

VILLAGE OF METAMORA
LAPEER COUNTY, MICHIGAN

FINANCIAL REPORT
YEAR ENDED MARCH 31, 2023

	<u>Page Number</u>
<i>Independent Auditors' Report</i>	1
<i>Management's Discussion and Analysis</i>	3
 <i>Basic Financial Statements</i>	
Statement of Net Position	9
Statement of Activities	10
Governmental Funds Balance Sheet	12
Reconciliation of Fund Balance on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	13
Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Funds Statement of Net Position	16
Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position	17
Proprietary Funds Statement of Cash Flows	18
Fiduciary Funds Statement of Net Position	19
<i>Notes to Financial Statements</i>	20
 <i>Required Supplementary Information</i>	
General Fund Budgetary Comparison Schedule.....	30
Special Revenue Fund Budgetary Comparison Schedule – Major Street Fund.....	32
Special Revenue Fund Budgetary Comparison Schedule – Local Street Fund.....	33
Blended Component Unit Budgetary Comparison Schedule – Downtown Development Authority Fund	34

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INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Metamora
Lapeer County, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Metamora, Lapeer County, Michigan as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the 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 of Metamora, Lapeer County, Michigan, as of March 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Metamora, Lapeer County, Michigan, 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 of Metamora, Lapeer County, Michigan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Metamora, Lapeer County, Michigan'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 of Metamora, Lapeer County, Michigan'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 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.

Certified Public Accountants

Hoyer, Hill, Kuzak & Co., P.C.

Bad Axe, Michigan
June 9, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village of Metamora, Michigan, 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 March 31, 2023. We encourage readers to consider the information presented here.

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$4,578,199 (*net position*). Of this amount, \$1,282,007 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$69,790.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,236,463.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$284,617 or seventy three percent of total general fund expenditures including transfers out.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction and overview to the Village's basic financial statements.

The Village's basic financial statements are made up of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to 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 information on all of the Village's assets and liabilities, with the difference between the two 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 government'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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments).

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 (including administration) and public works.

The government-wide financial statements can be found on pages 9 - 11 of this report.

Fund financial statements. A *fund* is a group 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 three categories: governmental funds, proprietary funds, and fiduciary 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 evaluating 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 this 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 four 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, Major Street Fund, Local Street Fund and the Downtown Development Authority, each of which are considered to be major funds.

The Village adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Proprietary funds. The Village maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its sanitary sewer and water 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 information for the sewer and water operations, both of which are considered to be major funds of the Village.

The basic proprietary fund financial statements can be found on pages 16 - 18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The only fund is the Escrow Account. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes for the financial statements can be found on pages 20 - 29 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary information for the four major governmental funds. This required supplemental information can be found on pages 30 - 34 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$4,578,199 at the close of the fiscal year.

A significant portion of the Village's net position (63% or \$2,876,378) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additionally, the Village has a net position of \$419,814 which is restricted as to use by external factors.

The *unrestricted net position* (28% or \$1,282,007) may be used to meet the government's ongoing obligations to citizens and creditors. The table below shows the Village's net position as of March 31, 2023 and 2022.

Village's Net Position

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 1,339,891	\$ 1,135,094	\$ 465,358	\$ 384,199	\$ 1,805,249	\$ 1,519,293
Capital assets	1,208,280	1,252,811	1,668,098	1,791,680	2,876,378	3,044,491
Total assets	2,548,171	2,387,905	2,133,456	2,175,879	4,681,627	4,563,784
Liabilities						
Long-term liabilities outstanding	-	-	-	-	-	-
Other liabilities	103,428	48,400	-	6,975	103,428	55,375
Total liabilities	103,428	48,400	-	6,975	103,428	55,375
Net position						
Investment in capital assets, net of related debt	1,208,280	1,252,811	1,668,098	1,791,680	2,876,378	3,044,491
Restricted	419,814	373,966	-	-	419,814	373,966
Unrestricted	816,649	712,728	465,358	377,224	1,282,007	1,089,952
Total net position	\$ 2,444,743	\$ 2,339,505	\$ 2,133,456	\$ 2,168,904	\$ 4,578,199	\$ 4,508,409

The Village's net position increased by \$69,790 during fiscal year 2023. Key elements of this increase are shown in the following table.

Village's Change in Net Position

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue						
Program revenue:						
Charges for services	\$ 16,119	\$ 11,393	\$ 206,396	\$ 212,527	\$ 222,515	\$ 223,920
Grants and contributions	90,126	88,004	-	-	90,126	88,004
General revenue:						
Property taxes	327,532	298,674	-	-	327,532	298,674
State sources	162,452	71,546	-	-	162,452	71,546
Investment earnings	5,928	1,430	2,446	595	8,374	2,025
Gain on sale of capital assets	15,001	-	-	-	15,001	-
Total revenue	617,158	471,047	208,842	213,122	826,000	684,169
Expenses						
General government	218,598	196,400	-	-	218,598	196,400
Public works	262,025	458,435	-	-	262,025	458,435
Economic development	31,297	4,306	-	-	31,297	4,306
Sewer and water	-	-	244,290	286,576	244,290	286,576
Total expenses	511,920	659,141	244,290	286,576	756,210	945,717
Change in net position before transfers	105,238	(188,094)	(35,448)	(73,454)	69,790	(261,548)
Transfers	-	(18,440)	-	18,440	-	-
Change in net position	105,238	(206,534)	(35,448)	(55,014)	69,790	(261,548)
Net position, beginning of year	2,339,505	2,546,039	2,168,904	2,223,918	4,508,409	4,769,957
Net position, end of year	<u>\$ 2,444,743</u>	<u>\$ 2,339,505</u>	<u>\$ 2,133,456</u>	<u>\$ 2,168,904</u>	<u>\$ 4,578,199</u>	<u>\$ 4,508,409</u>

Governmental Activities

Net position of the governmental activities increased by \$105,238, as compared to a decrease of \$206,534 in 2022. Revenues increased by \$146,111 due to increased property taxes and State sources. Public works expenditures decreased by \$196,410 due to several maintenance and road projects throughout the village in the prior year.

Business Type Activities

Business type activities realized a decrease in net position of \$35,448 as compared to a \$55,014 decrease in 2022. The decrease in net position is largely due to depreciation expense of \$123,582 on system assets. The system's depreciable assets are financed by capital charges to users which are recorded as revenues upon levy by the Village.

Financial Analysis of the Government's 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 spending at the end of the fiscal year.

For the year ended March 31, 2023, the Village's governmental funds reported a combined fund balance of \$1,236,463, which represents an increase of \$149,769 from 2022 levels.

On March 31, 2023, the General Fund fund balance was \$284,617 which was \$20,603 higher than the 2022 balance.

The Village's other governmental funds included the DDA fund which reported an increase of \$83,318 and total fund balance on March 31, 2023 of \$532,032.

The Village's other governmental funds are Major and Local Street Funds which reported fund balances of \$419,814, which represents an increase of \$45,848 over 2022 levels.

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

Other factors concerning the finances of these funds have already been addressed in the discussion of the Village's business type activities.

General Fund Budgetary Highlights

The Village amended the budget to take into account events that occurred during the year.

Actual general fund expenditures were \$12,266 lower than final budgeted amounts due to various cost savings measures.

Capital Asset and Debt Administration

Capital assets. The Village's investment in capital assets for its governmental and business type activities as of March 31, 2023, amounted to \$2,876,378. This investment in capital assets includes land, buildings and improvements, systems, equipment, and infrastructure.

The table below shows the Village’s Capital Assets as of March 31, 2023 and 2022.

Village’s Capital Assets
 (Net of Depreciation)

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 659,756	\$ 659,756	\$ 122,259	\$ 122,259	\$ 782,015	\$ 782,015
Buildings and improvements	85,646	89,954	-	-	85,646	89,954
Systems	-	-	1,545,839	1,669,421	1,545,839	1,669,421
Equipment	79,491	70,729	-	-	79,491	70,729
Infrastructure	383,387	432,372	-	-	383,387	432,372
Total net assets	\$ 1,208,280	\$ 1,252,811	\$ 1,668,098	\$ 1,791,680	\$ 2,876,378	\$ 3,044,491

Additional information on the Village’s capital assets can be found in Note 4 on page 27 of this report.

Long-term debt. At the end of the current fiscal year, the Village had no debt outstanding.

Economic Factors and Next Year’s Budgets and Rates

- Governmental fund budgets for the fiscal year ending March 31, 2024 anticipate expenditures in excess of revenues of \$129,142 excluding the DDA fund. The excess spending will reduce existing fund balances.
- The Village received \$59,165 of ARPA funding. The Village Council is evaluating how to best utilize these funds to provide optimal benefit to the Village residents. These funds need to be allocated by December 2024.

Requests for Information

This financial report is designed to provide a general overview of the Village’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tina Sauve, Village Clerk, P.O. Box 117, Metamora, MI 48455.

BASIC FINANCIAL STATEMENTS

	Primary Government		Total
	Governmental Activities	Business Type Activities	
Assets			
Cash and cash equivalents, unrestricted	\$ 1,197,286	\$ 437,203	\$ 1,634,489
Cash not qualifying as cash equivalents	105,444	-	105,444
Receivables, unrestricted - net of allowance	4,256	21,879	26,135
Due from other governments	37,559	-	37,559
Long-term contract, restricted	-	1,622	1,622
Internal balances	(4,654)	4,654	-
Capital assets, net	1,208,280	1,668,098	2,876,378
Total assets	<u>2,548,171</u>	<u>2,133,456</u>	<u>4,681,627</u>
Liabilities			
Accounts payable	41,744	-	41,744
Accrued payroll and liabilities	2,519	-	2,519
Unearned revenue - ARPA	59,165	-	59,165
Total liabilities	103,428	-	103,428
Net Position			
Investment in capital assets, net	1,208,280	1,668,098	2,876,378
Restricted:			
Streets and local roads	419,814	-	419,814
Unrestricted	816,649	465,358	1,282,007
Total net position	<u>\$ 2,444,743</u>	<u>\$ 2,133,456</u>	<u>\$ 4,578,199</u>

Village of Metamora, Michigan

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental activities:			
General government	\$ 218,598	\$ 9,170	\$ -
Public works	262,025	6,949	90,126
Economic development	31,297	-	-
	511,920	16,119	90,126
Business type activities:			
Sewer	143,121	97,763	-
Water	101,169	108,633	-
	244,290	206,396	-
Total primary government	\$ 756,210	\$ 222,515	\$ 90,126

General revenue:

Property taxes
State sources
Unrestricted investment income
Gain on sale of capital assets

Total general revenue and transfers

Change in net position

Net position, beginning of year

Net position, end of year

Statement of Activities
For the Year Ended March 31, 2023

Net (Expense) Revenue and Change in Net Position		
	Primary Government	
Governmental Activities	Business Type Activities	Total
\$ (209,428)	\$ -	\$ (209,428)
(164,950)	-	(164,950)
(31,297)	-	(31,297)
(405,675)	-	(405,675)
-	(45,358)	(45,358)
-	7,464	7,464
-	(37,894)	(37,894)
(405,675)	(37,894)	(443,569)
327,532	-	327,532
162,452	-	162,452
5,928	2,446	8,374
15,001	-	15,001
510,913	2,446	513,359
105,238	(35,448)	69,790
2,339,505	2,168,904	4,508,409
\$ 2,444,743	\$ 2,133,456	\$ 4,578,199

The notes to financial statements are an integral part of this statement.

Village of Metamora, Michigan

**Governmental Funds
Balance Sheet
March 31, 2023**

	Major Funds				Total Governmental Funds
	General	Major Street	Local Street	Downtown Development Authority	
Assets					
Assets					
Cash and cash equivalents	\$ 260,887	\$ 293,712	\$ 110,655	\$ 532,032	\$ 1,197,286
Cash not qualifying as cash equivalents	105,444	-	-	-	105,444
Receivables:					
Property taxes	4,256	-	-	-	4,256
Other governmental units	22,112	11,698	3,749	-	37,559
Due from other funds	-	2,250	-	-	2,250
Total assets	<u>\$ 392,699</u>	<u>\$ 307,660</u>	<u>\$ 114,404</u>	<u>\$ 532,032</u>	<u>\$ 1,346,795</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 41,744	\$ -	\$ -	\$ -	\$ 41,744
Accrued payroll and liabilities	2,519	-	-	-	2,519
Due to other funds	4,654	-	2,250	-	6,904
Unearned revenue - ARPA	59,165	-	-	-	59,165
Total liabilities	108,082	-	2,250	-	110,332
Fund Balances					
Restricted	-	307,660	112,154	532,032	951,846
Unassigned	284,617	-	-	-	284,617
Total fund balance	<u>284,617</u>	<u>307,660</u>	<u>112,154</u>	<u>532,032</u>	<u>1,236,463</u>
Total liabilities and fund balances	<u>\$ 392,699</u>	<u>\$ 307,660</u>	<u>\$ 114,404</u>	<u>\$ 532,032</u>	<u>\$ 1,346,795</u>

The notes to financial statements are an integral part of this statement.

Village of Metamora, Michigan

**Reconciliation of Fund Balance on the Balance Sheet for
Governmental Funds to Net Position of Governmental Activities
on the Statement of Net Position
March 31, 2023**

Total fund balances, governmental funds		\$ 1,236,463
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets	2,450,276	
Accumulated depreciation	<u>(1,241,996)</u>	<u>1,208,280</u>
Net position, governmental activities		<u>\$ 2,444,743</u>

The notes to financial statements are an integral part of this statement.

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended March 31, 2023

	Major Funds				Total Governmental Funds
	General	Major Street	Local Street	Downtown Development Authority	
Revenue					
Property taxes	\$ 234,639	\$ -	\$ -	\$ 92,893	\$ 327,532
Licenses and permits	3,927	-	-	-	3,927
State sources	76,367	68,250	21,876	86,085	252,578
Charges for services	4,000	-	-	-	4,000
Interest income	2,650	1,610	629	1,039	5,928
Rental income	20,237	-	-	-	20,237
Miscellaneous	2,703	-	-	-	2,703
Total revenue	344,523	69,860	22,505	180,017	616,905
Expenditures					
General government	177,317	-	-	38,576	215,893
Public works	90,308	28,714	17,803	98,122	234,947
Economic development	31,297	-	-	-	31,297
Total expenditures	298,922	28,714	17,803	136,698	482,137
Excess of revenue over expenditures	45,601	41,146	4,702	43,319	134,768
Other financing sources (uses)					
Sale of capital assets	15,001	-	-	-	15,001
Transfers in	51,378	-	-	91,377	142,755
Transfers out	(91,377)	-	-	(51,378)	(142,755)
Total other financing sources (uses)	(24,998)	-	-	39,999	15,001
Net change in fund balances	20,603	41,146	4,702	83,318	149,769
Fund balances, beginning of year	264,014	266,514	107,452	448,714	1,086,694
Fund balances, end of year	<u>\$ 284,617</u>	<u>\$ 307,660</u>	<u>\$ 112,154</u>	<u>\$ 532,032</u>	<u>\$ 1,236,463</u>

The notes to financial statements are an integral part of this statement.

Village of Metamora, Michigan

**Reconciliation of the Statement of Revenue,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended March 31, 2023**

Net change in fund balances, governmental funds		\$ 149,769
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	44,169	
Depreciation expense	<u>(88,700)</u>	<u>(44,531)</u>
Change in net position, governmental activities		<u>\$ 105,238</u>

The notes to financial statements are an integral part of this statement.

	Business Type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 157,131	\$ 280,072	\$ 437,203
Accounts receivable	11,910	9,969	21,879
Due from other funds	2,957	1,697	4,654
Total current assets	171,998	291,738	463,736
Noncurrent assets:			
Long-term contracts	1,622	-	1,622
Capital assets, net	1,278,580	389,518	1,668,098
Total noncurrent assets	1,280,202	389,518	1,669,720
Total assets	1,452,200	681,256	2,133,456
Liabilities			
Current liabilities:			
Accounts payable	-	-	-
Net Position			
Investment in capital assets, net	1,278,580	389,518	1,668,098
Unrestricted	173,620	291,738	465,358
Total net position	<u>\$ 1,452,200</u>	<u>\$ 681,256</u>	<u>\$ 2,133,456</u>

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended March 31, 2023

	Business Type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenue			
Sale of water	\$ -	\$ 95,033	\$ 95,033
Sewage disposal charges	97,763	-	97,763
Connection fees	-	10,000	10,000
Rental income	-	3,600	3,600
	<hr/>	<hr/>	<hr/>
Total operating revenue	97,763	108,633	206,396
Operating Expenses			
Contracted services	50,774	36,346	87,120
Repairs	2,541	168	2,709
Supplies	1,227	2,820	4,047
Utilities	6,497	11,344	17,841
Equipment rental	1,475	1,475	2,950
Administration	2,166	3,875	6,041
Depreciation	78,441	45,141	123,582
	<hr/>	<hr/>	<hr/>
Total operating expenses	143,121	101,169	244,290
Operating income (loss)	(45,358)	7,464	(37,894)
Nonoperating Revenue			
Investment income	973	1,473	2,446
	<hr/>	<hr/>	<hr/>
Change in net position	(44,385)	8,937	(35,448)
Net position, beginning of year	1,496,585	672,319	2,168,904
	<hr/>	<hr/>	<hr/>
Net position, end of year	\$ 1,452,200	\$ 681,256	\$ 2,133,456
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

**Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2023**

	Business Type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 98,856	\$ 109,154	\$ 208,010
Payments to suppliers	(71,655)	(56,028)	(127,683)
Net cash provided by operating activities	27,201	53,126	80,327
Cash flows from investing activities:			
Investment income	973	1,473	2,446
Net increase in cash and cash equivalents	28,174	54,599	82,773
Cash and cash equivalents, beginning of year	128,957	225,473	354,430
Cash and cash equivalents, end of year	<u>\$ 157,131</u>	<u>\$ 280,072</u>	<u>\$ 437,203</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss) for the year	\$ (45,358)	\$ 7,464	\$ (37,894)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	78,441	45,141	123,582
Change in assets and liabilities:			
Accounts receivable	1,093	521	1,614
Accounts payable	(6,975)	-	(6,975)
Net cash provided by operating activities	<u>\$ 27,201</u>	<u>\$ 53,126</u>	<u>\$ 80,327</u>

**Fiduciary Funds
Statement of Net Position
March 31, 2023**

	<u>Escrow Account</u>
Assets	
Cash and cash equivalents	\$ <u>909</u>
Liabilities	
Accounts payable	\$ <u>909</u>

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Metamora, Michigan conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Village and its component units. In evaluating the Village as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Village may be financially accountable and, as such, should be included within the Village's financial statements. The Village (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Village. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit discussed below is included in the Village's reporting entity because of its operational or financial relationship with the Village.

Blended Component Unit

The financial statements of the following component unit have been "blended" with those of the Village because the component unit provides services entirely to the Village.

Downtown Development Authority – The members of the governing board of the Downtown Development Authority (DDA) are appointed by the Village Council. The budgets and expenditures of the DDA must be approved by the Village Council. The Village also has the ability to significantly influence operations of the DDA. Complete separate financial statements of the DDA are not prepared.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary 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.

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements distinguish between activities that are governmental and those that are business type activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position are reported in three parts (1) investment in capital assets, net of related debt, (2) restricted net position, and (3) unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Village's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.). The Village does not allocate indirect costs. In creating the government-wide financial statements the Village has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Village as an entity and the change in the Village's net position resulting from current year activities.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The Village reports the following major governmental funds:

The *General fund* is the primary operating fund of the Village. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The *Major Street fund* is used to account for the maintenance and construction of the Village's major street system.

The *Local Street fund* is used to account for the maintenance and construction of the Village's local street system.

The *Downtown Development Authority* assists the Village in financing improvements to the downtown area.

The Village reports the following major enterprise funds:

The *Sewer fund* is used to account for the revenues and expenses for the operation of the sewer system.

The *Water fund* is used to account for the revenues and expenses for the operation of the water system.

Restricted net position is assets that are subject to restrictions beyond the Village's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities and Equity

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. For purposes of the statement of cash flows, the Village considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and all local government investment pools to be cash equivalents.

Interfund Receivables and Payables

Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Village defines capital assets as assets with an initial individual cost in excess of \$1,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 - 40 years
Machinery and equipment	7 - 10 years
Office equipment	3 - 10 years
Water and sewer distribution systems	10 - 50 years
Infrastructure	20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Equity

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. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Council (the government's highest level of decision-making authority). A formal resolution of the Council is required to establish, modify, or rescind a fund balance commitment. The Village reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the General Fund.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Property Taxes

Village property taxes become an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before September 14.

The 2022 taxable valuation of the Village totaled \$23,500,354 on which ad valorem taxes levied consisted of 9.8785 mills for the Village's operating purposes.

The delinquent real property taxes of the Village are purchased by Lapeer County. The delinquent real property taxes are received before year end.

Subsequent events

The Village has evaluated subsequent events through June 9, 2023, the date the financial statements were available to be issued.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Village Clerk submits to the Village Council a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Village Council.
4. Any revision that alters the total expenditures of any fund must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General fund and major Special Revenue funds budgets as originally adopted and amended by the Village Council is included in the required supplementary information.
7. All annual appropriations lapse at fiscal year end.

The Village overspent its budget in the following areas:

	Amended Budget	Actual	Variance
General fund:			
General government:			
Council:			
Council wages	\$ 5,000	\$ 5,710	\$ 710
Legal	12,000	19,932	7,932
Parks and beautification	23,000	23,986	986
Treasurer:			
Supplies	1,600	1,811	211
Public works:			
Repairs	1,000	1,396	396
Economic development:			
Planning and zoning:			
Professional services	2,000	27,477	25,477
Other financing uses:			
Transfers out	85,000	91,377	6,377
Major Street fund:			
Public works:			
Routine maintenance, equipment rental	-	7,374	7,374
Local Street fund:			
Public works:			
Routine maintenance, equipment rental	-	7,374	7,374

3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Village to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligations repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Village Council has designated three banks for the deposit of Village funds. The DDA board has designated two banks for the deposit of DDA funds. The investment policy adopted by the Council in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The Village's deposits and investment policy are in accordance with statutory authority.

The Village's deposits and investments at March 31, 2023 are included in the statement of net position as follows:

	Governmental Activities	Business Type Activities	Total
Cash and cash equivalents	\$ 1,197,286	\$ 437,203	\$ 1,634,489
Cash not qualifying as cash equivalents	105,444	-	105,444
Total	<u>\$ 1,302,730</u>	<u>\$ 437,203</u>	<u>\$ 1,739,933</u>

Deposits and Investments

The Village maintains savings accounts and certificates of deposits. At March 31, 2023, the Village's deposits and investment balances were as follows:

	<u>Primary Government</u>	<u>Fiduciary Fund</u>
Bank deposits	<u>\$ 1,739,933</u>	<u>\$ 909</u>

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Village's deposits may not be returned. State law does not require and the Village does not have a policy for deposit custodial credit risk. As of year end, the Village had \$1,084,936 of bank deposits that were uninsured and uncollateralized.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices. As of year end, the Village had no investments.

4. CAPITAL ASSETS

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

	Balance April 1, 2022	Additions	Retirements	Balance March 31, 2023
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 659,757	\$ -	\$ -	\$ 659,757
Depreciable capital assets:				
Buildings and improvements	207,802	-	-	207,802
Machinery and equipment	197,630	29,395	13,700	213,325
Office equipment	25,725	-	-	25,725
Infrastructure	1,328,893	14,774	-	1,343,667
Total depreciable capital assets	1,760,050	44,169	13,700	1,790,519
Less accumulated depreciation	1,166,996	88,700	13,700	1,241,996
Depreciable capital assets, net	593,054	(44,531)	-	548,523
Capital assets, net	<u>\$ 1,252,811</u>	<u>\$ (44,531)</u>	<u>\$ -</u>	<u>\$ 1,208,280</u>
Business type activities:				
Nondepreciable capital assets:				
Sewer land	\$ 115,744	\$ -	\$ -	\$ 115,744
Water land	6,515	-	-	6,515
Total nondepreciable capital assets	122,259	-	-	122,259
Depreciable capital assets:				
Sewer system	3,097,847	-	-	3,097,847
Water system	1,657,784	-	-	1,657,784
Total depreciable capital assets	4,755,631	-	-	4,755,631
Less accumulated depreciation	3,086,210	123,582	-	3,209,792
Depreciable capital assets, net	1,669,421	(123,582)	-	1,545,839
Capital assets, net	<u>\$ 1,791,680</u>	<u>\$ (123,582)</u>	<u>\$ -</u>	<u>\$ 1,668,098</u>

Depreciation was charged to activities as follows:

Governmental activities	
General government	\$ 2,705
Public works	85,995
Total governmental activities	<u>\$ 88,700</u>
Business type activities	
Sewer	\$ 78,441
Water	45,141
Total business type activities	<u>\$ 123,582</u>

5. RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of March 31, 2023 for the Village’s governmental and business type activities in the aggregate are as follows:

	Governmental Activities	Business Type Activities
Receivables		
Accounts	\$ 4,256	\$ 21,879
Intergovernmental	37,559	-
Amounts due from utility connection fees	-	1,622
Total receivables	\$ 41,815	\$ 23,501
 Payables and accrued expenses		
Accounts	\$ 41,744	\$ -
Accrued payroll and liabilities	2,519	-
Total payables and accrued expenses	\$ 44,263	\$ -

The accounts receivable are reported net of allowances for uncollectible accounts of \$1,750. The amounts due for utility connection fees are due over a 40 year period and bear interest at 6.25% annually. The annual principal due under these agreements approximates \$122.

6. INTERFUND TRANSACTIONS

The composition of interfund receivable and payable balances at March 31, 2023 is as follows:

Receivable fund	Payable fund	Amount
Major Street Fund	Local Street Fund	\$ 2,250
Sewer Fund	General Fund	\$ 2,957
Water Fund	General Fund	\$ 1,697

These balances resulted from a time lag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Advance

Interfund transfers reported in the fund statements were as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Downtown Development Authority	\$ 91,377
Downtown Development Authority	General Fund	\$ 51,378

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

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).

The Village participates in the Michigan Municipal Liability and Property Pool (the "Pool") for workers' compensation and property risk. The Pool is a public entity risk pool providing property and liability coverage to its participating members. The Village pays an annual premium for its insurance coverage. The Pool is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies.

Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in the past three fiscal years.

8. ECONOMIC DEPENDENCY AND CREDIT RISK

Concentrations

One taxpayer, a local manufacturer, accounts for approximately 6 percent of the Village's property tax revenue.

Credit Risk

The Village grants credit to its residents for water and sewer services.

REQUIRED SUPPLEMENTARY INFORMATION

**General Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2023**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenue				
Property taxes	\$ 231,150	\$ 231,150	\$ 234,639	\$ 3,489
Licenses and permits	3,700	3,700	3,927	227
State sources	63,000	63,000	76,367	13,367
Charges for services	-	-	4,000	4,000
Interest income	1,000	1,000	2,650	1,650
Rental income	2,300	2,300	20,237	17,937
Miscellaneous	2,550	3,400	2,703	(697)
Total revenue	303,700	304,550	344,523	39,973
Expenditures				
General government:				
Council:				
President's wage	1,791	1,791	1,791	-
Council wages	5,000	5,000	5,710	(710)
Payroll taxes	1,000	1,000	604	396
Audit	15,500	15,500	14,500	1,000
Ordinance enforcement	1,000	1,000	-	1,000
Legal	18,000	12,000	19,932	(7,932)
Printing	200	200	-	200
Dues	2,800	2,800	1,561	1,239
Insurance	13,000	12,000	10,283	1,717
Transportation	1,000	1,000	639	361
DPW building	2,000	2,000	-	2,000
Parks and beautification	5,000	23,000	23,986	(986)
Concerts in the park	6,000	6,000	5,420	580
Other	12,700	23,900	19,020	4,880
Total council	84,991	107,191	103,446	3,745
Clerk:				
Wages-elected	42,198	42,198	42,198	-
Assistant clerk wage	2,000	2,000	-	2,000
Payroll taxes	4,500	4,500	3,228	1,272
Health insurance	6,000	6,000	4,311	1,689
Supplies	2,500	2,500	1,726	774
Equipment	1,000	1,000	147	853
Education	2,500	2,500	1,116	1,384
Dues	300	300	285	15
Total clerk	60,998	60,998	53,011	7,987

**General Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2023
(Continued)**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Treasurer:				
Wages-elected	17,649	17,649	17,649	-
Payroll taxes	2,500	2,500	1,350	1,150
Supplies	1,000	1,600	1,811	(211)
Printing	150	150	50	100
Total treasurer	<u>21,299</u>	<u>21,899</u>	<u>20,860</u>	<u>1,039</u>
Total general government	167,288	190,088	177,317	12,771
Public works:				
DPW wages	35,000	35,000	17,702	17,298
Payroll taxes	3,000	3,000	1,530	1,470
DS physicals	100	100	-	100
Supplies	9,000	9,000	5,255	3,745
Street lighting	26,000	26,000	25,183	817
Utilities	10,000	10,000	9,747	253
Repairs	1,000	1,000	1,396	(396)
Equipment	10,000	30,000	29,495	505
Total public works	<u>94,100</u>	<u>114,100</u>	<u>90,308</u>	<u>23,792</u>
Economic development:				
Planning and zoning:				
Wages-board	2,500	2,500	1,760	740
Payroll taxes	500	500	135	365
Printing and publishing	2,000	2,000	1,925	75
Professional services	2,000	2,000	27,477	(25,477)
Total economic development	<u>7,000</u>	<u>7,000</u>	<u>31,297</u>	<u>(24,297)</u>
Total expenditures	<u>268,388</u>	<u>311,188</u>	<u>298,922</u>	<u>12,266</u>
Excess of revenues over (under) expenditures	35,312	(6,638)	45,601	52,239
Other financing sources (uses)				
Sale of capital assets	-	-	15,001	15,001
Transfers in	31,000	83,000	51,378	(31,622)
Transfers out	(85,000)	(85,000)	(91,377)	(6,377)
Total other financing sources (uses)	<u>(54,000)</u>	<u>(2,000)</u>	<u>(24,998)</u>	<u>(22,998)</u>
Net change in fund balance	(18,688)	(8,638)	20,603	29,241
Fund balance, beginning of year	<u>264,014</u>	<u>264,014</u>	<u>264,014</u>	<u>-</u>
Fund balance, end of year	<u>\$ 245,326</u>	<u>\$ 255,376</u>	<u>\$ 284,617</u>	<u>\$ 29,241</u>

Village of Metamora, Michigan

**Special Revenue Fund
Major Street Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2023**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenue				
State sources	\$ 67,000	\$ 67,000	\$ 68,250	\$ 1,250
Interest income	150	700	1,610	910
Total revenue	67,150	67,700	69,860	2,160
Expenditures				
Public works:				
Routine maintenance, wages & taxes	1,700	1,700	1,500	200
Routine maintenance, supplies	3,000	3,000	1,271	1,729
Routine maintenance, contractual	10,000	10,000	750	9,250
Routine maintenance, equipment rental	-	-	7,374	(7,374)
Snow removal, supplies	13,500	13,500	4,626	8,874
Snow removal, contractual services	12,000	12,000	11,390	610
Snow removal, rents	2,500	2,500	1,204	1,296
Software expense	200	200	194	6
Administration, wages & taxes	289	289	268	21
Administration, fees	-	200	137	63
Total expenditures	43,189	43,389	28,714	14,675
Net change in fund balance	23,961	24,311	41,146	16,835
Fund balance, beginning of year	266,514	266,514	266,514	-
Fund balance, end of year	\$ 290,475	\$ 290,825	\$ 307,660	\$ 16,835

Village of Metamora, Michigan

**Special Revenue Fund
Local Street Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2023**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenue				
State sources	\$ 22,000	\$ 22,000	\$ 21,876	\$ (124)
Interest income	75	300	629	329
Total revenue	22,075	22,300	22,505	205
Expenditures				
Public works:				
Routine maintenance, wages & taxes	861	861	800	61
Routine maintenance, supplies	1,500	1,500	684	816
Routine maintenance, repairs	1,000	1,000	-	1,000
Routine maintenance, contractual	2,000	2,000	-	2,000
Routine maintenance, equipment rental	-	-	7,374	(7,374)
Snow removal, rents	1,500	1,500	593	907
Snow removal, supplies	3,000	3,000	2,279	721
Snow removal, contractual services	5,700	5,700	5,610	90
Software expense	200	200	194	6
Administration, wages & taxes	142	142	132	10
Administration, fees	-	200	137	63
Total expenditures	15,903	16,103	17,803	(1,700)
Net change in fund balance	6,172	6,197	4,702	(1,495)
Fund balance, beginning of year	107,452	107,452	107,452	-
Fund balance, end of year	\$ 113,624	\$ 113,649	\$ 112,154	\$ (1,495)

Village of Metamora, Michigan

**Blended Component Unit
Downtown Development Authority Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2023**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenue				
Captured taxes	\$ 80,560	\$ 80,560	\$ 92,893	\$ 12,333
State sources	32,696	32,696	86,085	53,389
Interest income	500	500	1,039	539
Total revenue	113,756	113,756	180,017	66,261
Expenditures				
General government	84,800	97,800	38,576	59,224
Public works	265,000	252,000	98,122	153,878
Total expenditures	349,800	349,800	136,698	213,102
Excess of revenue over (under) expenditures	(236,044)	(236,044)	43,319	279,363
Other financing sources (uses)				
Transfers in	83,188	83,188	91,377	8,189
Transfers out	(206,166)	(206,166)	(51,378)	154,788
Total other financing sources (uses)	(122,978)	(122,978)	39,999	162,977
Net change in fund balance	(359,022)	(359,022)	83,318	442,340
Fund balance, beginning of year	448,714	448,714	448,714	-
Fund balance, end of year	\$ 89,692	\$ 89,692	\$ 532,032	\$ 442,340

HYZER, HILL, KUZAK & CO., P.C.

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June 9, 2023

To the Village Council
Village of Metamora
Lapeer County, 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 Metamora for the year ended March 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted 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 April 21, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Metamora 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 the year. We noted no transactions entered into by the Village of Metamora 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 bad debt reserves for the uncollectible utility bills. We evaluated the key factors and assumptions used to develop the estimate 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 June 9, 2023.

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 of Metamora'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 of Metamora'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 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.

Restriction on Use

This information is intended solely for the use of the Village Council and management of the Village of Metamora 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 black ink that reads "Hyzer, Hill, Kuzak & Co., P.C." The signature is written in a cursive, slightly slanted style.

Hyzer, Hill, Kuzak & Co., P.C.