental activities	<u>\$ 804,484</u>	<u>\$ 91,403</u>	<u>\$ 112,852</u>	<u>\$ 15,324</u>	<u>\$ (584,905)</u>	<u>\$ -</u>	<u>\$ (584,905)</u>
<i>Business-Type Activities</i>							
Water	\$ 363,981	\$ 451,511	\$ -	\$ -	\$ -	\$ 87,530	\$ 87,530
Golf	265,133	325,300	500	-	-	60,667	60,667
Total business-type activities	<u>\$ 629,114</u>	<u>\$ 776,811</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,197</u>	<u>\$ 148,197</u>
Total primary government	<u>\$ 1,433,598</u>	<u>\$ 868,214</u>	<u>\$ 113,352</u>	<u>\$ 15,324</u>	<u>\$ (584,905)</u>	<u>\$ 148,197</u>	<u>\$ (436,708)</u>
General Revenues:							
Property taxes					\$ 828,509	\$ -	\$ 828,509
State-shared revenues					24,040	-	24,040
Rents					40,252	-	40,252
Local revenue sharing					22,088	-	22,088
Interest income					9,718	11,275	20,993
Miscellaneous					102,008	138	102,146
Total general revenues					<u>\$ 1,026,615</u>	<u>\$ 11,413</u>	<u>\$ 1,038,028</u>
Change in net position					\$ 441,710	\$ 159,610	\$ 601,320
Net position-beginning of year					2,946,623	1,628,996	4,575,619
Net position-end of year					<u>\$ 3,388,333</u>	<u>\$ 1,788,606</u>	<u>\$ 5,176,939</u>

The Notes to the Financial Statements are an integral part of this statement.

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 975,842	\$ 517,978	\$ 316,610	\$ 1,810,430
Restricted cash	443,325	-	-	443,325
Investments	-	106,674	16,061	122,735
Taxes receivable	43,303	-	-	43,303
Accounts receivable	4,586	-	-	4,586
Due from other governmental funds	3,729	-	-	3,729
Due from proprietary funds	16,436	-	-	16,436
Due from other governments	4,782	-	17,751	22,533
Inventory	1,643	-	-	1,643
Prepaid items	8,529	8,070	-	16,599
Total assets	<u>\$ 1,502,175</u>	<u>\$ 632,722</u>	<u>\$ 350,422</u>	<u>\$ 2,485,319</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,700	\$ -	\$ 164	\$ 2,864
Accrued wages and taxes	4,323	-	-	4,323
Due to other governmental funds	-	-	3,729	3,729
Total liabilities	<u>\$ 7,023</u>	<u>\$ -</u>	<u>\$ 3,893</u>	<u>\$ 10,916</u>
Fund Balances				
Non-spendable - inventory	\$ 1,643	\$ -	\$ -	\$ 1,643
Non-spendable - prepaid items	8,529	8,070	-	16,599
Restricted for building inspection	-	-	101,410	101,410
Restricted for streets	-	-	245,119	245,119
Restricted for capital acquisition	443,325	-	-	443,325
Committed for capital projects	-	624,652	-	624,652
Unassigned	1,041,655	-	-	1,041,655
Total fund balances	<u>\$ 1,495,152</u>	<u>\$ 632,722</u>	<u>\$ 346,529</u>	<u>\$ 2,474,403</u>
Total liabilities and fund balances	<u>\$ 1,502,175</u>	<u>\$ 632,722</u>	<u>\$ 350,422</u>	<u>\$ 2,485,319</u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF GRAND BEACH

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
October 31, 2020**

Total Fund Balances - Governmental Funds \$ 2,474,403

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

Net capital assets used in governmental activities are not financial resources and are not reported in the funds	928,154
Deferred outflows of resources related to pension plan	51,910
Long-term obligations are not due and payable in the current period and are not reported in the funds - Compensated absences	(27,296)
Net pension liability	(22,907)
Deferred inflows of resources related to pension plan	(15,931)

Total Net Position - Governmental Activities \$ 3,388,333

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF GRAND BEACH

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended October 31, 2020**

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 828,509	\$ -	\$ -	\$ 828,509
Federal grants	15,324	-	-	15,324
State grants	24,040	-	112,852	136,892
Charges for services	54,244	-	-	54,244
Fines and forfeits	97	-	-	97
Licenses and permits	200	-	36,959	37,159
Rents	40,252	-	-	40,252
Interest income	5,783	2,515	1,420	9,718
Local sharing revenues	22,088	-	-	22,088
Miscellaneous revenues	101,911	-	-	101,911
Total revenues	<u>\$ 1,092,448</u>	<u>\$ 2,515</u>	<u>\$ 151,231</u>	<u>\$ 1,246,194</u>
Expenditures				
Council	\$ 9,418	\$ -	\$ -	\$ 9,418
Office	65,770	-	-	65,770
Hall and grounds	44,463	-	-	44,463
Planning commission	775	-	-	775
Maintenance garage	53,257	-	-	53,257
Building inspection	-	-	34,830	34,830
Police	159,369	-	-	159,369
Public works	50,820	-	86,884	137,704
Sanitation	52,734	-	-	52,734
Parks and recreation	18,420	-	-	18,420
Beaches	195,474	-	-	195,474
Employee benefits	186,876	-	-	186,876
Capital outlay	-	14,563	-	14,563
Total expenditures	<u>\$ 837,376</u>	<u>\$ 14,563</u>	<u>\$ 121,714</u>	<u>\$ 973,653</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 255,072</u>	<u>\$ (12,048)</u>	<u>\$ 29,517</u>	<u>\$ 272,541</u>
Other Financing Sources (Uses)				
Operating transfers in	\$ -	\$ 199,955	\$ 20,000	\$ 219,955
Operating transfers out	(199,955)	(20,000)	-	(219,955)
Total other financing sources (uses)	<u>\$ (199,955)</u>	<u>\$ 179,955</u>	<u>\$ 20,000</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ 55,117</u>	<u>\$ 167,907</u>	<u>\$ 49,517</u>	<u>\$ 272,541</u>
Fund Balances, beginning of year	<u>1,440,035</u>	<u>464,815</u>	<u>297,012</u>	<u>2,201,862</u>
Fund Balances, end of year	<u><u>\$ 1,495,152</u></u>	<u><u>\$ 632,722</u></u>	<u><u>\$ 346,529</u></u>	<u><u>\$ 2,474,403</u></u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF GRAND BEACH

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO STATEMENT OF ACTIVITIES
Year Ended October 31, 2020**

Net Change in Fund Balances - Governmental Funds \$ 272,541

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

Governmental funds report capital outlay as expenditures; in the statement of activities,
these costs are allocated over their estimated useful lives as depreciation;

Depreciation expense	(47,249)
Capital outlay	34,238
Change in net pension expense related to pension plan	(632)
Net change in the liability for compensated absences is not recorded in governmental funds	<u>(1,688)</u>

Change in Net Position - Governmental Activities \$ 257,210

PROPRIETARY FUNDS STATEMENT OF NET POSITION
October 31, 2020

	Enterprise Funds		Total Proprietary Funds
	Water Fund	Golf Fund	
Assets			
Current assets			
Cash and cash equivalents	\$ 427,065	\$ 241,958	\$ 669,023
Investments	101,494	-	101,494
Accounts receivable	45,117	-	45,117
Inventory	-	3,805	3,805
Total current assets	<u>\$ 573,676</u>	<u>\$ 245,763</u>	<u>\$ 819,439</u>
Noncurrent assets			
Investments	\$ 195,472	\$ -	\$ 195,472
Capital assets, net	1,084,407	51,316	1,135,723
Total noncurrent assets	<u>\$ 1,279,879</u>	<u>\$ 51,316</u>	<u>\$ 1,331,195</u>
Total assets	<u>\$ 1,853,555</u>	<u>\$ 297,079</u>	<u>\$ 2,150,634</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 14,310	\$ 11,798	\$ 26,108
Accrued interest payable	677	-	677
Due to governmental funds	9,162	7,274	16,436
Current portion of noncurrent liabilities	35,000	-	35,000
Total current liabilities	<u>\$ 59,149</u>	<u>\$ 19,072</u>	<u>\$ 78,221</u>
Noncurrent liabilities			
Bonds and notes payable	283,807	-	283,807
Total liabilities	<u>\$ 342,956</u>	<u>\$ 19,072</u>	<u>\$ 362,028</u>
Net Position			
Net investment in capital assets	\$ 765,600	\$ 51,316	\$ 816,916
Unrestricted	744,999	226,691	971,690
Total net position	<u>\$ 1,510,599</u>	<u>\$ 278,007</u>	<u>\$ 1,788,606</u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF GRAND BEACH
PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended OCTOBER 31, 2020

	Enterprise Funds		Total Proprietary Funds
	Water Fund	Golf Fund	
Operating Revenues			
Charges for services	\$ 447,911	\$ -	\$ 447,911
Service connections	3,600	-	3,600
Golf and cart fees	-	291,447	291,447
Concession revenue	-	33,853	33,853
Contributions	-	500	500
Miscellaneous revenue	50	88	138
Total operating revenues	<u>\$ 451,561</u>	<u>\$ 325,888</u>	<u>\$ 777,449</u>
Operating Expenses			
Personnel services	\$ 96,794	\$ 120,416	\$ 217,210
Water purchases	170,760	-	170,760
Cost of products sold	-	18,511	18,511
Supplies	742	10,440	11,182
Management fees	-	24,636	24,636
Professional services	4,895	1,538	6,433
Seed and fertilizer	-	10,821	10,821
Utilities	6,169	4,854	11,023
Repairs and maintenance	11,235	38,708	49,943
Insurance and bonds	2,026	5,001	7,027
Equipment rentals	1,603	4,553	6,156
Building rentals	-	1,800	1,800
Depreciation	59,648	15,324	74,972
Miscellaneous	1,775	7,813	9,588
Total operating expenses	<u>\$ 355,647</u>	<u>\$ 264,415</u>	<u>\$ 620,062</u>
Operating income	<u>\$ 95,914</u>	<u>\$ 61,473</u>	<u>\$ 157,387</u>
Nonoperating Revenues (Expenses)			
Interest income	\$ 10,899	\$ 376	\$ 11,275
Interest expense	(8,334)	(718)	(9,052)
Total nonoperating revenues (expenses)	<u>\$ 2,565</u>	<u>\$ (342)</u>	<u>\$ 2,223</u>
Change in net position	\$ 98,479	\$ 61,131	\$ 159,610
Net position, beginning of year	1,412,120	216,876	1,628,996
Net position, end of year	<u>\$ 1,510,599</u>	<u>\$ 278,007</u>	<u>\$ 1,788,606</u>

The Notes to the Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
Year Ended OCTOBER 31, 2020

	Enterprise Funds		Total Proprietary Funds
	Water Fund	Golf Fund	
Cash Flows From Operating Activities			
Receipts from customers	\$ 439,697	\$ 325,888	\$ 765,585
Payments to suppliers	(202,086)	(126,619)	(328,705)
Payments to employees and benefits	(95,268)	(118,692)	(213,960)
Net cash flows from operating activities	\$ 142,343	\$ 80,577	\$ 222,920
Cash Flows From Capital and Related Financing Activities			
Principal paid on capital debt	\$ (35,000)	\$ (3,611)	\$ (38,611)
Interest paid on capital debt	(8,408)	(718)	(9,126)
Net cash flows from capital and related financing activities	\$ (43,408)	\$ (4,329)	\$ (47,737)
Cash Flow From Investing Activities			
Interest earned	\$ 10,899	\$ 376	\$ 11,275
Purchase of investments	18,509	-	18,509
Net cash flows from investing activities	\$ 29,408	\$ 376	\$ 29,784
Net change in cash and cash equivalents	\$ 128,343	\$ 76,624	\$ 204,967
Cash and cash equivalents - beginning	298,722	165,334	464,056
Cash and cash equivalents - ending	\$ 427,065	\$ 241,958	\$ 669,023
Reconciliation of Operating Income to Net Cash Flows from Operating Activities			
Operating income	\$ 95,914	\$ 61,473	\$ 157,387
Adjustment to reconcile operating income to net cash provided by operating activities			
Depreciation expense	59,648	15,324	74,972
Change in assets and liabilities			
Accounts receivables	(11,864)	-	(11,864)
Inventory	-	2,570	2,570
Accounts payable	(2,881)	(514)	(3,395)
Due to/from other governmental funds	1,526	1,724	3,250
Net cash provided by operating activities	\$ 142,343	\$ 80,577	\$ 222,920

The Notes to the Financial Statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Grand Beach (the “Village”) conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village:

A. Reporting Entity

The Village is a chartered village located within the boundaries of New Buffalo Township. The Village operates under a Council-Administrator form of government and provides the following services: public safety (police), streets, water utility, recreation, public improvement, planning and zoning and general administration services.

For financial statement purposes, the Village includes all funds and account groups that are controlled by or dependent on the Village, as determined on the basis of budget adoption, management oversight responsibility, taxing authority, or the Village’s obligation to fund any deficits.

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 non-fiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**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 proprietary fund and fiduciary fund financial statements. Revenue is 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 revenue 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Property Taxes – The Village’s property taxes attach as an enforceable lien on July 1st, on the taxable valuation of property (as defined by State statutes) located in the Village and payable by September 14th. The Village’s current year ad valorem tax is levied and collectible on July 1 of the current year and it is recognized as revenue in the current year when the proceeds of this levy are budgeted and made “available” for the financing of operations. “Available” means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2020 taxable valuation of the Village totaled \$135,432,622, on which ad valorem taxes levied which consisted of 6.0135 mills for the Village’s operating purposes. These amounts are recognized in the General Fund’s financial statements as taxes receivable or as tax revenue.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued**

The Village reports the following major funds:

Governmental Funds:

General Fund – The General Fund accounts for all revenues and expenditures of the Village which are not accounted for in the other funds. Revenues are primarily derived from general property taxes, other local taxes, licenses and permits, local revenue sharing, and fees and revenues from the State of Michigan.

Capital Projects Fund – The Capital Projects Fund accounts for the purchase of fixed assets. Funds are accumulated over multiple accounting periods. Funds are provided primarily through transfers from the General Fund.

Proprietary Funds:

Water Fund – The Water Fund is used to account for the provision of water services to the residents of the Village. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt principal and interest for water debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Golf Fund – The Golf Fund is used to account for operations of the Village's golf course, including administration, operation and maintenance. All costs are financed through charges to the customers and through transfers from the General Fund, if necessary

Additionally, the Village reports the following non-major governmental funds:

Major Street Fund – The Major Street Fund accounts for the revenues and expenditures of the Village related to the construction and maintenance of the Village's major streets. Revenues are primarily derived from the State of Michigan revenue sharing funds.

Local Street Fund – The Local Street Fund accounts for the revenues and expenditures of the Village related to the construction and maintenance of the Village's local streets. Revenues are primarily derived from the State of Michigan revenue sharing funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Concluded**

Building Inspector Fund – The Building Inspector Fund is used to account for the collection of inspection fees related to construction in the Village and the expenses associated with building and electrical inspections.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and golf functions and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds relate to charges to customers for sales and services. The water 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 non-operating 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 non-operating revenue and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Bank Deposits and Investments—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at acquisition value and consist only of certificates of deposit with original maturities of greater than 90 days.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, continued

Receivables and Payables—In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent after the due date, at which time penalties and interest are assessed.

Inventories and Prepaid Items—Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. 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.

Capital Assets—Capital assets, which include property, plant, equipment, infrastructure assets (e.g., water system, roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined as having a cost over \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Village has chosen not to retroactively report any other infrastructure assets and will only report any additions prospectively in accordance with Governmental Accounting Standards Board (“GASB”) Statements Number 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there was no interest that was capitalized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, continued

Property and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Land Improvements	10 to 20 years
Water Lines	50 to 75 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

Compensated Absences (Vacation and Sick Leave)—It is the policy of the Village to allow employees to accumulate up to 30 sick days. There is no pay or compensation for unused sick days upon an employee’s retirement, resignation or termination. Vacation days are earned as of the anniversary of the employee’s full-time hire date and must be used within 24 months of that date. No compensation is given if the vacation time is not taken within that time period. Any unused vacation days are paid out upon termination based on the final hourly rate. Vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations—In the government-wide financial statements and the proprietary fund types 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.

Deferred Outflows of Resources—In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has deferred outflows related to the pension plan.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, continued

Deferred Inflows of Resources—In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of sources (revenue) until that time. The Village has deferred inflows related to the pension plan.

Fund Equity—The Village follows the provisions of GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes 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 Village's fund balance classifications:

Non-Spendable Fund Balance - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - includes amounts that can be spent only for specific purposes stipulated by what the external resource provides (for example grant providers, constitutionally, or through enabling legislation). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed Fund Balance - includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed constraint originally.

Assigned Fund Balance - includes amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed.

Unassigned Fund Balance - is the residual classification for General Fund. This classification represents governmental fund balances that have not been assigned to other funds or that have not been restricted, committed, or assigned to specific purposes within the respective governmental fund balances.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, concluded**

Fund Equity Flow Assumption—Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position Flow Assumption—Sometimes the Village will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Pension—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and net 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 acquisition value.

Estimates—The process of preparing financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred outflows and deferred inflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures and expenses during the period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**Budgets and Budgetary Accounting:**

The Village performs the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the annual meeting, the Village Clerk submits to the Village Council a proposed operating budget for the fiscal year commencing November 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is formally adopted by the first Monday in June.
4. Transfers or amendments to the budget may only be approved by the Council.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all the funds are adopted on a basis consistent with generally accepted accounting principles.

The budget document presents information by fund function. The legal level of budgetary control adopted by the governing board (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Village to have its budget in place by November 1st. Expenditures in excess of the amounts budgeted is a violation of P.A. 621 of 1978, Section 18(1) as amended.

State law permits the Village to amend its budgets during the year. There were multiple amendments made during the current year.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Major Budgeted Funds— During the year, the Village had no expenditures in excess of budgeted amounts.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONCLUDED

Fund Deficits—The Village has no accumulated fund balance/net position deficits in their reported funds.

NOTE 3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Village to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Village is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of the United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of the State statutory authority as listed above.

The Village's deposits and investment policy are in accordance with statutory authority.

The Village's investments were comprised entirely of certificates of deposit at the end of the fiscal year.

NOTE 3. DEPOSITS AND INVESTMENTS, CONTINUED

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. The Village maintains some cash balances using sweep accounts to invest idle cash in U.S. Government backed securities. Non-sweep accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of October 31, 2020, \$1,394,923 of the Village’s non-sweep account bank deposit balance of \$2,807,224 was exposed to custodial credit risk because it was in excess of FDIC coverage limits. As of October 31, 2020, the Village had sweep account balances totaling \$602,137 that were invested in U.S. Government backed securities.

Investments. Michigan law permits investments in: 1) Bonds and other obligations of the United States Government; 2) Certificates of deposit and savings accounts of banks or credit unions who are members of the FDIC and FSLIC, respectively; 3) Certain commercial paper; 4) United States Government repurchase agreements; 5) Banker’s acceptance of the United States Bank; and 6) certain mutual funds.

The Village has put further restrictions on those investments through its current policy, and the Village’s investment is permitted by law and policy.

Interest Rate Risk. In accordance with its investment policy, 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.

Credit Risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (“NRSROs”).

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.

NOTE 3. DEPOSITS AND INVESTMENTS, CONCLUDED

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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 allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Village will do business.

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

Fair Value Measurement. The Village categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Village had the following assets with recurring fair value measurements as of October 31st:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit (less than 1 year original maturity)	\$ -	\$101,494	\$ -	\$101,494
Certificates of deposit (greater than 1 year original maturity)	-	318,207	-	318,207
Total	<u>\$ -</u>	<u>\$419,701</u>	<u>\$ -</u>	<u>\$419,701</u>

NOTE 4. CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities</i>				
Capital assets not being depreciated:				
Land	\$ 169,788	\$ -	\$ -	\$ 169,788
Construction in progress	-	184,500	-	184,500
Subtotal	<u>\$ 169,788</u>	<u>\$ 184,500</u>	<u>\$ -</u>	<u>\$ 354,288</u>
Capital assets being depreciated:				
Land improvements	\$ 36,850	\$ 23,834	\$ -	\$ 60,684
Infrastructure	354,868	-	-	354,868
Building and improvements	662,749	-	-	662,749
Equipment	788,456	10,404	-	798,860
Subtotal	<u>\$ 1,842,923</u>	<u>\$ 34,238</u>	<u>\$ -</u>	<u>\$ 1,877,161</u>
Accumulated depreciation:				
Land improvements	\$ -	\$ (2,220)	\$ -	\$ (2,220)
Infrastructure	(84,076)	(12,007)	-	(96,083)
Building and improvements	(440,819)	(15,101)	-	(455,920)
Equipment	(731,151)	(17,921)	-	(749,072)
Subtotal	<u>\$ (1,256,046)</u>	<u>\$ (47,249)</u>	<u>\$ -</u>	<u>\$ (1,303,295)</u>
Net capital assets being depreciated	<u>\$ 586,877</u>	<u>\$ (13,011)</u>	<u>\$ -</u>	<u>\$ 573,866</u>
Net capital assets	<u>\$ 756,665</u>	<u>\$ 171,489</u>	<u>\$ -</u>	<u>\$ 928,154</u>

Depreciation was charged to programs for the governmental activities as follows:

Unallocated depreciation	<u>\$ 47,249</u>
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NOTE 4. CAPITAL ASSETS, CONCLUDED

	Beginning Balance	Additions	Disposals	Ending Balance
<i>Business-Type Activities</i>				
Capital assets not being depreciated:				
Land	\$ 9,300	\$ -	\$ -	\$ 9,300
Capital assets being depreciated:				
Infrastructure	\$ 2,389,909	\$ -	\$ -	\$ 2,389,909
Building and improvements	203,651	-	-	203,651
Equipment	426,566	-	-	426,566
Subtotal	<u>\$ 3,020,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,020,126</u>
Accumulated depreciation:				
Infrastructure	\$ (1,242,505)	\$ (58,526)	\$ -	\$ (1,301,031)
Building and improvements	(201,593)	(952)	-	(202,545)
Equipment	(374,633)	(15,494)	-	(390,127)
Subtotal	<u>\$ (1,818,731)</u>	<u>\$ (74,972)</u>	<u>\$ -</u>	<u>\$ (1,893,703)</u>
Net capital assets being depreciated	<u>\$ 1,201,395</u>	<u>\$ (74,972)</u>	<u>\$ -</u>	<u>\$ 1,126,423</u>
Net capital assets	<u><u>\$ 1,210,695</u></u>	<u><u>\$ (74,972)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,135,723</u></u>
Depreciation was charged to programs for the business-type activities as follows:				
Water Fund	\$ 59,648			
Golf Fund	15,324			
	<u>\$ 74,972</u>			

NOTE 5. LONG TERM OBLIGATIONS

Long-term obligation activity for the year ended October 31, 2020 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 25,608	\$ 1,688	\$ -	\$ 27,296	\$ -
Business-type Activities					
<i>Bonds and Notes Payable</i>					
<i>General Obligation Bonds</i>					
General Obligation Bonds dated April 1, 2008, with annual principal payments increasing from \$30,000 to \$45,000, maturing in 2028, with semi-annual interest payments at a rate of 2.5%	\$ 353,807	\$ -	\$ (35,000)	\$ 318,807	\$ 35,000
<i>Capital Lease Obligation</i>					
Capital lease with Agricredit Acceptance LLC, dated September 4, 2015, with monthly payments of \$369, final payment on August 15, 2020, including interest at a rate of 4.883%	3,611	-	(3,611)	-	-
Total business-type activities	\$ 357,418	\$ -	\$ (38,611)	\$ 318,807	\$ 35,000

Annual debt service requirements to maturity for bonds and notes payable are as follows:

	Business-type Activities		
	Principal	Interest	Total
2021	\$ 35,000	\$ 5,392	\$ 40,392
2022	35,000	4,392	39,392
2023	35,000	3,392	38,392
2024	35,000	2,392	37,392
2025	45,000	1,329	46,329
2026-2028	133,807	3,239	137,046
	\$ 318,807	\$ 20,136	\$ 338,943

The general obligation bonds of the Water Fund are payable from operations of the Water Fund. The general obligation bonds are collateralized by the revenue of the water system and assets of the water fund established by the bond ordinances.

NOTE 6. DEFINED BENEFIT PENSION 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 Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

Benefits provided- Benefits provided include a plan with a multiplier of 1.50%. Vesting periods are 10 years. Normal retirement age is 60 with early retirement at 50 with 25 years of service or 55 with 15 years of service. Final average compensation is calculated based on 5 years. Member contributions are 2.58%.

Inactive employees or beneficiaries	
currently receiving benefits	1
Inactive employees entitled to, but	
not yet receiving benefits	1
Active employees	7
	<u>9</u>
	<u>9</u>

Contributions – The Village is required to contribute amounts at least equal to the actuarially determined rate, as established by 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. Employer contributions are 6.41% based on annual payroll for open-divisions.

Net pension liability/asset – The employers’ net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/asset was determined by an annual actuarial valuation as of that date.

NOTE 6. DEFINED BENEFIT PENSION PLAN, CONTINUED

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

- Inflation 2.5%
- Salary increases 3.0% in the long-term
- Investment rate of return of 7.35% net of investment and administrative expense including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

Asset Class	Target Allocation	Long-term expected real rate of return
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

NOTE 6. DEFINED BENEFIT PENSION PLAN, CONTINUED

Discount rate – The discount rate used to measure the total pension liability is 7.6%. 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 plans 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/asset.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance at 12-31-18	\$450,230	\$422,973	\$ 27,257
Changes for the Year			
Service cost	29,553	-	29,553
Interest on the total pension liability	35,026	-	35,026
Changes in benefits	-	-	-
Difference between expected and actual experience	3,713	-	3,713
Changes in assumptions	14,652	-	14,652
Employer contributions	-	21,651	(21,651)
Employee contributions	-	9,220	(9,220)
Net investment income	-	59,289	(59,289)
Benefit payments, including employee refunds	(8,289)	(8,289)	-
Administrative expense	-	(1,023)	1,023
Other changes	1,843	-	1,843
Net changes	<u>\$ 76,498</u>	<u>\$ 80,848</u>	<u>\$ (4,350)</u>
Ending Balance at 12-31-19	<u>\$526,728</u>	<u>\$503,821</u>	<u>\$ 22,907</u>

Sensitivity of the net pension liability/asset to changes in the discount rate – The following presents the net pension liability/asset of the employer, calculated using the discount rate of 7.60%, as well as what the employer's net pension liability/asset would be using a discount rate that is 1% point lower (6.60%) or 1% higher (8.60%) than the current rate.

NOTE 6. DEFINED BENEFIT PENSION PLAN, CONCLUDED

	1% decrease (6.60%)	Current discount rate (7.60%)	1% increase (8.60%)
Net Pension (Asset) Liability		\$ 22,907	
Change in Net Pension (Asset) Liability (NPL)	69,806	-	(58,531)
Calculated NPL	<u>\$ 92,713</u>	<u>\$ 22,907</u>	<u>\$ (35,624)</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended October 31, 2020, the employer recognized pension expense of \$22,052. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences in experience	\$ -	\$ 15,931
Differences in assumptions	21,627	-
Excess (Deficit) Investment Returns	6,022	
Contributions subsequent to the measurement date*	24,261	-
Total	<u>\$ 51,910</u>	<u>\$ 15,931</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ending October 31, 2020.

Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending</u>	
2021	\$ 5,441
2022	570
2023	2,503
2024	6,217
2025	(4,227)
Thereafter	1,214
	<u>\$ 11,718</u>

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>Receivable Fund</u>	<u>Payable Fund</u>		
General	Major Street	\$	2,304
	Local Street		592
	Building Inspector		833
	Water		9,162
	Golf		7,274
		<u>\$</u>	<u>20,165</u>

As of October 31, 2020, the General Fund interfund receivables are for employee wages and benefits and rent related expenses paid by the General Fund on behalf of other funds that will be reimbursed in fiscal year 2021.

<u>Transfers In</u>	<u>Transfers out</u>		
	General Fund		Total
Capital Projects Fund	\$ 199,955		\$ 199,955
	Capital Projects Fund		
Local Street Fund	\$ 20,000		\$ 20,000

The General Fund transferred funds to the Capital Projects Fund for various budgeted capital projects during the current and future fiscal years. The capital projects transferred funds to the Local Street Fund to support road costs in that.

NOTE 8. RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village carries insurance for these risks. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in either of the past two fiscal years.

NOTE 9. TAX ABATEMENTS

As of October 31, 2020, management has evaluated tax abatements related to the Village and determined there are no material tax abatements for disclosure.

NOTE 10. COVID-19

On January 30, 2020, the World Health Foundation (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Village’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation and the impact on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Village is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Although the Village cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Village’s results of future operations, financial position, and liquidity in fiscal year 2021.

NOTE 11. UPCOMING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Village is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Village’s financial statements for the year ending October 31, 2021.

NOTE 12. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through February 9, 2021, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF GRAND BEACH

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended October 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 813,050	\$ 813,050	\$ 828,509	\$ 15,459
Federal grants	-	-	15,324	15,324
State grants	24,500	24,500	24,040	(460)
Charges for services	-	49,600	54,244	4,644
Fines and forfeits	-	150	97	(53)
Licenses and permits	-	-	200	200
Rents	43,800	64,480	40,252	(24,228)
Interest income	700	700	5,783	5,083
Local revenue sharing	-	-	22,088	22,088
Miscellaneous revenues	84,130	13,700	101,911	88,211
Total revenues	<u>\$ 966,180</u>	<u>\$ 966,180</u>	<u>\$ 1,092,448</u>	<u>\$ 126,268</u>
Expenditures				
General Government				
Council	\$ 15,250	\$ 15,250	\$ 9,418	\$ 5,832
Office	68,227	70,727	65,770	4,957
Elections	1,000	1,000	-	1,000
Hall and grounds	38,498	50,523	44,463	6,060
Planning commission	6,133	6,133	775	5,358
Maintenance garage	45,383	57,383	53,257	4,126
Public Safety				
Police	213,088	178,088	159,369	18,719
Public Works				
Public works	58,678	58,678	50,820	7,858
Sanitation	54,100	54,100	52,734	1,366
Recreation and Culture				
Parks and recreation	30,063	21,063	18,420	2,643
Beaches	36,314	357,313	195,474	161,839
Employee benefits	375,559	259,235	186,876	72,359
Total expenditures	<u>\$ 942,293</u>	<u>\$ 1,129,493</u>	<u>\$ 837,376</u>	<u>\$ 292,117</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 23,887</u>	<u>\$ (163,313)</u>	<u>\$ 255,072</u>	<u>\$ 418,385</u>
Other Financing Uses				
Operating transfers out	\$ (113,800)	\$ (200,100)	\$ (199,955)	\$ (145)
Net change in fund balance	<u>\$ (89,913)</u>	<u>\$ (363,413)</u>	<u>\$ 55,117</u>	<u>\$ 418,530</u>
Fund Balance, Beginning of Year	<u>1,440,035</u>	<u>1,440,035</u>	<u>1,440,035</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,350,122</u></u>	<u><u>\$ 1,076,622</u></u>	<u><u>\$ 1,495,152</u></u>	<u><u>\$ 418,530</u></u>

**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
YEARS ENDED DECEMBER 31ST**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability						
Service cost	\$ 29,553	\$ 33,428	\$ 38,899	\$ 37,173	\$ 34,194	\$ 33,748
Interest	35,026	33,965	28,910	23,940	19,468	15,395
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	3,713	(18,577)	(1,864)	-	(3,496)	-
Changes of assumptions	14,652	-	-	153	11,625	-
Benefit payments including employee refunds	(8,289)	(6,216)	-	-	-	-
Other	1,843	(246)	-	-	-	-
Net Change in Total Pension Liability	<u>\$ 76,498</u>	<u>\$ 42,354</u>	<u>\$ 65,945</u>	<u>\$ 61,266</u>	<u>\$ 61,791</u>	<u>\$ 49,143</u>
Total Pension Liability beginning	<u>\$ 450,230</u>	<u>\$ 407,876</u>	<u>\$ 341,931</u>	<u>\$ 280,665</u>	<u>\$ 218,874</u>	<u>\$ 169,731</u>
Total Pension Liability ending	<u><u>\$ 526,728</u></u>	<u><u>\$ 450,230</u></u>	<u><u>\$ 407,876</u></u>	<u><u>\$ 341,931</u></u>	<u><u>\$ 280,665</u></u>	<u><u>\$ 218,874</u></u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 21,651	\$ 24,718	\$ 26,862	\$ 25,551	\$ 24,242	\$ 23,583
Contributions - employee	9,220	10,779	11,765	11,230	10,655	10,516
Net Investment income	59,289	(17,612)	46,319	31,945	(4,003)	12,377
Benefit payments including employee refunds	(8,289)	(6,216)	-	-	-	-
Administrative expense	(1,023)	(835)	(727)	(628)	(546)	(467)
Net Change in Plan Fiduciary Net Position	<u>\$ 80,848</u>	<u>\$ 10,834</u>	<u>\$ 84,219</u>	<u>\$ 68,098</u>	<u>\$ 30,348</u>	<u>\$ 46,009</u>
Plan Fiduciary Net Position beginning	<u>\$ 422,973</u>	<u>\$ 412,139</u>	<u>\$ 327,920</u>	<u>\$ 259,822</u>	<u>\$ 229,474</u>	<u>\$ 183,465</u>
Plan Fiduciary Net Position ending	<u><u>\$ 503,821</u></u>	<u><u>\$ 422,973</u></u>	<u><u>\$ 412,139</u></u>	<u><u>\$ 327,920</u></u>	<u><u>\$ 259,822</u></u>	<u><u>\$ 229,474</u></u>
Employer Net Pension Liability (Asset)	<u><u>\$ 22,907</u></u>	<u><u>\$ 27,257</u></u>	<u><u>\$ (4,263)</u></u>	<u><u>\$ 14,011</u></u>	<u><u>\$ 20,843</u></u>	<u><u>\$ (10,600)</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Asset)	96%	94%	101%	96%	93%	105%
Covered Employee Payroll	\$ 409,842	\$ 467,077	\$ 456,026	\$ 435,284	\$ 412,974	\$ 407,590
Employer's Net Pension Liability (Asset) as a percentage of covered employee payroll	6%	6%	-1%	3%	5%	-3%

Notes to Schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**SCHEDULE OF EMPLOYER’S CONTRIBUTIONS
YEARS ENDED OCTOBER 31ST**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial determined contributions	\$ 21,651	\$ 24,718	\$ 26,862	\$ 25,551	\$ 24,242	\$ 23,583
Contributions in relation to the actuarially determined contribution	21,651	24,718	26,862	24,616	24,110	23,583
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 935</u>	<u>\$ 132</u>	<u>\$ -</u>
Covered employee payroll	\$ 409,842	\$ 467,077	\$ 456,026	\$ 435,284	\$ 412,974	\$407,590
Contributions as a percentage of covered employee payroll	5.3%	5.3%	5.9%	5.7%	5.8%	5.8%

Notes to Schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	22 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary increases	3.0%
Investment rate of return	7.35%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male 1994 Group Annuity Mortality Table

Above dates are based on fiscal year, not necessarily the measurement date.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2020**

	Major Street Fund	Local Street Fund	Building Inspector Fund	Total
Assets				
Cash and cash equivalents	\$ 136,714	\$ 93,714	\$ 86,182	\$ 316,610
Investments	-	-	16,061	16,061
Due from other governments	11,274	6,477	-	17,751
Total assets	<u>\$ 147,988</u>	<u>\$ 100,191</u>	<u>\$ 102,243</u>	<u>\$ 350,422</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 33	\$ 131	\$ -	\$ 164
Due to other governmental funds	2,304	592	833	3,729
Total liabilities	<u>\$ 2,337</u>	<u>\$ 723</u>	<u>\$ 833</u>	<u>\$ 3,893</u>
Fund Balances				
Restricted for building inspection	\$ -	\$ -	\$ 101,410	\$ 101,410
Restricted for streets	145,651	99,468	-	245,119
Total fund balances	<u>\$ 145,651</u>	<u>\$ 99,468</u>	<u>\$ 101,410</u>	<u>\$ 346,529</u>
Total liabilities and fund balances	<u>\$ 147,988</u>	<u>\$ 100,191</u>	<u>\$ 102,243</u>	<u>\$ 350,422</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2020**

	Major Street Fund	Local Street Fund	Building Inspector Fund	Total
Revenues				
State grants	\$ 73,112	\$ 39,740	\$ -	\$ 112,852
Licenses and permits	-	-	36,959	36,959
Interest income	285	205	930	1,420
Total revenues	<u>\$ 73,397</u>	<u>\$ 39,945</u>	<u>\$ 37,889</u>	<u>\$ 151,231</u>
Expenditures				
Building inspection	\$ -	\$ -	\$ 34,830	\$ 34,830
Public works	48,741	38,143	-	86,884
Total expenditures	<u>\$ 48,741</u>	<u>\$ 38,143</u>	<u>\$ 34,830</u>	<u>\$ 121,714</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 24,656</u>	<u>\$ 1,802</u>	<u>\$ 3,059</u>	<u>\$ 29,517</u>
Other Financing Sources(Uses)				
Operating transfers in	\$ -	\$ 20,000	\$ -	\$ 20,000
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Net Change in Fund Balances	<u>\$ 24,656</u>	<u>\$ 21,802</u>	<u>\$ 3,059</u>	<u>\$ 49,517</u>
Fund Balances, beginning of year	120,995	77,666	98,351	297,012
Fund Balances, end of year	<u><u>\$ 145,651</u></u>	<u><u>\$ 99,468</u></u>	<u><u>\$ 101,410</u></u>	<u><u>\$ 346,529</u></u>