

Village of Martin

Financial Statements

March 31, 2020



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Village of Martin
List of Elected and Appointed Officials
March 31, 2020

Village Officials

Gary Brinkhuis

Don Flower

Alice Kelsey

Dave Hunt

Don Rambadt

Jason Dykstra

Other Officers and Officials

Darcy Doezema – Clerk

Jen Brinkhuis– Deputy Clerk



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Independent Auditors' Report

Village Officials
Village of Martin
Martin, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Martin, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters:

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Martin's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, 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 other supplementary 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 other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Kalamazoo, MI
September 22, 2020

Village of Martin
Management's Discussion and Analysis
March 31, 2020

The management of the Village of Martin provides this narrative overview and analysis of the financial activities of the Village for the fiscal year ended March 31, 2020 for the benefit of the readers of these financial statements. This management's discussion and analysis ("MD&A") is intended to assist the reader in focusing on significant financial issues and provide an overview of the Village's financial activity. The Village encourages the readers to consider the following information here in conjunction with the financial statements taken as a whole, which follow this section.

Overview of the Financial Statements

This MD&A is an introduction to the Village's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing governmental services.

The fund financial statements present a short term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements by providing information about the Village's most significant funds.

Financial Highlights

Government-wide:

The net position of the Village of Martin as of March 31, 2020, was \$3,092,907, an increase of \$91,155 from the previous year. Overall general revenues were \$278,986. This consisted of \$90,972 from property taxes, \$137,854 from state revenue sharing, \$20,188 of interest income, and \$29,972 of other revenues. Overall net expenditures were \$572,182. Of this amount, \$74,410 was spent to support the general government, \$12,591 was spent on public safety, \$122,746 was spent on public works, \$212,928 was spent on sewer, and \$149,507 was spent on water.

Fund Level:

As of the close of the fiscal year, the Village's governmental funds reported a fund balance of \$782,626.

Village of Martin
Management's Discussion and Analysis
March 31, 2020

Financial Analysis of the Government as a Whole

The following table shows, in a condensed format, the net position as of March 31, 2020 and 2019.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 862,535	\$ 734,100	\$ 620,927	\$ 574,784	\$ 1,483,462	\$ 1,308,884
Capital assets, net	522,314	386,356	2,022,927	2,117,280	2,545,241	2,503,636
Total assets	<u>1,384,849</u>	<u>1,120,456</u>	<u>2,643,854</u>	<u>2,692,064</u>	<u>4,028,703</u>	<u>3,812,520</u>
Liabilities						
Current liabilities	2,103	3,260	38,693	52,149	40,796	55,409
Long-term liabilities	-	-	895,000	935,000	895,000	935,000
Total liabilities	<u>2,103</u>	<u>3,260</u>	<u>933,693</u>	<u>987,149</u>	<u>935,796</u>	<u>1,126,506</u>
Net position						
Net investment in capital assets	522,314	386,356	1,127,927	1,182,280	1,650,241	1,568,636
Restricted	342,234	287,821	-	-	342,234	287,821
Unrestricted	518,198	443,019	582,234	522,635	1,100,432	965,654
Total net position	<u>\$ 1,382,746</u>	<u>\$ 1,117,196</u>	<u>\$ 1,710,161</u>	<u>\$ 1,303,728</u>	<u>\$ 3,092,907</u>	<u>\$ 2,822,111</u>

One of the largest portions of the Village's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, a portion of net position is restricted for future use as follows: \$297,826 for major street projects, and \$44,408 for local street projects.

The remaining balance of unrestricted net position, \$1,100,432 may be used to meet the Village's ongoing obligations to citizens and creditors.

Village of Martin
Management's Discussion and Analysis
March 31, 2020

At the end of the current fiscal year, the Village is able to report positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Revenue	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenue						
Charges for services	\$ -	\$ -	\$ 356,949	\$ 382,613	\$ 382,613	\$ 382,613
Operating grants and contributions	50	7,917	-	-	50	7,917
Capital grants and contributions	27,352	26,131	-	570,231	27,352	596,362
General revenue						
Property taxes	90,972	89,665	-	-	90,972	89,665
State shared revenue	137,854	126,176	-	-	137,854	126,176
Unrestricted investment earnings	13,107	3,337	7,081	4,012	20,188	7,349
Miscellaneous	26,321	22,226	3,651	7,423	29,972	29,649
Total revenues	<u>295,656</u>	<u>275,452</u>	<u>367,681</u>	<u>964,279</u>	<u>663,337</u>	<u>1,239,731</u>
Program Expenses						
General government	74,410	62,614	-	-	74,410	62,614
Public safety	12,591	22,478	-	-	12,591	22,478
Public works	122,746	336,161	-	-	122,746	336,161
Sewer and water	-	-	362,435	508,234	362,435	508,234
Total program expenses	<u>209,747</u>	<u>421,253</u>	<u>362,435</u>	<u>508,234</u>	<u>572,182</u>	<u>929,487</u>
Change in net position	\$ <u>85,909</u>	\$ <u>(145,801)</u>	\$ <u>5,246</u>	\$ <u>456,045</u>	\$ <u>91,155</u>	\$ <u>310,244</u>

Governmental Activities

The Village's total governmental activity revenues were \$295,656. Governmental activity expenses of \$209,747 were recorded for the year creating an increase in net position of \$85,909.

Property taxes comprise 31% of governmental activities revenue. The Village's operating millage during the fiscal year was 8.9178 mills. In accordance with Charter and State Constitutional provisions, the Village may levy up to 10.0000 mills for operation in fiscal year 2019-2020.

The Village has no income tax.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax and motor fuel and weight taxes. State shared revenue comprises 47% of governmental activities revenue.

Village of Martin
Management's Discussion and Analysis
March 31, 2020

Business Type Activities

The Village's total business-type activity (water and sewer) revenues were \$367,681 and expenses were \$362,435 creating an increase in net position of \$5,246.

Financial Analysis of the Village's Funds

The fund financial statements provide detailed information about the most significant funds of the Village of Martin. The Village Council creates funds to help manage money for specific purposes as well as show accountability for certain activities.

The Village's governmental major funds include the following:

A. General Fund

Functions relating to the general governmental activities of the Village, which are financed by property tax levies, by distribution of State revenues, and other miscellaneous revenues are recorded in the General Fund. The Village Council's approved budget for the 2019-2020 fiscal year provided for an increase in fund balance of \$18,300; however, there was an increase of \$81,165, creating an ending fund balance of \$440,392. This was primarily due to overall restricted spending.

B. Major Street Fund

The Major Street Fund accounts for the maintenance and improvement activities for streets designated as "major" within the Village. Funding is primarily through state shared gas and weight taxes. The Village Council approved a budget that would decrease the fund balance by \$4,100. The actual fund balance increased by \$51,035, resulting in an ending fund balance of \$297,826. This was primarily due to decreased wages and costs related to a mild winter.

C. Local Street Fund

The Local Street Fund accounts for the maintenance and improvement activities for streets designated as "local" within the Village. Funding is primarily through state shared gas and weight taxes. The fund balance increased \$3,377 resulting in an ending fund balance of \$44,408. This was primarily due to decreased wages and costs related to a mild winter.

The Village's major enterprise funds include the following:

D. Sewer Fund

The Village provides municipal sanitary sewer to its residents as well as a limited number of Township residents and businesses. All sanitary sewage is pumped south, approximately seven miles, through a forced main to the City of Plainwell's Water Renewal Plant. Rates from the City of Plainwell are increasing most every year. The Village is charged the retail rate by Plainwell. The Village passes this same retail rate to its residents. Maintenance to the Village's system is billed on a unit basis to its customers. The number of units to charge is based on a national guide adopted as part of the Village's Ordinance.

Village of Martin
Management's Discussion and Analysis
March 31, 2020

E. Water Fund

The Village provides water to all Village residents as well as a limited number of Township residents and businesses. Two wells draw ground water from the aquifer underlying the Village. As the water is pumped from the ground and into the distribution system, chlorine is added as a disinfectant to destroy pathogenic organisms that could be harmful to health. The Village's operators collect and test water samples from the system each day. Reports are generated each month and sent to the Michigan Department of Environmental Quality for their monitoring. All properties are charged a Ready-to-Serve rate which supports the loan for the water system. Properties connected to the system are metered and charged on a per thousand gallon basis. Currently, approximately 75% of the Village properties are connected to the system. Ready-to-Serve and usage rates have not changed since the system was expanded in late 2002.

The Village Council reviews water and sewer rates and charges on an annual basis to cover costs of maintaining both systems.

General Fund Budgetary Highlights

Prior to the beginning of any year, the Village's budget is compiled based upon certain assumptions and facts available at the time. During the year, the Village acts to amend its budget to reflect changes in these original assumptions, facts, and/or economic conditions that were unknown at the time the original budget was compiled. In addition, by policy, the Village Council reviews and authorizes large expenditures when requested throughout the year.

Capital Asset and Debt Administration

At the end of the fiscal year 2019-2020, the Village had invested \$2,545,241, net of accumulated depreciation, in a broad range of capital assets (see the table below).

Capital Assets as of March 31, 2020 and 2019
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 29,800	\$ 29,800	\$ -	\$ -	\$ 29,800	\$ 29,800
Land improvements	2,467	2,702	-	-	2,467	2,702
Infrastructure	348,674	371,486	-	-	348,674	371,486
Buildings, additions, and improvements	112,282	119,213	21,844	30,299	134,126	149,512
Machinery and equipment	29,091	42,795	912,584	959,390	941,675	1,002,185
Water system	-	-	1,088,499	1,127,591	1,088,499	1,127,591
Total	<u>\$ 522,314</u>	<u>\$ 565,996</u>	<u>\$ 2,022,927</u>	<u>\$ 2,117,280</u>	<u>\$ 2,545,241</u>	<u>\$ 2,683,276</u>

Village of Martin
Management's Discussion and Analysis
March 31, 2020

The Village's total debt decreased by \$40,000 during the fiscal year leaving a total debt outstanding of \$895,000.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Village's budget for the 2020-2021 fiscal year:

- The Village's population according to the 2010 census was 410, down from 435 in the 2000 census. This is a 5.75% decrease. Since revenue received from the state is partially based on population totals, this will result in less State Shared revenues.
- When the 2020-2021 budget was determined, each line item was thoroughly reviewed and several factors were considered. One was that revenue would not provide increases, especially for property tax, state shared revenue, and interest. Spending was reduced in various funds, including streets and Public Works expenditures.
- The Village will continue to plan for the long term and will continue to balance budgets through controls over spending, while striving to provide the Village residents with the same level of services to which they have become accustomed.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village of Martin's finances and to show the Village's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Village's office at (269) 672-7777.

Village of Martin
Statement of Net Position
March 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 830,494	\$ 511,117	\$ 1,341,611
Receivables			
Taxes	3,847	-	3,847
Customers	-	65,021	65,021
Special assessments	-	44,789	44,789
Due from other units of government	28,194	-	28,194
Capital assets not being depreciated	29,800	-	29,800
Capital assets, net of accumulated depreciation	492,514	2,022,927	2,515,441
Total assets	<u>1,384,849</u>	<u>2,643,854</u>	<u>4,028,703</u>
Liabilities			
Accounts payable	2,103	23,606	25,709
Due to other units of government	-	15,087	15,087
Noncurrent liabilities			
Due in more than one year	-	895,000	895,000
Total liabilities	<u>2,103</u>	<u>933,693</u>	<u>935,796</u>
Net Position			
Net investment in capital assets	522,314	1,127,927	1,650,241
Restricted for			
Major streets	297,826	-	297,826
Local streets	44,408	-	44,408
Unrestricted	518,198	582,234	1,100,432
Total net position	<u>\$ 1,382,746</u>	<u>\$ 1,710,161</u>	<u>\$ 3,092,907</u>

See Accompanying Notes to the Financial Statements

Village of Martin
Statement of Activities
For the Year Ended March 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 74,410	\$ -	\$ 50	\$ -	\$ (74,360)	\$ -	\$ (74,360)
Public safety	12,591	-	-	-	(12,591)	-	(12,591)
Public works	122,746	-	-	27,352	(95,394)	-	(95,394)
Total governmental activities	209,747	-	50	27,352	(182,345)	-	(182,345)
Business-type activities							
Sewer	212,928	228,036	-	-	-	15,108	15,108
Water	149,507	128,913	-	-	-	(20,594)	(20,594)
Total business-type activities	362,435	356,949	-	-	-	(5,486)	(5,486)
Total	\$ 572,182	\$ 356,949	\$ 50	\$ 27,352	(182,345)	(5,486)	(187,831)
General revenues							
Property taxes					90,972	-	90,972
State shared revenue					137,854	-	137,854
Unrestricted investment earnings					13,107	7,081	20,188
Miscellaneous					26,321	3,651	29,972
Total general revenues					268,254	10,732	278,986
Change in net position					85,909	5,246	91,155
Net position - beginning of year					1,296,837	1,704,915	3,001,752
Net position - end of year					\$ 1,382,746	\$ 1,710,161	\$ 3,092,907

See Accompanying Notes to the Financial Statements

Village of Martin
Governmental Funds
Balance Sheet
March 31, 2020

	<u>General</u>	<u>Special Revenue Fund Major Streets</u>	<u>Nonmajor Governmental Fund Local Streets</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 431,787	\$ 278,368	\$ 42,533	\$ 752,688
Receivables				
Taxes	3,847	-	-	3,847
Due from other units of government	<u>6,811</u>	<u>19,508</u>	<u>1,875</u>	<u>28,194</u>
Total assets	<u>\$ 442,445</u>	<u>\$ 297,876</u>	<u>\$ 44,408</u>	<u>\$ 784,729</u>
Liabilities				
Accounts payable	2,053	50	-	2,103
Fund Balances				
Restricted for				
Major Street Fund	-	297,826	-	297,826
Local Street Fund	-	-	44,408	44,408
Assigned for community promotion	37,214	-	-	37,214
Unassigned	<u>403,178</u>	<u>-</u>	<u>-</u>	<u>403,178</u>
Total fund balances	<u>440,392</u>	<u>297,826</u>	<u>44,408</u>	<u>782,626</u>
Total liabilities and fund balances	<u>\$ 442,445</u>	<u>\$ 297,876</u>	<u>\$ 44,408</u>	<u>\$ 784,729</u>

See Accompanying Notes to the Financial Statements

Village of Martin
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
March 31, 2020

Total fund balances for governmental funds	\$ 782,626
Total net position for governmental activities in the statement of net position is different because	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	475,117
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	29,800
Internal service funds are included as part of governmental activities.	<u>95,203</u>
Net position of governmental activities	<u><u>\$ 1,382,746</u></u>

Village of Martin
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2020

	General	Special Revenue Fund Major Streets	Nonmajor Governmental Fund Local Streets	Total Governmental Funds
Revenues				
Taxes	\$ 90,972	\$ -	\$ -	\$ 90,972
Licenses and permits	7,141	-	-	7,141
State revenue sharing	67,572	59,625	10,657	137,854
Local contributions	50	36,585	-	36,635
Interest income	8,009	5,081	17	13,107
Other revenue	5,531	4,416	-	9,947
Total revenues	<u>179,275</u>	<u>105,707</u>	<u>10,674</u>	<u>295,656</u>
Expenditures				
Current				
General government	42,773	-	-	42,773
Public safety	12,591	-	-	12,591
Public works	42,746	54,672	7,297	104,715
Total expenditures	<u>98,110</u>	<u>54,672</u>	<u>7,297</u>	<u>160,079</u>
Excess of revenues over expenditures	81,165	51,035	3,377	135,577
Fund balance - beginning of year	<u>359,227</u>	<u>246,791</u>	<u>41,031</u>	<u>647,049</u>
Fund balance - end of year	<u>\$ 440,392</u>	<u>\$ 297,826</u>	<u>\$ 44,408</u>	<u>\$ 782,626</u>

See Accompanying Notes to the Financial Statements

Village of Martin
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2020

Net change in fund balances - Total governmental funds	\$ 135,577
Total 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 allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(31,637)
Internal service funds are also included as governmental activities	<u>(18,031)</u>
Change in net position of governmental activities	<u>\$ 85,909</u>

Village of Martin
Proprietary Funds
Statement of Net Position
March 31, 2020

	Enterprise Funds			Internal
	Sewer	Water	Total	Service Fund
Assets				
Current assets				
Cash and cash equivalents	\$ 237,558	\$ 273,559	\$ 511,117	\$ 77,806
Receivables				
Customers	39,894	25,127	65,021	-
Special assessments receivable, current	165	3,955	4,120	-
Total current assets	<u>277,617</u>	<u>302,641</u>	<u>580,258</u>	<u>77,806</u>
Noncurrent assets				
Special assessments receivable, deferred	1,435	39,234	40,669	-
Capital assets, net of accumulated depreciation	<u>906,126</u>	<u>1,116,801</u>	<u>2,022,927</u>	<u>17,397</u>
Total noncurrent assets	<u>907,561</u>	<u>1,156,035</u>	<u>2,063,596</u>	<u>17,397</u>
Total assets	<u>1,185,178</u>	<u>1,458,676</u>	<u>2,643,854</u>	<u>95,203</u>
Liabilities				
Current liabilities				
Accounts payable	23,606	-	23,606	-
Due to other units of government	<u>15,087</u>	<u>-</u>	<u>15,087</u>	<u>-</u>
Total current liabilities	<u>38,693</u>	<u>-</u>	<u>38,693</u>	<u>-</u>
Noncurrent liabilities				
Long-term debt net of current portion	<u>-</u>	<u>895,000</u>	<u>895,000</u>	<u>-</u>
Total liabilities	<u>38,693</u>	<u>895,000</u>	<u>933,693</u>	<u>-</u>
Net Position				
Net investment in capital assets	906,126	221,801	1,127,927	17,397
Unrestricted	<u>240,359</u>	<u>341,875</u>	<u>582,234</u>	<u>77,806</u>
Total net position	<u>\$ 1,146,485</u>	<u>\$ 563,676</u>	<u>\$ 1,710,161</u>	<u>\$ 95,203</u>

See Accompanying Notes to the Financial Statements

Village of Martin
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended March 31, 2020

	Enterprise Funds			Internal
	Sewer	Water	Total	Service Fund
Operating revenue				
Customer fees	\$ 222,767	\$ 130,606	\$ 353,373	\$ -
Billings to other funds	-	-	-	26,344
Fines and forfeitures	5,269	-	5,269	-
Other revenue	-	1,469	1,469	418
Total operating revenue	<u>228,036</u>	<u>132,075</u>	<u>360,111</u>	<u>26,762</u>
Operating expenses				
Personnel services	72	21,152	21,224	5,500
Contractual services	138,423	860	139,283	-
Utilities	5,882	8,289	14,171	-
Repairs and maintenance	18,688	7,892	26,580	9,021
Other expenses	5,557	28,579	34,136	18,227
Depreciation	44,306	50,047	94,353	12,045
Total operating expenses	<u>212,928</u>	<u>116,819</u>	<u>329,747</u>	<u>44,793</u>
Operating income (loss)	<u>15,108</u>	<u>15,256</u>	<u>30,364</u>	<u>(18,031)</u>
Nonoperating revenue (expenses)				
Property taxes	-	489	489	-
Interest income	1,427	5,654	7,081	-
Interest expense	-	(32,688)	(32,688)	-
Total nonoperating revenues (expenses)	<u>1,427</u>	<u>(26,545)</u>	<u>(25,118)</u>	<u>-</u>
Change in net position	16,535	(11,289)	5,246	(18,031)
Net position - beginning of year	<u>1,129,950</u>	<u>574,965</u>	<u>1,704,915</u>	<u>113,234</u>
Net position - end of year	<u>\$ 1,146,485</u>	<u>\$ 563,676</u>	<u>\$ 1,710,161</u>	<u>\$ 95,203</u>

See Accompanying Notes to the Financial Statements

Village of Martin
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2020

	Enterprise Funds			Internal
	Sewer	Water	Total	Service Fund
Cash flows from operating activities				
Receipts from customers	\$ 214,837	\$ 121,131	\$ 335,968	\$ 418
Receipts from interfund users	-	-	-	26,344
Payments to suppliers	(180,317)	(47,309)	(227,626)	(28,102)
Payments to employees	(72)	(21,152)	(21,224)	(5,500)
Net cash provided (used) by operating activities	34,448	52,670	87,118	(6,840)
Cash flows from capital and related financing activities				
Proceeds from special assessments	133	5,574	5,707	-
Principal and interest paid on long-term debt	-	(72,688)	(72,688)	-
Net cash provided (used) by capital and related financing activities	133	(67,114)	(66,981)	-
Cash flows from investing activities				
Interest received	1,427	5,654	7,081	-
Net increase (decrease) in cash and cash equivalents	36,008	(8,301)	27,707	(6,840)
Cash and cash equivalents - beginning of year	201,550	281,860	483,410	84,646
Cash and cash equivalents - end of year	<u>\$ 237,558</u>	<u>\$ 273,559</u>	<u>\$ 511,117</u>	<u>\$ 77,806</u>

See Accompanying Notes to the Financial Statements

Village of Martin
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2020

	Enterprise Funds			Internal
	Sewer	Water	Total	Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 15,108	\$ 15,256	\$ 30,364	\$ (18,031)
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	44,306	50,047	94,353	12,045
Changes in assets and liabilities				
Receivables (net)	(13,199)	(10,944)	(24,143)	-
Accounts payable	(1,620)	(1,689)	(3,309)	(854)
Due to other units of government	(10,147)	-	(10,147)	-
Net cash provided (used) by operating activities	<u>\$ 34,448</u>	<u>\$ 52,670</u>	<u>\$ 87,118</u>	<u>\$ (6,840)</u>

See Accompanying Notes to the Financial Statements

Village of Martin
Notes to the Financial Statements
March 31, 2020

Note 1 - Summary of Significant Accounting Policies

Reporting entity

Village of Martin is governed by an elected seven-member Board. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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.

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 funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Village of Martin
Notes to the Financial Statements
March 31, 2020

The government reports the following major governmental funds:

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

The Major Street Fund accounts for the maintenance and improvement activities for streets designated as "major" within the Village. Funding is primarily through state shared gas and weight taxes.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

Additionally, the government reports the following:

The Local Street Fund accounts for maintenance and improvement activities for streets designated as "local" within the Village. Funding is primarily through state shared gas and weight taxes.

Internal Service Funds accounts for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 sewer and water funds and the internal service funds are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for sewer and water funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, liabilities, and net position or equity

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. Certificate of deposits are stated at cost which approximates fair value.

Village of Martin
Notes to the Financial Statements
March 31, 2020

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 arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The Village considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2019 taxable valuation of the government totaled \$10,052,359, on which ad valorem taxes consisted of 8.9178 mills for operating purposes. This resulted in \$89,644 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities 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 (\$5,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

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

Buildings	40 – 60 years
Building improvements	15 – 30 years
Water and sewer lines	50 – 75 years
Vehicles	3 – 10 years
Office equipment computer equipment	5 – 7 years
Computer equipment	3 – 7 years

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Village of Martin
Notes to the Financial Statements
March 31, 2020

Fund Balance – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the government's highest level of decision-making, its Village Council. A fund balance commitment may be established, modified, or rescinded by a resolution of the Village Council.

Assigned – amounts intended to be used for specific purposes, as determined by the Village Council. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the government's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the government's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Adoption of New Accounting Standards

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides postponement of effective dates for certain GASB Statements. This statement was effective upon issuance in May of 2020.

Upcoming Accounting and Reporting Changes

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases

Village of Martin
Notes to the Financial Statements
March 31, 2020

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 an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending March 31, 2023.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending March 31, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving

required note disclosures. This statement is effective for the year ending March 31, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending March, 2023.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending March 31, 2024.

Village of Martin
Notes to the Financial Statements
March 31, 2020

The Village is evaluating the impact the above GASB's will have on financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

The government is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to March 31, the Village Clerk submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1. Public hearings are held to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to April 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Village Clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Village Council.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

Excess of Expenditures over Appropriations

During the year, the Village incurred expenditures in certain budgetary funds which were in excess of amounts appropriated, as follows:

	Appropriations	Actual	Budget Variance
Public safety	\$ 5,000	\$ 12,591	\$ 7,591

Note 3 - Deposits and Investments

At year end the government's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents
Governmental activities	\$ 830,494
Business-type activities	511,117
Total	\$ 1,341,611

The breakdown between deposits and investments is as follows:

	Primary Government
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 1,341,611

Interest rate risk – In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 60 months.

Village of Martin
Notes to the Financial Statements
March 31, 2020

Credit risk – State statutes authorize the government 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 local unit is allowed to invest in bonds, securities and other 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 rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of 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. The investment policy adopted by the government authorizes investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Concentration of credit risk – The government has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year-end, \$655,826 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Receivables

The only receivables not expected to be collected within one year are as follows:

	<u>Due After One Year</u>	<u>Fund</u>
Primary government		
Special assessments	\$ 1,435	Sewer
Special assessments	39,234	Water
Total	<u>\$ 40,669</u>	

Village of Martin
Notes to the Financial Statements
March 31, 2020

Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 29,800	\$ -	\$ -	\$ 29,800
Capital assets being depreciated				
Land improvements	4,700	-	-	4,700
Infrastructure	462,319	-	-	462,319
Buildings, additions and improvements	192,319	-	-	192,319
Machinery and equipment	179,546	-	-	179,546
Total capital assets being depreciated	838,884	-	-	838,884
Less accumulated depreciation for				
Land improvements	1,998	235	-	2,233
Infrastructure	90,833	22,812	-	113,645
Buildings, additions and improvements	73,106	6,931	-	80,037
Machinery and equipment	136,751	13,704	-	150,455
Total accumulated depreciation	302,688	43,682	-	346,370
Net capital assets being depreciated	536,196	(43,682)	-	492,514
Governmental activities capital assets, net	\$ 565,996	\$ (43,682)	\$ -	\$ 522,314

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Buildings, additions and improvements	\$ 169,110	\$ -	\$ -	\$ 169,110
Machinery and equipment	2,156,135	-	-	2,156,135
Water system	1,959,842	-	-	1,959,842
Total capital assets being depreciated	4,285,087	-	-	4,285,087
Less accumulated depreciation for				
Buildings, additions and improvements	138,811	8,455	-	147,266
Machinery and equipment	1,196,745	46,806	-	1,243,551
Water system	832,251	39,092	-	871,343
Total accumulated depreciation	2,167,807	94,353	-	2,262,160
Net capital assets being depreciated	2,117,280	(94,353)	-	2,022,927
Business-type capital assets, net	\$ 2,117,280	\$ (94,353)	\$ -	\$ 2,022,927

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 31,637
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	12,045
Total governmental activities	43,682
Business-type activities	
Sewer	44,306
Water	50,047
Total business-type activities	94,353
Total primary government	\$ 138,035

Village of Martin
Notes to the Financial Statements
March 31, 2020

Note 6 - Long-Term Debt

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities									
Bonds and notes payable									
General obligation bonds									
Refunding of 2002 Allegan County									
Water Supply System	\$ 1,195,000	May 1, 2040	2.75% – 4%	\$15,000 – \$55,000	\$ 935,000	\$ -	\$ 40,000	\$ 895,000	\$ -

Village of Martin
Notes to the Financial Statements
March 31, 2020

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

Year Ending March 31,	Business-type Activities	
	Principal	Interest
2021	\$ -	\$ -
2022	40,000	32,588
2023	40,000	31,488
2024	40,000	30,388
2025	45,000	29,038
2026 - 2030	220,000	122,744
2031 - 2035	240,000	82,190
2036 - 2040	255,000	33,600
2041	15,000	600
	<u>\$ 895,000</u>	<u>\$ 362,636</u>

Note 7 - Consent Agreement

On November 17, 2015, the Village signed a consent agreement with the City of Plainwell for a total of \$44,000 to repay a settled penalty. The amount will be paid over 60 monthly payments in the amount of \$733. There is no interest charged on this agreement. This amount is included in Due to Other Government Units in the Sewer Fund. The future obligations for this agreement are as follows:

Year Ending March 31,	Payment
2021	<u>\$ 5,134</u>

Note 8 - Risk Management

The government is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The government has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Note 10 - Subsequent Events

As a result of the global coronavirus pandemic of 2020, many organizations' financial picture has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the global picture continues to change daily. While management is hopeful that the impact is temporary in nature, a description of known and anticipated circumstances expected to have a significant impact on the Township as the date of managements review is as follows:

Revenues and Liquidity – The Village does not foresee significant liquidity issues at this time, however, the effect the pandemic may have on revenues is unknown. It is uncertain if taxable values will be impacted. In addition, future state shared revenues are expected to lower as a result of fewer sales tax collections.

Village of Martin
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2020

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes				
Property taxes	\$ 85,000	\$ 85,000	\$ 90,972	\$ 5,972
Licenses and permits	-	-	7,141	7,141
State revenue sharing	40,000	40,000	67,572	27,572
Local contributions	100	100	50	(50)
Interest income	1,600	1,600	8,009	6,409
Other revenue	6,000	6,000	5,531	(469)
Total revenues	<u>132,700</u>	<u>132,700</u>	<u>179,275</u>	<u>46,575</u>
Expenditures				
General government				
Township board	16,800	16,800	10,994	(5,806)
Clerk	8,200	8,200	7,667	(533)
Treasurer	7,000	7,000	6,174	(826)
Buildings and grounds	18,200	19,300	17,873	(1,427)
Attorney	500	500	65	(435)
Total general government	<u>50,700</u>	<u>51,800</u>	<u>42,773</u>	<u>(9,027)</u>
Public safety				
Police	5,000	5,000	5,450	450
Building inspection department	-	-	7,141	7,141
Total public safety	<u>5,000</u>	<u>5,000</u>	<u>12,591</u>	<u>7,591</u>

Village of Martin
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2020

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Public works				
Department of public works	\$ 47,100	\$ 49,100	\$ 34,898	\$ (14,202)
Highways, streets and bridges	500	500	367	(133)
Street lighting	8,000	8,000	7,481	(519)
Total public works	55,600	57,600	42,746	(14,854)
Total expenditures	111,300	114,400	98,110	(16,290)
Excess of revenues over expenditures	21,400	18,300	81,165	62,865
Fund balance - beginning of year	359,227	359,227	359,227	-
Fund balance - end of year	<u>\$ 380,627</u>	<u>\$ 377,527</u>	<u>\$ 440,392</u>	<u>\$ 62,865</u>

Village of Martin
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended March 31, 2020

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
State revenue sharing	\$ 43,500	\$ 43,500	\$ 59,625	\$ 16,125
Local contributions	34,500	34,500	36,585	2,085
Interest income	900	900	5,081	4,181
	<u>78,900</u>	<u>78,900</u>	<u>105,707</u>	<u>26,807</u>
Expenditures				
Current				
Public works	<u>82,900</u>	<u>83,000</u>	<u>54,672</u>	<u>(28,328)</u>
Excess (deficiency) of revenues over expenditures	(4,000)	(4,100)	51,035	55,135
Fund balance - beginning of year	<u>246,791</u>	<u>246,791</u>	<u>246,791</u>	<u>-</u>
Fund balance - end of year	<u>\$ 242,791</u>	<u>\$ 242,691</u>	<u>\$ 297,826</u>	<u>\$ 55,135</u>

Village of Martin
Other Supplementary Information
Schedule of Indebtedness
March 31, 2020

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest	Interest	Total
Business-type Activities						
Refunding Bond, Series 2012						\$ 895,000
	2.75%	5/1/2021	\$ 40,000	\$ 16,294	\$ 16,294	855,000
	2.75%	5/1/2022	40,000	15,744	15,744	815,000
	3.375%	5/1/2023	40,000	15,194	15,194	775,000
	3.375%	5/1/2024	45,000	14,519	14,519	730,000
	3.375%	5/1/2025	45,000	13,759	13,759	685,000
	3.375%	5/1/2026	45,000	13,000	13,000	640,000
	3.375%	5/1/2027	40,000	12,241	12,241	600,000
	3.375%	5/1/2028	45,000	11,566	11,566	555,000
	3.75%	5/1/2029	45,000	10,806	10,806	510,000
	3.75%	5/1/2030	45,000	9,963	9,963	465,000
	3.75%	5/1/2031	45,000	9,119	9,119	420,000
	3.75%	5/1/2032	50,000	8,275	8,275	370,000
	3.75%	5/1/2033	50,000	7,338	7,338	320,000
	4.00%	5/1/2034	50,000	6,400	6,400	270,000
	4.00%	5/1/2035	50,000	5,400	5,400	220,000
	4.00%	5/1/2036	50,000	4,400	4,400	170,000
	4.00%	5/1/2037	55,000	3,400	3,400	115,000
	4.00%	5/1/2038	50,000	2,300	2,300	65,000
	4.00%	5/1/2039	50,000	1,300	1,300	15,000
	4.00%	5/1/2040	15,000	300	300	-