

VILLAGE OF LAKEVIEW

Montcalm County, Michigan

FINANCIAL STATEMENTS

February 28, 2022

VILLAGE OF LAKEVIEW

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1
Management's Discussion and Analysis	5
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	14
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances	16
Reconciliation of Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	17
Proprietary Funds:	
Statement of Net Position	18
Statement of Revenues, Expenses and Changes in Fund Net Position	19
Statement of Cash Flows	20
Notes to Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	34
Budgetary Comparison Schedule – Major Street Fund	36
SUPPLEMENTARY INFORMATION:	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	39
Component Unit:	
Balance Sheet and Reconciliation of Fund Balance to Net Position	40
Statement of Revenues, Expenditures and Change in Fund Balance and Reconciliation of Change in Fund Balance to Change in Net Position	41
Schedules of Indebtedness:	
Governmental Activities	42
Business-type Activities	45
INTERNAL CONTROL AND COMPLIANCE:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47



60 Harrow Lane
Saginaw, Michigan 48638

(989) 791-1555
Fax (989) 791-1992

INDEPENDENT AUDITORS' REPORT

To the Honorable President and
Members of the Village Council
Village of Lakeview, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Lakeview as of and for the year ended February 28, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Lakeview as of February 28, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our standards under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Lakeview and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

To the Honorable President and
Members of the Village Council
Village of Lakeview, Michigan

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-9) and budgetary comparison information (pages 34-36) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable President and
Members of the Village Council
Village of Lakeview, Michigan

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2022 on our consideration of the Village of Lakeview's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Lakeview's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Lakeview's internal control over financial reporting and compliance.

Berthiaume & Co.

Saginaw, Michigan
June 7, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF LAKEVIEW

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 28, 2022

As management of the Village of Lakeview (the “Village”), we offer readers of the Village’s financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended February 28, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS:

- The Village’s combined total net position is reported as \$7,416,397 for the fiscal year ended February 28, 2022, compared to \$7,241,888 for the fiscal year ended February 28, 2021.
- In the Village’s governmental activities, revenues generated were \$1,232,866 while expenses totaled \$1,065,649.
- In the Village’s business-type activities, revenues generated were \$587,997 while expenses totaled \$516,714.
- Total net position increased by \$174,509.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This discussion and analysis is intended to serve as an introduction to the Village’s basic financial statements. The Village’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements:

The government-wide statements are designed to provide readers with a broad overview of the Village’s finances, as a whole, in a manner similar to a private sector business. The *statement of net position* presents information on all of the Village’s assets and liabilities, with the difference between the two reported as net position. The *statement of activities* presents all of the Village’s revenues and expenses, and is reported based on when the underlying event giving rise to the revenue or expense occurs, regardless of when cash is received or paid.

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

Governmental Activities – Most of the Village’s basic services are included here, such as the public safety, public works, recreation departments, and general administration. Property taxes, state shared revenue, and charges for services finance most of these activities.

Business-type Activities – The Village charges fees to customers to recover all or a significant portion of certain services it provides. These business-type activities include water distribution and wastewater collection.

The government-wide financial statements include not only the Village itself (known as the *primary government*), but also the legally separate entity of the *Downtown Development Authority* for which the Village is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

VILLAGE OF LAKEVIEW

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 28, 2022

Fund Financial Statements:

The fund financial statements provide more detailed information about the Village's most significant funds, not the Village as a whole. 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 has two types of funds:

Governmental Funds – Many of the Village's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out. The funds also show the balances left at year-end that are available for spending. The governmental funds focus on a short-term view, rather than the long-term focus of the government-wide statements, so additional information is provided after each of the governmental fund statements that explain the relationship of differences between the fund and government-wide statements.

The Village maintains four (4) individual governmental funds. Separate information is presented for the General Fund and Major Street Fund, which are considered to be "major" funds. Data from the other two (2) governmental funds, considered to be "nonmajor" funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual budget for each of its governmental funds. Budgetary comparison statements have been provided for major governmental funds to demonstrate compliance with those budgets.

Proprietary Funds – Proprietary funds are used to report services where the Village charges a fee to the customer to recover most or all of the cost of the service rendered. Proprietary funds provide both long- and short-term financial information. The two types of proprietary funds are enterprise and internal service funds. The Village does not have any internal service funds.

- Enterprise funds and business-type funds are the same, but the fund statements provide more detail and additional information such as cash flows.

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.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village. The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

THE VILLAGE OF LAKEVIEW AS A WHOLE:

The Village's total combined net position for the fiscal year ended February 28, 2022 is \$7,416,397 consisting of \$5,801,379 in governmental activities and \$1,615,018 in business-type activities.

Combined unrestricted net position, that part of net position that can be used to finance day-to-day operations, is \$950,822. Governmental activities unrestricted total is \$689,757, while business-type activities is \$261,065.

VILLAGE OF LAKEVIEW

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 28, 2022

The following table shows comparisons of total assets, total liabilities, and total net position in a condensed format as of February 28, 2022 and 2021.

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>	<i>2022</i>	<i>Activities</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Assets:						
Current assets	\$ 1,395,600	\$ 1,435,282	\$ 271,306	\$ 182,556	\$ 1,666,906	\$ 1,617,838
Noncurrent assets:						
Other assets	-	-	109,000	109,000	109,000	109,000
Capital assets, net	<u>5,543,490</u>	<u>4,683,874</u>	<u>1,714,953</u>	<u>1,804,591</u>	<u>7,258,443</u>	<u>6,488,465</u>
Total assets	<u>6,939,090</u>	<u>6,119,156</u>	<u>2,095,259</u>	<u>2,096,147</u>	<u>9,034,349</u>	<u>8,215,303</u>
Liabilities:						
Other liabilities	30,086	26,770	10,241	7,412	40,327	34,182
Long-term liabilities	<u>1,107,625</u>	<u>394,233</u>	<u>470,000</u>	<u>545,000</u>	<u>1,577,625</u>	<u>939,233</u>
Total liabilities	<u>1,137,711</u>	<u>421,003</u>	<u>480,241</u>	<u>552,412</u>	<u>1,617,952</u>	<u>973,415</u>
Net position:						
Net investment in capital assets	4,457,229	4,310,159	1,244,953	1,259,591	5,702,182	5,569,750
Restricted	654,393	760,840	109,000	109,000	763,393	869,840
Unrestricted	<u>689,757</u>	<u>627,154</u>	<u>261,065</u>	<u>175,144</u>	<u>950,822</u>	<u>802,298</u>
Total net position	<u>\$ 5,801,379</u>	<u>\$ 5,698,153</u>	<u>\$ 1,615,018</u>	<u>\$ 1,543,735</u>	<u>\$ 7,416,397</u>	<u>\$ 7,241,888</u>

By far the largest portion of the Village's net position, \$5,702,182, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, utility systems and infrastructure), less any related outstanding debt used to acquire those assets. As the Village uses capital assets to provide services to citizens, these assets are generally not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources. An additional portion, \$763,393 of the Village's net position represents resources that are restricted, meaning they are subject to external restrictions on how they may be used. The remaining balance, unrestricted net position, of \$950,822, may be used to meet the Village's obligations.

The Village's combined total net position increased by \$174,509 during the current fiscal year. Governmental activities increased by \$103,226 while business-type activities increased by \$71,283.

Governmental Activities:

The Village's total governmental revenue is reported at \$1,232,866, an increase of \$238,105 from the prior year. In the current year, the Village received approximately \$165,000 in capital grants used for the purchase of equipment at the airport that was capitalized. Total expenses increased by \$83,743.

Business-type Activities:

The Village's total business-type revenue is reported at \$587,997, an increase of \$138,249 from the prior year. Total expenses increased by \$21,038 from the prior year. In the current year, the Village received approximately \$92,000 in operating and capital grants used for the drinking water asset management plan.

VILLAGE OF LAKEVIEW

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 28, 2022

The following table shows the comparison of the change in net position in a condensed format for the years ended February 28, 2022 and 2021.

	<i>Governmental</i>		<i>Business-type</i>			
	<i>Activities</i>		<i>Activities</i>		<i>Total</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Revenues:						
Program revenues						
Charges for services	\$ 197,190	\$ 211,586	\$ 495,085	\$ 449,383	\$ 692,275	\$ 660,969
Operating grants	220,277	180,987	84,607	-	304,884	180,987
Capital grants	232,533	53,431	7,700	-	240,233	53,431
General revenues						
Property taxes	308,415	305,323	-	-	308,415	305,323
Franchise fees	14,308	14,862	-	-	14,308	14,862
Unrestricted grants	247,980	219,060	-	-	247,980	219,060
Investment earnings	820	491	605	365	1,425	856
Other	11,343	9,021	-	-	11,343	9,021
Total revenues	<u>1,232,866</u>	<u>994,761</u>	<u>587,997</u>	<u>449,748</u>	<u>1,820,863</u>	<u>1,444,509</u>
Expenses:						
General government	234,015	186,292	-	-	234,015	186,292
Public safety	210,110	194,519	-	-	210,110	194,519
Public works	534,554	545,835	-	-	534,554	545,835
Community and economic development	14,087	4,484	-	-	14,087	4,484
Recreation and culture	51,995	43,446	-	-	51,995	43,446
Interest on long-term debt	20,888	7,330	-	-	20,888	7,330
Sewer	-	-	244,249	264,651	244,249	264,651
Water	-	-	<u>272,465</u>	<u>231,025</u>	<u>272,465</u>	<u>231,025</u>
Total expenses	<u>1,065,649</u>	<u>981,906</u>	<u>516,714</u>	<u>495,676</u>	<u>1,582,363</u>	<u>1,477,582</u>
Excess of revenues over expenses before other	<u>167,217</u>	<u>12,855</u>	<u>71,283</u>	<u>(45,928)</u>	<u>238,500</u>	<u>(33,073)</u>
Other items:						
Sale of capital assets	<u>(63,991)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,991)</u>	<u>-</u>
Changes in net position	103,226	12,855	71,283	(45,928)	174,509	(33,073)
Net position, beginning of year	<u>5,698,153</u>	<u>5,685,298</u>	<u>1,543,735</u>	<u>1,589,663</u>	<u>7,241,888</u>	<u>7,274,961</u>
Net position, end of year	<u>\$ 5,801,379</u>	<u>\$ 5,698,153</u>	<u>\$ 1,615,018</u>	<u>\$ 1,543,735</u>	<u>\$ 7,416,397</u>	<u>\$ 7,241,888</u>

THE VILLAGE OF LAKEVIEW'S FUNDS:

Presentation of the Village of Lakeview's major funds and nonmajor fund begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. Funds are created to help manage money for specific purposes, as well as show accountability for certain activities, such as specific property tax millages and restricted receipts from Federal and State sources.

VILLAGE OF LAKEVIEW

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 28, 2022

The General Fund is the Village's largest governmental fund and one of two governmental funds that is considered a major fund. It pays for most of the Village's government services. Its major components of revenue are property taxes and state shared revenue. For the year ended February 28, 2022, General Fund financing sources exceeded its financing uses by \$63,621, increasing its ending fund balance to \$715,462. The Village's second major governmental fund, the Major Street Fund decreased its ending fund balance by \$91,398.

General Fund Budgetary Highlights:

The General Fund budget, as originally adopted, projected a net decrease in fund balance of \$81,185. During the year, the Village made budget amendments that changed the projection to a decrease in fund balance of \$221,545. The actual results for the fiscal year yielded an increase in fund balance of \$63,621.

Capital Assets and Debt Administration:

At February 28, 2022, the Village of Lakeview had \$7,258,443 invested in a range of capital assets including land, land improvements, buildings, equipment, vehicles, water and sewer lines, and other infrastructure, net of accumulated depreciation. At February 28, 2021, this total was \$6,488,465. Additional information about the Village's capital assets is presented in Note 1 and Note 4 of the Notes to the Financial Statements.

At February 28, 2022, the Village of Lakeview's total long-term indebtedness was \$1,556,261 (excluding compensated absences payable), of which \$1,086,261 is backed by the full faith and credit of the Village and the remaining \$470,000 is backed by specific revenue sources. During the current year, the Village borrowed \$800,000 to help defray the costs of Village hall renovations. Additional information about the Village's indebtedness is presented in Note 5 of the Notes to the Financial Statements.

Economic Factors:

We are continuing to plan for the long term and will continue to balance the budgets through controls expense growth and cost reduction, while striving to provide the Village's residents with the same level of service to which they have been accustomed.

In the last several years, an effort has been made through strategic planning and capital improvement projects to reduce the fixed operating costs of governmental activities. These objectives have been sought through energy efficiency projects, shared municipal services, and creating new revenue generating sources to help offset revenue declines.

It will be the goal of the Village to continue producing balanced operating budgets without the use of fund balance. Furthermore, potential use of fund balance will be strategically spent in a manner that is "one time" expenditures that do not increase the operational costs of government, but rather are designed and planned to reduced fixed operational costs.

Contacting the Village's Financial Management:

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact the Village Office at 208 S. Lincoln Avenue, Lakeview, MI 48850.

BASIC FINANCIAL STATEMENTS

VILLAGE OF LAKEVIEW

STATEMENT OF NET POSITION

February 28, 2022

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Assets:				
Cash and cash equivalents	\$ 1,163,221	\$ 220,848	\$ 1,384,069	\$ 65,407
Receivables:				
Property taxes receivable	-	-	-	2,835
Utility bills receivable	-	41,057	41,057	-
Accounts receivable	2,480	-	2,480	-
Due from other governments	226,536	9,401	235,937	-
Prepaid expenses	3,363	-	3,363	-
Restricted cash and cash equivalents	-	109,000	109,000	-
Capital assets not being depreciated	781,879	-	781,879	159,687
Capital assets being depreciated, net	4,761,611	1,714,953	6,476,564	476,570
Total assets	<u>6,939,090</u>	<u>2,095,259</u>	<u>9,034,349</u>	<u>704,499</u>
Liabilities:				
Accounts payable	9,376	7,440	16,816	-
Accrued expenses	8,946	-	8,946	-
Accrued interest payable	4,341	2,801	7,142	-
Accrued wages payable	7,417	-	7,417	-
Unearned revenue	6	-	6	-
Long-term liabilities:				
Due within one year				
Current portion of long-term debt	98,314	70,000	168,314	-
Due in more than one year				
Long-term debt	987,947	400,000	1,387,947	-
Compensated absences payable	<u>21,364</u>	<u>-</u>	<u>21,364</u>	<u>-</u>
Total liabilities	<u>1,137,711</u>	<u>480,241</u>	<u>1,617,952</u>	<u>-</u>
Net position:				
Net investment in capital assets	4,457,229	1,244,953	5,702,182	636,257
Restricted for:				
Debt service	-	109,000	109,000	-
Streets	654,393	-	654,393	-
Unrestricted	<u>689,757</u>	<u>261,065</u>	<u>950,822</u>	<u>68,242</u>
Total net position	<u>\$ 5,801,379</u>	<u>\$ 1,615,018</u>	<u>\$ 7,416,397</u>	<u>\$ 704,499</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LAKEVIEW

STATEMENT OF ACTIVITIES

Year Ended February 28, 2022

Functions/Programs	<i>Program Revenues</i>				<i>Net (Expense) Revenue</i>
	<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i> </i>	
<i>Expenses</i>					
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
General government	\$ 234,015	\$ 107,083	\$ 1,641	\$ 35,000	\$ (90,291)
Public safety	210,110	25,157	10,188	-	(174,765)
Public works	534,554	62,810	208,448	164,641	(98,655)
Community and economic development	14,087	2,140	-	-	(11,947)
Recreation and culture	51,995	-	-	32,892	(19,103)
Interest on long-term debt	20,888	-	-	-	(20,888)
Total governmental activities	<u>1,065,649</u>	<u>197,190</u>	<u>220,277</u>	<u>232,533</u>	<u>(415,649)</u>
<i>Business-type activities:</i>					
Sewer	244,249	275,379	9,584	-	40,714
Water	<u>272,465</u>	<u>219,706</u>	<u>75,023</u>	<u>7,700</u>	<u>29,964</u>
Total business-type activities	<u>516,714</u>	<u>495,085</u>	<u>84,607</u>	<u>7,700</u>	<u>70,678</u>
Total primary government	<u>\$ 1,582,363</u>	<u>\$ 692,275</u>	<u>\$ 304,884</u>	<u>\$ 240,233</u>	<u>\$ (344,971)</u>
COMPONENT UNIT:					
Downtown development authority	<u>\$ 150,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (150,783)</u>

continued

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LAKEVIEW

STATEMENT OF ACTIVITIES, CONTINUED

Year Ended February 28, 2022

	<i>Primary Government</i>			
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	<i>Component Unit</i>
<i>Changes in net position:</i>				
Net (Expense) Revenue	\$ (415,649)	\$ 70,678	\$ (344,971)	\$ (150,783)
<i>General revenues:</i>				
Taxes:				
Property taxes, levied for general purpose	211,623	-	211,623	-
Property taxes, levied for cemetery	16,490	-	16,490	-
Property taxes, levied for streets	80,302	-	80,302	-
Property taxes, captured by DDA	-	-	-	82,610
Payment in lieu of taxes	-	-	-	-
Franchise fees	14,308	-	14,308	-
Grants and contributions not restricted to specific programs	247,980	-	247,980	-
Unrestricted investment earnings	820	605	1,425	210
Other	11,343	-	11,343	405
Special item - Net loss on capital asset	(63,991)	-	(63,991)	-
Total general revenues and special item	518,875	605	519,480	83,225
Changes in net position	103,226	71,283	174,509	(67,558)
Net position, beginning of year	5,698,153	1,543,735	7,241,888	772,057
Net position, end of year	<u>\$ 5,801,379</u>	<u>\$ 1,615,018</u>	<u>\$ 7,416,397</u>	<u>\$ 704,499</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LAKEVIEW

GOVERNMENTAL FUNDS
BALANCE SHEET
 February 28, 2022

	<i>General Fund</i>	<i>Street Fund</i>	<i>Nonmajor Funds</i>	<i>Total</i>
Assets:				
Cash and cash equivalents	\$ 526,955	\$ 429,199	\$ 207,067	\$ 1,163,221
Accounts receivable	2,480	-	-	2,480
Due from other governments	208,319	13,921	4,296	226,536
Prepaid expenditures	<u>3,363</u>	<u>-</u>	<u>-</u>	<u>3,363</u>
Total assets	<u><u>\$ 741,117</u></u>	<u><u>\$ 443,120</u></u>	<u><u>\$ 211,363</u></u>	<u><u>\$ 1,395,600</u></u>
Liabilities and Fund Balances:				
<i>Liabilities:</i>				
Accounts payable	\$ 9,286	\$ 90	\$ -	\$ 9,376
Accrued expenses	8,946	-	-	8,946
Accrued wages payable	7,417	-	-	7,417
Unearned revenue	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
Total liabilities	<u><u>25,655</u></u>	<u><u>90</u></u>	<u><u>-</u></u>	<u><u>25,745</u></u>
<i>Fund balances:</i>				
Nonspendable:				
Prepaid expenditures	3,363	-	-	3,363
Restricted for:				
Streets	-	443,030	211,363	654,393
Committed to:				
Property replacement	105,877	-	-	105,877
Unassigned	<u>606,222</u>	<u>-</u>	<u>-</u>	<u>606,222</u>
Total fund balances	<u><u>715,462</u></u>	<u><u>443,030</u></u>	<u><u>211,363</u></u>	<u><u>1,369,855</u></u>
Total liabilities and fund balances	<u><u>\$ 741,117</u></u>	<u><u>\$ 443,120</u></u>	<u><u>\$ 211,363</u></u>	<u><u>\$ 1,395,600</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LAKEVIEW

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES

February 28, 2022

Fund balances of governmental funds	\$ 1,369,855
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Net position reported for governmental activities in the statement of net position is different because:

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

Capital assets not being depreciated	781,879
Capital assets being depreciated, net	4,761,611

Interest payable in the governmental activities is not payable from current financial resources and therefore is not reported in the governmental funds. (4,341)

Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds.

Loan and contract payable	(1,086,261)
Compensated absences payable	<u>(21,364)</u>

Net position of governmental activities \$ 5,801,379

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LAKEVIEW

GOVERNMENTAL FUNDS
**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
Year Ended February 28, 2022

	<i>General Fund</i>	<i>Major Street Fund</i>	<i>Nonmajor Funds</i>	<i>Total</i>
Revenues:				
Property taxes	\$ 228,113	\$ -	\$ 80,302	\$ 308,415
Licenses and permits	14,308	-	-	14,308
Federal grants	156,409	-	-	156,409
State grants	241,239	159,061	49,387	449,687
Contributions from other units	93,968	-	-	93,968
Charges for services	184,767	-	-	184,767
Fines and forfeits	310	-	-	310
Interest and rents	94,354	164	163	94,681
Other revenue	<u>17,888</u>	<u>2,682</u>	<u>-</u>	<u>20,570</u>
Total revenues	<u>1,031,356</u>	<u>161,907</u>	<u>129,852</u>	<u>1,323,115</u>
Expenditures:				
Current				
General government	256,651	-	-	256,651
Public safety	202,554	-	-	202,554
Public works	261,535	81,128	64,840	407,503
Community and economic development	14,087	-	-	14,087
Recreation and culture	27,214	-	-	27,214
Capital outlay	<u>1,053,543</u>	<u>112,177</u>	<u>112,177</u>	<u>1,277,897</u>
Debt service				
Principal	62,809	-	24,645	87,454
Interest and fees	<u>17,477</u>	<u>-</u>	<u>3,239</u>	<u>20,716</u>
Total expenditures	<u>1,895,870</u>	<u>193,305</u>	<u>204,901</u>	<u>2,294,076</u>
Excess (deficiency) of revenues over expenditures	<u>(864,514)</u>	<u>(31,398)</u>	<u>(75,049)</u>	<u>(970,961)</u>
Other financing sources (uses):				
Sale of capital assets	128,135	-	-	128,135
Proceeds from bank loan	800,000	-	-	800,000
Interfund transfers in	-	-	60,000	60,000
Interfund transfers out	<u>-</u>	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Net other financing sources (uses)	<u>928,135</u>	<u>(60,000)</u>	<u>60,000</u>	<u>928,135</u>
Changes in fund balances	63,621	(91,398)	(15,049)	(42,826)
Fund balances, beginning of year	<u>651,841</u>	<u>534,428</u>	<u>226,412</u>	<u>1,412,681</u>
Fund balances, end of year	<u>\$ 715,462</u>	<u>\$ 443,030</u>	<u>\$ 211,363</u>	<u>\$ 1,369,855</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LAKEVIEW

RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

Year Ended February 28, 2022

Changes in fund balances of governmental funds	\$ (42,826)
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Change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Purchases of capital assets	1,267,534
Acquisitions of capital assets through capital contributions	5,000
Less depreciation expense	(220,792)
Less book value of capital assets sold	(192,126)

Proceeds from bank loans are recorded as revenues in the governmental funds but are recorded as long-term liabilities in the statement of net position. (800,000)

Payments of principal on long-term obligations are expenditures in governmental funds but the payments reduce long-term liabilities in the statement of net position. 87,454

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

Change in accrued interest payable	(172)
Change in compensated absences payable	<u>(846)</u>

Change in net position of governmental activities \$ 103,226

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LAKEVIEW

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
 February 28, 2022

	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Assets:			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 69,463	\$ 151,385	\$ 220,848
Utility bills receivable	25,343	15,714	41,057
Due from other governments	-	9,401	9,401
Total current assets	<u>94,806</u>	<u>176,500</u>	<u>271,306</u>
<i>Noncurrent assets:</i>			
Restricted cash and cash equivalents	54,000	55,000	109,000
Capital assets not being depreciated, net	<u>884,384</u>	<u>830,569</u>	<u>1,714,953</u>
Total noncurrent assets	<u>938,384</u>	<u>885,569</u>	<u>1,823,953</u>
Total assets	<u>1,033,190</u>	<u>1,062,069</u>	<u>2,095,259</u>
Liabilities:			
<i>Current liabilities:</i>			
Accounts payable	3,837	3,603	7,440
Accrued interest payable	1,868	933	2,801
Current portion of long-term debt, payable from restricted assets	<u>50,000</u>	<u>20,000</u>	<u>70,000</u>
Total current liabilities	<u>55,705</u>	<u>24,536</u>	<u>80,241</u>
<i>Noncurrent liabilities:</i>			
Long-term debt	<u>265,000</u>	<u>135,000</u>	<u>400,000</u>
Total liabilities	<u>320,705</u>	<u>159,536</u>	<u>480,241</u>
Net position:			
Net investment in capital assets	569,384	675,569	1,244,953
Restricted for:			
Debt service	54,000	55,000	109,000
Unrestricted	<u>89,101</u>	<u>171,964</u>	<u>261,065</u>
Total net position	<u>\$ 712,485</u>	<u>\$ 902,533</u>	<u>\$ 1,615,018</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LAKEVIEW

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended February 28, 2022

	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Operating revenues:			
Charges for services:			
Sales	\$ 275,279	\$ 215,993	\$ 491,272
Other	100	3,713	3,813
Total operating revenues	<u>275,379</u>	<u>219,706</u>	<u>495,085</u>
Operating expenses:			
Personal services	40,371	46,818	87,189
Supplies	9,097	24,136	33,233
Contracted services	17,347	53,633	70,980
Administrative expense	42,000	42,000	84,000
Other services and charges	53,126	40,366	93,492
Depreciation	<u>69,750</u>	<u>59,421</u>	<u>129,171</u>
Total operating expenses	<u>231,691</u>	<u>266,374</u>	<u>498,065</u>
Operating income	<u>43,688</u>	<u>(46,668)</u>	<u>(2,980)</u>
Non-operating revenues (expenses):			
Federal grants	9,584	43,060	52,644
State grants	-	31,963	31,963
Interest income	294	311	605
Interest expense	<u>(12,558)</u>	<u>(6,091)</u>	<u>(18,649)</u>
Net non-operating revenues (expenses)	<u>(2,680)</u>	<u>69,243</u>	<u>66,563</u>
Net income (loss) before capital contributions	<u>41,008</u>	<u>22,575</u>	<u>63,583</u>
Capital contributions - state grants			
Change in net position	<u>41,008</u>	<u>30,275</u>	<u>71,283</u>
Net position, beginning of year	<u>671,477</u>	<u>872,258</u>	<u>1,543,735</u>
Net position, end of year	<u>\$ 712,485</u>	<u>\$ 902,533</u>	<u>\$ 1,615,018</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LAKEVIEW

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Year Ended February 28, 2022

	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Cash flows from operating activities:			
Cash received from customers	\$ 278,136	\$ 223,720	\$ 501,856
Cash payments to and on behalf of employees	(40,371)	(46,818)	(87,189)
Cash payments to suppliers for goods and services	<u>(120,531)</u>	<u>(157,976)</u>	<u>(278,507)</u>
Net cash provided (used) by operating activities	<u>117,234</u>	<u>18,926</u>	<u>136,160</u>
Cash flows from non-capital financing activities:			
Federal grants	9,584	43,060	52,644
State grants	<u>-</u>	<u>22,562</u>	<u>22,562</u>
Net cash provided by non-capital financing activities	<u>9,584</u>	<u>65,622</u>	<u>75,206</u>
Cash flows from capital and related financing activities:			
Capital contributions - state grants	-	7,700	7,700
Acquisition and construction of capital assets	(5,187)	(34,346)	(39,533)
Principal payments on bonds	(55,000)	(20,000)	(75,000)
Interest paid	<u>(12,828)</u>	<u>(6,190)</u>	<u>(19,018)</u>
Net cash provided (used) by capital and related financing activities	<u>(73,015)</u>	<u>(52,836)</u>	<u>(125,851)</u>
Cash flows from investing activities:			
Interest received	<u>294</u>	<u>311</u>	<u>605</u>
Net change in cash and cash equivalents	<u>54,097</u>	<u>32,023</u>	<u>86,120</u>
Cash and cash equivalents, beginning of year	<u>69,366</u>	<u>174,362</u>	<u>243,728</u>
Cash and cash equivalents, end of year	<u>\$ 123,463</u>	<u>\$ 206,385</u>	<u>\$ 329,848</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 43,688	\$ (46,668)	\$ (2,980)
Adjustments:			
Depreciation	69,750	59,421	129,171
Change in assets and liabilities:			
Utility bills receivable	2,757	4,014	6,771
Accounts payable	<u>1,039</u>	<u>2,159</u>	<u>3,198</u>
Net cash provided (used) by operating activities	<u>\$ 117,234</u>	<u>\$ 18,926</u>	<u>\$ 136,160</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF LAKEVIEW

NOTES TO FINANCIAL STATEMENTS

February 28, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used by the Village of Lakeview, (the “Village”):

Reporting Entity:

The Village of Lakeview is governed by a seven-member Council. The Village provides the following services: general administrative services, police protection, highway and street maintenance, recreation and other governmental functions.

The accompanying financial statements present the Village as the primary government. Component units are separate legal entities for which the Village is financially accountable. Blended component units, if any, are, in substance, part of the primary government’s operations, and presented as funds of the primary government. Discretely presented component units are reported in separate columns in the government-wide financial statements. The Village has determined that it has one component unit and that it should be discretely presented.

Discretely Presented Component Unit:

Downtown Development Authority – The members of the governing board of the Downtown Development Authority (DDA) are appointed by the Village Council. The budgets and expenditures of the Downtown Development Authority must be approved by the Village Council. The Village also has the ability to significantly influence operations of the Downtown Development Authority.

Related Organization:

Lakeview Hospital Finance Authority – The Village’s officials are also responsible for appointing members to the Board of the Village of Lakeview Hospital Finance Authority, but the Village’s accountability for this organization does not extend beyond making the appointments.

Accounting and Reporting Principles:

The Village follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Report Presentation:

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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 and its component unit. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment.

VILLAGE OF LAKEVIEW

NOTES TO FINANCIAL STATEMENTS

February 28, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Program revenues 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. Taxes and other items not properly included among program revenues are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Village's enterprise functions and various other functions of the Village. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting:

The Village accounts for its various activities in several different funds in order to demonstrate accountability for how it has spent certain resources - separate funds allow the Village to show the particular expenditures that specific revenues were used for. The various funds are aggregated into two broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds.

Proprietary funds provide goods or services to users in exchange for charges or fees.

The Village reports the following major governmental funds. The Village has elected to show all three governmental funds as major.

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

Special Revenue Fund – Major Street Fund – The Major Street Fund accounts for the maintenance and construction of streets designated by the Michigan Department of Transportation as major streets in the Village.

The Village reports the following major proprietary funds:

Enterprise Fund – Sewer Fund – The Sewer Fund accounts for the operation and maintenance of the Village's sewage disposal system.

Enterprise Fund – Water Fund – The Water Fund account for the operation and maintenance of the Village's water supply system.

Additionally, the Village reports the following fund types:

Special Revenue Funds – Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

VILLAGE OF LAKEVIEW

NOTES TO FINANCIAL STATEMENTS

February 28, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Accounting:

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources. Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the Village considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: most state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period.

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions:

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. For purposes of the statement of cash flows, the Village considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less to be cash equivalents.

Restricted Assets – Certain resources set aside for repayment of bonds and to meet bond covenants, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Receivables – All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances, if any, are immaterial at year end.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are defined by the Village as assets with an individual cost in excess of \$5,000 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.

VILLAGE OF LAKEVIEW

NOTES TO FINANCIAL STATEMENTS

February 28, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Land improvements	15-20 years
Office furniture and equipment	5-10 years
Public domain infrastructure	20-50 years
System infrastructure	10-50 years
Vehicles	5 years

Long-term Obligations – In the government-wide financial statements and the proprietary fund type 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. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial 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 and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting.

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 to report as restricted net position and unrestricted net position in the government-wide and proprietary 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 net position to have been depleted before unrestricted net position is applied.

Fund Balance 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 of the 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.

Fund Balance Policies – In the fund financial statements, fund balance may be presented in five possible categories, each of which identifies the extent to which the Village is bound to honor constraints on the specific purpose for which amounts can be spent:

VILLAGE OF LAKEVIEW

NOTES TO FINANCIAL STATEMENTS

February 28, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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 Village Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Village Council.

Assigned – Amounts that are intended to be used for specific purposes expressed by the Village Council.

Unassigned – Amounts that do not fall into any category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

Property Taxes – Village property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before September 15. Real property taxes not collected as of October 1 are returned to the County for collection, which advances the Village 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Village Treasurer. The 2021 taxable valuation of the Village totaled \$24,674,565 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments), on which ad valorem taxes levied consisted of 9.9078 mills for Village operating, 3.8281 for Village streets, and 0.7862 for Village cemetery.

Compensated Absences (Vacation Leave) – Individual employees have a vested right to receive payments for unused vacation benefits under formulas and conditions specified in Village policies. Accumulated vacation benefits of governmental funds are recorded on the statement of net position and not on the governmental fund balance sheets because they are not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds have been evaluated and determined to be immaterial to the financial statements as a whole. Consequently, no portion of the liability is reported in the statement of net position of the individual enterprise funds. For governmental activities, compensated absences payable are liquidated by the General Fund.

Proprietary Funds Operating Classification – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. The proprietary funds recognize as capital contributions the tap fees intended to recover the cost of connecting new customers to the system and as nonoperating revenues rental income and investment income. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not included in these classifications are reported as nonoperating expenses.

VILLAGE OF LAKEVIEW

NOTES TO FINANCIAL STATEMENTS

February 28, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates:

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

Interfund Activity:

During the course of operations, the Village has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

Governmental funds are under formal budgetary control. Budgets shown in the financial statements were prepared on a basis consistent with the modified accrual basis of accounting which is used to reflect actual results. Budgetary control is exercised at the department level. The Village Manager is authorized to transfer budget amounts between line items within departments; however, any supplemental appropriations that amend total expenditures of any department require Village Council resolution. Unexpended appropriations lapse at year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year, the Village did not incur expenditures that were in excess of the amounts budgeted.

NOTE 3: CASH AND CASH EQUIVALENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures 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 that are legal for direct investment by local units of government in Michigan.

VILLAGE OF LAKEVIEW

NOTES TO FINANCIAL STATEMENTS

February 28, 2022

NOTE 3: CASH AND CASH EQUIVALENTS, CONTINUED

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk. At year-end, the Village had \$1,537,623 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$250,000 is covered by the National Credit Union Administration (NCUA), and the remaining amount was uninsured. The Village believes that due to the dollar amounts of cash deposits, and the limits of NCUA insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories. At year end, the Village had no investments.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended February 28, 2022 was as follows:

	<i>March 1, 2021</i>	<i>Additions</i>	<i>Retirements</i>	<i>February 28, 2022</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 816,879	\$ 5,000	\$ (40,000)	\$ 781,879
Construction in progress	<u>39,589</u>	<u>-</u>	<u>(39,589)</u>	<u>-</u>
Total capital assets not being depreciated	<u>856,468</u>	<u>5,000</u>	<u>(79,589)</u>	<u>781,879</u>
Capital assets being depreciated:				
Buildings and improvements	891,219	848,483	(172,150)	1,567,552
Infrastructure	3,368,902	224,354	-	3,593,256
Land improvements	546,240	-	-	546,240
Machinery and equipment	784,249	234,286	(191,978)	826,557
Vehicles	<u>71,788</u>	<u>-</u>	<u>-</u>	<u>71,788</u>
Total capital assets being depreciated	<u>5,662,398</u>	<u>1,307,123</u>	<u>(364,128)</u>	<u>6,605,393</u>
Less accumulated depreciation for:				
Buildings and improvements	(325,463)	(25,398)	72,398	(278,463)
Infrastructure	(930,274)	(133,473)	-	(1,063,747)
Land improvements	(118,692)	(17,669)	-	(136,361)
Machinery and equipment	(405,470)	(36,832)	139,604	(302,698)
Vehicles	<u>(55,093)</u>	<u>(7,420)</u>	<u>-</u>	<u>(62,513)</u>
Total accumulated depreciation	<u>(1,834,992)</u>	<u>(220,792)</u>	<u>212,002</u>	<u>(1,843,782)</u>
Capital assets being depreciated, net	<u>3,827,406</u>	<u>1,086,331</u>	<u>(152,126)</u>	<u>4,761,611</u>
Governmental activities, capital assets, net	<u>\$ 4,683,874</u>	<u>\$ 1,091,331</u>	<u>\$ (231,715)</u>	<u>\$ 5,543,490</u>

VILLAGE OF LAKEVIEW

NOTES TO FINANCIAL STATEMENTS

February 28, 2022

NOTE 4: CAPITAL ASSETS, CONTINUED

	<i>March 1, 2021</i>	<i>Additions</i>	<i>Retirements</i>	<i>February 28, 2022</i>
Business-type activities:				
Capital assets being depreciated:				
Land improvements	\$ 15,480	\$ -	\$ -	\$ 15,480
Machinery and equipment	108,658	7,700	-	116,358
Sewer system	2,966,459	5,187	-	2,971,646
Water system	2,385,188	26,646	(22,940)	2,388,894
Total capital assets being depreciated	<u>5,475,785</u>	<u>39,533</u>	<u>(22,940)</u>	<u>5,492,378</u>
Less accumulated depreciation for:				
Land improvements	(9,159)	(774)	-	(9,933)
Machinery and equipment	(94,114)	(1,961)	-	(96,075)
Sewer system	(2,030,901)	(68,176)	-	(2,099,077)
Water system	(1,537,020)	(58,260)	22,940	(1,572,340)
Total accumulated depreciation	<u>(3,671,194)</u>	<u>(129,171)</u>	<u>22,940</u>	<u>(3,777,425)</u>
Business-type activities, capital assets, net	<u>\$ 1,804,591</u>	<u>\$ (89,638)</u>	<u>\$ -</u>	<u>\$ 1,714,953</u>
Component unit:				
Capital assets not being depreciated:				
Land	\$ 159,687	\$ -	\$ -	\$ 159,687
Capital assets being depreciated:				
Infrastructure	710,050	-	-	710,050
Land improvements	63,724	-	-	63,724
Machinery and equipment	59,952	11,686	-	71,638
Total capital assets being depreciated	<u>833,726</u>	<u>11,686</u>	<u>-</u>	<u>845,412</u>
Less accumulated depreciation for:				
Infrastructure	(290,403)	(14,806)	-	(305,209)
Land improvements	(46,198)	(3,187)	-	(49,385)
Machinery and equipment	(10,053)	(4,195)	-	(14,248)
Total accumulated depreciation	<u>(346,654)</u>	<u>(22,188)</u>	<u>-</u>	<u>(368,842)</u>
Capital assets being depreciated, net	<u>487,072</u>	<u>(10,502)</u>	<u>-</u>	<u>476,570</u>
Component unit, capital assets, net	<u>\$ 646,759</u>	<u>\$ (10,502)</u>	<u>\$ -</u>	<u>\$ 636,257</u>

VILLAGE OF LAKEVIEW

NOTES TO FINANCIAL STATEMENTS

February 28, 2022

NOTE 4: CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to various functions as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Component Unit</i>
General government	\$ 13,769	\$ -	\$ -
Public safety	7,718	-	-
Public works	179,437	-	-
Community and economic development	-	-	22,188
Recreation and culture	19,868	-	-
Sewer	-	69,750	-
Water	-	59,421	-
Total depreciation expense	<u>\$ 220,792</u>	<u>\$ 129,171</u>	<u>\$ 22,188</u>

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the Village for the year ended February 28, 2022:

	<i>March 1, 2021</i>	<i>Additions</i>	<i>Retirements</i>	<i>February 28, 2022</i>	<i>Due Within One Year</i>
Governmental activities:					
Direct borrowings	\$ 373,715	\$ 800,000	\$ (87,454)	\$ 1,086,261	\$ 98,314
Compensated absences	<u>20,518</u>	<u>1,927</u>	<u>(1,081)</u>	<u>21,364</u>	<u>-</u>
Total governmental activities					
long-term liabilities	<u>\$ 394,233</u>	<u>\$ 801,927</u>	<u>\$ (88,535)</u>	<u>\$ 1,107,625</u>	<u>\$ 98,314</u>
Business-type activities:					
Direct placements - revenue bonds	\$ 545,000	\$ -	\$ (75,000)	\$ 470,000	\$ 70,000
Total business-type activities					
long-term liabilities	<u>\$ 545,000</u>	<u>\$ -</u>	<u>\$ (75,000)</u>	<u>\$ 470,000</u>	<u>\$ 70,000</u>

Debt issues outstanding are as follows:

	<i>Maturity Date</i>	<i>Original Issue</i>	<i>Interest Rate</i>	<i>Amount Outstanding</i>
Governmental activities:				
<i>Direct borrowings:</i>				
2015 Installment Purchase Agreement	2026	\$ 150,000	2.99%	\$ 65,360
2017 General Loan Contract	2026	200,000	2.50%	105,329
2020 Installment Purchase Agreement	2036	165,564	2.25%	153,572
2021 Installment Purchase Agreement	2036	800,000	1.80%	762,000

continued

VILLAGE OF LAKEVIEW

NOTES TO FINANCIAL STATEMENTS

February 28, 2022

NOTE 5: LONG-TERM LIABILITIES, CONTINUED

	<i>Maturity</i>	<i>Original Issue</i>	<i>Interest Rate</i>	<i>Amount</i>		
	<i>Date</i>			<i>Outstanding</i>		
Business-type activities:						
<i>Direct placements:</i>						
2014 Sanitary Sewer System Revenue						
Refunding Bonds	2029	695,000	3.25-3.90%	315,000		
2014 Water Supply System Revenue						
Refunding Bonds	2029	485,000	3.25-3.90%	155,000		

The annual debt requirements to maturity for the debt issues outstanding as of February 28, 2022 are as follows:

<i>Fiscal</i>	<i>Governmental Activities</i>			<i>Business-type Activities</i>		
	<i>Year Ended</i>	<i>Direct Borrowings</i>			<i>Direct Placements - Revenue Bonds</i>	
		<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>
February 28,						
2023	\$ 98,314	\$ 22,120	\$ 120,434	\$ 70,000	\$ 16,805	\$ 86,805
2024	101,081	19,489	120,570	75,000	14,530	89,530
2025	103,440	17,248	120,688	75,000	11,980	86,980
2026	106,610	14,968	121,578	75,000	9,354	84,354
2027	62,773	12,600	75,373	55,000	6,654	61,654
2028-2032	331,647	44,818	376,465	120,000	6,960	126,960
2033-2036	282,396	12,694	295,090	-	-	-
	<u>\$ 1,086,261</u>	<u>\$ 143,937</u>	<u>\$ 1,230,198</u>	<u>\$ 470,000</u>	<u>\$ 66,283</u>	<u>\$ 536,283</u>

Governmental notes from direct borrowings of \$200,000 includes a provision that if the Village fails to repay money, the Treasurer of the State of Michigan is authorized and directed to pay distributable aid to MDOT in the amount sufficient to pay the Village's obligation to MDOT. Governmental notes from direct borrowings of \$150,000 is backed by provisions that the Village levy sufficient taxes to provide the amount due. Governmental notes from direct borrowings of \$165,564 is backed by provisions that the Village levy sufficient taxes to provide the amount due.

NOTE 6: INTERFUND TRANSFERS

The composition of interfund transfers at February 28, 2022 is as follows reported in the fund financial statements:

<i>Funds Transferred From</i>	<i>Funds Transferred To</i>	<i>Amount</i>
Major Street Fund	Local Street Fund	\$ 60,000

The above transfers were to use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF LAKEVIEW

NOTES TO FINANCIAL STATEMENTS

February 28, 2022

NOTE 7: RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees (workers' compensation); and natural disasters. During the year, the Village carried commercial insurance to cover most risks of losses. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

NOTE 8: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Deferred Compensation Plan:

The Village participates in a deferred compensation plan qualifying under Section 457 of the Internal Revenue Code. The plan is administered by Municipal Employees' Retirement System (MERS) and is available to all full-time employees once hired. Under the plan, employees can elect to defer a portion of their wages each pay period and the Village will contribute to the plan from 2% up to a maximum of 7%. Vesting happens after four years. The deferred amounts are not taxable to the employees until retirement or separation from employment. All assets of the plan are held in trust for the employees and are not included in the Village financial statements. The Village made contributions of \$17,331 during the current fiscal year.

Health Savings Account Contributions:

The Village will match up to \$1,000 per full-time employee to the employee's health savings account. The Village contributed \$9,588 during the current fiscal year.

NOTE 9: TRANSACTIONS WITH DDA

The Downtown Development Authority has agreed to reimburse the General Fund for the loan payments on the \$150,000 loan dated July 22, 2015. Payments are due annually equal to the debt payment. During the current fiscal year, the DDA paid to the Village \$17,576.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LAKEVIEW

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended February 28, 2022

	<i>Budgeted Amounts</i>			<i>Variances with Final Budget</i>	
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>	
				<i>Original</i>	<i>Final</i>
Revenues:					
Property taxes	\$ 210,679	\$ 208,179	\$ 228,113	\$ 19,934	
Licenses and permits	14,000	14,000	14,308	308	
Federal grants	450,000	450,000	156,409	(293,591)	
State grants	160,203	160,203	241,239	81,036	
Contributions from other units	43,500	61,076	93,968	32,892	
Charges for services	177,922	177,922	184,767	6,845	
Fines and forfeits	2,000	2,000	310	(1,690)	
Interest and rents	74,983	74,983	94,354	19,371	
Other revenue	3,480	3,480	17,888	14,408	
Total revenues	<u>1,136,767</u>	<u>1,151,843</u>	<u>1,031,356</u>	<u>(120,487)</u>	
Expenditures:					
Current					
General government					
Council	5,244	10,744	9,445	1,299	
President	1,050	1,375	1,157	218	
Administration	167,418	179,071	178,287	784	
Clerk	-	2,000	1,229	771	
Audit	8,300	9,100	9,065	35	
Treasurer	1,100	1,922	907	1,015	
Elections	1,000	675	-	675	
Building and grounds	<u>23,275</u>	<u>65,520</u>	<u>56,561</u>	<u>8,959</u>	
Total general government	<u>207,387</u>	<u>270,407</u>	<u>256,651</u>	<u>13,756</u>	
Public safety					
Police	<u>211,701</u>	<u>205,701</u>	<u>202,554</u>	<u>3,147</u>	
Public works					
Department of public works	123,183	132,683	132,268	415	
Tamarack Lake	11,200	5,500	4,841	659	
Drains	2,000	4,000	3,190	810	
Street lighting	11,600	12,800	12,621	179	
Environmental control	44,471	42,571	41,059	1,512	
Cemetery	22,768	32,268	31,971	297	
Airport	71,613	76,613	35,585	41,028	
Total public works	<u>286,835</u>	<u>306,435</u>	<u>261,535</u>	<u>44,900</u>	
Community and economic development					
Zoning	<u>19,500</u>	<u>14,500</u>	<u>14,087</u>	<u>413</u>	

continued

VILLAGE OF LAKEVIEW

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE, CONTINUED
 Year Ended February 28, 2022

	<i>Budgeted Amounts</i>			<i>Variances with Final Budget</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	
				<i>Favorable</i> <i>(Unfavorable)</i>
Recreation and culture				
Parks and grounds	24,994	31,394	27,214	4,180
Capital outlay	454,500	1,255,000	1,053,543	201,457
Debt service				
Principal	9,389	72,471	62,809	9,662
Interest and fees	3,646	17,480	17,477	3
Total debt services	13,035	89,951	80,286	9,665
Total expenditures	1,217,952	2,173,388	1,895,870	277,518
Excess (deficiency) of revenues over expenditures	(81,185)	(1,021,545)	(864,514)	157,031
Other financing sources (uses):				
Proceeds from bank loan	-	800,000	800,000	-
Sale of capital assets	-	-	128,135	128,135
Total other financing sources	-	800,000	928,135	128,135
Changes in fund balances	(81,185)	(221,545)	63,621	285,166
Fund balances, beginning of year	651,841	651,841	651,841	-
Fund balances, end of year	\$ 570,656	\$ 430,296	\$ 715,462	\$ 285,166

VILLAGE OF LAKEVIEW

SPECIAL REVENUE FUND – MAJOR STREET FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended February 28, 2022

	<i>Budgeted Amounts</i>			<i>Variances with Final Budget</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	
Revenues:				
State grants	\$ 125,000	\$ 125,000	\$ 159,061	\$ 34,061
Interest and rents	100	100	164	64
Other revenue	-	-	2,682	2,682
Total revenues	<u>125,100</u>	<u>125,100</u>	<u>161,907</u>	<u>36,807</u>
Expenditures:				
Current				
Public works	76,102	163,102	81,128	81,974
Capital outlay	200,000	113,000	112,177	823
Total expenditures	<u>276,102</u>	<u>276,102</u>	<u>193,305</u>	<u>82,797</u>
Excess (deficiency) of revenues over expenditures	<u>(151,002)</u>	<u>(151,002)</u>	<u>(31,398)</u>	<u>119,604</u>
Other financing sources:				
Interfund transfers out	-	(60,000)	(60,000)	-
Change in fund balance	(151,002)	(211,002)	(91,398)	118,781
Fund balance, beginning of year	<u>534,428</u>	<u>534,428</u>	<u>534,428</u>	<u>-</u>
Fund balance, end of year	<u>\$ 383,426</u>	<u>\$ 323,426</u>	<u>\$ 443,030</u>	<u>\$ 118,781</u>

SUPPLEMENTARY INFORMATION

VILLAGE OF LAKEVIEW

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
February 28, 2022

	<i>Local</i> <i>Street</i> <i>Fund</i>	<i>Municipal</i> <i>Street</i> <i>Fund</i>	<i>Total</i>
Assets:			
Cash and cash equivalents	\$ 167,104	\$ 39,963	\$ 207,067
Due from other governments	4,296	-	4,296
Total assets	<u>\$ 171,400</u>	<u>\$ 39,963</u>	<u>\$ 211,363</u>
Fund balances:			
Restricted for:			
Streets	\$ 171,400	\$ 39,963	\$ 211,363
Total fund balances	<u>\$ 171,400</u>	<u>\$ 39,963</u>	<u>\$ 211,363</u>

VILLAGE OF LAKEVIEW

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended February 28, 2022

	<i>Local Street Fund</i>	<i>Municipal Street Fund</i>	<i>Total</i>
Revenues:			
Property taxes	\$ -	\$ 80,302	\$ 80,302
State grants	49,387	-	49,387
Interest and rents	163	-	163
Total revenues	<u>49,550</u>	<u>80,302</u>	<u>129,852</u>
Expenditures:			
Current			
Public works	48,340	16,500	64,840
Capital outlay	-	112,177	112,177
Debt service			
Principal	-	24,645	24,645
Interest and fees	-	3,239	3,239
Total expenditures	<u>48,340</u>	<u>156,561</u>	<u>204,901</u>
Excess (deficiency) of revenues over expenditures	<u>1,210</u>	<u>(76,259)</u>	<u>(75,049)</u>
Other financing sources (uses):			
Interfund transfers in	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Changes in fund balances	<u>61,210</u>	<u>(76,259)</u>	<u>(15,049)</u>
Fund balances, beginning of year	<u>110,190</u>	<u>116,222</u>	<u>226,412</u>
Fund balances, end of year	<u>\$ 171,400</u>	<u>\$ 39,963</u>	<u>\$ 211,363</u>

VILLAGE OF LAKEVIEW

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEET AND RECONCILIATION OF FUND BALANCE TO NET POSITION

February 28, 2022

Assets:

Cash and cash equivalents	\$ 65,407
Taxes receivable	<u>2,835</u>
Total assets	<u><u>\$ 68,242</u></u>

Fund balance:

Unassigned	<u><u>\$ 68,242</u></u>
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RECONCILIATION OF FUND BALANCE TO NET POSITION:

Fund balance of component unit	\$ 68,242
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Net position reported for the component unit in the statement of net position is different because:

Capital assets used in component unit activities are not financial resources and therefore are not reported in the fund.

Capital assets not being depreciated	159,687
Capital assets being depreciated, net	<u>476,570</u>
Net position of component unit	<u><u>\$ 704,499</u></u>

VILLAGE OF LAKEVIEW

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE AND RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION

Year Ended February 28, 2022

	<i>Budgeted Amounts</i>			<i>Variances with Final Budget</i>	
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>	
Revenues:					
Property taxes	\$ 74,950	\$ 74,950	\$ 82,610	\$ 7,660	
Interest and rents	50	50	210	160	
Other revenue	-	-	405	-	
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>83,225</u>	<u>7,820</u>	
Expenditures:					
Current					
Community and economic development	129,348	128,798	124,733	4,065	
Capital outlay	<u>15,000</u>	<u>15,550</u>	<u>15,548</u>	<u>2</u>	
Total expenditures	<u>144,348</u>	<u>144,348</u>	<u>140,281</u>	<u>4,067</u>	
Change in fund balance	(69,348)	(69,348)	(57,056)	11,887	
Fund balance, beginning of year	<u>125,298</u>	<u>125,298</u>	<u>125,298</u>	<u>-</u>	
Fund balance, end of year	<u>\$ 55,950</u>	<u>\$ 55,950</u>	<u>\$ 68,242</u>	<u>\$ 11,887</u>	

RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION:

Change in fund balance of component unit \$ (57,056)

Change in net position of the component unit is different because:

Component units report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Purchases of capital assets	11,686
Less depreciation expense	<u>(22,188)</u>
Change in net position of component unit	<u>\$ (67,558)</u>

VILLAGE OF LAKEVIEW

GOVERNMENTAL ACTIVITIES
SCHEDULE OF INDEBTEDNESS
February 28, 2022

2015 INSTALLMENT PURCHASE AGREEMENT

Original issue dated July 22, 2015 for	\$ 150,000
Less: Principal paid in prior years	(69,444)
Principal paid in current year	<u>(15,196)</u>
Balance payable at February 28, 2022	<u><u>\$ 65,360</u></u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Principal due July 22</i>	<i>Interest due July 22</i>	<i>Total</i>	
				<i>Annual Requirement</i>	
2023	2.99%	\$ 15,205	\$ 2,408	\$ 17,613	
2024	2.99%	16,127	1,486	17,613	
2025	2.99%	16,610	1,003	17,613	
2026	2.99%	<u>17,418</u>	<u>520</u>	<u>17,938</u>	
		<u><u>\$ 65,360</u></u>	<u><u>\$ 5,417</u></u>	<u><u>\$ 70,777</u></u>	

2017 GENERAL LOAN CONTRACT

Original issue dated June 14, 2017 for	\$ 200,000
Less: Principal paid in prior years	(70,026)
Principal paid in current year	<u>(24,645)</u>
Balance payable at February 28, 2022	<u><u>\$ 105,329</u></u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Principal due June 14</i>	<i>Interest due June 14</i>	<i>Total</i>	
				<i>Annual Requirement</i>	
2023	2.50%	\$ 25,260	\$ 2,624	\$ 27,884	
2024	2.50%	25,882	2,002	27,884	
2025	2.50%	26,529	1,355	27,884	
2026	2.50%	<u>27,658</u>	<u>691</u>	<u>28,349</u>	
		<u><u>\$ 105,329</u></u>	<u><u>\$ 6,672</u></u>	<u><u>\$ 112,001</u></u>	

VILLAGE OF LAKEVIEW

GOVERNMENTAL ACTIVITIES
SCHEDULE OF INDEBTEDNESS
February 28, 2022

2020 INSTALLMENT PURCHASE AGREEMENT

Original issue September 28, 2020 for	\$ 165,564
Less: Principal paid in prior years	(2,379)
Principal paid in current year	<u>(9,613)</u>
Balance payable at February 28, 2022	<u><u>\$ 153,572</u></u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Principal due</i>	<i>Interest due</i>	<i>Annual Requirement</i>	<i>Total</i>
2023	2.25%	\$ 9,849	\$ 3,372	\$ 13,221	
2024	2.25%	10,072	3,149	13,221	
2025	2.25%	10,301	2,920	13,221	
2026	2.25%	10,534	2,687	13,221	
2027	2.25%	10,773	2,448	13,221	
2028	2.25%	11,018	2,203	13,221	
2029	2.25%	11,268	1,953	13,221	
2030	2.25%	11,524	1,697	13,221	
2031	2.25%	11,785	1,436	13,221	
2032	2.25%	12,052	1,169	13,221	
2033	2.25%	12,326	895	13,221	
2034	2.25%	12,606	615	13,221	
2035	2.25%	12,892	329	13,221	
2036	2.25%	<u>6,572</u>	<u>55</u>	<u>6,627</u>	
		<u><u>\$ 153,572</u></u>	<u><u>\$ 24,928</u></u>	<u><u>\$ 178,500</u></u>	

VILLAGE OF LAKEVIEW

GOVERNMENTAL ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 February 28, 2022

2021 GENERAL OBLIGATION LIMITED TAX CAPITAL IMPROVEMENT BONDS

Original issue April 14, 2021 for	\$ 800,000
Less: Principal paid in prior years	-
Principal paid in current year	<u>(38,000)</u>
Balance payable at February 28, 2022	<u><u>\$ 762,000</u></u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due August 1</i>	<i>Principal due February 1</i>	<i>Interest due February 1</i>	<i>Total Annual Requirement</i>
2023	1.80%	\$ 6,858	\$ 48,000	\$ 6,858	\$ 61,716
2024	1.80%	6,426	49,000	6,426	61,852
2025	1.80%	5,985	50,000	5,985	61,970
2026	1.80%	5,535	51,000	5,535	62,070
2027	1.80%	5,076	52,000	5,076	62,152
2028	1.80%	4,608	53,000	4,608	62,216
2029	1.80%	4,131	54,000	4,131	62,262
2030	1.80%	3,645	55,000	3,645	62,290
2031	1.80%	3,150	56,000	3,150	62,300
2032	1.80%	2,646	56,000	2,646	61,292
2033	1.80%	2,142	58,000	2,142	62,284
2034	1.80%	1,620	59,000	1,620	62,240
2035	1.80%	1,089	60,000	1,089	62,178
2036	1.80%	549	61,000	549	62,098
		<u><u>\$ 53,460</u></u>	<u><u>\$ 762,000</u></u>	<u><u>\$ 53,460</u></u>	<u><u>\$ 868,920</u></u>

VILLAGE OF LAKEVIEW

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
February 28, 2022

SANITARY SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2014

Original issue dated March 21, 2014 for	\$ 695,000
Less: Principal paid in prior years	(325,000)
Principal paid in current year	<u>(55,000)</u>
Balance payable at February 28, 2022	<u><u>\$ 315,000</u></u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due July 1</i>	<i>Interest due January 1</i>	<i>Principal due January 1</i>	<i>Total Annual Requirement</i>
2023	3.25%	\$ 5,603	\$ 5,602	\$ 50,000	\$ 61,205
2024	3.40%	4,790	4,790	55,000	64,580
2025	3.50%	3,855	3,855	55,000	62,710
2026	3.60%	2,893	2,892	55,000	60,785
2027	3.70%	1,903	1,902	30,000	33,805
2028	3.80%	1,348	1,347	35,000	37,695
2029	3.90%	683	682	35,000	36,365
		<u>\$ 21,075</u>	<u>\$ 21,070</u>	<u>\$ 315,000</u>	<u>\$ 357,145</u>

VILLAGE OF LAKEVIEW

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
February 28, 2022

WATER SUPPLY SYSTEM REVENUE REFUNDING BONDS, SERIES 2014

Original issue dated March 21, 2014 for	\$ 485,000
Less: Principal paid in prior years	(310,000)
Principal paid in current year	<u>(20,000)</u>
Balance payable at February 28, 2022	<u><u>\$ 155,000</u></u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due July 1</i>	<i>Interest due January 1</i>	<i>Principal due January 1</i>	<i>Total Annual Requirement</i>
2023	3.25%	\$ 2,800	\$ 2,800	\$ 20,000	\$ 25,600
2024	3.40%	2,475	2,475	20,000	24,950
2025	3.50%	2,135	2,135	20,000	24,270
2026	3.60%	1,785	1,784	20,000	23,569
2027	3.70%	1,425	1,424	25,000	27,849
2028	3.80%	963	962	25,000	26,925
2029	3.90%	488	487	25,000	25,975
		<u>\$ 12,071</u>	<u>\$ 12,067</u>	<u>\$ 155,000</u>	<u>\$ 179,138</u>



60 Harrow Lane
Saginaw, Michigan 48638

(989) 791-1555
Fax (989) 791-1992

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of Village Council
Village of Lakeview, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Lakeview, as of and for the year ended February 28, 2022, and the related notes to the financial statements, which collectively comprise the Village of Lakeview's basic financial statements, and have issued our report thereon dated June 7, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Lakeview's internal control over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Lakeview's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Lakeview's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given those limitations, we identified, and noted below, deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. Other material weaknesses may exist that have not been identified.

Recording, Processing and Summarizing Accounting Data

Criteria: All governments are required to have in place internal controls over recording, processing and summarizing accounting data and preparing financial statements.

Conditions: As is the case with many smaller and medium-sized entities, the Village has historically relied on its independent external auditors to assist in the recording, processing and summarizing accounting data and preparing financial statements as part of its external financial reporting process. Accordingly, the Village has placed reliance on its external auditors, who cannot by definition, be considered a part of the Village's internal controls.

To the Honorable President and
Members of the Village Council
Village of Lakeview, Michigan

Cause: This condition was caused by the Village's decision that it is more cost effective to have external auditors recommend the necessary adjusting journal entries to its general ledger and prepare the financial statements than to incur the time and expense for the Village to perform these tasks internally.

Effect: As a result of this condition, the Village lacks internal controls over the recording, processing, summarizing accounting data and preparing financial statements, and instead relied, in part, on its external auditors for assistance with this task.

View of Responsible Officials: The Village has evaluated the cost versus benefit of establishing internal controls over the recording, processing, summarizing accounting data and preparing financial statements, and determined that it is in the best interests of the Village to outsource this task to its external auditors and to carefully review, approve, and accept responsibility for all non-attest work performed by the external auditors.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Lakeview's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berthiaume & Co.
Saginaw, Michigan
June 7, 2022