

*Village of Edwardsburg
Cass County, Michigan*

FINANCIAL STATEMENTS

Year ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Village Council
Village of Edwardsburg, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Edwardsburg, Michigan, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Edwardsburg, Michigan, as of March 31, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Edwardsburg, Michigan's basic financial statements. The schedule of debt requirements, combining balance sheet, and combining statement of revenues, expenditures, and changes in fund balances for the nonmajor governmental funds 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Siegfried Crandall P.C.

September 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Village of Edwardsburg's (the Village) financial performance provides a narrative overview of the Village's financial activities for the fiscal year ended March 31, 2023. Please read it in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

- The Village's total net position increased by \$301,763 as a result of this year's operations. Net position of the governmental activities increased by \$166,408, while the net position of the business-type activities increased by \$135,355.
- Of the \$6,127,137 total net position reported, \$2,209,413 (36 percent) is available to be used to meet the Village's ongoing obligations to its citizens and customers, 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 \$654,856, which represents 138 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 debt service requirements. 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 governmental services, like general government, public works, 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. The Village's proprietary funds include the Water Fund (an enterprise fund, which is the same as the business-type activities reported in the government-wide statements, but provides more detail and additional information, such as cash flows), and an internal service fund to report activities that provide services for the Village's other programs and activities.

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 and liabilities. 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 liabilities) 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 two categories:

- *Governmental activities* - These activities include functions most commonly associated with government (e.g., general government, public safety, public works, etc.). Property taxes and intergovernmental revenues 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 water system operations are reported here.

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 grant agreements.
- The Village Council establishes other funds to control and manage money for particular purposes (like cemetery operations) or to show that it is properly using certain taxes and other revenues (like special assessments).

The Village has two types of funds:

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

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$6,127,137, an increase of \$301,763 from the prior year. Of this total, \$2,343,076 is invested in capital assets and \$1,574,648 is restricted (\$1,232,203 for debt service, \$335,940 for public works, and \$6,505 for general government). Consequently, unrestricted net position was \$2,209,413, or 36 percent of the total.

Village of Edwardsburg
Net position

	Governmental activities		Business-type activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 2,505,757	\$ 2,337,851	\$ 3,844,259	\$ 1,258,870	\$ 6,350,016	\$ 3,596,721
Capital assets	<u>3,188,821</u>	<u>3,218,512</u>	<u>342,505</u>	<u>263,769</u>	<u>3,531,326</u>	<u>3,482,281</u>
Total assets	<u>5,694,578</u>	<u>5,556,363</u>	<u>4,186,764</u>	<u>1,522,639</u>	<u>9,881,342</u>	<u>7,079,002</u>
Current and other liabilities	142,565	74,234	36,640	7,870	179,205	82,104
Long-term debt	<u>1,075,000</u>	<u>1,171,524</u>	<u>2,500,000</u>	<u>-</u>	<u>3,575,000</u>	<u>1,171,524</u>
Total liabilities	<u>1,217,565</u>	<u>1,245,758</u>	<u>2,536,640</u>	<u>7,870</u>	<u>3,754,205</u>	<u>1,253,628</u>
Net position:						
Net investment in capital assets	2,113,821	2,046,988	229,255	263,769	2,343,076	2,310,757
Restricted	1,574,648	1,451,248	-	-	1,574,648	1,451,248
Unrestricted	<u>788,544</u>	<u>812,369</u>	<u>1,420,869</u>	<u>1,251,000</u>	<u>2,209,413</u>	<u>2,063,369</u>
Total net position	<u>\$ 4,477,013</u>	<u>\$ 4,310,605</u>	<u>\$ 1,650,124</u>	<u>\$ 1,514,769</u>	<u>\$ 6,127,137</u>	<u>\$ 5,825,374</u>

Changes in net position

The Village's total revenues were \$1,380,697. Approximately 50 percent of the Village's revenues come from charges for services. Property taxes account for 15 percent of the total revenues, while state shared revenue accounts for about 12 percent. Operating grants represent 20 percent of total revenues.

The total cost of the Village's programs, covering a wide range of services, totaled \$1,078,934. About 33 percent of the Village's costs relate to the provision of utility services and 31 percent relates to public works (primarily roads). General government costs represent 25 percent of all expenses.

Village of Edwardsburg
Changes in net position

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program revenues:						
Charges for services	\$ 234,175	\$ 230,938	\$ 453,544	\$ 353,781	\$ 687,719	\$ 584,719
Operating grants	273,248	308,064	-	-	273,248	308,064
General revenues:						
Property taxes	204,689	190,465	-	-	204,689	190,465
State shared revenue	164,060	154,778	-	-	164,060	154,778
Franchise fees	8,287	8,361	-	-	8,287	8,361
Interest income	8,333	536	34,361	2,300	42,694	2,836
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	<u>892,792</u>	<u>893,142</u>	<u>487,905</u>	<u>356,081</u>	<u>1,380,697</u>	<u>1,249,223</u>
Expenses:						
General government	268,292	208,305	-	-	268,292	208,305
Public safety	85,351	86,717	-	-	85,351	86,717
Public works	332,170	264,668	-	-	332,170	264,668
Community and economic development	3,992	3,412	-	-	3,992	3,412
Recreation and culture	12,173	7,565	-	-	12,173	7,565
Interest expense	24,406	48,160	-	-	24,406	48,160
Public utilities	-	-	352,550	218,404	352,550	218,404
Total expenses	<u>726,384</u>	<u>618,827</u>	<u>352,550</u>	<u>218,404</u>	<u>1,078,934</u>	<u>837,231</u>
Changes in net position	<u>\$ 166,408</u>	<u>\$ 274,315</u>	<u>\$ 135,355</u>	<u>\$ 137,677</u>	<u>\$ 301,763</u>	<u>\$ 411,992</u>
Net position, end of year	<u>\$ 4,477,013</u>	<u>\$ 4,310,605</u>	<u>\$ 1,650,124</u>	<u>\$ 1,514,769</u>	<u>\$ 6,127,137</u>	<u>\$ 5,825,374</u>

Governmental activities

Governmental activities increased the Village's net position by \$166,408 in the current year compared to an increase of \$274,315 in the prior year. The decrease is attributable to revenues remaining fairly consistent from prior year and expenses increasing in the current year, relating to public works and general government by \$67,502 and \$59,987, respectively.

The total cost of governmental activities this year was \$726,384. After subtracting the direct charges to those who directly benefited from the programs (\$234,175) and operating grants (\$273,248), the "public benefit" portion to be covered by property taxes, state shared revenue, and other general revenues was \$218,961.

Business-type activities

Business-type activities increased the Village's net position by \$135,355 in 2023 compared to an increase of \$137,677 in 2022.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental funds

At March 31, 2023, the Village's governmental funds reported combined ending fund balances of \$1,502,364, which represents an increase of \$201,038 from the prior year.

The General Fund is the primary operating fund of the Village. At the end of the fiscal year, the fund had a fund balance of \$680,613, which represents an increase of \$4,575, as revenues of \$592,310 were exceeded by expenditures and transfers to other funds of \$474,735 and \$113,000, respectively.

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 March 31, 2023, was \$186,224, an increase of \$42,264, as revenues of \$121,990 and transfers of \$5,000, exceeded by street maintenance costs of \$84,726.

The Sanitary Sewer Special Assessment Fund, a debt service fund, accounts for the use of special assessments and user charges to pay debt service costs related to long-term debt used to finance infrastructure improvements to benefited properties. Its restricted fund balance at the end of the fiscal year was \$485,811, an increase of \$94,643, as revenues of \$153,457 exceeded expenditures of \$58,814.

Proprietary fund

The Water Fund, the Village's sole enterprise (proprietary) fund, reported a net position at the end of the fiscal year of \$1,652,374, an increase of \$140,686, as revenues of \$487,905 exceeded expenses of \$347,219.

General Fund budgetary highlights

The Village amended the General Fund budget during 2023 to adjust for unanticipated revenues and expenditures. Actual revenues were \$129,687 less than budgeted, while expenditures and transfers out were \$194,000 and \$64,313 lower than the amounts appropriated. These variances resulted in a \$134,313 positive budget variance, with a \$4,575 increase in fund balance, compared to a budget that expected a \$129,738 decrease in fund balance.

Revenues showed negative variances in most revenue sources. Positive expenditure variances primarily resulted from lower than anticipated costs in all of the Village's activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At March 31, 2023, the Village had invested \$3,531,326 (net of accumulated depreciation) in various capital assets, including its land, buildings, equipment, and utility system. This amount represents a net increase of \$49,045, comprised of \$214,731 in additions less \$165,686 in provisions for depreciation.

Major capital asset acquisitions included:

- The purchase of a new vehicle for \$38,500
- Compact excavator costing \$53,263
- The start of an iron filtration system at water plant for the water fund of \$113,250

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 debt outstanding in the amount of \$3,575,000, an increase of \$2,403,476. All required principal payments of \$96,524 were paid in a timely manner, with an issuance of new debt in the amount of \$2,500,000 during the current fiscal year. The debt is backed by the full faith and credit of the Village.

More detailed information about the Village's long-term liabilities is presented in Note 6 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 does not base its revenues on a single company or manufacturing operation but, instead, enjoys a balanced mix of commercial, industrial, and residential properties, which helps to ensure steady property tax revenues. The Village will continue to monitor all potential costs associated with any major project undertakings and to minimize operational costs, where available, to continue to provide the best possible services to the citizens. 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, 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:

Dennis Peak, President
Village of Edwardsburg
26296 U.S. 12 East
Edwardsburg, MI 49112

Phone: (269) 663-8484

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

March 31, 2023

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 1,633,936	\$ 3,791,168	\$ 5,425,104
Receivables, net	139,350	50,828	190,178
Prepays	34,608	4,513	39,121
Internal balances	2,250	(2,250)	-
	<u>1,810,144</u>	<u>3,844,259</u>	<u>5,654,403</u>
Total current assets			
Noncurrent assets:			
Receivables, net	695,613	-	695,613
Capital assets not being depreciated - land	27,291	32,719	60,010
Capital assets, net of accumulated depreciation	3,161,530	309,786	3,471,316
	<u>3,884,434</u>	<u>342,505</u>	<u>4,226,939</u>
Total noncurrent assets			
Total assets			
	<u>5,694,578</u>	<u>4,186,764</u>	<u>9,881,342</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	12,465	36,640	49,105
Unearned grant revenue	130,100	-	130,100
Current portion of long-term debt	35,000	95,000	130,000
	<u>177,565</u>	<u>131,640</u>	<u>309,205</u>
Total current liabilities			
Noncurrent liabilities:			
Long-term debt	1,040,000	2,405,000	3,445,000
	<u>1,217,565</u>	<u>2,536,640</u>	<u>3,754,205</u>
Total liabilities			
NET POSITION			
Net investment in capital assets	2,113,821	229,255	2,343,076
Restricted for:			
General government	6,505	-	6,505
Public works	335,940	-	335,940
Debt service	1,232,203	-	1,232,203
Unrestricted	788,544	1,420,869	2,209,413
	<u>4,477,013</u>	<u>1,650,124</u>	<u>6,127,137</u>
Total net position			
	<u>\$ 4,477,013</u>	<u>\$ 1,650,124</u>	<u>\$ 6,127,137</u>

See notes to financial statements

Village of Edwardsburg

STATEMENT OF ACTIVITIES

Year ended March 31, 2023

	Program revenues			Net (expenses) revenues and changes in net position		
	Expenses	Charges for services	Operating grants and contributions	Governmental activities	Business-type activities	Totals
Functions/Programs						
Governmental activities:						
General government	\$ 268,292	\$ 63,678	\$ 103,768	\$ (100,846)		\$ (100,846)
Public safety	85,351	19,745	1,169	(64,437)		(64,437)
Public works	332,170	74,078	168,311	(89,781)		(89,781)
Community and economic development	3,992	700	-	(3,292)		(3,292)
Recreation and culture	12,173	-	-	(12,173)		(12,173)
Interest on long-term debt	24,406	75,974	-	51,568		51,568
Total governmental activities	726,384	234,175	273,248	(218,961)		(218,961)
Business-type activities - water	352,550	453,544	-		\$ 100,994	100,994
Totals	\$ 1,078,934	\$ 687,719	\$ 273,248	(218,961)	100,994	(117,967)
General revenues						
Property taxes:						
Operating				155,711	-	155,711
Municipal Roads				48,978	-	48,978
State grants				164,060	-	164,060
Cable fees				8,287	-	8,287
Investment income				8,333	34,361	42,694
Total general revenues				385,369	34,361	419,730
Changes in net position				166,408	135,355	301,763
Net position - beginning				4,310,605	1,514,769	5,825,374
Net position - ending				\$ 4,477,013	\$ 1,650,124	\$ 6,127,137

See notes to financial statements

BALANCE SHEET - governmental funds

March 31, 2023

	<u>General</u>	<u>Special revenue fund</u>	<u>Debt service fund</u>	<u>Nonmajor</u>	<u>Total governmental funds</u>
		<u>Major Street</u>	<u>Sanitary Sewer Special Assessment</u>		
ASSETS					
Cash	\$ 782,626	\$ 166,194	\$ 474,921	\$ 143,271	\$ 1,567,012
Receivables, net	48,798	20,751	758,215	7,199	834,963
Total assets	<u>\$ 831,424</u>	<u>\$ 186,945</u>	<u>\$ 1,233,136</u>	<u>\$ 150,470</u>	<u>\$ 2,401,975</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 7,670	\$ 721	\$ 933	\$ 754	\$ 10,078
Unearned revenue	130,100	-	-	-	130,100
Total liabilities	<u>137,770</u>	<u>721</u>	<u>933</u>	<u>754</u>	<u>140,178</u>
Deferred inflows of resources:					
Unavailable delinquent property taxes	13,041	-	-	-	13,041
Unavailable special assessment revenues	-	-	729,543	-	729,543
Unavailable interest revenues	-	-	16,849	-	16,849
Total deferred inflows of resources	<u>13,041</u>	<u>-</u>	<u>746,392</u>	<u>-</u>	<u>759,433</u>
Fund balances:					
Restricted for:					
Public works	-	186,224	-	149,716	335,940
Debt service	-	-	485,811	-	485,811
General government	6,505	-	-	-	6,505
Assigned for public works (cemetery)	19,252	-	-	-	19,252
Unassigned	654,856	-	-	-	654,856
Total fund balances	<u>680,613</u>	<u>186,224</u>	<u>485,811</u>	<u>149,716</u>	<u>1,502,364</u>
Total liabilities, deferred inflows of of resources, and fund balances	<u>\$ 831,424</u>	<u>\$ 186,945</u>	<u>\$ 1,233,136</u>	<u>\$ 150,470</u>	<u>\$ 2,401,975</u>

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

Total fund balance - total governmental funds (page 13)	\$ 1,502,364
Amounts reported for <i>governmental activities</i> in the statement of net position (page 11) are different because:	
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	2,887,393
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred or are not recognized in the funds.	759,433
Prepaid items are not financial resources and, therefore, are not reported in the funds	22,538
Interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(2,300)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Long-term debt	(1,075,000)
Certain assets and liabilities of the internal service fund are included in <i>governmental activities</i> in the statement of net position.	<u>382,585</u>
Net position of <i>governmental activities</i>	<u>\$ 4,477,013</u>

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

Year ended March 31, 2023

		<u>Special revenue fund</u>	<u>Debt service fund</u>		
	<u>General</u>	<u>Major Street</u>	<u>Sanitary Sewer Special Assessment</u>	<u>Nonmajor</u>	<u>Total governmental funds</u>
REVENUES					
Taxes	\$ 150,670	\$ -	\$ -	\$ 48,978	\$ 199,648
Licenses and permits	77,571	-	-	-	77,571
State grants	275,415	120,197	-	41,696	437,308
Charges for services	72,066	-	42,412	-	114,478
Fines and forfeitures	6,261	-	-	-	6,261
Interest and rentals	10,327	1,793	40,576	1,376	54,072
Other	-	-	70,469	-	70,469
	<u>592,310</u>	<u>121,990</u>	<u>153,457</u>	<u>92,050</u>	<u>959,807</u>
Total revenues					
EXPENDITURES					
Current:					
General government	166,064	-	-	-	166,064
Public safety	85,351	-	-	-	85,351
Public works	91,746	84,726	-	90,494	266,966
Community and economic development	3,992	-	-	-	3,992
Recreation and culture	10,637	-	-	-	10,637
Capital outlay	54,729	-	-	-	54,729
Debt service:					
Principal	61,524	-	35,000	-	96,524
Interest	692	-	23,814	-	24,506
	<u>474,735</u>	<u>84,726</u>	<u>58,814</u>	<u>90,494</u>	<u>708,769</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>117,575</u>	<u>37,264</u>	<u>94,643</u>	<u>1,556</u>	<u>251,038</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	5,000	-	58,000	63,000
Transfers out	(113,000)	-	-	-	(113,000)
	<u>(113,000)</u>	<u>5,000</u>	<u>-</u>	<u>58,000</u>	<u>(50,000)</u>
Net other financing sources (uses)					
NET CHANGES IN FUND BALANCES					
	4,575	42,264	94,643	59,556	201,038
FUND BALANCES - BEGINNING					
	<u>676,038</u>	<u>143,960</u>	<u>391,168</u>	<u>90,160</u>	<u>1,301,326</u>
FUND BALANCES - ENDING					
	<u>\$ 680,613</u>	<u>\$ 186,224</u>	<u>\$ 485,811</u>	<u>\$ 149,716</u>	<u>\$ 1,502,364</u>

See notes to financial statements

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

(Continued)

Year ended March 31, 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) \$ 201,038

Amounts reported for *governmental activities* in the statement of activities (page 12) are different due to the following:

Capital assets:

Additions	2,892
Provision for depreciation	(100,653)

Long-term debt:

Issuance of debt	-
Principal payments on debt	96,524

Deferred inflows of resources:

Increase (decrease) in unavailable delinquent property taxes	5,041
Decrease in unavailable special assessments	(70,469)
Decrease in unavailable interest revenues	(2,594)

Changes in other assets/liabilities:

Net increase in prepaid expenses	3,208
Net decrease in interest payable	100

Certain net loss of internal service fund	31,321
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Change in position of <i>governmental activities</i>	\$ 166,408
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Village of Edwardsburg

STATEMENT OF NET POSITION - proprietary funds

March 31, 2023

	<u>Business-type activities</u>	<u>Governmental activities</u>
	<u>Water</u>	<u>Internal service</u>
ASSETS		
Current assets:		
Cash	\$ 3,791,168	\$ 66,924
Receivables, net	50,828	-
Prepays	<u>4,513</u>	<u>12,070</u>
Total current assets	<u>3,846,509</u>	<u>78,994</u>
Noncurrent assets:		
Capital assets not being depreciated - land	32,719	-
Capital assets, net of accumulated depreciation	<u>309,786</u>	<u>301,428</u>
Total noncurrent assets	<u>342,505</u>	<u>301,428</u>
Total assets	<u>4,189,014</u>	<u>380,422</u>
LIABILITIES		
Current liabilities:		
Payables	36,640	87
Bonds payable - due within one year	<u>95,000</u>	<u>-</u>
Total current liabilities	<u>131,640</u>	<u>87</u>
Noncurrent liabilities - bonds payable	<u>2,405,000</u>	<u>-</u>
Total liabilities	<u>2,536,640</u>	<u>87</u>
NET POSITION		
Net investment in capital assets	229,255	301,428
Unrestricted	<u>1,423,119</u>	<u>78,907</u>
Total net position	<u>\$ 1,652,374</u>	<u>\$ 380,335</u>
Total net position of Water Fund	\$ 1,652,374	
Amounts reported for <i>business-type activities</i> in the statement of net position (page 11) are different because:		
Certain net position of internal service fund	<u>(2,250)</u>	
Net position of <i>business-type activities</i>	<u>\$ 1,650,124</u>	

See notes to financial statements

Village of Edwardsburg

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

Year ended March 31, 2023

	<u><i>Business-type activities</i></u>	<u><i>Governmental activities</i></u>
	<u><i>Water</i></u>	<u><i>Internal service</i></u>
OPERATING REVENUES		
Charges for services	\$ 453,544	\$ 49,721
OPERATING EXPENSES		
Utility operations	240,569	-
Motor vehicle pool operations	-	44,219
Depreciation	34,514	30,519
Total operating expenses	<u>275,083</u>	<u>74,738</u>
OPERATING INCOME (LOSS)	178,461	(25,017)
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	34,361	1,007
Interest expense	<u>(72,136)</u>	<u>-</u>
Total nonoperating revenues(expenses)	<u>(37,775)</u>	<u>1,007</u>
OPERATING INCOME (LOSS) BEFORE TRANSFERS	140,686	(24,010)
TRANSFER IN	<u>-</u>	<u>50,000</u>
CHANGE IN NET POSITION	140,686	25,990
NET POSITION - BEGINNING	<u>1,511,688</u>	<u>354,345</u>
NET POSITION - ENDING	<u>\$ 1,652,374</u>	<u>\$ 380,335</u>
Reconciliation of the statement of revenues, expenses, and changes in net position to the statement of activities:		
Change in net position of Water Fund	\$ 140,686	
Amounts reported for <i>business-type activities</i> in the statement of activities (page 12) are different due to the following:		
Certain net loss of internal service fund	<u>(5,331)</u>	
Change in net position of <i>business-type activities</i>	<u>\$ 135,355</u>	

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended March 31, 2023

	<u>Business-type activities</u>	<u>Governmental activities</u>
	<u>Water</u>	<u>Internal service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 431,219	\$ -
Receipts from interfund services provided	-	49,721
Payments to vendors and suppliers	(163,148)	(46,167)
Payments to employees	(72,427)	-
Payments for interfund services received	(10,759)	-
Net cash provided by operating activities	<u>184,885</u>	<u>3,554</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	<u>50,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond proceeds	2,500,000	-
Acquisition of capital assets	(113,250)	(98,589)
Interest expense	(38,436)	-
Net cash provided by (used in) financing activities	<u>2,348,314</u>	<u>(98,589)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>34,361</u>	<u>1,007</u>
NET INCREASE IN CASH	2,567,560	(44,028)
CASH - BEGINNING	<u>1,223,608</u>	<u>110,952</u>
CASH - ENDING	<u>\$ 3,791,168</u>	<u>\$ 66,924</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 178,461	\$ (25,017)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	34,514	30,519
(Increase) decrease in receivables	(22,325)	-
(Increase) decrease in prepaid items	(835)	(1,618)
Increase (decrease) in accounts payable	(4,565)	(330)
Increase (decrease) in accrued payroll	(365)	-
Net cash provided by operating activities	<u>\$ 184,885</u>	<u>\$ 3,554</u>

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Edwardsburg, 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 only the Village (located in Cass County), as there are no other entities for which the Village is considered to be financially accountable.

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.

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 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Sanitary Sewer Special Assessment Fund, a debt service fund, accounts for the use of special assessments to finance the repayment of certain long-term debt.

The Village reports one major enterprise fund, the Water Fund, which accounts for the activities of the Village's water distribution system.

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

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

Bank deposits - Cash consists of cash on hand, demand deposits, and highly liquid 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." No allowance for uncollectible accounts has been recorded, as the Village considers all receivables to be fully collectible.

Prepaid expenses - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaids in the business-type activities, internal service fund, and government-wide financial statements.

Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer and water systems, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the Village as assets with an initial, individual cost of more than \$500 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 its infrastructure assets prospectively, beginning April 1, 2004.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Buildings and improvements	20 - 40 years
Equipment	5 - 20 years
Vehicles	4 - 20 years
Infrastructure	50 years

Unearned revenue - Unearned revenue represents resources related to a federal grant, which have been received but not yet been earned.

Compensated absences - It is the Village’s policy to permit employees to accumulate earned but unused vacation pay benefits. There is no liability for unpaid sick leave because the Village does not have a policy to pay any amounts when an employee separates from service with the Village. All vacation pay is accrued when incurred in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred inflows of resources - The governmental funds balance sheet includes a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. The Village has several items that are included in this category: property taxes, special assessments, and interest. These items, which are recognized as they become available (collected within 60 days after the end of the Village's fiscal year), are deferred and recognized as an inflow of resources in the period that the revenues become available.

Long-term obligations - In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund equity - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are not in spendable form. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Council has delegated the authority to assign fund balance to the Village manager. 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 the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

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

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 certain governmental funds. The budget document presents information by fund, function, activity, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

The following set forth reportable budgetary violations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public works	Trash services	\$ 50,900	\$ 56,043	\$ (5,143)

NOTE 3 - CASH

Cash, as presented in the accompanying financial statements, consisted of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
Deposits	\$ 1,633,798	\$ 3,790,980	\$ 5,424,778
Cash on hand	138	188	326
Totals	<u>\$ 1,633,936</u>	<u>\$ 3,791,168</u>	<u>\$ 5,425,104</u>

Deposits are carried at cost. State statutes 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. The Village’s deposits are in accordance with statutory authority.

NOTE 3 – CASH (Continued)

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. At March 31, 2023, \$4,878,556 of the Village’s bank balances of \$5,437,203 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - RECEIVABLES

Receivables as of March 31, 2023, for the Village’s individual major funds and the nonmajor fund were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Intergovern- mental</u>	<u>Special assessments</u>	<u>Interest</u>	<u>Totals</u>
Governmental:						
General	\$ 7,029	\$ 17,388	\$ 24,381	\$ -	\$ -	\$ 48,798
Major Street	-	-	20,751	-	-	20,751
Sanitary Sewer Special Assessment	9,557	-	-	731,810	16,848	758,215
Nonmajor	-	-	7,199	-	-	7,199
Total governmental	<u>\$ 16,586</u>	<u>\$ 17,388</u>	<u>\$ 52,331</u>	<u>\$ 731,810</u>	<u>\$ 16,848</u>	<u>\$ 834,963</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 695,613</u>	<u>\$ -</u>	<u>\$ 695,613</u>
Proprietary - Water	<u>\$ 50,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,828</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2023, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 27,291	\$ -	\$ -	\$ 27,291
Capital assets being depreciated:				
Infrastructure	4,000,136	-	-	4,000,136
Land improvements	65,650	-	-	65,650
Buildings	198,986	-	-	198,986
Furniture, fixtures, and equipment	84,152	9,717	-	93,869
Vehicles	432,411	91,764	-	524,175
Subtotal	<u>4,781,335</u>	<u>101,481</u>	<u>-</u>	<u>4,882,816</u>
Less accumulated depreciation for:				
Infrastructure	(1,104,977)	(94,626)	-	(1,199,603)
Land improvements	(63,840)	(905)	-	(64,745)
Buildings	(140,101)	(4,288)	-	(144,389)
Furniture, fixtures, and equipment	(57,452)	(3,436)	-	(60,888)
Vehicles	(223,744)	(27,917)	-	(251,661)
Subtotal	<u>(1,590,114)</u>	<u>(131,172)</u>	<u>-</u>	<u>(1,721,286)</u>
Total capital assets being depreciated, net	<u>3,191,221</u>	<u>(29,691)</u>	<u>-</u>	<u>3,161,530</u>
Governmental activities capital assets, net	<u>\$ 3,218,512</u>	<u>\$ (29,691)</u>	<u>\$ -</u>	<u>\$ 3,188,821</u>

Depreciation expense was charged to governmental activities, exclusive of depreciation attributable to the internal service fund of \$30,519, as follows:

General government	\$ 4,694
Public works	<u>126,478</u>
Total governmental activities	<u>\$ 131,172</u>

NOTE 5 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Business-type activities - water				
Capital assets not being depreciated - land	\$ 32,719	\$ -	\$ -	\$ 32,719
Capital assets being depreciated:				
Building	64,866	-	-	64,866
Water system	1,658,387	113,250	-	1,771,637
Equipment	95,694	-	-	95,694
Subtotal	<u>1,818,947</u>	<u>113,250</u>	<u>-</u>	<u>1,932,197</u>
Less accumulated depreciation for:				
Building	(63,892)	(97)	-	(63,989)
Water system	(1,471,669)	(28,165)	-	(1,499,834)
Equipment	(52,336)	(6,252)	-	(58,588)
Subtotal	<u>(1,587,897)</u>	<u>(34,514)</u>	<u>-</u>	<u>(1,622,411)</u>
Total capital assets being depreciated, net	<u>231,050</u>	<u>78,736</u>	<u>-</u>	<u>309,786</u>
Business-type activities - water capital assets, net	<u>\$ 263,769</u>	<u>\$ 78,736</u>	<u>\$ -</u>	<u>\$ 342,505</u>

NOTE 6 - LONG-TERM LIABILITIES

At March 31, 2023, long-term obligations consisted of the following issues:

In 2022, the Village entered into a \$1,110,000 contract with Cass County to issue refunding bonds to retire the outstanding balance of the 2006 \$2,700,000 contract payable. The contract is currently payable in annual principal installments ranging between \$35,000 and \$65,000, plus semi-annual interest at 2.600% per annum, through September 2045. The Village has levied special assessments against benefited property in order to repay the contract. In addition, the Township of Ontwa bills benefited property owners a monthly debt service charge, which is remitted as collected to the Village. Delinquent unpaid monthly charges are added to winter tax bills so as to assure collection. The Village has pledged its full faith and credit for repayment of the contract.

In 2023, the Village issued \$2,500,000 in water supply system revenue bonds to finance the construction of a iron removal system. The bonds are payable in annual principal installments ranging between \$86,000 to \$177,000, plus semi-annual interest at 4.040% per annum, through June 2042. The Village has added a monthly debt service charge to the benefited utility customers monthly billing as part of their usage charges. The Village has pledged its full faith and credit for repayment of these bonds.

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity for the year ended March 31, 2023, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>	<u>Amounts due in one year</u>
Governmental activities:					
2022 Contract payable, Cass County	\$ 1,110,000	\$ -	\$ (35,000)	\$ 1,075,000	\$ 35,000
2019 Installment purchase agreement	<u>61,524</u>	<u>-</u>	<u>(61,524)</u>	<u>-</u>	<u>-</u>
Totals	\$ 1,171,524	\$ -	\$ (96,524)	\$ 1,075,000	\$ 35,000
Business-type activities:					
2022 Water System Revenue Bonds	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 95,000
Total	<u>\$ 1,171,524</u>	<u>\$ 2,500,000</u>	<u>\$ (96,524)</u>	<u>\$ 3,575,000</u>	<u>\$ 130,000</u>

At March 31, 2023, debt service requirements, were as follows:

<u>Year ended March 31:</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	35,000	27,495	95,000	99,081
2025	40,000	26,520	86,000	95,425
2026	40,000	25,480	90,000	91,870
2027	40,000	24,440	94,000	88,153
2028	40,000	23,400	97,000	84,295
2029 - 2033	220,000	100,360	549,000	358,045
2034 - 2038	250,000	70,070	671,000	235,108
2039 - 2043	285,000	35,165	818,000	85,244
2044 - 2045	<u>125,000</u>	<u>3,315</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,075,000</u>	<u>\$ 336,245</u>	<u>\$ 2,500,000</u>	<u>\$ 1,137,221</u>

NOTE 7 - PROPERTY TAXES

The 2022 taxable valuation of the Village approximated \$25,022,000, on which ad valorem taxes levied consisted of 5.5427 mills for operating purposes and 1.9576 mills for municipal streets, raising approximately \$138,000 and \$49,000, respectively. This amount is recognized in the respective fund financial statements as property tax revenue.

NOTE 8 - DEFINED CONTRIBUTION PENSION PLAN

The Village contributes to a Simplified Employee Pension Individual Retirement Arrangement (SEP) a defined contribution pension, individual account plan, which is administered by a third-party administrator. The plan covers all full-time employees (over 20 hours per week).

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 5% of each qualified employee's base salary to the plan. For the year ended March 31, 2023, the Village made the required contributions of \$10,278. At March 31, 2023, the Village reported an accrued liability of \$2,370 as part of the annual contributions to the plan.

The Village's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested on the day the employee is eligible to participate in the plan, which occurs from the date of employment. 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 9 - 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 has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10 - INTERFUND TRANSFER

During the year ended March 31, 2023, the General Fund transferred out \$113,000 of unrestricted funds with \$50,000 to Municipal Streets, \$8,000 to Local Street Fund and \$5,000 to Major Street fund to finance a portion of street projects. The balance of \$50,000 went to the Internal Service Fund to assist in capital purchases.

NOTE 11 - JOINT VENTURE

The Village is a member of the Ontwa Township-Edwardsburg Police Department (the Department), which is a joint venture of the Township of Ontwa and the Village of Edwardsburg. The administrative board of the Department consists of members appointed by each participating unit and a member-at-large. The Department was formed to jointly provide police protection services within the combined service area, which encompasses the participating municipalities. During the year ended March 31, 2023, the Village of Edwardsburg contributed \$55,000 as its proportionate share of the Department's budgeted costs. Financial information of the joint venture is available from the Department's office in Edwardsburg, Michigan.

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

The Village is unaware of any indication that the 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 12 - JOINTLY GOVERNED ORGANIZATIONS

The Village, along with the Townships of Milton and Ontwa, established the Edwardsburg Ambulance Service (the Service) for the purpose of providing ambulance services. The governing body of the Service is made up of two individuals appointed by each local unit and one at-large individual. Membership does not convey an explicit equity interest in the Service. Operating costs are financed through user fees and taxes levied by the Townships.

The Village, along with the Townships of Jefferson, Milton, and Ontwa, established the Edwardsburg Joint Fire Board (the Board) for the purpose of providing fire protection services. The governing body of the Board is made up of individuals appointed by each local unit. Membership does not convey an explicit equity interest in the Board. Operating costs are financed through taxes levied by the Townships.

The Village and the Township of Ontwa established the Uptown Corridor Improvement Authority (the Authority) for the purpose of correcting and preventing deterioration and promoting economic growth within the downtown district. The Authority has a limited life of 20 years (through 2030). The governing body of the Authority is made up of individuals appointed by each local unit. Membership does not convey an explicit equity interest in the Authority. Operating costs are financed through the capture of eligible property taxes levied on new construction within the downtown district. Currently, the Authority is inactive, as there have been no tax captures.

NOTE 13 - RESTRICTED NET POSITION

In the government-wide statement of net position, net position includes \$335,940 restricted for public works, which is restricted by enabling legislation.

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

NOTE 15 – SUBSEQUENT EVENT

Subsequent to year end the Village entered into a contractual agreement for the amount of \$166,160 for the purchase of a loader for the department of public works.

NOTE 16 - CONSTRUCTION COMMITMENTS

At March 31, 2022, the Village had the following contractual construction commitment for the installation of an iron filtration system for the water plant, total project cost of \$2,600,000 with \$113,250 expended to date with balance of contract being \$2,486,750 at March 31, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Edwardsburg

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended March 31, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Property taxes	\$ 151,510	\$ 166,730	\$ 150,670	\$ (16,060)
Licenses and permits	59,450	77,363	77,571	208
State grants	212,400	388,430	275,415	(113,015)
Charges for services	67,400	75,413	72,066	(3,347)
Fines and forfeitures	3,000	6,261	6,261	-
Interest and rentals	3,300	7,800	10,327	2,527
	<u>497,060</u>	<u>721,997</u>	<u>592,310</u>	<u>(129,687)</u>
Total revenues				
EXPENDITURES				
General government:				
Legislative	2,515	2,515	2,467	48
Elections	1,000	1,000	-	1,000
Clerk	43,595	43,930	40,016	3,914
Treasurer	8,010	8,619	8,125	494
Buildings and grounds	33,200	44,925	41,045	3,880
General administration	89,120	97,149	74,411	22,738
	<u>177,440</u>	<u>198,138</u>	<u>166,064</u>	<u>32,074</u>
Total general government				
Public safety:				
Police	59,400	62,661	62,430	231
School crossing guard	10,000	10,000	7,977	2,023
Inspections	10,500	15,441	14,944	497
	<u>79,900</u>	<u>88,102</u>	<u>85,351</u>	<u>2,751</u>
Total public safety				
Public works:				
Administration	1,587	1,587	530	1,057
Cemetery	27,915	36,703	26,159	10,544
Street lights	8,000	8,000	7,475	525
Sewer commission	2,045	2,045	1,539	506
Trash services	50,900	50,900	56,043	(5,143)
	<u>90,447</u>	<u>99,235</u>	<u>91,746</u>	<u>7,489</u>
Total public works				

Village of Edwardsburg

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Continued)				
Community and economic development -				
Planning and zoning	\$ 4,606	\$ 5,187	\$ 3,992	\$ 1,195
Culture and recreation - parks	157,365	159,913	10,637	149,276
Capital outlay	1,000	55,229	54,729	500
Debt service:				
Principal	34,297	61,531	61,524	7
Interest	1,500	1,400	692	708
Total expenditures	546,555	668,735	474,735	194,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,495)	53,262	117,575	64,313
OTHER FINANCING USES				
Transfers out	(113,000)	(183,000)	(113,000)	70,000
NET CHANGES IN FUND BALANCES	(162,495)	(129,738)	4,575	134,313
FUND BALANCES - BEGINNING	676,038	676,038	676,038	-
FUND BALANCES - ENDING	<u>\$ 513,543</u>	<u>\$ 546,300</u>	<u>\$ 680,613</u>	<u>\$ 134,313</u>

Village of Edwardsville

BUDGETARY COMPARISON SCHEDULE - Major Street Fund

Year ended March 31, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
State grants	\$ 100,000	\$ 110,109	\$ 120,197	\$ 10,088
Interest	15	1,140	1,793	653
Total revenues	<u>100,015</u>	<u>111,249</u>	<u>121,990</u>	<u>\$ 10,741</u>
EXPENDITURES				
Public works:				
Administration	5,375	5,380	3,718	1,662
Construction	12,000	12,000	12,000	-
Sidewalks	10,545	15,149	13,186	1,963
Traffic services	5,430	8,836	8,326	510
Routine maintenance	35,900	41,968	39,451	2,517
Winter maintenance	8,790	8,797	8,045	752
Total expenditures	<u>78,040</u>	<u>92,130</u>	<u>84,726</u>	<u>7,404</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,975	19,119	37,264	18,145
OTHER FINANCING SOURCES				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	26,975	24,119	42,264	28,886
FUND BALANCES - BEGINNING	<u>143,960</u>	<u>143,960</u>	<u>143,960</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 197,910</u>	<u>\$ 192,198</u>	<u>\$ 186,224</u>	<u>18,145</u>

SUPPLEMENTARY INFORMATION

Village of Edwardsburg

SCHEDULE OF DEBT SERVICE REQUIREMENTS

March 31, 2023

Governmental fund - Sanitary Sewer Special Assessment Fund
 \$1,110,000 2022 2.600% Refund Contract payable, Cass County

<i>Year ending March 31,</i>	<i>Interest requirements</i>	<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
2024	\$ 27,495	Sept 1	\$ 35,000	\$ 62,495
2025	26,520	Sept 1	40,000	66,520
2026	25,480	Sept 1	40,000	65,480
2027	24,440	Sept 1	40,000	64,440
2028	23,400	Sept 1	40,000	63,400
2029	22,360	Sept 1	40,000	62,360
2030	21,255	Sept 1	45,000	66,255
2031	20,085	Sept 1	45,000	65,085
2032	18,915	Sept 1	45,000	63,915
2033	17,745	Sept 1	45,000	62,745
2034	16,575	Sept 1	45,000	61,575
2035	15,340	Sept 1	50,000	65,340
2036	14,040	Sept 1	50,000	64,040
2037	12,740	Sept 1	50,000	62,740
2038	11,375	Sept 1	55,000	66,375
2039	9,945	Sept 1	55,000	64,945
2040	8,515	Sept 1	55,000	63,515
2041	7,085	Sept 1	55,000	62,085
2042	5,590	Sept 1	60,000	65,590
2043	4,030	Sept 1	60,000	64,030
2044	2,470	Sept 1	60,000	62,470
2045	845	Sept 1	65,000	65,845
	<u>\$ 336,245</u>		<u>\$ 1,075,000</u>	<u>\$ 1,411,245</u>

Village of Edwardsburg

SCHEDULE OF DEBT SERVICE REQUIREMENTS (Continued)

March 31, 2023

Business-type fund - Water Fund

\$2,500,000 2022 4.040% Rust Removal Bonds

<u>Year ending March 31,</u>	<u>Monthly interest</u>	<u>Maturity date</u>	<u>Monthly principal</u>	<u>Total requirements</u>
2024	\$ 99,081	June 1	\$ 95,000	\$ 194,081
2025	95,425	June 1	86,000	181,425
2026	91,870	June 1	90,000	181,870
2027	88,153	June 1	94,000	182,153
2028	84,295	June 1	97,000	181,295
2029	80,295	June 1	101,000	181,295
2030	76,134	June 1	105,000	181,134
2031	71,791	June 1	110,000	181,791
2032	67,266	June 1	114,000	181,266
2033	62,559	June 1	119,000	181,559
2034	57,651	June 1	124,000	181,651
2035	52,540	June 1	129,000	181,540
2036	47,228	June 1	134,000	181,228
2037	41,713	June 1	139,000	180,713
2038	35,976	June 1	145,000	180,976
2039	29,997	June 1	151,000	180,997
2040	23,775	June 1	157,000	180,775
2041	17,311	June 1	163,000	180,311
2042	10,585	June 1	170,000	180,585
2043	3,575	June 1	177,000	180,575
	<u>\$ 1,137,220</u>		<u>\$ 2,500,000</u>	<u>\$ 3,637,220</u>

COMBINING BALANCE SHEET - nonmajor governmental funds

March 31, 2023

	<u>Special revenue fund</u>	<u>Capital projects fund</u>	
	<u>Local Street</u>	<u>Municipal Streets</u>	<u>Totals</u>
ASSETS			
Cash	\$ 95,923	\$ 47,348	\$ 143,271
Receivables	<u>7,199</u>	<u>-</u>	<u>7,199</u>
Total assets	<u>\$ 103,122</u>	<u>\$ 47,348</u>	<u>\$ 150,470</u>
LIABILITIES AND FUND BALANCES			
Liabilities - accrued expenses	\$ 754	\$ -	\$ 754
Fund balances - restricted for public works	<u>102,368</u>	<u>47,348</u>	<u>149,716</u>
Total liabilities and fund balances	<u>\$ 103,122</u>	<u>\$ 47,348</u>	<u>\$ 150,470</u>

Village of Edwardsburg

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - nonmajor governmental funds

Year ended March 31, 2023

	<u>Special revenue fund</u>	<u>Capital projects fund</u>	
	<u>Local Street</u>	<u>Municipal Streets</u>	<u>Totals</u>
REVENUES			
Taxes	\$ -	\$ 48,978	\$ 48,978
State grants	41,696	-	41,696
Interest	929	447	1,376
	<u>42,625</u>	<u>49,425</u>	<u>92,050</u>
Total revenues			
EXPENDITURES			
Public works	<u>38,417</u>	<u>52,077</u>	<u>90,494</u>
EXCESS OF REVENUES OVER EXPENDITURES	4,208	(2,652)	1,556
OTHER FINANCING SOURCES			
Transfers in	<u>8,000</u>	<u>50,000</u>	<u>58,000</u>
NET CHANGES IN FUND BALANCES	12,208	47,348	59,556
FUND BALANCES - BEGINNING	<u>90,160</u>	<u>-</u>	<u>90,160</u>
FUND BALANCES - ENDING	<u>\$ 102,368</u>	<u>\$ 47,348</u>	<u>\$ 149,716</u>