Village of Middleville
Barry County, Michigan

FINANCIAL STATEMENTS

Year ended December 31, 2025

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SiegfriedCrandall PC
Certified Public Accountants & Advisors

5220 Lovers Lane Ste 130
Portage, MI 49002
www.siegfriedcrandall.com

Telephone 269-381-4970
Fax 269-349-1344

INDEPENDENT AUDITOR'S REPORT

Village Council
Village of Middleville, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Middleville, Michigan (the Village), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Siegfried Crandall P.C.

June 5, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Village of Middleville's (the Village) financial performance provides a narrative overview of the Village's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

- Net position is the amount by which the Village's assets exceeded its liabilities. Net position totaled $30,265,917 at December 31, 2025. The unrestricted portion of this amount, $5,464,747 (18 percent), is available to be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by $2,292,031 (8 percent) as a result of this year's activities. The net position of the governmental activities increased by $1,199,749, and the net position of the business-type activities increased by $1,092,282.
- The General Fund's unassigned fund balance at the end of the fiscal year was $1,753,639, which represents 76 percent of the actual total General Fund expenditures for the current fiscal year.
- The Village's operating millage is 12.2283 mills. The Village has allocated 10.5 mills to the General Fund and 1.7283 mills to the street funds, which will provide additional funding for major street infrastructure needs.
- The Village's multi-year utility rate increase policy for commodity charges keeps the utility fund revenues steady and avoids large increases all at once. The continued policy of new development paying for public water and sewer improvements allows the remaining resources to be used for repair and replacement of existing off-site infrastructure that serves these new developments.

Overview of the financial statements
The Village's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents additional information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide financial statements.
  - Governmental funds statements explain how government services, like general government and community and economic development, were financed in the short-term, as well as what remains for future spending.
  - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business, such as the sewer and water systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2025 and 2024 is also presented.

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

The two government-wide statements report the Village's net position and how it has changed. Net position (the difference between the Village's assets and deferred outflows of resources, and liabilities and deferred inflows of resources) is one way to measure the Village's financial health, or position.

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

The government-wide financial statements are divided into three categories:

- *Governmental activities* - Most of the Village's basic services are included here, such as general government and police protection. Property taxes and state shared revenue finance most of these activities.
- *Business-type activities* - The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's sewer and water systems are reported here.
- *Component units* - The Village includes two other entities in its report - the Local Development Finance Authority and the Downtown Development Authority. Although legally separate, these "component units" are important because the Village is financially accountable for them.

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

- Some funds are required by state law.
- The Village Council establishes other funds to control and manage money for particular purposes (like street maintenance) to show that it is properly using certain revenues (like motor fuel taxes collected for the street funds).

The Village has two types of funds:

- *Governmental funds.* Most of the Village's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.

  The General Fund is the primary and most diverse governmental fund. The General Fund accounts for general administration, accounting, planning and zoning, parks and recreation, sidewalks, and other general government activities. Law enforcement is also accounted for in this fund.

  The Major (6.4 miles) and Local (12.09 miles) Street funds account for improvements to, and preservation of, the 18.49 miles of streets in the Village.

- *Proprietary funds.* Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information. In fact, the Village's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

  The Sewer Fund records revenues from charges to the sewer customers and receipts in the form of connection fees made by developers that pay for the maintenance of the sewer system and wastewater treatment plant.

  The Water Fund records revenues from charges to the water customers and receipts in the form of connection fees to pay for the maintenance of the water system, wells, a tower, and two booster stations.

  The Village uses internal service funds (the other type of proprietary fund) to report activities that provide services for the Village's other programs and activities. The Village's internal service funds include the Motor Vehicle Equipment Fund and the OPEB Fund. The Motor Vehicle Equipment Fund rents a fleet of equipment to the other funds, at rates established by the State, and the OPEB Fund is being used to fund the costs of the Village's other post-employment benefits.

Component units
The Local Development Finance Authority and the Downtown Development Authority, although legally separate, are included in the Village's financial report because the Village is financially accountable for them.

The Local Development Finance Authority (LDFA) was created by the Village to capture property taxes from certain taxing units from a specific district within the Village to finance public improvements to that district. This entity has completed most of its plan by renovating the streets that serve its district.

The Downtown Development Authority (DDA) was also created by the Village to capture property taxes from certain taxing units from a specific district within the Village to finance public improvements to that district.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position

Total net position at the end of the year was $30,265,917. Of this total, $22,363,599 represents the net investment in capital assets and $2,437,571 is restricted for various purposes. Consequently, unrestricted net position was $5,464,747, or 18 percent of the total.

Condensed financial information
Net position

	Governmental activities		*Business-type activities*		*Totals*	
	2025	*2024*	***2025***	*2024*	***2025***	*2024*
Current and other assets	**$ 4,916,279**	$ 4,888,008	**$ 4,793,655**	$ 3,975,254	**$ 9,709,934**	$ 8,863,262
Capital assets	**11,659,722**	11,120,904	**14,214,140**	13,770,853	**25,873,862**	24,891,757
Total assets	**16,576,001**	16,008,912	**19,007,795**	17,746,107	**35,583,796**	33,755,019
Deferred outflows of resources	**189,583**	351,454	**86,382**	158,501	**275,965**	509,955
Current and other liabilities	**1,164,566**	1,869,389	**860,205**	469,199	**2,024,771**	2,338,588
Long-term debt	**388,485**	441,840	**3,121,778**	3,396,313	**3,510,263**	3,838,153
Total liabilities	**1,553,051**	2,311,229	**3,981,983**	3,865,512	**5,535,034**	6,176,741
Deferred inflows of resources	**36,149**	72,502	**22,661**	41,845	**58,810**	114,347
Net position:						
Net investment in capital assets	**11,271,237**	10,679,064	**11,092,362**	10,374,540	**22,363,599**	21,053,604
Restricted	**2,437,571**	1,815,509	**-**	-	**2,437,571**	1,815,509
Unrestricted	**1,467,576**	1,482,062	**3,997,171**	3,622,711	**5,464,747**	5,104,773
Total net position	**$ 15,176,384**	$ 13,976,635	**$ 15,089,533**	$ 13,997,251	**$ 30,265,917**	$ 27,973,886

Changes in net position

The Village's total revenues were $7,042,869 in the current year compared to $6,793,967 in the prior year. Approximately 25 percent of the Village's revenues come from property taxes while charges for services represent 29 percent of the total. Capital grants and contributions accounted for about 24 percent of the total revenues in the current year.

The total cost of the Village's programs for the current year, covering a wide range of services, totaled $4,750,838 compared to $3,775,710 in the prior year. Approximately 36 percent of the Village's costs relate to the provision of utility services. Public works expenses represent 29 percent of all costs, while general government expenses accounted for 18 percent of the total costs in the current year.

Condensed financial information
Changes in net position

	Governmental activities		Business-type activities		Totals	
	2025	2024	**2025**	2024	**2025**	2024
Program revenues:						
Charges for services	**$ 165,251**	$ 157,571	**$ 1,845,463**	$ 1,748,650	**$ 2,010,714**	$ 1,906,221
Grants and contributions:						
Operating	**668,529**	696,789	**-**	-	**668,529**	696,789
Capital	**905,029**	582,569	**791,431**	638,937	**1,696,460**	1,221,506
General revenues:						
Property taxes	**1,764,815**	1,696,131	**-**	-	**1,764,815**	1,696,131
State shared revenue	**500,950**	487,279	**-**	-	**500,950**	487,279
Unrestricted state grants	**126,826**	476,905	**-**	-	**126,826**	476,905
Interest and insurance proceeds	**112,382**	177,178	**162,193**	131,958	**274,575**	309,136
Total revenues	**4,243,782**	4,274,422	**2,799,087**	2,519,545	**7,042,869**	6,793,967
Expenses:						
General government	**869,775**	680,252	**-**	-	**869,775**	680,252
Public safety	**432,456**	482,099	**-**	-	**432,456**	482,099
Public works	**1,375,314**	897,479	**-**	-	**1,375,314**	897,479
Community and economic development	**116,953**	109,482	**-**	-	**116,953**	109,482
Recreation and culture	**232,475**	185,905	**-**	-	**232,475**	185,905
Interest	**17,060**	19,133	**-**	-	**17,060**	19,133
Sewer	**-**	-	**1,084,550**	897,322	**1,084,550**	897,322
Water	**-**	-	**622,255**	504,038	**622,255**	504,038
Total expenses	**3,044,033**	2,374,350	**1,706,805**	1,401,360	**4,750,838**	3,775,710
Excess before transfers	**1,199,749**	1,900,072	**1,092,282**	1,118,185	**2,292,031**	3,018,257
Transfers	**-**	96,160	**-**	(96,160)	**-**	-
Changes in net position	**$ 1,199,749**	$ 1,996,232	**$ 1,092,282**	$ 1,022,025	**$ 2,292,031**	$ 3,018,257
Net position, end of year	**$ 15,176,384**	$ 13,976,635	**$ 15,089,533**	$ 13,997,251	**$ 30,265,917**	$ 27,973,886

Governmental activities

Governmental revenues exceeded expenses during each of the past two years, causing the Village's net position to increase by $1,199,749 in the current year and $1,996,232 in the prior year. Revenues declined by $30,640, expenses increased by $669,683, and transfers from the business-type activities were reduced by $96,160 causing the increase in net position to be $796,483 lower in the current year.

Revenues declined slightly, though capital grants increased by $322,460, related to contributions from other units associated with infrastructure projects. The increase in capital grants was offset by a $350,079 reduction in unrestricted state grants, as the property tax reimbursement grant was unusually large in the prior year. Expenses increased primarily due to a $477,835 increase in public works expenses, as street maintenance costs increased in the current year.

The following schedule shows the costs of the Village's four largest programs, as well as the net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the burden that was placed on the Village's taxpayers by each of these functions. The total cost of all governmental activities was $3,044,033. After subtracting the direct charges to those who directly benefited from the programs ($165,251), operating grants and contributions ($668,529), and capital grants and contributions ($905,029), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was $1,305,224.

	Total cost of services	*Net cost of services*
General government	$ 869,775	$ 792,387
Public safety	432,456	425,428
Public works	1,375,314	(234,464)
Community and economic development	116,953	116,953
Other	249,535	204,920
Totals	$ 3,044,033	$ 1,305,224

Business-type activities

Business-type activities increased the Village's net position by $1,092,282 in the current year compared to an increase of $1,022,025 in the prior year. The increase in net position was slightly higher in the current year, as revenues increased by $279,542, expenses increased by $305,445, and transfers to the governmental activities were reduced by $96,160.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental funds
As of December 31, 2025, the Village's governmental funds reported total fund balances of $4,247,893, which represents an increase of $496,003 compared to last year's total.

The General Fund experienced a decrease in fund balance of $182,648, as revenues of $2,380,864 were not sufficient to cover expenditures of $2,313,512 along with a $250,000 transfer to the Local Street Fund in the current year. The General Fund has a fund balance of $1,833,887 at the end of the year; however, portions of the fund balance are nonspendable and restricted, totaling $56,683 and $23,565, respectively. Unassigned fund balance amounts to $1,753,639 at year end, which represents 76 percent of current year expenditures.

The Major Street Fund, a special revenue fund, experienced an increase in fund balance of $70,760. The increase in fund balance occurred because current year resources of $1,338,229, which included property taxes ($104,813), state grants ($407,426), and intergovernmental contributions ($750,000), were not sufficient to cover expenditures of $1,067,469 and a transfer to the Local Street Fund of $200,000. The Fund's expenditures included substantial street improvements during the current year. Fund balance amounts to $1,402,766 at the end of the year which is restricted by enabling legislation for major street maintenance and improvements.

The Local Street Fund, a special revenue fund, experienced an increase in fund balance of $607,891. The increase in fund balance occurred because current year revenues of $321,189, and transfers from other funds of $400,000, exceeded expenditures of $113,298. Fund balance amounts to $1,011,240 at the end of the year which is restricted by enabling legislation for local street maintenance and improvements.

The ARPA Fund, a capital project fund, has a fund balance of $-0- at year end. The fund recognized revenue of $99,717 related to expenditures incurred during the year. All of the fund's resources, associated with a federal ARPA grant, have been spent as of the end of the year.

Enterprise funds
The Sewer Fund experienced operating income of $59,088 and had net nonoperating revenues of $54,487 and capital contributions of $256,845 which generated an increase in net position of $370,420. The fund's net position is $10,124,443 at year end, of which $3,258,619 is unrestricted.

The Water Fund generated operating income of $96,716 and had net nonoperating revenues of $31,925 and capital contributions of $534,586 which generated an increase in net position of $663,227. The fund's net position is $4,618,777 at year end, of which $392,239 is unrestricted.

Internal service funds
The Motor Vehicle Equipment Fund (MVEF) pays for its annual operational expenses by charging other funds for the use of its assets. The Village has compiled a Capital Improvement Plan (CIP) so that major purchases can be scheduled over time.

The OPEB Fund, which receives contributions from the Village's other funds, accounts for the funding of other post-employment benefit costs.

General Fund budgetary highlights

The Village amended the General Fund budget during the year to account for previously unanticipated revenues and expenditures and to reallocate appropriations among activities.

The Village amended its revenue budget to increase total revenues by $191,292, primarily to increase interest revenue by $127,710, as interest revenue increased with new investments. Total actual revenues were $141,046 less than budgeted because property tax revenues were $126,378 less than budgeted.

The Village amended its expenditure budget during the year to increase total expenditures by $523,241, as costs were incurred that were not anticipated in the original budget. The largest increase related to the recreation and culture activity which was increased by $183,220 to account for playground equipment acquisitions. Total expenditures were $463,549 less than the amounts appropriated, primarily because public works expenditures were under budget by $190,816, as sidewalk costs were less than anticipated.

These variances resulted in a $322,503 positive budget variance, due to a $182,648 reduction in fund balance compared to a budgeted reduction of $505,151.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets
The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2025, amounts to $25,873,862 (net of accumulated depreciation). This investment includes a broad range of assets, including land, equipment, buildings, and sewer and water facilities. The net increase in the Village's net investment in capital assets for the current fiscal year was $982,107, comprised of $2,049,694 in acquisitions offset by $1,067,587 in provisions for depreciation.

	Governmental activities	*Business-type activities*	*Totals*
Infrastructure	$ 7,405,304	$ 13,591,430	$ 20,996,734
Land improvements	1,774,408	-	1,774,408
Buildings	762,962	-	762,962
Equipment	944,885	479,561	1,424,446
Land	772,163	143,149	915,312
Totals	$ 11,659,722	$ 14,214,140	$ 25,873,862

Major capital asset events during the current fiscal year included the following:

- Street improvements were made at a cost of $710,343
- Playground equipment was purchased at a cost of $156,084
- Water system improvements amounted to $896,100
- The Motor Pool Fund acquired equipment with a total cost of $73,514

More detailed information about the Village's capital assets is presented in Note 5 of the notes to the basic financial statements.

Debt
At the end of the year, the Village had total long-term debt outstanding in the amount of $3,420,000, which represents a decrease of $315,000, as debt was reduced due to timely principal payments of $315,000. No new debt was issued during the year. All debt is backed by the full faith and credit of the Village.

Other noncurrent obligations include a net pension liability of $321,540, and a net OPEB liability of $652,849.

More detailed information about the Village's long-term liabilities is presented in Note 8 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village Council has set fiscal accountability and financial stability as their number one priority. The Council continues their practice of tight fiscal controls, which includes continually monitoring sources and uses of funds, asset management, energy use, and water and sewer rates, to be sure spending is in line with fiscal policies and financial stewardship.

The Village projects a slight increase in property tax revenue, anticipates increases in benefits and wages to employees, and will implement capital projects as funds allow.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Village of Middleville
Craig Stolsonburg, Village Manager
100 East Main Street
Middleville, MI 49333-0069
Phone: (269) 795-3385

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2025

	Primary government			*Component units*	
	Governmental activities	*Business-type activities*	*Totals*	*Local Development Finance Authority*	*Downtown Development Authority*
ASSETS					
Current assets:					
Cash and investments	$ 4,892,041	$ 3,890,707	$ 8,782,748	$ 1,355,109	$ 423,791
Receivables	311,747	546,397	858,144	70,893	50,093
Prepaid expenses	58,804	7,143	65,947	-	249
Internal balances	(346,313)	346,313	-	-	-
Total current assets	4,916,279	4,790,560	9,706,839	1,426,002	474,133
Noncurrent assets:					
Receivables	-	3,095	3,095	-	-
Capital assets not being depreciated	772,163	1,061,641	1,833,804	1,738,276	-
Capital assets, net of depreciation	10,887,559	13,152,499	24,040,058	-	-
Total noncurrent assets	11,659,722	14,217,235	25,876,957	1,738,276	-
Total assets	16,576,001	19,007,795	35,583,796	3,164,278	474,133
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	148,768	67,785	216,553	-	-
OPEB related	40,815	18,597	59,412	-	-
Total deferred outflows of resources	189,583	86,382	275,965	-	-
LIABILITIES					
Current liabilities:					
Payables	446,129	555,198	1,001,327	46,906	4,573
Escrows	39,983	-	39,983	-	-
Unearned revenue	9,072	-	9,072	-	-
Bonds and contracts payable - current portion	53,355	266,645	320,000	75,000	-
Total current liabilities	548,539	821,843	1,370,382	121,906	4,573
Noncurrent liabilities:					
Net pension liability	220,890	100,650	321,540	-	-
Net OPEB liability	448,492	204,357	652,849	-	-
Bonds and contracts payable	335,130	2,855,133	3,190,263	-	-
Total noncurrent liabilities	1,004,512	3,160,140	4,164,652	-	-
Total liabilities	1,553,051	3,981,983	5,535,034	121,906	4,573
DEFERRED INFLOWS OF RESOURCES					
Leases	-	6,190	6,190	-	-
Pension related	201	91	292	-	-
OPEB related	35,948	16,380	52,328	-	-
Total deferred inflows of resources	36,149	22,661	58,810	-	-
NET POSITION					
Net investment in capital assets	11,271,237	11,092,362	22,363,599	1,663,276	-
Restricted:					
Public works	2,414,006	-	2,414,006	-	-
Recreation and culture	23,565	-	23,565	-	-
Unrestricted	1,467,576	3,997,171	5,464,747	1,379,096	469,560
Total net position	$ 15,176,384	$ 15,089,533	$ 30,265,917	$ 3,042,372	$ 469,560

See notes to financial statements

Village of Middleville

STATEMENT OF ACTIVITIES

Year ended December 31, 2025

					Net (expenses) revenues and changes in net position				
		Program revenues			*Primary government*			*Component units*	
	Expenses	*Charges for services*	*Operating grants and contributions*	*Capital grants and contributions*	*Governmental activities*	*Business-type activities*	*Totals*	*Local Development Finance Authority*	*Downtown Development Authority*
Functions/Programs									
Governmental activities:									
General government	$ 869,775	$ 77,388	$ -	$ -	$ (792,387)		$ (792,387)		
Public safety	432,456	4,020	3,008	-	(425,428)		(425,428)		
Public works	1,375,314	83,843	662,371	863,564	234,464		234,464		
Community and economic development	116,953	-	-	-	(116,953)		(116,953)		
Recreation and culture	232,475	-	3,150	41,465	(187,860)		(187,860)		
Interest on long-term debt	17,060	-	-	-	(17,060)		(17,060)		
Total governmental activities	3,044,033	165,251	668,529	905,029	(1,305,224)		(1,305,224)		
Business-type activities:									
Sewer	1,084,550	1,099,884	-	256,845		$ 272,179	272,179		
Water	622,255	745,579	-	534,586		657,910	657,910		
Total business-type activities	1,706,805	1,845,463	-	791,431		930,089	930,089		
Total primary government	$ 4,750,838	$ 2,010,714	$ 668,529	$ 1,696,460	(1,305,224)	930,089	(375,135)		
Component units:									
Local Development Finance Authority	$ 1,702,172	$ -	$ -	$ -				$ (1,702,172)	$ -
Downtown Development Authority	158,450	-	12,840	-				-	(145,610)
Total component units	$ 1,860,622	$ -	$ 12,840	$ -				(1,702,172)	(145,610)
General revenues:									
Property taxes					1,764,815	-	1,764,815	488,317	221,945
State shared revenue					500,950	-	500,950	-	-
Local community stabilization revenue					18,792	-	18,792	411,383	12,609
Marijuana tax					108,034	-	108,034	-	-
Unrestricted interest earnings					112,382	162,193	274,575	37,706	13,493
Total general revenues and transfers					2,504,973	162,193	2,667,166	937,406	248,047
Changes in net position					1,199,749	1,092,282	2,292,031	(764,766)	102,437
Net position - beginning					13,976,635	13,997,251	27,973,886	3,807,138	367,123
Net position - ending					$ 15,176,384	$ 15,089,533	$ 30,265,917	$ 3,042,372	$ 469,560

See notes to financial statements

BALANCE SHEET - *governmental funds*

December 31, 2025

	General	Special revenue funds: Major Street	Special revenue funds: Local Street	Special revenue funds: ARPA	Total governmental funds
ASSETS					
Cash and investments	$ 1,709,561	$ 1,662,813	$ 986,975	$ 4,072	$ 4,363,421
Receivables	217,417	67,002	27,328	-	311,747
Prepaid expenditures	56,683	1,012	987	-	58,682
Total assets	$ 1,983,661	$ 1,730,827	$ 1,015,290	$ 4,072	$ 4,733,850
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	$ 104,791	$ 328,061	$ 4,050	$ -	$ 436,902
Escrow deposits	39,983	-	-	-	39,983
Unearned revenue	5,000	-	-	4,072	9,072
Total liabilities	149,774	328,061	4,050	4,072	485,957
Fund balances:					
Nonspendable - prepaids	56,683	1,012	987	-	58,682
Restricted for:					
Public works	-	1,401,754	1,010,253	-	2,412,007
Recreation and culture	23,565	-	-	-	23,565
Unassigned	1,753,639	-	-	-	1,753,639
Total fund balances	1,833,887	1,402,766	1,011,240	-	4,247,893
Total liabilities and fund balances	$ 1,983,661	$ 1,730,827	$ 1,015,290	$ 4,072	$ 4,733,850

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - total governmental funds	$ 4,247,893
Amounts reported for *governmental activities* in the statement of net position (page 15) are different because:	
Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.	11,079,003
Deferred outflows of resources, related to the pension and OPEB plans, relate to future years and, therefore, are not reported in the funds.	
Deferred outflows of resources - OPEB related	39,627
Deferred outflows of resources - pension related	144,452
Interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(5,430)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(388,485)
Net OPEB liability	(435,482)
Net pension liability	(214,482)
Deferred inflows of resources, related to the pension and OPEB plans, relate to future years and, therefore, are not reported in the funds.	
Deferred inflows of resources - OPEB related	(34,901)
Deferred inflows of resources - pension	(195)
Internal service funds are used by management to charge costs to individual funds. The assets and liabilities of the internal service funds are included in *governmental activities* in the statement of net position.	744,384
Net position of *governmental activities*	$ 15,176,384

See notes to financial statements

Village of Middleville

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - *governmental funds*

Year ended December 31, 2025

	General	Special revenue funds: Major Street	Special revenue funds: Local Street	Special revenue funds: ARPA	Total governmental funds
REVENUES					
Property taxes	$ 1,646,067	$ 104,813	$ 143,804	$ -	$ 1,894,684
Licenses and permits	13,735	-	-	-	13,735
Federal grant	-	-	-	99,717	99,717
State grants	524,675	407,426	155,228	-	1,087,329
Intergovernmental	3,150	750,000	-	-	753,150
Interest and rentals	125,031	61,687	22,157	-	208,875
Other	68,206	14,303	-	-	82,509
Total revenues	2,380,864	1,338,229	321,189	99,717	4,139,999
EXPENDITURES					
Current:					
General government	832,667	-	-	-	832,667
Public safety	443,493	-	-	-	443,493
Public works	493,083	1,036,536	109,164	-	1,638,783
Community and economic development	123,174	-	-	-	123,174
Recreation and culture	385,107	-	-	-	385,107
Capital outlay	-	-	-	99,717	99,717
Debt service:					
Principal	26,675	23,570	3,110	-	53,355
Interest	9,313	7,363	1,024	-	17,700
Total expenditures	2,313,512	1,067,469	113,298	99,717	3,593,996
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	67,352	270,760	207,891	-	546,003
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	400,000	-	400,000
Transfers out	(250,000)	(200,000)	-	-	(450,000)
Net other financing sources (uses)	(250,000)	(200,000)	400,000	-	(50,000)
NET CHANGES IN FUND BALANCES	(182,648)	70,760	607,891	-	496,003
FUND BALANCES - BEGINNING	2,016,535	1,332,006	403,349	-	3,751,890
FUND BALANCES - ENDING	$ 1,833,887	$ 1,402,766	$ 1,011,240	$ -	$ 4,247,893

See notes to financial statements

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 18)	$ 496,003
Amounts reported for *governmental activities* in the statement of activities (page 16) are different because:	
Capital assets:	
Add - asset acquisitions	1,080,078
Deduct - provision for depreciation	(553,058)
Long-term debt:	
Add - principal payments	53,355
Changes in other assets/liabilities:	
Decrease in accrued interest expense	640
Decrease in net OPEB liability	3,474
Decrease in net pension liability	116,180
Changes in deferred outflows and deferred inflows of resources:	
Net decrease in deferred outflows of resources - OPEB related	(29,525)
Net decrease in deferred inflows of resources - OPEB related	34,981
Net decrease in deferred outflows of resources - pension related	(127,055)
Net decrease in deferred inflows of resources - pension related	195
A portion of the net revenue of the internal service funds is reported with *governmental activities.*	124,481
Change in net position of *governmental activities*	$ 1,199,749

STATEMENT OF NET POSITION - *proprietary funds*

December 31, 2025

	Business-type activities			Governmental activities
	Enterprise funds			Internal
	Sewer	Water	Totals	service
ASSETS				
Current assets:				
Cash and investments	$ 3,120,288	$ 770,419	$ 3,890,707	$ 528,620
Receivables	329,662	216,735	546,397	-
Prepaid expenses	3,201	3,942	7,143	122
Total current assets	3,453,151	991,096	4,444,247	528,742
Noncurrent assets:				
Receivables	-	3,095	3,095	-
Capital assets not being depreciated	56,172	1,005,469	1,061,641	-
Capital assets, net of depreciation	9,693,915	3,458,584	13,152,499	580,719
Total noncurrent assets	9,750,087	4,467,148	14,217,235	580,719
Total assets	13,203,238	5,458,244	18,661,482	1,109,461
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	35,828	31,957	67,785	4,316
OPEB related	9,830	8,767	18,597	1,188
Total deferred outflows of resources	45,658	40,724	86,382	5,504
LIABILITIES				
Current liabilities:				
Payables	70,268	484,930	555,198	3,797
Bonds and contracts payable - current portion	177,000	89,645	266,645	-
Total current liabilities	247,268	574,575	821,843	3,797
Noncurrent liabilities:				
Net pension liability	53,200	47,450	100,650	6,408
Net OPEB liability	108,016	96,341	204,357	13,010
Bonds and contracts payable	2,707,263	147,870	2,855,133	-
Total noncurrent liabilities	2,868,479	291,661	3,160,140	19,418
Total liabilities	3,115,747	866,236	3,981,983	23,215
DEFERRED INFLOWS OF RESOURCES				
Leases	-	6,190	6,190	-
Pension related	48	43	91	6
OPEB related	8,658	7,722	16,380	1,047
Total deferred inflows of resources	8,706	13,955	22,661	1,053
NET POSITION				
Net investment in capital assets	6,865,824	4,226,538	11,092,362	580,719
Unrestricted	3,258,619	392,239	3,650,858	509,978
Total net position	$ 10,124,443	$ 4,618,777	$ 14,743,220	$ 1,090,697
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			346,313	
Net position of *business-type activities* (page 15)			$ 15,089,533	

See notes to financial statements

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - *proprietary funds*

Year ended December 31, 2025

	Business-type activities			*Governmental activities*
	Enterprise funds			*Internal*
	Sewer	*Water*	*Totals*	*service*
OPERATING REVENUES				
Charges for services:				
Utility charges	$ 1,098,448	$ 741,727	$ 1,840,175	$ -
Equipment rental	-	-	-	219,830
OPEB contributions	-	-	-	114,504
Other	1,436	3,852	5,288	-
Total operating revenues	1,099,884	745,579	1,845,463	334,334
OPERATING EXPENSES				
Personnel costs	249,992	204,814	454,806	26,409
Contracted services	182,895	164,040	346,935	-
Equipment and supplies	44,257	30,201	74,458	49,151
Utilities	156,861	51,749	208,610	23,080
Interfund charges (equipment rentals)	34,579	48,246	82,825	-
OPEB costs	39,069	18,511	57,580	45,384
Miscellaneous	3,686	7,946	11,632	-
Depreciation	329,457	123,356	452,813	61,716
Total operating expenses	1,040,796	648,863	1,689,659	205,740
OPERATING INCOME (LOSS)	59,088	96,716	155,804	128,594
NONOPERATING REVENUES (EXPENSES)				
Interest income	122,721	39,472	162,193	-
Interest expense and fees	(68,234)	(7,547)	(75,781)	-
Net nonoperating revenues (expenses)	54,487	31,925	86,412	-
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	113,575	128,641	242,216	128,594
CAPITAL CONTRIBUTIONS				
Federal grant	-	-	-	4,522
Intergovernmental contributions	225,000	499,261	724,261	-
Connection fees	31,845	35,325	67,170	-
Total capital contributions	256,845	534,586	791,431	4,522
TRANSFERS				
Transfers in	-	-	-	50,000
CHANGES IN NET POSITION	370,420	663,227	1,033,647	183,116
NET POSITION - BEGINNING	9,754,023	3,955,550	13,709,573	907,581
NET POSITION - ENDING	$ 10,124,443	$ 4,618,777	$ 14,743,220	$ 1,090,697

Reconciliation of the fund basis changes in net position to the statement of activities:

Changes in net position	$ 1,033,647
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	58,635
Change in net position of *business-type activities* (page 16)	$ 1,092,282

See notes to financial statements

STATEMENT OF CASH FLOWS - *proprietary funds*

Year ended December 31, 2025

	Business-type activities			Governmental activities
	Enterprise funds			Internal services
	Sewer	Water	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 1,047,264	$ 761,752	$ 1,809,016	$ -
Receipts from interfund services provided	-	-	-	334,334
Payments to vendors and suppliers	(532,693)	(296,225)	(828,918)	(136,159)
Payments to employees	(158,659)	(147,281)	(305,940)	(18,053)
Payments for interfund services used	(34,579)	(48,246)	(82,825)	-
Net cash provided by (used in) operating activities	321,333	270,000	591,333	180,122
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	-	-	-	50,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Connection fees	31,845	35,325	67,170	-
Contributions from other government (LDFA)	225,000	499,261	724,261	-
Proceeds from capital asset dispositions	-	-	-	4,522
Acquisition of capital assets	-	(474,063)	(474,063)	(73,514)
Principal payments on capital debt	(177,000)	(84,645)	(261,645)	-
Interest payments on capital debt	(82,927)	(7,697)	(90,624)	-
Net cash provided by (used in) capital and related financing activities	(3,082)	(31,819)	(34,901)	(68,992)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest revenue received	122,721	39,472	162,193	-
NET CHANGE IN CASH AND INVESTMENTS	440,972	277,653	718,625	161,130
CASH AND INVESTMENTS - BEGINNING	2,679,316	492,766	3,172,082	367,490
CASH AND INVESTMENTS - ENDING	$ 3,120,288	$ 770,419	$ 3,890,707	$ 528,620

See notes to financial statements

	Business-type activities			Governmental activities
	Enterprise funds			Internal
	Sewer	Water	Totals	services
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 59,088	$ 96,716	$ 155,804	$ 128,594
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	329,457	123,356	452,813	61,716
(Increase) decrease in receivables	(52,620)	16,173	(36,447)	-
(Increase) decrease in prepaid expenses	(2,135)	(2,559)	(4,694)	42
(Increase) decrease in deferred outflows	40,848	31,271	72,119	5,292
Increase (decrease) in payables	(9,949)	33,947	23,998	(9,385)
Increase (decrease) in net OPEB liability	(3,450)	3,573	123	(4,066)
Increase (decrease) in net pension liability	(30,767)	(22,432)	(53,199)	(893)
Increase (decrease) in deferred inflows	(9,139)	(10,045)	(19,184)	(1,178)
Net cash provided by (used in) operating activities	$ 321,333	$ 270,000	$ 591,333	$ 180,122
Noncash capital and related financing activities				
Acquisition of capital assets	$ -	$ (896,100)	$ (896,100)	$ (73,514)
Less increase in payables	-	422,037	422,037	-
Net cash used	$ -	$ (474,063)	$ (474,063)	$ (73,514)

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Middleville, Michigan (the Village), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting entity:
As required by generally accepted accounting principles, these financial statements present the Village (the primary government), located in Barry County, and its component units described below, for which the Village is financially accountable. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government. The authorities are fiscally dependent on the Village because the Village Council appoints their governing bodies, approves their budgets, and their debt remains the responsibility of the Village. The Village is also obligated to provide some of its tax revenues to the authorities, through tax increment financing, which represents a financial responsibility of the Village. Fiscal dependence and the financial responsibility relationship make the Village financially accountable for the authorities and require the Village to report the authorities in the Village's financial statements. Separate financial statements for the component units have not been issued, as management believes that these financial statements, including disclosures, contain complete information to constitute a fair presentation of the component units.

Discretely presented component units:
Local Development Finance Authority (LDFA) - The Authority was established pursuant to Public Act 281 of 1986, as amended, to encourage local development and promote economic growth within the Authority's boundary.

Downtown Development Authority (DDA) - The Authority was established pursuant to Public Act 197 of 1975, as amended, to correct and prevent deterioration and promote economic growth within the downtown district.

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 Village. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property 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 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):
Governmental funds 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 if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Village generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the Village, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Major Street Fund, a special revenue fund, accounts for allocated state gas and weight tax revenues that are restricted for expenditures related to maintaining and improving the Village's major streets.

The Local Street Fund, a special revenue fund, accounts for allocated state gas and weight tax revenues that are restricted for expenditures related to maintaining and improving the Village's local streets.

The ARPA Fund, a special revenue fund, is used to account for the restricted resources provided by the American Rescue Plan Act. Revenues are derived from a federal grant.

The Village reports the following major proprietary funds:

The Sewer Fund accounts for activities of the Village's sewage collection systems and treatment plant.

The Water Fund accounts for activities of the Village's water distribution and treatment system.

Additionally, the Village reports the following funds:

The Motor Vehicle Equipment Fund, an internal service fund, accounts for vehicle and equipment management services provided to other departments of the Village on a cost-reimbursement basis.

The OPEB Fund, an internal service fund, accounts for the funding of other postemployment benefits.

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 property taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):
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 relate to charges to customers for sales and services. Operating expenses for proprietary 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, deferred outflows of resources, liabilities, deferred inflows of resources, and equity:

Cash and investments - Cash is considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost. The certificates of deposit are reported as investments, as they had an original maturity greater than three months.

Receivables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due 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." No allowance for uncollectible accounts has been recorded, as the Village considers all receivables to be fully collectible.

Prepaids - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaids in the fund financial statements and the government-wide financial statements.

Capital assets - Capital assets, which include land, equipment, and infrastructure assets (e.g., sewer and water systems and streets), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than $5,000 ($10,000 for infrastructure assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets of governmental activities either retroactively to June 15, 1980, or prospectively. The Village has elected to account for its infrastructure assets prospectively, beginning January 1, 2004.

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

Infrastructure	20 - 40 years
Buildings and improvements	20 - 40 years
Equipment	3 - 20 years
Sewage disposal system	40 - 70 years
Water system	40 - 50 years

Deferred outflows of resources - The statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The related expenses will not be recognized until a future event occurs. The Village's deferred outflows of resources relate to the defined benefit pension and OPEB plans, which are discussed in Note 9 and Note 10. No deferred outflows of resources affect the governmental funds financial statements.

Pension - For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (continued):

Pension (continued) - For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Village and its defined benefit pension plan share the same year-end date. Accordingly, the Village has elected to measure its net pension liability as of the prior December 31.

Other postemployment benefits (OPEB) obligations - For purposes of measuring the OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the employer's fiduciary net position have been determined on the same basis as they are reported by the employer. For this purpose, benefits payments are recognized when due and payable in accordance with the benefit terms. The Plan has no investments.

Deferred inflows of resources - The statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. The Village’s deferred inflows of resources, reported in the government-wide statement of net position, relate to the defined benefit pension and OPEB plans, which are discussed in Note 9 and Note 10. No deferred inflows of resources affect the governmental funds financial statements.

Net position - Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The Village reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Village’s debt. Restricted net position is reduced by liabilities related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Village.

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

Fund equity - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are not in spendable form. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Village has delegated the authority to assign fund balance to the Village Manager. Unassigned fund balance is the residual classification for amounts in the General Fund. When the Village incurs an expenditure for purposes for which various fund balance classifications can be used, it is the policy of the Village to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied each July 1 on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on September 14 of the following year, at which time interest and penalties are assessed. The Village’s 2025 ad valorem tax was levied and collectible on July 1, 2025. It is the Village’s policy to recognize revenue from that tax levy in the current year when the proceeds are budgeted and made available for the financing of operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (continued):

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. The budget document presents information by fund, function, activity, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

Excess of expenditures over appropriations - The following schedule sets forth the reportable budget variances:

Entity	*Fund*	*Function*	*Activity*	*Final budget*	*Actual*	*Variance*
Primary government:						
	General	General government	Building and grounds	$ 106,900	$ 118,288	$ 11,388
		Public works	Street lighting	51,000	52,896	1,896

NOTE 3 - CASH AND INVESTMENTS

At December 31, 2025, cash and investments are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary government:	
Governmental activities	$ 4,892,041
Business-type activities	3,890,707
Component units:	
LDFA	1,355,109
DDA	423,791
Total	$ 10,561,648

At December 31, 2025, cash and investments consist of the following:

Cash on hand	$ 550
Deposits with financial institutions	366,818
Investments:	
Michigan CLASS pool	9,419,514
Nonnegotiable certificates of deposit	774,766
Total	$ 10,561,648

NOTE 3 - CASH AND INVESTMENTS (Continued)

Deposits - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Village's investment policy authorize the Village to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Village's deposits are in accordance with statutory authority.

Custodial credit risk for deposits is the risk that, in the event of the failure of a financial institution, the Village will not be able to recover its deposits. The Village's investment policy does not specifically address custodial credit risk for deposits. At December 31, 2025, $118,680 of the Village's bank balances of $469,947 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Village maintains a pooled cash account for all its funds and its component units. As such, it is not practicable to allocate the balance exposed to custodial credit risk between the primary government and the component units.

Investments - State statutes and the Village's investment policy authorize the Village to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two (2) highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds composed of otherwise legal investments; and f) investment pools organized under the local government investment pool act. The Village's investment policy does not address credit risk or interest rate risk for investments.

Nonnegotiable certificates of deposit - The Village holds nonnegotiable certificates of deposit, in the amount of $774,766, that were purchased with original maturities greater than three months. The certificates of deposit are reported at cost, as they meet the criteria for nonparticipating interest-earning investment contracts. These investments had remaining maturities of eight to twenty-four months at year-end.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. State law does not require, and the Village's investment policy does not contain requirements that would limit the exposure to custodial credit risk for investments. At December 31, 2025, $524,766 of the Village's nonnegotiable certificates of deposit balances of $774,766 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments in entities that calculate net asset value per share - The Village holds shares in an investment pool where the fair value of the investments are measured on a recurring basis using net asset value per share of the investment pool as a practical expedient. Such investments are not subject to fair value disclosures. At December 31, 2025, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	Michigan CLASS Pool
Fair value at December 31, 2025	$ 9,419,514
Unfunded commitments	none
Redemption frequency	n/a
Notice period	none

NOTE 3 - CASH AND INVESTMENTS (Continued)

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasury agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. The pool purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Fair value measurement - The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The investment pool was measured at net asset value (or its equivalent) as a practical expedient and, accordingly, has not been classified in the fair value hierarchy.

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2025, for the Village’s funds and its component units, were as follows:

Fund	*Accounts*	*Property taxes*	*Leases*	*Inter-govern-mental*	*Totals*
Primary government:					
Governmental:					
General	$ -	$ 25,461	$ -	$ 191,956	$ 217,417
Major Street	-	1,647	-	65,355	67,002
Local Street	-	2,261	-	25,067	27,328
Total governmental	$ -	$ 29,369	$ -	$ 282,378	$ 311,747
Proprietary:					
Sewer	$ 329,662	$ -	$ -	$ -	$ 329,662
Water	213,640	-	6,190	-	219,830
Total proprietary	$ 543,302	$ -	$ 6,190	$ -	$ 549,492
Noncurrent portion	$ -	$ -	$ 3,095	$ -	$ 3,095
Component units:					
LDFA	$ -	$ 70,893	$ -	$ -	$ 70,893
DDA	$ -	$ 50,093	$ -	$ -	$ 50,093

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning balance	*Increases*	*Decreases*	*Ending balance*
Governmental activities:				
Capital assets not being depreciated - land	$ 772,163	$ -	$ -	$ 772,163
Capital assets being depreciated:				
Land improvements	2,635,917	-	-	2,635,917
Buildings	1,456,320	61,908	-	1,518,228
Equipment	696,529	182,206	-	878,735
Infrastructure	10,010,427	833,033	-	10,843,460
Vehicles	1,037,397	76,447	-	1,113,844
Subtotal	15,850,047	1,153,594	-	16,990,184
Less accumulated depreciation for:				
Land improvements	(752,706)	(108,803)	-	(861,509)
Buildings	(709,035)	(46,231)	-	(755,266)
Equipment	(373,255)	(43,409)	-	(416,664)
Infrastructure	(3,075,901)	(362,255)	-	(3,438,156)
Vehicles	(576,954)	(54,076)	-	(631,030)
Subtotal	(5,501,306)	(614,774)	-	(6,102,625)
Total capital assets being depreciated, net	10,348,741	538,820	-	10,887,559
Governmental activities capital assets, net	$ 11,120,904	$ 538,820	$ -	$ 11,659,722

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	$ 51,148
Public safety	16,558
Public works	379,885
Recreation and culture	105,467
Depreciation on capital assets held by internal service fund	61,716
Total governmental activities	$ 614,774

NOTE 5 - CAPITAL ASSETS (Continued)

	Beginning balance	*Increases*	*Decreases*	*Ending balance*
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 143,149	$ -	$ -	$ 143,149
Construction in progress	529,397	896,100	(507,005)	918,492
Subtotal	672,546	896,100	(507,005)	1,061,641
Capital assets being depreciated:				
Sewer system	13,981,041	43,048	-	14,024,089
Water system	4,655,237	463,957	-	5,119,194
Equipment	956,641	-	-	956,641
Subtotal	19,592,919	507,005	-	20,099,924
Less accumulated depreciation for:				
Sewer system	(4,174,054)	(329,457)	-	(4,503,511)
Water system	(1,843,478)	(123,356)	-	(1,966,834)
Equipment	(477,080)	-	-	(477,080)
Subtotal	(6,494,612)	(452,813)	-	(6,947,425)
Total capital assets being depreciated, net	13,098,307	54,192	-	13,152,499
Business-type activities capital assets, net	$ 13,770,853	$ 950,292	$ (507,005)	$ 14,214,140

NOTE 5 - CAPITAL ASSETS (Continued)

	Beginning balance	*Increases*	*Decreases*	*Ending balance*
Component units:				
LDFA:				
Capital assets not being depreciated - construction in progress	$ 401,703	$ -	$ -	$ 401,703
Capital assets being depreciated - infrastructure	2,191,065	-	-	2,191,065
Less accumulated depreciation for - infrastructure	(763,782)	(90,710)	-	(854,492)
Total capital assets being depreciated, net	1,427,283	(90,710)	-	1,336,573
LDFA capital assets, net	$ 1,828,986	$ (90,710)	$ -	$ 1,738,276

NOTE 6 - PAYABLES

Payables as of December 31, 2025, for the Village's funds, and its component units, were as follows:

Fund	*Accounts*	*Payroll*	*Interest*	*Totals*
Primary government:				
Governmental:				
General	$ 86,412	$ 18,379	$ -	$ 104,791
Major Street	324,602	3,459	-	328,061
Local Street	136	3,914	-	4,050
Total governmental	$ 411,150	$ 25,752	$ -	$ 436,902
Proprietary:				
Enterprise:				
Sewer	$ 36,877	$ 6,418	$ 26,973	$ 70,268
Water	477,633	4,764	2,533	484,930
	514,510	11,182	29,506	555,198
Motor Vehicle Equipment	1,976	1,821	-	3,797
Total proprietary	$ 516,486	$ 13,003	$ 29,506	$ 558,995
Component units:				
LDFA	$ 45,781	$ -	$ -	$ 45,781
DDA	$ 4,573	$ -	$ -	$ 4,573

NOTE 7 - INTERFUND TRANSFERS

The interfund transfers for the year ended December 31, 2025, were as follows:

Fund	*Transfers in*	*Fund*	*Transfers out*
Local street	$ 400,000	General	$ 200,000
		Major Street	200,000
			400,000
Internal service	50,000	General	50,000
	$ 450,000		$ 450,000

The transfers to the Local Street Fund represent support for current construction projects. The transfer out of the General Fund represents support for current period asset acquisitions.

NOTE 8 - LONG-TERM LIABILITIES

At December 31, 2025, long-term liabilities are comprised of the following individual issues:

Primary government:	
Governmental activities:	
Bonds payable:	
$700,000 2012 Capital Improvement bonds payable - payable in annual installments ranging from $25,000 to $50,000, plus interest ranging between 1.20% and 4.40%; final payment due March 2032	$ 198,485
$410,000 2014 Capital Improvement bonds payable - payable in annual installments ranging from $15,000 to $30,000, plus interest ranging between 1.00% and 4.60%; final payment due March 2032	190,000
Total governmental activities	$ 388,485

NOTE 8 - LONG-TERM LIABILITIES (Continued)

Business-type activities:	
Contracts and bonds payable:	
$205,000 2006 Barry County Water contract payable - payable in annual installments ranging from $10,000 to $15,000, plus interest at 2.125%; final payment due April 2026	$ 15,000
$1,040,000 2006 Barry County Water contract payable - payable in annual installments ranging from $40,000 to $65,000, plus interest at 2.125%; final payment due April 2027	125,000
$425,000 2010 Capital Improvement bonds payable - payable in annual installments ranging from $10,000 to $25,000, plus interest ranging between 1.95% and 5.20%; final payment due March 2030	125,000
$700,000 2012 Capital Improvement bonds payable - payable in annual installments ranging from $25,000 to $50,000, plus interest ranging between 1.20% and 4.40%; final payment due March 2032	151,515
$995,000 2017 Capital Improvement bonds payable - payable in annual installments ranging from $35,000 to $70,000, plus interest ranging between 1.00% and 3.55%; final payment due March 2037	680,000
$2,315,000 2021 Barry County Sewer contract payable - payable in annual installments ranging from $90,000 to $145,000, plus interest ranging between 2.125% and 4.000%; final payment due March 2041	1,935,000
Total business-type activities	$ 3,031,515
Component unit - LDFA:	
Contract payable - $745,509 2013 Barry County contract payable - payable in annual installments ranging from $47,000 to $75,000, plus interest at 0.80% to 3.60%; final payment due February 2026	$ 75,000

All business-type activities debt issues are secured by specific revenue streams. All other debt is secured by the full faith and credit of the Village. All outstanding debt of the Village is direct borrowing or direct placement debt.

NOTE 8 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity for the year ended December 31, 2025, was as follows:

	Beginning balance	*Additions*	*Reductions*	*Ending balance*	*Amounts due within one year*
Governmental activities:					
2012 Bonds payable	$ 226,840	$ -	$ (28,355)	$ 198,485	$ 28,355
2014 Bonds payable	215,000	-	(25,000)	190,000	25,000
Total governmental activities	$ 441,840	$ -	$ (53,355)	$ 388,485	$ 53,355
Business-type activities:					
2006 Contract payable	$ 25,000	$ -	$ (10,000)	$ 15,000	$ 15,000
2006 Contract payable	185,000	-	(60,000)	125,000	60,000
2010 Bonds payable	150,000	-	(25,000)	125,000	25,000
2012 Bonds payable	173,160	-	(21,645)	151,515	21,645
2017 Bonds payable	725,000	-	(45,000)	680,000	45,000
2021 Contract payable	2,035,000	-	(100,000)	1,935,000	100,000
Subtotal	3,293,160	-	(261,645)	3,031,515	266,645
Premium on bonds	103,153	-	(12,890)	90,263	-
Total business-type activities	$ 3,396,313	$ -	$ (274,535)	$ 3,121,778	$ 266,645
Component unit - LDFA:					
2013 Contract payable	$ 150,000	$ -	$ (75,000)	$ 75,000	$ 75,000

At December 31, 2025, debt service requirements were as follows:

	Primary government					
Year ended	*Governmental activities*		*Business-type activities*		*Component unit - LDFA*	
December 31:	*Principal*	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*
2026	$ 53,355	$ 15,272	$ 266,645	$ 82,108	$ 75,000	$ 1,349
2027	53,355	13,202	256,645	73,536	-	-
2028	53,355	11,061	201,645	65,785	-	-
2029	53,355	8,854	201,645	58,154	-	-
2030	58,355	6,472	211,645	50,127	-	-
2031 - 2035	116,710	5,243	933,290	165,525	-	-
2036 - 2040	-	-	960,000	56,608	-	-
Totals	$ 388,485	$ 60,104	$ 3,031,515	$ 551,843	$ 75,000	$ 1,349

NOTE 9 - DEFINED BENEFIT PENSION PLAN

Plan description:
The Village participates in the Municipal Employees' Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member retirement board. MERS issues a publicly-available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

Benefits provided:
The Village's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries and covers the Village's full-time employees. Retirement benefits for eligible employees are calculated as 2.25% of the employee's five-year final average compensation, times the employee's years of service, with a maximum of 80% of final average compensation. Normal retirement age is 60, with early retirement at a reduced benefit at age 50, with 25 years of service, or age 55 with 15 years of service. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred had the member remained an employee. Covered employees are required to contribute a percentage of their compensation to the plan, depending on the employee's classification within the plan. An employee who leaves service may withdraw their contributions, plus any accumulated interest. Benefit terms, within the parameters of MERS, are established and amended by the authority of the Village Council.

Employees covered by benefit terms:
At the December 31, 2024, measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	10
Active employees	12
Total	36

Contributions:
The Village is required to contribute amounts at least equal to an actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the fiscal year ended December 31, 2025, Village contributions amounted to 5.00% of monthly covered payroll. Covered employees also made contributions ranging of 5.00% to the plan. For the fiscal year ended December 31, 2025, the Village contributed $86,442 to the plan, while employees contributed $41,944.

Net pension liability:
The Village's net pension liability reported at December 31, 2025, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2024. The total pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions:
The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	
Salary increases	3.00%	in the long term
Investment rate of return	7.00%	net of investment expense, including inflation

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions (continued):
Mortality rates were based on a 50 percent male, 50 percent female blend of the Pub-2010 fully generational MP-2021 scale.

The actuarial assumptions used in the December 31, 2024, valuation were based on the results of the actuarial experience studies from 2014 to 2018, and dated 2020, which is the most recent actuarial experience study.

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

Asset class	*Target allocation*	*Long-term expected real rate of return*	*Expected money-weighted rate of return*
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private investments	20.00%	7.00%	1.40%
	100.00%		
Inflation			2.50%
Administrative expenses			0.18%
Investment rate of return			7.18%

Discount rate:
The discount rate used to measure the total pension liability is 7.18% for 2025. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Changes in net pension liability:

	Increase (decrease)		
	Total pension liability (a)	*Plan fiduciary net position (b)*	*Net pension liability (a) - (b)*
Balances at December 31, 2024	$ 2,743,613	$ 2,248,628	$ 494,985
Changes for the year:			
Service cost	67,242	-	67,242
Interest	192,162	-	192,162
Difference between expected and actual experience	31,491	-	31,491
Changes in assumptions	(12,074)	-	(12,074)
Employer contributions	-	250,922	(250,922)
Employee contributions	-	40,065	(40,065)
Net investment loss	-	166,288	(166,288)
Benefit payments, including refunds	(201,761)	(201,761)	-
Administrative expenses	-	(5,008)	5,008
Other	1	-	1
Net changes	77,061	250,506	(173,445)
Balances at December 31, 2025	$ 2,820,674	$ 2,499,134	$ 321,540

Sensitivity of the net pension liability to changes in the discount rate:
The following presents the net pension liability of the Village, calculated using the discount rate of 7.18%, as well as what the Village's net pension liability would be using a discount rate that is 1 percentage point lower (6.18%) or 1 percentage point higher (8.18%) than the current rate.

	1% Decrease (6.18%)	*Current rate (7.18%)*	*1% Increase (8.18%)*
Village's net pension liability	$ 640,609	$ 321,540	$ 53,602

Pension plan fiduciary net position:
Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report, which can be found at www.mersofmich.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due. Benefit payments are recognized as expenses when due and payable in accordance with benefit terms.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension expense and deferred outflows of resources related to pensions:
For the fiscal year ended December 31, 2025, the Village recognized pension expense of $102,698. At December 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources, related to the pension plan, from the following sources:

Source	*Deferred outflows of resources*	*Deferred inflows of resources*
Differences between projected and actual investment earnings	$ 84,573	$ -
Differences between expected and actual economic experience	43,671	292
Changes in actuarial assumptions	1,754	-
Totals	$ 129,998	$ 292
Contributions made subsequent to the measurement date	86,555	-
Totals	$ 216,553	$ 292

The amount reported as deferred outflows of resources resulting from contributions made subsequent to the measurement date, in the amount of $86,555, will be recognized as a reduction in the net pension liability in 2026.

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

Year ended December 31:	*Deferred outflows of resources*	*Deferred inflows of resources*
2026	$ 64,345	$ 292
2027	82,066	-
2028	(16,051)	-
2029	(362)	-
	$ 129,998	$ 292

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

Plan description:
The Village of Middleville Retiree Healthcare Plan (the Plan) is a single-employer, defined benefit, healthcare plan administered by the Village, which provides healthcare benefits to eligible employees upon retirement. Eligible recipients include exempt employees hired before June 1, 2014 and employees with union affiliation hired before January 1, 2015. The Plan was established by the Village and can be amended at its discretion. The Plan does not issue a separate stand-alone financial statement, is not advance funded, and is not administered through a trust agreement.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (Continued)

Benefits provided:
Exempt employees:
Hired before June 1, 2014:
Quarterly stipend for medical insurance from the date of retirement until death (currently $878 for single and $1,429 for self and spouse). The stipend is adjusted annually by the Consumer Price Index. The post retirement benefit transfers to the spouse upon retiree death.
Union employees:
Hired before January 1, 2015:
The retirees will receive 50% of medical insurance premiums from the first day following the retirees 65th birthday until death. The post retirement benefit transfers to the spouse upon retiree death.

Employees covered by benefit terms:
As of December 31, 2025, Plan membership consisted of the following:

Active members	-
Inactive members	-
Retirees and beneficiaries	8
Total	8

Contributions:
The Village of Middleville Retiree Healthcare Plan was established and is being funded under the authority of the Village and under agreements with the unions representing employees. The Plan's funding policy is that the employer will fund the plan on a pay-as-you-go basis, that is, benefit payments will be made from general operating funds. There are no long-term contracts for contributions to the plan. The Plan has no legally required reserves. For the year ended December 31, 2025, the Village contributed $45,383 to the Plan.

Net OPEB liability:
The total OPEB liability was determined by a valuation as of December 31, 2025, using the following actuarial assumptions:

Inflation	N/A (plan is not pre-funded)
Salary increases	3.00%
Investment rate of return	N/A (plan is not pre-funded)
20-year Aa Municipal bond rate	4.28%
Mortality	Public General 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021

Discount rate:
The discount rate used to measure the total OPEB liability was 4.28%. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members, therefore, benefit payments are discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. This discount rate is used to determine the total OPEB liability. The discount rate used for the December 31, 2024, OPEB liability was 4.00%.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (Continued)

Changes in the Net OPEB liability:

	Increase (decrease)		
	Total OPEB liability (a)	*Plan fiduciary net position (b)*	*Net OPEB liability (asset) (a) - (b)*
Balances at December 31, 2024	$ 657,093	$ -	$ 657,093
Changes for the year:			
Service cost	9,393	-	9,393
Interest	27,446	-	27,446
Differences between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Contributions - employer	-	45,383	(45,383)
Benefit payments	(41,083)	(41,083)	-
Administrative expenses	-	(4,300)	4,300
Net changes	(4,244)	-	(4,244)
Balances at December 31, 2025	$ 652,849	$ -	$ 652,849
Plan fiduciary net position as a percentage of total OPEB liability			0.0%

Sensitivity of the net OPEB liability to changes in the discount rate:
The following schedule presents the net OPEB liability of the Village, calculated using the discount rates 1% higher and lower than the current rate of 4.28%:

	1% decrease	*Current rate*	*1% increase*
Net OPEB liability	$ 724,815	$ 652,849	$ 592,012

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:
The following schedule presents the net OPEB liability of the Village, calculated using healthcare cost trend rates 1% higher and lower than the current rate:

	1% decrease	*Current rate*	*1% increase*
Net OPEB liability	$ 640,251	$ 652,849	$ 708,786

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (Continued)

OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB Plan:
For the year ended December 31, 2025, the Village recognized OPEB expense of $32,962. At December 31, 2025, the Village reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

Source	*Deferred outflows of resources*	*Deferred inflows of resources*
Changes in assumptions	$ 59,412	$ 18,628
Difference between expected and actual experience	-	33,700
Total	$ 59,412	$ 52,328

Amounts reported as deferred outflows of resources and deferred inflows of resources, related to OPEB, will be recognized in OPEB expense as follows:

Year ended December 31,	*Deferred outflows of resources*	*Deferred inflows of resources*
2026	$ 31,996	$ 25,216
2027	27,416	22,743
2028	-	4,369
	$ 59,412	$ 52,328

NOTE 11 - DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plans were held in trust (custodial account or annuity contract), as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof, for the exclusive benefit of the participants, holds the custodial account for the beneficiaries of this Section 457 plan and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the Village’s financial statements.

NOTE 12 - RESTRICTED NET POSITION

In the government-wide statement of net position, the governmental activities report restricted net position in the amount of $2,437,571. A portion of the restricted net position is restricted by enabling legislation for public works expenditures, in the amount of $2,414,006, and the remainder is restricted for park improvements in the amount of $23,565.

NOTE 13 - PROPERTY TAXES

The 2025 taxable valuation of the Village approximated $172,324,000, on which ad valorem taxes levied consisted of 10.5 mills for operating purposes and 1.7283 mills for street preservation and improvements, raising approximately $1,446,000 for operating purposes and $238,000 for street preservation and improvements, after tax captures by the Village’s component units. These amounts are recognized in the respective fund financial statements as property tax revenue.

NOTE 14 - TAX ABATEMENTS

The Village enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within the Village. Each agreement was negotiated under a state law, which allows local units to abate property taxes for a variety of economic development purposes. Abatements may be granted to local businesses located within the Village or promising to relocate within the Village. Depending on the statute referenced for a particular abatement, the Village may grant abatements of up to 50% of annual property taxes through a direct reduction of the entity's property tax bill or not tax the entity on improvements to a property for a period of time, not to exceed twelve years. Depending on the terms of the agreement and state law, abated taxes may be subject to recapture upon default of the entity. The Village has not made any commitments as part of the agreements other than to reduce taxes. The Village is not subject to any tax abatement agreements entered into by other governmental entities.

For the year ended December 31, 2025, the Village abated property taxes totaling $74,447 under the Industrial Facilities Exemption, which is authorized by Public Act 198 of 1974.

NOTE 15 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has joined together with other local governmental units in the State to form the Michigan Municipal League Insurance Pool (MML), a public entity risk pool currently operating as a common risk management and insurance program for local governmental units within the State. The Village pays an annual premium to MML for all of its insurance coverages. MML is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $2,000,000 for each insured event.

NOTE 16 - CONSTRUCTION COMMITMENTS

At December 31, 2025, the Village had the following contractual commitments:

	Project authorization	*Expended through December 31, 2025*	*Committed*
Irving Road transmission reconstruction	$ 564,746	$ 468,659	$ 96,087
Railroad Street improvement	549,992	-	549,992
Misty Ridge resurfacing	299,930	-	299,930
Total	$ 1,414,668	$ 468,659	$ 946,009

The Irving Road project is being funded through the available resources of the Water Fund and the Misty Ridge resurfacing project is being funded through the available resources of the Local Street Fund. The Railroad Street project will be funded by available resources of the Local Street Fund and the Sewer and Water Funds.

NOTE 17 - UPCOMING ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. This statement is effective for fiscal years ending June 30, 2026, and after. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; and budgetary comparison information.

REQUIRED SUPPLEMENTARY INFORMATION

	Original budget	*Final budget*	*Actual*	*Variance with final budget positive (negative)*
REVENUES				
Property taxes:				
Operating levy	$ 1,628,085	$ 1,628,085	$ 1,508,391	$ (119,694)
Marihuana tax	115,000	115,000	108,034	(6,966)
Other	17,500	29,360	29,642	282
Total property taxes	1,760,585	1,772,445	1,646,067	(126,378)
Licenses and permits	15,000	15,000	13,735	(1,265)
State grants:				
State shared revenue	491,833	491,833	500,950	9,117
Local community stabilization revenue	-	-	18,792	18,792
Other	12,000	20,925	4,933	(15,992)
Total state grants	503,833	512,758	524,675	11,917
Intergovernmental	4,500	-	3,150	3,150
Interest and rentals:				
Interest	20,000	147,710	112,381	(35,329)
Rentals	13,200	13,200	12,650	(550)
Total interest and rentals	33,200	160,910	125,031	(35,879)
Other	13,500	60,797	68,206	7,409
Total revenues	2,330,618	2,521,910	2,380,864	(141,046)
EXPENDITURES				
General government:				
Legislative	40,395	41,995	36,877	5,118
Manager	219,256	228,176	210,902	17,274
Finance director	30,034	47,657	40,436	7,221
Professional fees	34,250	51,750	49,710	2,040
Clerk	86,133	106,554	97,222	9,332
Building and grounds	99,000	106,900	118,288	(11,388)
Nondepartmental	232,000	333,000	279,232	53,768
Total general government	741,068	916,032	832,667	83,365

	Original budget	*Final budget*	*Actual*	*Variance with final budget positive (negative)*
EXPENDITURES (Continued)				
Public safety:				
Police protection	$ 453,500	$ 480,400	$ 443,326	$ 37,074
Crossing guards	33,088	33,088	167	32,921
Total public safety	486,588	513,488	443,493	69,995
Public works:				
Public works department	315,575	323,985	270,095	53,890
Environmental control	96,963	104,479	80,349	24,130
Street lighting	36,000	51,000	52,896	(1,896)
Sidewalks	110,537	204,435	89,743	114,692
Total public works	559,075	683,899	493,083	190,816
Community and economic development-				
Planning and zoning	173,594	186,677	123,174	63,503
Recreation and culture	251,858	435,078	385,107	49,971
Debt service:				
Principal	26,675	26,925	26,675	250
Interest	14,962	14,962	9,313	5,649
Total expenditures	2,253,820	2,777,061	2,313,512	463,549
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	76,798	(255,151)	67,352	322,503
OTHER FINANCING SOURCES (USES)				
Transfers out	(250,000)	(250,000)	(250,000)	-
NET CHANGES IN FUND BALANCES	(173,202)	(505,151)	(182,648)	322,503
FUND BALANCES - BEGINNING	2,016,535	2,016,535	2,016,535	-
FUND BALANCES - ENDING	$ 1,843,333	$ 1,511,384	$ 1,833,887	$ 322,503

	Original budget	*Final budget*	*Actual*	*Variance with final budget positive (negative)*
REVENUES				
Property taxes	$ 246,222	$ 246,303	$ 104,813	$ (141,490)
State grants	418,365	418,365	407,426	(10,939)
Intergovernmental - LDFA	-	750,000	750,000	-
Interest	15,000	52,720	61,687	8,967
Other	-	14,303	14,303	-
Total revenues	679,587	1,481,691	1,338,229	(143,462)
EXPENDITURES				
Public works:				
Preservation	100,000	1,626,000	878,563	747,437
Routine maintenance	138,937	183,814	73,246	110,568
Winter maintenance	83,162	83,296	72,705	10,591
Traffic services	18,117	19,302	12,022	7,280
Total public works	340,216	1,912,412	1,036,536	875,876
Debt service:				
Principal	23,570	23,570	23,570	-
Interest	7,351	7,363	7,363	-
Total expenditures	371,137	1,943,345	1,067,469	875,876
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	308,450	(461,654)	270,760	732,414
OTHER FINANCING USES				
Transfers out	(200,000)	(200,000)	(200,000)	-
NET CHANGES IN FUND BALANCES	108,450	(661,654)	70,760	732,414
FUND BALANCES - BEGINNING	1,332,006	1,332,006	1,332,006	-
FUND BALANCES - ENDING	$ 1,440,456	$ 670,352	$ 1,402,766	$ 732,414

Village of Middleville

BUDGETARY COMPARISON SCHEDULE - *Local Street Fund*

Year ended December 31, 2025

	Original budget	*Final budget*	*Actual*	*Variance with final budget positive (negative)*
REVENUES				
Property taxes	$ -	$ 141,467	$ 143,804	$ 2,337
State grants	159,156	159,156	155,228	(3,928)
Interest	5,000	12,931	22,157	9,226
Total revenues	164,156	313,554	321,189	7,635
EXPENDITURES				
Public works:				
Preservation	750,000	200,000	9,026	190,974
Routine maintenance	94,971	95,180	56,621	38,559
Winter maintenance	50,063	50,063	36,689	13,374
Traffic services	9,162	9,941	6,828	3,113
Total public works	904,196	355,184	109,164	246,020
Debt service:				
Principal	3,110	3,110	3,110	-
Interest	1,015	1,024	1,024	-
Total expenditures	908,321	359,318	113,298	246,020
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(744,165)	(45,764)	207,891	253,655
OTHER FINANCING SOURCES				
Transfers in	1,150,000	400,000	400,000	-
NET CHANGES IN FUND BALANCES	405,835	354,236	607,891	253,655
FUND BALANCES - BEGINNING	403,349	403,349	403,349	-
FUND BALANCES - ENDING	$ 809,184	$ 757,585	$ 1,011,240	$ 253,655

Village of Middleville

BUDGETARY COMPARISON SCHEDULE - ***ARPA Fund***

Year ended December 31, 2025

	Original budget	*Final budget*	*Actual*	*Variance with final budget positive (negative)*
REVENUES				
Federal grant	$ -	$ -	$ 99,717	$ 99,717
EXPENDITURES				
Capital outlay	-	-	99,717	(99,717)
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	$ -	$ -	$ -	$ -

SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS

Year ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	$ 67,242	$ 67,065	$ 58,658	$ 38,711	$ 39,045	$ 40,497	$ 34,768	$ 38,574	$ 40,702	$ 32,669
Interest	192,162	185,923	182,207	185,241	169,828	168,360	156,605	150,272	143,405	130,827
Changes in benefits	-	-	-	-	-	-	-	-	-	(2,694)
Difference between expected and actual experience	31,491	45,355	(1,165)	(74,530)	76,051	2,138	89,820	1,732	(6,723)	33,494
Changes in assumptions	(12,074)	19,606	-	89,437	83,778	73,258	-	-	-	97,087
Benefit payments, including refunds	(201,761)	(210,499)	(174,825)	(171,202)	(160,234)	(146,669)	(127,588)	(91,432)	(89,537)	(87,644)
Other	1	-	(1)	1	(2)	(1)	-	-	-	-
Net change in total pension liability	77,061	107,450	64,874	67,658	208,466	137,583	153,605	99,146	87,847	203,739
Total pension liability, beginning of year	2,743,613	2,636,163	2,571,289	2,503,631	2,295,165	2,157,582	2,003,977	1,904,831	1,816,984	1,613,245
Total pension liability, end of year	$ 2,820,674	$ 2,743,613	$ 2,636,163	$ 2,571,289	$ 2,503,631	$ 2,295,165	$ 2,157,582	$ 2,003,977	$ 1,904,831	$ 1,816,984
Plan fiduciary net position:										
Contributions - employer	$ 250,922	$ 333,265	$ 105,380	$ 237,289	$ 73,910	$ 61,798	$ 58,125	$ 52,965	$ 246,876	$ 56,267
Contributions - employee	40,065	34,934	27,813	21,244	21,915	18,677	16,550	18,698	17,729	12,162
Net investment income (loss)	166,288	219,980	(223,238)	230,832	230,234	205,497	(63,713)	196,009	143,577	(17,960)
Benefit payments, including refunds	(201,761)	(210,499)	(174,825)	(171,202)	(160,234)	(146,669)	(127,588)	(91,432)	(89,537)	(87,640)
Administrative expenses	(5,008)	(4,551)	(3,944)	(2,900)	(3,324)	(3,536)	(3,193)	(3,102)	(2,829)	(2,641)
Net change in plan fiduciary net position	250,506	373,129	(268,814)	315,263	162,501	135,767	(119,819)	173,138	315,816	(39,812)
Plan fiduciary net position, beginning of year	2,248,628	1,875,499	2,144,313	1,829,050	1,666,549	1,530,782	1,650,601	1,477,463	1,161,647	1,201,459
Plan fiduciary net position, end of year	$ 2,499,134	$ 2,248,628	$ 1,875,499	$ 2,144,313	$ 1,829,050	$ 1,666,549	$ 1,530,782	$ 1,650,601	$ 1,477,463	$ 1,161,647
Village's net pension liability, end of year	$ 321,540	$ 494,985	$ 760,664	$ 426,976	$ 674,581	$ 628,616	$ 626,800	$ 353,376	$ 427,368	$ 655,337
Plan fiduciary net position as a percent of total pension liability	88.60%	81.96%	71.15%	83.39%	73.06%	72.61%	70.95%	82.37%	77.56%	63.93%
Covered payroll	$ 823,033	$ 854,332	$ 730,221	$ 474,249	$ 511,718	$ 460,072	$ 385,026	$ 378,506	$ 398,578	$ 398,578
Village's net pension liability as a percentage of covered payroll	39.07%	57.94%	104.17%	90.03%	131.83%	136.63%	162.79%	93.36%	107.22%	164.42%

SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions	$ 86,443	$ 140,987	$ 83,308	$ 77,808	$ 73,910	$ 61,798	$ 58,125	$ 61,261	$ 55,650	$ 49,224
Contributions in relation to the actuarially determined contributions	86,443	290,987	333,308	77,808	148,910	61,798	58,125	61,261	55,650	249,224
Contribution excess/(deficiency)	$ -	$ 150,000	$ 250,000	$ -	$ 75,000	$ -	$ -	$ -	$ -	$ 200,000
Covered payroll	$ 823,033	$ 854,332	$ 730,221	$ 474,249	$ 511,718	$ 460,072	$ 385,026	$ 378,506	$ 398,578	$ 398,578
Contributions as a percentage of covered payroll	10.50%	34.06%	45.64%	16.41%	29.10%	13.43%	15.10%	16.18%	13.96%	62.53%

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 each year, which is 24 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal cost
Amortization method	Level percentage of payroll, open
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.00%, net of investment and administrative expenses, including inflation
Retirement age	Normal retirement age is 60 years
Mortality	50% Male/50% Female blend of the Pub-2010 fully generational mortality table with scale MP-2019

Village of Middleville

SCHEDULE OF CHANGES IN THE VILLAGE'S NET OPEB LIABILITY AND RELATED RATIOS

Year ended December 31, 2025

	2025	2024	2023	2022	2021
Total OPEB liability:					
Service cost	$ 9,393	$ 9,392	$ 8,604	$ 34,119	$ 36,494
Interest	27,446	37,511	38,336	29,411	25,560
Changes in benefits	-	-	-	-	-
Difference between expected and actual experience	-	(274,409)	(4,405)	(157,189)	(3,105)
Changes in assumptions	-	(27,662)	36,829	(273,048)	(54,863)
Benefit payments, including refunds	(41,083)	(32,228)	(31,468)	(19,507)	(18,402)
Net change in total OPEB liability	(4,244)	(287,396)	47,896	(386,214)	(14,316)
Total OPEB liability, beginning of year	657,093	944,489	896,593	1,282,807	1,297,123
Total OPEB liability, end of year	$ 652,849	$ 657,093	$ 944,489	$ 896,593	$ 1,282,807
Plan fiduciary net position:					
Plan fiduciary net position, beginning of year	$ -	$ -	$ -	$ -	$ -
Plan fiduciary net position, end of year	$ -	$ -	$ -	$ -	$ -
Village's net OPEB liability, end of year	$ 652,849	$ 657,093	$ 944,489	$ 896,593	$ 1,282,807
Plan fiduciary net position as a percent of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	$ -	$ -	$ 32,868	$ 121,717	$ 194,284
Village's net OPEB liability as a percentage of covered employee payroll	0%	0%	2873.58%	736.62%	660.27%

Note: This schedule is being built prospectively after the implementation of GASB 75 in 2018. Ultimately, ten years of data will be presented.

Village of Middleville

SCHEDULE OF VILLAGE OPEB CONTRIBUTIONS

Year ended December 31, 2025

	2025	2024	2023	2022	2021
Actuarially determined contributions	$ 45,383	$ 104,353	$ 95,601	$ 112,209	$ 110,118
Contributions in relation to the actuarially determined contributions	45,383	32,228	31,468	19,507	18,402
Contribution excess/(deficiency)	$ -	$ (72,125)	$ (64,133)	$ (91,716)	$ (125,995)
Covered employee payroll	$ -	$ -	$ 32,868	$ 121,717	$ 194,284
Actuarially determined contributions as a percentage of covered employee payroll	0.00%	0.00%	56.68%	55.53%	39.64%
Contributions as a percentage of covered employee payroll	0.00%	0.00%	9.47%	6.99%	5.54%

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contributions are calculated as of December 31 each year.

Methods and assumptions used to determine contribution rates:

Inflation	Not applicable as plan is not prefunded
Salary increases	3.00%
Investment rate of return	Not applicable as the plan is not prefunded
20-year Aa municipal bond rate	4.28%
Healthcare cost trend	Initial rate of 5.5% decreasing .25% per year to a 4.5% long-term rate
Mortality	Public General 2010 Employee and Healthy Retiree, headcount weighted, MP-2021 improvement scale; effectively no impact on mortality as benefits will continue to be paid until Medicare eligibility age

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF NET POSITION - *internal service funds*

December 31, 2025

	Equipment	OPEB	Totals
ASSETS			
Current assets:			
Cash	$ 275,717	$ 252,903	$ 528,620
Prepaid expenses	122	-	122
Total current assets	275,839	252,903	528,742
Noncurrent assets:			
Capital assets, net of depreciation	580,719	-	580,719
Total assets	856,558	252,903	1,109,461
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	4,316	-	4,316
OPEB related	1,188	-	1,188
Total deferred outflows of resources	5,504	-	5,504
LIABILITIES			
Current liabilities:			
Payables	3,797	-	3,797
Noncurrent liabilities:			
Net pension liability	6,408	-	6,408
Net OPEB liability	13,010	-	13,010
Total noncurrent liabilities	19,418	-	19,418
Total liabilities	23,215	-	23,215
DEFERRED INFLOWS OF RESOURCES			
Pension related	6	-	6
OPEB related	1,047	-	1,047
Total deferred inflows of resources	1,053	-	1,053
NET POSITION			
Investment in capital assets	580,719	-	580,719
Unrestricted	257,075	252,903	509,978
Total net position	$ 837,794	$ 252,903	$ 1,090,697

See notes to financial statements

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - *internal service funds*

Year ended December 31, 2025

	Equipment	OPEB	Totals
OPERATING REVENUES			
Charges for services:			
Equipment rental	$ 219,830	$ -	$ 219,830
OPEB contributions	-	114,504	114,504
Total operating revenues	219,830	114,504	334,334
OPERATING EXPENSES			
Personnel costs	26,409	-	26,409
Equipment and supplies	49,151	-	49,151
Gas and oil	23,080	-	23,080
OPEB payments	-	45,384	45,384
Depreciation	61,716	-	61,716
Total operating expenses	160,356	45,384	205,740
OPERATING INCOME (LOSS)	59,474	69,120	128,594
NONOPERATING INCOME (EXPENSE)			
Gain (loss) on asset disposition	4,522	-	4,522
INCOME (LOSS) BEFORE TRANSFERS	63,996	69,120	133,116
TRANSFERS			
Transfers in	50,000	-	50,000
CHANGES IN NET POSITION	113,996	69,120	183,116
NET POSITION - BEGINNING	723,798	183,783	907,581
NET POSITION - ENDING	$ 837,794	$ 252,903	$ 1,090,697

See notes to financial statements

COMBINING STATEMENT OF CASH FLOWS - *internal service funds*

Year ended December 31, 2025

	Equipment	OPEB	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	$ 219,830	$ 114,504	$ 334,334
Payments to vendors and suppliers	(90,775)	(45,384)	(136,159)
Payments to employees	(18,053)	-	(18,053)
Net cash provided by (used in) operating activities	111,002	69,120	180,122
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	50,000	-	50,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from asset disposition	4,522	-	4,522
Acquisition of capital assets	(73,514)	-	(73,514)
Net cash used in capital and related financing activities	(68,992)	-	(68,992)
NET CHANGE IN CASH	92,010	69,120	161,130
CASH - BEGINNING	183,707	183,783	367,490
CASH - ENDING	$ 275,717	$ 252,903	$ 528,620

See notes to financial statements

	Equipment	*OPEB*	*Totals*
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ 59,474	$ 69,120	$ 128,594
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	61,716	-	61,716
(Increase) decrease in prepaid expenses	42	-	42
Decrease in deferred outflows of resources	5,292	-	5,292
Increase (decrease) in payables	(9,385)	-	(9,385)
Decrease in other postemployment liability	(4,066)	-	(4,066)
Decrease in net pension liability	(893)	-	(893)
Decrease in deferred inflows of resources	(1,178)	-	(1,178)
Net cash provided by (used in) operating activities	$ 111,002	$ 69,120	$ 180,122

See notes to financial statements

BALANCE SHEET - *component units*

December 31, 2025

	Local Development Finance Authority	Downtown Development Authority
ASSETS		
Cash and investments	$ 1,355,109	$ 423,791
Receivables	70,893	50,093
Prepaids	-	249
Total assets	$ 1,426,002	$ 474,133
LIABILITIES AND FUND BALANCES		
Liabilities - payables	$ 45,781	$ 4,573
Fund balances - unassigned	1,380,221	469,560
Total liabilities and fund balances	$ 1,426,002	$ 474,133
Total fund balances	$ 1,380,221	$ 469,560
Amounts reported for the *component units* in the statement of net position (page 15) are different because:		
Capital assets used by the *component units* are not financial resources and, therefore, are not reported in the fund.	1,738,276	-
Long-term liabilities, consisting of a contract payable, are not due and payable in the current period and, therefore, are not reported in the fund.	(75,000)	-
Interest payable, related to long-term debt, is not due and payable in the current period and, therefore, is not reported in the fund.	(1,125)	-
Net position of the *component units*	$ 3,042,372	$ 469,560

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - *component units*

Year ended December 31, 2025

	Local Development Finance Authority	*Downtown Development Authority*
REVENUES		
Property taxes	$ 488,317	$ 221,945
State grants	411,383	12,609
Charges for services	-	12,840
Interest	37,706	13,493
Total revenues	937,406	260,887
EXPENDITURES		
Current - public works	134,289	158,450
Capital contributions to Village	1,474,261	-
Debt service:		
Principal	75,000	-
Interest	3,975	-
Total expenditures	1,687,525	158,450
NET CHANGES IN FUND BALANCES	(750,119)	102,437
FUND BALANCES - BEGINNING	2,130,340	367,123
FUND BALANCES - ENDING	$ 1,380,221	$ 469,560

Net changes in fund balances	$ (750,119)	$ 102,437
Amounts reported for the *component units* in the statement of activities (page 16) are different because:		
Capital assets - deduct depreciation provision	(90,710)	-
Long term debt - add principal payments	75,000	-
Decrease in accrued interest expense	1,063	-
Change in net position of *component units*	$ (764,766)	$ 102,437

Village of Middleville

BUDGETARY COMPARISON SCHEDULE - ***Local Development Finance Authority***

Year ended December 31, 2025

	Original budget	*Final budget*	*Actual*	*Variance with final budget positive (negative)*
REVENUES				
Property taxes - tax captures	$ 430,511	$ 430,511	$ 488,317	$ 57,806
State grant	400,000	400,000	411,383	11,383
Interest	25,000	57,233	37,706	(19,527)
Total revenues	855,511	887,744	937,406	49,662
EXPENDITURES				
Current - public works	219,200	336,484	134,289	202,195
Capital contributions to Village	1,375,000	1,474,261	1,474,261	-
Debt service:				
Principal	75,000	75,000	75,000	-
Interest	6,162	6,162	3,975	2,187
Total expenditures	1,675,362	1,891,907	1,687,525	204,382
NET CHANGES IN FUND BALANCES	(819,851)	(1,004,163)	(750,119)	254,044
FUND BALANCES - BEGINNING	2,130,340	2,130,340	2,130,340	-
FUND BALANCES - ENDING	$ 1,310,489	$ 1,126,177	$ 1,380,221	$ 254,044

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
REVENUES				
Property taxes - tax captures	$ 258,263	$ 258,263	$ 221,945	$ (36,318)
State grants	-	10,750	12,609	1,859
Charges for services	15,000	15,000	12,840	(2,160)
Interest	-	9,937	13,493	3,556
Total revenues	273,263	293,950	260,887	(33,063)
EXPENDITURES				
Current - public works	227,353	314,203	158,450	155,753
NET CHANGES IN FUND BALANCES	45,910	(20,253)	102,437	122,690
FUND BALANCES - BEGINNING	367,123	367,123	367,123	-
FUND BALANCES - ENDING	$ 413,033	$ 346,870	$ 469,560	$ 122,690

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

$205,000 2006 BARRY COUNTY WATER CONTRACT PAYABLE

December 31, 2025

Fiscal	*Interest requirements*		*Maturity*		*Total*
period	*April 1*	*October 1*	*date*	*Principal*	*requirements*
2026	$ 159	$ 159	4/1/26	$ 15,000	$ 15,318

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

$1,040,000 2006 BARRY COUNTY WATER CONTRACT PAYABLE

December 31, 2025

Fiscal period	Interest requirements April 1	Interest requirements October 1	Maturity date	Principal	Total requirements
2026	$ 1,025	$ 387	4/1/26	$ 60,000	$ 61,412
2027	387	-	4/1/27	65,000	65,387
	$ 1,412	$ 387		$ 125,000	$ 126,799

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS
$425,000 2010 CAPITAL IMPROVEMENT BONDS PAYABLE

December 31, 2025

Fiscal period	*Interest requirements March 1*	*Interest requirements September 1*	*Maturity date*	*Principal*	*Total requirements*
2026	$ 3,044	$ 2,431	3/1/26	$ 25,000	$ 30,475
2027	2,431	1,806	3/1/27	25,000	29,237
2028	1,806	1,294	3/1/28	25,000	28,100
2029	1,294	650	3/1/29	25,000	26,944
2030	650	-	3/1/30	25,000	25,650
	$ 9,225	$ 6,181		$ 125,000	$ 140,406

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS
$700,000 2012 CAPITAL IMPROVEMENT BONDS PAYABLE

December 31, 2025

Fiscal period	Interest requirements March 1	Interest requirements September 1	Maturity date	Principal	Total requirements
2026	$ 7,250	$ 6,287	3/1/26	$ 50,000	$ 63,537
2027	6,287	5,300	3/1/27	50,000	61,587
2028	5,300	4,288	3/1/28	50,000	59,588
2029	4,288	3,250	3/1/29	50,000	57,538
2030	3,250	2,188	3/1/30	50,000	55,438
2031	2,188	1,100	3/1/31	50,000	53,288
2032	1,100	-	3/1/32	50,000	51,100
	$ 29,663	$ 22,413		$ 350,000	$ 402,076

	Principal	Interest	Totals
Allocation by activity:			
Governmental activities	$ 198,485	$ 29,538	$ 228,023
Business-type activities	151,515	22,538	174,053
	$ 350,000	$ 52,076	$ 402,076

Village of Middleville

LOCAL DEVELOPMENT FINANCE AUTHORITY

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

$745,509 2013 BARRY COUNTY CONTRACT PAYABLE

December 31, 2025

Fiscal period	*Interest requirements*		*Maturity date*	*Principal*	*Total requirements*
	February 1	*August 1*			
2026	$ 1,349	$ -	2/1/26	$ 75,000	$ 76,349

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS

$410,000 2014 CAPITAL IMPROVEMENT BONDS PAYABLE

December 31, 2025

Fiscal period	*Interest requirements March 1*	*Interest requirements September 1*	*Maturity date*	*Principal*	*Total requirements*
2026	$ 4,030	$ 3,564	3/1/26	$ 25,000	$ 32,594
2027	3,564	3,067	3/1/27	25,000	31,631
2028	3,067	2,558	3/1/28	25,000	30,625
2029	2,558	2,023	3/1/29	25,000	29,581
2030	2,023	1,366	3/1/30	30,000	33,389
2031	1,366	690	3/1/31	30,000	32,056
2032	690	-	3/1/32	30,000	30,690
	$ 17,298	$ 13,268		$ 190,000	$ 220,566

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS
$995,000 2017 GENERAL OBLIGATION LIMITED TAX SERIES

December 31, 2025

Fiscal period	*Interest requirements* March 1	*Interest requirements* September 1	*Maturity date*	*Principal*	*Total requirements*
2026	$ 10,611	$ 10,049	3/1/26	$ 45,000	$ 65,660
2027	10,049	9,464	3/1/27	45,000	64,513
2028	9,464	8,789	3/1/28	50,000	68,253
2029	8,789	8,076	3/1/29	50,000	66,865
2030	8,076	7,265	3/1/30	55,000	70,341
2031	7,265	6,426	3/1/31	55,000	68,691
2032	6,426	5,481	3/1/32	60,000	71,907
2033	5,481	4,506	3/1/33	60,000	69,987
2034	4,506	3,501	3/1/34	60,000	68,007
2035	3,501	2,380	3/1/35	65,000	70,881
2036	2,380	1,243	3/1/36	65,000	68,623
2037	1,243	-	3/1/37	70,000	71,243
	$ 77,791	$ 67,180		$ 680,000	$ 824,971

Village of Middleville

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS
$2,315,000 2021 BARRY COUNTY SEWER CONTRACT PAYABLE

December 31, 2025

Fiscal period	Interest requirements March 1	Interest requirements September 1	Maturity date	Principal	Total requirements
2026	$ 25,191	$ 23,191	3/1/26	$ 100,000	$ 148,382
2027	23,191	21,191	3/1/27	100,000	144,382
2028	21,191	19,091	3/1/28	105,000	145,282
2029	19,091	16,991	3/1/29	105,000	141,082
2030	16,991	14,791	3/1/30	110,000	141,782
2031	14,791	13,141	3/1/31	110,000	137,932
2032	13,141	11,992	3/1/32	115,000	140,133
2033	11,992	10,792	3/1/33	120,000	142,784
2034	10,792	9,590	3/1/34	120,000	140,382
2035	9,590	8,340	3/1/35	125,000	142,930
2036	8,340	7,040	3/1/36	130,000	145,380
2037	7,040	5,740	3/1/37	130,000	142,780
2038	5,740	4,390	3/1/38	135,000	145,130
2039	4,390	2,990	3/1/39	140,000	147,380
2040	2,990	1,540	3/1/40	145,000	149,530
2041	1,540	-	3/1/41	145,000	146,540
	$ 196,001	$ 170,810		$ 1,935,000	$ 2,301,811