

VILLAGE OF ELBERTA, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED FEBRUARY 29, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Village Council
Village of Elberta, Michigan

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Elberta (the "Village") as of and for the year ended February 29, 2024, and the related notes to the financial statements, which collectively comprise the Village'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 Village, as of February 29, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village'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 table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of

financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 August 30, 2024, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Gabridge & Company, PLC
Grand Rapids, Michigan
August 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Elberta
Management's Discussion and Analysis
February 29, 2024

As management of the Village of Elberta, Michigan (The "Village" or "government") we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended February 29, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities at the close of the most recent fiscal year by \$7,056,508 (net position). Of this amount, \$523,960 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- During the year, the Village received \$3,683,256 in revenues and had \$1,213,263 in expenses, resulting in an increase in net position of \$2,469,993.
- At the close of the current fiscal year, the Village's governmental funds reported combined fund balances of \$655,294, an increase of \$77,509 in comparison with the prior year. The Village has a deficit of \$30,568 of unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the general fund was a deficit amount of \$30,568, or approximately -8.3% of total general fund expenditures and transfers out.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Village's assets, deferred outflows, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., accrued interest and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, streets, health and welfare, community and economic development, and recreation and culture. The business-type activities of the Village include water and sewer services.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and municipal streets fund, which are considered to be major funds.

The Village adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund and each major special revenue fund has been provided to demonstrate compliance with these budgets.

Proprietary Funds. The Village maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprises funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, both of which are considered to be major funds of the Village. The internal service fund data is presented in the proprietary fund financial statements.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Village's budgetary comparison schedules and the Village's required pension schedules.

This report also presents other supplementary information which includes the nonmajor fund combining and individual statements. The combining statements are presented immediately following the required supplementary information on pensions.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities by \$7,056,508, at the close of the most recent fiscal year.

Village of Elberta's Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 832,849	\$ 751,762	\$ 403,269	\$ 246,741	\$ 1,236,118	\$ 998,503
Accounts Receivable	2,070	3,663	40,017	32,900	42,087	36,563
Due from Other Governmental Units	28,869	20,170	10,000	-	38,869	20,170
Prepays	-	17,280	-	-	-	17,280
Total Current Assets	863,788	792,875	453,286	279,641	1,317,074	1,072,516
<i>Noncurrent Assets</i>						
Restricted Cash	-	-	162,240	97,530	162,240	97,530
Capital Assets not being Depreciated	289,131	-	3,884,198	-	4,173,329	-
Capital Assets being Depreciated, net	553,943	892,379	3,351,575	3,448,306	3,905,518	4,340,685
Total Assets	1,706,862	1,685,254	7,851,299	3,825,477	9,558,161	5,510,731
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	20,209	15,142	40,070	3,689	60,279	18,831
Accrued Liabilities	9,338	20,012	400	400	9,738	20,412
Unearned Revenue	23,385	21,708	-	-	23,385	21,708
Accrued Interest Payable	-	-	13,850	5,916	13,850	5,916
Current Portion of Long-term Debt	-	-	56,392	23,488	56,392	23,488
Internal Balances	155,562	156,551	(155,562)	(156,551)	-	-
Total Current Liabilities	208,494	213,413	(44,850)	(123,058)	163,644	90,355
<i>Noncurrent Liabilities</i>						
Long-term Debt	-	-	2,338,009	833,861	2,338,009	833,861
Net Pension Liability	-	-	-	-	-	-
Total Liabilities	208,494	213,413	2,293,159	710,803	2,501,653	924,216
NET POSITION						
Net Investment in Capital Assets	843,074	892,379	4,841,372	2,590,957	5,684,446	3,483,336
Restricted	685,862	561,926	162,240	91,614	848,102	653,540
Unrestricted	(30,568)	17,536	554,528	432,103	523,960	449,639
Total Net Position	\$ 1,498,368	\$ 1,471,841	\$ 5,558,140	\$ 3,114,674	\$ 7,056,508	\$ 4,586,515

The largest portion of the Village's net position (80.6%, or \$5,684,446) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Village uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position (12.0%, or \$848,102) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$523,960, or 7.4% is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate

governmental and business-type activities. The same situation held true for the previously audited fiscal year.

The Village's overall net position increased \$2,469,993 from the previously audited fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities:

Village of Elberta's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues						
Charges for Services	\$ 188,144	\$ 201,376	\$ 362,740	\$ 326,765	\$ 550,884	\$ 528,141
Operating Grants and Contributions	170,756	122,005	-	-	170,756	122,005
Capital Grants and Contributions	-	23,747	2,695,828	-	2,695,828	23,747
Total Program Revenues	358,900	347,128	3,058,568	326,765	3,417,468	673,893
General Revenues						
Property Taxes	138,343	123,365	54,101	51,122	192,444	174,487
Intergovernmental	50,885	55,821	-	-	50,885	55,821
Interest Income	17,280	7,966	5,179	2,274	22,459	10,240
Total General Revenues	206,508	187,152	59,280	53,396	265,788	240,548
Total Revenues	565,408	534,280	3,117,848	380,161	3,683,256	914,441
Expenses						
General Government	235,417	167,387	-	-	235,417	167,387
Public Safety	2,641	3,292	-	-	2,641	3,292
Public Works	156,884	154,307	-	-	156,884	154,307
Community and Economic Development	25,617	19,341	-	-	25,617	19,341
Recreation and Culture	118,322	106,468	-	-	118,322	106,468
Sewer System	-	-	246,832	218,724	246,832	218,724
Water System	-	-	427,550	169,181	427,550	169,181
Total Expenses	538,881	450,795	674,382	387,905	1,213,263	838,700
Change in Net Position	26,527	83,485	2,443,466	(7,744)	2,469,993	75,741
Net Position at the Beginning of Period	1,471,841	1,388,356	3,114,674	3,122,418	4,586,515	4,510,774
Net Position at the End of Period	\$ 1,498,368	\$ 1,471,841	\$ 5,558,140	\$ 3,114,674	\$ 7,056,508	\$ 4,586,515

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$26,527 when compared to fiscal year 2023 for an ending balance of \$1,498,368. Overall results of fiscal year ended February 29, 2024, were quite comparable to results of fiscal year ended February 28, 2023. Noteworthy changes can be seen in the amount spent on general government expenses.

Business-type Activities. For the Village's business-type activities, the results for the current fiscal year led to an increase in overall net position of \$2,443,466 with an ending balance of \$5,558,140. Much of the change can be attributed to receiving capital grant funding of \$2,695,828 for the ongoing water projects.

Financial Analysis of Governmental Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in

assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Village itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Village's Council.

At February 29, 2024, the Village's governmental funds reported combined fund balances of \$655,294, an increase of \$77,509 from the previous year. Approximately -4.7% of this amount, a deficit \$30,568, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, assigned, or restricted* to indicate that it is: restricted for particular purposes, \$685,862 (104.7%).

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the general fund was a deficit of \$30,568. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents approximately -8.3% of total general fund expenditures and transfers out. The fund balance of the Village's general fund increased by \$22,560 during the current fiscal year.

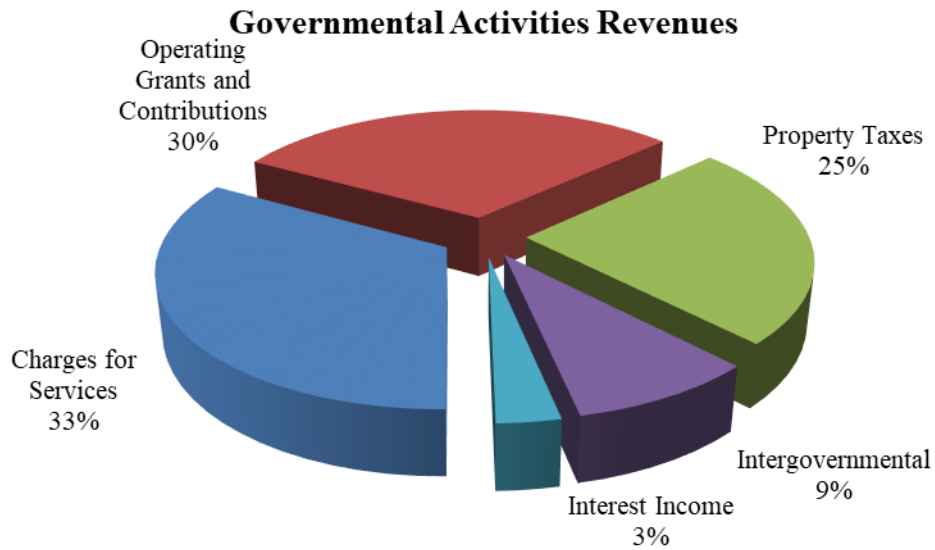
The municipal street fund had a decrease in fund balance of \$1,509. The fund maintains a healthy positive fund balance.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

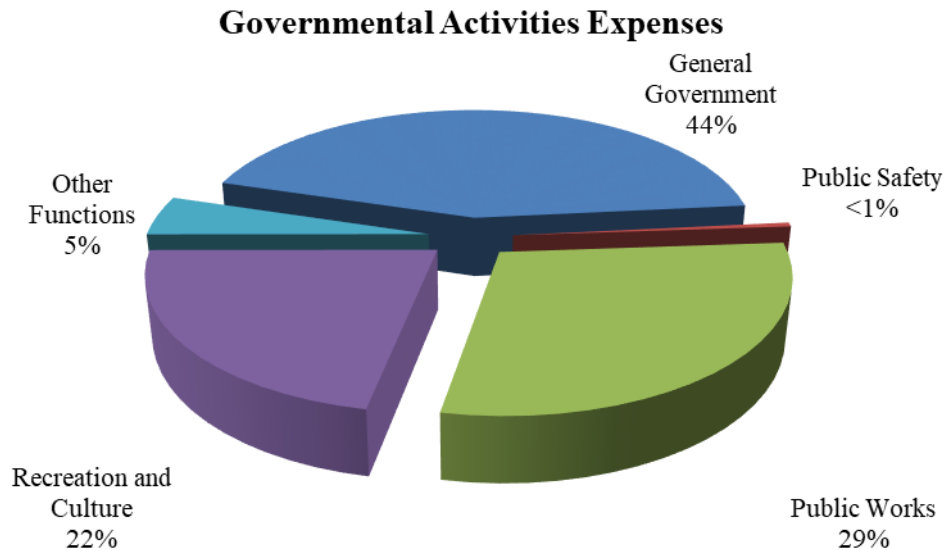
Unrestricted net position of the sewer fund at the end of the year was \$412,921. The water fund's unrestricted net position was \$141,607. The Village will continue to monitor the relative health of each proprietary fund's unrestricted net position relative to anticipated operations costs.

Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the Village for the most recent fiscal year-end.



The following chart summarizes the expenses for the governmental activities of the Village for the most recent fiscal year-end.



Financial Analysis of the Village's General Fund

Total revenues for the general fund for the year ended February 29, 2024 were \$390,542, an increase of \$43,146 from the prior fiscal year. The general fund ended with an unrestricted fund balance deficit of \$(30,568). Explanations for significant changes within the general fund were explained in an earlier section of this report.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year the Village saw the need to adjust the general fund's budget to allow for payment of additional building and maintenance related expenditures.

Final budget compared to actual results. The Village had the following budget expenditures in excess of the amounts appropriated for the year ended February 29, 2024:

Fund / Activity	Final Budget	Actual	Variance
General Fund			
Clerk	\$ 38,976	\$ 43,112	\$ (4,136)
Treasurer	22,024	25,011	(2,987)
Office	26,100	58,340	(32,240)
Refuse Collection	19,500	20,588	(1,088)

Capital Assets and Debt Administration

Capital assets. The Village's investment in capital assets for its governmental and business-type activities as of February 29, 2024, amounts to \$8,078,847 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, and water and sewer infrastructure. See Note 4 for more information.

Long-term Debt

As described in Note 6 to the financial statements, the Village had \$2,394,401 in bonds outstanding at the end of the fiscal year. The Village issued all of the outstanding debt this year. See Note 6 for more information.

Economic Condition and Outlook

Revenues available for appropriation in the general fund in the upcoming year are expected to be similar to fiscal year ended February 29, 2024. The Village continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2025, the Village plans again to use current revenues to provide essential services and to maintain the Village's financial reserves at similar levels. Property tax revenues are expected to change minimally reflecting fairly stable property values.

Contacting the Village

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:

The Village of Elberta
151 Pearson Steet
Elberta, MI 49628

BASIC FINANCIAL STATEMENTS

Village of Elberta
Statement of Net Position
February 29, 2024

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
<i>Current Assets</i>			
Cash and Investments	\$ 832,849	\$ 403,269	\$ 1,236,118
Accounts Receivable	2,070	40,017	42,087
Due from Other Governments	28,869	10,000	38,869
Total Current Assets	863,788	453,286	1,317,074
<i>Noncurrent Assets</i>			
Restricted Cash - Bond Reserve	--	21,920	21,920
Restricted Cash - RRI	--	140,320	140,320
Capital Assets not being Depreciated	289,131	3,884,198	4,173,329
Capital Assets being Depreciated	553,943	3,351,575	3,905,518
Total Assets	1,706,862	7,851,299	9,558,161
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	20,209	40,070	60,279
Accrued Expenditures	9,338	--	9,338
Unearned Revenue	23,385	--	23,385
Customer Deposits	--	400	400
Accrued Interest	--	13,850	13,850
Current Portion of Long-Term Debt	--	56,392	56,392
Internal Balances	155,562	(155,562)	--
Total Current Liabilities	208,494	(44,850)	163,644
<i>Noncurrent Liabilities</i>			
Long-Term Debt	--	2,338,009	2,338,009
Total Liabilities	208,494	2,293,159	2,501,653
NET POSITION			
Net Investment in Capital Assets	843,074	4,841,372	5,684,446
<i>Restricted for:</i>			
Street Improvements	460,032	--	460,032
Parks	225,830	--	225,830
Bond Reserve	--	21,920	21,920
Bond RRI	--	140,320	140,320
<i>Unrestricted</i>	(30,568)	554,528	523,960
Total Net Position	\$ 1,498,368	\$ 5,558,140	\$ 7,056,508

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Village of Elberta
Statement of Activities
For the Year Ended February 29, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 235,417	\$ 9,846	\$ 38,960	\$ --	\$ (186,611)	\$ --	\$ (186,611)
Public Safety	2,641	--	1,348	--	(1,293)	--	(1,293)
Public Works	156,884	107,049	125,367	--	75,532	--	75,532
Community and Economic Development	25,617	--	--	--	(25,617)	--	(25,617)
Recreation and Culture	118,322	71,249	5,081	--	(41,992)	--	(41,992)
<i>Total Governmental Activities</i>	<u>538,881</u>	<u>188,144</u>	<u>170,756</u>	<u>--</u>	<u>(179,981)</u>	<u>--</u>	<u>(179,981)</u>
Business-type Activities:							
Sewer	246,832	157,784	--	--	--	(89,048)	(89,048)
Water	427,550	204,956	--	2,695,828	--	2,473,234	2,473,234
<i>Total Business-type Activities</i>	<u>674,382</u>	<u>362,740</u>	<u>--</u>	<u>2,695,828</u>	<u>--</u>	<u>2,384,186</u>	<u>2,384,186</u>
<i>Total Primary Government</i>	<u>\$ 1,213,263</u>	<u>\$ 550,884</u>	<u>\$ 170,756</u>	<u>\$ 2,695,828</u>	<u>(179,981)</u>	<u>2,384,186</u>	<u>2,204,205</u>
General Purpose Revenues:							
					138,343	54,101	192,444
					50,885	--	50,885
					17,280	5,179	22,459
					<u>206,508</u>	<u>59,280</u>	<u>265,788</u>
					26,527	2,443,466	2,469,993
					<u>1,471,841</u>	<u>3,114,674</u>	<u>4,586,515</u>
					<u>\$ 1,498,368</u>	<u>\$ 5,558,140</u>	<u>\$ 7,056,508</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Village of Elberta
Balance Sheet
Governmental Funds
February 29, 2024**

	<u>General</u>	<u>Special Revenue Municipal Streets</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 215,734	\$ 41,286	\$ 575,829	\$ 832,849
Accounts Receivable	2,070	--	--	2,070
Due from Other Governments	16,052	--	12,817	28,869
Due from Other Funds	211,019	60,520	86,361	357,900
<i>Total Assets</i>	<u>\$ 444,875</u>	<u>\$ 101,806</u>	<u>\$ 675,007</u>	<u>\$ 1,221,688</u>
LIABILITIES				
Accounts Payable	\$ 19,829	\$ 380	\$ --	\$ 20,209
Accrued Expenditures	7,774	1,564	--	9,338
Unearned Revenue	23,385	--	--	23,385
Due to Other Funds	424,455	58,095	30,912	513,462
<i>Total Liabilities</i>	<u>475,443</u>	<u>60,039</u>	<u>30,912</u>	<u>566,394</u>
FUND BALANCE				
Restricted	--	41,767	644,095	685,862
Unassigned	(30,568)	--	--	(30,568)
<i>Total Fund Balance</i>	<u>(30,568)</u>	<u>41,767</u>	<u>644,095</u>	<u>655,294</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 444,875</u>	<u>\$ 101,806</u>	<u>\$ 675,007</u>	<u>\$ 1,221,688</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

Village of Elberta
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
February 29, 2024

Total Fund Balance - Governmental Funds	\$	655,294
General government capital assets of \$1,584,319, net of accumulated depreciation of \$741,245, are not financial resources and, accordingly, are not reported in the funds.		843,074
Total Net Position-Governmental Funds	\$	<u>1,498,368</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

Village of Elberta
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended February 29, 2024

	<u>General</u>	<u>Special Revenue Municipal Streets</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property Taxes	\$ 101,338	\$ 37,005	\$ --	\$ 138,343
Licenses and Permits	1,220	--	--	1,220
Intergovernmental	91,193	17,396	107,971	216,560
Charges for Services	113,793	--	11,468	125,261
Interest and Rents	74,743	9,600	13,786	98,129
Other Revenue	8,255	--	5,081	13,336
Total Revenues	<u>390,542</u>	<u>64,001</u>	<u>138,306</u>	<u>592,849</u>
Expenditures				
General Government	216,167	--	--	216,167
Public Safety	2,641	--	--	2,641
Public Works	20,588	65,510	78,150	164,248
Community and Economic Development	25,617	--	--	25,617
Recreation and Culture	102,969	--	3,698	106,667
Total Expenditures	<u>367,982</u>	<u>65,510</u>	<u>81,848</u>	<u>515,340</u>
Excess of Revenues Over (Under) Expenditures	<u>22,560</u>	<u>(1,509)</u>	<u>56,458</u>	<u>77,509</u>
Net Change in Fund Balance	22,560	(1,509)	56,458	77,509
<i>Fund Balance at Beginning of Period</i>	(53,128)	43,276	587,637	577,785
Fund Balance at End of Period	<u>\$ (30,568)</u>	<u>\$ 41,767</u>	<u>\$ 644,095</u>	<u>\$ 655,294</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

Village of Elberta
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended February 29, 2024

Total Net Change in Fund Balances - Governmental Funds	\$	77,509
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures of \$0 is exceeded by depreciation expense of \$49,305.</p>		
		(49,305)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; they are deferred into the following year.</p>		
		(1,677)
Changes in Net Position-Governmental Funds	\$	<u>26,527</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Village of Elberta
Statement of Net Position
Proprietary Funds
February 29, 2024**

Business-type Activities - Enterprise Funds

	<u>Sewer</u>	<u>Water</u>	<u>Total Enterprise Funds</u>
ASSETS			
<i>Current Assets</i>			
Cash and Investments	\$ 207,290	\$ 195,979	\$ 403,269
Accounts Receivable	17,024	22,993	40,017
Due from Other Governments	--	10,000	10,000
Due from Other Funds	281,006	--	281,006
Total Current Assets	505,320	228,972	734,292
<i>Noncurrent Assets</i>			
Restricted Cash - Bond Reserve	11,520	10,400	21,920
Restricted Cash - RRI	70,160	70,160	140,320
Capital Assets not being Depreciated	--	3,884,198	3,884,198
Capital Assets being Depreciated	2,476,359	875,216	3,351,575
Total Assets	3,063,359	5,068,946	8,132,305
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	10,588	29,482	40,070
Customer Deposits	--	400	400
Accrued Interest	1,983	11,867	13,850
Current Portion of Long-Term Debt	16,292	40,100	56,392
Due to Other Funds	79,828	45,616	125,444
Total Current Liabilities	108,691	127,465	236,156
<i>Noncurrent Liabilities</i>			
Long-Term Debt	306,584	2,031,425	2,338,009
Total Liabilities	415,275	2,158,890	2,574,165
NET POSITION			
Net Investment in Capital Assets	2,153,483	2,687,889	4,841,372
<i>Restricted for:</i>			
Bond Reserve	11,520	10,400	21,920
Bond RRI	70,160	70,160	140,320
<i>Unrestricted</i>	412,921	141,607	554,528
Total Net Position	\$ 2,648,084	\$ 2,910,056	\$ 5,558,140

The Notes to the Financial Statements are an Integral part of these Financial Statements

Village of Elberta
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended February 29, 2024

Business-type Activities - Enterprise Funds

	Sewer	Water	Total Enterprise Funds
Operating Revenues			
Charges for Services	\$ 157,709	\$ 189,956	\$ 347,665
Total Operating Revenues	<u>157,709</u>	<u>189,956</u>	<u>347,665</u>
Operating Expenses			
Wages and Benefits	5,384	32,018	37,402
Administrative Fees	37,871	37,774	75,645
Contracted Services	7,596	24,992	32,588
Operating Supplies	6,976	12,888	19,864
Postage and Office Supplies	560	560	1,120
Education and Training	--	3,043	3,043
Insurance	200	1,735	1,935
Dues and Fees	--	1,344	1,344
Utilities	3,590	11,483	15,073
Repairs and Maintenance	97,041	220,147	317,188
Equipment Rental	734	3,806	4,540
Testing	--	3,089	3,089
Small Equipment	8,590	6,661	15,251
Printing and Publishing	--	2,107	2,107
Legal Fees	--	15,309	15,309
Miscellaneous	779	170	949
Depreciation	71,121	25,610	96,731
Total Operating Expenses	<u>240,442</u>	<u>402,736</u>	<u>643,178</u>
Operating Income (Loss)	<u>(82,733)</u>	<u>(212,780)</u>	<u>(295,513)</u>
Non-Operating Revenues (Expenses)			
Property Taxes	54,101	--	54,101
Federal Grants	--	1,365,065	1,365,065
State Grants	--	1,330,763	1,330,763
Interest Income	4,531	648	5,179
Other Revenue	75	15,000	15,075
Interest Expense	(6,390)	(24,814)	(31,204)
Net Non-Operating Revenues (Expenses)	<u>52,317</u>	<u>2,686,662</u>	<u>2,738,979</u>
Change In Net Position	<u>(30,416)</u>	<u>2,473,882</u>	<u>2,443,466</u>
<i>Net Position at Beginning of Period</i>	2,678,500	436,174	3,114,674
Net Position at End of Period	<u>\$ 2,648,084</u>	<u>\$ 2,910,056</u>	<u>\$ 5,558,140</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Village of Elberta
Statement of Cash Flows
Proprietary Funds
For the Year Ended February 29, 2024**

	Business-type Activities - Enterprise Funds		
	Sewer System	Water System	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash Received from Charges for Services	\$ 157,382	\$ 173,166	\$ 330,548
Cash Payments to Employees for Services and Fringe Benefits	(5,384)	(32,018)	(37,402)
Cash Payments to Suppliers for Goods and Services	(156,558)	(316,106)	(472,664)
Net Cash Provided (Used) by Operating Activities	<u>(4,560)</u>	<u>(174,958)</u>	<u>(179,518)</u>
Cash Flows from Non-capital Financing Activities			
Grant Revenue	-	2,695,828	2,695,828
Collection of Property Taxes	54,101	-	54,101
Other Revenue	75	15,000	15,075
Change in Interfund activity	(7,565)	8,554	989
Net Cash Provided by Non-capital Financing Activities	<u>46,611</u>	<u>2,719,382</u>	<u>2,765,993</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	-	(3,884,198)	(3,884,198)
Issuance of Bonds	(15,988)	1,553,040	1,537,052
Interest Payments on Bonds	(6,456)	(16,814)	(23,270)
Net Cash Used by Capital and Related Financing Activities	<u>(22,444)</u>	<u>(2,347,972)</u>	<u>(2,370,416)</u>
Cash Flows from Investing Activities			
Interest Revenue	4,531	648	5,179
Net Cash Provided by Investing Activities	<u>4,531</u>	<u>648</u>	<u>5,179</u>
Net Increase in Cash and Equivalents	24,138	197,100	221,238
<i>Cash and Investments - Beginning of Year</i>	264,832	79,439	344,271
<i>Cash and Investments - End of Year</i>	<u>\$ 288,970</u>	<u>\$ 276,539</u>	<u>\$ 565,509</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (82,733)	\$ (212,780)	\$ (295,513)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation Expense	71,121	25,610	96,731
Changes in Assets and Liabilities			
Receivables (Net)	(327)	(16,790)	(17,117)
Accounts Payable	7,379	29,002	36,381
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,560)</u>	<u>\$ (174,958)</u>	<u>\$ (179,518)</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

Village of Elberta

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Village of Elberta (the “Village” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village’s accounting policies are described below.

Reporting Entity

The Village of Elberta is located in Benzie County. The Village operates under an elected Village Council of five members and provides services to its residents in many areas including public safety, water and sewer services, and recreation and culture, among others.

These financial statements only present the Village. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. Based upon the application of these criteria, there are no other entities for which the Village exercises oversight responsibility.

Jointly Governed Organization

The Village formed a utility authority with the City of Frankfort to own and operate a wastewater treatment plant that serves both communities. The Betsie Lake Utilities Authority (BLUA) is governed by a 5-member commission with representatives from each constituent municipality. The Authority is legally separate and not fiscally dependent on the Village of Elberta. It is therefore not a component unit but rather a related organization. The Utility Authority, not being a part of the reporting entity, is audited under a separate contract; therefore, it is not included in these financial statements. Complete financial statements can be obtained from the Betsie Lake Utilities Authority, Frankfort, Michigan.

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 primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are 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 or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment and 2) grants and contributions that are restricted to meeting the

Village of Elberta

Notes to the Financial Statements

operational or capital requirements of a particular function or segment. 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 fund 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund 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 when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Property taxes, state shared revenues, licenses, 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 government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **municipal street fund** accounts for the maintenance and improvement activities for streets designated as "major" within the Village. Funding is primarily through state sources.

Village of Elberta

Notes to the Financial Statements

The Village reports the following major proprietary funds:

The **sewer fund** accounts for the activities of the Village's sewage collection system.

The **water fund** accounts for the activities of the Village's water distribution system.

Additionally, the Village reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Village's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value based on quoted market prices.

State statutes and Village policy authorize the Village to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

Village of Elberta

Notes to the Financial Statements

- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and all other outstanding balances between funds are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No amounts have been deemed uncollectible.

Inventories and Prepaids

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when purchased rather than when consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years and an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Village of Elberta

Notes to the Financial Statements

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

	<u>Years</u>
Buildings and Improvements	20-40
Machinery and Equipment	5-10
Office Equipment and Fixtures	5
Infrastructure	30-50
Water and Sewer Systems	30-50

Restricted Assets

Assets which are restricted for specified uses by bond debt requirements are classified as restricted assets. Liabilities payable for such restricted assets are separately classified.

Deferred Outflows of Resources

In addition to assets, the statement of financial position and fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a reduction of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (reduction of expense) until that time. Deferred outflows of resources are reported in the government-wide and proprietary fund financial statements for pension related items.

Compensated Absences

Under terms of Village policies, eligible employees are granted paid time off. Paid time off is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is not reported as the Village is not required to pay out unused balances if an employee is terminated voluntarily and involuntarily.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

Village of Elberta

Notes to the Financial Statements

Net Position Flow Assumption

Sometimes the government 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 fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Village Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Village Council, or its designee, can assign fund balance. The Village Council may also assign fund

Village of Elberta

Notes to the Financial Statements

balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the Village's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Village Council. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, the unassigned classification is used only to report a deficit.

Revenues and Expenditures / Expenses

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 September 15, 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. For the 2023 tax year the taxable value for the Village was \$13,300,701 and it levied 7.1321, 2.8523, and 4.1700 mills for general operations, streets, and debt service, respectively.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Note 2 - Excess of Expenditures over Appropriations

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

Prior to February 28, the Finance Committee submits to the Village Council a proposed operating budget for the fiscal year commencing the following March 1. Public hearings are conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution prior to March 1.

Village of Elberta

Notes to the Financial Statements

The budget document presents information by fund, activity, department, and line item. The legal level of budgetary control adopted by the governing body is the activity level. The Village Clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Village Council.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

Excess of expenditures over appropriations in budgeted funds - During the year ended February 29, 2024, the Village had the following expenditures in excess of the amount appropriated:

Fund / Activity	Final Budget	Actual	Variance
General Fund			
Clerk	\$ 38,976	\$ 43,112	\$ (4,136)
Treasurer	22,024	25,011	(2,987)
Office	26,100	58,340	(32,240)
Refuse Collection	19,500	20,588	(1,088)

Note 3 - Cash

The Village maintains pooled and individual fund demand deposits, certificates of deposit, and short-term investment accounts for the primary government.

Following is a reconciliation of deposit balances as February 29, 2024:

	Governmental Activities	Business-type Activities	Total
Statement of Net Position			
Cash and Investments	\$ 832,849	\$ 403,269	\$ 1,236,118
Cash and Investments - Restricted	-	162,240	162,240
Total Cash and Investments	\$ 832,849	\$ 565,509	\$ 1,398,358
Deposits and Investments			
Checking and Savings Accounts			\$ 998,690
MI Class Investments			399,668
Total			\$ 1,398,358

Village of Elberta

Notes to the Financial Statements

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits might not be returned. State law does not require and the Village does not have a policy for deposit custodial credit risk. As of year-end, \$563,930 of the Village's bank balance of \$1,015,238 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the Village believes it is impractical to insure all bank deposits. As a result, the Village evaluates each financial institution with which it deposits Village funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Village will do business.

Interest Rate Risk

Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Village's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Village held \$399,668 of pooled investments that have no maturity date.

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The Michigan class investment pool has a Standard and Poor's credit rating of AAAM.

Village of Elberta

Notes to the Financial Statements

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The Village's investment policy does not limit investments in a single financial institution of a single security type (with the exception of U.S. treasuries and agencies and authorized pools) to a percentage of the total investment portfolio.

Fair Value Measurement

The Village is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Village's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Village's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Village holds shares in the Michigan CLASS government investment pool whereby the fair value of the investment is measured on a recurring basis using net asset per share (or its equivalent) of the investment pool as a practical expedient. At year end the new asset value of the Village's investment in the Michigan CLASS government investment pool was \$399,668. These are valued using Level 2 inputs.

Village of Elberta

Notes to the Financial Statements

Note 4 - Capital Assets

Capital asset activity for governmental activities for the year ended February 29, 2024 was as follows:

Governmental Activities	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets not Being Depreciated				
Land	\$ 289,131	\$ -	\$ -	\$ 289,131
Subtotal	289,131	-	-	289,131
Capital Assets Being Depreciated				
Land Improvements	167,465	-	-	167,465
Buildings and Improvements	865,290	-	-	865,290
Machinery and Equipment	262,433	-	-	262,433
Subtotal	1,295,188	-	-	1,295,188
Less Accumulated Depreciation				
Land Improvements	15,855	8,373	-	24,228
Buildings and Improvements	466,859	21,444	-	488,303
Machinery and Equipment	209,226	19,488	-	228,714
Subtotal	691,940	49,305	-	741,245
Net Capital Assets Being Depreciated	603,248	(49,305)	-	553,943
Net Capital Assets - Governmental	\$ 892,379	\$ (49,305)	\$ -	\$ 843,074

Capital asset activity for business-type activities for the year ended February 29, 2024 was as follows:

Business-type Activities	Ending Balance	Additions	Disposals	Ending Balance
Capital Assets not Being Depreciated				
Construction in Progress	\$ -	\$ 3,884,198	\$ -	\$ 3,884,198
Subtotal	-	3,884,198	-	3,884,198
Capital Assets Being Depreciated				
Sewer System	3,538,271	-	-	3,538,271
Water System	1,241,533	-	-	1,241,533
Subtotal	4,779,804	-	-	4,779,804
Less Accumulated Depreciation				
Sewer System	990,791	71,121	-	1,061,912
Water System	340,707	25,610	-	366,317
Subtotal	1,331,498	96,731	-	1,428,229
Net Capital Assets Being Depreciated	3,448,306	(96,731)	-	3,351,575
Net Capital Assets - Business-type	\$ 3,448,306	\$ 3,787,467	\$ -	\$ 7,235,773

Village of Elberta

Notes to the Financial Statements

Depreciation expense was charged to functions of the Village as follows:

Governmental Activities		
General Government	\$	17,573
Public Works		19,568
Recreation and Culture		12,164
<i>Subtotal</i>	\$	<u>49,305</u>
 Business-type Activities		
Sewer System	\$	71,121
Water System	\$	25,610
<i>Subtotal</i>	\$	<u>96,731</u>

Note 5 - Interfund Balances and Interfund Transfers

All amounts due from other funds represent advances to other funds to finance operations or capital outlays. There were the following amounts due from other funds at February 29, 2024:

Receivable Fund	Payable Fund	Amount
Sewer Fund	General Fund	\$ 201,178
Municipal Streets Fund	General Fund	2,425
Other Nonmajor Governmental	General Fund	9,833
Other Nonmajor Governmental	Water	45,616

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

There were no interfund transfers for the year ended February 29, 2024.

Village of Elberta

Notes to the Financial Statements

Note 6 - Long-term Debt

Listed below are descriptions of the bond issues and installment contracts in the Village governmental activities and business-type activities.

Business-type Activities

Revenue Bonds

1. \$350,000 General Obligation Limited Tax Bonds Series 2017A in installments of \$6,000 to \$13,000 through April 1, 2057; plus interest at 1.75%.
2. \$350,000 General Obligation Limited Tax Bonds Series 2018A in installments of \$7,000 to \$13,000 through April 1, 2058; plus interest at 1.75%.
3. \$35,000 General Obligation Limited Tax Bond Series 2018B installments of \$500 to \$1,000 through April 1, 2058; plus interest at 2.375%
4. \$1,500,000 General Obligation Limited Tax Bond Series 2022A installments of \$26,000 to \$50,000 through April 1, 2062; plus interest at 1.50%
5. \$300,000 Water Supply System Junior Lien Revenue Bond Series 2022B-1, installments of \$5,000 to \$10,000 through April 1, 2062; plus interest at 1.875%
6. \$35,000 Water Supply System Junior Lien Revenue Bond Series 2022B-2 installments of \$5,000 through April 1, 2030; plus interest at 1.875%

Notes from Direct Borrowings and Direct Placements

1. \$100,000 Note in accordance with Act No. 99 of the Public Acts of 1933, as amended. Due in monthly installments of \$966 through July 1, 2028; interest at 3.00%

Changes in long-term debt during the current year were as follows:

<u>Direct Placement Debt</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Business-Type Activities</i>					
Notes from Borrowings and Direct Placements	\$ 57,864	\$ -	\$ 9,988	\$ 47,876	\$ 10,292
Sewer Revenue Bonds Series 2017A	281,000	-	6,000	275,000	6,000
Water Revenue Bonds Series 2018A	326,000	-	7,000	319,000	7,000
Water Revenue Bonds Series 2018B	33,000	-	500	32,500	500
Water Revenue Bonds Series 2022A	-	1,406,000	-	1,406,000	26,000
Water Revenue Bonds Series 2022B-1	159,485	130,000	-	289,485	5,000
Water Revenue Bonds Series 2022B-2	-	24,540	-	24,540	1,600
<i>Total Direct Placement Debt</i>	<u>\$ 857,349</u>	<u>\$ 1,560,540</u>	<u>\$ 23,488</u>	<u>\$ 2,394,401</u>	<u>\$ 56,392</u>

Village of Elberta

Notes to the Financial Statements

Debt service requirements to maturity are scheduled below:

<u>February 28,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	56,392	38,715	95,107
2026	60,105	37,965	98,070
2027	61,427	36,818	98,245
2028	61,760	35,654	97,414
2029	56,292	34,559	90,851
2030-2034	252,000	160,157	412,157
2035-2039	261,000	139,410	400,410
2040-2044	291,000	117,208	408,208
2045-2049	327,000	91,691	418,691
2050-2054	350,000	63,946	413,946
2055-2059	365,000	34,382	399,382
2060-2064	265,000	9,337	274,337
Totals	\$ 2,406,976	\$ 799,845	\$ 3,206,821

*The total principal balance due does not match the schedule above due to the Village not having drawn all of their available cash as of year-end.

Note 8 - Retirement Benefits

The Village participates in a defined contribution plan providing benefits to eligible Village employees through contributions to individual retirement accounts (IRA). Such contributions equal two percent of employee's base pay for nonelective contributions or three percent matching contributions to those employees who contribute to their IRA. Individual retirement account balances become the property of the employee immediately. Therefore, there are no plan assets or liabilities which would be included as part of the Village reporting entity. The Village's total contributions were \$0 and employee contributions were \$0 for the year ended February 29, 2024. The Council has the authority to establish and amend the plan.

Village of Elberta

Notes to the Financial Statements

Note 9 - Restricted Assets

Restricted cash consisted of the following required and actual balances as of year-end:

	<u>February 29, 2024</u>		<u>2/28/2023</u>
	<u>Required Balance</u>	<u>Actual Balance</u>	<u>Actual Balance</u>
<u>Sewer Fund</u>			
Bond Reserve Accounts			
2017 Issue, \$1,300 per year up to \$13,000	\$ 10,400	\$ 6,600	\$ 5,500
Repair & Replacement Accounts			
2017 Issue, \$8,770 up to \$13,000 in Reserve Account, then \$10,070 per year	70,160	45,549	40,549
<u>Water Fund</u>			
Bond Reserve Accounts			
2018A and B Issue, \$1,440 per year up to \$14,400	11,520	10,400	5,760
Repair & Replacement Accounts			
2018A and B Issue, \$8,770 up to \$14,400 in Reserve Account, then \$10,210 per year	70,160	70,160	45,721
Totals	<u>\$ 162,240</u>	<u>\$ 132,709</u>	<u>\$ 97,530</u>

Note 10 - 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 risks of loss arising from general liability, property and casualty, and workers' compensation are managed through purchased commercial insurance. There have not been any significant changes in the amount of coverage, and settled claims have not exceeded the amount of insurance coverage in any of the past three years.

Note 11 – Going Concern

The Village ended the year with a \$30,568 deficit in its General Fund. Management has been actively addressing this issue and has improved the deficit in the fund for the 2023-2024 fiscal year. Management continues to work to reduce administrative costs in the General Fund. Ongoing plans to further address the General Fund deficit include maintenance and improvement of the Historic Elberta Life Saving Station with rentals during every weekend in the 2024 summer season.

For the year ended February 29, 2024, the Village increased its fund balance in the general fund by \$22,560. This is the ninth consecutive year the Village has reduced their deficit by a significant amount. The Village continues to work with the State of Michigan on a regular basis throughout the year to reduce the Village's deficit and is expected to be out of a deficit next fiscal year.

Village of Elberta

Notes to the Financial Statements

Note 12 - Subsequent Events

Management of the Village has evaluated subsequent events through August 30, 2024, the date the financial statements were available to be issued. Management does not believe any subsequent events would have a significant impact on the financial condition of the Village.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Elberta
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended February 29, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property Taxes	\$ --	\$ 115,854	\$ 101,338	\$ (14,516)
Licenses and Permits	--	1,220	1,220	--
Intergovernmental	--	80,183	91,193	11,010
Charges for Services	--	109,250	113,793	4,543
Interest and Rents	--	80,998	74,743	(6,255)
Other Revenue	--	511,556	8,255	(503,301)
Total Revenues	--	899,061	390,542	(508,519)
Expenditures				
General Government				
Trustees	--	7,600	5,324	2,276
Clerk	--	38,976	43,112	(4,136)
Treasurer	--	22,024	25,011	(2,987)
Office	--	26,100	58,340	(32,240)
Community Building	--	7,395	5,088	2,307
Professional Services	--	87,043	67,308	19,735
Employee Benefits	--	14,393	11,984	2,409
General Government	--	203,531	216,167	(12,636)
Public Safety				
Frankfort Rental Expenses	--	3,525	2,641	884
Public Works				
Refuse Collection	--	19,500	20,588	(1,088)
Community and Economic Development				
Planning Commission	--	42,984	25,617	17,367
Recreation and Culture				
Waterfront park and LSS	--	100,225	61,980	38,245
Elberta Beach	--	21,860	19,803	2,057
Parks and Recreation	--	465,100	19	465,081
Penfold Park	--	26,000	18,422	7,578
Village Beautification	--	3,000	2,745	255
Total Recreation and Culture	--	616,185	102,969	513,216
Total Expenditures	--	885,725	367,982	517,743
Excess (Deficiency) of Revenues and Over Expenditures	--	13,336	22,560	9,224
Net Change in Fund Balance	--	13,336	22,560	9,224
<i>Fund Balance at Beginning of Period</i>	(53,128)	(53,128)	(53,128)	--
Fund Balance at End of Period	\$ (53,128)	\$ (39,792)	\$ (30,568)	\$ 9,224

Village of Elberta
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Municipal Streets
For the Year Ended February 29, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property Taxes	\$ --	\$ 35,910	\$ 37,005	\$ 1,095
Intergovernmental	--	17,396	17,396	--
Interest and Rents	--	4,800	9,600	4,800
Other Revenue	--	100	--	(100)
Total Revenues	--	58,206	64,001	5,795
Expenditures				
Public Works	--	54,193	65,510	(11,317)
Total Expenditures	--	54,193	65,510	(11,317)
Excess (Deficiency) of Revenues and Over Expenditures	--	4,013	(1,509)	(5,522)
Net Change in Fund Balance	--	4,013	(1,509)	(5,522)
<i>Fund Balance at Beginning of Period</i>	43,276	43,276	43,276	--
Fund Balance at End of Period	\$ 43,276	\$ 47,289	\$ 41,767	\$ (5,522)

Other Supplementary Information

**Village of Elberta
Combining Balance Sheet
Nonmajor Governmental Funds
February 29, 2024**

	Special Revenue			Total Nonmajor Governmental Funds
	Major Streets	Local Streets	Park	
ASSETS				
Cash and Investments	\$ 385,354	\$ 165,644	\$ 24,831	\$ 575,829
Due from Other Governments	9,070	3,747	--	12,817
Due from Other Funds	34,042	52,269	50	86,361
<i>Total Assets</i>	<u>\$ 428,466</u>	<u>\$ 221,660</u>	<u>\$ 24,881</u>	<u>\$ 675,007</u>
LIABILITIES				
Due to Other Funds	\$ 10,201	\$ 19,830	\$ 881	\$ 30,912
<i>Total Liabilities</i>	<u>10,201</u>	<u>19,830</u>	<u>881</u>	<u>30,912</u>
FUND BALANCE				
Restricted	418,265	201,830	24,000	644,095
Unassigned	--	--	--	--
<i>Total Fund Balance</i>	<u>418,265</u>	<u>201,830</u>	<u>24,000</u>	<u>644,095</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 428,466</u>	<u>\$ 221,660</u>	<u>\$ 24,881</u>	<u>\$ 675,007</u>

Village of Elberta
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended February 29, 2024

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Major Streets</u>	<u>Local Streets</u>	<u>Park</u>	
Revenues				
Intergovernmental	\$ 85,302	\$ 22,669	\$ --	\$ 107,971
Charges for Services	5,734	5,734	--	11,468
Interest and Rents	9,328	4,450	8	13,786
Other Revenue	--	--	5,081	5,081
Total Revenues	<u>100,364</u>	<u>32,853</u>	<u>5,089</u>	<u>138,306</u>
Expenditures				
Public Works	36,902	41,248	--	78,150
Recreation and Culture	--	--	3,698	3,698
Total Expenditures	<u>36,902</u>	<u>41,248</u>	<u>3,698</u>	<u>81,848</u>
Excess of Revenues Over (Under) Expenditures	<u>63,462</u>	<u>(8,395)</u>	<u>1,391</u>	<u>56,458</u>
Net Change in Fund Balance	63,462	(8,395)	1,391	56,458
<i>Fund Balance at Beginning of Period</i>	354,803	210,225	22,609	587,637
Fund Balance at End of Period	\$ 418,265	\$ 201,830	\$ 24,000	\$ 644,095

**VILLAGE OF ELBERTA, MICHIGAN
SINGLE AUDIT ACT COMPLIANCE
YEAR ENDED FEBRUARY 29, 2024**

Village of Elberta
Schedule of Expenditures of Federal Awards
For the Year Ended February 29, 2024

Federal/Pass-through Grantor Cluster/Program Title	Assistance Listing Number	Federal/Pass-through Grantor Number	Approved Awarded, Grant Entitlement Amount	Federal Expenditures
U.S. Department of Agriculture				
<i>Direct Funding:</i>				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A		
Loan Proceeds			\$ 1,406,000 *	\$ 1,406,000
Grant			<u>1,994,000</u>	<u>1,365,065</u>
Total U.S. Department of Agriculture			<u>3,400,000</u>	<u>2,771,065</u>
Total Expenditures of Federal Awards			<u>\$ 3,400,000</u>	<u>\$ 2,771,065</u>

*Included in loan balance outstanding as of February 29, 2024

See Notes to the Schedule of Expenditures of Federal Awards

Village of Elberta

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Village of Elberta (the "Village") under programs of the federal government for the year ended February 29, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position or cash flows of the Village.

The Village's reporting entity is defined in Note 1 of the Village's Audited Financial Statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

For purposes of charging indirect costs to federal awards, the Village has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

NOTE 3 - RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Village reported the following within the basic financial statements, which reconciles with federal expenditures as reported in the schedule:

Reconciliation of financial statements to SEFA	
USDA bonds received	\$ 1,406,000
Water fund federal grants	<u>1,365,065</u>
<i>Total federal expenditures reported in the schedule:</i>	<u>\$ 2,771,065</u>

Village of Elberta

Notes to the Schedule of Expenditures of Federal Awards

NOTE 4 - BALANCE OF USDA BONDS

The following schedule shows beginning balances, value of new USDA bonds received, and bond repayments for all USDA bonds payable:

Loans	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>USDA Bonds Payable</i>					
Bond Payable - USDA Series 2017A	\$ 281,000	\$ -	\$ 6,000	\$ 275,000	\$ 6,000
Bond Payable - USDA Series 2018A	326,000	-	7,000	319,000	7,000
Bond Payable - USDA Series 2018B	33,000	-	500	32,500	500
Bond Payable - USDA Series 2022A	-	1,406,000	-	1,406,000	26,000
Total USDA Bonds Payable	\$ 640,000	\$ 1,406,000	\$ 13,500	\$ 2,032,500	\$ 39,500

The Village has issued several series of bonds under the Water and Waste Disposal Systems for Rural Communities program, which is funded through the United States Department of Agriculture (USDA). These bonds were issued to finance improvements to the Village's water supply system, including construction, renovation, and maintenance activities. The following is a summary of each series of bonds issued under this program:

Water Supply System Revenue Bond, Series 2017A

- **Purpose:** Issued to finance the initial phase of the water system improvements, focusing on critical infrastructure upgrades to ensure the reliability and safety of the water supply.
- **Assistance Listing Number (ALN):** 10.760

Water Supply System Revenue Bond, Series 2018A and 2018B

- **Purpose:** The 2018 bonds were also issued to finance improvements to the water supply system, including enhancements to the infrastructure, addressing aging components, and ensuring compliance with environmental and safety standards.
- **Assistance Listing Number (ALN):** 10.760

Water Supply System Revenue Bond, Series 2022A

- **Purpose:** Issued to fund significant improvements to the Village's water supply system, including infrastructure enhancements to ensure system reliability and regulatory compliance.
- **Assistance Listing Number (ALN):** 10.760

These bonds are repaid through the net revenues generated by the Village's water supply system. The Village is required to maintain sufficient revenues to cover both the operational costs and the debt service payments associated with these bonds. The USDA oversees the compliance requirements associated with these bonds under ALN 10.760.

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 Members of the Village Council
Village of Elberta, 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, each major fund, and the aggregate remaining fund information of the Village of Elberta (the "Village"), as of and for the years ended February 29, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated August 30, 2024.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of finding and questioned costs as items 2024-001, 2024-002, and 2024-003 that we consider to be material weaknesses.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. See finding 2024-004.

The Village’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Village’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Gabridge & Company, PLC
Grand Rapids, MI
August 30, 2024

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

To the Members of the Village Council
Village of Elberta, Michigan

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

We have audited the Village of Elberta's (the "Village"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended February 29, 2024. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended February 29, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, MI
August 30, 2024

**Village of Elberta
Schedule of Findings and Questioned Costs
For the Year Ended February 29, 2024**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal controls over financial reporting	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of Major Programs	
	Assistance Listing
Name of Federal Program or Cluster	Number
Water and Waste Disposal Systems for Rural Communities	10.760
Dollar threshold used to distinguish between Type A and B programs?	\$750,000
Auditee qualified as a low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

See 2024-001, 2024-002, 2024-003, and 2024-004

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

1. Segregation of Incompatible Duties - Unresolved - See 2024-001
2. Material Audit Adjustments and Financial Statement Preparation - Unresolved - See 2024-002
3. Utility Receivable Reconciliations - Unresolved - See 2024-003
4. Equipment Rental Reconciliation and Recording - Resolved
5. Material Noncompliance - Fund Deficits - Unresolved - See 2024-004

Village of Elberta

Schedule of Findings and Questioned Costs

Material Weakness

2024-001 Segregation of Incompatible Duties (repeat finding)

Criteria: Management is responsible for establishing and maintaining internal controls in order to safeguard the assets of the Village. A key element of internal control is the segregation of incompatible duties within the accounting function.

Condition/Finding: The Village has accounting functions which are performed by the same individual and are not subject to a documented independent review and approval.

Cause: This condition is a result of the limited size of the Village's accounting staff.

Effect: As a result of this condition, the Village is exposed to an increased risk that misstatements (whether caused by error or fraud) may occur and not be prevented or detected and corrected by management on a timely basis.

Recommendation: While there are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and the segregation of incompatible duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management as possible.

View of Responsible Officials: The Village agrees to the condition/findings of segregation of incompatible duties.

Planned Corrective Action: The Village will consider new policies that will require increased independent review to strengthen the internal control structure within the staffing and resource constraints inherent to a small village.

Village of Elberta

Schedule of Findings and Questioned Costs

Material Weakness

2024-002 Material Audit Adjustments and Financial Statement Preparation (repeat finding)

Condition: We identified and proposed material audit adjustments for receivables, liabilities, revenues, and expenditures that management reviewed and approved. We also assisted management with preparing the basic financial statements and the related footnotes.

As is the case with many small and medium-sized governmental units, the Village has historically relied on its independent external auditor to assist with the preparation of the financial statements, the related notes, and the management's discussion and analysis as part of its external financial reporting process. Accordingly, the Village's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditor, who cannot, by definition, be considered part of the Village's internal controls. Having the auditor draft the annual financial statements is allowable under current auditing standards and ethical guidelines and may be the most efficient and effective method for preparation of the Village's financial statements. However, when an entity (on its own) lacks the ability to produce financial statements that conform to GAAP, or when material audit adjustments are identified by the auditor, auditing standards require that such conditions be communicated in writing as material weaknesses.

Criteria: All governmental units in Michigan are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of the management. The preparation of financial statements in accordance with GAAP requires internal controls over both: 1) recording, processing, and summarizing accounting data (i.e. maintaining internal accounting records), and 2) reporting government-wide and fund financial statements, including the related notes to the financial statements (i.e. external financial reporting).

Cause: This condition was caused by the Village's decision to outsource the preparation of its annual financial statements to the external auditor rather than incur the costs of obtaining the necessary training and expertise required for the Village to perform this task internally because outsourcing the task is considered more cost effective.

Effect: The Village's accounting records were initially misstated by amounts material to the financial statements. In addition, the Village lacks complete internal controls over the preparation of its financial statements in accordance with GAAP, and, instead, relies, at least in part, on assistance from its external auditor for assistance with this task.

Village of Elberta

Schedule of Findings and Questioned Costs

Recommendation: We recommend that management continue to monitor the relative costs and benefits of securing the internal or other external resources necessary to develop material adjustments and prepare a draft of the Village's annual financial statements versus contracting with its auditor for these services.

Views of Responsible

Officials: Village management agrees with finding 2024-002.

Planned Corrective

Action: Management has made an ongoing evaluation of the respective costs and benefits of obtaining internal or external resources, specifically for the preparation of financial statements, and has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so. Management will continue to review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

Village of Elberta

Schedule of Findings and Questioned Costs

Material Weakness

2024-003 Utility Receivable Reconciliation (repeat finding)

Condition: The new Village Clerk/Treasurer does not perform the reconciliations on a regular basis between the billing software receivables balance to the accounts receivable control accounts in the general ledger software.

Criteria: Management is responsible for reconciling the utility billing receivables from the billing software to the related accounts receivable control accounts in the Water and Sewer Funds.

Cause: The condition is primarily caused by timing differences and the spreading of water and sewer charges to the individual funds, and the lack of training for the new Clerk/Treasurer position.

Effect: As a result of this condition, the government is exposed to increased risk that misstatements (whether caused by error or fraud) may occur and not be prevented or detected and corrected by management on a timely basis.

Recommendation: We recommend that management reach out to a qualified company for training the new Clerk/Treasurer on the monthly process.

Views of Responsible Officials:

Village management agrees with finding 2024-003.

Planned Corrective Action:

Management has reached out to obtain recommendations on who to hire to train the new Clerk/Treasurer on the monthly process and is hopeful to begin to get the reconcilable differences to an acceptable level and reconcile the utility receivables on a regular basis in the future.

Village of Elberta

Schedule of Findings and Questioned Costs

Material Noncompliance

2024-004 Fund Deficits (repeat finding)

- Condition:** At February 29, 2024, the General Fund was in a deficit position.
- Criteria:** For a fiscal year of a unit of local government ending on or after October 1, 1980 or any year thereafter, if a local unit of government ends its fiscal year in a deficit condition, the local unit of government shall formulate and file a financial plan within 90 days after the beginning of the fiscal year to correct this condition.
- Cause:** This condition was caused from prior years expenditures exceeding revenues.
- Effect:** As a result, the financial position of the Village is unstable.
- Recommendation:** We recommend the Village continue to file regular quarterly reports, including balance sheets, cash flows, accounts payable, and budget to actual in connection with deficit monitoring with the Michigan Department of Treasury as required by PA 275 of 1980, as amended. We also direct the Village to make the necessary adjustments to its budget in order to eliminate the accumulated deficit while filing a plan that would be approved by the Department of Treasury.
- Views of Responsible Officials:** Village management agrees with finding 2024-004.
- Planned Corrective Action:** Management is currently following and will continue to follow the requirements for creating a deficit elimination plan and will file the required regular monthly report and work to continuously monitor their budget.

August 30, 2024

CORRECTIVE ACTION PLAN

Finding: 2024-001 – Segregation of Incompatible Duties (repeat finding)

Auditor Description of Condition and Effect: The Village has accounting functions performed by the same individual without documented independent review and approval, increasing the risk of undetected misstatements or fraud.

The Village is exposed to a heightened risk that errors or fraud may occur without being detected and corrected promptly.

Auditor Recommendation: Management is encouraged to explore ways to further strengthen internal controls by requiring more independent review, reconciliation, and approval of accounting functions by qualified management members.

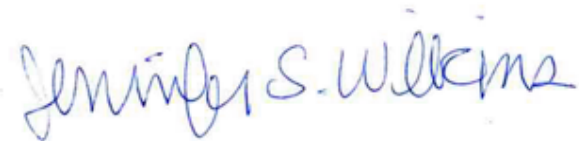
Corrective Action:

Policy Development: The Village will develop and implement a policy requiring periodic independent reviews of critical accounting functions. These reviews will be conducted by management or other qualified personnel who are not involved in the daily processing of transactions. The policy will outline specific tasks to be reviewed, the frequency of reviews, and documentation requirements.

Cross-Training Program: The Village will initiate a cross-training program to ensure that multiple individuals are capable of performing essential accounting functions. This will facilitate independent reviews and ensure that duties can be properly segregated, even with limited staff.

Responsible Person Printed Name: Jennifer Wilkins

Signature:



8-31-24

Title: Village President

Anticipated Completion Date: February 28, 2025

Finding: 2024-002 – Material Audit Adjustments and Financial Statement Preparation
(repeat finding)

Auditor Description of Condition and Effect: Material audit adjustments were identified and proposed by the auditors for various financial statement components, and the Village continues to rely on the external auditor to prepare financial statements.

The Village's initial accounting records were materially misstated, and there is a lack of complete internal controls over the preparation of GAAP-compliant financial statements.

Auditor Recommendation: Management should continuously evaluate the cost-benefit of securing internal or other external resources to handle material adjustments and financial statement preparation versus continuing to rely on the auditor.

Corrective Action:

Cost-Benefit Analysis: The Village will conduct an in-depth analysis of the costs and benefits associated with hiring internal resources or external consultants to prepare financial statements. This analysis will consider both the financial impact and the potential improvement in internal controls.

Enhanced Review Process: The Village will continue and strengthen the review process for draft financial statements and notes prepared by the external auditor. This review will focus on ensuring accuracy and completeness before final approval.

Staff Training: The Village will provide ongoing training opportunities for internal staff to enhance their ability to prepare financial statements independently. This training will focus on GAAP compliance and the prevention of material misstatements.

Responsible Person Printed Name: Jennifer Wilkins

Signature:



8-31-24

Title: Village President

Anticipated Completion Date: February 28, 2025

Finding: 2024-003 – Utility Receivable Reconciliation (repeat finding)

Auditor Description of Condition and Effect: The new Village Clerk/Treasurer does not regularly reconcile the billing software receivables balance to the accounts receivable control accounts in the general ledger.

There is an increased risk of misstatements due to errors or fraud that may not be detected and corrected in a timely manner.

Auditor Recommendation: Management should seek qualified training for the new Clerk/Treasurer to ensure regular reconciliation of utility receivables.

Corrective Action:

Training and Support: The Village will identify and engage a qualified company or individual to provide training for the new Clerk/Treasurer on the reconciliation process. This training will focus on the importance of timely and accurate reconciliations, as well as the technical aspects of the software and ledger reconciliation.

Monthly Reconciliation Policy: The Village will implement a policy that mandates monthly reconciliations of utility receivables. This policy will require that these reconciliations are performed by the Clerk/Treasurer and reviewed by a designated individual, such as the Village Manager or another appropriate official.

Monitoring and Reporting: The Village will establish a regular reporting process to monitor the reconciliation status. This process will ensure that any discrepancies identified during reconciliations are addressed promptly. The status of reconciliations will be reported to the Village Council on a monthly basis.

Responsible Person Printed Name: Jennifer Wilkins

Signature:



8-31-24

Title: Village President

Anticipated Completion Date: February 28, 2025

Finding: 2024-004 – Fund Deficits (repeat finding)

Auditor Description of Condition and Effect: As of February 29, 2024, the General Fund was in a deficit position.

The financial position of the Village is unstable, necessitating immediate corrective action.

Auditor Recommendation: The Village should continue filing regular quarterly reports, including balance sheets, cash flows, accounts payable, and budget-to-actual reports, with the Michigan Department of Treasury. The Village should also adjust its budget to eliminate the accumulated deficit and submit a plan for approval by the Department of Treasury.

Corrective Action:

Deficit Elimination Plan: The Village will continue to follow the requirements for creating and implementing a deficit elimination plan, ensuring that all necessary adjustments are made to the budget. This plan will be submitted to the Michigan Department of Treasury for approval.

Timely Reporting: The Village will ensure the timely filing of all required reports with the Michigan Department of Treasury, including quarterly financial reports such as balance sheets, cash flows, accounts payable, and budget-to-actual comparisons.

Budget Monitoring and Adjustment: The Village will continuously monitor and adjust the budget to eliminate the deficit. This will involve regular reviews of budgeted versus actual expenditures and revenues to ensure compliance with state requirements and to address any variances promptly.

Responsible Person Printed Name: Jennifer Wilkins

Signature:

Jennifer S. Wilkins

8-31-24

Title: Village President

Anticipated Completion Date: February 28, 2025

August 30, 2024

To the Members of the Village Council
Village of Elberta, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Elberta, Michigan (the “Village”) for the year ended February 29, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 31, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Village’s financial statements were:

- Management’s estimate of the useful life of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 30, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC
Grand Rapids, MI