

Village of Vicksburg
Kalamazoo County, Michigan

FINANCIAL STATEMENTS

Year ended June 30, 2022

CONTENTS

	<i>Page</i>
INDEPENDENT AUDITOR'S REPORT	3 - 5
MANAGEMENT'S DISCUSSION AND ANALYSIS	6 - 12
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net position	13
Statement of activities	14
Fund financial statements:	
Balance sheet - governmental funds	15
Statement of revenues, expenditures, and changes in fund balances - governmental funds	16 - 17
Statement of net position - proprietary funds	18
Statement of revenues, expenses, and changes in net position - proprietary funds	19
Statement of cash flows - proprietary funds	20 - 21
Notes to financial statements	22 - 41
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	42 - 43
Major Street Fund	44
Local Street Fund	45
Schedule of changes in the Village's net pension liability and related ratios	46
Schedule of Village pension contributions	47
SUPPLEMENTARY INFORMATION	
Balance sheet - component units	48
Statement of revenues, expenditures, and changes in fund balances - component units	49
Budgetary comparison schedules:	
Downtown Development Authority	50
Brownfield Redevelopment Authority	51
Schedules of debt retirement and annual interest requirements	52 - 56
SINGLE AUDIT SCHEDULES AND REPORTS	
Schedule of expenditures of federal awards	57
Notes to schedule of expenditures of federal awards	58

CONTENTS (CONTINUED)

Page

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	59 - 60
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	61 - 63
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	64-65
SUMMARY OF PRIOR YEAR AUDIT FINDINGS	66



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INDEPENDENT AUDITOR'S REPORT

Village Council
Village of Vicksburg, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the Village of Vicksburg, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Village of Vicksburg's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the Village of Vicksburg, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our 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 of Vicksburg 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.

Change in Accounting Principle

As discussed in Note 20 to the financial statements, in 2022 the Village adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Vicksburg'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Vicksburg's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Vicksburg'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, and historical pension supplementary information, as identified in the table of 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 of Vicksburg's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 other supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 on our consideration of the Village of Vicksburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Vicksburg's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Vicksburg's internal control over financial reporting and compliance.

Maney Costeiran PC

December 9, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Village of Vicksburg's (the Village) financial performance provides a narrative overview of the Village's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

- The Village's total net position increased by \$1,420,432 (10 percent) as a result of this year's activities. The net position of the governmental activities increased by \$1,038,337 and the net position of the business-type activities increased by \$382,095.
- Of the \$15,180,993 total net position reported, \$5,454,740 (36 percent) is available to be used at the Council's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$871,575, which represents 40 percent of the actual total General Fund expenditures for the current fiscal year.

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 supplementary 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 public safety, 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 2022 and 2021 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 outflow 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 outflow 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 police protection, fire protection, and general government. Property taxes and state grants 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 three other entities in its report - the Vicksburg Building Authority, the Downtown Development Authority, and the Brownfield Redevelopment 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 and bond agreements.
- The Village Council establishes other funds to show that it is properly using certain taxes and other restricted revenues (like the motor fuel taxes collected for the street funds).

The Village has two kinds 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.
- *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.
 - 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.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position

The total net position at the end of the fiscal year was \$15,180,993. Of this total, \$8,357,907 represents a net investment in capital assets and \$1,368,346 is restricted for various purposes. Consequently, unrestricted net position was \$5,454,740 or 36 percent of the total.

Condensed financial information
Net position

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 4,915,473	\$ 4,125,727	\$ 4,641,576	\$ 4,522,685	\$ 9,557,049	\$ 8,648,412
Capital assets	<u>5,929,191</u>	<u>4,187,497</u>	<u>14,799,034</u>	<u>11,127,841</u>	<u>20,728,225</u>	<u>15,315,338</u>
Total assets	<u>10,844,664</u>	<u>8,313,224</u>	<u>19,440,610</u>	<u>15,650,526</u>	<u>30,285,274</u>	<u>23,963,750</u>
Deferred outflows of resources	<u>100,529</u>	<u>58,359</u>	<u>61,513</u>	<u>43,346</u>	<u>162,042</u>	<u>101,705</u>
Current and other liabilities	631,564	158,849	1,146,938	1,614,408	1,778,502	1,773,257
Noncurrent liabilities	<u>2,447,283</u>	<u>1,443,987</u>	<u>10,868,852</u>	<u>7,004,121</u>	<u>13,316,135</u>	<u>8,448,108</u>
Total liabilities	<u>3,078,847</u>	<u>1,602,836</u>	<u>12,015,790</u>	<u>8,618,529</u>	<u>15,094,637</u>	<u>10,221,365</u>
Deferred inflows of resources	<u>110,532</u>	<u>51,270</u>	<u>61,154</u>	<u>32,259</u>	<u>171,686</u>	<u>83,529</u>
Net position:						
Net investment in capital assets	4,239,780	3,419,380	4,118,127	4,184,427	8,357,907	7,603,807
Restricted	975,644	1,017,689	392,702	304,294	1,368,346	1,321,983
Unrestricted	<u>2,540,390</u>	<u>2,280,408</u>	<u>2,914,350</u>	<u>2,554,363</u>	<u>5,454,740</u>	<u>4,834,771</u>
Total net position	<u>\$ 7,755,814</u>	<u>\$ 6,717,477</u>	<u>\$ 7,425,179</u>	<u>\$ 7,043,084</u>	<u>\$ 15,180,993</u>	<u>\$ 13,760,561</u>

*Change in accounting principle: the 2021 column represents an increase in other assets of \$351,309, and an additional other liabilities of \$345,855 and an increase of \$5,454 in unrestricted net position for the Business-type activities related to the implementation of GASB #87, see footnote 20 for more information.

Changes in net position

The Village's total revenues for the current fiscal year were \$6,239,419. In the current year, nearly 53 percent of the Village's revenues comes from charges for services and approximately 26 percent comes from property taxes.

The total cost of the Village's programs, covering a wide range of services, totaled \$4,818,987. Approximately 58 percent of the Village's expenses relates utility and golf expenses. General government, public safety, and public works expenses account for 7, 16 and 13 percent of the Village's total expenses, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed financial information
Changes in net position

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 187,169	\$ 162,682	\$ 3,110,102	\$ 3,037,905	\$ 3,297,271	\$ 3,200,587
Grants and contributions:						
Operating grants	519,764	579,138	-	11,052	519,764	590,190
Capital grants	184,835	19,977	62,302	35,640	247,137	55,617
General revenues:						
Property taxes	1,611,674	1,481,651	-	-	1,611,674	1,481,651
State shared revenue	502,768	322,472	-	-	502,768	322,472
Local community stabilization revenue	29,311	78,366	-	-	29,311	78,366
Unrestricted investment return	3,532	10,818	3,989	3,634	7,521	14,452
Franchise fees	12,896	17,450	-	-	12,896	17,450
Other	11,077	53,904	-	-	11,077	53,904
Total revenues	3,063,026	2,726,458	3,176,393	3,088,231	6,239,419	5,814,689
Expenses:						
General government	318,842	309,804	-	-	318,842	309,804
Public safety	789,979	738,449	-	-	789,979	738,449
Public works	647,514	647,703	-	-	647,514	647,703
Community and economic development	79,415	66,058	-	-	79,415	66,058
Recreation and culture	158,579	68,128	-	-	158,579	68,128
Interest	30,360	21,227	-	-	30,360	21,227
Sewer	-	-	910,256	771,934	910,256	771,934
Water	-	-	599,367	618,305	599,367	618,305
Golf	-	-	1,284,675	1,105,968	1,284,675	1,105,968
Total expenses	2,024,689	1,851,369	2,794,298	2,496,207	4,818,987	4,347,576
Transfers	-	-	-	-	-	-
Changes in net position	\$ 1,038,337	\$ 875,089	\$ 382,095	\$ 592,024	\$ 1,420,432	\$ 1,467,113
Net position, end of year	\$ 7,755,814	\$ 6,717,477	\$ 7,425,179	\$ 7,043,084	\$ 15,180,993	\$ 13,760,561

*Change in accounting principle: the 2021 column represents a decrease in golf expenses of \$5,454, and an increase of \$5,454 in net position, end of year for the Business-type activities related to the implementation of GASB #87, see footnote 20 for more information.

Governmental activities

Governmental activities increased the Village's net position by \$1,038,337, in the current year, compared to an \$875,089 increase in the prior year. The increase in the net position is higher in the current year, as revenues increased by \$336,568 and expenses increased by \$173,320.

Total revenues were higher primarily due to a \$180,296 increase state shared revenue, and a \$130,023 increase in property tax revenue as taxable values increased. Capital grants increased by \$164,858 from the prior year, due to a capital contribution for the construction of a park. Expenses increased by \$173,320 as general government and public safety costs increased by \$9,038 and \$51,530, respectively. Recreation and culture expenses increased by \$90,451.

The total cost of governmental activities this year was \$2,024,689. After subtracting the direct charges to those who directly benefited from the programs (\$187,169) and operating and capital grants (\$704,599), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$1,132,921.

Business-type activities

Business-type activities increased the Village's net position by \$382,095 in the current year compared to a \$592,024 increase in the prior year. Utility and golf billing rates have been set to keep pace with rising costs of the Village's enterprise operations so that the total net position increased in both years.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental funds

At the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$4,255,307, an increase of \$339,591 from the prior year. Of the total fund balances, \$871,575 (20 percent) constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is either nonspendable (\$21,951), restricted for public works (\$975,644), committed (\$1,900,000) or assigned (\$486,137) to indicate that it is not available for new spending.

The General Fund is the primary operating fund of the Village. At the end of the fiscal year, its fund balance was \$3,279,663, an increase of \$381,636, as revenues of \$2,529,752 and other financing sources of \$31,879 exceeded expenditures of \$2,179,995.

The Major Street Fund, a special revenue fund, accounts for the use of motor fuel taxes that are earmarked by state statute for major street repairs and improvements. Its fund balance at June 30, 2022, was \$667,285, a decrease of \$144,841, as revenues of \$348,239 and loan proceeds of \$974,452, were lower than street maintenance and construction costs of \$1,467,532.

The Local Street Fund, a special revenue fund, accounts for the use of motor fuel taxes that are earmarked by state statute for local street repairs and improvements. Its fund balance at June 30, 2022, was \$308,359, an increase of \$102,796, as revenues of \$151,885 were higher than street maintenance costs of \$49,089.

Proprietary funds

The Sewer Fund experienced an increase in net position of \$259,070 in the current year, as user fees of \$1,167,313 and nonoperating revenues of \$2,013 were higher than total costs of \$910,256. Total net position is \$4,319,973 at year end, of which \$1,881,238 is unrestricted.

The Water Fund experienced an increase in net position of \$40,523 in the current year, as user fees of \$602,984 and nonoperating revenues of \$1,334, and capital contributions of \$35,572 were higher than total costs of \$599,367. Total net position is \$1,885,068 at year end, of which \$590,573 is unrestricted.

The Golf Course Fund experienced an increase in net position of \$82,502 in the current year, as user fees of \$1,339,805, nonoperating revenues of \$642 and capital contributions of \$26,730 exceeded total costs of \$1,284,675. Total net position is \$1,220,138 at year end, of which \$442,539 is unrestricted.

General Fund budgetary highlights

The Village amended its revenue budget to increase total revenues by \$482,498, due to anticipated increases in various revenue sources. The Village also amended its appropriations during the current year so that net budgeted expenditures increased by \$588,484 to reflect changes that occurred over the course of the year. The most significant amendments increased amounts appropriated for capital outlay expenditures by \$406,500 for an anticipated increase in project costs.

Total revenues were \$99,754 higher than budgeted, primarily because state grant revenues were \$123,223 higher than anticipated. Expenditures were \$640,405 less than the amounts appropriated, as expenditures were lower than appropriations in all functions. These variances resulted in a \$584,965 positive budget variance with a \$381,636 increase in fund balance compared to a budgeted decrease of \$200,022.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital assets**

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$20,728,225, net of accumulated depreciation. Governmental capital assets amount to \$5,929,191 and business-type capital assets totaled \$14,799,034. These investments include a broad range of assets, including buildings, equipment, streets, and sewer and water facilities. The increase in the Village's net investment in capital assets for the current fiscal year was \$5,412,887 as additions of \$6,248,722 exceeded current year depreciation of \$835,835.

	<i>Governmental activities</i>	<i>Business-type activities</i>
Land	\$ 1,087,935	\$ 1,000,000
Infrastructure	3,998,358	13,078,415
Golf course	-	720,619
Buildings and improvements	520,851	-
Furniture and equipment	161,806	-
Vehicles	160,241	-
Totals	<u>\$ 5,929,191</u>	<u>\$ 14,799,034</u>

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

- Street improvements for \$981,105
- Oswalt park project for \$266,196
- Sewer and Water infrastructure improvements \$4,181,659
- Construction for DPW building for \$357,003
- Other road paving projects costing \$375,608

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 fiscal year, the Village had total long-term debt outstanding, in the amount of \$12,370,318, which represents a net increase of \$4,658,797, due to the issuance of new debt of \$4,993,106 and principal payments of \$334,319. Other long-term obligations of the governmental activities of \$200,565, represent accrued compensated absences. The Village also recognized a net pension liability, associated with its defined benefit pension plan, in the amount of \$611,307 for governmental activities and \$338,222 for business-type activities.

More detailed information about the Village's long-term obligations is presented in Notes 9 and 10 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village plans to primarily use current revenues to provide essential services in fiscal year 2023, in order to maintain current fund balances. The Village continues to review all budget line-items for opportunities to reduce expenditures. The budget will be monitored during the year to identify any necessary amendments.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Village's finances to its citizens, taxpayers, customers, investors, and creditors 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:

Jim Mallery, Village Manager
Village of Vicksburg
126 North Kalamazoo Avenue
Vicksburg, MI 49097

Phone: (269) 649-1919
E-mail: jmallery@vicksburgmi.org

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2022

	Primary government			Component units	
	Governmental activities	Business-type activities	Totals	Downtown Development Authority	Brownfield Redevelopment Authority
ASSETS					
Current assets:					
Cash	\$ 4,534,096	\$ 2,967,543	\$ 7,501,639	\$ 132,532	\$ 467,992
Receivables	242,636	924,034	1,166,670	2,643	-
Due from component units	10,818	-	10,818	-	-
Restricted cash	-	439,167	439,167	-	-
Inventory and prepaids	21,951	51,973	73,924	-	-
Total current assets	4,809,501	4,382,717	9,192,218	135,175	467,992
Noncurrent assets:					
Receivables	105,972	-	105,972	-	-
Leased asset	-	258,859	258,859	-	-
Capital assets not being depreciated	1,087,935	1,000,000	2,087,935	-	-
Capital assets, net of depreciation	4,841,256	13,799,034	18,640,290	117,368	-
Total noncurrent assets	6,035,163	15,057,893	21,093,056	117,368	-
Total assets	10,844,664	19,440,610	30,285,274	252,543	467,992
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension amounts	100,529	55,621	156,150	-	-
Loss on bond refunding, net	-	5,892	5,892	-	-
Total deferred outflows of resources	100,529	61,513	162,042	-	-
LIABILITIES					
Current liabilities:					
Payables	211,540	610,533	822,073	1,896	-
Unearned revenue	366,024	149,306	515,330	-	-
Due to primary government	-	-	-	-	10,818
Lease payable	-	83,099	83,099	-	-
Bonds payable	54,000	304,000	358,000	-	-
Total current liabilities	631,564	1,146,938	1,778,502	1,896	10,818
Noncurrent liabilities:					
Compensated absences	200,565	-	200,565	-	-
Net pension liability	611,307	338,222	949,529	-	-
Lease payable	-	153,723	153,723	-	-
Bonds payable	1,635,411	10,376,907	12,012,318	-	-
Total noncurrent liabilities	2,447,283	10,868,852	13,316,135	-	-
Total liabilities	3,078,847	12,015,790	15,094,637	1,896	10,818
DEFERRED INFLOWS OF RESOURCES					
Deferred pension amounts	110,532	61,154	171,686	-	-
NET POSITION					
Net investment in capital assets	4,239,780	4,118,127	8,357,907	117,368	-
Restricted for:					
Public works	975,644	-	975,644	-	-
Debt service	-	392,702	392,702	-	-
Unrestricted	2,540,390	2,914,350	5,454,740	133,279	457,174
Total net position	\$ 7,755,814	\$ 7,425,179	\$ 15,180,993	\$ 250,647	\$ 457,174

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

Functions/Programs	Program revenues				Net (expenses) revenues and changes in net position				
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government			Component units	
					Governmental activities	Business-type activities	Totals	Downtown Development Authority	Brownfield Redevelopment Authority
Primary government									
Governmental activities:									
General government	\$ 318,842	\$ 100,118	\$ -	\$ -	\$ (218,724)		\$ (218,724)		
Public safety	789,979	48,762	6,221	-	(734,996)		(734,996)		
Public works	647,514	789	499,333	-	(147,392)		(147,392)		
Community and economic development	79,415	-	-	-	(79,415)		(79,415)		
Recreation and culture	158,579	37,500	14,210	184,835	77,966		77,966		
Interest on long-term debt	30,360	-	-	-	(30,360)		(30,360)		
Total governmental activities	2,024,689	187,169	519,764	184,835	(1,132,921)		(1,132,921)		
Business-type activities:									
Sewer	910,256	1,167,313	-	-		\$ 257,057	257,057		
Water	599,367	602,984	-	35,572		39,189	39,189		
Golf course	1,284,675	1,339,805	-	26,730		81,860	81,860		
Total business-type activities	2,794,298	3,110,102	-	62,302		378,106	378,106		
Total primary government	\$ 4,818,987	\$ 3,297,271	\$ 519,764	\$ 247,137	(1,132,921)	378,106	(754,815)		
Component units									
Downtown Development Authority	\$ 91,676	\$ -	\$ 7,150	\$ -				\$ (84,526)	\$ -
Brownfield Redevelopment Authority	7,037	-	-	-				-	(7,037)
Total component units	\$ 98,713	\$ -	\$ 7,150	\$ -				(84,526)	(7,037)
General revenues:									
Property taxes					1,611,674	-	1,611,674	67,087	29,742
State shared revenue					502,768	-	502,768	-	-
Local community stabilization revenue					29,311	-	29,311	-	-
Cable television franchise fees					12,896	-	12,896	-	-
Unrestricted interest income					3,532	3,989	7,521	196	1,149
Gain on sale of assets					11,077	-	11,077	-	-
Totals					2,171,258	3,989	2,175,247	67,283	30,891
Changes in net position					1,038,337	382,095	1,420,432	(17,243)	23,854
Restated net position - beginning					6,717,477	7,043,084	13,760,561	267,890	433,320
Net position - ending					\$ 7,755,814	\$ 7,425,179	\$ 15,180,993	\$ 250,647	\$ 457,174

BALANCE SHEET - governmental funds

June 30, 2022

	<i>General</i>	<i>Major Street</i>	<i>Local Street</i>	<i>Total governmental funds</i>
ASSETS				
Cash	\$ 3,624,577	\$ 622,711	\$ 286,808	\$ 4,534,096
Receivables	214,053	113,004	21,551	348,608
Due from component units	10,818	-	-	10,818
Prepays	21,951	-	-	21,951
Total assets	<u>\$ 3,871,399</u>	<u>\$ 735,715</u>	<u>\$ 308,359</u>	<u>\$ 4,915,473</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Payables	\$ 132,624	\$ 68,430	\$ -	\$ 201,054
Unearned federal grant revenue	366,024	-	-	366,024
Total liabilities	<u>498,648</u>	<u>68,430</u>	<u>-</u>	<u>567,078</u>
Deferred inflows of resources:				
Unavailable sales contract revenue	93,088	-	-	93,088
Fund balances:				
Nonspendable - prepaids	21,951	-	-	21,951
Restricted for - public works	-	667,285	308,359	975,644
Committed for:				
General government stabilization	150,000	-	-	150,000
New village hall	1,750,000	-	-	1,750,000
Assigned for:				
Capital acquisitions	426,137	-	-	426,137
Pension reserve	60,000	-	-	60,000
Unassigned	871,575	-	-	871,575
Total fund balances	<u>3,279,663</u>	<u>667,285</u>	<u>308,359</u>	<u>4,255,307</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,871,399</u>	<u>\$ 735,715</u>	<u>\$ 308,359</u>	<u>\$ 4,915,473</u>
Reconciliation of the balance sheet to the statement of net position:				
Total fund balance - total governmental funds				\$ 4,255,307
Amounts reported for <i>governmental activities</i> in the statement of net position (page 13) are different because:				
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.				5,929,191
Deferred outflows of resources, related to the pension plan, relate to future years and, therefore, are not reported in the funds.				100,529
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.				(200,565)
Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.				(1,689,411)
Interest payable, related to long-term liabilities, is not due and payable in the current period and, therefore, is not reported in the funds.				(10,486)
Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds.				93,088
Deferred inflows of resources, related to the pension plan, relate to future years and, therefore, are not reported in the funds.				(110,532)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.				(611,307)
Net position of <i>governmental activities</i>				<u>\$ 7,755,814</u>

Village of Vicksburg

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds

Year ended June 30, 2022

	General	Major Street	Local Street	Total governmental funds
REVENUES				
Property taxes	\$ 1,628,860	\$ -	\$ -	\$ 1,628,860
Licenses and permits	14,446	-	-	14,446
Federal grants	850	-	-	850
State grants	536,785	347,702	151,631	1,036,118
Intergovernmental	84,950	-	-	84,950
Fines and forfeitures	5,287	-	-	5,287
Interest and rentals	12,761	537	254	13,552
Other	245,813	-	-	245,813
Total revenues	2,529,752	348,239	151,885	3,029,876
EXPENDITURES				
Current:				
General government	276,791	-	-	276,791
Public safety	719,595	-	-	719,595
Public works	282,120	39,025	27,585	348,730
Community and economic development	79,415	-	-	79,415
Recreation and culture	82,600	-	-	82,600
Capital outlay	691,699	1,397,291	21,504	2,110,494
Debt service:				
Principal	30,000	24,000	-	54,000
Interest	17,775	7,216	-	24,991
Total expenditures	2,179,995	1,467,532	49,089	3,696,616
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	349,757	(1,119,293)	102,796	(666,740)
OTHER FINANCING SOURCES				
Insurance recoveries	6,000	-	-	6,000
Sale of assets	25,879	-	-	25,879
Loan proceeds	-	974,452	-	974,452
Net other financing sources	31,879	974,452	-	1,006,331
NET CHANGES IN FUND BALANCES	381,636	(144,841)	102,796	339,591
FUND BALANCES - BEGINNING	2,898,027	812,126	205,563	3,915,716
FUND BALANCES - ENDING	\$ 3,279,663	\$ 667,285	\$ 308,359	\$ 4,255,307

See notes to financial statements

Village of Vicksburg

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - *governmental funds* (Continued)

Year ended June 30, 2022

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 16) \$ 339,591

Amounts reported for *governmental activities* in the statement of activities (page 14) are different because:

Capital assets:

Assets acquired:

Purchased 2,067,063

Provision for depreciation (325,369)

Long-term debt:

Retirements 54,000

Debt issuance (974,452)

Amortization of bond discount (842)

Changes in other assets/liabilities:

Net increase in compensated absences (18,550)

Net increase in interest payable (4,527)

Increase in net pension liability (63,452)

Increase in deferred inflows of resources related to unavailable revenue (18,033)

Net decrease in deferred outflows of resources related to pension 50,477

Net increase in deferred inflows of resources related to pension (67,569)

Change in net position of *governmental activities* \$ 1,038,337

STATEMENT OF NET POSITION - proprietary funds

June 30, 2022

	Business-type activities			
	Enterprise funds			
	Sewer	Water	Golf Course	Totals
ASSETS				
Current assets:				
Cash	\$ 1,677,589	\$ 677,230	\$ 612,724	\$ 2,967,543
Receivables	770,360	134,453	19,221	924,034
Restricted cash	277,717	161,450	-	439,167
Inventory and prepaids	1,378	521	50,074	51,973
Total current assets	2,727,044	973,654	682,019	4,382,717
Noncurrent assets:				
Leased asset	-	-	258,859	258,859
Capital assets not being depreciated	-	-	1,000,000	1,000,000
Capital assets, net of depreciation	9,193,572	3,884,843	720,619	13,799,034
Total noncurrent assets	9,193,572	3,884,843	1,979,478	15,057,893
Total assets	11,920,616	4,858,497	2,661,497	19,440,610
DEFERRED OUTFLOWS OF RESOURCES				
Pension	23,173	23,173	9,275	55,621
Loss on bond refunding, net	-	5,892	-	5,892
Total deferred outflows of resources	23,173	29,065	9,275	61,513
LIABILITIES				
Current liabilities:				
Payables	456,726	98,921	54,886	610,533
Unearned operating revenue	-	-	149,306	149,306
Lease payable	-	-	83,099	83,099
Bonds payable	165,000	74,000	65,000	304,000
Total current liabilities	621,726	172,921	352,291	1,146,938
Noncurrent liabilities:				
Net pension liability	140,910	140,910	56,402	338,222
Lease payable	-	-	153,723	153,723
Bonds payable	6,835,702	2,663,185	878,020	10,376,907
Total noncurrent liabilities	6,976,612	2,804,095	1,088,145	10,868,852
Total liabilities	7,598,338	2,977,016	1,440,436	12,015,790
DEFERRED INFLOWS OF RESOURCES				
Pension	25,478	25,478	10,198	61,154
NET POSITION				
Net investment in capital assets	2,192,870	1,147,658	777,599	4,118,127
Restricted for debt service	245,865	146,837	-	392,702
Unrestricted	1,881,238	590,573	442,539	2,914,350
Total net position	\$ 4,319,973	\$ 1,885,068	\$ 1,220,138	\$ 7,425,179

Village of Vicksburg

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

Year ended June 30, 2022

	Business-type activities			
	Enterprise funds			
	Sewer	Water	Golf Course	Totals
OPERATING REVENUES				
Charges for services	\$ 1,167,313	\$ 574,384	\$ 1,333,054	\$ 3,074,751
Other	-	28,600	6,751	35,351
Total operating revenues	1,167,313	602,984	1,339,805	3,110,102
OPERATING EXPENSES				
Administration	201,414	217,834	476,150	895,398
Professional services	12,778	6,433	124,846	144,057
Repairs and maintenance	43,427	77,368	62,764	183,559
Equipment rental	-	-	13,613	13,613
Other	25,898	36,831	118,390	181,119
Treatment	244,532	-	-	244,532
Supplies	10,816	75,620	277,573	364,009
Amortization	-	-	92,450	92,450
Depreciation	288,907	142,551	79,008	510,466
Total operating expenses	827,772	556,637	1,244,794	2,629,203
OPERATING INCOME	339,541	46,347	95,011	480,899
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	2,013	1,334	642	3,989
Interest expense	(82,484)	(42,730)	(39,881)	(165,095)
Net nonoperating revenues (expenses)	(80,471)	(41,396)	(39,239)	(161,106)
INCOME BEFORE CONTRIBUTIONS	259,070	4,951	55,772	319,793
CAPITAL CONTRIBUTIONS	-	35,572	26,730	62,302
CHANGES IN NET POSITION	259,070	40,523	82,502	382,095
RESTATED NET POSITION - BEGINNING	4,060,903	1,844,545	1,137,636	7,043,084
NET POSITION - ENDING	\$ 4,319,973	\$ 1,885,068	\$ 1,220,138	\$ 7,425,179

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended June 30, 2022

	<i>Business-type activities</i>			
	<i>Enterprise funds</i>			
	<i>Sewer</i>	<i>Water</i>	<i>Golf Course</i>	<i>Totals</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,032,710	\$ 720,850	\$ 1,355,374	\$ 3,108,934
Payments to suppliers	(528,855)	(251,560)	(925,319)	(1,705,734)
Payments to employees	-	(162,963)	(115,138)	(278,101)
Net cash provided by operating activities	503,855	306,327	314,917	1,125,099
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from USDA loans	2,782,816	1,235,838	-	4,018,654
Capital contributions	-	35,572	26,730	62,302
Principal paid on leases	-	-	(109,033)	(109,033)
Acquisition of capital assets	(2,826,083)	(1,599,023)	(54,089)	(4,479,195)
Principal paid on capital debt	(165,000)	(60,000)	(60,000)	(285,000)
Interest paid on capital debt	(81,508)	(41,692)	(38,056)	(161,256)
Net cash used in capital and related financing activities	(289,775)	(429,305)	(234,448)	(953,528)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	2,013	1,334	642	3,989
NET INCREASE (DECREASE) IN CASH	216,093	(121,644)	81,111	175,560
CASH - BEGINNING (including restricted cash: Sewer Fund - \$208,711 and Water Fund - \$129,856)	1,739,213	960,324	531,613	3,231,150
CASH - ENDING (including restricted cash: Sewer Fund - \$277,717 and Water Fund - \$161,450)	\$ 1,955,306	\$ 838,680	\$ 612,724	\$ 3,406,710

STATEMENT OF CASH FLOWS - proprietary funds (Continued)

Year ended June 30, 2022

	<i>Business-type activities</i>			
	<i>Enterprise funds</i>			<i>Totals</i>
	<i>Sewer</i>	<i>Water</i>	<i>Golf Course</i>	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 339,541	\$ 46,347	\$ 95,011	\$ 480,899
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	288,907	142,551	171,458	602,916
Changes in assets and liabilities:				
Receivables	(134,603)	117,866	(6,364)	(23,101)
Deferred outflows of resources - pension	(6,240)	(5,504)	(6,423)	(18,167)
Inventory and prepaids	(84)	(7)	(12,589)	(12,680)
Payables	23,788	12,528	21,324	57,640
Unearned revenue	-	-	15,182	15,182
Deferred inflows of resources - pension	10,601	10,601	7,693	28,895
Net pension liability	(18,055)	(18,055)	29,625	(6,485)
Net cash provided by operating activities	<u>\$ 503,855</u>	<u>\$ 306,327</u>	<u>\$ 314,917</u>	<u>\$ 1,125,099</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Vicksburg, 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 Kalamazoo County, and its component units described below, for which the Village is financially accountable. The blended and 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.

Blended component unit - Vicksburg Building Authority:

The *Vicksburg Building Authority* is governed by a four-member board of directors appointed by the Village Council. Although it is legally separate from the Village, the Vicksburg Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the Village's public buildings. However, due to the absence of financial transactions during the year, and any carryforward balances, no information regarding the component unit has been included in the accompanying financial statements.

Discretely presented component units:

The *Downtown Development 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. The Authority is fiscally dependent on the Village because the Village Council appoints the Authority's governing body and approves its budget. The Village is also obligated to provide some of its tax revenues to the Authority, through tax increment financing, which represents a financial burden on the Village. Fiscal dependence and the financial burden relationship make the Village financially accountable for the Authority and require the Village to report it in its financial statements. Separate financial statements for the component unit have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit.

The *Brownfield Redevelopment Authority* was established pursuant to Public Act 381 of 1996, as amended, to promote the revitalization of environmentally distressed areas within the Village. The Authority is fiscally dependent on the Village because the Village Council appoints the authority's governing body and approves its budget. The Village is also obligated to provide some of its tax revenues to the Authority, through tax increment financing, which represents a financial burden on the Village. Fiscal dependence and the financial burden relationship make the Village financially accountable for the Authority and require the Village to report it in its financial statements. Separate financial statements for the component unit have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit.

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 taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and fund financial statements (continued):

Separate financial statements are provided for governmental funds and the 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.

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 the use of motor fuel taxes that are earmarked by state statute for major street repairs and improvements.

The Local Street Fund, a special revenue fund, accounts for the use of motor fuel taxes that are earmarked by state statute for local street repairs and improvements.

The Village reports the following major proprietary funds:

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

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

The Golf Course Fund accounts for the operation and maintenance of the Angels Crossing Golf Course. Financing is provided by user charges.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Measurement focus, basis of accounting, and financial statement presentation (continued):*

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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 cash equivalents - 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..

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.

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

Inventory of supplies - Supplies inventory is stated at cost (as determined on the first-in, first-out basis).

Restricted assets - Certain bond proceeds, and resources set aside for their repayment, are classified as restricted assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Capital assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., streets and similar items), 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 (\$50,000 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 either retroactively to June 15, 1980, or prospectively. The Village has elected to account for infrastructure assets prospectively, beginning July 1, 2003. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment and vehicles	3 - 20 years
Sewer and water systems	50 years
Streets	5 - 30 years

Compensated absences - It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the Village. Vested compensated absences are accrued when earned in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unearned revenue - Unearned revenue represents resources related to certain golf course fees and unearned federal grants, which have been received, but not yet been earned.

Deferred inflows of resources - The statement of net position and the governmental funds balance sheet include 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 revenue will not be recognized until a future event occurs. The Village has two items. The unavailable sale contract revenue will not be recognized until it is available (collected not later than 60 days after the end of the Village's fiscal year) in the fund financials but is recognized as revenue in the current year in the government-wide financials. It is deferred and recognized as an inflow of resources in the period that the contribution becomes available in the fund statements. The deferred amounts relating to the pension plan are discussed in Note 10.

Deferred outflows of resources - The statement of net position and the proprietary funds statement of net position include 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 expense will not be recognized until a future event occurs. The Village has two items in this category: a deferred amount arising from the refunding of bonds in a previous year and a deferred amount relating to pensions (Village contributions made after the measurement date of the net pension liability, as well as the unamortized difference between projected and actual investment earnings of the defined benefit pension plan). The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. The deferred pension contributions will be expensed in the subsequent year and the net difference between projected and actual earnings on pension plan investments is being amortized over a closed, five-year period using the straight-line method. No deferred outflows of resources affect the governmental funds financial statements. The deferred amounts relating to the pension plan are discussed in Note 10.

Pension - For purposes of measuring the net pension liability, deferred outflows 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. 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.

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, and increases by balances of deferred outflows of resources related to 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 these resources by grantors, contributors, or laws and regulations of other governments. The Village Council has delegated the authority to assign fund balance to the Village President. Unassigned fund balance is the residual classification for the General Fund. When the Village incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Village's policy to use restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied as of July 1 on property values assessed as of December 31 of the prior year. The billings are due on or before August 10, at which time the bill becomes delinquent and penalties and interest may be assessed by the Village. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Village levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 Village's general and special revenue funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. There were no reportable budget variations at year end.

NOTE 3 - CASH

At June 30, 2022, cash is classified in the accompanying financial statements as follows:

Primary government:	
Cash	\$ 7,501,639
Restricted cash	439,167
Component units - cash	<u>600,524</u>
 Total cash	 <u>\$ 8,541,330</u>

At June 30, 2022, cash consists of the following:

Cash on hand	\$ 2,055
Deposits with financial institutions	<u>8,539,275</u>
 Total	 <u>\$ 8,541,330</u>

NOTE 3 - CASH (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 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. As of June 30, 2022, \$5,664,861 of the Village's bank balances of \$8,620,777 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Village maintains individual and pooled bank accounts for all of its funds and its component units. Due to the use of pooled deposits, it is not practicable to allocate insured and uninsured portions of certain bank balances between the primary government and the component units.

NOTE 4 - RECEIVABLES

Receivables as of June 30, 2022, for the Village's individual major funds and for the discretely presented component units, all of which are considered fully collectible, were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Inter- governmental</i>	<i>Totals</i>
Primary government:			
Governmental:			
General	\$ 136,484	\$ 77,569	\$ 214,053
Major street	-	113,004	113,004
Local street	-	21,551	21,551
Total governmental	<u>\$ 136,484</u>	<u>\$ 212,124</u>	<u>\$ 348,608</u>
Noncurrent portion	<u>\$ 105,972</u>	<u>\$ -</u>	<u>\$ 105,972</u>
Proprietary:			
Enterprise:			
Sewer	\$ 616,962	\$ 153,398	\$ 770,360
Water	134,453	-	134,453
Golf course	19,221	-	19,221
Total proprietary	<u>\$ 770,636</u>	<u>\$ 153,398</u>	<u>\$ 924,034</u>
Component unit:			
Downtown Development Authority	<u>\$ 2,643</u>	<u>\$ -</u>	<u>\$ 2,643</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,087,935	\$ -	\$ -	\$ 1,087,935
Construction in progress	274,520	-	(274,520)	-
Total capital assets not being depreciated	1,362,455	-	(274,520)	1,087,935
Capital assets being depreciated:				
Land improvements	4,706,285	1,953,004	-	6,659,289
Buildings and improvements	1,285,062	357,003	-	1,642,065
Furniture and equipment	1,314,264	31,576	-	1,345,840
Vehicles	404,834	-	(33,459)	371,375
Subtotal	7,710,445	2,341,583	(33,459)	10,018,569
Less accumulated depreciation for:				
Land improvements	(2,426,901)	(234,030)	-	(2,660,931)
Buildings and improvements	(1,110,190)	(11,024)	-	(1,121,214)
Furniture and equipment	(1,181,421)	(36,072)	33,459	(1,184,034)
Vehicles	(166,891)	(44,243)	-	(211,134)
Subtotal	(4,885,403)	(325,369)	33,459	(5,177,313)
Total capital assets being depreciated, net	2,825,042	2,016,214	-	4,841,256
Governmental activities capital assets, net	\$ 4,187,497	\$ 2,016,214	\$ (274,520)	\$ 5,929,191
Component unit - DDA:				
Capital assets being depreciated:				
Land improvements	\$ 194,954	\$ -	\$ -	\$ 194,954
Less accumulated depreciation for:				
Land improvements	(62,353)	(15,233)	-	(77,586)
Total capital assets being depreciated, net	132,601	(15,233)	-	117,368
Component unit - DDA capital assets, net	\$ 132,601	\$ (15,233)	\$ -	\$ 117,368

NOTE 5 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Construction in progress	3,838,090	-	(3,838,090)	-
Total capital assets not being depreciated	4,838,090	-	(3,838,090)	1,000,000
Capital assets being depreciated:				
Sewer system	6,593,322	5,482,726	-	12,076,048
Water system	3,245,546	2,482,934	-	5,728,480
Golf course	1,421,147	54,089	-	1,475,236
Subtotal	11,260,015	8,019,749	-	19,279,764
Less accumulated depreciation for:				
Sewer system	(2,593,569)	(288,907)	-	(2,882,476)
Water system	(1,701,086)	(142,551)	-	(1,843,637)
Golf course	(675,609)	(79,008)	-	(754,617)
Subtotal	(4,970,264)	(510,466)	-	(5,480,730)
Total capital assets being depreciated, net	6,289,751	7,509,283	-	13,799,034
Business-type activities capital assets, net	\$ 11,127,841	\$ 7,509,283	\$ (3,838,090)	\$ 14,799,034

Depreciation expense was charged to the Village's governmental activities functions as follows:

Governmental activities:	
General government	\$ 19,836
Public safety	28,404
Public works	243,143
Recreation and culture	33,986
Total governmental activities	\$ 325,369

NOTE 6 - LEASES

Lease agreements are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Current Year Additional Outflows</u>	<u>Balance June 30, 2022</u>
U.S. golf carts	4/1/2021	4 years 24 payments	\$ 9,501	2.99%	\$ 221,072	\$ -	\$ 130,560
GPS for golf carts	4/1/2021	4 years 24 payments	6,392	2.99%	148,727	-	<u>106,262</u>
						Total	<u>\$ 236,822</u>

The golf carts and GPS systems are leased for the Golf course, beginning in April 1, 2021 for a term of four years at a fixed interest rate of 2.99%. This lease is not renewable and the Village will not acquire the equipment at the end of the four years.

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 83,099	\$ 2,756
2024	93,640	1,716
2025	<u>60,083</u>	<u>379</u>
Totals	<u>\$ 236,822</u>	<u>\$ 4,851</u>

Leased assets are summarized as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities:				
Right to use - leased equipment	\$ 351,309	\$ -	\$ -	\$ 351,309
Accumulated amortization	<u>-</u>	<u>(92,450)</u>	<u>-</u>	<u>(92,450)</u>
Right to use - leased equipment, net	<u>\$ 351,309</u>	<u>\$ (92,450)</u>	<u>\$ -</u>	<u>\$ 258,859</u>

NOTE 7 - PAYABLES

Payables as of June 30, 2022, for the Village's individual major funds and for the discretely presented component units, were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Payroll</i>	<i>Interest</i>	<i>Totals</i>
Governmental:				
General	\$ 91,625	\$ 40,999	\$ -	\$ 132,624
Major street	68,430	-	-	68,430
Total governmental	<u>\$ 160,055</u>	<u>\$ 40,999</u>	<u>\$ -</u>	<u>\$ 201,054</u>
Proprietary:				
Enterprise:				
Sewer	\$ 412,612	\$ 12,262	\$ 31,852	\$ 456,726
Water	70,609	13,699	14,613	98,921
Golf Course	43,161	2,323	9,402	54,886
Total proprietary	<u>\$ 526,382</u>	<u>\$ 28,284</u>	<u>\$ 55,867</u>	<u>\$ 610,533</u>
Component units - Downtown Development Authority	<u>\$ 1,896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,896</u>

NOTE 8 - JOINT VENTURE

The Village is a member of the South Kalamazoo County Fire Authority (the Authority), which is a joint venture of the Townships of Schoolcraft, Brady, Prairie Ronde, and Wakeshma, and the Villages of Schoolcraft and Vicksburg. The administrative board of the Authority consists of members appointed by each participating unit and a member at-large. The Authority was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. The interlocal agreement governing the Authority does not convey an equity interest to its members. During the year ended June 30, 2022, the Village contributed \$129,184 as its proportionate share of the Authority's budgeted costs. The Village is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete audited financial statements for the Authority can be obtained from the Treasurer of the Authority.

The Village is a member of the South Central Michigan Construction Code Inspection, Inc. (SCMCCI), which is a joint venture of the City of Bay City, Tuscola County, Homer Township, Schoolcraft Township, Leonidas Township, Brady Township, Park Township, Lockport Township, Sherman Township, NHPB Indian Housing Authority, and Wakeshma Township. The administrative board of the Authority consists of five directors elected from appointed representative from each member municipality. In addition, three at-large board members are elected by all representatives. The SCMCCI was established to administer and enforce the Michigan State Construction Code within its constituent municipalities. Complete audited financial statements for the SCMCCI can be obtained by contacting their offices at 113 S. Capital Avenue, Athens, MI 49011.

The interlocal agreements that established these joint ventures do not convey to the Village an explicit equity interest in the joint ventures. Accordingly, no equity interests in a joint venture are reported as assets of the Village.

The Village is unaware of any indication that either joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the Village in the near future.

NOTE 9 - LONG-TERM OBLIGATIONS

At June 30, 2022, long-term obligations are comprised of the following:

Primary government:

Governmental activities:

Bonds:

\$625,000 - 2014 Capital improvement and refunding bonds - payable in annual installments ranging from \$30,000 to \$45,000, plus interest at 3.00% to 4.25%; final payment due October 2033	\$ 440,000
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\$1,402,000 - 2020 USDA street bonds - payable in annual installments ranging from \$24,000 to \$49,000, plus interest at 1.50%; final payment due September 2060	1,254,940
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Net discount on bonds payable	<u>(5,529)</u>
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Total bonds payable	1,689,411
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Compensated absences	<u>200,565</u>
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Total governmental activities long-term obligations	<u><u>\$ 1,889,976</u></u>
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Business-type activities:

Bonds:

\$2,855,000 - 2014 Capital and refunding bonds - payable in annual installments ranging from \$135,000 to \$210,000, plus interest at 3.00% to 4.25%; final payment due October 2033	\$ 2,005,000
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\$7,595,000 - 2020 USDA Sewer bonds - payable in annual installments ranging from \$130,000 to \$265,000, plus interest at 1.50%; final payment due September 2060	6,497,107
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\$1,388,000 - 2020 USDA Water series A bonds - payable in annual installments ranging from \$24,000 to \$50,000, plus interest at 1.50%; final payment due September 2060	1,364,000
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\$841,000 - 2020 USDA Water series B bonds - payable in annual installments ranging from \$15,000 to \$30,000, plus interest at 1.50%; final payment due September 2060	840,000
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Less discounts on bonds	<u>(25,200)</u>
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Total bonds payable	<u><u>\$ 10,680,907</u></u>
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NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligation activity for the year ended June 30, 2022, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Primary government:					
Governmental activities:					
Direct debt - bonds					
USDA Bonds					
2020 USDA	\$ 304,488	\$ 974,452	\$ (24,000)	\$ 1,254,940	\$ 24,000
Other debt - bonds					
Refunding bonds					
2014 Capital and refunding bonds	470,000	-	(30,000)	440,000	30,000
Other long-term obligations					
Compensated absences	<u>182,015</u>	<u>115,608</u>	<u>(97,058)</u>	<u>200,565</u>	<u>-</u>
Subtotal	956,503	1,090,060	(151,058)	1,895,505	54,000
Less discounts on bonds	<u>(6,371)</u>	<u>-</u>	<u>842</u>	<u>(5,529)</u>	<u>-</u>
Total governmental activities	<u>\$ 950,132</u>	<u>\$ 1,090,060</u>	<u>\$ (150,216)</u>	<u>\$ 1,889,976</u>	<u>\$ 54,000</u>
Business-type activities:					
Direct debt - bonds					
USDA Bonds					
2020 Sewer USDA	\$ 3,844,291	\$ 2,782,816	\$ (130,000)	\$ 6,497,107	\$ (130,000)
2020 Water USDA series A	992,162	395,838	(24,000)	1,364,000	(24,000)
2020 Water USDA series B	1,000	840,000	(1,000)	840,000	(15,000)
Other debt - bonds					
Refunding bonds					
2014 Capital and refunding bonds	<u>2,135,000</u>	<u>-</u>	<u>(130,000)</u>	<u>2,005,000</u>	<u>(135,000)</u>
Subtotal	6,972,453	4,018,654	(285,000)	10,706,107	(304,000)
Less discounts on bonds	<u>(29,039)</u>	<u>-</u>	<u>3,839</u>	<u>(25,200)</u>	<u>-</u>
Total business-type activities	<u>\$ 6,943,414</u>	<u>\$ 4,018,654</u>	<u>\$ (281,161)</u>	<u>\$ 10,680,907</u>	<u>\$ (304,000)</u>

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

At June 30, 2022, debt service requirements, with the exception of compensated absences, are as follows:

Year ended June 30:	Governmental activities				Business-type activities			
	Direct debt - bonds		Other debt - bonds		Direct debt - bonds		Other debt - bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 24,000	\$ 18,464	\$ 30,000	\$ 16,875	\$ 169,000	\$ 127,982	\$ 135,000	\$ 76,906
2024	25,000	18,089	30,000	15,975	174,000	125,372	140,000	72,781
2025	25,000	17,714	30,000	14,925	175,000	124,772	145,000	67,781
2026	26,000	17,324	35,000	13,625	180,000	122,147	145,000	61,981
2027	26,000	16,934	35,000	12,225	182,000	119,417	155,000	55,981
2028-2032	139,000	78,492	190,000	39,125	969,000	554,798	880,000	178,941
2033-2037	151,000	67,526	90,000	3,825	1,066,000	478,928	405,000	17,532
2038-2042	167,000	45,511	-	-	1,183,000	395,288	-	-
2043-2047	183,000	42,266	-	-	1,300,000	302,358	-	-
2048 - 2052	201,000	27,746	-	-	1,422,000	201,083	-	-
2053 - 2057	220,000	11,845	-	-	1,558,107	89,513	-	-
2058 - 2062	67,940	313	-	-	323,000	7,918	-	-
Totals	<u>\$ 1,254,940</u>	<u>\$ 362,224</u>	<u>\$ 440,000</u>	<u>\$ 116,575</u>	<u>\$ 8,701,107</u>	<u>\$ 2,649,576</u>	<u>\$ 2,005,000</u>	<u>\$ 531,903</u>

All debt is secured by the full faith and credit of the Village.

NOTE 10 - DEFINED BENEFIT PENSION PLAN*Plan description:*

The Village participates in the Municipal Employees Retirement System of Michigan (MERS). 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 employees of the Village's police department. Retirement benefits for eligible employees are calculated as 2.00% of the employee's three-year final average compensation times the employee's years of service. 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. General employees are required to contribute 5% to the plan, while public safety employees are not required to contribute to 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.

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)*Employees covered by benefit terms:*

At the December 31, 2021, measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to, but not yet receiving, benefits	15
Active employees	<u>6</u>
Total	<u>33</u>

Contributions:

The Village is required to contribute amounts at least equal to the 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. General employees are required to contribute 5% to the plan, while public safety employees are not required to contribute to the plan. For the fiscal year ended June 30, 2022, Village contributions ranged from \$6,201 for general employees to 11.21% of monthly payroll for public safety employees. For the fiscal year ended June 30, 2022, the Village contributed \$104,469 to the plan.

Net pension liability:

The Village's net pension liability reported at June 30, 2022, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2021. 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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on a blend of the RP-2019 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and RP-2019 Juvenile Mortality Tables all with a 50 percent male and 50 percent female blend. For disabled retirees, the RP-2019 Disabled Retiree Mortality Table with a 50 percent male and 50 percent female blend is used to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 Experience Study on data gathered from 2014 to 2018, which is the most recent actuarial experience study.

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)*Actuarial assumptions (Continued):*

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:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>	<u>Expected money-weighted rate of return</u>
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private investments	<u>20.00%</u>	7.00%	1.40%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses			<u>0.25%</u>
Investment rate of return			<u>7.25%</u>

Discount rate:

The discount rate used to measure the total pension liability is 7.25% for 2021. 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 10 - DEFINED BENEFIT PENSION PLAN (Continued)

Changes in net pension liability:

	<i>Increase (decrease)</i>		
	<i>Total pension liability</i>	<i>Plan fiduciary net position</i>	<i>Net pension liability</i>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances at December 31, 2020	\$ 3,110,109	\$ 2,217,547	\$ 892,562
Changes for the year:			
Service cost	34,432	-	34,432
Interest	231,166	-	231,166
Difference in experience	70,507	-	70,507
Change in assumptions	132,001	-	132,001
Employer contributions	-	98,062	(98,062)
Employee contributions	-	6,587	(6,587)
Net investment income	-	310,048	(310,048)
Benefit payments, including refunds	(171,304)	(171,304)	-
Administrative expenses	-	(3,558)	3,558
Net changes	296,802	239,835	56,967
Balances at December 31, 2021	\$ 3,406,911	\$ 2,457,382	\$ 949,529

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 7.25%, as well as what the Village's net pension liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	<i>1% Decrease (6.25%)</i>	<i>Current Rate (7.25%)</i>	<i>1% Increase (8.25%)</i>
Village's net pension liability	\$ 1,377,317	\$ 949,529	\$ 593,089

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 expense when due and payable in accordance with benefit terms.

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension expense and deferred outflows of resources related to pensions:

For the fiscal year ended June 30, 2022, the Village recognized pension expense of \$188,562. At June 30, 2022, the Village reported deferred outflows of resource related to pensions from the following sources:

<i>Source</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Difference between projected and actual earnings	\$ -	\$ 171,686
Difference between expected and actual experience	35,253	-
Difference in assumptions	66,000	-
	101,253	171,686
Contributions made subsequent to the measurement date	54,897	-
Totals	<u>\$ 156,150</u>	<u>\$ 171,686</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in fiscal year 2023.

Amounts reported as deferred outflows of resources, related to pensions, will be recognized in pension expense as follows:

<i>Year ended June 30,</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
2023	\$ 101,253	\$ 23,154
2024	-	70,295
2025	-	49,402
2026	-	28,835
	<u>\$ 101,253</u>	<u>\$ 171,686</u>

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN

The Village contributes to the Village of Vicksburg MERS Defined Contribution Plan (the Plan), a defined contribution pension plan, which is administered by a third-party administrator. The plan covers all full-time employees, who are eligible to participate immediately after they are hired.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Village Council. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Village contributes between 4% to 8% of eligible wages to the plan. Employees are not required to make contributions to the Plan but can make contributions up to the maximum allowed. For the year ended June 30, 2022, the Village made contributions of \$38,016. At June 30, 2022, the Village reported no amount as accrued liability as part of the contributions to the plan.

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN (Continued)

The Employee's contributions (and investment earnings allocated to the employee's account) are fully vested upon entering the plan. Forfeitures may be used to reduce or reallocate employer contributions. There were no forfeitures used during the current fiscal year.

The Village is not a trustee of the defined contribution pension plan, nor is the Village responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

NOTE 12 - 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(b) 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 13 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Village manages its workers compensation risk, by participating in Michigan Municipal Workers Compensation Fund, and its liability and property risk by participating in the Michigan Municipal League's Liability and Property Pool.

The Michigan Municipal Liability and Property Pool is self-sustaining through member premiums. The Michigan Municipal Liability and Property Pool provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 14 - PROPERTY TAX REVENUE

The 2020 taxable valuation of the Village approximated \$106,417,000, on which ad valorem taxes levied consisted of 15.1630 mills for operating purposes raising approximately \$1,603,000, which is recognized in the fund financial statements as property tax revenue.

NOTE 15 - 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. The 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, 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 fiscal year ended June 30, 2022, the Village abated property taxes totaling \$27,045 under Public Act 198 of 1974, related to industrial facilities, which represents a 50% abatement of the millage rate on certain real and personal properties.

NOTE 16 - CONSTRUCTION CODE ACT

A summary of construction code enforcement transactions for the year ended June 30, 2022, is as follows:

Cumulative excess revenues, beginning of year	\$ -
Revenues	\$ 1,025
Expenses	300
Excess of revenues over expenses	\$ 725
Cumulative excess revenues, end of year	\$ -

NOTE 17 - RESTRICTED NET POSITION

In the government-wide statement of net position, the governmental activities report restricted net position in the amount of \$975,644. This amount is restricted by enabling legislation for public works expenditures.

NOTE 18 - PENDING ACCOUNTING PRONOUNCEMENT

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023 fiscal year.

NOTE 19 - AMERICAN RESCUE PLAN ACT of 2021

On March 11, 2021, the United States executed the American Rescue Plan Act of 2021 (ARPA), which included \$362 billion in funds to be awarded as economic assistance to state and local units to prepare for and respond to COVID-19. Under the American Rescue Plan Act, the Village, was awarded approximately \$366,000 in federal Coronavirus Local Fiscal Recovery Funds ("ARPA Funds"). The Village received half of the ARPA Funds in September 2021, with the second half received in June 2022. The Village is subject to rules issued by the U.S. Treasury Department regarding the use of ARPA Funds and has identified the following allowable uses: support public health expenditures, address negative economic impacts caused by the COVID-19 public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure. The Village expects to spend the awarded funds under the applicable federal guidelines.

NOTE 20 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENTS

For 2022, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Village's 2022 financial statements and had an effect on the beginning net position of the Golf Course Fund.

The implementation of GASB Statement No. 87 had the following effect on net position as reported June 30, 2022:

	<u><i>Net position</i></u> <u><i>Golf course</i></u> <u><i>fund</i></u>	<u><i>Net position</i></u> <u><i>Business type</i></u> <u><i>activities</i></u>
Beginning of year, as previously reported	\$ 1,132,182	\$ 7,037,630
Adjustments		
Leased assets	351,309	351,309
Leased liability	<u>(345,855)</u>	<u>(345,855)</u>
Beginning of year, as restated	<u>\$ 1,137,636</u>	<u>\$ 7,043,084</u>

REQUIRED SUPPLEMENTARY INFORMATION

Village of Vicksburg

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended June 30, 2022

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
REVENUES				
Property taxes	\$ 1,489,750	\$ 1,633,033	\$ 1,628,860	\$ (4,173)
Licenses and permits	7,500	14,446	14,446	-
Federal grant	850	850	850	-
State grants	317,700	413,562	536,785	123,223
Intergovernmental	84,950	84,950	84,950	-
Fines and forfeitures	1,750	4,570	5,287	717
Interest and rentals	7,500	12,349	12,761	412
Other	37,500	266,238	245,813	(20,425)
Total revenues	<u>1,947,500</u>	<u>2,429,998</u>	<u>2,529,752</u>	<u>99,754</u>
EXPENDITURES				
General government:				
Legislative - City Council	18,700	18,840	9,434	9,406
Village president	2,625	2,649	993	1,656
Village manager	77,650	77,650	67,680	9,970
Treasurer	28,640	29,711	26,797	2,914
Clerk	11,500	11,500	7,684	3,816
Administration	210,875	216,646	145,237	71,409
Building and grounds	25,900	26,270	18,966	7,304
Total general government	<u>375,890</u>	<u>383,266</u>	<u>276,791</u>	<u>106,475</u>
Public safety:				
Department of Public Safety:				
Police protection	625,350	667,509	590,111	77,398
Fire protection	140,225	141,555	129,184	12,371
Building inspections	-	1,000	300	700
Total public safety	<u>765,575</u>	<u>810,064</u>	<u>719,595</u>	<u>90,469</u>
Public works:				
Department of Public Works	344,650	384,766	273,901	110,865
Recycling	18,250	18,250	8,219	10,031
Sidewalks	4,000	4,000	-	4,000
Total public works	<u>366,900</u>	<u>407,016</u>	<u>282,120</u>	<u>124,896</u>
Community and economic development - community development and planning				
	<u>56,000</u>	<u>116,723</u>	<u>79,415</u>	<u>37,308</u>
Recreation and culture:				
Parks	<u>93,300</u>	<u>122,580</u>	<u>82,600</u>	<u>39,980</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
EXPENDITURES (Continued)				
Capital outlay	\$ 526,250	\$ 932,750	\$ 691,699	\$ 241,051
Debt service - principal	30,001	30,001	30,000	1
Debt service - interest	18,000	18,000	17,775	225
Total expenditures	2,231,916	2,820,400	2,179,995	640,405
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(284,416)	(390,402)	349,757	740,159
OTHER FINANCING SOURCES				
Insurance recoveries	-	6,000	6,000	-
Proceeds from sale of assets	4,000	29,186	25,879	(3,307)
Transfers in	50,000	155,194	-	(155,194)
Net other financing sources	54,000	190,380	31,879	(158,501)
NET CHANGE IN FUND BALANCE	(230,416)	(200,022)	381,636	581,658
FUND BALANCE - BEGINNING	2,898,027	2,898,027	2,898,027	-
FUND BALANCE - ENDING	<u>\$ 2,667,611</u>	<u>\$ 2,698,005</u>	<u>\$ 3,279,663</u>	<u>\$ 581,658</u>

Village of Vicksburg

BUDGETARY COMPARISON SCHEDULE - Major Street Fund

Year ended June 30, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
State grants	\$ 241,000	\$ 263,000	\$ 347,702	\$ 84,702
Interest	<u>500</u>	<u>500</u>	<u>537</u>	<u>37</u>
Total revenues	<u>241,500</u>	<u>263,500</u>	<u>348,239</u>	<u>84,739</u>
EXPENDITURES				
Public works:				
Preservation	34,850	39,600	15,296	24,304
Winter maintenance	12,000	12,000	5,203	6,797
Traffic service	28,200	28,200	16,294	11,906
Administration	<u>3,800</u>	<u>3,800</u>	<u>2,232</u>	<u>1,568</u>
Total public works	<u>78,850</u>	<u>83,600</u>	<u>39,025</u>	<u>44,575</u>
Debt services - principal	<u>-</u>	<u>284,000</u>	<u>24,000</u>	<u>260,000</u>
Debt services - interest	<u>-</u>	<u>47,479</u>	<u>7,216</u>	<u>40,263</u>
Capital outlay	<u>198,500</u>	<u>1,405,127</u>	<u>1,397,291</u>	<u>7,836</u>
Total expenditures	<u>277,350</u>	<u>1,820,206</u>	<u>1,467,532</u>	<u>352,674</u>
DEFICIENCY OF REVENUES (UNDER) EXPENDITURES	(35,850)	(1,556,706)	(1,119,293)	437,413
OTHER FINANCING SOURCES				
Loan proceeds	<u>-</u>	<u>950,395</u>	<u>974,452</u>	<u>24,057</u>
NET CHANGE IN FUND BALANCE	(35,850)	(606,311)	(144,841)	461,470
FUND BALANCE - BEGINNING	<u>812,126</u>	<u>812,126</u>	<u>812,126</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 776,276</u>	<u>\$ 205,815</u>	<u>\$ 667,285</u>	<u>\$ 461,470</u>

BUDGETARY COMPARISON SCHEDULE - Local Street Fund

Year ended June 30, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
State grants	\$ 92,500	\$ 120,744	\$ 151,631	\$ 30,887
Interest	<u>100</u>	<u>236</u>	<u>254</u>	<u>18</u>
Total revenues	<u>92,600</u>	<u>120,980</u>	<u>151,885</u>	<u>30,905</u>
EXPENDITURES				
Public works:				
Preservation	33,225	37,130	17,977	19,153
Winter maintenance	14,000	16,000	6,209	9,791
Traffic service	7,100	7,100	288	6,812
Administration	<u>3,700</u>	<u>3,800</u>	<u>3,111</u>	<u>689</u>
Total public works	<u>58,025</u>	<u>64,030</u>	<u>27,585</u>	<u>36,445</u>
Capital outlay	<u>60,800</u>	<u>60,800</u>	<u>21,504</u>	<u>39,296</u>
Total expenditures	<u>118,825</u>	<u>124,830</u>	<u>49,089</u>	<u>75,741</u>
NET CHANGE IN FUND BALANCE	(26,225)	(3,850)	102,796	106,646
FUND BALANCE - BEGINNING	<u>205,563</u>	<u>205,563</u>	<u>205,563</u>	-
FUND BALANCE - ENDING	<u>\$ 179,338</u>	<u>\$ 201,713</u>	<u>\$ 308,359</u>	<u>\$ 106,646</u>

Village of Vicksburg
SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS
Last eight fiscal years only (schedule is being built prospectively upon implementation of GASB 68 in 2015)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:								
Service cost	\$ 34,432	\$ 31,279	\$ 30,888	\$ 23,991	\$ 35,296	\$ 55,959	\$ 66,434	\$ 53,971
Interest	231,166	219,800	220,202	218,178	222,773	209,559	196,303	187,244
Difference in experience	70,507	(27,067)	(48,397)	(51,205)	(138,507)	67,255	16,084	-
Change in assumptions	132,001	93,252	104,791	-	-	-	105,307	-
Benefit change*	-	-	(576)	(1,169)	(3,305)	-	-	-
Other	-	-	-	2	1	2	2	-
Benefit payments, including refunds	<u>(171,304)</u>	<u>(167,237)</u>	<u>(167,839)</u>	<u>(168,046)</u>	<u>(168,046)</u>	<u>(146,518)</u>	<u>(131,141)</u>	<u>(144,114)</u>
Net change in total pension liability	296,802	150,027	139,069	21,751	(51,788)	186,257	252,989	97,101
Total pension liability, beginning of year	<u>3,110,109</u>	<u>2,960,082</u>	<u>2,821,013</u>	<u>2,799,262</u>	<u>2,851,050</u>	<u>2,664,793</u>	<u>2,411,804</u>	<u>2,314,703</u>
Total pension liability, end of year	<u>\$ 3,406,911</u>	<u>\$ 3,110,109</u>	<u>\$ 2,960,082</u>	<u>\$ 2,821,013</u>	<u>\$ 2,799,262</u>	<u>\$ 2,851,050</u>	<u>\$ 2,664,793</u>	<u>\$ 2,411,804</u>
Plan fiduciary net position:								
Contributions - employer	\$ 98,062	\$ 88,140	\$ 96,214	\$ 84,759	\$ 94,773	\$ 113,293	\$ 103,872	\$ 84,447
Contributions - employee	6,587	5,481	4,953	4,690	2,182	-	-	-
Net investment income (loss)	310,048	254,942	250,481	(77,358)	241,982	192,887	(26,146)	107,258
Benefit payments, including refunds	(171,304)	(167,237)	(167,839)	(168,046)	(168,046)	(146,518)	(131,141)	(144,114)
Administrative expenses	<u>(3,558)</u>	<u>(4,070)</u>	<u>(4,318)</u>	<u>(3,878)</u>	<u>(3,834)</u>	<u>(3,805)</u>	<u>(3,833)</u>	<u>(3,926)</u>
Net change in plan fiduciary net position	239,835	177,256	179,491	(159,833)	167,057	155,857	(57,248)	43,665
Plan fiduciary net position, beginning of year	<u>2,217,547</u>	<u>2,040,291</u>	<u>1,860,800</u>	<u>2,020,633</u>	<u>1,853,576</u>	<u>1,697,719</u>	<u>1,754,967</u>	<u>1,711,302</u>
Plan fiduciary net position, end of year	<u>\$ 2,457,382</u>	<u>\$ 2,217,547</u>	<u>\$ 2,040,291</u>	<u>\$ 1,860,800</u>	<u>\$ 2,020,633</u>	<u>\$ 1,853,576</u>	<u>\$ 1,697,719</u>	<u>\$ 1,754,967</u>
Village's net pension liability, end of year	<u>\$ 949,529</u>	<u>\$ 892,562</u>	<u>\$ 919,791</u>	<u>\$ 960,213</u>	<u>\$ 778,629</u>	<u>\$ 997,474</u>	<u>\$ 967,074</u>	<u>\$ 656,837</u>
Plan fiduciary net position as a percent of total pension liability	72.13%	71.30%	68.93%	65.96%	72.18%	65.01%	63.71%	72.77%
Covered payroll	\$ 338,305	\$ 358,148	\$ 351,491	\$ 383,389	\$ 398,139	\$ 631,719	\$ 758,554	\$ 628,481
Village's net pension liability as a percentage of covered employee payroll	280.67%	249.22%	261.68%	250.45%	195.57%	157.90%	127.49%	104.51%

* Increased employee contributions from 0% to 2%

SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS

Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contributions	\$ 104,469	\$ 89,445	\$ 87,679	\$ 94,980	\$ 98,228	\$ 100,613	\$ 134,820	\$ 89,092	\$ 100,000	\$ 84,000
Contributions in relation to the actuarially determined contributions	<u>104,469</u>	<u>89,445</u>	<u>87,679</u>	<u>94,980</u>	<u>98,228</u>	<u>100,613</u>	<u>134,820</u>	<u>89,092</u>	<u>100,000</u>	<u>84,000</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 338,305</u>	<u>\$ 358,148</u>	<u>\$ 351,491</u>	<u>\$ 383,389</u>	<u>\$ 398,139</u>	<u>\$ 631,719</u>	<u>\$ 758,554</u>	<u>\$ 628,481</u>	<u>\$ 619,762</u>	<u>\$ 624,097</u>
Contributions as a percentage of covered payroll	30.88%	24.97%	24.94%	23.84%	24.67%	15.09%	17.77%	14.18%	16.14%	13.46%

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 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial costs method	Entry-age normal cost
Amortization method	Level percentage of pay, open
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.00%, net of investment and administrative expenses, including inflation (7.75% for 2015 through 2019)
Retirement age	Normal retirement age is 60 years
Mortality	50% Female/50% Male blend of the RP-2019 Healthy Annuitant Mortality Tables with rates multiplied by 105%

SUPPLEMENTARY INFORMATION

BALANCE SHEET - component units

June 30, 2022

	<i>Downtown Development Authority</i>	<i>Brownfield Redevelopment Authority</i>
ASSETS		
Cash	\$ 132,532	\$ 467,992
Receivables	<u>2,643</u>	<u>-</u>
Total assets	<u><u>\$ 135,175</u></u>	<u><u>\$ 467,992</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Payables	\$ 1,896	\$ -
Due to primary government	<u>-</u>	<u>10,818</u>
Total liabilities	<u>1,896</u>	<u>10,818</u>
Fund balances:		
Assigned for:		
Façade loan program	42,000	-
Holiday events	1,570	-
Unassigned	<u>89,709</u>	<u>457,174</u>
Total fund balance	<u>133,279</u>	<u>457,174</u>
Total liabilities and fund balances	<u><u>\$ 135,175</u></u>	<u><u>\$ 467,992</u></u>
Reconciliation of the balance sheet to the statement of net position:		
Total fund balances	\$ 133,279	\$ 457,174
Amounts reported for the <i>component units</i> in the statement of net position (page 13) are different because:		
Certain assets of the <i>component units</i> are not current financial resources and, therefore, are not reported in the funds.	<u>117,368</u>	<u>-</u>
Net position of the <i>component units</i>	<u><u>\$ 250,647</u></u>	<u><u>\$ 457,174</u></u>

Village of Vicksburg

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - *component units*

Year ended June 30, 2022

	<i>Downtown Development Authority</i>	<i>Brownfield Redevelopment Authority</i>
REVENUES		
Property taxes	\$ 67,087	\$ 29,742
Interest	196	1,149
Other	7,150	-
Total revenues	74,433	30,891
EXPENDITURES		
Current - community and economic development	51,479	7,037
Capital outlay	24,964	-
Total expenditures	76,443	7,037
NET CHANGES IN FUND BALANCES	(2,010)	23,854
FUND BALANCES - BEGINNING	135,289	433,320
FUND BALANCES - ENDING	<u>\$ 133,279</u>	<u>\$ 457,174</u>
Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:		
Net changes in fund balances, per above	\$ (2,010)	\$ 23,854
Amounts reported for <i>component units</i> in the statement of activities (page 14) are different because:		
Capital assets - provision for depreciation	(15,233)	-
Change in net position of <i>component units</i>	<u>\$ (17,243)</u>	<u>\$ 23,854</u>

BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority

Year ended June 30, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 56,400	\$ 67,087	\$ 67,087	\$ -
Interest	120	288	196	(92)
Other	<u>12,000</u>	<u>19,240</u>	<u>7,150</u>	<u>(12,090)</u>
Total revenues	<u>68,520</u>	<u>86,615</u>	<u>74,433</u>	<u>(12,182)</u>
EXPENDITURES				
Community and economic development	91,000	156,742	51,479	105,263
Capital outlay	<u>25,000</u>	<u>35,834</u>	<u>24,964</u>	<u>10,870</u>
Total expenditures	<u>116,000</u>	<u>192,576</u>	<u>76,443</u>	<u>116,133</u>
NET CHANGE IN FUND BALANCE	(47,480)	(105,961)	(2,010)	103,951
FUND BALANCE - BEGINNING	<u>135,289</u>	<u>135,289</u>	<u>135,289</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 87,809</u>	<u>\$ 29,328</u>	<u>\$ 133,279</u>	<u>\$ 103,951</u>

BUDGETARY COMPARISON SCHEDULE - Brownfield Redevelopment Authority

Year ended June 30, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 25,750	\$ 29,742	\$ 29,742	\$ -
Interest	-	950	1,149	199
Total revenues	25,750	30,692	30,891	199
EXPENDITURES				
Community and economic development	16,500	16,500	7,037	9,463
NET CHANGE IN FUND BALANCE	9,250	14,192	23,854	9,662
FUND BALANCE - BEGINNING	433,320	433,320	433,320	-
FUND BALANCE - ENDING	<u>\$ 442,570</u>	<u>\$ 447,512</u>	<u>\$ 457,174</u>	<u>\$ 9,662</u>

*Village of Vicksburg***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$3,480,000 2014 CAPITAL AND REFUNDING BONDS***June 30, 2022*

<i>Fiscal period</i>	<i>Principal</i>	<i>Interest</i>	<i>Total requirements</i>
2023	\$ 165,000	\$ 93,781	\$ 258,781
2024	170,000	88,756	258,756
2025	175,000	82,706	257,706
2026	180,000	75,606	255,606
2027	190,000	68,206	258,206
2028	195,000	60,506	255,506
2029	205,000	52,506	257,506
2030	215,000	44,107	259,107
2031	225,000	35,166	260,166
2032	230,000	25,782	255,782
2033	240,000	15,938	255,938
2034	255,000	5,417	260,417
	<u>\$ 2,445,000</u>	<u>\$ 648,477</u>	<u>\$ 3,093,477</u>
	<i>Principal</i>	<i>Interest</i>	<i>Totals</i>
Allocation by activity:			
Governmental activities	\$ 440,000	\$ 116,575	\$ 556,575
Business-type activities	2,005,000	531,902	2,536,902
	<u>\$ 2,445,000</u>	<u>\$ 648,477</u>	<u>\$ 3,093,477</u>

*Village of Vicksburg***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -****\$7,595,000 2020 SEWER USDA BONDS***June 30, 2022*

<i>Fiscal period</i>	<i>Principal</i>	<i>Interest</i>	<i>Total requirements</i>
2023	\$ 130,000	\$ 95,507	\$ 225,507
2024	135,000	93,482	228,482
2025	135,000	93,482	228,482
2026	140,000	91,457	231,457
2027	140,000	89,357	229,357
2028	145,000	87,257	232,257
2029	145,000	85,082	230,082
2030	150,000	82,907	232,907
2031	155,000	80,657	235,657
2032	155,000	78,332	233,332
2033	160,000	76,007	236,007
2034	160,000	73,607	233,607
2035	165,000	71,207	236,207
2036	170,000	68,732	238,732
2037	170,000	66,182	236,182
2038	175,000	63,632	238,632
2039	180,000	61,007	241,007
2040	185,000	58,307	243,307
2041	190,000	55,532	245,532
2042	190,000	52,682	242,682
2043	195,000	49,832	244,832
2044	200,000	46,907	246,907
2045	200,000	43,707	243,707
2046	205,000	40,907	245,907
2047	210,000	37,832	247,832
2048	215,000	34,682	249,682
2049	215,000	31,457	246,457
2050	220,000	28,232	248,232
2051	225,000	24,932	249,932
2052	230,000	21,557	251,557
2053	235,000	18,107	253,107
2054	240,000	14,582	254,582
2055	245,000	10,982	255,982
2056	250,000	7,307	257,307
2057	237,107	3,557	240,664
	<u>\$ 6,497,107</u>	<u>\$ 1,938,981</u>	<u>\$ 8,436,088</u>

Village of Vicksburg**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -****\$1,388,000 2020 WATER SERIES A USDA BONDS***June 30, 2022*

<i>Fiscal period</i>	<i>Principal</i>	<i>Interest</i>	<i>Total requirements</i>
2023	\$ 24,000	\$ 20,100	\$ 44,100
2024	24,000	19,740	43,740
2025	25,000	19,365	44,365
2026	25,000	18,990	43,990
2027	26,000	18,600	44,600
2028	26,000	18,210	44,210
2029	27,000	17,805	44,805
2030	27,000	17,400	44,400
2031	28,000	16,980	44,980
2032	28,000	16,560	44,560
2033	29,000	16,125	45,125
2034	29,000	15,690	44,690
2035	30,000	15,240	45,240
2036	31,000	14,775	45,775
2037	31,000	14,310	45,310
2038	31,000	13,845	44,845
2039	32,000	13,365	45,365
2040	33,000	12,870	45,870
2041	33,000	12,375	45,375
2042	34,000	11,865	45,865
2043	35,000	11,340	46,340
2044	35,000	10,815	45,815
2045	36,000	10,275	46,275
2046	37,000	9,720	46,720
2047	37,000	9,165	46,165
2048	38,000	8,595	46,595
2049	39,000	8,010	47,010
2050	39,000	7,425	46,425
2051	40,000	6,825	46,825
2052	41,000	6,210	47,210
2053	42,000	5,580	47,580
2054	43,000	4,935	47,935
2055	44,000	4,275	48,275
2056	45,000	3,600	48,600
2057	46,000	2,910	48,910
2058	47,000	2,205	49,205
2059	48,000	1,485	49,485
2060	49,000	750	49,750
2061	50,000	-	50,000
	<u>\$ 1,364,000</u>	<u>\$ 438,330</u>	<u>\$ 1,802,330</u>

Village of Vicksburg**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$841,000 2020 WATER SERIES B USDA BONDS***June 30, 2022*

<i>Fiscal period</i>	<i>Principal</i>	<i>Interest</i>	<i>Total requirements</i>
2023	\$ 15,000	\$ 12,375	\$ 27,375
2024	15,000	12,150	27,150
2025	15,000	11,925	26,925
2026	15,000	11,700	26,700
2027	16,000	11,460	27,460
2028	16,000	11,220	27,220
2029	16,000	10,980	26,980
2030	17,000	10,725	27,725
2031	17,000	10,470	27,470
2032	17,000	10,215	27,215
2033	17,000	9,960	26,960
2034	18,000	9,690	27,690
2035	18,000	9,420	27,420
2036	19,000	9,135	28,135
2037	19,000	8,850	27,850
2038	19,000	8,565	27,565
2039	20,000	8,265	28,265
2040	20,000	7,965	27,965
2041	20,000	7,665	27,665
2042	21,000	7,350	28,350
2043	21,000	7,035	28,035
2044	22,000	6,705	28,705
2045	22,000	6,375	28,375
2046	22,000	6,045	28,045
2047	23,000	5,700	28,700
2048	23,000	5,355	28,355
2049	24,000	4,995	28,995
2050	24,000	4,635	28,635
2051	24,000	4,275	28,275
2052	25,000	3,900	28,900
2053	25,000	3,525	28,525
2054	26,000	3,135	29,135
2055	26,000	2,745	28,745
2056	27,000	2,340	29,340
2057	27,000	1,935	28,935
2058	28,000	1,515	29,515
2059	28,000	1,095	29,095
2060	29,000	660	29,660
2061	30,000	210	30,210
2062	14,000	-	14,000
	<u>\$ 840,000</u>	<u>\$ 272,265</u>	<u>\$ 1,112,265</u>

*Village of Vicksburg***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$1,402,000 2020 CAPITAL IMPROVEMENT USDA BONDS***June 30, 2022*

<i>Fiscal period</i>	<i>Principal</i>	<i>Interest</i>	<i>Total requirements</i>
2023	\$ 24,000	\$ 18,464	\$ 42,464
2024	25,000	18,089	43,089
2025	25,000	17,714	42,714
2026	26,000	17,324	43,324
2027	26,000	16,934	42,934
2028	27,000	16,529	43,529
2029	27,000	16,125	43,125
2030	28,000	15,704	43,704
2031	28,000	15,284	43,284
2032	29,000	14,849	43,849
2033	29,000	14,414	43,414
2034	30,000	13,964	43,964
2035	30,000	13,514	43,514
2036	31,000	13,049	44,049
2037	31,000	12,584	43,584
2038	32,000	12,104	44,104
2039	33,000	11,609	44,609
2040	33,000	1,114	34,114
2041	34,000	10,605	44,605
2042	35,000	10,079	45,079
2043	35,000	9,554	44,554
2044	36,000	9,014	45,014
2045	37,000	8,459	45,459
2046	37,000	7,904	44,904
2047	38,000	7,334	45,334
2048	39,000	6,749	45,749
2049	39,000	6,164	45,164
2050	40,000	5,564	45,564
2051	41,000	4,949	45,949
2052	42,000	4,319	46,319
2053	42,000	3,689	45,689
2054	43,000	3,044	46,044
2055	44,000	2,384	46,384
2056	45,000	1,709	46,709
2057	46,000	1,019	47,019
2058	47,000	314	47,314
2059	20,940	-	20,940
	<u>\$ 1,254,940</u>	<u>\$ 362,224</u>	<u>\$ 1,617,165</u>

SINGLE AUDIT SCHEDULES AND REPORTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

<u>Federal Agency/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Thru Grantor's Number</u>	<u>Federal Expenditures</u>
United States Department of Agriculture - Direct Program Water and Waste Disposal System for Rural Communities	10.760		\$ 4,978,631
United States Department of Justice - Passed thru Michigan Department of State Police COVID-19 Coronavirus Emergency Supplemental Funding	16.034	CESF-0174-2020	<u>850</u>
Total expenditures of federal awards			<u><u>\$ 4,979,481</u></u>

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Village of Vicksburg (the Village) under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Village's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATES

The Village has elected to not use the 10 percent *de minimus* cost rate as allowed under the Uniform Guidance.

FEDERAL LOANS

The Village was approved by the USDA to receive loans totaling \$11,226,000 to make improvements to the Village's wastewater and water systems as well as the streets above these improved systems. The amount listed for these loans includes the proceeds received and used during the year. There were no outstanding loan balances from prior years. The loans are also reported on the Village's schedule of long-term debt in Note 10 to the financial statements. As of June 30, 2022, the Authority has drawn \$10,135,047 on the loans.



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

Village of Vicksburg
Vicksburg, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the Village of Vicksburg, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of Vicksburg's basic financial statements, and have issued our report thereon dated December 9, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Maney Costeiran PC

December 9, 2022



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Village of Vicksburg
Vicksburg, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Village of Vicksburg's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Village of Vicksburg's major federal programs for the year ended June 30, 2022. The Village of Vicksburg's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village of Vicksburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village of Vicksburg and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Village of Vicksburg's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village of Vicksburg's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village of Vicksburg's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village of Vicksburg's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Village of Vicksburg's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village of Vicksburg's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village of Vicksburg's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maney Costeiran PC

December 9, 2022

**VILLAGE OF VICKSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on financial statements
prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major
federal programs:

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal System For Rural Communities

Dollar threshold used to distinguish between Type A
and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Section II - Financial Statement Findings

None noted.

**VILLAGE OF VICKSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section III - Federal Award Findings and Questioned Costs

None noted.

**VILLAGE OF VICKSBURG
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

FINDINGS/NONCOMPLIANCE

Control Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

None noted.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

None noted.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with the Uniform Guidance.

None noted.



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December 9, 2022

Village Council
Village of Vicksburg, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the Village of Vicksburg (the Village) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 21, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. As described in Note 20 to the financial statements, the Village adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the year ended June 30, 2022. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the governmental activities, business-type activities, Water Fund, Sewer Fund, Golf Course Fund, and the discretely presented component units financial statements was:

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

The most sensitive estimate affecting the governmental activities, business-type activities, Water Fund, Sewer Fund, and Golf Course Fund financial statements were:

The calculation of the net pension liability and related deferred inflows and outflows of resources are based on an actuarial study which utilized certain actuarial assumptions.

The allocation of the net pension liability and related deferred inflows and outflows of resources between the governmental activities and the business-type activities, as well as between the various governmental functions and various enterprise funds, is based on contributions made to the plan.

The most sensitive estimate affecting the governmental activities financial statements was:

Management's determination of the percentages for current and noncurrent compensated absence payments is based on an estimate of the percentage of employees' use of compensated absences.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were detected as a result of audit procedures.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 9, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

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

Very truly yours,

Maney Costeiran PC