

**VILLAGE OF ELBERTA, MICHIGAN**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED FEBRUARY 28, 2025**

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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 28, 2025, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of February 28, 2025, 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 combining and individual nonmajor fund financial statements, 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2025, 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 15, 2025

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Village of Elberta**  
**Management's Discussion and Analysis**  
**February 28, 2025**

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 28, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements.

**Financial Highlights**

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$8,683,593 (net position). Of this amount, \$490,536 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 \$2,764,081 in revenues and had \$1,136,996 in expenses, resulting in an increase in net position of \$1,627,085.
- At the close of the current fiscal year, the Village's governmental funds reported combined fund balances of \$669,813, an increase of \$14,519 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$128,935, or approximately 12.1% of total general fund expenditures.

**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 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., depreciation expense related to long-term assets).

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 major 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 one type of proprietary fund, an *enterprise fund*. 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.

**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.

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 exceeded liabilities by \$8,683,593, at the close of the most recent fiscal year.

#### Village of Elberta's Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash and Investments	\$ 669,831	\$ 832,849	\$ 447,368	\$ 403,269	\$ 1,117,199	\$ 1,236,118
Accounts Receivable	2,037	2,070	34,383	40,017	36,420	42,087
Due from Other Governmental Units	21,781	28,869	-	10,000	21,781	38,869
<b>Total Current Assets</b>	<b>693,649</b>	<b>863,788</b>	<b>481,751</b>	<b>453,286</b>	<b>1,175,400</b>	<b>1,317,074</b>
<i>Noncurrent Assets</i>						
Restricted Cash	-	-	179,530	162,240	179,530	162,240
Capital Assets not being Depreciated	998,083	289,131	4,895,114	3,884,198	5,893,197	4,173,329
Capital Assets being Depreciated, net	670,414	553,943	3,255,814	3,351,575	3,926,228	3,905,518
<b>Total Assets</b>	<b>2,362,146</b>	<b>1,706,862</b>	<b>8,812,209</b>	<b>7,851,299</b>	<b>11,174,355</b>	<b>9,558,161</b>
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts Payable	19,044	20,209	105,527	40,070	124,571	60,279
Payroll Liabilities	4,792	9,338	922	400	5,714	9,738
Unearned Revenue	-	23,385	-	-	-	23,385
Accrued Interest Payable	-	-	13,701	13,850	13,701	13,850
Current Portion of Long-term Debt	-	-	60,105	56,392	60,105	56,392
Internal Balances	-	155,562	-	(155,562)	-	-
<b>Total Current Liabilities</b>	<b>23,836</b>	<b>208,494</b>	<b>180,255</b>	<b>(44,850)</b>	<b>204,091</b>	<b>163,644</b>
<i>Noncurrent Liabilities</i>						
Long-term Debt	-	-	2,286,671	2,338,009	2,286,671	2,338,009
<b>Total Liabilities</b>	<b>23,836</b>	<b>208,494</b>	<b>2,466,926</b>	<b>2,293,159</b>	<b>2,490,762</b>	<b>2,501,653</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	1,668,497	843,074	5,804,152	4,841,372	7,472,649	5,684,446
Restricted	540,878	685,862	179,530	162,240	720,408	848,102
Unrestricted	128,935	(30,568)	361,601	554,528	490,536	523,960
<b>Total Net Position</b>	<b>\$ 2,338,310</b>	<b>\$ 1,498,368</b>	<b>\$ 6,345,283</b>	<b>\$ 5,558,140</b>	<b>\$ 8,683,593</b>	<b>\$ 7,056,508</b>

The largest portion of the Village's net position (86.1%, or \$7,472,649) 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 (8.3%, or \$720,408) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$490,536, or 5.6% 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.

During the fiscal year, the Village's total assets increased by approximately \$1.6 million, largely due to a \$1.7 million increase in capital assets not being depreciated. This increase was primarily driven by continued investment in the Village's water system improvement project and the Elberta Beach improvement project. Although these capital outlays were partially supported by restricted resources, the cash and investments balance declined by approximately \$119,000, as a portion of the capital costs were funded using unrestricted reserves. Other current asset categories such as accounts receivable and amounts due from other governmental units experienced modest decreases, with no significant anomalies noted.

Total liabilities decreased by approximately \$11,000. The most notable change occurred in accounts payable, which rose by about \$64,000 due to higher project-related payables outstanding at the end of the fiscal year compared to the prior year. Unearned revenue declined by \$23,000 due to the final use of the Village's ARPA funding. Meanwhile, long-term liabilities decreased modestly by about \$51,000, consistent with the Village's scheduled debt service payments. No new debt was issued during the year, and all other liability changes were consistent with routine operations.

The Village's overall net position increased \$1,627,085 from the previously 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	
	2025	2024	2025	2024	2025	2024
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 223,279	\$ 188,144	\$ 338,860	\$ 362,740	\$ 562,139	\$ 550,884
Operating Grants and Contributions	221,549	170,756	-	-	221,549	170,756
Capital Grants and Contributions	795,716	-	905,876	2,695,828	1,701,592	2,695,828
<b>Total Program Revenues</b>	<u>1,240,544</u>	<u>358,900</u>	<u>1,244,736</u>	<u>3,058,568</u>	<u>2,485,280</u>	<u>3,417,468</u>
<b>General Revenues</b>						
Property Taxes	144,546	138,343	61,806	54,101	206,352	192,444
Intergovernmental	51,041	50,885	-	-	51,041	50,885
Interest Income	16,236	17,280	5,172	5,179	21,408	22,459
<b>Total General Revenues</b>	<u>211,823</u>	<u>206,508</u>	<u>66,978</u>	<u>59,280</u>	<u>278,801</u>	<u>265,788</u>
<b>Total Revenues</b>	<u>1,452,367</u>	<u>565,408</u>	<u>1,311,714</u>	<u>3,117,848</u>	<u>2,764,081</u>	<u>3,683,256</u>
<b>Expenses</b>						
General Government	237,776	235,417	-	-	237,776	235,417
Public Safety	1,879	2,641	-	-	1,879	2,641
Public Works	222,987	156,884	-	-	222,987	156,884
Community and Economic Development	15,392	25,617	-	-	15,392	25,617
Recreation and Culture	134,391	118,322	-	-	134,391	118,322
Sewer System	-	-	247,817	246,832	247,817	246,832
Water System	-	-	276,754	427,550	276,754	427,550
<b>Total Expenses</b>	<u>612,425</u>	<u>538,881</u>	<u>524,571</u>	<u>674,382</u>	<u>1,136,996</u>	<u>1,213,263</u>
<b>Change in Net Position</b>	<u>839,942</u>	<u>26,527</u>	<u>787,143</u>	<u>2,443,466</u>	<u>1,627,085</u>	<u>2,469,993</u>
Net Position at the Beginning of Period	1,498,368	1,471,841	5,558,140	3,114,674	7,056,508	4,586,515
<b>Net Position at the End of Period</b>	<u>\$ 2,338,310</u>	<u>\$ 1,498,368</u>	<u>\$ 6,345,283</u>	<u>\$ 5,558,140</u>	<u>\$ 8,683,593</u>	<u>\$ 7,056,508</u>

Total revenues for the Village decreased by approximately \$919,000 from the prior year. The largest contributing factor was a \$994,000 decline in capital grants and contributions, which reflects a reduction in external funding for the Village's ongoing water system improvement project. Although new grant funds were received during the year—including a \$63,000 operating grant from the Michigan Department of Treasury for accounting system upgrades—this did not offset the overall reduction in capital-related grant funding. General revenues remained relatively stable, with modest increases in property tax collections and intergovernmental support. Charges for services also experienced a slight increase, reflecting ongoing demand for fee-based activities or utility services.

On the expense side, total expenses declined by approximately \$76,000. The most significant reduction occurred in water system expenses, which decreased by approximately \$151,000 as peripheral costs associated with the capital improvement project tapered off. Offsetting this decline was a \$66,000 increase in public works expenses, largely driven by expanded street repair and maintenance efforts during the fiscal year. Recreation and culture also saw a modest increase of about \$16,000, potentially associated with continued improvements to community assets like Elberta Beach. All other functional areas experienced relatively minor fluctuations in line with prior-year activity levels.

## **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 28, 2025, the Village's governmental funds reported combined fund balances of \$669,813, an increase of \$14,519 from the previous year. Approximately 19.2% of this amount, \$128,935, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *restricted* to indicate that it is: restricted for particular purposes, \$540,878 (80.8%).

measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 12.1% of total general fund expenditures and transfers out, while total fund balance represents approximately 12.1% of that same amount.

### ***General Fund***

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 \$128,935. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 12.1% of total general fund expenditures.

The fund balance of the Village's general fund increased by \$159,503 during the current fiscal year. The most significant reason for the increase was the receipt of intergovernmental revenue related to capital improvement projects and the absence of any other financing uses. The Council monitors the expenditures of the general fund closely to ensure that spending does not exceed the Village's available resources.

### ***Major Streets Fund***

The major streets fund, a major fund, decreased by \$88,885 during the current fiscal year for an ending fund balance of \$329,380. The decrease in fund balance was primarily due to the timing of road repair and maintenance expenditures, which exceeded current year revenues. The Village continues to rely on state transportation revenue to support street infrastructure needs.

### ***Other Governmental Funds***

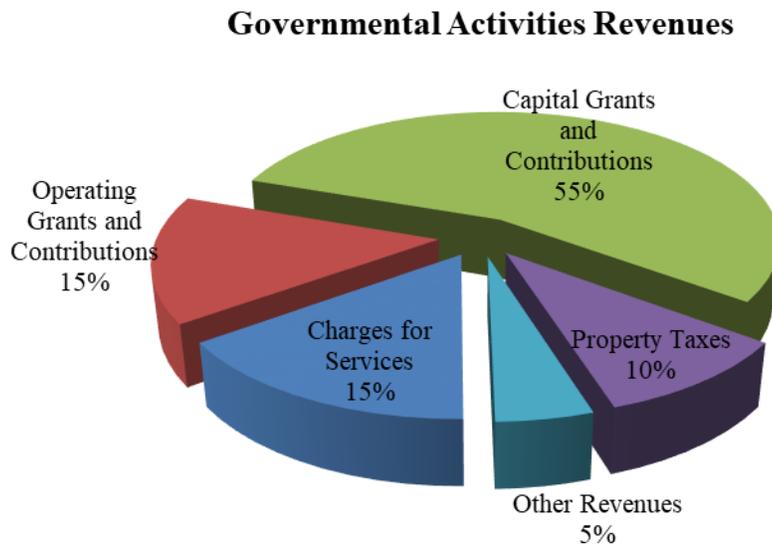
The other governmental funds, which include restricted-purpose special revenue funds, decreased by \$56,099 during the current fiscal year for an ending fund balance of \$211,498. The decrease was primarily attributable to planned expenditures for the municipal and local street projects.

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

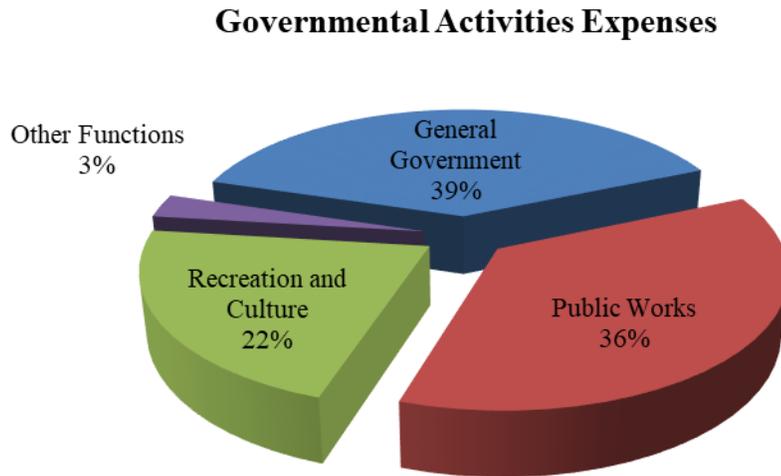
Unrestricted net position of the sewer fund at the end of the year was \$376,554. The water fund’s unrestricted net position was \$(14,953). The Village will continue to monitor the relative health of each proprietary fund’s unrestricted net position relative to anticipated operations costs.

### **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.



### **General Fund Budgetary Highlights**

*Original budget compared to final budget.* There were minimal changes between the original and final amended budget for the fiscal year ended February 28, 2025. The original and final budgets were identical across all revenue and expenditure categories, reflecting the Village’s decision not to amend the general fund budget during the year. This suggests that the Village was confident in its original projections and operated within the constraints of its adopted budget.

*Final budget compared to actual results.* When comparing the final budget to actual results, actual revenues came in under budget by approximately \$68,000. The most notable unfavorable variances were seen in charges for services, which fell short by about \$27,000, and other revenue, which was below budget by \$33,000. On the expenditure side, the Village spent approximately \$188,000 less than budgeted. Several line items contributed to this savings, with the most significant being related to recreation programs and park operations.

All expenditures were held within the final budgeted amounts, and the Village experienced a positive variance of \$188,493 in total general fund expenditures. This contributed to a net increase in fund balance of \$159,503—well above the budgeted increase of \$38,849.

### **Capital Assets and Debt Administration**

#### ***Capital assets***

The Village’s investment in capital assets for its governmental and business-type activities as of February 28, 2025, amounts to \$9,819,425 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, and water and sewer infrastructure. See the notes to the financial statements for more information.

### ***Long-term Debt***

As described in the notes to the financial statements, the Village had \$2,346,776 in bonds and notes payable outstanding at the end of the fiscal year, which is a decrease of \$47,625 compared to the prior year. See the notes to the financial statements for more information.

### **Economic Condition and Outlook**

Revenues available for appropriation in the general fund in the upcoming year are expected to remain similar to the fiscal year ended February 28, 2025, with property tax revenues remaining stable due to relatively steady taxable values. The Village will continue to scrutinize all budget line items for opportunities to reduce expenditures where feasible, and staff will diligently monitor the budget to identify any need for amendments. As in prior years, the Village plans to proceed with current revenues to deliver essential services while maintaining reserve levels.

### **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 28, 2025**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Investments	\$ 669,831	\$ 447,368	\$ 1,117,199
Accounts Receivable	2,037	34,383	36,420
Due from Other Governments	21,781	--	21,781
<b>Total Current Assets</b>	<u>693,649</u>	<u>481,751</u>	<u>1,175,400</u>
<i>Noncurrent Assets</i>			
Restricted Cash - Bond Reserve	--	28,280	28,280
Restricted Cash - RRI	--	151,250	151,250
Capital Assets not being Depreciated	998,083	4,895,114	5,893,197
Capital Assets being Depreciated, net	670,414	3,255,814	3,926,228
<b>Total Assets</b>	<u>2,362,146</u>	<u>8,812,209</u>	<u>11,174,355</u>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	19,044	105,127	124,171
Payroll Related Liabilities	4,792	922	5,714
Customer Deposits	--	400	400
Accrued Interest	--	13,701	13,701
Current Portion of Long-term Debt	--	60,105	60,105
<b>Total Current Liabilities</b>	<u>23,836</u>	<u>180,255</u>	<u>204,091</u>
<i>Noncurrent Liabilities</i>			
Long-term Debt	--	2,286,671	2,286,671
<b>Total Liabilities</b>	<u>23,836</u>	<u>2,466,926</u>	<u>2,490,762</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,668,497	5,804,152	7,472,649
<i>Restricted for:</i>			
Street Improvements	361,970	--	361,970
Parks	178,908	--	178,908
Bond Reserve	--	28,280	28,280
Bond RRI	--	151,250	151,250
<i>Unrestricted</i>	128,935	361,601	490,536
<b>Total Net Position</b>	<u>\$ 2,338,310</u>	<u>\$ 6,345,283</u>	<u>\$ 8,683,593</u>

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 28, 2025**

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
<b>Governmental Activities:</b>							
General Government	\$ 237,776	\$ 16,004	\$ 63,155	\$ --	\$ (158,617)	\$ --	\$ (158,617)
Public Safety	1,879	--	963	--	(916)	--	(916)
Public Works	222,987	82,953	151,520	53,146	64,632	--	64,632
Community and Economic Development	15,392	--	--	--	(15,392)	--	(15,392)
Recreation and Culture	134,391	124,322	5,911	742,570	738,412	--	738,412
<b>Total Governmental Activities</b>	<b>612,425</b>	<b>223,279</b>	<b>221,549</b>	<b>795,716</b>	<b>628,119</b>	<b>--</b>	<b>628,119</b>
<b>Business-type Activities:</b>							
Sewer	247,817	149,188	--	--	--	(98,629)	(98,629)
Water	276,754	189,672	--	905,876	--	818,794	818,794
<b>Total Business-type Activities</b>	<b>524,571</b>	<b>338,860</b>	<b>--</b>	<b>905,876</b>	<b>--</b>	<b>720,165</b>	<b>720,165</b>
<b>Total</b>	<b>\$ 1,136,996</b>	<b>\$ 562,139</b>	<b>\$ 221,549</b>	<b>\$ 1,701,592</b>	<b>628,119</b>	<b>720,165</b>	<b>1,348,284</b>
<b>General Purpose Revenues:</b>							
					144,546	61,806	206,352
					51,041	--	51,041
					16,236	5,172	21,408
					<b>211,823</b>	<b>66,978</b>	<b>278,801</b>
					<b>839,942</b>	<b>787,143</b>	<b>1,627,085</b>
					1,498,368	5,558,140	7,056,508
					<b>\$ 2,338,310</b>	<b>\$ 6,345,283</b>	<b>\$ 8,683,593</b>

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

**Village of Elberta  
Balance Sheet  
Governmental Funds  
February 28, 2025**

	<u>General</u>	<u>Special Revenue Major Streets</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Investments	\$ 133,105	\$ 324,607	\$ 212,119	\$ 669,831
Accounts Receivable	2,037	--	--	2,037
Due from Other Governments	8,178	9,623	3,980	21,781
<b>Total Assets</b>	<b>\$ 143,320</b>	<b>\$ 334,230</b>	<b>\$ 216,099</b>	<b>\$ 693,649</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 11,338	\$ 4,400	\$ 3,306	\$ 19,044
Payroll Related Liabilities	3,047	450	1,295	4,792
<b>Total Liabilities</b>	<b>14,385</b>	<b>4,850</b>	<b>4,601</b>	<b>23,836</b>
<b>FUND BALANCE</b>				
Restricted	--	329,380	211,498	540,878
Unassigned	128,935	--	--	128,935
<b>Total Fund Balance</b>	<b>128,935</b>	<b>329,380</b>	<b>211,498</b>	<b>669,813</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 143,320</b>	<b>\$ 334,230</b>	<b>\$ 216,099</b>	<b>\$ 693,649</b>

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 28, 2025**

Total Fund Balance - Governmental Funds	\$	669,813
General government capital assets of \$2,460,452, net of accumulated depreciation of \$791,955, are not financial resources and, accordingly, are not reported in the funds.		1,668,497
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>2,338,310</u></b>

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 28, 2025**

	<u>Special Revenue</u>				
	<u>General</u>	<u>Formerly Nonmajor Fund - Major Streets</u>	<u>Formerly Major Fund - Municipal Streets</u>	<u>Other Governmental Funds</u>	
<b>Revenues</b>					
Property Taxes	\$ 106,455	\$ --	\$ --	\$ 38,091	\$ 144,546
Licenses and Permits	2,205	--	--	--	2,205
Intergovernmental	881,114	141,752	--	39,529	1,062,395
Charges for Services	90,923	4,183	--	4,183	99,289
Interest and Rents	140,332	9,781	--	8,838	158,951
Other Revenue	6,543	--	--	6,017	12,560
<b>Total Revenues</b>	<u>1,227,572</u>	<u>155,716</u>	<u>--</u>	<u>96,658</u>	<u>1,479,946</u>
<b>Expenditures</b>					
General Government	220,203	--	--	--	220,203
Public Safety	1,879	--	--	--	1,879
Public Works	27,256	244,601	--	147,786	419,643
Community and Economic Development	15,392	--	--	--	15,392
Recreation and Culture	803,339	--	--	4,971	808,310
<b>Total Expenditures</b>	<u>1,068,069</u>	<u>244,601</u>	<u>--</u>	<u>152,757</u>	<u>1,465,427</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>159,503</u>	<u>(88,885)</u>	<u>--</u>	<u>(56,099)</u>	<u>14,519</u>
<b>Net Change in Fund Balance</b>	<u>159,503</u>	<u>(88,885)</u>	<u>--</u>	<u>(56,099)</u>	<u>14,519</u>
<i>Fund Balance at Beginning of Period, as Previously Presented</i>	(30,568)	--	41,767	644,095	655,294
<i>Change Within Financial Reporting Entity (major to nonmajor fund)</i>	--	--	(41,767)	41,767	--
<i>Change Within Financial Reporting Entity (nonmajor to major fund)</i>	--	418,265	--	(418,265)	--
<i>Fund Balances at Beginning of Period, as Adjusted</i>	<u>(30,568)</u>	<u>418,265</u>	<u>--</u>	<u>267,597</u>	<u>655,294</u>
<b>Fund Balance at End of Period</b>	<u>\$ 128,935</u>	<u>\$ 329,380</u>	<u>\$ --</u>	<u>\$ 211,498</u>	<u>\$ 669,813</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 28, 2025**

Total Net Change in Fund Balances - Governmental Funds	\$	14,519
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 \$876,133 exceeds depreciation expense of \$50,710.		825,423
<b>Changes in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>839,942</u></b>

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

**Village of Elberta**  
**Statement of Net Position**  
**Proprietary Funds**  
**February 28, 2025**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Water</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Investments	\$ 379,408	\$ 67,960	\$ 447,368
Accounts Receivable	10,630	23,753	34,383
<b>Total Current Assets</b>	<b>390,038</b>	<b>91,713</b>	<b>481,751</b>
<i>Noncurrent Assets</i>			
Restricted Cash - Bond Reserve	8,800	19,480	28,280
Restricted Cash - RRI	90,000	61,250	151,250
Capital Assets not being Depreciated	41,357	4,853,757	4,895,114
Capital Assets being Depreciated, net	2,405,674	850,140	3,255,814
<b>Total Assets</b>	<b>2,935,869</b>	<b>5,876,340</b>	<b>8,812,209</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	11,445	93,682	105,127
Payroll Related Liabilities	99	823	922
Customer Deposits	--	400	400
Accrued Interest	1,940	11,761	13,701
Current Portion of Long-term Debt	16,605	43,500	60,105
<b>Total Current Liabilities</b>	<b>30,089</b>	<b>150,166</b>	<b>180,255</b>
<i>Noncurrent Liabilities</i>			
Long-term Debt	289,979	1,996,692	2,286,671
<b>Total Liabilities</b>	<b>320,068</b>	<b>2,146,858</b>	<b>2,466,926</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,140,447	3,663,705	5,804,152
<i>Restricted for:</i>			
Bond Reserve	8,800	19,480	28,280
Bond RRI	90,000	61,250	151,250
<i>Unrestricted</i>	376,554	(14,953)	361,601
<b>Total Net Position</b>	<b>\$ 2,615,801</b>	<b>\$ 3,729,482</b>	<b>\$ 6,345,283</b>

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 28, 2025**

**Business-type Activities - Enterprise Funds**

	Sewer	Water	Total Enterprise Funds
<b>Operating Revenues</b>			
Charges for Services	\$ 149,188	\$ 189,622	\$ 338,810
<b><i>Total Operating Revenues</i></b>	<u>149,188</u>	<u>189,622</u>	<u>338,810</u>
<b>Operating Expenses</b>			
Wages and Benefits	6,405	29,918	36,323
Administrative Fees	38,694	33,386	72,080
Contracted Services	25,253	110,431	135,684
Operating Supplies	11,391	14,952	26,343
Postage and Office Supplies	976	964	1,940
Education and Training	--	2,934	2,934
Insurance	491	2,000	2,491
Dues and Fees	1,375	922	2,297
Utilities	4,993	10,351	15,344
Repairs and Maintenance	76,594	18,476	95,070
Equipment Rental	356	2,712	3,068
Testing	--	4,271	4,271
Small Equipment	4,160	4,160	8,320
Printing and Publishing	--	32	32
Miscellaneous	431	214	645
Depreciation	70,685	25,076	95,761
<b><i>Total Operating Expenses</i></b>	<u>241,804</u>	<u>260,799</u>	<u>502,603</u>
<b><i>Operating Income (Loss)</i></b>	<u>(92,616)</u>	<u>(71,177)</u>	<u>(163,793)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Property Taxes	61,806	--	61,806
Interest Income	4,540	632	5,172
Other Revenue	--	50	50
Interest Expense	(6,013)	(15,955)	(21,968)
<b><i>Net Non-Operating Revenues (Expenses)</i></b>	<u>60,333</u>	<u>(15,273)</u>	<u>45,060</u>
<b><i>Income Before Contributions and Transfers</i></b>	<u>(32,283)</u>	<u>(86,450)</u>	<u>(118,733)</u>
Capital Contributions, Federal Grants	--	604,526	604,526
Capital Contributions, State Grants	--	301,350	301,350
<b><i>Change In Net Position</i></b>	<u>(32,283)</u>	<u>819,426</u>	<u>787,143</u>
<i>Net Position at Beginning of Period</i>	2,648,084	2,910,056	5,558,140
<b><i>Net Position at End of Period</i></b>	<u>\$ 2,615,801</u>	<u>\$ 3,729,482</u>	<u>\$ 6,345,283</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 28, 2025**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer System</b>	<b>Water System</b>	<b>Total Enterprise Funds</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Charges for Services	\$ 155,582	\$ 188,862	\$ 344,444
Cash Payments to Employees for Services and Fringe Benefits	(6,306)	(29,095)	(35,401)
Cash Payments to Suppliers for Goods and Services	(163,857)	(141,605)	(305,462)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(14,581)</b>	<b>18,162</b>	<b>3,581</b>
<b>Cash Flows from Non-capital Financing Activities</b>			
Collection of Property Taxes	61,806	-	61,806
Other Revenue	-	50	50
Decrease in Due from Other Funds	281,006	-	281,006
Decrease in Due to Other Funds	(79,828)	(45,616)	(125,444)
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<b>262,984</b>	<b>(45,566)</b>	<b>217,418</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of Capital Assets	(41,357)	(969,559)	(1,010,916)
Capital Contributions, State and Federal Grants	-	915,876	915,876
Issuance of Bonds	-	8,767	8,767
Interest Payments on Long-term Debt	(6,056)	(16,061)	(22,117)
Principal Payments on Long-term Debt	(16,292)	(40,100)	(56,392)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(63,705)</b>	<b>(101,077)</b>	<b>(164,782)</b>
<b>Cash Flows from Investing Activities</b>			
Interest Revenue	4,540	632	5,172
<b>Net Cash Provided by Investing Activities</b>	<b>4,540</b>	<b>632</b>	<b>5,172</b>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	<b>189,238</b>	<b>(127,849)</b>	<b>61,389</b>
<i>Cash and Investments - Beginning of Year</i>	288,970	276,539	565,509
<b><i>Cash and Investments - End of Year</i></b>	<b>\$ 478,208</b>	<b>\$ 148,690</b>	<b>\$ 626,898</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
<b>Operating Income (Loss)</b>	\$ (92,616)	\$ (71,177)	\$ (163,793)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Depreciation Expense	70,685	25,076	95,761
<b>Changes in Assets and Liabilities</b>			
Accounts Receivable	6,394	(760)	5,634
Payroll Related Liabilities	99	823	922
Accounts Payable	857	64,200	65,057
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (14,581)</b>	<b>\$ 18,162</b>	<b>\$ 3,581</b>
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>			
Cash and Investments	\$ 379,408	\$ 67,960	\$ 447,368
Restricted Cash - Bond Reserve	8,800	19,480	28,280
Restricted Cash - RRI	90,000	61,250	151,250
<b>Total Cash and Investments</b>	<b>\$ 478,208</b>	<b>\$ 148,690</b>	<b>\$ 626,898</b>

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

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#### **Note 1 - Summary of Significant Accounting Policies**

##### ***Reporting Entity***

The Village of Elberta (the “Village” or “government”) is located in Benzie County, Michigan, and operates under an elected five-member Village Council. The Village provides various services to its residents, including public safety, water and sewer utilities, and recreation and cultural activities.

These financial statements present only the Village. In accordance with Governmental Accounting Standards Board (GASB) criteria, the reporting entity includes all organizations for which the Village is financially accountable, as well as other organizations whose exclusion would cause the financial statements to be misleading. Financial accountability exists if the Village appoints a voting majority of an organization’s governing body and is able to impose its will or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village. Based on these criteria, the Village has no component units.

##### ***Jointly Governed Organization***

The Village, in partnership with the City of Frankfort, formed the Betsie Lake Utilities Authority (“BLUA”) to own and operate a wastewater treatment plant serving both communities. The Authority is governed by a five-member commission, with representatives from each municipality. The Authority is legally separate from the Village and is not financially dependent on it. Accordingly, it is not considered a component unit of the Village, but rather a jointly governed organization.

The Authority is audited separately and its financial statements are not included in the Village’s financial statements. Separate financial statements for the Authority 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

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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 ***major streets fund*** accounts for the maintenance and improvement activities for streets within the Village designated as "major" under the provisions of Public Act 51 of 1951, as amended. Funding is primarily derived from state-shared gas and weight tax revenues, and expenditures are restricted to purposes authorized by state law.

## Village of Elberta

### Notes to the Financial Statements

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The Village reports the following major proprietary funds:

The *sewer fund* accounts for the activities of the Village's sewage collection system, including the operation, maintenance, and improvement of the system's infrastructure. Funding is derived primarily from user charges, with rates designed to recover the cost of providing services, including depreciation and debt service, in accordance with applicable laws and regulations.

The *water fund* accounts for the activities of the Village's water distribution system, including the operation, maintenance, and improvement of water mains, pumping stations, and related facilities. Funding is derived primarily from user charges, with rates designed to recover the cost of providing services, including depreciation and debt service, in accordance with applicable laws and regulations.

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 Investments*

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.

## Village of Elberta

### Notes to the Financial Statements

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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.
- 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 uncollectable.

#### ***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

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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 Cash***

Cash and investments that are restricted for specific purposes by bond debt covenants, grant agreements, or other legal requirements are classified as restricted assets on the statement of net position. Typical restrictions include bond reserve accounts, repair and replacement accounts, and other amounts set aside for debt service or capital improvements as required by debt agreements. Liabilities payable from restricted assets are separately reported. Details of restricted cash and investments, including required and actual balances, are provided in Note 6 - Restricted Assets.

#### ***Compensated Absences***

Under the provisions of the Village's personnel policies, eligible employees earn paid time off (PTO) based on length of service and hours worked. PTO may be used for vacation, illness, or other personal reasons.

In accordance with GASB Statement No. 101, compensated absences are recognized as a liability when earned by employees if both of the following conditions are met: 1) the leave is attributable to services already rendered, and 2) it is probable that the leave will be used for time off or otherwise paid or settled. The liability is measured using the pay rates in effect at the reporting date and includes salary-related payments.

For the Village, PTO is accrued in the government-wide and proprietary fund financial statements when earned. No liability is recorded in the governmental fund financial statements because such amounts are not expected to be liquidated with expendable available financial resources.

PTO is granted annually and does not accumulate beyond the year in which it is earned. Unused PTO is forfeited at year-end and is not paid upon separation from employment, whether voluntary or involuntary. Accordingly, no liability is reported for unused balances at year-end.

#### ***Long-term Obligations***

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

## Village of Elberta

### Notes to the Financial Statements

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In the proprietary fund financial statements, long-term debt and other long-term obligations are also reported as liabilities in the statement of net position. Premiums and discounts are deferred and amortized over the life of the debt using the effective interest method, and issuance costs are expensed in the period incurred.

In the governmental 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.

#### ***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

## Village of Elberta

### Notes to the Financial Statements

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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 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 2024 tax year the taxable value for the Village was \$14,991,027 and it levied 6.9256, 2.7696, 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.

## Village of Elberta

### Notes to the Financial Statements

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#### Note 2 - Budgetary Compliance

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, activity, department, and line item. The legal level of budgetary control is at the activity level for the general fund and at the functional level for special revenue funds. All annual appropriations lapse at the end of the fiscal year.

Prior to February 28, the finance committee submits a proposed operating budget for the fiscal year commencing the following March 1 to the Village Council. Public hearings are conducted to obtain taxpayer input, and the budget is legally enacted through passage of a resolution prior to March 1. The Village Clerk is authorized to transfer budgeted amounts between line items within an activity or function; however, any revisions that alter the total appropriations for an activity or function must be approved by the Village Council.

The Village does not track encumbrances during the year. Budget appropriations are considered expended when goods are received or services are rendered.

#### *Budgetary Compliance*

During the year ended February 28, 2025, the Village had no expenditures in excess of the amounts appropriated at the legal level of budgetary control.

#### Note 3 - Cash

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

Following is a reconciliation of deposit balances as February 28, 2025:

Statement of Net Position	Governmental Activities	Business-type Activities	Total
Cash and Investments	\$ 669,831	\$ 447,368	\$ 1,117,199
Cash and Investments - Restricted	-	179,530	179,530
<b><i>Total Cash and Investments</i></b>	<b><u>\$ 669,831</u></b>	<b><u>\$ 626,898</u></b>	<b><u>\$ 1,296,729</u></b>
Deposits and Investments			
Checking and Savings Accounts			\$ 876,241
MI Class Pooled Investments			420,488
<b><i>Total</i></b>			<b><u>\$ 1,296,729</u></b>

## Village of Elberta

### Notes to the Financial Statements

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#### ***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.

At year-end, the Village's bank balance was \$896,873. Of this amount, \$396,873 was uninsured and uncollateralized and therefore exposed to custodial credit risk. The Village considers it impractical to insure all deposits due to the dollar amounts involved and the limits of FDIC coverage. The Village evaluates each financial institution holding its funds, using only those institutions with an acceptable estimated risk level.

#### ***Custodial Credit Risk - Investments***

Custodial credit risk for investments 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 held by that counterparty. The Village minimizes this risk by limiting investments to those authorized by state law and by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Village conducts business.

#### ***Interest Rate Risk***

Interest rate risk is the risk that the fair value of securities will fall due to changes in market interest rates. State law limits allowable investments and maturities. The Village's investment policy does not have specific maturity limits beyond those required by state law. The Village held \$420,488 in pooled investments (Michigan CLASS) at year-end, which have no stated maturity date.

#### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits allowable investments to specific high-quality securities. The Village's investments comply with these requirements. The Michigan CLASS investment pool is rated AAAM by Standard & Poor's.

#### ***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 does not limit investments in any one issuer, although it does restrict the types of allowable investments. The Village does not have a formal policy limiting concentration risk. As of year-end, all of the Village's investments were in the Michigan CLASS investment pool.

## Village of Elberta

### Notes to the Financial Statements

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#### ***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.

The Michigan CLASS investment pool is measured at NAV and is therefore exempt from the hierarchy.

#### ***Investments in Entities that Calculate Net Asset Value per Share***

##### ***Michigan CLASS***

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 value per share (or its equivalent) of the investment pool as a practical expedient.

At year-end, the net asset value of the Village's investment in the Michigan CLASS government investment pool was \$420,488. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

## Village of Elberta

### Notes to the Financial Statements

#### Note 4 - Capital Assets

Capital asset activity for governmental activities for the year ended February 28, 2025 was as follows:

<b>Governmental Activities</b>	Beginning Balance	Additions	Disposals	Ending Balance
<b>Capital Assets not Being Depreciated</b>				
Land	\$ 289,131	\$ -	\$ -	\$ 289,131
Construction in Progress	-	708,952	-	708,952
Subtotal	<u>289,131</u>	<u>708,952</u>	<u>-</u>	<u>998,083</u>
<b>Capital Assets Being Depreciated</b>				
Land Improvements	167,465	167,181	-	334,646
Buildings and Improvements	865,290	-	7,550	857,740
Machinery and Equipment	262,433	-	(7,550)	269,983
Subtotal	<u>1,295,188</u>	<u>167,181</u>	<u>-</u>	<u>1,462,369</u>
<b>Less Accumulated Depreciation</b>				
Land Improvements	24,228	11,159	-	35,387
Buildings and Improvements	488,303	21,444	-	509,747
Machinery and Equipment	228,714	18,107	-	246,821
Subtotal	<u>741,245</u>	<u>50,710</u>	<u>-</u>	<u>791,955</u>
Net Capital Assets Being Depreciated	<u>553,943</u>	<u>116,471</u>	<u>-</u>	<u>670,414</u>
<b>Net Capital Assets - Governmental</b>	<u>\$ 843,074</u>	<u>\$ 825,423</u>	<u>\$ -</u>	<u>\$ 1,668,497</u>

Capital asset activity for business-type activities for the year ended February 28, 2025 was as follows:

<b>Business-type Activities</b>	Beginning Balance	Additions	Disposals	Ending Balance
<b>Capital Assets not Being Depreciated</b>				
Construction in Progress	\$ 3,884,198	\$ 1,010,916	\$ -	\$ 4,895,114
<b>Capital Assets Being Depreciated</b>				
Sewer System	3,538,271	-	-	3,538,271
Water System	1,241,533	-	-	1,241,533
Subtotal	<u>4,779,804</u>	<u>-</u>	<u>-</u>	<u>4,779,804</u>
<b>Less Accumulated Depreciation</b>				
Sewer System	1,061,912	70,685	-	1,132,597
Water System	366,317	25,076	-	391,393
Subtotal	<u>1,428,229</u>	<u>95,761</u>	<u>-</u>	<u>1,523,990</u>
Net Capital Assets Being Depreciated	<u>3,351,575</u>	<u>(95,761)</u>	<u>-</u>	<u>3,255,814</u>
<b>Net Capital Assets - Business-type</b>	<u>\$ 7,235,773</u>	<u>\$ 915,155</u>	<u>\$ -</u>	<u>\$ 8,150,928</u>

## Village of Elberta

### Notes to the Financial Statements

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

<b>Governmental Activities</b>	
General Government	\$ 17,573
Public Works	20,973
Recreation and Culture	12,164
<b>Subtotal</b>	<b>\$ 50,710</b>
<b>Business-type Activities</b>	
Sewer System	\$ 70,685
Water System	25,076
<b>Subtotal</b>	<b>\$ 95,761</b>

#### Note 5 - Long-term Debt

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

##### **Revenue Bonds**

At year-end, the Village had the following revenue bonds outstanding, issued to finance improvements to its water and sewer systems. The bonds are secured by the net revenues of the respective utility systems and additionally backed by the full faith and credit of the Village. Original issue amounts are presented below; balances outstanding at year-end are disclosed in the accompanying long-term debt schedule.

**\$350,000 General Obligation Limited Tax Bonds, Series 2017A (USDA)** – Issued April 1, 2017, to finance improvements to the sewer supply system. Payable in annual installments of \$6,000 to \$13,000 through April 1, 2057, with interest at 1.75%, payable semiannually on April 1 and October 1.

**\$350,000 General Obligation Limited Tax Bonds, Series 2018A (USDA)** – Issued April 1, 2018, to finance improvements to the water system. Payable in annual installments of \$7,000 to \$13,000 through April 1, 2058, with interest at 1.75%, payable semiannually on April 1 and October 1.

**\$35,000 General Obligation Limited Tax Bond, Series 2018B (USDA)** – Issued April 1, 2018, to finance improvements to the water supply system. Payable in annual installments of \$500 to \$1,000 through April 1, 2058, with interest at 2.375%, payable semiannually on April 1 and October 1.

**\$1,500,000 General Obligation Limited Tax Bonds, Series 2022A (USDA)** – Issued April 1, 2022, to finance additional water supply system improvements. Payable in annual

## Village of Elberta

### Notes to the Financial Statements

installments of \$26,000 to \$50,000 through April 1, 2062, with interest at 1.50%, payable semiannually on April 1 and October 1.

***\$300,000 Water Supply System Junior Lien Revenue Bond, Series 2022B-1 (USDA)*** – Issued April 1, 2022, to finance water supply system improvements. Payable in annual installments of \$5,000 to \$10,000 through April 1, 2062, with interest at 1.875%, payable semiannually on April 1 and October 1.

***\$35,000 Water Supply System Junior Lien Revenue Bond, Series 2022B-2 (USDA)*** – Issued April 1, 2022, to finance water supply system improvements. Payable in annual installments of \$5,000 through April 1, 2030, with interest at 1.875%, payable semiannually on April 1 and October 1.

#### ***Installment Debt***

***\$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:

<b>Direct Placement Debt</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b><i>Business-type Activities</i></b>					
Installment Note Payable	\$ 47,876	\$ -	\$ 10,292	\$ 37,584	\$ 10,605
Sewer Revenue Bonds Series 2017A	275,000	-	6,000	269,000	6,000
Water Revenue Bonds Series 2018A	319,000	-	7,000	312,000	7,000
Water Revenue Bonds Series 2018B	32,500	-	500	32,000	500
Water Revenue Bonds Series 2022A	1,406,000	-	26,000	1,380,000	26,000
Water Revenue Bonds Series 2022B-1	289,485	8,767	5,000	293,252	5,000
Water Revenue Bonds Series 2022B-2	24,540	-	1,600	22,940	5,000
<b><i>Total Direct Placement Debt</i></b>	<b><u>\$ 2,394,401</u></b>	<b><u>\$ 8,767</u></b>	<b><u>\$ 56,392</u></b>	<b><u>\$ 2,346,776</u></b>	<b><u>\$ 60,105</u></b>

## 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>
2026	\$ 60,105	\$ 37,965	\$ 98,070
2027	60,329	36,818	97,147
2028	60,610	35,654	96,264
2029	56,042	34,559	90,601
2030	52,654	33,639	86,293
2031-2035	250,000	156,092	406,092
2036-2040	265,000	135,127	400,127
2041-2045	299,000	112,393	411,393
2046-2050	332,000	86,279	418,279
2051-2055	355,000	58,172	413,172
2056-2060	346,000	28,597	374,597
2061-2065	210,036	5,833	215,869
<b>Totals</b>	<u>\$ 2,346,776</u>	<u>\$ 761,128</u>	<u>\$ 3,107,904</u>

#### Note 6 - Restricted Assets

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

	<u>February 28, 2025</u>		<u>2/29/2024</u>
	<u>Required Balance</u>	<u>Actual Balance</u>	<u>Actual Balance</u>
<b><u>Sewer Fund</u></b>			
Bond Reserve Accounts			
2017 Issue, \$1,300 per year up to \$13,000	\$ 8,800	\$ 8,800	\$ 6,600
Repair & Replacement Accounts			
2017 Issue, \$8,770 up to \$13,000 in Reserve Account, then \$10,070 per year	90,000	90,000	45,549
<b><u>Water Fund</u></b>			
Bond Reserve Accounts			
2018A and B Issue, \$1,440 per year up to \$14,400	19,480	19,480	10,400
Repair & Replacement Accounts			
2018A and B Issue, \$8,770 up to \$14,400 in Reserve Account, then \$10,210 per year	61,250	61,250	70,160
<b>Totals</b>	<u>\$ 179,530</u>	<u>\$ 179,530</u>	<u>\$ 132,709</u>

## Village of Elberta

### Notes to the Financial Statements

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#### Note 7 - Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). Risks of loss from general liability, property and casualty, and workers' compensation are managed through the purchase of commercial insurance. There have been no significant changes in insurance coverage from the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Village has no significant commitments, unrecorded contingencies, or guarantees as of year-end.

#### Note 8 - Subsequent Events

Management of the Village has evaluated subsequent events through August 15, 2025, the date the financial statements were available to be issued. This evaluation considered events occurring after year-end but before the financial statements were issued or available to be issued, in accordance with generally accepted accounting principles. Management has determined that there are no subsequent events requiring recognition or disclosure in the financial statements that would have a significant effect on the financial condition of the Village.

#### Note 9 - Change in Fund Classifications

During the current fiscal year, the Village reevaluated its governmental fund classifications in accordance with the quantitative criteria for major fund reporting set forth in Governmental Accounting Standards Board (GASB) Statement No. 34. In applying these criteria for the year ended February 28, 2025, the municipal streets fund, which was reported as a major fund in the February 29, 2024 financial statements, no longer met the quantitative thresholds and is reported as a nonmajor governmental fund in the current year. Conversely, the major streets fund, which was reported as a nonmajor governmental fund in the February 29, 2024 financial statements, met the quantitative thresholds for major fund classification in the current year.

The table below presents the effect of these reclassifications on the February 29, 2024 beginning fund balances of the affected funds:

<u>Fund / Fund Type</u>	<u>As Previously Reported</u>	<u>Reclassification Adjustment</u>	<u>As Adjusted</u>
Municipal Streets Fund	\$ 41,767	\$ (41,767)	\$ -
Major Streets Fund	-	418,265	418,265
Nonmajor Governmental Funds	644,095	(376,498)	267,597
<b><i>Totals</i></b>	<b>\$ 685,862</b>	<b>\$ -</b>	<b>\$ 685,862</b>

These reclassifications affected only the presentation of individual governmental funds in the basic financial statements and did not impact the total governmental fund balances or the government-wide net position.

**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 28, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Favorable</b> <b>(Unfavorable)</b>
				<b>Final to Actual</b>
<b>Revenues</b>				
Property Taxes	\$ 106,799	\$ 106,799	\$ 106,455	\$ (344)
Licenses and Permits	2,500	2,500	2,205	(295)
Intergovernmental	142,937	142,937	138,544	(4,393)
Charges for Services	118,094	118,094	90,923	(27,171)
Interest and Rents	142,500	142,500	140,332	(2,168)
Other Revenue	782,580	782,580	749,113	(33,467)
<b>Total Revenues</b>	<u>1,295,411</u>	<u>1,295,411</u>	<u>1,227,572</u>	<u>(67,839)</u>
<b>Expenditures</b>				
<b>General Government</b>				
Trustees	8,700	8,700	8,418	282
Clerk	65,996	65,996	59,260	6,736
Treasurer	34,900	34,900	28,975	5,925
Office	43,580	43,580	36,840	6,740
Community Building	18,406	18,406	15,179	3,227
Professional Services	96,900	96,900	61,872	35,028
Employee Benefits	11,800	11,800	9,659	2,141
Frankfort Rental Expenses	3,400	3,400	1,879	1,521
<b>Total General Government</b>	<u>283,682</u>	<u>283,682</u>	<u>222,082</u>	<u>61,600</u>
<b>Public Works - Refuse Collection</b>	<u>27,630</u>	<u>27,630</u>	<u>27,256</u>	<u>374</u>
<b>Community and Economic Development - Planning Commission</b>	<u>23,115</u>	<u>23,115</u>	<u>15,392</u>	<u>7,723</u>
<b>Recreation and Culture</b>				
Waterfront Park and LSS	114,325	114,325	92,788	21,537
Elberta Beach	14,050	14,050	7,766	6,284
Parks and Recreation	773,000	773,000	684,530	88,470
Penfold Park	16,260	16,260	13,804	2,456
Village Beautification	4,500	4,500	4,451	49
<b>Total Recreation and Culture</b>	<u>922,135</u>	<u>922,135</u>	<u>803,339</u>	<u>118,796</u>
<b>Total Expenditures</b>	<u>1,256,562</u>	<u>1,256,562</u>	<u>1,068,069</u>	<u>188,493</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>38,849</u>	<u>38,849</u>	<u>159,503</u>	<u>120,654</u>
<b>Net Change in Fund Balance</b>	<b>38,849</b>	<b>38,849</b>	<b>159,503</b>	<b>120,654</b>
<i>Fund Balance at Beginning of Period</i>	<u>(30,568)</u>	<u>(30,568)</u>	<u>(30,568)</u>	<u>--</u>
<b>Fund Balance at End of Period</b>	<b>\$ 8,281</b>	<b>\$ 8,281</b>	<b>\$ 128,935</b>	<b>\$ 120,654</b>

**Village of Elberta**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Major Streets**  
**For the year Ended February 28, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Favorable</b>
				<b>Final to Actual</b>
<b>Revenues</b>				
Intergovernmental	\$ 182,153	\$ 182,153	\$ 141,752	\$ (40,401)
Charges for Services	9,000	9,000	4,183	(4,817)
Interest and Rents	9,782	9,782	9,781	(1)
<b>Total Revenues</b>	<u>200,935</u>	<u>200,935</u>	<u>155,716</u>	<u>(45,219)</u>
<b>Expenditures</b>				
Public Works	343,079	343,079	244,601	98,478
<b>Total Expenditures</b>	<u>343,079</u>	<u>343,079</u>	<u>244,601</u>	<u>98,478</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<u>(142,144)</u>	<u>(142,144)</u>	<u>(88,885)</u>	<u>53,259</u>
<b>Net Change in Fund Balance</b>	<u>(142,144)</u>	<u>(142,144)</u>	<u>(88,885)</u>	<u>53,259</u>
<i>Fund Balance at Beginning of Period</i>	418,265	418,265	418,265	--
<b>Fund Balance at End of Period</b>	<u>\$ 276,121</u>	<u>\$ 276,121</u>	<u>\$ 329,380</u>	<u>\$ 53,259</u>

## **Other Supplementary Information**

**Village of Elberta  
Combining Balance Sheet  
Nonmajor Governmental Funds  
February 28, 2025**

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Local Streets</u>	<u>Municipal Streets</u>	<u>Park</u>	
<b>ASSETS</b>				
Cash and Investments	\$ 152,916	\$ 34,115	\$ 25,088	\$ 212,119
Due from Other Governments	3,980	--	--	3,980
<b><i>Total Assets</i></b>	<b><u>\$ 156,896</u></b>	<b><u>\$ 34,115</u></b>	<b><u>\$ 25,088</u></b>	<b><u>\$ 216,099</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,429	\$ 877	\$ --	\$ 3,306
Payroll Related Liabilities	647	648	--	1,295
<b><i>Total Liabilities</i></b>	<b><u>3,076</u></b>	<b><u>1,525</u></b>	<b><u>--</u></b>	<b><u>4,601</u></b>
<b>FUND BALANCE</b>				
Restricted	153,820	32,590	25,088	211,498
Unassigned	--	--	--	--
<b><i>Total Fund Balance</i></b>	<b><u>153,820</u></b>	<b><u>32,590</u></b>	<b><u>25,088</u></b>	<b><u>211,498</u></b>
<b><i>Total Liabilities and Fund Balance</i></b>	<b><u>\$ 156,896</u></b>	<b><u>\$ 34,115</u></b>	<b><u>\$ 25,088</u></b>	<b><u>\$ 216,099</u></b>

**Village of Elberta**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the year Ended February 28, 2025**

	<u>Special Revenue</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>Local Streets</u>	<u>Formerly Governmental Fund - Municipal Streets</u>	<u>Park</u>	<u>Formerly Nonmajor Fund - Major Streets</u>	
<b>Revenues</b>					
Property Taxes	\$ --	\$ 38,091	\$ --	\$ --	\$ 38,091
Intergovernmental	23,359	16,170	--	--	39,529
Charges for Services	4,183	--	--	--	4,183
Interest and Rents	3,997	4,799	42	--	8,838
Other Revenue	--	--	6,017	--	6,017
<b>Total Revenues</b>	<u>31,539</u>	<u>59,060</u>	<u>6,059</u>	<u>--</u>	<u>96,658</u>
<b>Expenditures</b>					
Public Works	79,549	68,237	--	--	147,786
Recreation and Culture	--	--	4,971	--	4,971
<b>Total Expenditures</b>	<u>79,549</u>	<u>68,237</u>	<u>4,971</u>	<u>--</u>	<u>152,757</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(48,010)</u>	<u>(9,177)</u>	<u>1,088</u>	<u>--</u>	<u>(56,099)</u>
<b>Net Change in Fund Balance</b>	<b>(48,010)</b>	<b>(9,177)</b>	<b>1,088</b>	<b>--</b>	<b>(56,099)</b>
<i>Fund Balance at Beginning of Period, as Previously Presented</i>	201,830	--	24,000	418,265	644,095
<i>Change Within Financial Reporting Entity (major to nonmajor fund)</i>	--	41,767	--	--	41,767
<i>Change Within Financial Reporting Entity (nonmajor to major fund)</i>	--	--	--	(418,265)	(418,265)
<i>Fund Balances at Beginning of Period, as Adjusted</i>	<u>201,830</u>	<u>41,767</u>	<u>24,000</u>	<u>--</u>	<u>267,597</u>
<b>Fund Balance at End of Period</b>	<b>\$ 153,820</b>	<b>\$ 32,590</b>	<b>\$ 25,088</b>	<b>\$ --</b>	<b>\$ 211,498</b>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *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 28, 2025, 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 15, 2025.

***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 2025-001, 2025-002, and 2025-003 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***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 15, 2025

## Village of Elberta

### Schedule of Findings and Responses

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#### **Material Weakness**

##### **2025-001 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 Responses

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#### **Material Weakness**

#### **2025-002 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 Responses

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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 2025-002.

#### 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 Responses

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#### **Material Weakness**

##### **2025-003 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 2025-003.

**Planned Corrective Action:**

The Clerk-Treasurer resigned in September of 2024. The Village hired a Clerk, Utility Billing Clerk and a Treasurer in late November of 2024. All have been trained on utility billing by the software company (BS&A). The President provides another set of eyes in the checks and balances procedures (per Elberta's UB Policy Procedure) for utility billing, receipting, deposits, and transfers. This procedure is also followed for accounts payable, payroll, and cash receipting now.

August 15, 2025

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 28, 2025. 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 January 22, 2025 (which was updated on August 14, 2025). Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Change in Scope of Audit Engagement*

As communicated in our engagement letter dated January 22, 2025, we initially planned to perform our audit of the Village’s financial statements in accordance with Government Auditing Standards and the requirements of the Uniform Guidance, which would have included a Single Audit. Subsequent to that communication, we determined that the Village’s federal expenditures for the fiscal year ended February 28, 2025, were below the \$750,000 threshold established by the Uniform Guidance. As a result, a Single Audit is not required. On August 14, 2025, we issued an updated engagement letter reflecting this change in scope. Under the revised terms, our audit will be conducted in accordance with Government Auditing Standards (Yellow Book) only, without the additional federal compliance audit procedures required for a Single Audit.

#### *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 2025. 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 estimate affecting the Village's financial statements was:

- 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 15, 2025.

#### *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