

**VILLAGE OF METAMORA**  
**LAPEER COUNTY, MICHIGAN**

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**FINANCIAL REPORT**  
**YEAR ENDED MARCH 31, 2021**

	<u>Page Number</u>
<i>Independent Auditors' Report</i> .....	1
<i>Management's Discussion and Analysis</i> .....	3
 <i>Basic Financial Statements</i>	
Statement of Net Position .....	9
Statement of Activities .....	10
Governmental Funds Balance Sheet .....	12
Reconciliation of Fund Balance on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position .....	13
Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances .....	14
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Proprietary Funds Statement of Net Position .....	16
Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position .....	17
Proprietary Funds Statement of Cash Flows .....	18
Fiduciary Funds Statement of Net Position .....	19
<i>Notes to Financial Statements</i> .....	20
 <i>Required Supplementary Information</i>	
General Fund Budgetary Comparison Schedule .....	30
Special Revenue Fund Budgetary Comparison Schedule – Major Street Fund .....	32
Special Revenue Fund Budgetary Comparison Schedule – Local Street Fund .....	33
Blended Component Unit Budgetary Comparison Schedule – Downtown Development Authority Fund .....	34

# **HYZER, HILL, KUZAK & CO., P.C.**

Certified Public Accountants  
1242 Sand Beach Road  
P. O. Box 326  
Bad Axe, MI 48413-0326

Michael Doerr, CPA  
Tammy Talaski, CPA  
Garret Mausolf, CPA

Phone: (989) 269-9541 • FAX (989) 269-6777 • E-mail: hyzerhillkuzak@sbcglobal.net

## **INDEPENDENT AUDITORS' REPORT**

To the Village Council  
Village of Metamora  
Lapeer County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Metamora, Lapeer County, Michigan as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **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 Metamora, Lapeer County, Michigan, as of March 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

Certified Public Accountants

*Hyger, Hill, Kusale & Co., P.C.*

July 23, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Village of Metamora, Michigan, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended March 31, 2021. We encourage readers to consider the information presented here.

### Financial Highlights

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$4,769,957 (*net position*). Of this amount, \$1,198,136 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors
- The government's total net position decreased by \$46,993.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,215,576.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$231,568 or seventy nine percent of total general fund expenditures including transfers out.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction and overview to the Village's basic financial statements.

The Village's basic financial statements are made up of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the Village include general government (including administration) and public works.

The government-wide financial statements can be found on pages 9 - 11 of this report.

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

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

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

The Village maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Major Street Fund, Local Street Fund and the Downtown Development Authority, each of which are considered to be major funds.

The Village adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

**Proprietary funds.** The Village maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its sanitary sewer and water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the sewer and water operations, both of which are considered to be major funds of the Village.

The basic proprietary fund financial statements can be found on pages 16 - 18 of this report.

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

The basic fiduciary fund financial statements can be found on page 19 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 29 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary information for the four major governmental funds. This required supplemental information can be found on pages 30 - 34 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$4,769,957 at the close of the fiscal year.

A significant portion of the Village's net position (68% or \$3,248,163) reflects its investment in capital assets (e.g., land, buildings, machinery 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 its 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. Additionally, the Village has net position of \$323,658 which is restricted as to use by external factors.

The *unrestricted net position* (25% or \$1,198,136) may be used to meet the government's ongoing obligations to citizens and creditors. The table below shows the Village's net position as of March 31, 2021 and 2020.

**Village's Net Position**

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 1,234,520	\$ 1,151,281	\$ 310,658	\$ 248,018	\$ 1,545,178	\$ 1,399,299
Capital assets	1,330,463	1,410,292	1,917,700	2,025,853	3,248,163	3,436,145
Total assets	2,564,983	2,561,573	2,228,358	2,273,871	4,793,341	4,835,444
<b>Liabilities</b>						
Long-term liabilities outstanding	-	-	-	-	-	-
Other liabilities	18,944	16,957	4,440	1,537	23,384	18,494
Total liabilities	18,944	16,957	4,440	1,537	23,384	18,494
<b>Net position</b>						
Investment in capital assets, net of related debt	1,330,463	1,410,292	1,917,700	2,025,853	3,248,163	3,436,145
Restricted	323,658	283,751	-	-	323,658	283,751
Unrestricted	891,918	850,573	306,218	246,481	1,198,136	1,097,054
Total net position	\$ 2,546,039	\$ 2,544,616	\$ 2,223,918	\$ 2,272,334	\$ 4,769,957	\$ 4,816,950



The Village's net position decreased by \$46,993 during fiscal year 2021. Key elements of this decrease are shown in the following table.

**Village's Change in Net Position**

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 9,970	\$ 13,533	\$ 199,938	\$ 201,903	\$ 209,908	\$ 215,436
Grants and contributions	76,595	77,030	-	-	76,595	77,030
General revenue:						
Property taxes	284,613	274,885	-	-	284,613	274,885
State sources	105,212	87,108	-	-	105,212	87,108
Investment earnings	1,103	12,191	694	2,110	1,797	14,301
Total revenue	477,493	464,747	200,632	204,013	678,125	668,760
<b>Expenses</b>						
General government	184,654	185,824	-	-	184,654	185,824
Public works	290,017	283,584	-	-	290,017	283,584
Economic development	1,399	1,349	-	-	1,399	1,349
Sewer and water	-	-	249,048	256,254	249,048	256,254
Total expenses	476,070	470,757	249,048	256,254	725,118	727,011
Change in net position	1,423	(6,010)	(48,416)	(52,241)	(46,993)	(58,251)
Net position, beginning of year	2,544,616	2,550,626	2,272,334	2,324,575	4,816,950	4,875,201
Net position, end of year	\$ 2,546,039	\$ 2,544,616	\$ 2,223,918	\$ 2,272,334	\$ 4,769,957	\$ 4,816,950

**Governmental Activities**

Net position of the governmental activities increased by \$1,423, as compared to a decrease of \$6,010 in 2020. Revenues increased by \$12,746 due to increased property tax revenue and State sources. Public works expenditures increased by \$6,433 due to several maintenance projects throughout the village in prior year.

**Business Type Activities**

Business type activities realized a decrease in net position of \$48,416 as compared to a \$52,241 decrease in 2020. Revenues decreased by \$3,381. The decrease in net position is largely due to depreciation expense of \$132,653 on system assets. The systems depreciable assets are financed by capital charges to users which are recorded as revenues upon levy by the Village.

### Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

For the year ended March 31, 2021, the Village's governmental funds reported a combined fund balance of \$1,215,576, which represents an increase of \$81,252 from 2020 levels.

At March 31, 2021, the General Fund fund balance was \$231,568 which was \$6,288 higher than the 2020 balance.

The Village's other governmental funds included the DDA fund which reported an increase of \$35,057 and total fund balance at March 31, 2021 of \$660,350.

The Village's other governmental funds are Major and Local Street Funds which reported fund balances of \$323,658, which represents an increase of \$39,907 over 2020 levels.

**Proprietary funds.** The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Village's business type activities.

### General Fund Budgetary Highlights

The Village amended the budget to take into account events that occurred during the year.

Actual general fund expenditures were \$35,322 lower than final budgeted amounts due to various cost savings measures.

### Capital Asset and Debt Administration

**Capital assets.** The Village's investment in capital assets for its governmental and business type activities as of March 31, 2021, amounted to \$3,248,163. This investment in capital assets includes land, buildings and improvements, systems, equipment, and infrastructure.

The table below shows the Village’s Capital Assets as of March 31, 2021 and 2020.

**Village’s Capital Assets**  
 (Net of Depreciation)

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 659,756	\$ 659,756	\$ 122,259	\$ 122,259	\$ 782,015	\$ 782,015
Buildings and improvements	94,263	98,897	-	-	94,263	98,897
Systems	-	-	1,795,441	1,903,594	1,795,441	1,903,594
Equipment	80,683	92,489	-	-	80,683	92,489
Infrastructure	495,761	559,150	-	-	495,761	559,150
<b>Total net assets</b>	<b>\$ 1,330,463</b>	<b>\$ 1,410,292</b>	<b>\$ 1,917,700</b>	<b>\$ 2,025,853</b>	<b>\$ 3,248,163</b>	<b>\$ 3,436,145</b>

Additional information on the Village’s capital assets can be found in Note 4 on page 27 of this report.

**Long-term debt.** At the end of the current fiscal year, the Village had no debt outstanding.

**Economic Factors and Next Year’s Budgets and Rates**

- Governmental fund budgets for the fiscal year ending March 31, 2022 anticipate revenues in excess of spending of \$24,441 excluding the DDA fund. The excess revenue will be added to existing fund balances.
- COVID-19 has created uncertainties surrounding revenue streams for local governments. The Federal Coronavirus Local Fiscal Recovery Fund (CLFRF) was established under Section 9901 of the American Rescue Plan Act of 2021 (ARPA). We expect additional funding from this grant in the upcoming year. The Village will continue to monitor its financial position and act accordingly.

**Requests for Information**

This financial report is designed to provide a general overview of the Village’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tina Sauve, Village Clerk, P.O. Box 117, Metamora, MI 48455.

## **BASIC FINANCIAL STATEMENTS**

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>Assets</b>			
Cash and cash equivalents, unrestricted	\$ 940,374	\$ 281,662	\$ 1,222,036
Cash not qualifying as cash equivalents	104,019	-	104,019
Receivables, unrestricted - net of allowance	5,602	26,147	31,749
Due from other governments	182,321	-	182,321
Long-term contract, restricted	-	5,053	5,053
Internal balances	2,204	(2,204)	-
Capital assets, net	1,330,463	1,917,700	3,248,163
Total assets	<u>2,564,983</u>	<u>2,228,358</u>	<u>4,793,341</u>
<b>Liabilities</b>			
Accounts payable	16,778	4,440	21,218
Accrued payroll and liabilities	2,166	-	2,166
Total liabilities	18,944	4,440	23,384
<b>Net Position</b>			
Investment in capital assets, net	1,330,463	1,917,700	3,248,163
Restricted:			
Streets and local roads	323,658	-	323,658
Unrestricted	891,918	306,218	1,198,136
Total net position	<u>\$ 2,546,039</u>	<u>\$ 2,223,918</u>	<u>\$ 4,769,957</u>

**Village of Metamora, Michigan**

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Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>			
Governmental activities:			
General government	\$ 184,654	\$ 9,970	\$ -
Public works	290,017	-	76,595
Economic development	1,399	-	-
	476,070	9,970	76,595
Business type activities:			
Sewer	142,340	98,264	-
Water	106,708	101,674	-
	249,048	199,938	-
Total primary government	\$ 725,118	\$ 209,908	\$ 76,595

General revenue:  
Property taxes  
State sources  
Unrestricted investment income

Total general revenue

Change in net position

Net position, beginning of year

Net position, end of year

**Statement of Activities**  
**For the Year Ended March 31, 2021**

Net (Expense) Revenue and Change in Net Position		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (174,684)	\$ -	\$ (174,684)
(213,422)	-	(213,422)
(1,399)	-	(1,399)
(389,505)	-	(389,505)
-	(44,076)	(44,076)
-	(5,034)	(5,034)
-	(49,110)	(49,110)
(389,505)	(49,110)	(438,615)
284,613	-	284,613
105,212	-	105,212
1,103	694	1,797
390,928	694	391,622
1,423	(48,416)	(46,993)
2,544,616	2,272,334	4,816,950
\$ 2,546,039	\$ 2,223,918	\$ 4,769,957

The notes to financial statements are an integral part of this statement.

	Major Funds				Total Governmental Funds
	General	Major Street	Local Street	Downtown Development Authority	
<b>Assets</b>					
<b>Assets</b>					
Cash and cash equivalents	\$ 129,773	\$ 212,060	\$ 91,458	\$ 507,083	\$ 940,374
Cash not qualifying as cash equivalents	104,019	-	-	-	104,019
Receivables:					
Property taxes	5,602	-	-	-	5,602
Other governmental units	8,501	15,563	4,990	153,267	182,321
Due from other funds	2,617	-	888	-	3,505
<b>Total assets</b>	<b><u>\$ 250,512</u></b>	<b><u>\$ 227,623</u></b>	<b><u>\$ 97,336</u></b>	<b><u>\$ 660,350</u></b>	<b><u>\$ 1,235,821</u></b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 16,778	\$ -	\$ -	\$ -	\$ 16,778
Accrued payroll and liabilities	2,166	-	-	-	2,166
Due to other funds	-	1,158	143	-	1,301
<b>Total liabilities</b>	<b>18,944</b>	<b>1,158</b>	<b>143</b>	<b>-</b>	<b>20,245</b>
<b>Fund Balances</b>					
Restricted	-	226,465	97,193	660,350	984,008
Unassigned	231,568	-	-	-	231,568
<b>Total fund balance</b>	<b><u>231,568</u></b>	<b><u>226,465</u></b>	<b><u>97,193</u></b>	<b><u>660,350</u></b>	<b><u>1,215,576</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 250,512</u></b>	<b><u>\$ 227,623</u></b>	<b><u>\$ 97,336</u></b>	<b><u>\$ 660,350</u></b>	<b><u>\$ 1,235,821</u></b>



**Village of Metamora, Michigan**

**Reconciliation of Fund Balance on the Balance Sheet for  
Governmental Funds to Net Position of Governmental Activities  
on the Statement of Net Position  
March 31, 2021**

Total fund balances, governmental funds		\$ 1,215,576
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets	2,408,575	
Accumulated depreciation	<u>(1,078,112)</u>	<u>1,330,463</u>
Net position, governmental activities		<u>\$ 2,546,039</u>

The notes to financial statements are an integral part of this statement.

**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**For the Year Ended March 31, 2021**

	Major Funds				Total Governmental Funds
	General	Major Street	Local Street	Downtown Development Authority	
<b>Revenue</b>					
Property taxes	\$ 208,880	\$ -	\$ -	\$ 75,733	\$ 284,613
Licenses and permits	3,041	-	-	-	3,041
State sources	52,987	57,999	18,596	52,225	181,807
Charges for services	4,000	-	-	-	4,000
Interest income	310	201	90	502	1,103
Rental income	2,344	-	-	-	2,344
Miscellaneous	585	-	-	-	585
<b>Total revenue</b>	<b>272,147</b>	<b>58,200</b>	<b>18,686</b>	<b>128,460</b>	<b>477,493</b>
<b>Expenditures</b>					
General government	152,553	-	-	23,321	175,874
Public works	61,989	35,201	11,778	110,000	218,968
Economic development	1,399	-	-	-	1,399
<b>Total expenditures</b>	<b>215,941</b>	<b>35,201</b>	<b>11,778</b>	<b>133,321</b>	<b>396,241</b>
Excess of revenue over (under) expenditures	56,206	22,999	6,908	(4,861)	81,252
<b>Other financing sources (uses)</b>					
Transfers in	27,616	10,000	-	77,534	115,150
Transfers out	(77,534)	-	-	(37,616)	(115,150)
<b>Total other financing sources (uses)</b>	<b>(49,918)</b>	<b>10,000</b>	<b>-</b>	<b>39,918</b>	<b>-</b>
Net change in fund balances	6,288	32,999	6,908	35,057	81,252
Fund balances, beginning of year	225,280	193,466	90,285	625,293	1,134,324
Fund balances, end of year	<u>\$ 231,568</u>	<u>\$ 226,465</u>	<u>\$ 97,193</u>	<u>\$ 660,350</u>	<u>\$ 1,215,576</u>

The notes to financial statements are an integral part of this statement.

**Village of Metamora, Michigan**

**Reconciliation of the Statement of Revenue,  
Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended March 31, 2021**

Net change in fund balances, governmental funds		\$ 81,252
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	11,398	
Depreciation expense	<u>(91,227)</u>	<u>(79,829)</u>
Change in net position, governmental activities		<u>\$ 1,423</u>

The notes to financial statements are an integral part of this statement.

**Proprietary Funds  
Statement of Net Position  
March 31, 2021**

	Business Type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 112,960	\$ 168,702	\$ 281,662
Accounts receivable	13,646	12,501	26,147
Due from other funds	-	8,667	8,667
Total current assets	126,606	189,870	316,476
Noncurrent assets:			
Long-term contracts	5,053	-	5,053
Capital assets, net	1,435,079	482,621	1,917,700
Total noncurrent assets	1,440,132	482,621	1,922,753
Total assets	1,566,738	672,491	2,239,229
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	2,210	2,230	4,440
Due to other funds	9,458	1,413	10,871
Total current liabilities	11,668	3,643	15,311
<b>Net Position</b>			
Investment in capital assets, net	1,435,079	482,621	1,917,700
Unrestricted	119,991	186,227	306,218
Total net position	\$ 1,555,070	\$ 668,848	\$ 2,223,918

**Proprietary Funds**  
**Statement of Revenue, Expenses, and Changes in Net Position**  
**For the Year Ended March 31, 2021**

	Business Type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
<b>Operating Revenue</b>			
Sale of water	\$ -	\$ 92,074	\$ 92,074
Sewage disposal charges	98,264	-	98,264
Connection fees	-	6,000	6,000
Rental income	-	3,600	3,600
	<hr/>	<hr/>	<hr/>
Total operating revenue	98,264	101,674	199,938
<b>Operating Expenses</b>			
Contracted services	45,490	37,477	82,967
Repairs	1,860	1,440	3,300
Supplies	1,319	3,336	4,655
Utilities	6,980	13,828	20,808
Administration	2,000	2,665	4,665
Depreciation	84,691	47,962	132,653
	<hr/>	<hr/>	<hr/>
Total operating expenses	142,340	106,708	249,048
Operating loss	(44,076)	(5,034)	(49,110)
<b>Nonoperating Revenue</b>			
Investment income	546	148	694
	<hr/>	<hr/>	<hr/>
Change in net position	(43,530)	(4,886)	(48,416)
Net position, beginning of year	1,598,600	673,734	2,272,334
	<hr/>	<hr/>	<hr/>
Net position, end of year	\$ 1,555,070	\$ 668,848	\$ 2,223,918
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

**Proprietary Funds  
Statement of Cash Flows  
For the Year Ended March 31, 2021**

	Business Type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 100,344	\$ 102,304	\$ 202,648
Payments to suppliers	(58,044)	(59,585)	(117,629)
Net cash provided by operating activities	42,300	42,719	85,019
<b>Cash flows for capital and related financing activities:</b>			
Acquisition of capital assets	(24,500)	-	(24,500)
<b>Cash flows from investing activities:</b>			
Investment income	546	148	694
Net increase in cash and cash equivalents	18,346	42,867	61,213
Cash and cash equivalents, beginning of year	94,614	125,835	220,449
Cash and cash equivalents, end of year	<u>\$ 112,960</u>	<u>\$ 168,702</u>	<u>\$ 281,662</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>			
Operating loss for the year	\$ (44,076)	\$ (5,034)	\$ (49,110)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	84,691	47,962	132,653
Change in assets and liabilities:			
Accounts receivable	2,080	630	2,710
Accounts payable	2,210	693	2,903
Due to other funds	(2,605)	(1,532)	(4,137)
Net cash provided by operating activities	<u>\$ 42,300</u>	<u>\$ 42,719</u>	<u>\$ 85,019</u>

**Fiduciary Funds  
Statement of Net Position  
March 31, 2021**

	<u>Escrow Account</u>
<b>Assets</b>	
Cash and cash equivalents	\$ <u>909</u>
<b>Liabilities</b>	
Accounts payable	\$ <u>909</u>

## **NOTES TO FINANCIAL STATEMENTS**



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Metamora, Michigan conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

### ***Reporting Entity***

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Village and its component units. In evaluating the Village as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Village may be financially accountable and, as such, should be included within the Village's financial statements. The Village (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Village. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit discussed below is included in the Village's reporting entity because of its operational or financial relationship with the Village.

### ***Blended Component Unit***

The financial statements of the following component unit have been "blended" with those of the Village because the component unit provides services entirely to the Village.

Downtown Development Authority – The members of the governing board of the Downtown Development Authority (DDA) are appointed by the Village Council. The budgets and expenditures of the DDA must be approved by the Village Council. The Village also has the ability to significantly influence operations of the DDA. Complete separate financial statements of the DDA are not prepared.

### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

### ***Government-wide Financial Statements***

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. 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.

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. These statements distinguish between activities that are governmental and those that are business type activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position are reported in three parts (1) investment in capital assets, net of related debt, (2) restricted net position, and (3) unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Village's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.). The Village does not allocate indirect costs. In creating the government-wide financial statements the Village has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Village as an entity and the change in the Village's net position resulting from current year activities.

### ***Fund Financial Statements***

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.

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, franchise fees, 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise 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. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The Village reports the following major governmental funds:

The *General fund* is the primary operating fund of the Village. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The *Major Street fund* is used to account for the maintenance and construction of the Village's major street system.

The *Local Street fund* is used to account for the maintenance and construction of the Village's local street system.

The *Downtown Development Authority* assists the Village in financing improvements to the downtown area.

The Village reports the following major enterprise funds:

The *Sewer fund* is used to account for the revenues and expenses for the operation of the sewer system.

The *Water fund* is used to account for the revenues and expenses for the operation of the water system.

Restricted net position is assets that are subject to restrictions beyond the Village's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

### ***Assets, Liabilities and Equity***

#### ***Deposits and Investments***

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. For purposes of the statement of cash flows, the Village considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and all local government investment pools to be cash equivalents.

#### ***Interfund Receivables and Payables***

Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

#### ***Inventories and Prepaid Items***

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Village defines capital assets as assets with an initial individual cost in excess of \$1,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 - 40 years
Machinery and equipment	7 - 10 years
Office equipment	5 years
Water and sewer distribution systems	10 - 50 years
Infrastructure	20 years

**Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund statement of net position.

**Fund Equity**

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Council (the government’s highest level of decision-making authority). A formal resolution of the Council is required to establish, modify, or rescind a fund balance commitment. The Village reports assigned fund balance for amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the General Fund.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government’s policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

**Property Taxes**

Village property taxes become an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before September 14.

The 2020 taxable valuation of the Village totaled \$19,994,647 on which ad valorem taxes levied consisted of 10.3231 mills for the Village's operating purposes.

The delinquent real property taxes of the Village are purchased by Lapeer County. The delinquent real property taxes are received before year end.

**Subsequent events**

The Village has evaluated subsequent events through July 23, 2021, the date the financial statements were available to be issued.

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

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

1. The Village Clerk submits to the Village Council a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Village Council.
4. Any revision that alters the total expenditures of any fund must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General fund and major Special Revenue funds budgets as originally adopted and amended by the Village Council is included in the required supplementary information.
7. All annual appropriations lapse at fiscal year end.

The Village overspent its budget in the following areas:

	Amended Budget	Actual	Variance
General fund:			
General government:			
Council:			
Legal	\$ 10,000	\$ 16,272	\$ 6,272
Dues	600	2,534	1,934
Other	10,700	13,666	2,966
Clerk:			
Equipment	2,600	2,660	60
Treasurer:			
Supplies	900	917	17
Public works:			
Supplies	4,500	4,517	17
Major Street fund:			
Public works:			
Routine maintenance, wages & taxes	1,500	1,615	115
Routine maintenance, contractual	10,000	11,948	1,948
Administration, wages & taxes	268	288	20
Local Street fund:			
Public works:			
Routine maintenance, wages & taxes	800	861	61
Administration, wages & taxes	132	142	10

### 3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Village to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; 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 rated by two standard rating agencies 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 investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Village Council has designated three banks for the deposit of Village funds. The DDA board has designated two banks for the deposit of DDA funds. The investment policy adopted by the Council in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The Village's deposits and investment policy are in accordance with statutory authority.

The Village's deposits and investments at March 31, 2021 are included in the statement of net position as follows:

	Governmental Activities	Business Type Activities	Total
Cash and cash equivalents	\$ 940,374	\$ 281,662	\$ 1,222,036
Cash not qualifying as cash equivalents	104,019	-	104,019
<b>Total</b>	<b>\$ 1,044,393</b>	<b>\$ 281,662</b>	<b>\$ 1,326,055</b>

**Deposits and Investments**

The Village maintains savings accounts and certificates of deposits. At March 31, 2021, the Village's deposits and investment balances were as follows:

	<u>Primary Government</u>	<u>Fiduciary Fund</u>
Bank deposits	<u>\$ 1,326,055</u>	<u>\$ 909</u>

**Custodial Credit Risk - Deposits**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Village's deposits may not be returned. State law does not require and the Village does not have a policy for deposit custodial credit risk. As of year end, the Village had \$193,784 of bank deposits that were uninsured and uncollateralized.

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices. As of year end, the Village had no investments.

**4. CAPITAL ASSETS**

Capital assets activity for the year ended March 31, 2021 was as follows:

**Governmental activities:**

Nondepreciable capital assets:

Land	\$ 659,756	\$ -	\$ -	\$ 659,756
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Depreciable capital assets:

Buildings and improvements	207,803	-	-	207,803
Machinery and equipment	171,860	11,398	-	183,258
Office equipment	28,864	-	-	28,864
Infrastructure	1,328,894	-	-	1,328,894

Total depreciable capital assets	1,737,421	11,398	-	1,748,819
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Less accumulated depreciation	986,885	91,227	-	1,078,112
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Depreciable capital assets, net	750,536	(79,829)	-	670,707
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Capital assets, net	\$ 1,410,292	\$ (79,829)	\$ -	\$ 1,330,463
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**Business type activities:**

Nondepreciable capital assets:

Sewer land	\$ 115,744	\$ -	\$ -	\$ 115,744
Water land	6,515	-	-	6,515

Total nondepreciable capital assets	122,259	-	-	122,259
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Depreciable capital assets:

Sewer system	3,070,247	24,500	-	3,094,747
Water system	1,657,784	-	-	1,657,784

Total depreciable capital assets	4,728,031	24,500	-	4,752,531
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Less accumulated depreciation	2,824,437	132,653	-	2,957,090
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Depreciable capital assets, net	1,903,594	(108,153)	-	1,795,441
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Capital assets, net	\$ 2,025,853	\$ (108,153)	\$ -	\$ 1,917,700
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Depreciation was charged to activities as follows:

**Governmental activities**

General government	\$ 8,780
Public works	82,447
Total governmental activities	<u>\$ 91,227</u>

**Business type activities**

Sewer	\$ 84,691
Water	47,962
Total business type activities	<u>\$ 132,653</u>



**5. RECEIVABLE AND PAYABLE BALANCES**

Receivables and payables as of March 31, 2021 for the Village's governmental and business type activities in the aggregate are as follows:

	Governmental Activities	Business Type Activities
<b>Receivables</b>		
Accounts	\$ 5,602	\$ 26,147
Intergovernmental	182,321	-
Amounts due from utility connection fees	-	5,053
Total receivables	<u>\$ 187,923</u>	<u>\$ 31,200</u>
 <b>Payables and accrued expenses</b>		
Accounts	\$ 16,778	\$ 4,440
Accrued payroll and liabilities	2,166	-
Total payables and accrued expenses	<u>\$ 18,944</u>	<u>\$ 4,440</u>

The accounts receivable are reported net of allowances for uncollectible accounts of \$1,750. The amounts due for utility connection fees are due over a 40 year period and bear interest at 6.25% annually. The annual principal due under these agreements approximates \$1,023.

**6. INTERFUND TRANSACTIONS**

The composition of interfund receivable and payable balances at March 31, 2021 is as follows:

Receivable fund	Payable fund	Amount
General Fund	Major Street Fund	\$ 270
	Local Street Fund	\$ 143
	Sewer Fund	\$ 791
	Water Fund	\$ 1,413
Local Street Fund	Major Street Fund	\$ 888
Water Fund	Sewer Fund	\$ 8,667

These balances resulted from a time lag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

***Interfund Advance***

Interfund transfers reported in the fund statements were as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Downtown Development Authority	\$ 77,534
Downtown Development Authority	General Fund	\$ 27,616
Downtown Development Authority	Major Street Fund	\$ 10,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## 7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation).

The Village participates in the Michigan Municipal Liability and Property Pool (the "Pool") for workers' compensation and property risk. The Pool is a public entity risk pool providing property and liability coverage to its participating members. The Village pays an annual premium for its insurance coverage. The Pool is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies.

Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in the past three fiscal years.

## 8. ECONOMIC DEPENDENCY AND CREDIT RISK

### *Concentrations*

One taxpayer, a local manufacturer, accounts for approximately 7 percent of the Village's property tax revenue.

### *Credit Risk*

The Village grants credit to its residents for water and sewer services.

## 9. TAX ABATEMENTS

The Village enters into property tax abatement agreements with local businesses under the state Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. Under the Act, localities may grant property tax abatements of up to 50 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Village.

For the fiscal year ended March 31, 2021, the Village abated property taxes totaling \$279 under this program, including the following tax abatement agreement that exceeded 10 percent of the total amount abated:

- A 50 percent tax abatement to a manufacturing company for the construction and installation of new industrial property. The abatement amounted to \$279.

## 10. UNCERTAINTIES

The extent of the impact of COVID-19 on the Village's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on services, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition and results of operations is uncertain.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Village of Metamora, Michigan**

**General Fund  
Budgetary Comparison Schedule  
For the Year Ended March 31, 2021**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>				
Property taxes	\$ 201,500	\$ 201,560	\$ 208,880	\$ 7,320
Licenses and permits	3,500	3,500	3,041	(459)
State sources	44,700	44,700	52,987	8,287
Charges for services	4,000	4,000	4,000	-
Interest income	2,000	2,000	310	(1,690)
Rental income	2,300	2,300	2,344	44
Miscellaneous	2,300	2,350	585	(1,765)
Total revenue	260,300	260,410	272,147	11,737
<b>Expenditures</b>				
General government:				
Council:				
President's wage	1,658	1,658	1,658	-
Council wages	6,000	6,000	4,445	1,555
Payroll taxes	2,000	2,000	497	1,503
Consulting fees	2,000	2,000	-	2,000
Audit	12,875	15,225	15,225	-
Ordinance enforcement	1,000	1,000	-	1,000
Legal	10,000	10,000	16,272	(6,272)
Printing	500	500	85	415
Dues	200	600	2,534	(1,934)
Insurance	10,500	10,833	10,833	-
Transportation	1,000	1,000	289	711
DPW building	2,000	2,000	-	2,000
Parks and beautification	6,000	10,150	10,102	48
Concerts in the park	6,000	6,000	5,550	450
Other	10,300	10,700	13,666	(2,966)
Total council	72,033	79,666	81,156	(1,490)
Clerk:				
Wages-elected	39,780	39,780	39,780	-
Assistant clerk wage	3,000	3,000	895	2,105
Payroll taxes	4,000	4,000	3,112	888
Health insurance	6,000	6,000	4,019	1,981
Supplies	2,500	2,500	1,646	854
Equipment	2,600	2,600	2,660	(60)
Education	1,500	1,500	283	1,217
Dues	300	300	175	125
Total clerk	59,680	59,680	52,570	7,110

**General Fund  
Budgetary Comparison Schedule  
For the Year Ended March 31, 2021  
(Continued)**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Treasurer:				
Wages-elected	16,637	16,637	16,637	-
Payroll taxes	2,000	2,000	1,273	727
Supplies	900	900	917	(17)
Total treasurer	<u>19,537</u>	<u>19,537</u>	<u>18,827</u>	<u>710</u>
Total general government	151,250	158,883	152,553	6,330
Public works:				
DPW wages	35,280	35,280	21,668	13,612
Payroll taxes	3,000	3,000	1,658	1,342
Health insurance	6,000	2,000	1,631	369
DS physicals	100	100	-	100
Supplies	4,500	4,500	4,517	(17)
Street lighting	23,000	25,000	23,172	1,828
Utilities	10,000	10,000	8,584	1,416
Repairs	1,000	1,000	599	401
Equipment	5,000	5,000	160	4,840
Total public works	<u>87,880</u>	<u>85,880</u>	<u>61,989</u>	<u>23,891</u>
Economic development:				
Planning and zoning:				
Wages-board	3,000	3,000	440	2,560
Payroll taxes	1,000	1,000	34	966
Printing and publishing	500	500	-	500
Professional services	2,000	2,000	925	1,075
Total economic development	<u>6,500</u>	<u>6,500</u>	<u>1,399</u>	<u>5,101</u>
Total expenditures	<u>245,630</u>	<u>251,263</u>	<u>215,941</u>	<u>35,322</u>
Excess of revenues over expenditures	14,670	9,147	56,206	47,059
<b>Other financing sources (uses)</b>				
Transfers in	31,000	31,000	27,616	(3,384)
Transfers out	(96,000)	(96,000)	(77,534)	18,466
Total other financing sources (uses)	<u>(65,000)</u>	<u>(65,000)</u>	<u>(49,918)</u>	<u>15,082</u>
Net change in fund balance	(50,330)	(55,853)	6,288	62,141
Fund balance, beginning of year	<u>225,280</u>	<u>225,280</u>	<u>225,280</u>	<u>-</u>
Fund balance, end of year	<u>\$ 174,950</u>	<u>\$ 169,427</u>	<u>\$ 231,568</u>	<u>\$ 62,141</u>

**Village of Metamora, Michigan**

**Special Revenue Fund  
Major Street Fund  
Budgetary Comparison Schedule  
For the Year Ended March 31, 2021**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>				
State sources	\$ 54,000	\$ 54,000	\$ 57,999	\$ 3,999
Interest income	2,000	150	201	51
Total revenue	56,000	54,150	58,200	4,050
<b>Expenditures</b>				
Public works:				
Routine maintenance, wages & taxes	1,500	1,500	1,615	(115)
Routine maintenance, supplies	2,500	2,500	1,251	1,249
Routine maintenance, contractual	10,000	10,000	11,948	(1,948)
Snow removal, supplies	13,500	13,500	7,497	6,003
Snow removal, contractual services	14,000	14,000	11,055	2,945
Snow removal, rents	2,200	2,200	1,373	827
Software expense	2,000	2,000	174	1,826
Administration, wages & taxes	268	268	288	(20)
Total expenditures	45,968	45,968	35,201	10,767
Excess of revenues over expenditures	10,032	8,182	22,999	14,817
<b>Other financing sources</b>				
Transfers in	-	-	10,000	10,000
Net change in fund balance	10,032	8,182	32,999	24,817
Fund balance, beginning of year	193,466	193,466	193,466	-
Fund balance, end of year	\$ 203,498	\$ 201,648	\$ 226,465	\$ 24,817

**Village of Metamora, Michigan**

**Special Revenue Fund  
Local Street Fund  
Budgetary Comparison Schedule  
For the Year Ended March 31, 2021**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>				
State sources	\$ 17,000	\$ 17,000	\$ 18,596	\$ 1,596
Interest income	-	90	90	-
Total revenue	17,000	17,090	18,686	1,596
<b>Expenditures</b>				
Public works:				
Routine maintenance, wages & taxes	800	800	861	(61)
Routine maintenance, supplies	1,000	1,000	787	213
Routine maintenance, repairs	1,000	1,000	-	1,000
Routine maintenance, contractual	2,000	2,000	-	2,000
Snow removal, rents	1,000	1,000	676	324
Snow removal, supplies	7,000	7,000	3,693	3,307
Snow removal, contractual services	7,000	7,000	5,445	1,555
Software expense	2,000	2,000	174	1,826
Administration, wages & taxes	132	132	142	(10)
Total expenditures	21,932	21,932	11,778	10,154
Net change in fund balance	(4,932)	(4,842)	6,908	11,750
Fund balance, beginning of year	90,285	90,285	90,285	-
Fund balance, end of year	\$ 85,353	\$ 85,443	\$ 97,193	\$ 11,750

**Village of Metamora, Michigan**

**Blended Component Unit  
Downtown Development Authority Fund  
Budgetary Comparison Schedule  
For the Year Ended March 31, 2021**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>				
Captured taxes	\$ 72,032	\$ 72,032	\$ 75,733	\$ 3,701
State sources	32,696	32,696	52,225	19,529
Interest income	8,500	8,500	502	(7,998)
Total revenue	113,228	113,228	128,460	15,232
<b>Expenditures</b>				
General government	106,800	106,800	23,321	83,479
Public works	611,041	611,041	110,000	501,041
Total expenditures	717,841	717,841	133,321	584,520
Excess of revenue under expenditures	(604,613)	(604,613)	(4,861)	599,752
<b>Other financing sources (uses)</b>				
Transfers in	95,320	95,320	77,534	(17,786)
Transfers out	(116,000)	(116,000)	(37,616)	78,384
Total other financing sources (uses)	(20,680)	(20,680)	39,918	60,598
Net change in fund balance	(625,293)	(625,293)	35,057	660,350
Fund balance, beginning of year	625,293	625,293	625,293	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 660,350</u>	<u>\$ 660,350</u>



# **HYZER, HILL, KUZAK & CO., P.C.**

Certified Public Accountants  
1242 Sand Beach Road  
P. O. Box 326  
Bad Axe, MI 48413-0326

Michael Doerr, CPA  
Tammy Talaski, CPA  
Garret Mausolf, CPA

Phone: (989) 269-9541 • FAX (989) 269-6777 • E-mail: hyzerhillkuzak@sbcglobal.net

July 23, 2021

To the Village Council  
Village of Metamora  
Lapeer 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 Metamora for the year ended March 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted 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 May 19, 2021. 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 the Village of Metamora 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 the year. We noted no transactions entered into by the Village of Metamora 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 bad debt reserves for the uncollectible utility bills. We evaluated the key factors and assumptions used to develop the estimate 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *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 July 23, 2021.

### *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 the Village of Metamora'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 the Village of Metamora'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 schedules, 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 so not express an opinion or provide any assurance on the RSI.

### Restriction on Use

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

Very truly yours,

A handwritten signature in black ink that reads "Hyzer, Hill, Kuzak & Co., P.C." The signature is written in a cursive, slightly slanted style.

Hyzer, Hill, Kuzak & Co., P.C.