



WEINLANDER FITZHUGH

VILLAGE OF MAYVILLE
TUSCOLA COUNTY, MICHIGAN

FINANCIAL STATEMENTS
MARCH 31, 2019

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WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

September 25, 2019

To the Village Board
Village of Mayville
Tuscola County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Mayville (Village), as of and for the year ended March 31, 2019 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Village'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 Village'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 Village of Mayville as of March 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

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To the Village Board
Village of Mayville
September 25, 2019

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles requires that the management's discussion and analysis and budgetary comparison information as noted in the table of contents to 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 U.S. generally accepted auditing standards, 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 nonmajor fund financial statements and schedules of bonded indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedules of bonded indebtedness are 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 U.S. generally accepted auditing standards. In our opinion, the combining nonmajor fund financial statements and schedules of bonded indebtedness 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 September 25, 2019, on our consideration of the Village'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 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 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's internal control over financial reporting and compliance.

Village of Mayville
Management's Discussion and Analysis
For the Year Ended March 31, 2019

Our discussion and analysis of the Village of Mayville's (Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended March 31, 2019.

Financial Highlights

Intergovernmental revenues accounted for \$252,281 or 38% and taxes accounted for \$191,845 or 29% of the Village's total General Fund revenues. The General Fund reported an increase in fund balance of \$81,996.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Village financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole Village, presenting both an aggregate view of the Village's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For Governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements look at the Village's operations in more detail than the Government-wide financial statements by providing information about the Village's most significant funds – the General Fund, Major Street Fund and Debt Service Fund with all other funds presented in one column as non-major funds. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the Government-wide financial statements for the Village's water and sewer operations and the internal service fund. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the Village acts solely as an agent or trustee.

The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

Budgetary Information for the General Fund and Major Street Fund (Required Supplemental Information)

Other Supplemental Information

Village of Mayville
Management's Discussion and Analysis
For the Year Ended March 31, 2019

Reporting the Village as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the Village's finances is, "Is the Village better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Village's net position as a way to measure the Village's financial position. The change in net position provides the reader a tool to assist in determining whether the Village's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, and facility conditions in arriving at their conclusion regarding the overall health of the Village.

In the Statement of Net Position and the Statement of Activities, the Village is divided into two kinds of activities:

- Governmental Activities – Most of the Village's basic services are reported here, including the fire, police, trash, streets and general administration. Intergovernmental (state shared revenues), property taxes and charges for services fund most of these activities.
- Business Type Activities – The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water and sewer systems are reported here.

Reporting the Village's Most Significant Funds

Fund Financial Statements

The Village's fund financial statements provide detailed information about the most significant funds – not the Village as a whole. Some funds are required to be established by State law and by bond covenants. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants and other sources of revenue. The Village's three types of funds, Governmental, Proprietary and Fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Village of Mayville
Management's Discussion and Analysis
For the Year Ended March 31, 2019

Governmental Funds

Most of the Village's activities are reported in Governmental funds, which focus on how money flows in and out of those funds and the balance remaining at year-end available for spending in future periods. The funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The Governmental fund statements provide a detailed short-term view of the Village's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the Village's programs. The relationship (or differences) between Governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental funds is reconciled in the basic financial statements.

Proprietary Funds

These funds are reported in fund financial statements and generally report services for which the Village charges a fee. Enterprise funds essentially encompass the same functions reported as business-type activities in the Government-wide statements.

The enterprise funds present the Village's water and sewer operations that are managed by the Village. The Village has sole authority to set rates and is financially responsible for the integrity of the system.

The internal service fund maintains the Village's equipment that is rented for use in all other funds. The internal service fund is recorded with the governmental activities for Government-wide statements, but with the proprietary funds at the fund level statements.

Fiduciary Funds

The Village is the trustee, or fiduciary, for tax collection. All of the Village's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the Village's other financial statements because the assets cannot be utilized by the Village to finance its operations.

Village of Mayville
Management's Discussion and Analysis
For the Year Ended March 31, 2019

Village-wide Financial Analysis

Financial position - The Statement of Net Position provides the perspective of the Village as a whole. Exhibit A provides a summary of the Village's net position as of March 31, 2019 and 2018.

<u>Exhibit A</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current and other assets	\$ 854,599	\$ 690,896	\$ 527,835	\$ 529,141	\$ 1,382,434	\$ 1,220,037
Capital assets - net of accumulated depreciation	711,261	844,276	1,796,815	1,880,614	2,508,076	2,724,890
Total assets	1,565,860	1,535,172	2,324,650	2,409,755	3,890,510	3,944,927
Liabilities						
Current liabilities	68,234	50,290	51,019	31,341	119,253	81,631
Long-term liabilities	887,308	920,000	1,367,010	1,392,000	2,254,318	2,312,000
Total liabilities	955,542	970,290	1,418,029	1,423,341	2,373,571	2,393,631
Net position						
Net investment in capital assets	(208,739)	(109,748)	404,815	462,614	196,076	352,866
Restricted	580,977	436,402	69,548	58,663	650,525	495,065
Unrestricted	238,080	238,228	432,258	465,137	670,338	703,365
Total net position	\$ 610,318	\$ 564,882	\$ 906,621	\$ 986,414	\$ 1,516,939	\$ 1,551,296

Exhibit A focuses on net position. The Village's total governmental net position was \$610,318 at March 31, 2019. Net investment in capital assets, totaling \$(208,739) compares the original costs, less depreciation of the Village's capital assets less bond indebtedness. Restricted net position of \$580,977 is reported separately to show legal constraints that limit the Village's ability to use that net position for day-to-day operations.

The \$670,338 of unrestricted net position of Governmental and Business-Type Activities represents the *accumulated* results of all past years' operations. The operating results of the General, Special Revenue, and Enterprise Funds will have a significant impact on the change in unrestricted assets from year to year.

Village of Mayville
Management's Discussion and Analysis
For the Year Ended March 31, 2019

Results of operations - The results of this year's operations for the Village as a whole are reported in the statement of activities, which shows the changes in net position for the year ended March 31, 2019. Exhibit B provides a summary of the Village's operations for 2019 and 2018.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Exhibit B						
Revenue						
Program revenue:						
Charges for services	\$ 252,516	\$ 246,523	\$ 336,734	\$ 298,794	\$ 589,250	\$ 545,317
Grants and contributions	178,148	191,082	62,230	58,069	240,378	249,151
General revenue:						
Taxes	249,948	186,620	0	0	249,948	186,620
Intergovernmental	248,280	187,274	0	0	248,280	187,274
Interest and investments	1,477	900	271	611	1,748	1,511
Other	27,442	115,526	0	799	27,442	116,325
Total revenue	957,811	927,925	399,235	358,273	1,357,046	1,286,198
Function/Program Expenses						
General government	70,551	57,764	0	0	70,551	57,764
Public safety	235,511	251,419	0	0	235,511	251,419
Culture and recreation	28,199	34,760	0	0	28,199	34,760
Highways and streets	123,876	93,693	0	0	123,876	93,693
Sanitation	54,588	53,141	0	0	54,588	53,141
Public works	210,419	144,087	0	0	210,419	144,087
Economic development	66	140	0	0	66	140
Interest expense	46,682	48,722	0	0	46,682	48,722
Capital outlay	84,873	84,731	0	0	84,873	84,731
Water and sewer	0	0	458,939	394,708	458,939	394,708
Loss on sale of assets	16,525	0	0	0	16,525	0
Total expenses	871,290	768,457	458,939	394,708	1,330,229	1,163,165
Increase (decrease) in Net Position	\$ 86,521	\$ 159,468	\$ (59,704)	\$ (36,435)	\$ 26,817	\$ 123,033

As reported in the statement of activities, the cost of all of our *Governmental and Business-Type* Activities this year was \$1,330,229. Certain activities were partially funded by \$589,250 from those who benefited from the programs. The remaining "public benefit" portion of the Governmental and Business-Type Activities were funded with \$249,948 in taxes, \$248,280 in intergovernmental revenue and \$269,568 with other revenues, such as grants and contributions, interest and investments and other income.

The governmental activities net position experienced an increase of \$86,521 resulting from actual expenses being lower than revenues. This is mainly due to cost cutting initiatives, the Act 33 Special Assessment, the dissolution of the DDA that returned taxpayer dollars to the General Fund and ended the TIF, increases in fire run revenue and increased water and sewer usage by customers.

Village of Mayville
Management's Discussion and Analysis
For the Year Ended March 31, 2019

The water and sewer funds experienced a decrease of \$59,704, due to the repairs and maintenance projects that were identified and completed in the SAW Grant process.

The Village's Funds

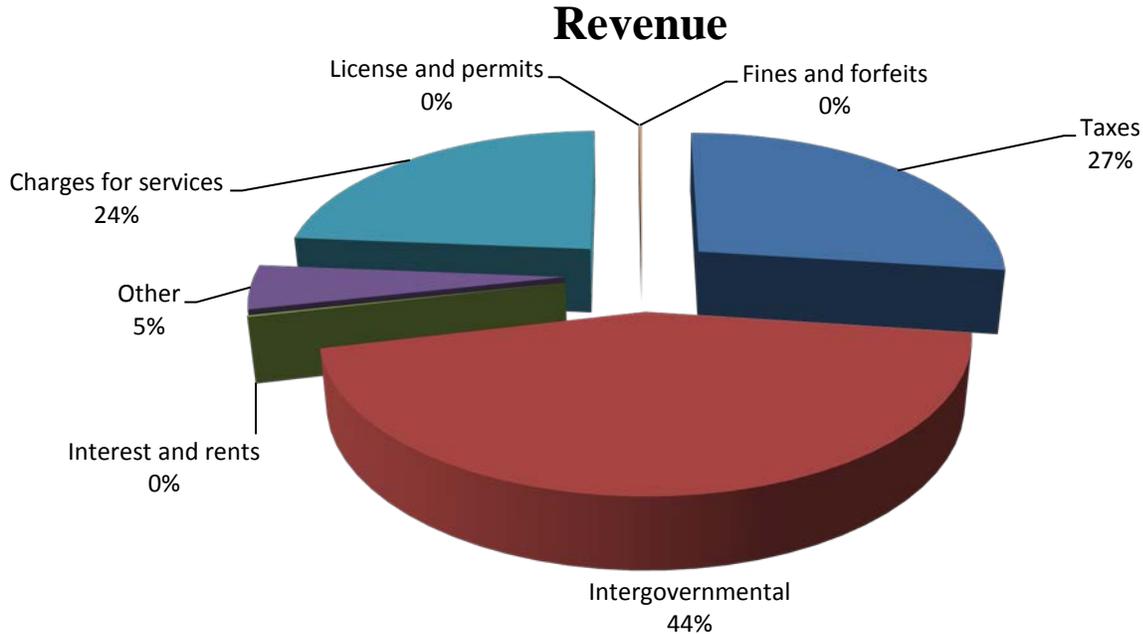
The Village uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Village is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Village's overall financial health.

The Village's Governmental funds reported a combined fund balance of \$738,270 which is above last year's total of \$565,746. The schedule below details the fund balance and the total change in fund balances as of March 31, 2019.

	<u>Fund Balance</u> <u>March 31, 2019</u>	<u>Fund Balance</u> <u>March 31, 2018</u>	<u>Increase</u> <u>(Decrease)</u>
General fund	\$ 211,340	\$ 129,344	\$ 81,996
Special revenue funds	400,998	287,857	113,141
Debt service fund	125,932	148,545	(22,613)
Total	<u>\$ 738,270</u>	<u>\$ 565,746</u>	<u>\$ 172,524</u>

Village of Mayville
Management's Discussion and Analysis
For the Year Ended March 31, 2019

The graph below details the major sources of the Village's governmental revenues.



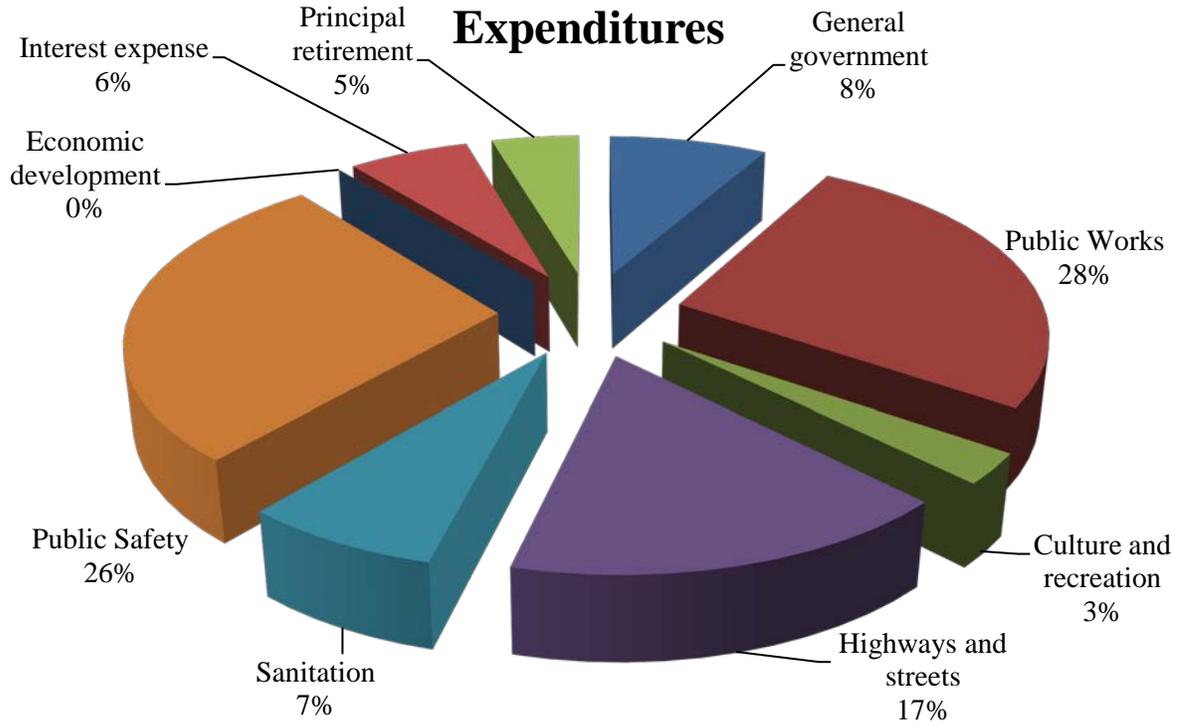
The chart below compares current year revenues with last year.

<i>Revenues by Function</i>	2019	2018
Taxes	\$ 249,948	\$ 186,621
Intergovernmental	408,002	336,843
Interest and rents	1,477	903
Other	44,414	62,527
Charges for services	216,851	201,509
License and permits	1,423	2,101
Fines and forfeits	50	712
	<u>\$ 922,165</u>	<u>\$ 791,216</u>

Revenues are up \$130,949 from the prior year due to cost saving measures, Act 33 Assessment, and the dissolution of the DDA which returned taxpayer monies to the General Fund, ended the TIF and increased property tax revenues, increases in water and sewer usage by customers and increases in fire runs due to power outages.

Village of Mayville
 Management's Discussion and Analysis
 For the Year Ended March 31, 2019

The graph below details the governmental expenditure categories of the Village.



The chart below compares current year expenditures with last year.

<i>Expenditures by Function</i>	2019	2018
General government	\$ 61,389	\$ 47,203
Public safety	198,145	217,807
Culture and recreation	21,090	54,370
Highways and streets	123,568	93,693
Sanitation	54,588	53,141
Public works	209,956	146,824
Economic development	66	140
Interest expense	46,815	48,722
Principal retirement	34,024	40,352
	\$ 749,641	\$ 702,252

Expenditures are up \$47,389 from the prior year due to required maintenance and updates for Sewer and Lagoon items identified in the SAW Grant process, purchases, repairs and maintenance of equipment and Water Tower upgrades.

Village of Mayville
Management's Discussion and Analysis
For the Year Ended March 31, 2019

Proprietary Funds

Enterprise Funds - The Village's water and sewer funds reported net position of \$906,621, which is a decrease of \$59,704 from last year's net position of \$966,325. Operating expenses exceeded operating revenues for the year, this was due to the required repairs and maintenance identified during the SAW Grant process.

Internal Service Fund – The Village's internal service fund reported net position of \$181,156, which is a decrease of \$49,209 from last year's net position of \$230,365. The decrease in net position is due to the purchase of a new lawnmower and repairs and maintenance on equipment.

General Fund Budgetary Highlights

Over the course of the year, the Village revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Village's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Changes to the General Fund original budget were as follows:

- Budgeted revenues increased by \$37,099 during the fiscal year. This is due to proper assessment of expected revenues in the budgeting process.
- Budgeted expenditures increased by \$21,814 during the fiscal year. This is due to a more transparent and rigorous budgeting process which includes scheduling repairs and maintenance, engaging in long-term planning in the DPW and prioritizing cost savings over expenditures.
- Actual revenues for the year were \$22,105 more than anticipated during the fiscal year. This is due to increases in service charges for fire runs during utility outages and increased water and sewer usage by customers.
- Actual expenditures for the year were \$42,321 less than anticipated. This is due to cost savings initiatives and decreases in cost estimates for goods and services.

Village of Mayville
Management's Discussion and Analysis
For the Year Ended March 31, 2019

Capital Assets

At March 31, 2019, the Village had a net \$2.5 million invested in a broad range of capital assets, including land, buildings, equipment, transportation equipment, water and sewer systems. This amount represents a net decrease (including additions and disposals) of approximately \$217,000 from last year.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 158,872	\$ 201,087	\$ 30,500	\$ 30,500	\$ 189,372	\$ 231,587
Land improvements	66,134	76,401	0	0	66,134	76,401
Infrastructure	108,972	108,972	0	0	108,972	108,972
Buildings	454,933	454,933	1,244,552	1,244,552	1,699,485	1,699,485
Equipment	476,143	472,930	25,446	25,446	501,589	498,376
Vehicles	1,083,476	1,083,476	0	0	1,083,476	1,083,476
Water towers	0	0	265,644	256,409	265,644	256,409
Distribution systems	0	0	1,329,217	1,329,217	1,329,217	1,329,217
Collection systems	0	0	1,373,258	1,373,258	1,373,258	1,373,258
Meters and boxes	0	0	52,944	52,944	52,944	52,944
Total capital assets	2,348,530	2,397,799	4,321,561	4,312,326	6,670,091	6,710,125
Less accumulated depreciati	1,637,269	1,553,523	2,524,746	2,431,712	4,162,015	3,985,235
Net capital assets	\$ 711,261	\$ 844,276	\$ 1,796,815	\$ 1,880,614	\$ 2,508,076	\$ 2,724,890

For the governmental activities there were additions of new turn out gear for the Firefighters, a like kind exchange for a lawn mower and the purchase of a golf cart in the internal service fund.

For the business type activity there were additions of an upgrade to the water tower in the water fund.

We present more detailed information about our Governmental and Business Type Activities capital assets in the notes to the financial statements.

Debt

At the end of the year, the Village had \$2,312,000 in bonds outstanding versus \$2,369,000 in the previous year. No new debt was issued in the current year.

	<u>2019</u>	<u>2018</u>
Storm Sewer System Project Bond	\$ 920,000	\$ 951,000
2007 Capital Improvement Bond	<u>1,392,000</u>	<u>1,418,000</u>
	<u>\$ 2,312,000</u>	<u>\$ 2,369,000</u>

Village of Mayville
Management's Discussion and Analysis
For the Year Ended March 31, 2019

Factors Expected to Have an Effect on Future Operations

The Village is engaged with the USDA and has a Commitment of Funds for a \$7.1 million Lagoon and Sanitary Sewer upgrade. This upgrade is required by the MDEQ and has been a known issue to the Village since 2006, although corrective action was only initiated in 2018. The Village will be bonding for this project, with an expectation of starting the project in Spring of 2020.

The Village has completed the SAW Grant process and the Grant was closed out in October of 2018. The Village did receive an FDCVT Grant from the Department of Treasury for the purpose of installing Smart Meters in tandem with the Lagoon and Sewer upgrades and repairs. The FDCVT Grant is a reimbursable grant, so the Village anticipates minimal out-of-pocket expense for this project.

The planned MDOT road project within the Village was completed in 2019. This project was in the planning process for 5 years and required a significant portion of the Fund balance from Major Streets. We have another MDOT project planned for 2022 to complete the stretch of Main Street from Lincoln Street to Lobdell Road.

The Village ended their contract with the Village of Kingston for police coverage, which will decrease expenses for the operation of police services.

The Village will be seeking a renewal of the 2 mill Roads Millage in 2020. Village Council is considering asking voters for an increase as 2 mills only raises roughly \$26,000, which is not sufficient to maintain roads in the Village. The Village is also exploring the possibility of transitioning from a Village to a City, which may significantly impact future planning.

Contacting The Village's Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors 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, contact the Village Clerk's Office at 6043 Fulton Street, Mayville, MI 48744.

Village of Mayville
Statement of Net Position
March 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and investments	\$ 711,841	\$ 376,618	\$ 1,088,459
Accounts receivable	57,080	96,122	153,202
Due from governmental units	65,329	0	65,329
Prepaid expenses	20,349	5,095	25,444
USDA bond reserve	0	50,000	50,000
Fixed assets, net of accumulated depreciation	711,261	1,796,815	2,508,076
Total assets	<u>1,565,860</u>	<u>2,324,650</u>	<u>3,890,510</u>
<u>Current Liabilities</u>			
Accounts payable	19,987	2,087	22,074
Accrued expenses	11,318	2,212	13,530
Accrued interest	3,929	19,720	23,649
Current portion of noncurrent liabilities	33,000	27,000	60,000
Total current liabilities	<u>68,234</u>	<u>51,019</u>	<u>119,253</u>
<u>Noncurrent liabilities</u>			
Bonds (net of current portion)	887,000	1,365,000	2,252,000
Compensated absences	308	2,010	2,318
Total noncurrent liabilities	<u>887,308</u>	<u>1,367,010</u>	<u>2,254,318</u>
Total liabilities	<u>955,542</u>	<u>1,418,029</u>	<u>2,373,571</u>
<u>Net position</u>			
Net investment in capital assets	(208,739)	404,815	196,076
Restricted	580,977	69,548	650,525
Unrestricted	238,080	432,258	670,338
Total net position	<u>\$ 610,318</u>	<u>\$ 906,621</u>	<u>\$ 1,516,939</u>

See accompanying notes to financial statements.

Village of Mayville
Statement of Activities
For the Year Ended March 31, 2019

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:						
General government	\$ 70,551	\$ 12,361	\$ 0	\$ (58,190)	\$ 0	\$ (58,190)
Public safety	235,511	98,066	37,433	(100,012)	0	(100,012)
Culture and recreation	28,199	0	0	(28,199)	0	(28,199)
Highways and streets	123,876	0	140,715	16,839	0	16,839
Sanitation	54,588	106,425	0	51,837	0	51,837
Public works	210,419	0	0	(210,419)	0	(210,419)
Economic development	66	0	0	(66)	0	(66)
Capital outlay	84,873	35,664	0	(49,209)	0	(49,209)
Interest expense	46,682	0	0	(46,682)	0	(46,682)
Loss on sale of assets	16,525	0	0	(16,525)	0	(16,525)
Total governmental activities	871,290	252,516	178,148	(440,626)	0	(440,626)
Business-type activities:						
Water	252,675	239,023	0	0	(13,652)	(13,652)
Sewer	206,264	97,711	62,230	0	(46,323)	(46,323)
Total business-type activities	458,939	336,734	62,230	0	(59,975)	(59,975)
Total primary government	\$ 1,330,229	\$ 589,250	\$ 240,378	(440,626)	(59,975)	(500,601)
General Revenues:						
Taxes				249,948	0	249,948
Intergovernmental				248,280	0	248,280
Unrestricted investment earnings				1,477	271	1,748
Other				27,442	0	27,442
Total general revenues				527,147	271	527,418
Change in net position				86,521	(59,704)	26,817
Net position - beginning of year as previously stated				564,882	986,414	1,551,296
Prior period adjustment				(41,085)	(20,089)	(61,174)
Net position - beginning of year, restated				523,797	966,325	1,490,122
Net position - end of year				\$ 610,318	\$ 906,621	\$ 1,516,939

See accompanying notes to financial statements.

Village of Mayville
Governmental Funds
Balance Sheet
March 31, 2019

ASSETS

	General	Major Street	Debt Service	Other Nonmajor Governmental Funds	Total
Cash and investments	\$ 152,626	\$ 294,854	\$ 112,097	\$ 71,881	\$ 631,458
Accounts receivable	43,245	0	13,835	0	57,080
Due from governmental units	22,717	28,809	0	13,803	65,329
Prepaid expenditures	14,067	807	0	807	15,681
Total assets	<u>\$ 232,655</u>	<u>\$ 324,470</u>	<u>\$ 125,932</u>	<u>\$ 86,491</u>	<u>\$ 769,548</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 10,147	\$ 7,480	\$ 0	\$ 2,360	\$ 19,987
Accrued expenditures	11,168	86	0	37	11,291
Total liabilities	<u>21,315</u>	<u>7,566</u>	<u>0</u>	<u>2,397</u>	<u>31,278</u>

Fund Balance

Nonspendable - prepaids	14,067	807	0	807	15,681
Restricted	39,980	316,097	125,932	83,287	565,296
Unassigned	157,293	0	0	0	157,293
Total fund balance	<u>211,340</u>	<u>316,904</u>	<u>125,932</u>	<u>84,094</u>	<u>738,270</u>

Total liabilities and fund balance	<u>\$ 232,655</u>	<u>\$ 324,470</u>	<u>\$ 125,932</u>	<u>\$ 86,491</u>	<u>\$ 769,548</u>
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See accompanying notes to financial statements.

Village of Mayville
 Reconciliation of Balance Sheet of Governmental Funds
 to the Statement of Net Position
March 31, 2019

Total fund balance - governmental funds	\$ 738,270
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and are not reported in the funds:</p>	
Cost of the capital assets	2,348,530
Accumulated depreciation	(1,637,269)
<p>The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.</p>	
	85,024
<p>Accrued interest payable is included as a liability in governmental activities</p>	
	(3,929)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period; and therefore, are not reported in the funds.</p>	
Bonds	(920,000)
Compensated absences	(308)
	610,318
Total net position - governmental activities	\$ 610,318

See accompanying notes to financial statements.

Village of Mayville
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2019

	General	Major Street	Debt Service	Other Nonmajor Governmental Funds	Total
<u>Revenues</u>					
Taxes	\$ 191,845	\$ 40,672	\$ 0	\$ 17,431	\$ 249,948
Licenses and permits	1,423	0	0	0	1,423
Intergovernmental	252,281	112,126	0	43,595	408,002
Charges for services	162,233	0	54,618	0	216,851
Fines and forfeits	50	0	0	0	50
Interest and rents	930	0	544	3	1,477
Other revenues	44,414	0	0	0	44,414
Total revenues	<u>653,176</u>	<u>152,798</u>	<u>55,162</u>	<u>61,029</u>	<u>922,165</u>
<u>Expenditures</u>					
General government	61,389	0	0	0	61,389
Public safety	198,145	0	0	0	198,145
Culture and recreation	21,090	0	0	0	21,090
Highways and streets	22,882	50,012	0	50,674	123,568
Sanitation	54,588	0	0	0	54,588
Public works	209,956	0	0	0	209,956
Economic development	66	0	0	0	66
Principal retirement	3,024	0	31,000	0	34,024
Interest expense	40	0	46,775	0	46,815
Total expenditures	<u>571,180</u>	<u>50,012</u>	<u>77,775</u>	<u>50,674</u>	<u>749,641</u>
Net change in fund balance	<u>81,996</u>	<u>102,786</u>	<u>(22,613)</u>	<u>10,355</u>	<u>172,524</u>
Fund balance - beginning of year, as previously stated	140,696	214,118	148,545	73,739	577,098
Prior period adjustment	<u>(11,352)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(11,352)</u>
Fund balance - beginning of year, restated	<u>129,344</u>	<u>214,118</u>	<u>148,545</u>	<u>73,739</u>	<u>565,746</u>
Fund balance - end of year	<u>\$ 211,340</u>	<u>\$ 316,904</u>	<u>\$ 125,932</u>	<u>\$ 84,094</u>	<u>\$ 738,270</u>

See accompanying notes to financial statements.

Village of Mayville
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2019

Net change in fund balance - total governmental funds	\$ 172,524
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	4,165
Depreciation expense - government funds	(58,264)
Proceeds on sale of assets	(18)
Loss on sale of assets	(16,525)
Accrued interest is reported as a reduction in expenditures on the Statement of Activities	132
Increase in compensated absences are reported as an addition in expenditures when financial resources are accrued in the governmental fund in accordance with GASB Interpretation No. 6	(308)
Repayments of principal on capital leases and contracts payable are expenditures in governmental funds, but the payments reduce-long-term liabilities in the statement of activities	
Repayment of long-term debt	34,024
Internal service funds are used by management to charge the cost of fleet management to individual funds.	
The revenues and expenses of the internal services fund are included in the governmental activities statement	(49,209)
Change in net position of governmental activities	\$ 86,521

See accompanying notes to financial statements.

Village of Mayville
Proprietary Funds
Statement of Net Position
March 31, 2019

	<u>Enterprise Funds</u>		Internal Service Fund	Total
	<u>Water Fund</u>	<u>Sewer Fund</u>		
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 86,093	\$ 290,525	\$ 80,383	\$ 457,001
Accounts receivable - net	67,388	28,734	0	96,122
Prepaid expenses	3,007	2,088	4,668	9,763
USDA bond reserve	50,000	0	0	50,000
Total current assets	<u>206,488</u>	<u>321,347</u>	<u>85,051</u>	<u>612,886</u>
Capital assets - at cost	2,875,208	1,446,353	437,491	4,759,052
Less allowance for depreciation	<u>(1,305,133)</u>	<u>(1,219,613)</u>	<u>(341,359)</u>	<u>(2,866,105)</u>
Net capital assets	<u>1,570,075</u>	<u>226,740</u>	<u>96,132</u>	<u>1,892,947</u>
Total assets	<u>1,776,563</u>	<u>548,087</u>	<u>181,183</u>	<u>2,505,833</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	1,920	167	0	2,087
Accrued interest	19,720	0	0	19,720
Accrued payroll and other liabilities	1,147	1,065	27	2,239
Current portion of noncurrent liabilities	27,000	0	0	27,000
Total current liabilities	<u>49,787</u>	<u>1,232</u>	<u>27</u>	<u>51,046</u>
Long-term Liabilities:				
Revenue bonds (net of current portion)	1,365,000	0	0	1,365,000
Compensated Absences	831	1,179	0	2,010
Total long-term liabilities	<u>1,365,831</u>	<u>1,179</u>	<u>0</u>	<u>1,367,010</u>
Total liabilities	<u>1,415,618</u>	<u>2,411</u>	<u>27</u>	<u>1,418,056</u>
<u>Net position</u>				
Net investment in capital assets	178,075	226,740	96,132	500,947
Restricted - USDA RRI reserve	63,996	0	0	63,996
Restricted - Lagoon project	0	5,552	0	5,552
Unrestricted	<u>118,874</u>	<u>313,384</u>	<u>85,024</u>	<u>517,282</u>
Total net position	<u>\$ 360,945</u>	<u>\$ 545,676</u>	<u>\$ 181,156</u>	<u>\$ 1,087,777</u>

See accompanying notes to financial statements

Village of Mayville
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended March 31, 2019

	Enterprise Funds		Internal Service Fund	Total
	Water Fund	Sewer Fund		
Gross service charges	\$ 239,023	\$ 97,711	\$ 35,664	\$ 372,398
Operating expenses:				
Depreciation	64,668	28,366	44,650	137,684
Wages and benefits	48,440	33,982	12,180	94,602
Contractual services	22,671	106,690	722	130,083
Supplies	13,317	15,257	869	29,443
Repairs and maintenance	20,800	11,896	14,253	46,949
Equipment rental	4,451	4,646	0	9,097
Insurance	3,655	2,381	5,553	11,589
Licenses	1,163	712	0	1,875
Utilities	11,760	2,143	0	13,903
Miscellaneous	775	191	190	1,156
Dues	1,631	0	0	1,631
Travel	0	0	6,456	6,456
Total operating expenses	193,331	206,264	84,873	484,468
Operating income (loss)	45,692	(108,553)	(49,209)	(112,070)
Nonoperating revenues (expenses):				
Interest income	87	184	0	271
Interest expense	(59,344)	0	0	(59,344)
Grants	0	62,230	0	62,230
	(59,257)	62,414	0	3,157
Change in net position	(13,565)	(46,139)	(49,209)	(108,913)
Net position - beginning of year, as previously stated	394,599	591,815	230,365	1,216,779
Prior period adjustment	(20,089)	0	0	(20,089)
Net position - beginning of year, restated	374,510	591,815	230,365	1,196,690
Net position - end of year	\$ 360,945	\$ 545,676	\$ 181,156	\$ 1,087,777

See accompanying notes to financial statements

Village of Mayville
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2019

	<u>Enterprise Funds</u>		Internal Service Fund	<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>		
Cash flows from operating activities:				
Cash received from customers	\$ 233,423	\$ 88,704	\$ 35,664	\$ 357,791
Cash payments to suppliers for goods and services	(82,003)	(144,988)	(27,620)	(254,611)
Cash payments to employees for services	(46,462)	(31,738)	(12,152)	(90,352)
Other operating income	0	3,811	0	3,811
Net cash flows from operating activities	<u>104,958</u>	<u>(84,211)</u>	<u>(4,108)</u>	<u>16,639</u>
Cash flows from capital and related financing activities:				
Principal payments	(26,000)	0	0	(26,000)
Interest paid	(59,713)	0	0	(59,713)
Grants	0	62,230	0	62,230
Net cash flows from financing activities	<u>(85,713)</u>	<u>62,230</u>	<u>0</u>	<u>(23,483)</u>
Cash flows from investing activities:				
Interest and investment earnings	87	184	0	271
Acquisition of assets	(9,235)	0	(7,950)	(17,185)
Net cash flows from investing activities	<u>(9,148)</u>	<u>184</u>	<u>(7,950)</u>	<u>(16,914)</u>
Net increase (decrease) in cash and cash equivalents	10,097	(21,797)	(12,058)	(23,758)
Cash - beginning of year	<u>125,996</u>	<u>312,322</u>	<u>92,441</u>	<u>530,759</u>
Cash - end of year	<u>\$ 136,093</u>	<u>\$ 290,525</u>	<u>\$ 80,383</u>	<u>\$ 507,001</u>

See accompanying notes to financial statements

Village of Mayville
Fiduciary Fund
Statement of Fiduciary Net Position
March 31, 2019

ASSETS

	<u>Current Tax Fund</u>
Cash and investments	<u>\$ 1,301</u>

LIABILITIES

Due to other governmental units	<u>\$ 1,301</u>
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See accompanying notes to financial statements.

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Mayville (Village) conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village:

Reporting Entity

The Village, located in Tuscola County, Michigan, was incorporated as a general law village under the provisions of Act 3 of 1895, as amended. The Village operates under an elected council and provides services to its approximately 950 residents in many areas.

The reporting entity for the Village is based on criteria set forth by statements issued by the Governmental Accounting Standards Board. All activities over which the Village exercises oversight responsibility have been included in the reporting entity. Oversight responsibility is determined by factors such as financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters of the entity.

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. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental (state shared revenues) 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.

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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 Village 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.

Property taxes, intergovernmental (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 in the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Government reports the following major funds:

General Fund - The General Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Village. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

Special Revenue Fund – The Major Street Fund is used to record transactions relative to legally restricted expenditures for specific purposes.

Debt Service Fund – Debt service funds are used to account for the accumulation of resources for and the payment of long-term debt principal, interest and related costs.

The Government reports the following Proprietary funds:

Enterprise Funds - The Water and Sewer Funds are used to account for operations that provide services to citizens financed primarily by user charges or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - The Internal Service Fund is used to record transactions that provide supplies and services to the Village's other funds.

Assets, Liabilities, and Net position or Equity

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 fair value.

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 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. Real property taxes not collected by October 1 are turned over to Tuscola County for collection. The county reimburses the Village 100% for the delinquent real property taxes.

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets - Capital assets, which include land, buildings, equipment and infrastructure assets are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000. 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. Costs of normal repair and maintenance that do not add value or materially extend asset lives are not capitalized.

Land, building, equipment and infrastructure are depreciated using the straight-line method over the following useful lives:

Equipment and other	3-10 years
Vehicles	6 years
Buildings	50 years
Water and sewer mains	30-50 years
Water towers	50 years
Water meters	10 years
Other equipment	5-12 years
Infrastructure	5-50 years

The Village elected not to retroactively report some infrastructure assets, which is allowable under the provisions of GASB 34.

Long-term Obligations – In the government-wide financial statements, and propriety 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 statement of net position.

Fund Equity/Net position – The fund balance classifications are reported primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The fund balances are classified as nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance represents amounts that are not in a spendable form or are legally or contractually required to be maintained intact. Committed fund balance represents funds formally set aside by the Village Board for a particular purpose. The use of committed funds would be approved by the Village Board through the budget process.

Restricted fund balance represents amounts that are legally restricted by externally imposed constraints that are placed on the use of resources by grantors, contributors, laws or regulations of other governments.

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed fund balance represents amounts that have been formally set aside by the Village Board for specific purposes. Commitments are made, and can only be rescinded by resolution of the Village Board.

Assigned fund balance would represent tentative management plans that are subject to change. The Village's intent would be to spend uncommitted/unassigned funds prior to the use of committed funds. The Village Board has not adopted a policy to authorize anyone the authority to assign fund balance on behalf of the Village.

Unassigned fund balance represents amounts that have not been restricted, committed or assigned to specific purposes.

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Property Taxes – Property taxes are levied on July 1. Real property taxes not collected by October 1 are turned over to Tuscola County for collection and are reimbursed 100%.

The March 31, 2019 taxable valuation of the Village totaled 14.4 million. The Village assessed mills adjusted for Headlee rollback as follows: general operations 10.3690, streets 2.1967, and street repairs 1.9740, as adjusted by Public Act 5 of 1982.

Deferred Outflows and Inflows of Resources

Deferred Outflows – 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 did not have any deferred outflows at March 31, 2019.

Deferred Inflows – 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 so will not be recognized as an inflow of resources (revenue) until that time. The Village did not have any deferred inflows as of March 31, 2019.

Events Occurring After Reporting Date – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for, and disclosure of, transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying Independent Auditor's Report, which is the date the financial statements were available to be issued.

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 2 - BUDGETS

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Budget Committee submits a budget for the ensuing fiscal year to the Village Board for review and possible revision before April 1 of each year.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is approved prior to April 1 of each year.
4. Budgeted amounts are as originally adopted, or as amended by the Village Board throughout the year.

Budget variances are illustrated in the required supplemental information.

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 United States banks; commercial paper rates 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 Village's deposits are in accordance with statutory authority.

At year-end, the Government's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Cash and investments	<u>\$ 711,841</u>	<u>\$ 426,618</u>	<u>\$ 1,301</u>	<u>\$ 1,139,760</u>

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

The breakdown between deposits and investments for the Primary Government is as follows:

Deposits (checking and savings accounts, certificates of deposit)	\$ 1,139,710
Petty cash and cash on hand	<u>50</u>
Total	<u>\$ 1,139,760</u>

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of March 31, 2019, \$862,826 of the Village's bank balance of \$1,152,806 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Village's investment policy does not identify interest rate risk, foreign currency risk or concentration of credit risk. At March 31, 2019 all deposits were held at one financial institution.

Restricted Cash

The amount of \$50,000 in the Water Fund is restricted for debt service.

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 201,087	\$ 0	\$ 42,215	\$ 158,872
Capital assets being depreciated:				
Land improvements	76,401	0	10,267	66,134
Infrastructure	108,972	0	0	108,972
Buildings	454,933	0	0	454,933
Equipment	472,930	14,113	10,900	476,143
Vehicles	1,083,476	0	0	1,083,476
Subtotal	<u>2,196,712</u>	<u>14,113</u>	<u>21,167</u>	<u>2,189,658</u>
Less accumulated depreciation for:				
Land improvements	64,048	5,871	10,267	59,652
Infrastructure	37,243	4,016	0	41,259
Buildings	125,549	9,213	0	134,762
Equipment	342,107	46,261	8,902	379,466
Vehicles	984,576	37,554	0	1,022,130
Subtotal	<u>1,553,523</u>	<u>102,915</u>	<u>19,169</u>	<u>1,637,269</u>
Net capital assets being depreciated	<u>643,189</u>	<u>(88,802)</u>	<u>(1,998)</u>	<u>552,389</u>
Governmental activities, total capital assets - net of depreciation	<u>\$ 844,276</u>	<u>\$ (88,802)</u>	<u>\$ 40,217</u>	<u>\$ 711,261</u>

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 30,500	\$ 0	\$ 0	\$ 30,500
Capital assets being depreciated:				
Buildings	1,244,552	0	0	1,244,552
Water towers	256,409	9,235	0	265,644
Distribution systems	1,329,217	0	0	1,329,217
Collection systems	1,373,258	0	0	1,373,258
Machinery and equipment	25,446	0	0	25,446
Meters and boxes	52,944	0	0	52,944
Subtotal	<u>4,281,826</u>	<u>9,235</u>	<u>0</u>	<u>4,291,061</u>
Less accumulated depreciation for:				
Buildings	290,510	31,064	0	321,574
Water towers	167,766	5,313	0	173,079
Distribution systems	748,319	28,049	0	776,368
Collection systems	1,148,266	27,729	0	1,175,995
Machinery and equipment	23,907	879	0	24,786
Meters and boxes	52,944	0	0	52,944
Subtotal	<u>2,431,712</u>	<u>93,034</u>	<u>0</u>	<u>2,524,746</u>
Net capital assets being depreciated	<u>1,850,114</u>	<u>(83,799)</u>	<u>0</u>	<u>1,766,315</u>
Business-type activities, total capital assets - net of depreciation	<u>\$ 1,880,614</u>	<u>\$ (83,799)</u>	<u>\$ 0</u>	<u>\$ 1,796,815</u>

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 9,162
Public safety	41,531
Culture and recreation	7,109
Public works	463
Internal service	<u>44,650</u>
 Total governmental activities depreciation expense	 <u><u>\$ 102,915</u></u>
 Business-type activities:	
Water	\$ 64,668
Sewer	<u>28,366</u>
 Total business-type activities depreciation expense	 <u><u>\$ 93,034</u></u>

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 5 - LONG TERM DEBT

The following details the Village's long-term debt:

	Beginning Balance	Increase (Decrease)	Ending Balance
<u>Governmental Activities</u>			
Storm Sewer System Project Bond, dated December 1, 1996, due in annual installments of \$18,000 to \$74,000 through 2037 with an interest rate starting at 5.125%.	\$ 951,000	\$ (31,000)	\$ 920,000
Land Contract, dated October 31, 2008 with annual installments of \$1,176 to \$5,853 through 2019 with an interest rate of 4%.	1,177	(1,177)	0
Fire Truck Note, dated June 16, 2016, due in annual installments of \$4,000 to \$4,500 through 2019 with an interest rate of 3.99%.	1,847	(1,847)	0
<u>Business-Type Activities</u>			
Capital Improvement Bonds, dated August 7, 2007, due in annual installments of \$17,000 to \$58,000 through 2047 with an interest rate of 4%.	1,418,000	(26,000)	1,392,000
Total long-term debt	\$ 2,372,024	\$ (60,024)	\$ 2,312,000

Long-term debt obligation activity is summarized as follows:

	Balance April 1, 2018	Additions	Retirements and Payments	Balance March 31, 2019	Amount Due Within One Year
Bonds	\$ 2,369,000	\$ 0	\$ (57,000)	\$ 2,312,000	\$ 60,000
Land Contract	1,177	0	(1,177)	0	0
Note	1,847	0	(1,847)	0	0
	\$ 2,372,024	\$ 0	\$ (60,024)	\$ 2,312,000	\$ 60,000

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 5 - LONG TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the above obligations are as follows:

Year End March 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 33,000	\$ 45,175	\$ 27,000	\$ 58,586
2021	34,000	43,500	28,000	57,417
2022	36,000	41,750	29,000	56,206
2023	38,000	39,900	30,000	54,953
2024	40,000	37,950	32,000	53,636
2025-2029	231,000	156,975	179,000	246,396
2030-2034	295,000	91,625	221,000	204,024
2035-2039	213,000	16,275	272,000	151,854
2040-2044	0	0	336,000	87,466
2045-2048	0	0	238,000	15,472
Total	<u>\$ 920,000</u>	<u>\$ 473,150</u>	<u>\$ 1,392,000</u>	<u>\$ 986,010</u>

NOTE 6 - DEFINED CONTRIBUTION MONEY PURCHASE PLAN

The Village provides pension benefits for all eligible employees through the Village of Mayville's Money Purchase Plan. The Village contributes based upon contracts. Contributions for any year may not exceed the Internal Revenue Service's threshold. The employer's expense for the year ended March 31, 2019 was \$6,161. Employees did not contribute to the plan.

NOTE 7 - COMPENSATED ABSENCES PAYABLE

Accumulated and unused disability leave at year end is recognized as a liability of the respective funds in which each employee's wages are reported for those employees with 30 or more years of service. Total accrued disability leave at March 31, 2019 was \$0.

As of April 1, 2018, the Village implemented a new overtime compensation policy. Individuals that work overtime can be paid their overtime in that pay period or accrue their time and use it as vacation time in the future. As of March 31, 2019, compensated absences payable for governmental activities is \$308 and business-type activities is \$2,010.

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 8 - FUND BALANCES - RESTRICTED

The General Fund balance of \$39,980 is Act 33 funds that are restricted for future public safety use.

The Water Fund net position balance of \$63,996 is restricted for future repair, replacement and improvements on the water arsenic plant. The USDA requires an annual addition of \$5,333 to the restriction.

The Sewer Fund net position balance of \$5,552 is restricted for the lagoon project.

NOTE 9 - RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
Operating income (loss)	\$ 45,692	\$ (108,553)	\$ (49,209)	\$ (112,070)
Adjustment to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	64,668	28,366	44,650	137,684
Changes in assets and liabilities:				
Accounts receivable	(5,600)	(9,007)	0	(14,607)
Due from other governmental units	0	3,811	0	3,811
Prepaid expenses	337	65	423	825
Accrued expenses	1,147	1,065	28	2,240
Accounts payable	(2,117)	(1,137)	0	(3,254)
Compensated absences	831	1,179	0	2,010
Net cash flows from operating activities	<u>\$ 104,958</u>	<u>\$ (84,211)</u>	<u>\$ (4,108)</u>	<u>\$ 16,639</u>

NOTE 10 - RISK MANAGEMENT

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village Council participates in the Michigan Municipal League Workers' Compensation Fund Self Insurance Pool (SIP), a public entity risk pool currently operating as a common risk management program for public entities in the State of Michigan. The MML Workers' Compensation fund serves more than 800 cities, villages, townships, and other governmental agencies. The Village pays an annual premium to SIP for its workers' compensation coverage. The SIP is self-sustaining through member premiums.

In the event of unusually high claims, the SIP has the authority to bill the Village retroactively. The Village continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 11 - SUBSEQUENT EVENTS

The Village has a home that was purchased in 2016 included in fixed assets that is categorized as held for sale in the amount of \$38,146. In April 2019, the Village sold the asset for \$50,000.

The Village has a lagoon project with an anticipated cost of \$7.11 million. The project is being funded by a grant of \$1.88 million and debt issuance of \$5.23 million from USDA with a term of 40 years and 2.12% interest rate.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, was issued by GASB in January 2017 and will be effective for the Village's 2020 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on; (1) whether a government is controlling the assets of the fiduciary and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Local governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, was issued by the GASB in June 2017 and will be effective for the Village's 2021 year end. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Village of Mayville
Notes to Financial Statements
For the Year Ended March 31, 2019

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

The Village had previously not recorded accrued payroll for the firefighters on the financial statements. Recording the accrual resulted in a General Fund adjustment.

The Village has bonded indebtedness of which accrued interest was not previously recorded. As a result, an adjustment was made to the government wide financial statements and the proprietary fund statements for the Water Fund.

The Village sold land in a prior year that was not removed from the fixed asset schedule in the amount of \$25,672. The land was removed from the schedule in the current year, which resulted in an adjustment to the government wide financial statements.

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

	Governmental Funds	Proprietary Funds
	<u>General Fund</u>	<u>Water Fund</u>
Fund balance and net position as previously stated, April 1, 2018, respectively	\$ 140,696	\$ 394,599
Firefighters payroll accrual	(11,352)	0
Interest accrual	0	(20,089)
Fund balance and net position as restated, April 1, 2018, respectively	<u>\$ 129,344</u>	<u>\$ 374,510</u>

The restatement of the beginning of the year net position at the government wide level is as follows:

	Governmental activities	Business-type activities
	<u></u>	<u></u>
Net position as previously stated, April 1, 2018	\$ 564,882	\$ 986,414
Firefighters payroll accrual	(11,352)	0
Interest accrual	(4,061)	(20,089)
Sale of land	(25,672)	0
Net position as restated, April 1, 2018	<u>\$ 523,797</u>	<u>\$ 966,325</u>

Village of Mayville
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended March 31, 2019

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 145,449	\$ 148,956	\$ 191,845	\$ 42,889
Licenses and permits	1,550	1,550	1,423	(127)
Intergovernmental	273,129	279,053	252,281	(26,772)
Charges for services	132,178	153,580	162,233	8,653
Fines and forfeits	500	527	50	(477)
Interest and rents	250	718	930	212
Other revenues	40,916	46,687	44,414	(2,273)
Total revenues	<u>593,972</u>	<u>631,071</u>	<u>653,176</u>	<u>22,105</u>
<u>Expenditures</u>				
General government	48,817	65,507	61,389	4,118
Public safety	210,990	202,365	198,145	4,220
Culture and recreation	18,274	23,134	21,090	2,044
Highways and streets	25,000	25,000	22,882	2,118
Sanitation	52,716	54,460	54,588	(128)
Public works	232,669	239,852	209,956	29,896
Economic development	118	118	66	52
Principal retirement	3,023	2,967	3,024	(57)
Interest expenses	80	98	40	58
Total expenditures	<u>591,687</u>	<u>613,501</u>	<u>571,180</u>	<u>42,321</u>
Net change in fund balance	<u>2,285</u>	<u>17,570</u>	<u>81,996</u>	<u>64,426</u>
Fund balance - beginning of year, as previously stated	140,696	140,696	140,696	0
Prior period adjustment	<u>(11,352)</u>	<u>(11,352)</u>	<u>(11,352)</u>	<u>0</u>
Fund balance - beginning of year, restated	<u>129,344</u>	<u>129,344</u>	<u>129,344</u>	<u>0</u>
Fund balance - end of year	<u>\$ 131,629</u>	<u>\$ 146,914</u>	<u>\$ 211,340</u>	<u>\$ 64,426</u>

Village of Mayville
 Required Supplemental Information
 Budgetary Comparison Schedule - Major Street Fund
For the Year Ended March 31, 2019

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 14,004	\$ 14,004	\$ 40,672	\$ 26,668
Intergovernmental	78,103	84,103	112,126	28,023
Total revenues	92,107	98,107	152,798	54,691
<u>Expenditures</u>				
Highway and streets	45,432	47,127	50,012	(2,885)
Excess (deficiency) of revenues over expenditures	46,675	50,980	102,786	51,806
<u>Other Financing Uses</u>				
Transfers (out)	(13,097)	(13,097)	0	13,097
Net change in fund balance	33,578	37,883	102,786	64,903
Fund balance - beginning of year	214,118	214,118	214,118	0
Fund balance - end of year	<u>\$ 247,696</u>	<u>\$ 252,001</u>	<u>\$ 316,904</u>	<u>\$ 64,903</u>

Village of Mayville
 Other Supplemental Information
 Combining Balance Sheet
 Nonmajor Governmental Funds
March 31, 2019

	Special Revenue Funds		
	Local Streets	Public Improvement	Totals
	<u>ASSETS</u>		
Cash and investments	\$ 69,753	\$ 2,128	\$ 71,881
Accounts receivable	0	0	0
Prepaid expenses	807	0	807
Due from other governmental units	13,803	0	13,803
Total Assets	\$ 84,363	\$ 2,128	\$ 86,491
	<u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>			
Accounts payable	\$ 2,360	\$ 0	\$ 2,360
Accrued payroll	37	0	37
Total liabilities	2,397	0	2,397
<u>Fund Balance</u>			
Nonspendable - prepaids	807	0	807
Restricted	81,159	2,128	83,287
Total fund balance	81,966	2,128	84,094
Total Liabilities and fund balance	\$ 84,363	\$ 2,128	\$ 86,491

Village of Mayville
 Other Supplemental Information
 Combining Statement of Revenues, Expenditures and Changes
 in Fund Balance - Nonmajor Governmental Funds
For the Year Ended March 31, 2019

	Special Revenue Funds		
	Local Streets	Public Improvement	Totals
<u>Revenues</u>			
Taxes	\$ 17,431	\$ 0	\$ 17,431
Intergovernmental	43,595	0	43,595
Interest	0	3	3
	61,026	3	61,029
<u>Expenditures</u>			
Highways and streets	50,674	0	50,674
	50,674	0	50,674
Net change in fund balance	10,352	3	10,355
Fund balance - beginning of year	71,614	2,125	73,739
Fund balance - end of year	\$ 81,966	\$ 2,128	\$ 84,094

Village of Mayville
 Other Supplemental Information
 Debt Schedule - Storm Sewer System Project
 For the Year Ended March 31, 2019

<u>PURPOSE</u>	Provide funds for the construction and financing of improvements to the existing storm sewer system.		
<u>DATE OF ISSUE</u>	December 1, 1996		
<u>AMOUNT OF ISSUE</u>			\$ 1,350,000
<u>AMOUNT OF REDEEMED</u>			
	During prior years	\$ 399,000	
	During current year	31,000	430,000
<u>BALANCE OUTSTANDING - MARCH 31, 2019</u>			\$ 920,000

<u>Fiscal year</u>	Requirements		
	Principal	Interest	Total
2020	\$ 33,000	\$ 45,175	\$ 78,175
2021	34,000	43,500	77,500
2022	36,000	41,750	77,750
2023	38,000	39,900	77,900
2024	40,000	37,950	77,950
2025	42,000	35,900	77,900
2026	44,000	33,750	77,750
2027	46,000	31,500	77,500
2028	48,000	29,150	77,150
2029	51,000	26,675	77,675
2030	53,000	24,075	77,075
2031	56,000	21,350	77,350
2032	59,000	18,475	77,475
2033	62,000	15,450	77,450
2034	65,000	12,275	77,275
2035	68,000	8,950	76,950
2036	71,000	5,475	76,475
2037	74,000	1,850	75,850
Total	\$ 920,000	\$ 473,150	\$ 1,393,150

Village of Maville
 Other Supplemental Information
 Debt Schedule - 2007 Capital Improvement Bonds
 For the Year Ended March 31, 2019

PURPOSE Provide funds to pay for capital improvements to the Village's water system.

DATE OF ISSUE August 7, 2007

AMOUNT OF ISSUE \$ 1,712,000

AMOUNT OF REDEEMED

During prior years	\$ 294,000	
During current year	26,000	320,000

BALANCE OUTSTANDING - MARCH 31, 2019 \$ 1,392,000

<u>Fiscal year</u>	Requirements		
	Principal	Interest	Total
2020	\$ 27,000	\$ 58,586	\$ 85,586
2021	28,000	57,417	85,417
2022	29,000	56,206	85,206
2023	30,000	54,953	84,953
2024	32,000	53,636	85,636
2025	33,000	52,254	85,254
2026	34,000	50,830	84,830
2027	36,000	49,343	85,343
2028	37,000	47,792	84,792
2029	39,000	46,177	85,177
2030	41,000	44,477	85,477
2031	42,000	42,713	84,713
2032	44,000	40,885	84,885
2033	46,000	38,973	84,973
2034	48,000	36,976	84,976
2035	50,000	34,893	84,893
2036	52,000	32,725	84,725
2037	54,000	30,473	84,473
2038	57,000	28,114	85,114
2039	59,000	25,649	84,649
2040	62,000	23,078	85,078
2041	64,000	20,400	84,400
2042	67,000	17,616	84,616
2043	70,000	14,705	84,705
2044	73,000	11,667	84,667
2045	76,000	8,501	84,501
2046	79,000	5,207	84,207
2047	83,000	1,764	84,764
Total	\$ 1,392,000	\$ 986,010	\$ 2,378,010



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

September 25, 2019

Village Board
Village of Mayville
Tuscola County, Michigan

We have audited, in accordance with U.S. generally accepted auditing standards 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, the business-type activities, each major fund and the aggregate remaining fund information of Village of Mayville (Village), as of and for the year ended March 31, 2019 and the related notes to the financial statements, which collectively comprise Village of Mayville's basic financial statements and have issued our report thereon dated September 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Mayville's internal control over financial reporting (internal control) 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 Village of Mayville's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Mayville'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 Village'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses, 2019-001 and 2019-002.



Village Board
Village of Mayville
September 25, 2019

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Mayville'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*.

Response to Findings

Village of Mayville's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Village of Mayville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weinlander Fitzhugh

VILLAGE OF MAYVILLE
Schedule of Findings and Responses
For the Year Ended March 31, 2019

2019-001

Criteria or Specific Requirement

Establishment and maintenance of internal controls over financial reporting process

Condition

During the course of the audit, we identified several misstatements, some of which were material to the Village's financial statements, and provided audit entries to correct these misstatements. Material audit adjustments were required to reflect the appropriate year-end balances for the following: accounts payable, accounts receivable, accruals and cash.

Context

Internal controls should be in place to allow staff to detect and correct material misstatements in the general ledger accounts in the normal course of daily, weekly and annual reporting functions in accordance with GAAP without auditor involvement.

Effect

Material adjustments were required to be performed by the auditors to correct the General Fund, Water and Sewer Funds and Current Tax Fund. The material adjustments could lead to budget variances and violations due to inaccurate records and material misstatements of the Village's financial statements could go undetected.

Recommendation

The Village should review audit entries, understand why they are necessary, and implement the necessary controls to ensure that the accounts and transactions affected are reviewed closely during the year and especially at year-end close.

Views of the Responsible Officials and Planned Corrective Action

The Village's Clerk will go through audit entries, discuss and understand the requirement to close out the books at year end. The Village President and Council will provide training and support to the Clerk throughout the year. They will also monitor progress of the Village and receive monthly reports from the Clerk and Treasurer for review.

VILLAGE OF MAYVILLE
Schedule of Findings and Responses
For the Year Ended March 31, 2019

2019-002

Criteria or Specific Requirement

Establishment and maintenance of internal controls over the financial reporting process.

Condition

The Village did not complete accurate and timely bank reconciliations during the year. Bank reconciliations and monthly journal entries were not reviewed.

Context

The finding is a result of observation and inquiry with the Village administration.

Effect

The effect of this condition is that there is a reasonable possibility that a material misstatement of the Village's financial statements could occur without being prevented or detected and corrected on a timely basis.

Recommendation

The Village should review internal controls and implement the necessary procedures to ensure that bank reconciliations are prepared and reviewed on a timely basis. In addition, after each month-end, journal entries should be reviewed for overall completeness and accuracy. These procedures should be implemented in conjunction with the monitoring of financial activities throughout the year.

Views of the Responsible Officials and Planned Corrective Action

The Village will implement a policy for bank reconciliations to be completed by the end of the next month. The Village President and Council will continue to monitor the situation and follow up with the Clerk monthly.

VILLAGE OF MAYVILLE
Summary Schedule of Prior Year Findings
For the Year Ended March 31, 2019

2017-001

Audit Finding

Material weakness over the financial reporting and risk of misappropriation of assets due to lack of segregation of duties.

Corrective Action Taken

The Village hired a treasurer. With having a Clerk and Treasurer within the Village, the Village has improved their segregation of duties.



WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

September 25, 2019

Village Board
Village of Mayville
Tuscola County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Mayville (Village) for the year ended March 31, 2019. Professional standards require that we provide you with information about our responsibilities under U.S. generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 29, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Village of Mayville are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Village's financial statements was:

Management's estimate of the depreciation is based on estimated useful life of fixed assets. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: accounts payable, accruals, accounts receivable and cash across all funds.

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Village Board
Village of Mayville
September 25, 2019
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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 25, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Village of Mayville's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Village of Mayville's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining nonmajor fund financial statements and debt schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



WEINLANDER FITZHUGH

Village Board
Village of Mayville
September 25, 2019
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Restriction on Use

This information is intended solely for the information and use of Village Board and management of Village of Mayville and is not intended to be and should not be, used by anyone other than these specified parties.

Very truly yours,

Weinlander Fitzhugh



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VILLAGE OF MAYVILLE
CORRECTIVE ACTION PLAN
March 31, 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	Will go through audit entries, discuss and understand how to do the entries correctly in the future	Immediately	Clerk Treasurer
2019-002	Reconcile bank statements by end of next month. Review general activity report for completeness and accuracy.	Immediately	Clerk

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