

*Village of Vicksburg*  
*Kalamazoo County, Michigan*

**FINANCIAL STATEMENTS**

*Year ended June 30, 2021*

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## CONTENTS

### *Page*

<b>INDEPENDENT AUDITOR'S REPORT</b>	3 - 4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5 - 11
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide financial statements:	
Statement of net position	12
Statement of activities	13
Fund financial statements:	
Balance sheet - governmental funds	14
Statement of revenues, expenditures, and changes in fund balances - governmental funds	15 - 16
Statement of net position - proprietary funds	17
Statement of revenues, expenses, and changes in net position - proprietary funds	18
Statement of cash flows - proprietary funds	19 - 20
Notes to financial statements	21 - 38
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedules:	
General Fund	39 - 40
Major Street Fund	41
Local Street Fund	42
Schedule of changes in the Village's net pension liability and related ratios	43
Schedule of Village pension contributions	44
<b>SUPPLEMENTARY INFORMATION</b>	
Balance sheet - component units	45
Statement of revenues, expenditures, and changes in fund balances - component units	46
Budgetary comparison schedules:	
Downtown Development Authority	47
Brownfield Redevelopment Authority	48
Schedules of debt retirement and annual interest requirements	49 - 52
<b>SINGLE AUDIT SCHEDULES AND REPORTS</b>	
Schedule of expenditures of federal awards	53
Notes to schedule of expenditures of federal awards	54

## CONTENTS (CONTINUED)

*Page*

<b>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></b>	55 - 56
<b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	57 - 58
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	59
<b>SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS</b>	60



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## INDEPENDENT AUDITOR'S REPORT

Village Council  
Village of Vicksburg, Michigan

### **Report on the Financial Statements**

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, Michigan (the Village), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the Village of Vicksburg, Michigan, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Vicksburg basic financial statements. The other supplementary information, as identified 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* (Uniform Guidance), is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The component unit funds financial statements, component unit budgetary comparison schedules, and schedules of debt retirement and annual interest requirements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is 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 13, 2021 on our consideration of 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 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 Costerian PC*

December 13, 2021

## 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, 2021. Please read it in conjunction with the Village's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The Village's total net position increased by \$1,461,659 (12 percent) as a result of this year's activities. The net position of the governmental activities increased by \$875,089 and the net position of the business-type activities increased by \$586,570.
- Of the \$13,755,107 total net position reported, \$4,829,317 (35 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 \$1,128,627, which represents 74 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 2021 and 2020 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 \$13,755,107. Of this total, \$7,603,807 represents a net investment in capital assets and \$1,321,983 is restricted for various purposes. Consequently, unrestricted net position was \$4,829,317 or 35 percent of the total.

## Condensed financial information

## Net position

	Governmental activities		Business-type activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 4,125,727	\$ 3,026,192	\$ 4,171,376	\$ 2,458,154	\$ 8,297,103	\$ 5,484,346
Capital assets	<u>4,187,497</u>	<u>4,090,687</u>	<u>11,127,841</u>	<u>6,905,088</u>	<u>15,315,338</u>	<u>10,995,775</u>
Total assets	<u>8,313,224</u>	<u>7,116,879</u>	<u>15,299,217</u>	<u>9,363,242</u>	<u>23,612,441</u>	<u>16,480,121</u>
Deferred outflows of resources	<u>58,359</u>	<u>63,355</u>	<u>43,346</u>	<u>50,417</u>	<u>101,705</u>	<u>113,772</u>
Current and other liabilities	158,849	153,261	1,268,553	388,769	1,427,402	542,030
Noncurrent liabilities	<u>1,443,987</u>	<u>1,170,178</u>	<u>7,004,121</u>	<u>2,564,040</u>	<u>8,448,108</u>	<u>3,734,218</u>
Total liabilities	<u>1,602,836</u>	<u>1,323,439</u>	<u>8,272,674</u>	<u>2,952,809</u>	<u>9,875,510</u>	<u>4,276,248</u>
Deferred inflows of resources	<u>51,270</u>	<u>14,407</u>	<u>32,259</u>	<u>9,790</u>	<u>83,529</u>	<u>24,197</u>
Net position:						
Net investment in capital assets	3,419,380	3,597,950	4,184,427	4,588,195	7,603,807	8,186,145
Restricted	1,017,689	651,919	304,294	226,504	1,321,983	878,423
Unrestricted	<u>2,280,408</u>	<u>1,592,519</u>	<u>2,548,909</u>	<u>1,636,361</u>	<u>4,829,317</u>	<u>3,228,880</u>
Total net position	<u>\$ 6,717,477</u>	<u>\$ 5,842,388</u>	<u>\$ 7,037,630</u>	<u>\$ 6,451,060</u>	<u>\$ 13,755,107</u>	<u>\$ 12,293,448</u>

## Changes in net position

The Village's total revenues for the current fiscal year were \$5,814,689. In the current year, nearly 55 percent of the Village's revenues comes from charges for services and approximately 25 percent comes from property taxes.

The total cost of the Village's programs, covering a wide range of services, totaled \$4,353,030. Approximately 58 percent of the Village's expenses relates utility and golf expenses. General government, public safety, and public works expenses account for 7, 17 and 15 percent of the Village's total expenses, respectively.

*Condensed financial information*  
*Changes in net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program revenues:						
Charges for services	\$ 162,682	\$ 207,436	\$ 3,037,905	\$ 2,666,361	\$ 3,200,587	\$ 2,873,797
Grants and contributions:						
Operating grants	579,138	431,173	11,052	-	590,190	431,173
Capital grants	19,977	162,503	35,640	-	55,617	162,503
General revenues:						
Property taxes	1,481,651	1,401,909	-	-	1,481,651	1,401,909
State shared revenue	322,472	282,546	-	-	322,472	282,546
Local community stabilization revenue	78,366	72,852	-	-	78,366	72,852
Unrestricted investment return	10,818	16,851	3,634	3,566	14,452	20,417
Franchise fees	17,450	16,452	-	-	17,450	16,452
Other	53,904	17,842	-	4,750	53,904	22,592
Total revenues	<u>2,726,458</u>	<u>2,609,564</u>	<u>3,088,231</u>	<u>2,674,677</u>	<u>5,814,689</u>	<u>5,284,241</u>
Expenses:						
General government	309,804	416,775	-	-	309,804	416,775
Public safety	738,449	811,744	-	-	738,449	811,744
Public works	647,703	519,296	-	-	647,703	519,296
Community and economic development	66,058	19,001	-	-	66,058	19,001
Recreation and culture	68,128	103,973	-	-	68,128	103,973
Interest	21,227	20,254	-	-	21,227	20,254
Sewer	-	-	771,934	648,567	771,934	648,567
Water	-	-	618,305	466,247	618,305	466,247
Golf	-	-	1,111,422	941,679	1,111,422	941,679
Total expenses	<u>1,851,369</u>	<u>1,891,043</u>	<u>2,501,661</u>	<u>2,056,493</u>	<u>4,353,030</u>	<u>3,947,536</u>
Changes in net position	<u>\$ 875,089</u>	<u>\$ 718,521</u>	<u>\$ 586,570</u>	<u>\$ 618,184</u>	<u>\$ 1,461,659</u>	<u>\$ 1,336,705</u>
Net position, end of year	<u>\$ 6,717,477</u>	<u>\$ 5,842,388</u>	<u>\$ 7,037,630</u>	<u>\$ 6,451,060</u>	<u>\$ 13,755,107</u>	<u>\$ 12,293,448</u>

**Governmental activities**

Governmental activities increased the Village's net position by \$875,089, in the current year, compared to a \$718,521 increase in the prior year. The increase in the net position is higher in the current year, as revenues increased by \$116,894 and expenses decreased by \$39,674.

Total revenues were higher primarily due to a \$147,965 increase in operating grants related to COVID relief, and a \$79,742 increase in property tax revenue as taxable values increased. Capital grants decreased by \$142,526 from the prior year, due to a reduction in grant revenue related to a trail project that was completed in the current year. Expenses decreased by \$39,674 as general government and public safety costs decreased by \$106,971 and \$73,295 respectively. Public works expenses increased by \$128,407.

The total cost of governmental activities this year was \$1,851,369. After subtracting the direct charges to those who directly benefited from the programs (\$162,682) and operating and capital grants (\$599,115), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$1,089,572.

**Business-type activities**

Business-type activities increased the Village's net position by \$586,570 in the current year compared to a \$618,184 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 \$3,915,716, an increase of \$1,079,555 from the prior year. Of the total fund balances, \$1,128,627 (29 percent) constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is either nonspendable (\$18,263), restricted for public works (\$1,017,689), committed (\$1,150,000) or assigned (\$601,137) 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 \$2,898,027, an increase of \$713,785, as revenues of \$2,240,227 exceeded expenditures of \$1,526,442.

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, 2021, was \$812,126, an increase of \$278,776, as revenues of \$295,866 and loan proceeds of \$304,488, were higher than street maintenance and construction costs of \$321,578.

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, 2021, was \$205,563, an increase of \$86,994, as revenues of \$130,818 were higher than street maintenance costs of \$43,824.

**Proprietary funds**

The Sewer Fund experienced an increase in net position of \$389,287 in the current year, as user fees of \$1,159,561 and nonoperating revenues of \$1,660 were higher than total costs of \$771,934. Total net position is \$4,060,903 at year end, of which \$1,460,467 is unrestricted.

The Water Fund experienced a decrease in net position of \$37,055 in the current year, as user fees of \$586,644 and nonoperating revenues of \$12,606 were exceeded by total costs of \$618,305. Total net position is \$1,844,545 at year end, of which \$700,603 is unrestricted.

The Golf Course Fund experienced an increase in net position of \$234,338 in the current year, as user fees of \$1,309,700, nonoperating revenues of \$420 and capital contributions of \$35,640 exceeded total costs of \$1,111,422. Total net position is \$1,132,182 at year end, of which \$387,839 is unrestricted.

**General Fund budgetary highlights**

The Village amended its revenue budget to increase total revenues by \$418,794, 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 \$151,249 to reflect changes that occurred over the course of the year. The most significant amendments increased amounts appropriated for capital outlay expenditures by \$67,751 for an anticipated increase in project costs.

Total revenues were \$145,434 lower than budgeted, primarily because other revenues were \$255,704 lower than anticipated. Expenditures were \$630,433 less than the amounts appropriated, as expenditures were lower than appropriations in all functions. These variances resulted in a \$484,999 positive budget variance with a \$713,785 increase in fund balance compared to a budgeted increase of \$228,786.

**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, 2021, amounts to \$15,315,338, net of accumulated depreciation. Governmental capital assets amount to \$4,187,497 and business-type capital assets totaled \$11,127,841. 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 \$4,319,563 as additions of \$4,899,613 exceeded current year depreciation of \$580,050.

	<i>Governmental activities</i>	<i>Business-type activities</i>
Land	\$ 1,087,935	\$ 1,000,000
Infrastructure	2,279,384	5,544,213
Golf course	-	745,538
Buildings and improvements	174,872	-
Furniture and equipment	132,843	-
Vehicles	237,943	-
Construction in progress	274,520	3,838,090
Totals	<u>\$ 4,187,497</u>	<u>\$ 11,127,841</u>

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

- Street improvements for \$201,822
- Paving of parking lots for \$83,110
- Sewer and Water infrastructure improvements \$4,459,586
- Police vehicle purchased for \$44,763

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 \$7,711,531, which represents a net increase of \$4,901,901, due to the issuance of new debt of \$5,141,941 and principal payments of \$245,000. Other long-term obligations of the governmental activities of \$182,015, represent accrued compensated absences. The Village also recognized a net pension liability, associated with its defined benefit pension plan, in the amount of \$547,855 for governmental activities and \$344,707 for business-type activities.

More detailed information about the Village's long-term obligations is presented in Notes 8 and 9 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 2022, 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.

COVID-19 has created uncertainties that are likely to negatively impact our operations and financial condition. While it is difficult to estimate the financial impact of COVID-19, we expect certain revenues to decline.

**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](mailto:jmallery@vicksburgmi.org)

## **BASIC FINANCIAL STATEMENTS**

## STATEMENT OF NET POSITION

June 30, 2021

	Primary government			Component units	
	Governmental activities	Business-type activities	Totals	Downtown Development Authority	Brownfield Redevelopment Authority
<b>ASSETS</b>					
Current assets:					
Cash	\$ 3,824,522	\$ 2,892,583	\$ 6,717,105	\$ 124,304	\$ 440,138
Receivables	183,035	900,933	1,083,968	11,185	-
Due from component units	6,818	-	6,818	-	-
Restricted cash	-	338,567	338,567	-	-
Inventory and prepaids	18,263	39,293	57,556	-	-
Total current assets	4,032,638	4,171,376	8,204,014	135,489	440,138
Noncurrent assets:					
Receivables	93,089	-	93,089	-	-
Capital assets not being depreciated	1,362,455	4,838,090	6,200,545	-	-
Capital assets, net of depreciation	2,825,042	6,289,751	9,114,793	132,601	-
Total noncurrent assets	4,280,586	11,127,841	15,408,427	132,601	-
Total assets	8,313,224	15,299,217	23,612,441	268,090	440,138
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension amounts	58,359	36,718	95,077	-	-
Loss on bond refunding, net	-	6,628	6,628	-	-
Total deferred outflows of resources	58,359	43,346	101,705	-	-
<b>LIABILITIES</b>					
Current liabilities:					
Payables	104,849	850,429	955,278	200	-
Unearned revenue	-	134,124	134,124	-	-
Due to primary government	-	-	-	-	6,818
Bonds payable	54,000	284,000	338,000	-	-
Total current liabilities	158,849	1,268,553	1,427,402	200	6,818
Noncurrent liabilities:					
Compensated absences	182,015	-	182,015	-	-
Net pension liability	547,855	344,707	892,562	-	-
Bonds payable	714,117	6,659,414	7,373,531	-	-
Total noncurrent liabilities	1,443,987	7,004,121	8,448,108	-	-
Total liabilities	1,602,836	8,272,674	9,875,510	200	6,818
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension	51,270	32,259	83,529	-	-
<b>NET POSITION</b>					
Net investment in capital assets	3,419,380	4,184,427	7,603,807	132,601	-
Restricted for:					
Public works	1,017,689	-	1,017,689	-	-
Debt service	-	304,294	304,294	-	-
Economic development	-	-	-	42,000	-
Unrestricted	2,280,408	2,548,909	4,829,317	93,289	433,320
Total net position	\$ 6,717,477	\$ 7,037,630	\$ 13,755,107	\$ 267,890	\$ 433,320

See notes to financial statements

## STATEMENT OF ACTIVITIES

Year ended June 30, 2021

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
<b>Primary government</b>									
Governmental activities:									
General government	\$ 309,804	\$ 91,748	\$ 47,000	\$ -	\$ (171,056)		\$ (171,056)		
Public safety	738,449	59,349	90,972	-	(588,128)		(588,128)		
Public works	647,703	11,585	425,916	-	(210,202)		(210,202)		
Community and economic development	66,058	-	-	-	(66,058)		(66,058)		
Recreation and culture	68,128	-	15,250	19,977	(32,901)		(32,901)		
Interest on long-term debt	21,227	-	-	-	(21,227)		(21,227)		
Total governmental activities	1,851,369	162,682	579,138	19,977	(1,089,572)		(1,089,572)		
Business-type activities:									
Sewer	771,934	1,159,561	-	-		\$ 387,627	387,627		
Water	618,305	568,644	11,052	-		(38,609)	(38,609)		
Golf course	1,111,422	1,309,700	-	35,640		233,918	233,918		
Total business-type activities	2,501,661	3,037,905	11,052	35,640		582,936	582,936		
Total primary government	\$ 4,353,030	\$ 3,200,587	\$ 590,190	\$ 55,617	(1,089,572)	582,936	(506,636)		
<b>Component units</b>									
Downtown Development Authority	\$ 111,775	\$ -	\$ 16,140	\$ -				\$ (95,635)	\$ -
Brownfield Redevelopment Authority	6,676	-	-	-				-	(6,676)
Total component units	\$ 118,451	\$ -	\$ 16,140	\$ -				(95,635)	(6,676)
General revenues:									
Property taxes					1,481,651	-	1,481,651	65,098	26,868
State shared revenue					322,472	-	322,472	-	-
Local community stabilization revenue					78,366	-	78,366	-	-
Cable television franchise fees					17,450	-	17,450	-	-
Unrestricted interest income					10,818	3,634	14,452	153	1,090
Gain on sale of assets					53,904	-	53,904	-	-
Totals					1,964,661	3,634	1,968,295	65,251	27,958
Changes in net position					875,089	586,570	1,461,659	(30,384)	21,282
Net position - beginning					5,842,388	6,451,060	12,293,448	298,274	412,038
Net position - ending					\$ 6,717,477	\$ 7,037,630	\$ 13,755,107	\$ 267,890	\$ 433,320

See notes to financial statements



**BALANCE SHEET - governmental funds**

June 30, 2021

	<i>General</i>	<i>Major Street</i>	<i>Local Street</i>	<i>Total governmental funds</i>
<b>ASSETS</b>				
Cash	\$ 2,846,281	\$ 791,172	\$ 187,069	\$ 3,824,522
Receivables	175,342	81,640	19,142	276,124
Due from component units	6,818	-	-	6,818
Prepays	18,263	-	-	18,263
Total assets	<u>\$ 3,046,704</u>	<u>\$ 872,812</u>	<u>\$ 206,211</u>	<u>\$ 4,125,727</u>
<b>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 37,556	\$ 60,686	\$ 648	\$ 98,890
Deferred inflows of resources:				
Unavailable sales contract revenue	111,121	-	-	111,121
Fund balances:				
Nonspendable - prepaids	18,263	-	-	18,263
Restricted for - public works	-	812,126	205,563	1,017,689
Committed for:				
General government stabilization	150,000	-	-	150,000
New village hall	1,000,000	-	-	1,000,000
Assigned for:				
Capital acquisitions	571,137	-	-	571,137
Pension reserve	30,000	-	-	30,000
Unassigned	1,128,627	-	-	1,128,627
Total fund balances	<u>2,898,027</u>	<u>812,126</u>	<u>205,563</u>	<u>3,915,716</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,046,704</u>	<u>\$ 872,812</u>	<u>\$ 206,211</u>	<u>\$ 4,125,727</u>

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

Total fund balance - total governmental funds \$ 3,915,716

Amounts reported for *governmental activities* in the statement of net position (page 12)  
are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore,  
are not reported in the funds. 4,187,497

Deferred outflows of resources, related to the pension plan, relate to future years  
and, therefore, are not reported in the funds. 58,359

Compensated absences are not due and payable in the current period  
and, therefore, are not reported in the funds. (182,015)

Bonds payable are not due and payable in the current period  
and, therefore, are not reported in the funds. (768,117)

Interest payable, related to long-term liabilities, is not due and payable in the  
current period and, therefore, is not reported in the funds. (5,959)

Certain receivables are not available to pay for the current period's expenditures and,  
therefore, are deferred inflows of resources in the funds. 111,121

Deferred inflows of resources, related to the pension plan, relate to future years  
and, therefore, are not reported in the funds. (51,270)

The net pension liability is not due and payable in the current period  
and, therefore, is not reported in the funds. (547,855)

Net position of *governmental activities* \$ 6,717,477

*Village of Vicksburg***STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds***Year ended June 30, 2021*

	<i>General</i>	<i>Major Street</i>	<i>Local Street</i>	<i>Total governmental funds</i>
<b>REVENUES</b>				
Property taxes	\$ 1,497,139	\$ -	\$ -	\$ 1,497,139
Licenses and permits	34,137	-	-	34,137
Federal grants	64,647	-	-	64,647
State grants	404,663	295,231	130,685	830,579
Intergovernmental	102,704	-	-	102,704
Fines and forfeitures	3,458	-	-	3,458
Interest and rentals	19,299	635	133	20,067
Other	114,180	-	-	114,180
Total revenues	2,240,227	295,866	130,818	2,666,911
<b>EXPENDITURES</b>				
Current:				
General government	257,362	-	-	257,362
Public safety	708,769	-	-	708,769
Public works	286,810	84,018	43,577	414,405
Community and economic development	66,058	-	-	66,058
Recreation and culture	45,446	-	-	45,446
Capital outlay	113,547	236,853	247	350,647
Debt service:				
Principal	30,000	-	-	30,000
Interest	18,450	707	-	19,157
Total expenditures	1,526,442	321,578	43,824	1,891,844
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	713,785	(25,712)	86,994	775,067
<b>OTHER FINANCING SOURCES</b>				
Loan proceeds	-	304,488	-	304,488
<b>NET CHANGES IN FUND BALANCES</b>	713,785	278,776	86,994	1,079,555
<b>FUND BALANCES - BEGINNING</b>	2,184,242	533,350	118,569	2,836,161
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,898,027</u>	<u>\$ 812,126</u>	<u>\$ 205,563</u>	<u>\$ 3,915,716</u>

*See notes to financial statements*

***Village of Vicksburg***

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

*Year ended June 30, 2021*

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) \$ 1,079,555

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

Capital assets:

Assets acquired:

Donated	19,977
Purchased	376,870
Provision for depreciation	(300,037)

Long-term debt:

Retirements	30,000
Debt issuance	(304,488)
Amortization of bond discount	(892)

Changes in other assets/liabilities:

Net increase in compensated absences	(22,218)
Net increase in interest payable	(1,178)
Increase in net pension liability	(211)
Increase in deferred inflows of resources related to unavailable revenue	39,570
Net decrease in deferred outflows of resources related to pension	(4,996)
Net increase in deferred inflows of resources related to pension	<u>(36,863)</u>

Change in net position of *governmental activities* \$ 875,089

*See notes to financial statements*

**STATEMENT OF NET POSITION - proprietary funds**

June 30, 2021

	Business-type activities			
	Enterprise funds			
	Sewer	Water	Golf Course	Totals
ASSETS				
Current assets:				
Cash	\$ 1,530,502	\$ 830,468	\$ 531,613	\$ 2,892,583
Receivables	635,757	252,319	12,857	900,933
Restricted cash	208,711	129,856	-	338,567
Inventory and prepaids	1,294	514	37,485	39,293
Total current assets	2,376,264	1,213,157	581,955	4,171,376
Noncurrent assets:				
Capital assets not being depreciated	2,797,732	1,040,358	1,000,000	4,838,090
Capital assets, net of depreciation	3,999,754	1,544,459	745,538	6,289,751
Total noncurrent assets	6,797,486	2,584,817	1,745,538	11,127,841
Total assets	9,173,750	3,797,974	2,327,493	15,299,217
DEFERRED OUTFLOWS OF RESOURCES				
Pension	16,933	16,933	2,852	36,718
Loss on bond refunding, net	-	6,628	-	6,628
Total deferred outflows of resources	16,933	23,561	2,852	43,346
LIABILITIES				
Current liabilities:				
Payables	574,028	242,839	33,562	850,429
Unearned operating revenue	-	-	134,124	134,124
Bonds payable	165,000	59,000	60,000	284,000
Total current liabilities	739,028	301,839	227,686	1,268,553
Noncurrent liabilities:				
Net pension liability	158,965	158,965	26,777	344,707
Bonds payable	4,216,910	1,501,309	941,195	6,659,414
Total noncurrent liabilities	4,375,875	1,660,274	967,972	7,004,121
Total liabilities	5,114,903	1,962,113	1,195,658	8,272,674
DEFERRED INFLOWS OF RESOURCES				
Pension	14,877	14,877	2,505	32,259
NET POSITION				
Net investment in capital assets	2,415,576	1,024,508	744,343	4,184,427
Restricted for debt service	184,860	119,434	-	304,294
Unrestricted	1,460,467	700,603	387,839	2,548,909
Total net position	\$ 4,060,903	\$ 1,844,545	\$ 1,132,182	\$ 7,037,630

See notes to financial statements

*Village of Vicksburg*

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

*Year ended June 30, 2021*

	<i>Business-type activities</i>			
	<i>Enterprise funds</i>			
	<i>Sewer</i>	<i>Water</i>	<i>Golf Course</i>	<i>Totals</i>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,159,278	\$ 567,592	\$ 1,305,181	\$ 3,032,051
Other	283	1,052	4,519	5,854
Total operating revenues	1,159,561	568,644	1,309,700	3,037,905
<b>OPERATING EXPENSES</b>				
Administration	194,198	206,845	372,803	773,846
Professional services	98,096	80,552	130,879	309,527
Repairs and maintenance	53,691	85,233	60,689	199,613
Equipment rental	-	-	66,119	66,119
Other	38,346	55,443	78,645	172,434
Treatment	198,400	-	-	198,400
Supplies	18,795	77,917	284,861	381,573
Depreciation	122,967	82,123	74,923	280,013
Total operating expenses	724,493	588,113	1,068,919	2,381,525
<b>OPERATING INCOME (LOSS)</b>	435,068	(19,469)	240,781	656,380
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State grants	-	11,052	-	11,052
Interest revenue	1,660	1,554	420	3,634
Interest expense	(47,441)	(30,192)	(42,503)	(120,136)
Net nonoperating revenues (expenses)	(45,781)	(17,586)	(42,083)	(105,450)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	389,287	(37,055)	198,698	550,930
<b>CAPITAL CONTRIBUTIONS</b>	-	-	35,640	35,640
<b>CHANGES IN NET POSITION</b>	389,287	(37,055)	234,338	586,570
<b>NET POSITION - BEGINNING</b>	3,671,616	1,881,600	897,844	6,451,060
<b>NET POSITION - ENDING</b>	\$ 4,060,903	\$ 1,844,545	\$ 1,132,182	\$ 7,037,630

*See notes to financial statements*

**STATEMENT OF CASH FLOWS - proprietary funds**

Year ended June 30, 2021

	<b>Business-type activities</b>			
	<b>Enterprise funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Golf Course</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 829,216	\$ 440,165	\$ 1,349,608	\$ 2,618,989
Payments to suppliers	(637,277)	(509,025)	(701,691)	(1,847,993)
Payments to employees	-	-	(306,855)	(306,855)
Net cash provided by (used in) operating activities	191,939	(68,860)	341,062	464,141
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State grants	-	11,052	-	11,052
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from USDA loans	3,844,291	993,162	-	4,837,453
Capital contributions	-	-	35,640	35,640
Acquisition of capital assets	(3,006,043)	(710,146)	(43,180)	(3,759,369)
Principal paid on capital debt	(120,000)	(35,000)	(60,000)	(215,000)
Interest paid on capital debt	(28,060)	(24,335)	(41,019)	(93,414)
Net cash provided by (used in) capital and related financing activities	690,188	223,681	(108,559)	805,310
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	1,660	1,554	420	3,634
<b>NET INCREASE IN CASH</b>	883,787	167,427	232,923	1,284,137
<b>CASH - BEGINNING</b> (including restricted cash: Sewer Fund - \$139,166 and Water Fund - \$97,909)	855,426	792,897	298,690	1,947,013
<b>CASH - ENDING</b> (including restricted cash: Sewer Fund - \$208,711 and Water Fund - \$129,856)	\$ 1,739,213	\$ 960,324	\$ 531,613	\$ 3,231,150

See notes to financial statements

**STATEMENT OF CASH FLOWS - proprietary funds (Continued)**

Year ended June 30, 2021

	<i>Business-type activities</i>			
	<i>Enterprise funds</i>			<i>Totals</i>
	<i>Sewer</i>	<i>Water</i>	<i>Golf Course</i>	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 435,068	\$ (19,469)	\$ 240,781	\$ 656,380
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	122,967	82,123	74,923	280,013
Changes in assets and liabilities:				
Receivables	(330,345)	(128,479)	5,724	(453,100)
Deferred outflows of resources - pension	2,997	3,734	340	7,071
Inventory and prepaids	(108)	(31)	24,155	24,016
Payables	(35,673)	(3,771)	(35,488)	(74,932)
Unearned revenue	-	-	29,665	29,665
Deferred inflows of resources - pension	10,345	10,345	1,779	22,469
Net pension liability	(13,312)	(13,312)	(817)	(27,441)
Net cash provided by (used in) operating activities	<u>\$ 191,939</u>	<u>\$ (68,860)</u>	<u>\$ 341,062</u>	<u>\$ 464,141</u>
<b>Schedule of noncash capital and related financing activities:</b>				
Acquisition of capital assets				
Increase in capital assets	\$ (3,525,908)	\$ (933,678)	\$ -	\$ (4,459,586)
Increase in accounts payable	<u>519,865</u>	<u>223,532</u>	<u>-</u>	<u>743,397</u>
Net cash (used to) acquire capital assets	<u>\$ (3,006,043)</u>	<u>\$ (710,146)</u>	<u>\$ -</u>	<u>\$ (3,716,189)</u>

See notes to financial statements

**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 investments* - Cash is considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, with changes in value recognized in the operating statement of each fund. Realized and unrealized gains and losses are included in investment income. Pooled investment income is allocated proportionately to all funds.

*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, 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 9.

*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 9.

*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, 2021, cash is classified in the accompanying financial statements as follows:

Primary government:	
Cash	\$ 6,717,105
Restricted cash	338,567
Component units - cash	<u>564,442</u>
 Total cash	 <u><u>\$ 7,620,114</u></u>

**NOTE 3 - CASH (Continued)**

At June 30, 2021, cash consists of the following:

Cash on hand	\$ 2,055
Deposits with financial institutions	<u>7,618,059</u>
Total	<u>\$ 7,620,114</u>

*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, 2021, \$6,527,135 of the Village's bank balances of \$7,728,390 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, 2021, for the Village's individual major funds and for the discretely presented component units, all of which are considered fully collectible, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Totals</u>
Primary government:			
Governmental:			
General	\$ 115,469	\$ 59,873	\$ 175,342
Major street	-	81,640	81,640
Local street	<u>-</u>	<u>19,142</u>	<u>19,142</u>
Total governmental	<u>\$ 115,469</u>	<u>\$ 160,655</u>	<u>\$ 276,124</u>
Noncurrent portion	<u>\$ 93,089</u>	<u>\$ -</u>	<u>\$ 93,089</u>
Proprietary:			
Enterprise:			
Sewer	\$ 281,249	\$ 354,508	\$ 635,757
Water	127,365	124,954	252,319
Golf	<u>12,857</u>	<u>-</u>	<u>12,857</u>
Total proprietary	<u>\$ 421,471</u>	<u>\$ 479,462</u>	<u>\$ 900,933</u>
Component unit:			
Downtown Development Authority	<u>\$ 11,185</u>	<u>\$ -</u>	<u>\$ 11,185</u>

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, 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	<u>425,802</u>	<u>201,822</u>	<u>(353,104)</u>	<u>274,520</u>
Total capital assets not being depreciated	<u>1,513,737</u>	<u>201,822</u>	<u>(353,104)</u>	<u>1,362,455</u>
Capital assets being depreciated:				
Land improvements	4,245,664	460,621	-	4,706,285
Buildings and improvements	1,285,062	-	-	1,285,062
Furniture and equipment	1,275,519	42,745	(4,000)	1,314,264
Vehicles	<u>376,653</u>	<u>44,763</u>	<u>(16,582)</u>	<u>404,834</u>
Subtotal	<u>7,182,898</u>	<u>548,129</u>	<u>(20,582)</u>	<u>7,710,445</u>
Less accumulated depreciation for:				
Land improvements	(2,204,299)	(222,602)	-	(2,426,901)
Buildings and improvements	(1,098,576)	(11,614)	-	(1,110,190)
Furniture and equipment	(1,156,383)	(29,038)	4,000	(1,181,421)
Vehicles	<u>(146,690)</u>	<u>(36,783)</u>	<u>16,582</u>	<u>(166,891)</u>
Subtotal	<u>(4,605,948)</u>	<u>(300,037)</u>	<u>20,582</u>	<u>(4,885,403)</u>
Total capital assets being depreciated, net	<u>2,576,950</u>	<u>248,092</u>	<u>-</u>	<u>2,825,042</u>
Governmental activities capital assets, net	<u>\$ 4,090,687</u>	<u>\$ 449,914</u>	<u>\$ (353,104)</u>	<u>\$ 4,187,497</u>
Component unit - DDA:				
Capital assets being depreciated:				
Land improvements	\$ 194,954	\$ -	\$ -	\$ 194,954
Less accumulated depreciation for:				
Land improvements	<u>(47,120)</u>	<u>(15,233)</u>	<u>-</u>	<u>(62,353)</u>
Total capital assets being depreciated, net	<u>147,834</u>	<u>(15,233)</u>	<u>-</u>	<u>132,601</u>
Component unit - DDA capital assets, net	<u>\$ 147,834</u>	<u>\$ (15,233)</u>	<u>\$ -</u>	<u>\$ 132,601</u>

## 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	<u>543,587</u>	<u>3,294,503</u>	<u>-</u>	<u>3,838,090</u>
Total capital assets not being depreciated	<u>1,543,587</u>	<u>3,294,503</u>	<u>-</u>	<u>4,838,090</u>
Capital assets being depreciated:				
Sewer system	5,428,239	1,165,083	-	6,593,322
Water system	3,245,546	-	-	3,245,546
Golf course	<u>1,377,967</u>	<u>43,180</u>	<u>-</u>	<u>1,421,147</u>
Subtotal	<u>10,051,752</u>	<u>1,208,263</u>	<u>-</u>	<u>11,260,015</u>
Less accumulated depreciation for:				
Sewer system	(2,470,602)	(122,967)	-	(2,593,569)
Water system	(1,618,963)	(82,123)	-	(1,701,086)
Golf course	<u>(600,686)</u>	<u>(74,923)</u>	<u>-</u>	<u>(675,609)</u>
Subtotal	<u>(4,690,251)</u>	<u>(280,013)</u>	<u>-</u>	<u>(4,970,264)</u>
Total capital assets being depreciated, net	<u>5,361,501</u>	<u>928,250</u>	<u>-</u>	<u>6,289,751</u>
Business-type activities capital assets, net	<u>\$ 6,905,088</u>	<u>\$ 4,222,753</u>	<u>\$ -</u>	<u>\$ 11,127,841</u>

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

Governmental activities:	
General government	\$ 20,608
Public safety	15,854
Public works	241,213
Recreation and culture	<u>22,362</u>
Total governmental activities	<u>\$ 300,037</u>

**NOTE 6 - PAYABLES**

Payables as of June 30, 2021, 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	\$ 15,274	\$ 22,282	\$ -	\$ 37,556
Major street	59,939	747	-	60,686
Local street	<u>150</u>	<u>498</u>	<u>-</u>	<u>648</u>
Total governmental	<u>\$ 75,363</u>	<u>\$ 23,527</u>	<u>\$ -</u>	<u>\$ 98,890</u>
Proprietary:				
Enterprise:				
Sewer	\$ 545,222	\$ 4,955	\$ 23,851	\$ 574,028
Water	226,815	5,602	10,422	242,839
Golf Course	<u>22,962</u>	<u>748</u>	<u>9,852</u>	<u>33,562</u>
Total proprietary	<u>\$ 794,999</u>	<u>\$ 11,305</u>	<u>\$ 44,125</u>	<u>\$ 850,429</u>
Component units - Downtown Development Authority	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>

**NOTE 7 - 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, 2021, the Village contributed \$121,187 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 8 - LONG-TERM OBLIGATIONS**

At June 30, 2021, 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 \$20,000 to \$45,000, plus interest at 2.00% to 4.00%; final payment due October 2033	\$ 470,000
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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	304,488
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Net discount on bonds payable	<u>(6,371)</u>
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Total bonds payable	768,117
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Compensated absences	<u>182,015</u>
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Total governmental activities long-term obligations	<u><u>\$ 950,132</u></u>
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## Business-type activities:

## Bonds:

\$2,855,000 - 2014 Capital and refunding bonds - payable in annual installments ranging from \$115,000 to \$210,000, plus interest at 2.00% to 4.00%; final payment due October 2033	\$ 2,135,000
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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	3,844,291
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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	992,162
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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	1,000
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Less discounts on bonds	<u>(29,039)</u>
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Total bonds payable	<u><u>\$ 6,943,414</u></u>
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## NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligation activity for the year ended June 30, 2021, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Primary government:					
Governmental activities:					
Direct debt - bonds					
USDA Bonds					
2020 USDA	\$ -	\$ 304,488	\$ -	\$ 304,488	\$ 24,000
Other debt - bonds					
Refunding bonds					
2014 Capital and refunding bonds	500,000	-	(30,000)	470,000	30,000
Other long-term obligations					
Compensated absences	<u>159,797</u>	<u>107,770</u>	<u>(85,552)</u>	<u>182,015</u>	<u>-</u>
Subtotal	659,797	412,258	(115,552)	956,503	54,000
Less discounts on bonds	<u>(7,263)</u>	<u>-</u>	<u>892</u>	<u>(6,371)</u>	<u>-</u>
Total governmental activities	<u>\$ 652,534</u>	<u>\$ 412,258</u>	<u>\$ (114,660)</u>	<u>\$ 950,132</u>	<u>\$ 54,000</u>
Business-type activities:					
Direct debt - bonds					
Revenue bonds					
2007 Sewer revenue bonds	\$ 90,000	\$ -	\$ (90,000)	\$ -	\$ -
USDA Bonds					
2020 Sewer USDA	-	3,844,291	-	3,844,291	130,000
2020 Water USDA series A	-	992,162	-	992,162	24,000
2020 Water USDA series B	-	1,000	-	1,000	-
Other debt - bonds					
Refunding bonds					
2014 Capital and refunding bonds	<u>2,260,000</u>	<u>-</u>	<u>(125,000)</u>	<u>2,135,000</u>	<u>130,000</u>
Subtotal	2,350,000	4,837,453	(215,000)	6,972,453	284,000
Less discounts on bonds	<u>(33,107)</u>	<u>-</u>	<u>4,068</u>	<u>(29,039)</u>	<u>-</u>
Total business-type activities	<u>\$ 2,316,893</u>	<u>\$ 4,837,453</u>	<u>\$ (210,932)</u>	<u>\$ 6,943,414</u>	<u>\$ 284,000</u>

**NOTE 8 - LONG-TERM OBLIGATIONS (Continued)**

At June 30, 2021, 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
2022	\$ 24,000	\$ 4,207	\$ 30,000	\$ 17,775	\$ 154,000	\$ 70,252	\$ 130,000	\$ 80,881
2023	24,000	3,847	30,000	16,875	154,000	67,942	135,000	76,906
2024	25,000	3,472	30,000	15,975	159,000	65,557	140,000	72,781
2025	25,000	3,097	30,000	14,925	160,000	63,157	145,000	67,781
2026	26,000	2,707	35,000	13,625	165,000	60,682	145,000	61,981
2027 - 2031	136,000	7,490	185,000	46,700	871,000	264,814	845,000	213,791
2032 - 2036	44,488	233	130,000	8,475	960,000	195,500	595,000	38,662
2037 - 2041	-	-	-	-	1,063,000	119,104	-	-
2042 - 2046	-	-	-	-	909,291	39,070	-	-
2047 - 2051	-	-	-	-	197,000	9,402	-	-
2052 - 2053	-	-	-	-	45,162	46	-	-
Totals	<u>\$ 304,488</u>	<u>\$ 25,053</u>	<u>\$ 470,000</u>	<u>\$ 134,350</u>	<u>\$ 4,837,453</u>	<u>\$ 955,526</u>	<u>\$ 2,135,000</u>	<u>\$ 612,783</u>

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

**NOTE 9 - 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](http://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.

*Employees covered by benefit terms:*

At the December 31, 2020, measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to, but not yet receiving, benefits	15
Active employees	<u>7</u>
Total	<u>33</u>

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)***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, 2021, Village contributions ranged from \$5,311 for general employees to 9.96% of monthly payroll for public safety employees. For the fiscal year ended June 30, 2021, the Village contributed \$89,445 to the plan.

*Net pension liability:*

The Village's net pension liability reported at June 30, 2021, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2020. 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, 2020, 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	7.35%	net of investment expense, including inflation

Mortality rates were based on a blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables all with a 50 percent male and 50 percent female blend. For disabled retirees, the RP-2014 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, 2020, 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.

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%	7.75%	3.15%
Global fixed income	20.00%	3.75%	0.25%
Private investments	20.00%	9.75%	1.45%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses			<u>0.25%</u>
Investment rate of return			<u>7.60%</u>

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)***Discount rate:*

The discount rate used to measure the total pension liability is 7.60% for 2020. 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.

*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, 2019	\$ 2,960,082	\$ 2,040,291	\$ 919,791
Changes for the year:			
Service cost	31,279	-	31,279
Interest	219,800	-	219,800
Difference in experience	(27,067)	-	(27,067)
Change in assumptions	93,252	-	93,252
Employer contributions	-	88,140	(88,140)
Employee contributions	-	5,481	(5,481)
Net investment income	-	254,942	(254,942)
Benefit payments, including refunds	(167,237)	(167,237)	-
Administrative expenses	-	(4,070)	4,070
Net changes	150,027	177,256	(27,229)
Balances at December 31, 2020	\$ 3,110,109	\$ 2,217,547	\$ 892,562

*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 7.60%, as well as what the Village's net pension liability would be using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	<i>1% Decrease</i>	<i>Current Rate</i>	<i>1% Increase</i>
	<i>(6.60%)</i>	<i>(7.60%)</i>	<i>(8.60%)</i>
Village's net pension liability	\$ 1,280,503	\$ 892,562	\$ 569,000

*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](http://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 9 - DEFINED BENEFIT PENSION PLAN (Continued)***Pension expense and deferred outflows of resources related to pensions:*

For the fiscal year ended June 30, 2021, the Village recognized pension expense of \$133,486. At June 30, 2021, 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	\$ -	\$ 69,995
Difference between expected and actual experience	-	13,534
Difference in assumptions	<u>46,626</u>	<u>-</u>
	46,626	83,529
Contributions made subsequent to the measurement date	<u>48,451</u>	<u>-</u>
Totals	<u>\$ 95,077</u>	<u>\$ 83,529</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 2022.

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>
2022	\$ 46,626	\$ 27,188
2023	-	(5,683)
2024	-	41,458
2025	<u>-</u>	<u>20,566</u>
	<u>\$ 46,626</u>	<u>\$ 83,529</u>

**NOTE 10 - 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, 2021, the Village made contributions of \$29,503. At June 30, 2021, the Village reported no amount as accrued liability as part of the contributions to the plan.

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 forfeitures of \$5,137 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 11 - DEFERRED COMPENSATION PLAN**

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plans were held in trust (custodial account or annuity contract), as described in IRC Section 457(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 12 - 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 13 - PROPERTY TAX REVENUE**

The 2020 taxable valuation of the Village approximated \$98,681,000, on which ad valorem taxes levied consisted of 15.1630 mills for operating purposes raising approximately \$1,470,000, which is recognized in the fund financial statements as property tax revenue.

**NOTE 14 - TAX ABATEMENTS**

The Village enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within the Village. Each agreement was negotiated under a state law, which allows local units to abate property taxes for a variety of economic development purposes. 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, 2021, the Village abated property taxes totaling \$29,841 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 15 - CONSTRUCTION CODE ACT**

A summary of construction code enforcement transactions for the year ended June 30, 2021, is as follows:

Cumulative excess revenues, beginning of year	<u>\$ -</u>
Revenues	\$ 16,687
Expenses	<u>17,917</u>
Excess of revenues over expenses	<u>\$ (1,230)</u>
Cumulative excess revenues, end of year	<u>\$ -</u>

**NOTE 16 - RESTRICTED NET POSITION**

In the government-wide statement of net position, the governmental activities report restricted net position in the amount of \$1,321,983. Of this amount, \$1,017,689 is restricted by enabling legislation for public works expenditures.

**NOTE 17 - PENDING ACCOUNTING PRONOUNCEMENT**

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for periods beginning after June 15, 2021. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.



**NOTE 18 - CORONAVIRUS PANDEMIC**

In March 2021, the World Health Organization categorized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary closures, and wide-sweeping quarantines and stay-at-home orders. As a result, the Village has experienced negative impacts to its operating revenues. As of the date these financial statements were available to be issued the COVID-19 pandemic was ongoing and the related governmental preventive and protective measures continued, and as a result, the related financial impact and duration of the pandemic cannot be reasonably estimated at this time.

**NOTE 19 - PRIOR PERIOD ADJUSTMENT**

A prior period adjustment has been recorded in fiscal year 2021 to correct depreciation of an asset that resulted in a restatement of opening net position of sewer fund and the business-type activities. Net position, as of June 30, 2020, included in the statement of net position and the government-wide financial statements, represents restated balances as presented below.

	<u>Net position</u> <u>Sewer</u> <u>fund</u>	<u>Net position</u> <u>Business type</u> <u>activities</u>
Beginning of year, as previously reported	\$ 3,827,918	\$ 6,607,362
Prior period adjustment - understatement of accumulated depreciation	<u>(156,302)</u>	<u>(156,302)</u>
Beginning of year, as restated	<u>\$ 3,671,616</u>	<u>\$ 6,451,060</u>

**NOTE 20 - SUBSEQUENT EVENT**

The American Rescue Plan (ARP) Act was signed into law on March 11, 2021, and it guaranteed direct relief to local municipalities. The Village is estimated to receive approximately \$365,000 in ARP funding. Funding is being released by the U.S. Department of Treasury in two tranches. Half of the funding the Village is entitled to was released in September 2021, and the second half of the funding will be released under the second tranche approximately one year after the disbursement of the first tranche. The Village will have until 2024 to obligate the federal funds and until 2026 to spend the funds on allowable expenditures.

## REQUIRED SUPPLEMENTARY INFORMATION

**Village of Vicksburg**

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended June 30, 2021

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget positive (negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 1,238,063	\$ 1,483,156	\$ 1,497,139	\$ 13,983
Licenses and permits	100,000	28,921	34,137	5,216
Federal grant	-	60,591	64,647	4,056
State grants	232,600	327,682	404,663	76,981
Intergovernmental	102,204	102,704	102,704	-
Fines and forfeitures	2,900	2,988	3,458	470
Interest	7,850	9,735	19,299	9,564
Other	283,250	369,884	114,180	(255,704)
Total revenues	1,966,867	2,385,661	2,240,227	(145,434)
<b>EXPENDITURES</b>				
General government:				
Legislative - City Council	18,250	18,250	12,517	5,733
Village president	2,650	2,650	993	1,657
Village manager	86,500	86,500	55,143	31,357
Treasurer	29,340	28,990	25,178	3,812
Clerk	11,900	11,900	6,776	5,124
Administration	231,675	237,425	135,511	101,914
Building and grounds	28,100	29,950	21,244	8,706
Total general government	408,415	415,665	257,362	158,303
Public safety:				
Department of Public Safety:				
Police protection	592,555	600,355	569,221	31,134
Fire protection	132,700	132,700	121,631	11,069
Building inspections	40,000	40,000	17,917	22,083
Total public safety	765,255	773,055	708,769	64,286
Public works:				
Department of Public Works	328,255	355,803	280,135	75,668
Recycling	36,500	36,500	4,955	31,545
Sidewalks	4,000	4,000	1,720	2,280
Total public works	368,755	396,303	286,810	109,493
Community and economic development - community development and planning				
	36,700	77,100	66,058	11,042
Recreation and culture:				
Parks	95,000	95,500	45,446	50,054

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>EXPENDITURES (Continued)</b>				
Capital outlay	\$ 282,500	\$ 350,251	\$ 113,547	\$ 236,704
Debt service - principal	30,001	30,001	30,000	1
Debt service - interest	19,000	19,000	18,450	550
Total expenditures	2,005,626	2,156,875	1,526,442	630,433
<b>NET CHANGE IN FUND BALANCE</b>	(38,759)	228,786	713,785	484,999
<b>FUND BALANCE - BEGINNING</b>	2,184,242	2,184,242	2,184,242	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 2,145,483</u>	<u>\$ 2,413,028</u>	<u>\$ 2,898,027</u>	<u>\$ 484,999</u>

**BUDGETARY COMPARISON SCHEDULE - Major Street Fund**

Year ended June 30, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
State grants	\$ 172,500	\$ 246,892	\$ 295,231	\$ 48,339
Interest	<u>650</u>	<u>650</u>	<u>635</u>	<u>(15)</u>
Total revenues	<u>173,150</u>	<u>247,542</u>	<u>295,866</u>	<u>48,324</u>
<b>EXPENDITURES</b>				
Public works:				
Preservation	50,000	65,753	45,564	20,189
Winter maintenance	13,000	13,065	9,668	3,397
Traffic service	29,500	32,200	25,608	6,592
Administration	<u>3,800</u>	<u>3,800</u>	<u>3,178</u>	<u>622</u>
Total public works	<u>96,300</u>	<u>114,818</u>	<u>84,018</u>	<u>30,800</u>
Debt services - interest	<u>-</u>	<u>2,000</u>	<u>707</u>	<u>1,293</u>
Capital outlay	<u>32,400</u>	<u>242,650</u>	<u>236,853</u>	<u>5,797</u>
Total expenditures	<u>128,700</u>	<u>357,468</u>	<u>321,578</u>	<u>68,690</u>
<b>DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES</b>	44,450	(109,926)	(25,712)	117,014
<b>OTHER FINANCING SOURCES</b>				
Loan proceeds	<u>-</u>	<u>271,188</u>	<u>304,488</u>	<u>33,300</u>
<b>NET CHANGE IN FUND BALANCE</b>	44,450	159,262	278,776	119,514
<b>FUND BALANCE - BEGINNING</b>	<u>533,350</u>	<u>533,350</u>	<u>533,350</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 577,800</u>	<u>\$ 692,612</u>	<u>\$ 812,126</u>	<u>\$ 119,514</u>

**Village of Vicksburg**

**BUDGETARY COMPARISON SCHEDULE - Local Street Fund**

Year ended June 30, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
State grants	\$ 82,500	\$ 111,283	\$ 130,685	\$ 19,402
Interest	150	150	133	(17)
Total revenues	82,650	111,433	130,818	19,385
<b>EXPENDITURES</b>				
Public works:				
Preservation	37,000	67,350	27,177	40,173
Winter maintenance	17,500	20,500	9,839	10,661
Traffic service	7,000	9,200	2,362	6,838
Administration	3,900	4,200	4,199	1
Total public works	65,400	101,250	43,577	57,673
Capital outlay	19,000	19,300	247	19,053
Total expenditures	84,400	120,550	43,824	76,726
<b>NET CHANGE IN FUND BALANCE</b>	(1,750)	(9,117)	86,994	96,111
<b>FUND BALANCE - BEGINNING</b>	118,569	118,569	118,569	-
<b>FUND BALANCE - ENDING</b>	\$ 116,819	\$ 109,452	\$ 205,563	\$ 96,111

**Village of Vicksburg**

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

*Last seven fiscal years only (schedule is being built prospectively upon implementation of GASB 68 in 2015,*

	<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	\$ 31,279	\$ 30,888	\$ 23,991	\$ 35,296	\$ 55,959	\$ 66,434	\$ 53,971
Interest	219,800	220,202	218,178	222,773	209,559	196,303	187,244
Difference in experience	(27,067)	(48,397)	(51,205)	(138,507)	67,255	16,084	-
Change in assumptions	93,252	104,791	-	-	-	105,307	-
Benefit change*	-	(576)	(1,169)	(3,305)	-	-	-
Other	-	-	2	1	2	2	-
Benefit payments, including refunds	<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	150,027	139,069	21,751	(51,788)	186,257	252,989	97,101
Total pension liability, beginning of year	<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>\$ 3,110,109</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	\$ 88,140	\$ 96,214	\$ 84,759	\$ 94,773	\$ 113,293	\$ 103,872	\$ 84,447
Contributions - employee	5,481	4,953	4,690	2,182	-	-	-
Net investment income (loss)	254,942	250,481	(77,358)	241,982	192,887	(26,146)	107,258
Benefit payments, including refunds	(167,237)	(167,839)	(168,046)	(168,046)	(146,518)	(131,141)	(144,114)
Administrative expenses	<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	177,256	179,491	(159,833)	167,057	155,857	(57,248)	43,665
Plan fiduciary net position, beginning of year	<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>\$ 2,217,547</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>\$ 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	71.30%	68.93%	65.96%	72.18%	65.01%	63.71%	72.77%
Covered payroll	\$ 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	249.22%	261.68%	250.45%	195.57%	157.90%	127.49%	104.51%

\* Increased employee contributions from 0% to 2%

**Village of Vicksburg**

**SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS**

*Last Ten Fiscal Years*

	<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>	<u>2012</u>
Actuarially determined contributions	\$ 89,445	\$ 87,679	\$ 94,980	\$ 98,228	\$100,613	\$134,820	\$ 89,092	\$100,000	\$ 84,000	\$101,000
Contributions in relation to the actuarially determined contributions	<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>	<u>101,000</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>\$358,148</u>	<u>\$351,491</u>	<u>\$398,389</u>	<u>\$398,139</u>	<u>\$666,809</u>	<u>\$758,554</u>	<u>\$628,481</u>	<u>\$619,762</u>	<u>\$624,097</u>	<u>\$631,435</u>
Contributions as a percentage of covered payroll	24.97%	24.94%	23.84%	24.67%	15.09%	17.77%	14.18%	16.14%	13.46%	16.00%

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	18 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	7.35%, 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-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%
Assumption change in 2020	A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020



## SUPPLEMENTARY INFORMATION

**BALANCE SHEET - component units**

June 30, 2021

	<b><i>Downtown Development Authority</i></b>	<b><i>Brownfield Redevelopment Authority</i></b>
<b>ASSETS</b>		
Cash	\$ 124,304	\$ 440,138
Receivables	<u>11,185</u>	<u>-</u>
Total assets	<u><u>\$ 135,489</u></u>	<u><u>\$ 440,138</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Payables	\$ 200	\$ -
Due to primary government	<u>-</u>	<u>6,818</u>
Total liabilities	<u>200</u>	<u>6,818</u>
Fund balances:		
Restricted for - Façade loan program	42,000	-
Assigned for - holiday events	1,570	-
Unassigned	<u>91,719</u>	<u>433,320</u>
Total fund balance	<u>135,289</u>	<u>433,320</u>
Total liabilities and fund balances	<u><u>\$ 135,489</u></u>	<u><u>\$ 440,138</u></u>
Reconciliation of the balance sheet to the statement of net position:		
Total fund balances	\$ 135,289	\$ 433,320
Amounts reported for the <i>component units</i> in the statement of net position (page 12) 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>132,601</u>	<u>-</u>
Net position of the <i>component units</i>	<u><u>\$ 267,890</u></u>	<u><u>\$ 433,320</u></u>

*Village of Vicksburg***STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND****BALANCES - *component units****Year ended June 30, 2021*

	<i><b>Downtown Development Authority</b></i>	<i><b>Brownfield Redevelopment Authority</b></i>
<b>REVENUES</b>		
Property taxes	\$ 65,098	\$ 26,868
Interest	153	1,090
Other	16,140	-
Total revenues	81,391	27,958
<b>EXPENDITURES</b>		
Current - community and economic development	96,542	6,676
<b>NET CHANGES IN FUND BALANCES</b>	(15,151)	21,282
<b>FUND BALANCES - BEGINNING</b>	150,440	412,038
<b>FUND BALANCES - ENDING</b>	<u>\$ 135,289</u>	<u>\$ 433,320</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	\$ (15,151)	\$ 21,282
Amounts reported for <i>component units</i> in the statement of activities (page 13) are different because:		
Capital assets - provision for depreciation	(15,233)	-
Change in net position of <i>component units</i>	<u>\$ (30,384)</u>	<u>\$ 21,282</u>

**BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority**

Year ended June 30, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes	\$ 43,500	\$ 63,895	\$ 65,098	\$ 1,203
Interest	-	122	153	-
Other	<u>64,000</u>	<u>68,140</u>	<u>16,140</u>	<u>(52,000)</u>
Total revenues	<u>107,500</u>	<u>132,157</u>	<u>81,391</u>	<u>(50,797)</u>
<b>EXPENDITURES</b>				
Community and economic development	<u>121,000</u>	<u>154,967</u>	<u>96,542</u>	<u>58,425</u>
<b>NET CHANGE IN FUND BALANCE</b>	(13,500)	(22,810)	(15,151)	7,659
<b>FUND BALANCE - BEGINNING</b>	<u>150,440</u>	<u>150,440</u>	<u>150,440</u>	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 136,940</u>	<u>\$ 127,630</u>	<u>\$ 135,289</u>	<u>\$ 7,659</u>

**BUDGETARY COMPARISON SCHEDULE - Brownfield Redevelopment Authority**

Year ended June 30, 2021

	<i><b>Original budget</b></i>	<i><b>Final budget</b></i>	<i><b>Actual</b></i>	<i><b>Variance with final budget positive (negative)</b></i>
<b>REVENUES</b>				
Property taxes	\$ 22,750	\$ 26,868	\$ 26,868	\$ -
Interest	1,000	1,000	1,090	90
Total revenues	23,750	27,868	27,958	90
<b>EXPENDITURES</b>				
Community and economic development	20,000	20,000	6,676	13,324
<b>NET CHANGE IN FUND BALANCES</b>	3,750	7,868	21,282	13,414
<b>FUND BALANCE - BEGINNING</b>	412,038	412,038	412,038	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 415,788</u>	<u>\$ 419,906</u>	<u>\$ 433,320</u>	<u>\$ 13,414</u>

*Village of Vicksburg***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
\$3,480,000 2014 CAPITAL AND REFUNDING BONDS***June 30, 2021*

<i><b>Fiscal period</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total requirements</b></i>
2022	\$ 160,000	\$ 98,656	\$ 258,656
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>\$ 2,605,000</u>	<u>\$ 747,133</u>	<u>\$ 3,352,133</u>
	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Totals</b></i>
Allocation by activity:			
Governmental activities	\$ 470,000	\$ 134,350	\$ 604,350
Business-type activities	2,135,000	612,783	2,747,783
	<u>\$ 2,605,000</u>	<u>\$ 747,133</u>	<u>\$ 3,352,133</u>

**Village of Vicksburg****SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -****\$7,595,000 2020 SEWER USDA BONDS***June 30, 2021*

<i><b>Fiscal period</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total requirements</b></i>
2022	\$ 130,000	\$ 55,714	\$ 185,714
2023	130,000	53,764	183,764
2024	135,000	51,739	186,739
2025	135,000	49,714	184,714
2026	140,000	47,614	187,614
2027	140,000	45,514	185,514
2028	145,000	43,339	188,339
2029	145,000	41,164	186,164
2030	150,000	38,914	188,914
2031	155,000	36,589	191,589
2032	155,000	34,264	189,264
2033	160,000	31,864	191,864
2034	160,000	29,464	189,464
2035	165,000	26,989	191,989
2036	170,000	24,439	194,439
2037	170,000	21,889	191,889
2038	175,000	19,264	194,264
2039	180,000	16,564	196,564
2040	185,000	13,789	198,789
2041	190,000	10,939	200,939
2042	190,000	8,089	198,089
2043	195,000	5,164	200,164
2044	200,000	2,164	202,164
2045	144,291	-	144,291
	<u>\$ 3,844,291</u>	<u>\$ 708,955</u>	<u>\$ 4,553,246</u>

*Village of Vicksburg***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -****\$1,388,000 2020 WATER SERIES A USDA BONDS***June 30, 2021*

<i>Fiscal period</i>	<i>Principal</i>	<i>Interest</i>	<i>Total requirements</i>
2022	\$ 24,000	\$ 14,537	\$ 38,537
2023	24,000	14,177	38,177
2024	24,000	13,817	37,817
2025	25,000	13,442	38,442
2026	25,000	13,067	38,067
2027	26,000	12,677	38,677
2028	27,000	12,272	39,272
2029	27,000	11,867	38,867
2030	28,000	11,447	39,447
2031	28,000	11,027	39,027
2032	29,000	10,592	39,592
2033	29,000	10,157	39,157
2034	30,000	9,707	39,707
2035	31,000	9,242	40,242
2036	31,000	8,777	39,777
2037	31,000	8,312	39,312
2038	32,000	7,832	39,832
2039	33,000	7,337	40,337
2040	33,000	6,842	39,842
2041	34,000	6,332	40,332
2042	35,000	5,807	40,807
2043	35,000	5,282	40,282
2044	36,000	4,742	40,742
2045	37,000	4,187	41,187
2046	37,000	3,632	40,632
2047	38,000	3,062	41,062
2048	39,000	2,477	41,477
2049	39,000	1,892	40,892
2050	40,000	1,292	41,292
2051	41,000	677	41,677
2052	42,000	47	42,047
2053	2,162	-	2,162
	<u>\$ 992,162</u>	<u>\$ 246,571</u>	<u>\$ 1,238,733</u>



***Village of Vicksburg*****SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
\$1,402,000 2020 CAPITAL IMPROVEMENT USDA BONDS***June 30, 2021*

<i><b>Fiscal period</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total requirements</b></i>
2022	\$ 24,000	\$ 4,207	\$ 28,207
2023	24,000	3,847	27,847
2024	25,000	3,472	28,472
2025	25,000	3,097	28,097
2026	26,000	2,707	28,707
2027	26,000	2,317	28,317
2028	27,000	1,912	28,912
2029	27,000	1,507	28,507
2030	28,000	1,087	29,087
2031	28,000	667	28,667
2032	29,000	232	29,232
2033	15,488	-	15,488
	<u>\$ 304,488</u>	<u>\$ 25,056</u>	<u>\$ 329,543</u>

## **SINGLE AUDIT SCHEDULES AND REPORTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended June 30, 2021

<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		\$5,141,941
United States Department of Treasury - Passed thru Michigan Department of Treasury COVID-19 Coronavirus Relief Fund	21.019	CRF-GOV-033	59,428
United States Department of Justice - Passed thru Michigan Department of State Police COVID-19 Coronavirus Emergency Supplemental Funding	16.034	CESF-0174-2020	3,837
United States Department of Justice - Direct Program Bulletproof Vest Partnership Program	16.607		1,383
United States Department of Transportation - Passed thru Michigan Department of Transportation Transportation Alternatives Program	20.205	TAP-19-5509	19,977
Total expenditures of federal awards			<u>\$5,226,566</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, 2021. 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 8 to the financial statements. As of June 30, 2021, the Authority has drawn \$5,141,941 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 Council  
Village of 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 (the Village), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 13, 2021.

**Internal Control Over Financial Reporting**

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

## **Compliance and Other Matter**

As part of obtaining reasonable assurance about whether the Village'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 Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Maney Costeiran PC*

December 13, 2021



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

Village Council  
Village of Vicksburg, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited the Village of Vicksburg's (the Village), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2021. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village's compliance.

### ***Opinion on Each Major Federal Program***

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 the major federal program for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 13, 2021



**VILLAGE OF VICKSBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**Section I - Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were 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:

Assistance Listing Number(s)	Name of Federal Program or Cluster
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**

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None noted.

**Section III - Federal Award Findings and Questioned Costs**

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None noted.

**VILLAGE OF VICKSBURG  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2021**

**FINDINGS/NONCOMPLIANCE**

The Village was not subject to a Single Audit in the prior year.



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December 13, 2021

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, 2021. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information relate to the planned scope and timing of our audit. We have communicated such information to you in our letter dated October 21, 2021. Professional standards also require that we communicate to you the following information reflected to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. 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 recorded in the financial statements in the proper period.

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

Management's calculation of depreciation expense for the current period is based on an estimate of the useful lives of the capital assets.

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

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 estimations 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 trivial, and communicate them to the appropriate level of management. Material misstatements were not 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 13, 2021.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village'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 management's discussion and analysis, budgetary comparison information, and pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the component unit funds financial statements, component unit budgetary comparison schedules, and schedules of debt retirement and annual interest requirements, 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 Village Council and management of Village of Vicksburg, Michigan, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Maney Costeiran PC*