

***Village of Vicksburg  
Kalamazoo County, Michigan***

**FINANCIAL STATEMENTS**

*Year ended June 30, 2023*

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## INDEPENDENT AUDITOR'S REPORT

To the Village Council of the  
Village of Vicksburg, Michigan

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the Village of Vicksburg, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Village of Vicksburg's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the Village of Vicksburg, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Vicksburg's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 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 Village of Vicksburg's internal control over financial reporting and compliance.

*Maney Costeiran PC*

December 15, 2023

## 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, 2023. Please read it in conjunction with the Village's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The Village's total net position increased by \$980,147 (6 percent) as a result of this year's activities. The net position of the governmental activities increased by \$856,536 and the net position of the business-type activities increased by \$123,611.
- Of the \$16,161,140 total net position reported, \$5,860,844 (36 percent) is available to be used at the Council's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$1,532,164, which represents 64 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 2023 and 2022 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 \$16,161,140. Of this total, \$8,512,130 represents a net investment in capital assets and \$1,788,166 is restricted for various purposes. Consequently, unrestricted net position was \$5,860,844 or 36 percent of the total.

## Condensed financial information

## Net position

	Governmental activities		Business-type activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 5,535,094	\$ 4,915,473	\$ 4,641,184	\$ 4,641,576	\$ 10,176,278	\$ 9,557,049
Capital assets	<u>6,492,922</u>	<u>5,929,191</u>	<u>14,656,516</u>	<u>14,799,034</u>	<u>21,149,438</u>	<u>20,728,225</u>
Total assets	<u>12,028,016</u>	<u>10,844,664</u>	<u>19,297,700</u>	<u>19,440,610</u>	<u>31,325,716</u>	<u>30,285,274</u>
Deferred outflows of resources	<u>178,287</u>	<u>100,529</u>	<u>91,115</u>	<u>61,513</u>	<u>269,402</u>	<u>162,042</u>
Current and other liabilities	791,496	631,564	765,497	1,146,938	1,556,993	1,778,502
Noncurrent liabilities	<u>2,802,457</u>	<u>2,447,283</u>	<u>11,074,528</u>	<u>10,868,852</u>	<u>13,876,985</u>	<u>13,316,135</u>
Total liabilities	<u>3,593,953</u>	<u>3,078,847</u>	<u>11,840,025</u>	<u>12,015,790</u>	<u>15,433,978</u>	<u>15,094,637</u>
Deferred inflows of resources	<u>-</u>	<u>110,532</u>	<u>-</u>	<u>61,154</u>	<u>-</u>	<u>171,686</u>
Net position:						
Net investment in capital assets	4,733,660	4,239,780	3,778,470	4,118,127	8,512,130	8,357,907
Restricted	1,300,212	975,644	487,954	392,702	1,788,166	1,368,346
Unrestricted	<u>2,578,478</u>	<u>2,540,390</u>	<u>3,282,366</u>	<u>2,914,350</u>	<u>5,860,844</u>	<u>5,454,740</u>
Total net position	<u>\$ 8,612,350</u>	<u>\$ 7,755,814</u>	<u>\$ 7,548,790</u>	<u>\$ 7,425,179</u>	<u>\$ 16,161,140</u>	<u>\$ 15,180,993</u>

## Changes in net position

The Village's total revenues for the current fiscal year were \$6,481,836. In the current year, nearly 54 percent of the Village's revenues comes from charges for services and approximately 27 percent comes from property taxes.

The total cost of the Village's programs, covering a wide range of services, totaled \$5,501,689. Approximately 60 percent of the Village's expenses relates utility and golf expenses. General government, public safety, and public works expenses account for 6, 16 and 15 percent of the Village's total expenses, respectively.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

*Condensed financial information*  
*Changes in net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program revenues:						
Charges for services	\$ 142,135	\$ 187,169	\$ 3,387,403	\$ 3,110,102	\$ 3,529,538	\$ 3,297,271
Grants and contributions:						
Operating grants	603,456	519,764	-	-	603,456	519,764
Capital grants	-	184,835	-	62,302	-	247,137
General revenues:						
Property taxes	1,754,065	1,611,674	-	-	1,754,065	1,611,674
State shared revenue	440,185	502,768	-	-	440,185	502,768
Local community stabilization revenue	84,103	29,311	-	-	84,103	29,311
Unrestricted investment return	36,670	3,532	13,495	3,989	50,165	7,521
Franchise fees	20,324	12,896	-	-	20,324	12,896
Other	-	11,077	-	-	-	11,077
Total revenues	<u>3,080,938</u>	<u>3,063,026</u>	<u>3,400,898</u>	<u>3,176,393</u>	<u>6,481,836</u>	<u>6,239,419</u>
Expenses:						
General government	352,800	318,842	-	-	352,800	318,842
Public safety	867,524	789,979	-	-	867,524	789,979
Public works	806,798	647,514	-	-	806,798	647,514
Community and economic development	34,141	79,415	-	-	34,141	79,415
Recreation and culture	128,218	158,579	-	-	128,218	158,579
Interest	34,921	30,360	-	-	34,921	30,360
Sewer	-	-	1,275,909	910,256	1,275,909	910,256
Water	-	-	683,878	599,367	683,878	599,367
Golf	-	-	1,317,500	1,284,675	1,317,500	1,284,675
Total expenses	<u>2,224,402</u>	<u>2,024,689</u>	<u>3,277,287</u>	<u>2,794,298</u>	<u>5,501,689</u>	<u>4,818,987</u>
Changes in net position	<u>\$ 856,536</u>	<u>\$ 1,038,337</u>	<u>\$ 123,611</u>	<u>\$ 382,095</u>	<u>\$ 980,147</u>	<u>\$ 1,420,432</u>
Net position, end of year	<u>\$ 8,612,350</u>	<u>\$ 7,755,814</u>	<u>\$ 7,548,790</u>	<u>\$ 7,425,179</u>	<u>\$ 16,161,140</u>	<u>\$ 15,180,993</u>

**Governmental activities**

Governmental activities increased the Village's net position by \$856,536, in the current year, compared to an \$1,038,337 increase in the prior year. The increase in the net position is lower in the current year, as revenues increased by \$17,912 and expenses increased by \$199,713.

Total revenues were higher primarily due to increases in operating grants, property taxes, interest and local community stabilization amounts, reduced by decreases in charges for services, capital grants and state shared revenue. Expenses increased by \$199,713 as public works increased by \$159,284.

The total cost of governmental activities this year was \$2,224,402. After subtracting the direct charges to those who directly benefited from the programs (\$142,135) and operating and capital grants (\$603,456), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$1,478,811.

**Business-type activities**

Business-type activities increased the Village's net position by \$123,611 in the current year compared to a \$382,095 increase in the prior year. Utility and golf billing rates have been set to keep pace with rising costs of the Village's enterprise operations so that the total net position increased in both years.

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

**Governmental funds**

At the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$4,731,411, an increase of \$476,104 from the prior year. Of the total fund balances, \$1,532,164 (32 percent) constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is either nonspendable (\$12,898), restricted for public works (\$1,300,212), committed (\$1,400,000) or assigned (\$486,137) to indicate that it is not available for new spending.

The General Fund is the primary operating fund of the Village. At the end of the fiscal year, its fund balance was \$3,431,199, an increase of \$151,536, as revenues of \$2,556,676 exceeded expenditures of \$2,405,140.

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, 2023, was \$891,455, an increase of \$224,170, as revenues of \$376,059 and loan proceeds of \$123,060, were lower than street maintenance and construction costs of \$274,949.

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, 2023, was \$408,757, an increase of \$100,398, as revenues of \$163,228 were higher than street maintenance costs of \$62,830.

**Proprietary funds**

The Sewer Fund experienced a decrease in net position of \$66,780 in the current year, as user fees of \$1,201,140 and nonoperating revenues of \$7,989 were lower than total costs of \$1,275,909. Total net position is \$4,253,193 at year end, of which \$2,083,014 is unrestricted.

The Water Fund experienced an increase in net position of \$10,376 in the current year, as user fees of \$691,033 and nonoperating revenues of \$3,221 were higher than total costs of \$683,878. Total net position is \$1,895,444 at year end, of which \$612,047 is unrestricted.

The Golf Course Fund experienced an increase in net position of \$180,015 in the current year, as user fees of \$1,495,230 and nonoperating revenues of \$2,285 exceeded total costs of \$1,317,500. Total net position is \$1,400,153 at year end, of which \$587,305 is unrestricted.

**General Fund budgetary highlights**

The Village amended its revenue budget to increase total revenues by \$418,084, 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 \$901,867 to reflect changes that occurred over the course of the year. The most significant amendments increased amounts appropriated for capital outlay expenditures by \$762,417 for an anticipated increase in project costs.

Total revenues were \$908 less than budgeted. Expenditures were \$634,958 less than the amounts appropriated, as expenditures were lower than appropriations in all functions. These variances, along with a negative \$600,000 variance in other financing sources, resulted in a \$34,050 positive budget variance with a \$151,536 increase in fund balance compared to a budgeted increase of \$117,486.

**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, 2023, amounts to \$21,149,438, net of accumulated depreciation. Governmental capital assets amount to \$6,492,922 and business-type capital assets totaled \$14,656,516. 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 \$421,213 as additions of \$1,364,433 exceeded current year depreciation of \$943,220.

	<i>Governmental activities</i>	<i>Business-type activities</i>
Land	\$ 1,087,935	\$ 1,000,000
Infrastructure	3,980,183	12,963,935
Golf course	-	692,581
Buildings and improvements	605,098	-
Furniture and equipment	146,434	-
Vehicles	171,138	-
Totals	<u>\$ 6,492,922</u>	<u>\$ 14,656,516</u>

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

- Street improvements for \$182,944
- Oswalt park project for \$67,929
- Sewer and Water infrastructure improvements \$316,155
- Construction for DPW building for \$118,694
- Construction costs incurred to date on the new Village hall totaled \$502,135
- A new Silverado was purchased for \$50,864

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

**Debt**

At the end of the fiscal year, the Village had total long-term debt outstanding, in the amount of \$12,637,308, which represents a net increase of \$266,990, due to the issuance of new debt of \$620,595 and principal payments of \$353,605. Other long-term obligations of the governmental activities of \$164,028, represent accrued compensated absences. The Village also recognized a net pension liability, associated with its defined benefit pension plan, in the amount of \$934,167 for governmental activities and \$450,399 for business-type activities.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Village plans to primarily use current revenues to provide essential services in fiscal year 2024, in order to maintain current fund balances. The Village continues to review all budget line-items for opportunities to reduce expenditures. The budget will be monitored during the year to identify any necessary amendments.

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

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

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

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

## **BASIC FINANCIAL STATEMENTS**

## STATEMENT OF NET POSITION

June 30, 2023

	Primary government			Component units	
	Governmental activities	Business-type activities	Totals	Downtown Development Authority	Brownfield Redevelopment Authority
<b>ASSETS</b>					
Current assets:					
Cash	\$ 5,318,987	\$ 3,378,527	\$ 8,697,514	\$ 180,118	\$ 495,091
Receivables	133,580	492,408	625,988	-	-
Due from component units	6,818	-	6,818	-	-
Restricted cash	-	539,654	539,654	-	-
Inventory and prepaids	12,898	64,186	77,084	-	-
Total current assets	5,472,283	4,474,775	9,947,058	180,118	495,091
Noncurrent assets:					
Receivables	62,811	-	62,811	-	-
Leased asset	-	166,409	166,409	-	-
Capital assets not being depreciated	1,590,069	1,000,000	2,590,069	-	-
Capital assets, net of depreciation	4,902,853	13,656,516	18,559,369	102,135	-
Total noncurrent assets	6,555,733	14,822,925	21,378,658	102,135	-
Total assets	12,028,016	19,297,700	31,325,716	282,253	495,091
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension amounts	178,287	85,959	264,246	-	-
Loss on bond refunding, net	-	5,156	5,156	-	-
Total deferred outflows of resources	178,287	91,115	269,402	-	-
<b>LIABILITIES</b>					
Current liabilities:					
Payables	370,472	199,214	569,686	2,435	-
Unearned revenue	366,024	158,643	524,667	-	-
Due to primary government	-	-	-	-	6,818
Lease payable	-	93,640	93,640	-	-
Bonds payable	55,000	314,000	369,000	-	-
Total current liabilities	791,496	765,497	1,556,993	2,435	6,818
Noncurrent liabilities:					
Compensated absences	164,028	-	164,028	-	-
Net pension liability	934,167	450,399	1,384,566	-	-
Lease payable	-	60,083	60,083	-	-
Bonds payable	1,704,262	10,564,046	12,268,308	-	-
Total noncurrent liabilities	2,802,457	11,074,528	13,876,985	-	-
Total liabilities	3,593,953	11,840,025	15,433,978	2,435	6,818
<b>NET POSITION</b>					
Net investment in capital assets	4,733,660	3,778,470	8,512,130	102,135	-
Restricted for:					
Public works	1,300,212	-	1,300,212	-	-
Debt service	-	487,954	487,954	-	-
Unrestricted	2,578,478	3,282,366	5,860,844	177,683	488,273
Total net position	\$ 8,612,350	\$ 7,548,790	\$ 16,161,140	\$ 279,818	\$ 488,273

See notes to financial statements

Village of Vicksburg

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	Program revenues			Net (expenses) revenues and changes in net position				
	Expenses	Charges for services	Operating grants and contributions	Primary government			Component units	
				Governmental activities	Business-type activities	Totals	Downtown Development Authority	Brownfield Redevelopment Authority
Functions/Programs								
Primary government								
Governmental activities:								
General government	\$ 352,800	\$ 61,201	\$ -	\$ (291,599)		\$ (291,599)		
Public safety	867,524	77,098	54,805	(735,621)		(735,621)		
Public works	806,798	3,836	535,451	(267,511)		(267,511)		
Community and economic development	34,141	-	-	(34,141)		(34,141)		
Recreation and culture	128,218	-	13,200	(115,018)		(115,018)		
Interest on long-term debt	34,921	-	-	(34,921)		(34,921)		
Total governmental activities	2,224,402	142,135	603,456	(1,478,811)		(1,478,811)		
Business-type activities:								
Sewer	1,275,909	1,201,140	-		\$ (74,769)	(74,769)		
Water	683,878	691,033	-		7,155	7,155		
Golf course	1,317,500	1,495,230	-		177,730	177,730		
Total business-type activities	3,277,287	3,387,403	-		110,116	110,116		
Total primary government	\$ 5,501,689	\$ 3,529,538	\$ 603,456	(1,478,811)	110,116	(1,368,695)		
Component units								
Downtown Development Authority	\$ 109,680	\$ -	\$ 58,400				\$ (51,280)	\$ -
Brownfield Redevelopment Authority	4,137	-	-				-	(4,137)
Total component units	\$ 113,817	\$ -	\$ 58,400				(51,280)	(4,137)
General revenues:								
Property taxes				1,754,065	-	1,754,065	79,419	30,155
State shared revenue				440,185	-	440,185	-	-
Local community stabilization revenue				84,103	-	84,103	-	-
Cable television franchise fees				20,324	-	20,324	-	-
Unrestricted interest income				36,670	13,495	50,165	1,032	5,081
Totals				2,335,347	13,495	2,348,842	80,451	35,236
Changes in net position				856,536	123,611	980,147	29,171	31,099
Net position - beginning				7,755,814	7,425,179	15,180,993	250,647	457,174
Net position - ending				\$ 8,612,350	\$ 7,548,790	\$ 16,161,140	\$ 279,818	\$ 488,273

See notes to financial statements

**BALANCE SHEET - governmental funds**

June 30, 2023

	<i>General</i>	<i>Major Street</i>	<i>Local Street</i>	<i>Total governmental funds</i>
<b>ASSETS</b>				
Cash	\$ 4,060,434	\$ 861,684	\$ 396,869	\$ 5,318,987
Receivables	152,583	31,565	12,243	196,391
Due from component units	6,818	-	-	6,818
Prepays	12,898	-	-	12,898
Total assets	<u>\$ 4,232,733</u>	<u>\$ 893,249</u>	<u>\$ 409,112</u>	<u>\$ 5,535,094</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 357,447	\$ 1,794	\$ 355	\$ 359,596
Unearned federal grant revenue	366,024	-	-	366,024
Total liabilities	<u>723,471</u>	<u>1,794</u>	<u>355</u>	<u>725,620</u>
Deferred inflows of resources:				
Unavailable sales contract revenue	78,063	-	-	78,063
Fund balances:				
Nonspendable - prepaids	12,898	-	-	12,898
Restricted for - public works	-	891,455	408,757	1,300,212
Committed for:				
General government stabilization	150,000	-	-	150,000
New village hall	1,250,000	-	-	1,250,000
Assigned for:				
Capital acquisitions	426,137	-	-	426,137
Pension reserve	60,000	-	-	60,000
Unassigned	1,532,164	-	-	1,532,164
Total fund balances	<u>3,431,199</u>	<u>891,455</u>	<u>408,757</u>	<u>4,731,411</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,232,733</u>	<u>\$ 893,249</u>	<u>\$ 409,112</u>	<u>\$ 5,535,094</u>
Reconciliation of the balance sheet to the statement of net position:				
Total fund balance - total governmental funds				\$ 4,731,411
Amounts reported for <i>governmental activities</i> in the statement of net position (page 12) are different because:				
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.				6,492,922
Deferred outflows of resources, related to the pension plan, relate to future years and, therefore, are not reported in the funds.				178,287
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.				(164,028)
Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.				(1,759,262)
Interest payable, related to long-term liabilities, is not due and payable in the current period and, therefore, is not reported in the funds.				(10,876)
Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds.				78,063
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.				<u>(934,167)</u>
Net position of <i>governmental activities</i>				<u>\$ 8,612,350</u>

**Village of Vicksburg****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND****BALANCES - governmental funds***Year ended June 30, 2023*

	<i>General</i>	<i>Major Street</i>	<i>Local Street</i>	<i>Total governmental funds</i>
<b>REVENUES</b>				
Property taxes	\$ 1,772,162	\$ -	\$ -	\$ 1,772,162
Licenses and permits	21,824	-	-	21,824
State grants	528,993	373,467	161,984	1,064,444
Intergovernmental	53,450	-	-	53,450
Fines and forfeitures	34,648	-	-	34,648
Interest and rentals	42,670	2,592	1,244	46,506
Other	102,929	-	-	102,929
	<u>2,556,676</u>	<u>376,059</u>	<u>163,228</u>	<u>3,095,963</u>
Total revenues				
	<u>2,556,676</u>	<u>376,059</u>	<u>163,228</u>	<u>3,095,963</u>
<b>EXPENDITURES</b>				
Current:				
General government	345,718	-	-	345,718
Public safety	769,505	-	-	769,505
Public works	365,887	55,143	26,006	447,036
Community and economic development	34,141	-	-	34,141
Recreation and culture	139,632	-	-	139,632
Capital outlay	703,382	178,941	36,824	919,147
Debt service:				
Principal	30,000	24,000	-	54,000
Interest	16,875	16,865	-	33,740
	<u>2,405,140</u>	<u>274,949</u>	<u>62,830</u>	<u>2,742,919</u>
Total expenditures				
	<u>2,405,140</u>	<u>274,949</u>	<u>62,830</u>	<u>2,742,919</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>151,536</u>	<u>101,110</u>	<u>100,398</u>	<u>353,044</u>
<b>OTHER FINANCING SOURCES</b>				
Loan proceeds	-	123,060	-	123,060
	<u>-</u>	<u>123,060</u>	<u>-</u>	<u>123,060</u>
<b>NET CHANGES IN FUND BALANCES</b>	151,536	224,170	100,398	476,104
<b>FUND BALANCES - BEGINNING</b>	<u>3,279,663</u>	<u>667,285</u>	<u>308,359</u>	<u>4,255,307</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 3,431,199</u>	<u>\$ 891,455</u>	<u>\$ 408,757</u>	<u>\$ 4,731,411</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, 2023*

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 15)	\$	476,104
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Amounts reported for *governmental activities* in the statement of  
activities (page 13) are different because:

Capital assets:

Assets acquired:

Purchased	983,506
Provision for depreciation	(419,775)

Long-term debt:

Retirements	54,000
Debt issuance	(123,060)
Amortization of bond discount	(791)

Changes in other assets/liabilities:

Net decrease in compensated absences	36,537
Net increase in interest payable	(390)
Increase in net pension liability	(322,860)
Decrease in deferred inflows of resources related to unavailable revenue	(15,025)
Net increase in deferred outflows of resources related to pension	77,758
Net decrease in deferred inflows of resources related to pension	110,532

Change in net position of <i>governmental activities</i>	\$	<u>856,536</u>
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*See notes to financial statements*

STATEMENT OF NET POSITION - *proprietary funds*

June 30, 2023

	<i>Business-type activities</i>			
	<i>Enterprise funds</i>			
	<i>Sewer</i>	<i>Water</i>	<i>Golf Course</i>	<i>Totals</i>
<b>ASSETS</b>				
Current assets:				
Cash	\$ 2,022,119	\$ 645,954	\$ 710,454	\$ 3,378,527
Receivables	308,329	164,786	19,293	492,408
Restricted cash	346,842	192,812	-	539,654
Inventory and prepaids	1,464	551	62,171	64,186
Total current assets	2,678,754	1,004,103	791,918	4,474,775
Noncurrent assets:				
Leased asset	-	-	166,409	166,409
Capital assets not being depreciated	-	-	1,000,000	1,000,000
Capital assets, net of depreciation	9,193,313	3,770,622	692,581	13,656,516
Total noncurrent assets	9,193,313	3,770,622	1,858,990	14,822,925
Total assets	11,872,067	4,774,725	2,650,908	19,297,700
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	39,056	38,976	7,927	85,959
Loss on bond refunding, net	-	5,156	-	5,156
Total deferred outflows of resources	39,056	44,132	7,927	91,115
<b>LIABILITIES</b>				
Current liabilities:				
Payables	119,138	55,030	25,046	199,214
Unearned operating revenue	-	-	158,643	158,643
Lease payable	-	-	93,640	93,640
Bonds payable	170,000	79,000	65,000	314,000
Total current liabilities	289,138	134,030	342,329	765,497
Noncurrent liabilities:				
Net pension liability	204,639	204,223	41,537	450,399
Lease payable	-	-	60,083	60,083
Bonds payable	7,164,153	2,585,160	814,733	10,564,046
Total noncurrent liabilities	7,368,792	2,789,383	916,353	11,074,528
Total liabilities	7,657,930	2,923,413	1,258,682	11,840,025
<b>NET POSITION</b>				
Net investment in capital assets	1,859,160	1,106,462	812,848	3,778,470
Restricted for debt service	311,019	176,935	-	487,954
Unrestricted	2,083,014	612,047	587,305	3,282,366
Total net position	\$ 4,253,193	\$ 1,895,444	\$ 1,400,153	\$ 7,548,790

**Village of Vicksburg**

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

**proprietary funds**

Year ended June 30, 2023

	<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	\$ 1,194,017	\$ 683,606	\$ 1,465,217	\$ 3,342,840
Other	7,123	7,427	30,013	44,563
Total operating revenues	1,201,140	691,033	1,495,230	3,387,403
<b>OPERATING EXPENSES</b>				
Administration	263,280	254,411	417,937	935,628
Professional services	164,976	104,499	141,485	410,960
Repairs and maintenance	73,336	11,685	86,760	171,781
Equipment rental	-	-	18,150	18,150
Other	35,318	46,260	83,136	164,714
Treatment	322,414	-	-	322,414
Supplies	13,121	74,374	344,159	431,654
Amortization	-	-	94,163	94,163
Depreciation	292,028	138,607	92,810	523,445
Total operating expenses	1,164,473	629,836	1,278,600	3,072,909
<b>OPERATING INCOME</b>	36,667	61,197	216,630	314,494
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	7,989	3,221	2,285	13,495
Interest expense	(111,436)	(54,042)	(38,900)	(204,378)
Net nonoperating revenues (expenses)	(103,447)	(50,821)	(36,615)	(190,883)
<b>CHANGES IN NET POSITION</b>	(66,780)	10,376	180,015	123,611
<b>NET POSITION - BEGINNING</b>	4,319,973	1,885,068	1,220,138	7,425,179
<b>NET POSITION - ENDING</b>	\$ 4,253,193	\$ 1,895,444	\$ 1,400,153	\$ 7,548,790

See notes to financial statements

**STATEMENT OF CASH FLOWS - proprietary funds**

Year ended June 30, 2023

	<i>Business-type activities</i>			
	<i>Enterprise funds</i>			
	<i>Sewer</i>	<i>Water</i>	<i>Golf Course</i>	<i>Totals</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,339,807	\$ 660,700	\$ 1,534,508	\$ 3,535,015
Payments to suppliers	(641,998)	(284,897)	(1,160,208)	(2,087,103)
Payments to employees	(170,949)	(162,399)	(26,596)	(359,944)
Net cash provided by operating activities	526,860	213,404	347,704	1,087,968
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from USDA loans	820,899	-	-	820,899
Principal paid on leases	-	-	(83,099)	(83,099)
Interest paid on lease	-	-	(2,756)	(2,756)
Acquisition of capital assets	(291,769)	(24,386)	(64,772)	(380,927)
Decrease in payables	(378,775)	(67,086)	-	(445,861)
Principal paid on capital debt	(165,000)	(74,000)	(65,000)	(304,000)
Interest paid on capital debt	(106,549)	(51,067)	(36,632)	(194,248)
Net cash used in capital and related financing activities	(121,194)	(216,539)	(252,259)	(589,992)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	7,989	3,221	2,285	13,495
<b>NET INCREASE IN CASH</b>	413,655	86	97,730	511,471
<b>CASH - BEGINNING</b> (including restricted cash: Sewer Fund - \$277,717 and Water Fund - \$161,450)	1,955,306	838,680	612,724	3,406,710
<b>CASH - ENDING</b> (including restricted cash: Sewer Fund - \$346,842 and Water Fund - \$192,812)	\$ 2,368,961	\$ 838,766	\$ 710,454	\$ 3,918,181

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

Year ended June 30, 2023

	<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 to net cash provided by operating activities:</b>				
Operating income	\$ 36,667	\$ 61,197	\$ 216,630	\$ 314,494
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	292,028	138,607	186,973	617,608
Changes in assets and liabilities:				
Receivables	138,667	(30,333)	(72)	108,262
Deferred outflows of resources - pension	(15,883)	(15,803)	1,348	(30,338)
Inventory and prepaids	(86)	(30)	(12,097)	(12,213)
Payables	37,216	21,931	(29,352)	29,795
Unearned revenue	-	-	9,337	9,337
Deferred inflows of resources - pension	(25,478)	(25,478)	(10,198)	(61,154)
Net pension liability	63,729	63,313	(14,865)	112,177
Net cash provided by operating activities	<u>\$ 526,860</u>	<u>\$ 213,404</u>	<u>\$ 347,704</u>	<u>\$ 1,087,968</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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Government-wide and fund financial statements (continued):*

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.

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement focus, basis of accounting, and financial statement presentation (continued):*

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.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity:*

*Cash and cash equivalents* - Cash is considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Receivables* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded, as the Village considers all receivables to be fully collectible.

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*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.

*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 activity 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, 2023, cash is classified in the accompanying financial statements as follows:

Primary government:	
Cash	\$ 8,697,514
Restricted cash	539,654
Component units - cash	<u>675,209</u>
 Total cash	 <u><u>\$ 9,912,377</u></u>

At June 30, 2023, cash consists of the following:

Cash on hand	\$ 2,055
Deposits with financial institutions	<u>9,910,322</u>
 Total	 <u><u>\$ 9,912,377</u></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, 2023, \$6,835,777 of the Village's bank balances of \$9,915,763 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, 2023, 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	\$ 82,805	\$ 69,778	\$ 152,583
Major street	-	31,565	31,565
Local street	-	12,243	12,243
Total governmental	<u>\$ 82,805</u>	<u>\$ 113,586</u>	<u>\$ 196,391</u>
Noncurrent portion	<u>\$ 62,811</u>	<u>\$ -</u>	<u>\$ 62,811</u>
Proprietary:			
Enterprise:			
Sewer	\$ 308,329	\$ -	\$ 308,329
Water	164,786	-	164,786
Golf	19,293	-	19,293
Total proprietary	<u>\$ 492,408</u>	<u>\$ -</u>	<u>\$ 492,408</u>

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, 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>-</u>	<u>502,134</u>	<u>-</u>	<u>502,134</u>
Total capital assets not being depreciated	<u>1,087,935</u>	<u>502,134</u>	<u>-</u>	<u>1,590,069</u>
Capital assets being depreciated:				
Land improvements	6,659,289	290,273	-	6,949,562
Buildings and improvements	1,642,065	118,695	-	1,760,760
Furniture and equipment	1,345,840	21,540	-	1,367,380
Vehicles	<u>371,375</u>	<u>50,864</u>	<u>-</u>	<u>422,239</u>
Subtotal	<u>10,018,569</u>	<u>481,372</u>	<u>-</u>	<u>10,499,941</u>
Less accumulated depreciation for:				
Land improvements	(2,660,931)	(308,448)	-	(2,969,379)
Buildings and improvements	(1,121,214)	(34,448)	-	(1,155,662)
Furniture and equipment	(1,184,034)	(36,912)	-	(1,220,946)
Vehicles	<u>(211,134)</u>	<u>(39,967)</u>	<u>-</u>	<u>(251,101)</u>
Subtotal	<u>(5,177,313)</u>	<u>(419,775)</u>	<u>-</u>	<u>(5,597,088)</u>
Total capital assets being depreciated, net	<u>4,841,256</u>	<u>61,597</u>	<u>-</u>	<u>4,902,853</u>
Governmental activities capital assets, net	<u>\$ 5,929,191</u>	<u>\$ 563,731</u>	<u>\$ -</u>	<u>\$ 6,492,922</u>
Component unit - DDA:				
Capital assets being depreciated:				
Land improvements	\$ 194,954	\$ -	\$ -	\$ 194,954
Less accumulated depreciation for:				
Land improvements	<u>(77,586)</u>	<u>(15,233)</u>	<u>-</u>	<u>(92,819)</u>
Total capital assets being depreciated, net	<u>117,368</u>	<u>(15,233)</u>	<u>-</u>	<u>102,135</u>
Component unit - DDA capital assets, net	<u>\$ 117,368</u>	<u>\$ (15,233)</u>	<u>\$ -</u>	<u>\$ 102,135</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
Capital assets being depreciated:				
Sewer system	12,076,048	291,769	-	12,367,817
Water system	5,728,480	24,386	-	5,752,866
Golf course	1,475,236	64,772	-	1,540,008
Subtotal	19,279,764	380,927	-	19,660,691
Less accumulated depreciation for:				
Sewer system	(2,882,476)	(292,028)	-	(3,174,504)
Water system	(1,843,637)	(138,607)	-	(1,982,244)
Golf course	(754,617)	(92,810)	-	(847,427)
Subtotal	(5,480,730)	(523,445)	-	(6,004,175)
Total capital assets being depreciated, net	13,799,034	(142,518)	-	13,656,516
Business-type activities capital assets, net	\$ 14,799,034	\$ (142,518)	\$ -	\$ 14,656,516

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

Governmental activities:	
General government	\$ 18,921
Public safety	26,049
Public works	325,039
Recreation and culture	49,766
Total governmental activities	\$ 419,775

## NOTE 6 - LEASES

Lease agreements are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Current Year Additional Outflows</u>	<u>Balance June 30, 2023</u>	<u>Amounts due within one year</u>
US golf carts	4/1/2021	4 years 24 payments	\$ 9,501	2.99%	\$ 221,072	\$ -	\$ 84,453	\$ 56,092
GPS for Golf carts	4/1/2021	4 years 24 payments	6,392	2.99%	148,727	-	<u>69,270</u>	<u>37,548</u>
Total							<u>\$ 153,723</u>	<u>\$ 93,640</u>

The golf carts and GPS systems are leased for the Golf course, beginning in April 1, 2021 for a term of four years at a fixed interest rate of 2.99%. This lease is not renewable and the Village will not acquire the equipment at the end of the four years. The golf carts are considered intangible, right-to-use assets with a net book value of \$166,409 (total value of \$369,799, less accumulated amortization of \$203,390).

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

<u>Year ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 93,640	\$ 1,716
2025	<u>60,083</u>	<u>379</u>
Totals	<u>\$ 153,723</u>	<u>\$ 2,095</u>

## NOTE 7 - PAYABLES

Payables as of June 30, 2023, 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	\$ 357,447	\$ -	\$ -	\$ 357,447
Major street	1,510	284	-	1,794
Local street	-	355	-	355
Total governmental	<u>\$ 358,957</u>	<u>\$ 639</u>	<u>\$ -</u>	<u>\$ 359,596</u>
Proprietary:				
Enterprise:				
Sewer	\$ 77,054	\$ 6,261	\$ 35,823	\$ 119,138
Water	32,892	6,261	15,877	55,030
Golf Course	15,102	1,030	8,914	25,046
Total proprietary	<u>\$ 125,048</u>	<u>\$ 13,552</u>	<u>\$ 60,614</u>	<u>\$ 199,214</u>
Component units - Downtown Development Authority	<u>\$ 2,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,435</u>

**NOTE 8 - JOINT VENTURE**

The Village is a member of the South Kalamazoo County Fire Authority (the Authority), which is a joint venture of the Townships of Schoolcraft, Brady, Prairie Ronde, and Wakeshma, and the Villages of Schoolcraft and Vicksburg. The administrative board of the Authority consists of members appointed by each participating unit and a member at-large. The Authority was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. The interlocal agreement governing the Authority does not convey an equity interest to its members. During the year ended June 30, 2023, the Village contributed \$137,529 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 Climax Township, Homer Township, Pavilion Township, Schoolcraft Township, Leonidas Township, Brady Township, Sherman Township, NHPB Indian Housing Authority, Wakeshma Township, Prairie Ronde Township, Marengo Township, Burlington Township, Village of Burlington, and Tekonsha Township. The administrative board of the Authority consists of five directors elected from appointed representative from each member municipality. In addition, three at-large board members are elected by all representatives. The SCMCCI was established to administer and enforce the Michigan State Construction Code within its constituent municipalities. Complete audited financial statements for the SCMCCI can be obtained by contacting their offices at 113 S. Capital Avenue, Athens, MI 49011.

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

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

**NOTE 9 - LONG-TERM OBLIGATIONS**

At June 30, 2023, long-term obligations are comprised of the following:

## Primary government:

## Governmental activities:

## Bonds:

\$625,000 - 2014 Capital improvement and refunding bonds - payable in annual installments ranging from \$30,000 to \$45,000, plus interest at 3.00% to 4.25%; final payment due October 2033	\$ 410,000
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\$1,402,000 - 2020 USDA street bonds - payable in annual installments ranging from \$25,000 to \$49,000, plus interest at 1.50%; final payment due September 2060	1,354,000
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Net discount on bonds payable	<u>(4,738)</u>
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Total bonds payable	1,759,262
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Compensated absences	<u>164,028</u>
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Total governmental activities long-term obligations	<u><u>\$ 1,923,290</u></u>
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## Business-type activities:

## Bonds:

\$2,855,000 - 2014 Capital and refunding bonds - payable in annual installments ranging from \$135,000 to \$210,000, plus interest at 3.00% to 4.25%; final payment due October 2033	\$ 1,870,000
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\$7,595,000 - 2020 USDA Sewer bonds - payable in annual installments ranging from \$135,000 to \$265,000, plus interest at 1.50%; final payment due September 2060	6,864,642
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\$1,388,000 - 2020 USDA Water series A bonds - payable in annual installments ranging from \$24,000 to \$50,000, plus interest at 1.50%; final payment due September 2060	1,340,000
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\$841,000 - 2020 USDA Water series B bonds - payable in annual installments ranging from \$15,000 to \$30,000, plus interest at 1.50%; final payment due September 2060	825,000
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Less discounts on bonds	<u>(21,596)</u>
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Total bonds payable	<u><u>\$ 10,878,046</u></u>
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## NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligation activity for the year ended June 30, 2023, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Primary government:					
Governmental activities:					
Direct debt - bonds					
USDA Bonds					
2020 USDA	\$ 1,254,940	\$ 123,060	\$ (24,000)	\$ 1,354,000	\$ 25,000
Other debt - bonds					
Refunding bonds					
2014 Capital and refunding bonds	440,000	-	(30,000)	410,000	30,000
Other long-term obligations					
Compensated absences	<u>200,565</u>	<u>-</u>	<u>(36,537)</u>	<u>164,028</u>	<u>-</u>
Subtotal	1,895,505	123,060	(90,537)	1,928,028	55,000
Less discounts on bonds	<u>(5,529)</u>	<u>-</u>	<u>791</u>	<u>(4,738)</u>	<u>-</u>
Total governmental activities	<u>\$ 1,889,976</u>	<u>\$ 123,060</u>	<u>\$ (89,746)</u>	<u>\$ 1,923,290</u>	<u>\$ 55,000</u>
Business-type activities:					
Direct debt - bonds					
USDA Bonds					
2020 Sewer USDA	\$ 6,497,107	\$ 497,535	\$ (130,000)	\$ 6,864,642	\$ 135,000
2020 Water USDA series A	1,364,000	-	(24,000)	1,340,000	24,000
2020 Water USDA series B	840,000	-	(15,000)	825,000	15,000
Other debt - bonds					
Refunding bonds					
2014 Capital and refunding bonds	<u>2,005,000</u>	<u>-</u>	<u>(135,000)</u>	<u>1,870,000</u>	<u>140,000</u>
Subtotal	10,706,107	497,535	(304,000)	10,899,642	314,000
Less discounts on bonds	<u>(25,200)</u>	<u>-</u>	<u>3,604</u>	<u>(21,596)</u>	<u>-</u>
Total business-type activities	<u>\$ 10,680,907</u>	<u>\$ 497,535</u>	<u>\$ (300,396)</u>	<u>\$ 10,878,046</u>	<u>\$ 314,000</u>

**NOTE 9 - LONG-TERM OBLIGATIONS (Continued)**

At June 30, 2023, 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
2024	\$ 25,000	\$ 20,310	\$ 30,000	\$ 15,975	\$ 174,000	\$ 133,847	\$ 140,000	\$ 72,781
2025	25,000	19,936	30,000	14,925	175,000	131,222	145,000	67,781
2026	26,000	19,560	35,000	13,625	180,000	128,560	145,000	61,981
2027	26,000	19,170	35,000	12,225	182,000	125,830	155,000	55,981
2028	27,000	18,780	35,000	10,825	187,000	123,062	160,000	49,681
2029-2033	141,000	87,722	200,000	31,169	988,000	571,781	915,000	142,328
2034-2038	154,000	76,756	45,000	956	1,085,000	493,893	210,000	4,463
2039-2043	170,000	64,742	-	-	1,209,000	407,718	-	-
2044-2048	187,000	51,496	-	-	1,325,000	312,573	-	-
2049-2053	204,000	36,978	-	-	1,448,000	208,541	-	-
2054-2058	225,000	21,078	-	-	1,599,000	93,843	-	-
2059-2062	144,000	4,352	-	-	477,642	5,922	-	-
Totals	<u>\$ 1,354,000</u>	<u>\$ 440,880</u>	<u>\$ 410,000</u>	<u>\$ 99,700</u>	<u>\$ 9,029,642</u>	<u>\$ 2,736,792</u>	<u>\$ 1,870,000</u>	<u>\$ 454,997</u>

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

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

The Village participates in the Municipal Employees Retirement System of Michigan (MERS). MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member retirement board. MERS issues a publicly-available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at [www.mersofmich.com](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, 2022, measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to, but not yet receiving, benefits	15
Active employees	<u>7</u>
Total	<u><u>34</u></u>

**NOTE 10 - 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, 2023, Village contributions ranged from \$6,627 for general employees to 14.22% of monthly payroll for public safety employees. For the fiscal year ended June 30, 2023, the Village contributed \$120,294 to the plan.

*Net pension liability:*

The Village's net pension liability reported at June 30, 2023, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2022. 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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2022, 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:

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

**NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)***Discount rate:*

The discount rate used to measure the total pension liability is 7.25% for 2022. 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, 2021	\$ 3,406,911	\$ 2,457,382	\$ 949,529
Changes for the year:			
Service cost	43,704	-	43,704
Interest	241,894	-	241,894
Difference in experience	9,306	-	9,306
Employer contributions	-	111,921	(111,921)
Employee contributions	-	6,700	(6,700)
Net investment income	-	(254,258)	254,258
Benefit payments, including refunds	(184,594)	(184,594)	-
Administrative expenses	-	(4,496)	4,496
Net changes	110,310	(324,727)	435,037
Balances at December 31, 2022	\$ 3,517,221	\$ 2,132,655	\$ 1,384,566

*Sensitivity of the net pension liability to changes in the discount rate:*

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

	<i>1% Decrease</i>	<i>Current Rate</i>	<i>1% Increase</i>
	<i>(6.25%)</i>	<i>(7.25%)</i>	<i>(8.25%)</i>
Village's net pension liability	\$ 1,822,029	\$ 1,384,566	\$ 1,019,216

*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 10 - DEFINED BENEFIT PENSION PLAN (Continued)**

*Pension expense and deferred outflows of resources related to pensions:*

For the fiscal year ended June 30, 2023, the Village recognized pension expense of \$276,516. At June 30, 2023, 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	\$ 195,356	\$ -
Difference between expected and actual experience	<u>4,653</u>	<u>-</u>
	200,009	-
Contributions made subsequent to the measurement date	<u>64,237</u>	<u>-</u>
Totals	<u>\$ 264,246</u>	<u>\$ -</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 2024.

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

<i>Year ended June 30,</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
2023	\$ 20,331	-
2024	36,571	-
2025	57,136	-
2026	<u>85,971</u>	<u>-</u>
	<u>\$ 200,009</u>	<u>\$ -</u>

**NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN**

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

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Village Council. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Village contributes between 4% to 8% of eligible wages to the plan. Employees are not required to make contributions to the Plan but can make contributions up to the maximum allowed. For the year ended June 30, 2023, the Village made contributions of \$45,517. At June 30, 2023, 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 no forfeitures used during the current fiscal year.

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

**NOTE 12 - DEFERRED COMPENSATION PLAN**

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

**NOTE 13 - RISK MANAGEMENT**

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

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

**NOTE 14 - PROPERTY TAX REVENUE**

The 2022 taxable valuation of the Village approximated \$115,844,000, on which ad valorem taxes levied consisted of 15.0322 mills for operating purposes raising approximately \$1,741,000, which is recognized in the fund financial statements as property tax revenue.

**NOTE 15 - TAX ABATEMENTS**

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

For the fiscal year ended June 30, 2023, the Village abated property taxes totaling \$25,268 under Public Act 198 of 1974, related to industrial facilities, which represents a 50% abatement of the millage rate on certain real and personal properties.

**NOTE 16 - CONSTRUCTION CODE ACT**

A summary of construction code enforcement transactions for the year ended June 30, 2023, is as follows:

Cumulative excess revenues, beginning of year	<u>\$ -</u>
Revenues	\$ 500
Expenses	<u>300</u>
Excess of revenues over expenses	<u>\$ 200</u>
Cumulative excess revenues, end of year	<u>\$ 200</u>

**NOTE 17 - RESTRICTED NET POSITION**

In the government-wide statement of net position, the governmental activities report restricted net position in the amount of \$1,300,212. This amount is restricted by enabling legislation for public works expenditures.

**NOTE 18 - PENDING ACCOUNTING PRONOUNCEMENT**

In May 2021, the GASB issued Statement No. 100, *Accounting Changes and Error Correction*. The primary objective of this Statement is to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

**NOTE 19 - AMERICAN RESCUE PLAN ACT of 2021**

On March 11, 2021, the United States executed the American Rescue Plan Act of 2021 (ARPA), which included \$362 billion in funds to be awarded as economic assistance to state and local units to prepare for and respond to COVID-19. Under the American Rescue Plan Act, the Village, was awarded approximately \$366,000 in federal Coronavirus Local Fiscal Recovery Funds ("ARPA Funds"). The Village received half of the ARPA Funds in September 2021, with the second half received in June 2023. The Village is subject to rules issued by the U.S. Treasury Department regarding the use of ARPA Funds and has identified the following allowable uses: support public health expenditures, address negative economic impacts caused by the COVID-19 public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure. The Village expects to spend the awarded funds under the applicable federal guidelines.

**NOTE 20 - CHANGE IN ACCOUNTING PRINCIPLES**

For 2023, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101, *Compensated Absences*, replaces GASB 16, *Accounting Compensated Absences*. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. These changes were incorporated in the Village's 2023 financial statements and had no effect on the beginning fund balance or net position any Fund.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. These changes were incorporated in the Village's 2023 financial statements and had no effect on the beginning fund balance or net position any fund.

## REQUIRED SUPPLEMENTARY INFORMATION

**Village of Vicksburg**

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended June 30, 2023

	<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	\$ 1,585,100	\$ 1,789,461	\$ 1,772,162	\$ (17,299)
Licenses and permits	13,500	18,589	21,824	3,235
State grants	383,700	529,444	528,993	(451)
Intergovernmental	59,450	59,450	53,450	(6,000)
Fines and forfeitures	2,400	33,204	34,648	1,444
Interest and rentals	12,600	31,431	42,670	11,239
Other	82,750	96,005	102,929	6,924
	<u>2,139,500</u>	<u>2,557,584</u>	<u>2,556,676</u>	<u>(908)</u>
Total revenues				
<b>EXPENDITURES</b>				
General government:				
Legislative - City Council	23,825	24,075	21,180	2,895
Village president	4,855	4,855	4,027	828
Village manager	86,700	86,709	71,985	14,724
Treasurer	32,750	37,250	30,868	6,382
Clerk	10,400	15,700	13,786	1,914
Administration	213,375	247,085	187,733	59,352
Building and grounds	26,675	31,175	16,139	15,036
	<u>398,580</u>	<u>446,849</u>	<u>345,718</u>	<u>101,131</u>
Total general government				
Public safety:				
Department of Public Safety:				
Police protection	667,050	705,175	631,163	74,012
Fire protection	147,325	147,500	138,042	9,458
Building inspections	1,000	1,000	300	700
	<u>815,375</u>	<u>853,675</u>	<u>769,505</u>	<u>84,170</u>
Total public safety				
Public works:				
Department of Public Works				
Recycling	23,500	23,500	2,495	21,005
Sidewalks	2,500	2,500	963	1,537
	<u>434,975</u>	<u>441,456</u>	<u>365,887</u>	<u>75,569</u>
Total public works				
Community and economic development -				
community development and planning	<u>58,350</u>	<u>64,250</u>	<u>34,141</u>	<u>30,109</u>
Recreation and culture:				
Parks	<u>138,700</u>	<u>179,200</u>	<u>139,632</u>	<u>39,568</u>

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

Year ended June 30, 2023

	<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>EXPENDITURES (Continued)</b>				
Capital outlay	\$ 244,250	\$ 1,006,667	\$ 703,382	\$ 303,285
Debt service - principal	30,001	30,001	30,000	1
Debt service - interest	18,000	18,000	16,875	1,125
Total expenditures	2,138,231	3,040,098	2,405,140	634,958
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,269	(482,514)	151,536	634,050
<b>OTHER FINANCING SOURCES</b>				
Transfers in	100,000	600,000	-	(600,000)
Net other financing sources	100,000	600,000	-	(600,000)
<b>NET CHANGE IN FUND BALANCE</b>	101,269	117,486	151,536	34,050
<b>FUND BALANCE - BEGINNING</b>	3,279,663	3,279,663	3,279,663	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 3,380,932</u>	<u>\$ 3,397,149</u>	<u>\$ 3,431,199</u>	<u>\$ 34,050</u>

Village of Vicksburg

**BUDGETARY COMPARISON SCHEDULE - Major Street Fund**

Year ended June 30, 2023

	<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>				
State grants	\$ 263,000	\$ 310,129	\$ 373,467	\$ 63,338
Interest	500	1,793	2,592	799
Total revenues	263,500	311,922	376,059	64,137
<b>EXPENDITURES</b>				
Public works:				
Construction	25,000	25,000	15,500	9,500
Preservation	34,200	37,950	19,024	18,926
Winter maintenance	12,000	12,000	3,747	8,253
Traffic service	29,500	29,500	13,042	16,458
Administration	4,500	4,500	3,830	670
Total public works	105,200	108,950	55,143	53,807
Debt services - principal	25,000	25,000	24,000	1,000
Debt services - interest	20,000	41,000	16,865	24,135
Capital outlay	146,000	202,762	178,941	23,821
Total expenditures	296,200	377,712	274,949	102,763
<b>DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES</b>	(32,700)	(65,790)	101,110	166,900
<b>OTHER FINANCING SOURCES</b>				
Loan proceeds	-	65,382	123,060	57,678
<b>NET CHANGE IN FUND BALANCE</b>	(32,700)	(408)	224,170	224,578
<b>FUND BALANCE - BEGINNING</b>	667,285	667,285	667,285	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 634,585</u>	<u>\$ 666,877</u>	<u>\$ 891,455</u>	<u>\$ 224,578</u>

**Village of Vicksburg**

**BUDGETARY COMPARISON SCHEDULE - Local Street Fund**

Year ended June 30, 2023

	<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>				
State grants	\$ 104,000	\$ 136,435	\$ 161,984	\$ 25,549
Interest	<u>200</u>	<u>868</u>	<u>1,244</u>	<u>376</u>
Total revenues	<u>104,200</u>	<u>137,303</u>	<u>163,228</u>	<u>25,925</u>
<b>EXPENDITURES</b>				
Public works:				
Preservation	41,650	45,306	20,036	25,270
Winter maintenance	8,500	9,700	3,100	6,600
Traffic service	<u>7,500</u>	<u>7,500</u>	<u>2,870</u>	<u>4,630</u>
Total public works	<u>57,650</u>	<u>62,506</u>	<u>26,006</u>	<u>36,500</u>
Capital outlay	<u>42,500</u>	<u>47,200</u>	<u>36,824</u>	<u>10,376</u>
Total expenditures	<u>100,150</u>	<u>109,706</u>	<u>62,830</u>	<u>46,876</u>
<b>NET CHANGE IN FUND BALANCE</b>	4,050	27,597	100,398	72,801
<b>FUND BALANCE - BEGINNING</b>	<u>308,359</u>	<u>308,359</u>	<u>308,359</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 312,409</u>	<u>\$ 335,956</u>	<u>\$ 408,757</u>	<u>\$ 72,801</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:									
Service cost	\$ 43,704	\$ 34,432	\$ 31,279	\$ 30,888	\$ 23,991	\$ 35,296	\$ 55,959	\$ 66,434	\$ 53,971
Interest	241,894	231,166	219,800	220,202	218,178	222,773	209,559	196,303	187,244
Difference in experience	9,306	70,507	(27,067)	(48,397)	(51,205)	(138,507)	67,255	16,084	-
Change in assumptions	-	132,001	93,252	104,791	-	-	-	105,307	-
Benefit change*	-	-	-	(576)	(1,169)	(3,305)	-	-	-
Other	-	-	-	-	2	1	2	2	-
Benefit payments, including refunds	<u>(184,594)</u>	<u>(171,304)</u>	<u>(167,237)</u>	<u>(167,839)</u>	<u>(168,046)</u>	<u>(168,046)</u>	<u>(146,518)</u>	<u>(131,141)</u>	<u>(144,114)</u>
Net change in total pension liability	110,310	296,802	150,027	139,069	21,751	(51,788)	186,257	252,989	97,101
Total pension liability, beginning of year	<u>3,406,911</u>	<u>3,110,109</u>	<u>2,960,082</u>	<u>2,821,013</u>	<u>2,799,262</u>	<u>2,851,050</u>	<u>2,664,793</u>	<u>2,411,804</u>	<u>2,314,703</u>
Total pension liability, end of year	<u>\$ 3,517,221</u>	<u>\$ 3,406,911</u>	<u>\$ 3,110,109</u>	<u>\$ 2,960,082</u>	<u>\$ 2,821,013</u>	<u>\$ 2,799,262</u>	<u>\$ 2,851,050</u>	<u>\$ 2,664,793</u>	<u>\$ 2,411,804</u>
Plan fiduciary net position:									
Contributions - employer	\$ 111,921	\$ 98,062	\$ 88,140	\$ 96,214	\$ 84,759	\$ 94,773	\$ 113,293	\$ 103,872	\$ 84,447
Contributions - employee	6,700	6,587	5,481	4,953	4,690	2,182	-	-	-
Net investment income (loss)	(254,258)	310,048	254,942	250,481	(77,358)	241,982	192,887	(26,146)	107,258
Benefit payments, including refunds	(184,594)	(171,304)	(167,237)	(167,839)	(168,046)	(168,046)	(146,518)	(131,141)	(144,114)
Administrative expenses	<u>(4,496)</u>	<u>(3,558)</u>	<u>(4,070)</u>	<u>(4,318)</u>	<u>(3,878)</u>	<u>(3,834)</u>	<u>(3,805)</u>	<u>(3,833)</u>	<u>(3,926)</u>
Net change in plan fiduciary net position	(324,727)	239,835	177,256	179,491	(159,833)	167,057	155,857	(57,248)	43,665
Plan fiduciary net position, beginning of year	<u>2,457,382</u>	<u>2,217,547</u>	<u>2,040,291</u>	<u>1,860,800</u>	<u>2,020,633</u>	<u>1,853,576</u>	<u>1,697,719</u>	<u>1,754,967</u>	<u>1,711,302</u>
Plan fiduciary net position, end of year	<u>\$ 2,132,655</u>	<u>\$ 2,457,382</u>	<u>\$ 2,217,547</u>	<u>\$ 2,040,291</u>	<u>\$ 1,860,800</u>	<u>\$ 2,020,633</u>	<u>\$ 1,853,576</u>	<u>\$ 1,697,719</u>	<u>\$ 1,754,967</u>
Village's net pension liability, end of year	<u>\$ 1,384,566</u>	<u>\$ 949,529</u>	<u>\$ 892,562</u>	<u>\$ 919,791</u>	<u>\$ 960,213</u>	<u>\$ 778,629</u>	<u>\$ 997,474</u>	<u>\$ 967,074</u>	<u>\$ 656,837</u>
Plan fiduciary net position as a percent of total pension liability	60.63%	72.13%	71.30%	68.93%	65.96%	72.18%	65.01%	63.71%	72.77%
Covered payroll	\$ 413,494	\$ 338,305	\$ 358,148	\$ 351,491	\$ 383,389	\$ 398,139	\$ 631,719	\$ 758,554	\$ 628,481
Village's net pension liability as a percentage of covered employee payroll	334.85%	280.67%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contributions	\$120,294	\$104,469	\$ 89,445	\$ 87,679	\$ 94,980	\$ 98,228	\$100,613	\$134,820	\$ 89,092	\$100,000
Contributions in relation to the actuarially determined contributions	<u>120,294</u>	<u>104,469</u>	<u>89,445</u>	<u>87,679</u>	<u>94,980</u>	<u>98,228</u>	<u>100,613</u>	<u>134,820</u>	<u>89,092</u>	<u>100,000</u>
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>\$413,494</u>	<u>\$338,305</u>	<u>\$358,148</u>	<u>\$351,491</u>	<u>\$383,389</u>	<u>\$398,139</u>	<u>\$631,719</u>	<u>\$758,554</u>	<u>\$628,481</u>	<u>\$619,762</u>
Contributions as a percentage of covered payroll	29.09%	30.88%	24.97%	24.94%	23.84%	24.67%	15.09%	17.77%	14.18%	16.14%

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	16 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.00%, net of investment and administrative expenses, including inflation (7.75% for 2015 through 2019)
Retirement age	Normal retirement age is 60 years
Mortality	50% Female/50% Male blend of the RP-2019 Healthy Annuitant Mortality Tables with rates multiplied by 105%

## SUPPLEMENTARY INFORMATION

**BALANCE SHEET - component units**

June 30, 2023

	<b><i>Downtown Development Authority</i></b>	<b><i>Brownfield Redevelopment Authority</i></b>
<b>ASSETS</b>		
Cash	\$ 180,118	\$ 495,091
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Payables	\$ 2,435	\$ -
Due to primary government	-	6,818
Total liabilities	2,435	6,818
Fund balances:		
Assigned for:		
Façade loan program	42,000	-
Holiday events	1,570	-
Unassigned	134,113	488,273
Total fund balance	177,683	488,273
Total liabilities and fund balances	\$ 180,118	\$ 495,091
Reconciliation of the balance sheet to the statement of net position:		
Total fund balances	\$ 177,683	\$ 488,273
Amounts reported for the <i>component units</i> in the statement of net position (page 13) are different because:		
Certain assets of the <i>component units</i> are not current financial resources and, therefore, are not reported in the funds.	102,135	-
Net position of the <i>component units</i>	\$ 279,818	\$ 488,273

***Village of Vicksburg***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**

**BALANCES - *component units***

*Year ended June 30, 2023*

	<b><i>Downtown Development Authority</i></b>	<b><i>Brownfield Redevelopment Authority</i></b>
<b>REVENUES</b>		
Property taxes	\$ 79,419	\$ 30,155
Interest	1,032	5,081
Other	58,400	-
	<u>138,851</u>	<u>35,236</u>
Total revenues		
	<u>138,851</u>	<u>35,236</u>
<b>EXPENDITURES</b>		
Current - community and economic development	80,415	4,137
Capital outlay	14,032	-
	<u>94,447</u>	<u>4,137</u>
Total expenditures		
	<u>94,447</u>	<u>4,137</u>
<b>NET CHANGES IN FUND BALANCES</b>	44,404	31,099
<b>FUND BALANCES - BEGINNING</b>	<u>133,279</u>	<u>457,174</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 177,683</u></u>	<u><u>\$ 488,273</u></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	\$ 44,404	\$ 31,099
Amounts reported for <i>component units</i> in the statement of activities (page 14) are different because:		
Capital assets - provision for depreciation	<u>(15,233)</u>	<u>-</u>
Change in net position of <i>component units</i>	<u><u>\$ 29,171</u></u>	<u><u>\$ 31,099</u></u>

**BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority**

Year ended June 30, 2023

	<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	\$ 62,000	\$ 79,419	\$ 79,419	\$ -
Interest	200	839	1,032	193
Other	<u>12,000</u>	<u>58,400</u>	<u>58,400</u>	<u>-</u>
Total revenues	<u>74,200</u>	<u>138,658</u>	<u>138,851</u>	<u>193</u>
<b>EXPENDITURES</b>				
Community and economic development	78,950	100,750	80,415	20,335
Capital outlay	<u>35,000</u>	<u>35,040</u>	<u>14,032</u>	<u>21,008</u>
Total expenditures	<u>113,950</u>	<u>135,790</u>	<u>94,447</u>	<u>41,343</u>
<b>NET CHANGE IN FUND BALANCE</b>	(39,750)	2,868	44,404	41,536
<b>FUND BALANCE - BEGINNING</b>	<u>133,279</u>	<u>133,279</u>	<u>133,279</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 93,529</u>	<u>\$ 136,147</u>	<u>\$ 177,683</u>	<u>\$ 41,536</u>

**BUDGETARY COMPARISON SCHEDULE - Brownfield Redevelopment Authority**

Year ended June 30, 2023

	<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	\$ 30,000	\$ 30,155	\$ 30,155	\$ -
Interest	<u>1,000</u>	<u>1,996</u>	<u>5,081</u>	<u>3,085</u>
Total revenues	<u>31,000</u>	<u>32,151</u>	<u>35,236</u>	<u>3,085</u>
<b>EXPENDITURES</b>				
Community and economic development	<u>16,500</u>	<u>16,640</u>	<u>4,137</u>	<u>12,503</u>
<b>NET CHANGE IN FUND BALANCE</b>	14,500	15,511	31,099	15,588
<b>FUND BALANCE - BEGINNING</b>	<u>457,174</u>	<u>457,174</u>	<u>457,174</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 471,674</u>	<u>\$ 472,685</u>	<u>\$ 488,273</u>	<u>\$ 15,588</u>

*Village of Vicksburg***SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
\$3,480,000 2014 CAPITAL AND REFUNDING BONDS***June 30, 2023*

<i><b>Fiscal period</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total requirements</b></i>
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	5,418	260,418
	<u>\$ 2,280,000</u>	<u>\$ 554,697</u>	<u>\$ 2,834,697</u>
	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Totals</b></i>
Allocation by activity:			
Governmental activities	\$ 410,000	\$ 99,700	\$ 509,700
Business-type activities	<u>1,870,000</u>	<u>454,997</u>	<u>2,324,997</u>
	<u>\$ 2,280,000</u>	<u>\$ 554,697</u>	<u>\$ 2,834,697</u>

**Village of Vicksburg****SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -****\$7,595,000 2020 SEWER USDA BONDS***June 30, 2023*

<i><b>Fiscal period</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total requirements</b></i>
2024	\$ 135,000	\$ 101,957	\$ 236,957
2025	135,000	99,932	234,932
2026	140,000	97,870	237,870
2027	140,000	95,770	235,770
2028	145,000	93,632	238,632
2029	145,000	91,457	236,457
2030	150,000	89,245	239,245
2031	155,000	86,957	241,957
2032	155,000	84,632	239,632
2033	160,000	82,270	242,270
2034	160,000	79,870	239,870
2035	165,000	77,432	242,432
2036	170,000	74,920	244,920
2037	170,000	72,370	242,370
2038	175,000	69,782	244,782
2039	180,000	67,120	247,120
2040	185,000	64,382	249,382
2041	190,000	61,570	251,570
2042	190,000	58,720	248,720
2043	195,000	55,832	250,832
2044	200,000	52,870	252,870
2045	200,000	49,870	249,870
2046	205,000	46,832	251,832
2047	210,000	43,720	253,720
2048	215,000	40,532	255,532
2049	215,000	37,307	252,307
2050	220,000	34,045	254,045
2051	225,000	30,707	255,707
2052	230,000	27,295	257,295
2053	235,000	23,807	258,807
2054	240,000	20,245	260,245
2055	245,000	16,607	261,607
2056	250,000	12,895	262,895
2057	250,000	9,145	259,145
2058	255,000	5,357	260,357
2059	229,642	1,722	231,364
	<u>\$ 6,864,642</u>	<u>\$ 2,058,672</u>	<u>\$ 8,923,314</u>

**Village of Vicksburg****SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -****\$1,388,000 2020 WATER SERIES A USDA BONDS***June 30, 2023*

<i><b>Fiscal period</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total requirements</b></i>
2024	\$ 24,000	\$ 19,740	\$ 43,740
2025	25,000	19,365	44,365
2026	25,000	18,990	43,990
2027	26,000	18,600	44,600
2028	26,000	18,210	44,210
2029	27,000	17,805	44,805
2030	27,000	17,400	44,400
2031	28,000	16,980	44,980
2032	28,000	16,560	44,560
2033	29,000	16,125	45,125
2034	29,000	15,690	44,690
2035	30,000	15,240	45,240
2036	31,000	14,775	45,775
2037	31,000	14,310	45,310
2038	31,000	13,845	44,845
2039	32,000	13,365	45,365
2040	33,000	12,870	45,870
2041	33,000	12,375	45,375
2042	34,000	11,865	45,865
2043	35,000	11,340	46,340
2044	35,000	10,815	45,815
2045	36,000	10,275	46,275
2046	37,000	9,720	46,720
2047	37,000	9,165	46,165
2048	38,000	8,595	46,595
2049	39,000	8,010	47,010
2050	39,000	7,425	46,425
2051	40,000	6,825	46,825
2052	41,000	6,210	47,210
2053	42,000	5,580	47,580
2054	43,000	4,935	47,935
2055	44,000	4,275	48,275
2056	45,000	3,600	48,600
2057	46,000	2,910	48,910
2058	47,000	2,205	49,205
2059	48,000	1,485	49,485
2060	49,000	750	49,750
2061	50,000	-	50,000
	<u>\$ 1,340,000</u>	<u>\$ 418,230</u>	<u>\$ 1,758,230</u>

**Village of Vicksburg****SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -****\$841,000 2020 WATER SERIES B USDA BONDS***June 30, 2023*

<i><b>Fiscal period</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total requirements</b></i>
2024	\$ 15,000	\$ 12,150	\$ 27,150
2025	15,000	11,925	26,925
2026	15,000	11,700	26,700
2027	16,000	11,460	27,460
2028	16,000	11,220	27,220
2029	16,000	10,980	26,980
2030	17,000	10,725	27,725
2031	17,000	10,470	27,470
2032	17,000	10,215	27,215
2033	17,000	9,960	26,960
2034	18,000	9,690	27,690
2035	18,000	9,420	27,420
2036	19,000	9,135	28,135
2037	19,000	8,850	27,850
2038	19,000	8,565	27,565
2039	20,000	8,265	28,265
2040	20,000	7,965	27,965
2041	20,000	7,665	27,665
2042	21,000	7,350	28,350
2043	21,000	7,035	28,035
2044	22,000	6,705	28,705
2045	22,000	6,375	28,375
2046	22,000	6,045	28,045
2047	23,000	5,700	28,700
2048	23,000	5,355	28,355
2049	24,000	4,995	28,995
2050	24,000	4,635	28,635
2051	24,000	4,275	28,275
2052	25,000	3,900	28,900
2053	25,000	3,525	28,525
2054	26,000	3,135	29,135
2055	26,000	2,745	28,745
2056	27,000	2,340	29,340
2057	27,000	1,935	28,935
2058	28,000	1,515	29,515
2059	28,000	1,095	29,095
2060	29,000	660	29,660
2061	30,000	210	30,210
2062	14,000	-	14,000
	<u>\$ 825,000</u>	<u>\$ 259,890</u>	<u>\$ 1,084,890</u>

**Village of Vicksburg****SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -****\$1,402,000 2020 CAPITAL IMPROVEMENT USDA BONDS***June 30, 2023*

<i><b>Fiscal period</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total requirements</b></i>
2024	\$ 25,000	\$ 20,310	\$ 45,310
2025	25,000	19,936	44,936
2026	26,000	19,560	45,560
2027	26,000	19,170	45,170
2028	27,000	18,780	45,780
2029	27,000	18,376	45,376
2030	28,000	17,970	45,970
2031	28,000	17,550	45,550
2032	29,000	17,130	46,130
2033	29,000	16,696	45,696
2034	30,000	16,260	46,260
2035	30,000	15,810	45,810
2036	31,000	15,360	46,360
2037	31,000	14,896	45,896
2038	32,000	14,430	46,430
2039	33,000	13,950	46,950
2040	33,000	13,456	46,456
2041	34,000	12,960	46,960
2042	35,000	12,450	47,450
2043	35,000	11,926	46,926
2044	36,000	11,400	47,400
2045	37,000	10,860	47,860
2046	37,000	10,306	47,306
2047	38,000	9,750	47,750
2048	39,000	9,180	48,180
2049	39,000	8,596	47,596
2050	40,000	8,010	48,010
2051	41,000	7,410	48,410
2052	42,000	6,796	48,796
2053	42,000	6,166	48,166
2054	43,000	5,536	48,536
2055	44,000	4,890	48,890
2056	45,000	4,230	49,230
2057	46,000	3,556	49,556
2058	47,000	2,866	49,866
2059	47,000	2,160	49,160
2060	48,000	1,456	49,456
2061	49,000	736	49,736
	<u>\$ 1,354,000</u>	<u>\$ 440,880</u>	<u>\$ 1,794,880</u>

**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***

To the Village Council of the  
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, 2023, and the related notes to the financial statements, which collectively comprise Village's basic financial statements and have issued our report thereon dated December 8, 2023.

**Report on 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Villages' internal control.

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village'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 determination of financial statement amounts. 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 8, 2023