

AGENDA
Village of Kingsley
Village Council Meeting
October 9, 2023

Village Hall, 207 South Brownson Ave, Kingsley, MI 49649- (231) 263-7778

Meeting called to order at _____ p.m. by _____

PLEDGE OF ALLEGIANCE

ROLL CALL:

President Lajko ____, Trustee McPherson ____, President Pro Tem Weger ____, Trustee G. Bogart ____ Trustee Wallace ____ Trustee Bott ____ Trustee Weber ____

Also Attending: Clerk Forro ____, Manager Aldrich ____, DPW Supervisor Almquist ____.

Motion by ____, seconded by ____, to accept the agenda as presented.

1. Any person wishing to address the Board shall state his or her name and address.
2. Public comment will only pertain to agenda items listed. Any comments will be taken into consideration by the Board at a later date. No person shall be allowed to speak more than once on the same matter. The Chairperson shall control the amount of time each person shall be allowed to speak, which shall not exceed three (3) minutes. Chairperson may, at his or her discretion, extend the amount of time any person is allowed to speak.

PUBLIC COMMENT:

ANNOUNCEMENTS:

1. Announcements from the Village Manager:
2. Announcements from the Village Clerk:
3. CPO Dustin Stickler:
4. County Commissioner Scott Sieffert:
5. GT County Road Commission:
6. Paradise Township:
7. Other:

CONSENT CALENDAR:

All matters listed under the consent calendar are considered to be routine by the Village Council and will be acted upon by voice vote -- no discussion. Council members and/or the public may remove any item and have it placed elsewhere on the agenda for discussion.

1. Consideration of approving the minutes of the September 11, 2023, regular meeting (Approval Recommended).

OLD BUSINESS:

NEW BUSINESS:

1. **2022-2023 Year End Auditor's Report – Baird, Cotter & Bishop, P.C.; Discussion Lead by Angie Kopriva**
2. **Consideration of Approving the Employee Benefit's Package as Presented by Lauren Harris from Advantage Benefits Group**

REGULAR REPORTS:

1. **Financial Fund Balance Report:**
Motion by _____, seconded by _____, to accept the Financial Fund Balance Report as presented.
2. **Bills:**
Motion by _____, seconded by _____, to accept the bills and additions as presented.
3. **Planning Commission:**
4. **DDA:**
5. **Parks & Recreation:**
6. **Zoning Administrator:** Report by Kaitlyn Aldrich
7. **Clerk:** Report by Christina Forro
8. **DPW:** See attached.
9. **Treasurer:** See attached.
10. **WWTP:** Report by Josh Hall
11. **Manager:** Verbal.

PUBLIC COMMENT:

Any person wishing to address the Board shall state his or her name and address.

Public input is open to statements or concerns for all matters. Statements and concerns will be taken into consideration by the Board at a later date. No person shall be allowed to speak more than once on the same matter, excluding time needed to answer Commissioners' questions. The Chairperson shall control the amount of time each person shall be allowed to speak, which shall not exceed three (3) minutes. Chairperson may, at his or her discretion, extend the amount of time any person is allowed to speak.

1. Reserved.
2. General.
3. Mayor and Trustees.

ADJOURNMENT

Motion by _____, seconded by _____, to adjourn the meeting at _____ pm.

The Village will provide reasonable auxiliary aid and services for individuals with disabilities. Call 231-263 7778 at least three (3) days before a meeting.

Minutes
Village of Kingsley
Village Council Meeting
September 11, 2023

Village Hall, 207 South Brownson Ave, Kingsley, MI 49649- (231) 263-7778

Meeting called to order at 6:02 p.m. by President Lajko

PLEDGE OF ALLEGIANCE

ROLL CALL:

President Lajko X, Trustee McPherson X, President Pro Tem Weger X, Trustee G. Bogart X Trustee Wallace X
Trustee Bott X Trustee Weber X

Also Attending: Clerk Forro X, Manager Aldrich X, DPW Supervisor Almquist AB.

Motion by Weger, seconded by McPherson, to accept the agenda as presented. All in Favor: Yes. No: None. Absent: None. Motion CARRIED.

1. Any person wishing to address the Board shall state his or her name and address.
2. Public comment will only pertain to agenda items listed. Any comments will be taken into consideration by the Board at a later date. No person shall be allowed to speak more than once on the same matter. The Chairperson shall control the amount of time each person shall be allowed to speak, which shall not exceed three (3) minutes. Chairperson may, at his or her discretion, extend the amount of time any person is allowed to speak.

PUBLIC COMMENT: None

ANNOUNCEMENTS:

1. Announcements from the Village Manager – *See Report Below*
2. Announcements from the Village Clerk – *See Announcements in packet*
3. CPO Dustin Stickler: *There is now a School Resource Officer (SRO) in the Kingsley Schools. (Given during last Public Comment) – Undersheriff Shea has accepted Former Sheriff Bensley's remaining term.*
4. County Commissioner Scott Sieffert: *GTCBOC approved SRO for Kingsley schools, Mr. Sieffert is now the liaison between GTCBOC and the GTCRC, GTCBOC addressing issues at the GT Pavilions, Will inform staff of any new grant opportunities, Attended 1st Annual Veteran's Golf Outing.*
5. GT County Road Commission: *(Mr. Underwood arrived late, President Lajko allowed Mr. Underwood to provide his update during "New Business") – GTCRC is making progress on new location in Paradise Township, In the process of preparing for winter. (Given during last Public Comment) – GTCRC work session to discuss the future of the road network will be on Saturday, September 23rd from 8:00 am – 12:00 pm at the Garfield Township Hall (3848 Veterans Drive, Traverse City 49684)*
6. *Paradise Township: AB*
7. Other:

CONSENT CALENDAR:

All matters listed under the consent calendar are considered to be routine by the Village Council and will be acted upon by voice vote -- no discussion. Council members and/or the public may remove any item and have it placed elsewhere on the agenda for discussion.

1. Consideration of approving the minutes of the August 14, 2023, regular meeting (Approval Recommended).
2. Consideration of authorizing the Village Manager to execute an agreement with Floodman in an amount not to exceed \$10,000 for the installation of a French drain and interior building repairs with funds available in Building and Grounds.

Motion by Wallace, seconded by McPherson to accept the consent calendar as presented. Roll Call Vote: Yes: All. No: None. Absent: None. Motion CARRIED.

OLD BUSINESS:

1. Consideration of approving the final change order with Reith-Riley for the South Brownson Reconstruction Project. – *Village Manager Aldrich briefly discussed with Council.*

Motion by Bott, seconded by McPherson to agree to authorize the Village Manager to execute the necessary documents to approve a final change modification in the amount of \$20,150.12 for MDOT JN 205711 – S. Brownson Avenue Reconstruction. Roll Call Vote: Yes: All. No: None. Absent: None. Motion CARRIED.

NEW BUSINESS:

1. Consideration of appointing Whitney Specker to the Parks and Recreation Board, as recommended by the Village Manager and Village President.

Motion by Weger, seconded by McPherson to appoint Whitney Specker to the Parks and Recreation Board, as recommended by President Lajko and Manager Aldrich. All in Favor: Yes. No: None. Absent: None. Motion CARRIED.

2. Consideration of entering into an agreement with the Grand Traverse County Road Commission to complete necessary skip paving on South Brownson Ave/Kingsley Rd this fall.

-Village Manager Aldrich briefly discussed the project.

- President Lajko opened for public comment.

-Henry Mox – 105 Fenton St

-Council briefly discussed

Motion by Weger, seconded by Wallace to authorize the Village Manager to proceed with necessary skip paving on S. Brownson Avenue/Kingsley Road, in partnership with the Grand Traverse County Road Commission, in an amount not to exceed \$3,000, if the project occurs before the next regularly scheduled Village Council meeting, and to return as a confirming agenda item at the next regularly scheduled Village Council meeting after which the work is complete. Roll Call Vote: Yes: All. No: None. Absent: None. Motion CARRIED.

3. Consideration hiring an electrician for the purchase and installation of emergency lights in the Village Office and to repair a broken ballast in the library common area with funds available in Building and Grounds.

-Manager Aldrich provided the two quotes received for review and gave a recommendation to use Windemuller based on lower rates provided on quote.

Motion by Bogart, seconded by Weger to authorize an agreement with Windemuller in an amount not to exceed \$2,500 to repair emergency lighting and a malfunctioning ballast at the village office with funds available in Building and Grounds. Roll Call Vote: Yes: All. No: None. Absent: None. Motion CARRIED.

REGULAR REPORTS:

1. Financial Fund Balance Report:

Motion by Weger, seconded by Weber, to accept the Financial Fund Balance Report as presented. Roll call vote. Yes: All. No: None. Absent: None. Motion CARRIED.

2. Bills:

Motion by McPherson, seconded by Weger, to accept the bills and additions as presented. Roll call vote. Yes: All. No: None. Absent: None. Motion CARRIED.

3. Planning Commission: Meeting canceled due to lack of agenda items.

4. DDA: Meeting canceled

5. Parks & Recreation: Brownson Park Reconstruction to be rebid in November.

6. Zoning Administrator: Addressing a number of noise violation complaints. Staff will introduce an amended noise ordinance this fall to the planning commission. – Report given by Manager Aldrich

7. Clerk: Report by Christina Forro – See above

8. DPW: See attached.

9. Treasurer: See attached.

10. WWTP: Report by Josh Hall – No update provided to staff prior to meeting.

11. Manager: Lead Service Project to continue into October; provided update regarding damage at Brownson and Veteran Parks; Annual DDA and Village Council meeting on September 25th at 6:00 pm; Received new DPW pickup truck; Waiting on attorneys to finalize the draft of the water and sewer agreements with GTCRC.

PUBLIC COMMENT:

Any person wishing to address the Board shall state his or her name and address.

Public input is open to statements or concerns for all matters. Statements and concerns will be taken into consideration by the Board at a later date. No person shall be allowed to speak more than once on the same matter, excluding time needed to answer Commissioners' questions. The Chairperson shall control the amount of time each person shall be allowed to speak, which shall not exceed three (3) minutes. Chairperson may, at his or her discretion, extend the amount of time any person is allowed to speak.

1. Reserved.

2. General.

3. Mayor and Trustees.

-Joe Underwood (GTCRC)

-Henry Mox (105 Fenton St)

-Dustin Stickler (CPO)

-Trustee Bogart (1546 Nightingale Ln)

-Manager Aldrich – Noted that Trustees have an opportunity to explore DTE's Lapeer Solar Park on Tuesday, September 26 at 11 a.m. (1100 Clark Road Lapeer, MI 48446).

ADJOURNMENT

There being no objection, motion by Weger, seconded by Weber to adjourn the meeting at 6:48pm. All in Favor: Yes. No: None. Absent: None.

The Village will provide reasonable auxiliary aid and services for individuals with disabilities. Call 231-263 7778 at least three (3) days before a meeting.

DRAFT



Baird, Cotter & Bishop, P.C.

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July 6, 2023

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Village Council
Village of Kingsley
Grand Traverse County
Kingsley, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Kingsley, Kingsley, Michigan as of and for the year ended February 28, 2023, and the related notes to the financial statements, which collectively comprise Village of Kingsley's basic financial statements and have issued our report thereon dated July 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Kingsley, Kingsley, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Kingsley, Kingsley, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Kingsley, Kingsley, Michigan'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. However, as described below, we identified certain deficiencies that we consider to be material weaknesses.

1) Segregation of Incompatible Duties and Documented Independent Review

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

Condition: The government has several accounting functions that are performed by the same individual and are not subject to a documented independent review and approval.

Cause: This condition is primarily the result of staffing constraints typical of smaller governmental units. Some of the control activities may be occurring on a routine basis, but are not being documented.

Effect: As a result of this condition, the government 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: 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. Recognizing this fact, we encourage the government to mitigate this risk by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management as possible.

View of Responsible Officials: Management recognizes that this limitation is a natural outgrowth of the small number of full-time staff, and applies its judgment in determining how best to allocate the government's resources to provide an appropriate balance between sound internal controls and fiscal prudence.

Corrective Action Plan: With the status of state funding, the Village is unable to hire additional employees at this time to improve the segregation of duties within the accounting function. We realize that segregation of duties is important in order to increase internal control. Management oversight has been an alternative means of monitoring internal control along with continuing to try and reassign some duties within the accounting department to other staff members. We still are exploring ways to spread some of the day-to-day accounting responsibilities. The Village and Council will continue to monitor the situation and explore cost effective ways to improve this internal control limitation.

2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of the government's 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 books and records), and (2) reporting government-wide and fund financial statements, including related footnotes (i.e., external financial reporting).

Condition: As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditor to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the government's internal controls.

Cause: This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.

Effect: As a result of this condition, the government's internal controls over the preparation of financial statements in accordance with GAAP are incomplete. Instead, the government relies, in part, on its external auditors for assistance with this task.

Recommendation: Due to the size and activity of the Village, we recommend that the government continue to outsource financial statement preparation.

View of Responsible Officials: The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and noted prior to approving them and accepting responsibility for their content and presentation.

Corrective Action Plan: The government will continue to rely on its outside auditors to assist in preparing the GAAP basis financial statements and will evaluate annually for the need to change.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Kingsley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described below:

3) Unfavorable Budget Variance

Criteria: Michigan Public Act 621 of 1978, as amended, provides that the Village adopt formal budgets for all applicable funds, and shall not incur expenditures in excess of the amounts appropriated. Also, the Public Act requires amendments to be performed prior to incurring additional expenditures. The Act also prohibits the Village from appropriating more funds for expenditure than is available through current revenue sources and any accrued surplus or deficit from previous years.

Condition: The Village adopted a budget item that was exceeded by actual expenditures by a material amount in the General Fund.

Cause: The condition was caused by the Village not monitoring the adopted budget against actual expenditures.

Effect: The Village was not in compliance with the budgeting act.

Recommendation: The Village should continue to monitor expenditures against adopted budgets to make appropriate amendments as needed under the modified accrual method of accounting.

View of Responsible Officials: The Village should continue to monitor expenditures against adopted budgets to make appropriate amendments as needed.

Corrective Action: The Village will continue to monitor its budgets, considering accrual items, and make amendments as soon as they are deemed necessary.

Village of Kingsley's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Kingsley's response to findings identified in our audit and described above. The Village of Kingsley'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 it.

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.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.



Baird, Cotter & Bishop, P.C.

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July 6, 2023

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
AT THE CONCLUSION OF THE AUDIT

To the Village Council
Village of Kingsley
Grand Traverse County
Kingsley, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Kingsley for the year ended February 28, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *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 April 18, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Kingsley are described in Note I to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022-23. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities, the business-type activities and the aggregate discretely presented component unit of the Village of Kingsley's financial statements were:

Management's estimate of the useful lives 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. Management's estimates of the liability of the payout of employee compensated absences are based on expected payout. We evaluated the methods, assumptions, and data used to develop the estimates in determining that they are 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. We detected various material misstatements as a result of our audit procedures that were corrected by management. The material adjustments made were a result of converting the entity's records from cash to modified accrual basis of accounting and providing client assistance that the client knew the adjustment was necessary but requested our assistance.

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 July 6, 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 Kingsley'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 Kingsley's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the course of our audit of the basic financial statements of the Village of Kingsley for the year ended February 28, 2023, we noted the following items which we feel deserve comment:

DDA General Ledger and Recordkeeping – Repeat Comment

The DDA does not have a general ledger system to keep track of deposits or expenditures. We recommend that the DDA create a system to assist in recording transactions throughout the year, even if it is a manual system. The DDA should keep all invoices in a filing system and have those records readily available for audit. We are available for assistance if needed. The DDA did begin to keep an electronic check register during the year, which is an improvement.

We continue to have a difficult time getting all the information from the DDA in a timely manner as we prepare for the audit and during the audit. We recommend this be corrected in the future, and to have all records readily available prior to the start of field work going forward.

It was also noted the DDA is not always paying invoices (bills) timely. We recommend internal controls be implemented to avoid this in the future.

DDA – Lawful Expenditures

The DDA, being a local unit of government, is required to follow state guidelines on lawful expenditures. We encourage the board to ensure they are following the State's guidance on what is a lawful expenditure for a local unit of government, and for any questionable expenditures, consult with an attorney for an opinion.

Bank Reconcilements Outstanding Items – Repeat Comment

Several of the bank reconcilements had old outstanding items or incorrect outstanding items listed on the year end bank reconciliation. The Treasurer is aware of this and discussed it with us while performing field work. We encourage the Village to review these and adjust for these on a regular basis to avoid having any old or incorrect outstanding items on the bank reconcilements.

Deposits

In the course of our examination, it became apparent that deposits are not always being made timely. We recommend the Village begin depositing individual items regularly rather than collecting items into one or two batches per month. Additionally, it was noted that a deposit was entered into Sage twice in the Sewer receiving account. We recommend someone independent of the bank reconciliation process review and sign off on all bank reconciliations, and to review outstanding items on the reconciliations for accuracy monthly.

Payroll Reports - Repeat Comment

The Village should ensure the quarterly payroll tax return reports (form 941) agree to the annual summary of W-2's at year end, the W-3. During the audit, it was discovered these did not tie out for the first quarter, which may result in a future notice from the IRS. We discussed with the Village Clerk, and she will do this annually going forward when preparing the W-2's.

Policies

It is our recommendation that the Village evaluate its policies each and every year. The Village should determine that it has the required policies in place and also determine if the policies are still relevant or need to be updated to meet requirements. One policy that we specifically recommend the Village adopt is a petty cash policy. It came to our attention that \$119 of petty cash expenditures had not been recorded in the general ledger during the year. All activity related to petty cash needs to be recorded in Sage.

Utility Billing Adjustments

It was noted during the audit that there were adjustments in the water and sewer funds made throughout the year, which is not uncommon. Support and explanations were provided; however, we recommend going forward, all approvals of adjustments are documented and signed off on by management as approved. Adjustments should tie out to monthly BS&A reports.

Internal Controls Over Cash Collections and Recordkeeping Related to Farmers Market

Management is responsible for establishing and maintaining internal controls over cash and recordkeeping for the Village of Kingsley. The Village currently does not have effective controls in place related to decentralized cash collections and recordkeeping related to the farmer's market. We have discussed this with the Village Manager, and steps are being taken for the next fiscal year to address this.

Also, with the Farmers Market being active again, the Michigan State Chart of Accounts dictates this should be it's own fund, which you will see reflected in the audited financial statements. A new fund in sage should be setup, and we have provided the necessary journal entries to assist the Village in this.

Sales Tax Paid

When performing our test of credit card charges and reimbursements, it was noted that sales tax was paid. Although this amount was immaterial, a general reminder to Council and Management that the Village is not subject to sales tax, and should not pay or reimburse sales tax on charges.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis and the Budgetary Comparison Schedule, 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 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 the Financial Statements of Individual Funds, 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.

We were not engaged to report on the Other Information section, which accompany the financial statements but are not the RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

VILLAGE OF KINGSLEY, MICHIGAN

FEBRUARY 28, 2023



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VILLAGE OF KINGSLEY, MICHIGAN

FEBRUARY 28, 2023

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VILLAGE OF KINGSLEY, MICHIGAN

FEBRUARY 28, 2023

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Baird, Cotter & Bishop, P.C.

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July 6, 2023

INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Kingsley
Grand Traverse County
Kingsley, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Kingsley, Grand Traverse County, Kingsley, Michigan as of and for the year ended February 28, 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Kingsley, as of February 28, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Kingsley'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 judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Village of Kingsley'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Kingsley'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 on pages iv through xi and 40 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 of Kingsley, Grand Traverse County, Kingsley, Michigan's basic financial statements. The accompanying financial statements of individual funds 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 financial statements of individual funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the bond schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2023, on our consideration of Village of Kingsley, Grand Traverse County, Kingsley, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Village of Kingsley, Grand Traverse County, Kingsley, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Kingsley, Grand Traverse County, Kingsley, Michigan's internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

VILLAGE OF KINGSLEY, MICHIGAN
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED FEBRUARY 28, 2023

Management’s Discussion and Analysis

As management of the Village of Kingsley (“the Village”), 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, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

- ❖ The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$9,991,474 (*Net Position*). Of this amount, \$1,304,079 represents unrestricted net position, which may be used to meet the Village’s ongoing obligations to citizens and creditors.
- ❖ At the close of the current fiscal year, the Village’s governmental funds reported combined fund balances of \$2,155,131, of which \$466,300 is unassigned.
- ❖ At the end of the current fiscal year, unrestricted fund balance (the total of nonspendable, assigned and unassigned components of fund balance) for the general fund was \$490,725.
- ❖ The Village’s total outstanding long-term obligations, including compensated absences, decreased by \$76,289 during the current fiscal year.

Overview of the Financial Statements

This 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) notes to the financial statements. The 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 information on all of the Village’s assets, liabilities and deferred inflows/outflows of resources, with the difference reported as not capitalized 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 periods.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the Village include general government, public safety, public works, community and

VILLAGE OF KINGSLEY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED FEBRUARY 28, 2023

economic development, recreation and culture, debt service, other functions, and trust fund activities. Business-type activities of the Village include water and sewer utility services and the market fund (which accounts for the farmers market activity).

The government-wide financial statements include not only the Village of Kingsley itself (known as the *primary government*), but also a legally separate Downtown Development Authority for which the Village is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1-3 of this report.

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, Major Street Fund, Local Street Fund, 2008 Series A Debt Service Fund and the Oil, Gas and Mineral Trust Fund, which are considered to be major funds.

The Village adopts an annual appropriated budget for its general fund, major street fund, and local street fund. A budgetary comparison has been provided to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 4-7 of this report.

Proprietary Funds The Village maintains three different 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 water and sewer activity. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses internal service funds to account for the management of their equipment. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

VILLAGE OF KINGSLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 28, 2023

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 water, sewer and market activity, all of which are considered to be major funds of the Village.

The basic proprietary fund financial statements can be found on pages 8-15 of this report.

Component Units The Village's Financial Statements include reporting on separate legal entities for which the Village has some level of financial responsibility. These funds are shown in a separate column. The Village has two component units, the Downtown Development Authority and the Brownfield Development Authority. The component unit financial statements can be found on pages 41-44 of this report.

Notes to Financial Statements The Notes to Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found on pages 20-39 of this report.

Other Information In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the Village's financial position. In the case of the Village of Kingsley, assets exceeded liabilities by \$9,991,474 at the close of the most recent fiscal year.

*Village of Kingsley
Net Position
For the years ended*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022
Assets						
Current Assets	\$ 2,637,792	\$ 2,501,925	\$ 1,683,734	\$ 1,508,356	\$ 4,321,526	\$ 4,010,281
Restricted Assets	0	0	596,777	554,532	596,777	554,532
Capital Assets	4,015,406	4,076,584	4,900,857	5,152,325	8,916,263	9,228,909
Total Assets	6,653,198	6,578,509	7,181,368	7,215,213	13,834,566	13,793,722
Liabilities						
Current Liabilities	415,334	565,394	1,022,433	862,450	1,437,767	1,427,844
Long-Term Liabilities	421,325	440,614	1,984,000	2,043,000	2,405,325	2,483,614
Total Liabilities	836,659	1,006,008	3,006,433	2,905,450	3,843,092	3,911,458
Net Position						
Net Investment in						
Capital Assets	3,592,406	3,635,584	2,857,857	3,051,325	6,450,263	6,686,909
Restricted	1,656,343	1,493,224	580,789	537,886	2,237,132	2,031,110
Unrestricted	567,790	443,693	736,289	720,552	1,304,079	1,164,245
Total Net Position	\$ 5,816,539	\$ 5,572,501	\$ 4,174,935	\$ 4,309,763	\$ 9,991,474	\$ 9,882,264

VILLAGE OF KINGSLEY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED FEBRUARY 28, 2023

The largest portion of net position reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure and others), 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, \$2,237,132 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,304,079 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 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 prior fiscal year.

The Village of Kingsley's overall net position increased by \$109,210 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for the governmental activities and business-type activities.

Village of Kingsley
Change in Net Position
For the years ended

	Governmental Activities		Business-Type Activities		Total Primary Government	
	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$ 68,793	\$ 70,173	\$ 632,182	\$ 617,637	\$ 700,975	\$ 687,810
Operating Grants and Contributions	256,128	251,580	0	0	256,128	251,580
Capital Grants	118,223	0	0	0	118,223	0
General Revenues						
Taxes	305,804	297,239	0	0	305,804	297,239
State Sources	176,941	174,141	0	0	176,941	174,141
Investment Earnings	31,481	21,357	2,338	470	33,819	21,827
Other	3,884	28,067	31,611	28,718	35,495	56,785
Transfers	15,451	(57,000)	(15,451)	57,000	0	0
Total Revenues	976,705	785,557	650,680	703,825	1,627,385	\$ 1,489,382

VILLAGE OF KINGSLEY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED FEBRUARY 28, 2023

Village of Kingsley
Change in Net Position
For the years ended

	Governmental Activities		Business-Type Activities		Total Primary Government	
	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022
<u>Expenses</u>						
General Government	276,891	199,334	0	0	276,891	199,334
Public Safety	30,678	29,773	0	0	30,678	29,773
Public Works	367,692	377,427	0	0	367,692	377,427
Community and Economic Development	14,871	14,846	0	0	14,871	14,846
Recreation and Culture	23,335	37,322	0	0	23,335	37,322
Debt Service	19,200	19,983	0	0	19,200	19,983
Other Functions	0	58,263	0	0	0	58,263
Trust Fund	0	4,721	0	0	0	4,721
Water and Sewer	0	0	785,508	738,749	785,508	738,749
Total Expenses	732,667	741,669	785,508	738,749	1,518,175	1,480,418
Increase/(Decrease) in Net Position	244,038	43,888	(134,828)	(34,924)	109,210	8,964
<u>Beginning Net Position</u>	5,572,501	5,528,613	4,309,763	4,344,687	9,882,264	9,873,300
<u>Ending Net Position</u>	\$ 5,816,539	\$ 5,572,501	\$ 4,174,935	\$ 4,309,763	\$ 9,991,474	\$ 9,882,264

Governmental Activities During the current fiscal year, net position for the governmental activities increased \$244,038 from the prior fiscal year for an ending balance of \$5,816,539. The most significant part of the revenue for all governmental activities of the Village comes from property taxes. The Village levied 9.1212 mills for operating purposes. The Village's governmental activities expenses are dominated by the Public Works and General Government expenses. The Village spent \$367,692 in this fiscal year on Public Works, which is made up of Public Works and Street Lighting expenditures in the General Fund, Major Street Fund and Local Street Fund. General Government represented the next largest expense at \$276,891.

Business-Type Activities The Village's business-type activities accounted for a decrease of \$134,828 in the Village's net position for the fiscal year ended February 28, 2023.

The business-type activities of the Village include the Water Fund and Sewer Fund which provide water and sewer utility services to Village residents as well as commercial customers, while the Market Fund accounts for the farmers market activity.

VILLAGE OF KINGSLEY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED FEBRUARY 28, 2023

Financial Analysis of the Government's Funds

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 the completion of the Village's fiscal year ended February 28, 2023, its governmental funds reported fund balances of \$2,155,131. Unassigned fund balance is \$466,300 and the remaining \$1,688,831 of fund balance of the governmental funds is assigned, restricted or nonspendable and is therefore not available for new appropriation.

General Fund – The General Fund is the main operating fund of the Village. The General Fund increased its fund balance in this fiscal year by \$176,931, bringing the balance to \$568,504, of which \$24,425 is nonspendable and \$77,779 is restricted. The remaining balance of \$466,300 is unassigned. The Village spent conservatively this fiscal year as it continues to increase the fund balance to save for future projects.

Major Street Fund – The fund balance of the Major Street Fund ended the year at \$440,492, of which \$439,008 is restricted for street improvements. The remaining \$1,484 is nonspendable. Fund balance increased this year by \$45,457 due to no major projects occurring during the year.

Local Street Fund – The Local Street Fund increased its fund balance in this fiscal year by \$32,059, bringing the balance to \$141,862, of which, \$141,628 is restricted for street improvements, and the remaining \$234 is nonspendable. The fund balance increased due to no major projects occurring during the year.

2008 Series A Debt Service Fund – The 2008 Series A Debt Service Fund decreased its fund balance by \$1,446, bringing the fund balance to \$23,269, all of which is restricted for debt service. The 2008 Series A Debt Service Fund had a transfer in from the General Fund to cover the debt service payments.

Oil, Gas and Mineral Trust Fund – The Oil, Gas and Mineral Trust Fund increased its fund balance in this fiscal year by \$19,588, bringing the balance to \$981,004, of which \$213,858 is restricted for Civic Improvements and \$767,146 is a nonspendable endowment.

Proprietary Funds The Village's proprietary funds provide virtually the same information as the government-wide statements; however more detail may be found in the fund financial statements.

Water Fund – The Water Fund ended this fiscal year with \$2,368,503 in net position. Of this amount, \$658,941 represents unrestricted net position. The net position of this fund decreased minimally this year by \$5,670 in 2022-2023 due to conservative spending.

Sewer Fund – The Sewer Fund ended this fiscal year with \$1,822,863 in net position. Of this amount, \$93,779 represents unrestricted net position. The net position of this fund decreased by \$125,448 in 2022-2023, mostly due to depreciation.

Market Fund – The Market Fund ended this fiscal year with \$3,209 in net position, all of which is unrestricted net position. The net position of this fund increased by \$3,209 in 2022-2023.

VILLAGE OF KINGSLEY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED FEBRUARY 28, 2023

General Fund Budgetary Highlights

During the year the Village made several amendments to the budgeted expenditures, mostly to increase the appropriations for the Village Manager, Other General Government, Department of Public Works and Street Lighting. There were no amendments made to the budgeted revenues.

The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Revenues	\$ 872,229	\$ 872,229	\$ 679,939
Total Expenditures	\$ 760,686	\$ 779,686	\$ 482,459

The major differences from final budgeted revenues and expenditures compared to actual were related to budgeting for wage reimbursement as revenue versus reducing the expenditures in the General Fund. In the financial statements, the wage reimbursements are netted with the expenditures, so payroll shows up in each individual fund.

Capital Asset and Debt Administration

Capital Assets. The Village's investment in capital assets for the governmental and business-type activities as of February 28, 2023, amounted to \$8,916,263 (net of accumulated depreciation). Capital assets of the Village include any items purchased that cost in excess of \$5,000 and have an expected useful life of over one year. The Village has invested in a broad range of capital assets, as detailed below:

*Village of Kingsley
Capital Assets
For the Years Ended*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022
Land and Land Improvements	\$ 1,028,390	\$ 978,846	\$ 489,135	\$ 489,135	\$ 1,517,525	\$ 1,467,981
Buildings and Improvements	1,405,409	1,405,409	346,375	346,375	1,751,784	1,751,784
Machinery and Equipment	873,897	861,826	453,717	453,717	1,327,614	1,315,543
Office Equipment and Furniture	26,281	26,281	24,938	24,938	51,219	51,219
Infrastructure	3,491,890	3,442,975	0	0	3,491,890	3,442,975
Water and Sewer Systems	0	0	9,425,991	9,425,991	9,425,991	9,425,991
Subtotal	6,825,867	6,715,337	10,740,156	10,740,156	17,566,023	17,455,493
Accumulated Depreciation	(2,810,461)	(2,638,753)	(5,839,299)	(5,587,831)	(8,649,760)	(8,226,584)
Net Capital Assets	\$ 4,015,406	\$ 4,076,584	\$ 4,900,857	\$ 5,152,325	\$ 8,916,263	\$ 9,228,909

VILLAGE OF KINGSLEY, MICHIGAN
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED FEBRUARY 28, 2023

The major capital asset additions during the year included \$48,916 of Brownson Street improvements, a new street light pole for \$9,480 and Brownson Park Renovations for \$40,063. Additional information regarding the Village’s capital assets can be found in the Notes to Financial Statements.

*Village of Kingsley Outstanding Obligations
For the Years Ended*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022
Compensated Absences	\$ 17,325	\$ 17,614	\$ 0	\$ 0	\$ 17,325	\$ 17,614
Revenue Bonds	423,000	441,000	2,043,000	2,101,000	2,466,000	2,542,000
Total	<u>\$ 440,325</u>	<u>\$ 458,614</u>	<u>\$ 2,043,000</u>	<u>\$ 2,101,000</u>	<u>\$ 2,483,325</u>	<u>\$ 2,559,614</u>

More information on the Village’s long-term obligations are available in the Notes to Financial Statements section of this document.

Economic Condition & Future Outlook

The following economic factors currently affect the Village and were considered in developing the 2023-2024 budget:

- The Village has several grants and projects expected to take place for the fiscal year ending February 28, 2024, and has planned so accordingly within the budgets for next fiscal year.
- The Village continues to evaluate its water and sewer operations annually to determine if rate increases are needed to meet the financial obligations of the Water Fund and Sewer Fund.
- The Village received approximately \$85,000 for its first tranche of ARPA funding in the prior fiscal year and the remaining approximate \$85,000 in this current fiscal year. The Village did not spend any of the ARPA funds as of February 28, 2023; however, the full amount was spent in April and May 2023 on the sludge drying bed project.
- The Village continues to look for ways to improve the services it provides to its residents in a manner that is financially responsible.

Contacting the Village’s Finance Department

This financial report is designed to provide the wide variety of users of this document with a general overview of the Village’s finances and demonstrate the Village’s accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the Village of Kingsley, P.O. Box 208, Kingsley, Michigan 49649, or call us at (231) 263-7778.

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VILLAGE OF KINGSLEY, MICHIGAN

STATEMENT OF NET POSITION

FEBRUARY 28, 2023

	PRIMARY GOVERNMENT			
	BUSINESS			
	GOVERNMENTAL	TYPE		COMPONENT
	ACTIVITIES	ACTIVITIES	TOTALS	UNITS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,690,686	\$ 1,626,215	\$ 3,316,901	\$ 258,427
Investments	784,844	0	784,844	0
Receivables				
Accounts	2,565	53,360	55,925	0
Taxes	0	0	0	2,900
Accrued Interest	2,330	0	2,330	0
Due from Other Governments	127,344	0	127,344	0
Prepaid Expenses	30,023	4,159	34,182	0
Total Current Assets	2,637,792	1,683,734	4,321,526	261,327
<u>RESTRICTED ASSETS</u>				
Cash				
USDA RRI Reserve	0	401,819	401,819	0
USDA Bond and Interest Redemption Funds	0	85,973	85,973	0
USDA BR Reserve	0	108,985	108,985	0
Total Restricted Assets	0	596,777	596,777	0
<u>CAPITAL ASSETS</u>				
Land and Land Improvements	1,028,390	489,135	1,517,525	49,406
Buildings and Improvements	1,405,409	346,375	1,751,784	0
Machinery and Equipment	873,897	453,717	1,327,614	0
Office Equipment and Fixtures	26,281	24,938	51,219	0
Infrastructure	3,491,890	0	3,491,890	0
Water and Sewer Systems	0	9,425,991	9,425,991	0
	6,825,867	10,740,156	17,566,023	49,406
Less Accumulated Depreciation	2,810,461	5,839,299	8,649,760	22,658
Net Capital Assets	4,015,406	4,900,857	8,916,263	26,748
TOTAL ASSETS	6,653,198	7,181,368	13,834,566	288,075

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN

STATEMENT OF NET POSITION

FEBRUARY 28, 2023

	PRIMARY GOVERNMENT			
	GOVERNMENTAL	BUSINESS		COMPONENT
	ACTIVITIES	TYPE	TOTALS	UNITS
		ACTIVITIES		
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	21,916	9,036	30,952	0
Customer Deposits	16,830	1,000	17,830	0
Due to Other Governments	8,365	0	8,365	0
Accrued Wages and Taxes	25,430	1,908	27,338	0
Payroll Liabilities	2,299	0	2,299	0
Internal Balances	(14,732)	14,732	0	0
Accrued Interest Payable	6,345	15,988	22,333	0
Unearned Revenue	329,881	920,769	1,250,650	0
Current Portion of Long-Term Debt	19,000	59,000	78,000	0
Total Current Liabilities	415,334	1,022,433	1,437,767	0
<u>LONG-TERM LIABILITIES</u>				
Revenue Bonds - Net of Current Portions	404,000	1,984,000	2,388,000	0
Compensated Absences	17,325	0	17,325	0
Total Long-Term Liabilities	421,325	1,984,000	2,405,325	0
TOTAL LIABILITIES	836,659	3,006,433	3,843,092	0
<u>NET POSITION</u>				
Net Position:				
Net Investment in Capital Assets	3,592,406	2,857,857	6,450,263	0
Restricted for:				
Civic Improvements				
Expendable	213,858	0	213,858	0
Nonexpendable	767,146	0	767,146	0
Community Promotion	2,779	0	2,779	0
Park Improvements	75,000	0	75,000	0
Street Improvements	580,636	0	580,636	0
Water and Sewer Improvements	0	401,819	401,819	0
Debt Service	16,924	178,970	195,894	0
Unrestricted	567,790	736,289	1,304,079	288,075
TOTAL NET POSITION	\$ 5,816,539	\$ 4,174,935	\$ 9,991,474	\$ 288,075

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION				
		CHARGES FOR SERVICES	OPERATING	CAPITAL	PRIMARY GOVERNMENT			COMPONENT UNITS	
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS		
<u>PRIMARY GOVERNMENT</u>									
<u>GOVERNMENTAL ACTIVITIES</u>									
General Government	\$ 276,891	\$ 54,801	\$ 0	\$ 0	\$ (222,090)	\$ 0	\$ (222,090)	\$ 0	
Public Safety	30,678	830	0	0	(29,848)	0	(29,848)	0	
Public Works	367,692	7,832	256,128	0	(103,732)	0	(103,732)	0	
Community and Economic Development	14,871	0	0	0	(14,871)	0	(14,871)	0	
Recreation and Culture	23,335	5,330	0	118,223	100,218	0	100,218	0	
Debt Service	19,200	0	0	0	(19,200)	0	(19,200)	0	
Total Governmental Activities	732,667	68,793	256,128	118,223	(289,523)	0	(289,523)	0	
<u>BUSINESS-TYPE ACTIVITIES</u>									
Water and Sewer Systems	778,707	624,721	0	0	0	(153,986)	(153,986)	0	
Market Activity	6,801	7,461	0	0	0	660	660	0	
Total Business-Type Activities	785,508	632,182	0	0	0	(153,326)	(153,326)	0	
TOTAL PRIMARY GOVERNMENT	\$ 1,518,175	\$ 700,975	\$ 256,128	\$ 118,223	(289,523)	(153,326)	(442,849)	0	
<u>COMPONENT UNIT</u>									
Community and Economic Development	\$ 59,512	\$ 0	\$ 0	\$ 0	0	0	0	(59,512)	
<u>GENERAL REVENUES</u>									
Taxes					305,804	0	305,804	84,926	
State Sources					176,941	0	176,941	0	
Investment Earnings					31,481	2,338	33,819	343	
Other					3,884	31,611	35,495	500	
<u>TRANSFERS</u>					15,451	(15,451)	0	0	
Total General Revenues and Transfers					533,561	18,498	552,059	85,769	
Change in Net Position					244,038	(134,828)	109,210	26,257	
<u>NET POSITION</u> - Beginning of Year					5,572,501	4,309,763	9,882,264	261,818	
<u>NET POSITION</u> - End of Year					\$ 5,816,539	\$ 4,174,935	\$ 9,991,474	\$ 288,075	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
GOVERNMENTAL FUNDS

BALANCE SHEET
FEBRUARY 28, 2023

	GENERAL	MAJOR STREET	LOCAL STREET	2008 SERIES A DEBT SERVICE	OIL, GAS AND MINERAL TRUST	TOTALS
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 893,868	\$ 395,312	\$ 114,635	\$ 23,269	\$ 193,830	\$ 1,620,914
Investments	0	0	0	0	784,844	784,844
Receivables						
Accounts	2,565	0	0	0	0	2,565
Accrued Interest	0	0	0	0	2,330	2,330
Due from Other Governments	68,819	34,539	23,986	0	0	127,344
Due from Other Funds	2,935	10,162	4,252	0	0	17,349
Prepaid Expenditures	24,425	1,484	234	0	0	26,143
 TOTAL ASSETS	 \$ 992,612	 \$ 441,497	 \$ 143,107	 \$ 23,269	 \$ 981,004	 \$ 2,581,489
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 21,837	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,837
Payroll Liabilities	2,299	0	0	0	0	2,299
Accrued Wages	22,709	935	1,245	0	0	24,889
Customer Deposits	16,830	0	0	0	0	16,830
Due to Other Governments	8,365	0	0	0	0	8,365
Due to Other Funds	22,187	70	0	0	0	22,257
Unearned Revenue	329,881	0	0	0	0	329,881
Total Liabilities	424,108	1,005	1,245	0	0	426,358
<u>FUND BALANCE</u>						
Nonspendable						
Endowment	0	0	0	0	767,146	767,146
Prepaid Expenditures	24,425	1,484	234	0	0	26,143
Restricted						
Street Improvements	0	439,008	141,628	0	0	580,636
Civic Improvements	0	0	0	0	213,858	213,858
Community Promotion	2,779	0	0	0	0	2,779
Park Improvements	75,000	0	0	0	0	75,000
Debt Service	0	0	0	23,269	0	23,269
Unassigned	466,300	0	0	0	0	466,300
Total Fund Balance	568,504	440,492	141,862	23,269	981,004	2,155,131
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 992,612	 \$ 441,497	 \$ 143,107	 \$ 23,269	 \$ 981,004	 \$ 2,581,489

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2023

Total Fund Balances for Governmental Funds	\$ 2,155,131
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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.

Land and Land Improvements	\$ 1,028,390	
Buildings and Improvements	1,405,409	
Machinery and Equipment	186,962	
Office Equipment and Fixtures	26,281	
Infrastructure	3,491,890	
Accumulated Depreciation and Amortization	<u>(2,353,437)</u>	3,785,495

Internal service funds are used by management to charge costs of Village maintenance equipment to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	302,943
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Internal service funds are used by management to charge costs of certain activities, such as equipment rental, to individual funds. The net result of the look-back adjustment as it relates to enterprise fund customers are treated as interfund payables and receivables between governmental activities and business-type activities.	19,640
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Accrued interest is not recorded as a liability in governmental funds, it is recorded when paid.	(6,345)
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Long-term liabilities are not due and payable in the current period
and therefore are not reported in the funds.

General Obligation Bonds Payable	(423,000)	
Compensated Absences	<u>(17,325)</u>	(440,325)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 5,816,539</u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED FEBRUARY 28, 2023

	GENERAL	MAJOR STREET	LOCAL STREET	2008 SERIES A DEBT SERVICE	OIL, GAS AND MINERAL TRUST	TOTALS
<u>REVENUES</u>						
Taxes	\$ 305,804	\$ 0	\$ 0	\$ 0	\$ 0	\$ 305,804
Licenses and Permits	13,488	0	0	0	0	13,488
State Grants	220,164	148,959	77,327	0	0	446,450
Contributions from Local Units	25,000	14,921	14,921	0	0	54,842
Charges for Services	37,162	0	0	0	0	37,162
Interest and Rents	21,681	601	190	24	27,128	49,624
Gain (Loss) on Investments	0	0	0	0	(2,756)	(2,756)
Other Revenue	56,640	0	0	0	0	56,640
Total Revenues	679,939	164,481	92,438	24	24,372	961,254
<u>EXPENDITURES</u>						
General Government						
Village Council	17,181	0	0	0	0	17,181
Manager	37,071	0	0	0	0	37,071
Attorney and Audit	7,390	0	0	0	0	7,390
Clerk	12,815	0	0	0	0	12,815
Treasurer	15,080	0	0	0	0	15,080
Buildings and Grounds	74,092	0	0	0	0	74,092
Other General Government	60,054	0	0	0	4,784	64,838
Public Safety						
Police	30,678	0	0	0	0	30,678
Public Works						
Department of Public Works	124,638	0	0	0	0	124,638
Roads, Streets and Bridges	0	119,024	60,379	0	0	179,403
Street Lighting	25,602	0	0	0	0	25,602
Community and Economic Development						
Planning and Zoning	14,871	0	0	0	0	14,871
Recreation and Culture						
Parks and Recreation	62,987	0	0	0	0	62,987
Debt Service						
Principal	0	0	0	18,000	0	18,000
Interest and Fees	0	0	0	19,470	0	19,470
Total Expenditures	482,459	119,024	60,379	37,470	4,784	704,116
Excess (Deficiency) of Revenues Over Expenditures	197,480	45,457	32,059	(37,446)	19,588	257,138
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	18,000	0	0	36,000	0	54,000
Transfers Out	(38,549)	0	0	0	0	(38,549)
Total Other Financing Sources (Uses)	(20,549)	0	0	36,000	0	15,451
Net Change in Fund Balance	176,931	45,457	32,059	(1,446)	19,588	272,589
<u>FUND BALANCE</u> - Beginning of Year	391,573	395,035	109,803	24,715	961,416	1,882,542
<u>FUND BALANCE</u> - End of Year	\$ 568,504	\$ 440,492	\$ 141,862	\$ 23,269	\$ 981,004	\$ 2,155,131

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2023

Net Change in Fund Balance - Total Governmental Funds \$ 272,589

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures in the Statement of Activities. These costs are allocated over their estimated useful lives as depreciation in the Statement of Activities. Additionally, the gain or loss on the disposal of capital assets is recorded in the Statement of Activities

Capital Outlay	98,459
Depreciation Expense	(123,120)

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the Statement of Activities (where it is a reduction of liabilities). 18,000

Accrued interest payable is recorded in the Statement of Activities when incurred; it is not recorded in the governmental funds until it is paid.

Accrued Interest Payable - Beginning of Year	\$ 6,615	
Accrued Interest Payable - End of Year	<u>(6,345)</u>	270

Employees compensated absences are reported on the accrual method in the Statement of Activities, and recorded as expenditures when financial resources are used in the governmental funds.

Compensated Absences - Beginning of Year	17,614	
Compensated Absences - End of Year	<u>(17,325)</u>	289

Internal service funds are used by management to charge costs of the motor pool, to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities. (22,449)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 244,038</u></u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF NET POSITION
FEBRUARY 28, 2023

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL ACTIVITIES</u>
	<u>MAJOR FUNDS</u>				<u>INTERNAL SERVICE FUND</u>
	<u>WATER</u>	<u>SEWER</u>	<u>MARKET</u>	<u>TOTAL</u>	
<u>ASSETS</u>					
<u>CURRENT ASSETS</u>					
Cash and Cash Equivalents	\$ 1,383,724	\$ 236,347	\$ 6,144	\$ 1,626,215	\$ 69,772
Receivables					
Accounts	18,679	34,681	0	53,360	0
Due from Other Funds	7,500	343	0	7,843	0
Prepaid Expense	1,698	2,461	0	4,159	3,880
Total Current Assets	1,411,601	273,832	6,144	1,691,577	73,652
<u>RESTRICTED ASSETS</u>					
Cash					
USDA RRI Reserve	123,699	278,120	0	401,819	0
USDA Bond and Interest Redemption Funds	12,257	73,716	0	85,973	0
USDA BR Reserve	24,406	84,579	0	108,985	0
Total Restricted Assets	160,362	436,415	0	596,777	0
<u>CAPITAL ASSETS</u>					
Land and Land Improvements	176,892	312,243	0	489,135	0
Buildings and Improvements	37,521	308,854	0	346,375	0
Machinery and Equipment	52,204	401,513	0	453,717	686,935
Office Equipment and Fixtures	0	24,938	0	24,938	0
Water and Sewer Systems	3,929,627	5,496,364	0	9,425,991	0
	4,196,244	6,543,912	0	10,740,156	686,935
Less Accumulated Depreciation	2,188,025	3,651,274	0	5,839,299	457,024
Net Capital Assets	2,008,219	2,892,638	0	4,900,857	229,911
TOTAL ASSETS	3,580,182	3,602,885	6,144	7,189,211	303,563

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF NET POSITION
FEBRUARY 28, 2023

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL ACTIVITIES</u>
	<u>MAJOR FUNDS</u>				<u>INTERNAL SERVICE FUND</u>
	<u>WATER</u>	<u>SEWER</u>	<u>MARKET</u>	<u>TOTAL</u>	
<u>LIABILITIES</u>					
<u>CURRENT LIABILITIES</u>					
Accounts Payable	0	9,036	0	9,036	79
Accrued Interest Payable	4,019	11,969	0	15,988	0
Due to Other Funds	0	0	2,935	2,935	0
Accrued Wages	1,660	248	0	1,908	541
Customer Deposits	1,000	0	0	1,000	0
Unearned Revenue	750,000	170,769	0	920,769	0
Current Portion of Long-Term Debt	18,000	41,000	0	59,000	0
Total Current Liabilities	774,679	233,022	2,935	1,010,636	620
<u>LONG-TERM LIABILITIES</u>					
Revenue Bonds - Net of Current Portion	437,000	1,547,000	0	1,984,000	0
TOTAL LIABILITIES	1,211,679	1,780,022	2,935	2,994,636	620
<u>NET POSITION</u>					
Net Investment in Capital Assets	1,553,219	1,304,638	0	2,857,857	229,911
Restricted for Improvements	123,699	278,120	0	401,819	0
Restricted for Debt Service	32,644	146,326	0	178,970	0
Unrestricted	658,941	93,779	3,209	755,929	73,032
TOTAL NET POSITION	\$ 2,368,503	\$ 1,822,863	\$ 3,209	\$ 4,194,575	\$ 302,943

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS

RECONCILIATION OF THE STATEMENT OF NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2023

Total Net Position - Total Proprietary Funds	\$ 4,194,575
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Amounts reported for proprietary activities in the Statement of
Net Position are different because:

Internal service funds are used by management to charge costs of
equipment rental to individual funds. The assets and liabilities
of the internal service funds are allocated to governmental type activities.
This creates an internal balance referred to as the crossover amount
which needs to be adjusted for.

(19,640)

NET POSITION OF PROPRIETARY FUNDS	<u><u>\$ 4,174,935</u></u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED FEBRUARY 28, 2023

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL ACTIVITIES</u>
	<u>MAJOR FUNDS</u>				<u>INTERNAL SERVICE FUND</u>
	<u>WATER</u>	<u>SEWER</u>	<u>MARKET</u>	<u>TOTAL</u>	
<u>OPERATING REVENUES</u>					
Charges for Services	\$ 246,758	\$ 319,211	\$ 7,461	\$ 573,430	\$ 88,344
Other Income	89,915	448	0	90,363	304
Total Operating Revenue	336,673	319,659	7,461	663,793	88,648
<u>OPERATING EXPENSES</u>					
Wages and Benefits	95,408	40,851	0	136,259	23,063
Administrative Fees	12,000	12,000	0	24,000	180
Operating Supplies	18,088	6,791	3,674	28,553	20,606
Postage and Office Supplies	1,877	1,880	0	3,757	0
Bank Service Charges	3,550	4,582	0	8,132	0
Professional Services	29,815	111,833	3,127	144,775	6,916
Permits and Fees	0	3,650	0	3,650	0
Education and Training	1,210	0	0	1,210	0
Communications	288	1,671	0	1,959	2,804
Insurance and Bonds	2,914	3,502	0	6,416	5,591
Utilities	22,323	46,796	0	69,119	5,882
Repairs and Maintenance	985	14,867	0	15,852	4,513
Equipment Rental	15,847	4,968	0	20,815	0
Testing	11,808	0	0	11,808	0
Dues and Fees	3,573	869	0	4,442	0
Printing and Publishing	176	175	0	351	0
Depreciation	105,312	146,156	0	251,468	48,588
Total Operating Expenses	325,174	400,591	6,801	732,566	118,143
Operating Income (Loss)	11,499	(80,932)	660	(68,773)	(29,495)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED FEBRUARY 28, 2023

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL ACTIVITIES</u>
	<u>MAJOR FUNDS</u>				<u>INTERNAL SERVICE FUND</u>
	<u>WATER</u>	<u>SEWER</u>	<u>MARKET</u>	<u>TOTAL</u>	
<u>NONOPERATING REVENUES (EXPENSES)</u>					
Interest Income	1,465	873	0	2,338	127
Interest Expense	(9,634)	(36,389)	0	(46,023)	0
Total Nonoperating Revenues (Expenses)	(8,169)	(35,516)	0	(43,685)	127
Net Income (Loss)	3,330	(116,448)	660	(112,458)	(29,368)
Transfers In (Out)	(9,000)	(9,000)	2,549	(15,451)	0
Change in Net Position	(5,670)	(125,448)	3,209	(127,909)	(29,368)
<u>TOTAL NET POSITION -</u>					
Beginning of Year	2,374,173	1,948,311	0	4,322,484	332,311
<u>TOTAL NET POSITION -</u>					
End of Year	<u>\$ 2,368,503</u>	<u>\$ 1,822,863</u>	<u>\$ 3,209</u>	<u>\$ 4,194,575</u>	<u>\$ 302,943</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION TO THE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2023

Net Change in Fund Net Position - Total Proprietary Funds	\$ (127,909)
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Amounts reported for proprietary activities in the Statement of
Activities are different because:

Internal service funds are used by management to charge costs of
the motor pool to individual funds. The net revenue (expense)
of internal service fund is reported with governmental type activities.
This creates an internal balance referred to as the crossover amount
that needs to be adjusted for.

(6,919)

CHANGE IN NET POSITION OF PROPRIETARY FUNDS	<u>\$ (134,828)</u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED FEBRUARY 28, 2023

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS				INTERNAL
	MAJOR FUNDS				SERVICE
	WATER	SEWER	MARKET	TOTAL	FUND
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>					
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 337,814	\$ 319,924	\$ 7,461	\$ 665,199	\$ 0
Cash Received from Interfund Services Provided	0	0	0	0	88,648
Cash Payments to Employees for Services	(94,878)	(41,015)	0	(135,893)	(23,043)
Cash Payments to Suppliers for Goods and Services	(134,405)	(225,953)	(3,866)	(364,224)	(88,091)
Net Cash Provided by (Used for) Operating Activities	108,531	52,956	3,595	165,082	(22,486)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	0	0	0	0	(12,071)
Proceeds from Grant Income	0	170,769	0	170,769	0
Principal Paid on Bonds	(18,000)	(40,000)	0	(58,000)	0
Interest Paid on Bonds	(10,051)	(36,630)	0	(46,681)	0
Transfer (to) from Other Funds	(9,000)	(9,000)	2,549	(15,451)	0
Net Cash Provided by (Used for) Capital and Related Financing Activities	(37,051)	85,139	2,549	50,637	(12,071)
Cash Flows from Investing Activities					
Interest Income	1,465	873	0	2,338	127
Net Increase (Decrease) in Cash and Cash Equivalents	72,945	138,968	6,144	218,057	(34,430)
<u>CASH AND CASH EQUIVALENTS - Beginning of Year (Including \$141,375 Water Fund and \$413,157 Sewer Fund Restricted Accounts)</u>					
	1,471,141	533,794	0	2,004,935	104,202
<u>CASH AND CASH EQUIVALENTS - End of Year (Including \$160,362 Water Fund and \$436,415 Sewer Fund Restricted Accounts)</u>					
	\$ 1,544,086	\$ 672,762	\$ 6,144	\$ 2,222,992	\$ 69,772

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED FEBRUARY 28, 2023

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS				INTERNAL
	MAJOR FUNDS				SERVICE
	WATER	SEWER	MARKET	TOTAL	FUND
<u>RECONCILIATION OF OPERATING INCOME</u>					
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>					
Operating Income (Loss)	\$ 11,499	\$ (80,932)	\$ 660	\$ (68,773)	\$ (29,495)
Adjustments to Reconcile Operating Income to Net					
Cash Provided by Operating Activities:					
Depreciation and Amortization	105,312	146,156	0	251,468	48,588
(Increase) Decrease in Current Assets					
Accounts Receivable	141	265	0	406	0
Prepaid Expenses	47	(19)	0	28	9
Due from Other Funds	(7,500)	(343)	0	(7,843)	0
Increase (Decrease) in Current Liabilities					
Accounts Payable	(2,498)	(12,007)	0	(14,505)	(608)
Accrued Wages	530	(164)	0	366	20
Customer Deposits	1,000	0	0	1,000	0
Due to Other Funds	0	0	2,935	2,935	(41,000)
Total Adjustments	97,032	133,888	2,935	233,855	7,009
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 108,531	\$ 52,956	\$ 3,595	\$ 165,082	\$ (22,486)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
COMPONENT UNITS

BALANCE SHEET
YEAR ENDED FEBRUARY 28, 2023

	DOWNTOWN DEVELOPMENT AUTHORITY	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTAL
<u>ASSETS</u>			
Cash	\$ 258,427	\$ 0	\$ 258,427
Taxes Receivable	2,900	0	2,900
 TOTAL ASSETS	 \$ 261,327	 \$ 0	 \$ 261,327
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 0	\$ 0
 <u>FUND BALANCE</u>			
Unassigned	261,327	0	261,327
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 261,327	 \$ 0	 \$ 261,327

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
COMPONENT UNITS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2023

Total Fund Balances for Component Units		\$	261,327
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.			
Land and Land Improvements	\$	49,406	
Accumulated Depreciation and Amortization		(22,658)	26,748
			<hr/>
NET POSITION OF COMPONENT UNITS		\$	<u><u>288,075</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
COMPONENT UNITS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED FEBRUARY 28, 2023

	DOWNTOWN DEVELOPMENT AUTHORITY	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTAL
<u>REVENUES</u>			
Taxes	\$ 84,926	\$ 0	\$ 84,926
Other Revenue	500	0	500
Interest and Rents	343	0	343
Total Revenues	85,769	0	85,769
<u>EXPENDITURES</u>			
Community and Economic Development	57,041	0	57,041
Net Change in Fund Balance	28,728	0	28,728
<u>FUND BALANCE</u> - Beginning of Year	232,599	0	232,599
<u>FUND BALANCE</u> - End of Year	\$ 261,327	\$ 0	\$ 261,327

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
COMPONENT UNITS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2023

Net Change in Fund Balance - Total Component Units	\$ 28,728
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures in the Statement of Activities. These costs are allocated over their estimated useful lives as depreciation in the Statement of Activities. Additionally, the gain or loss on the disposal of capital assets is recorded in the Statement of Activities

Depreciation Expense	<u>(2,471)</u>
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CHANGE IN NET POSITION OF COMPONENT UNITS	<u><u>\$ 26,257</u></u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary governmental is financially accountable.

B. Reporting Entity

The Village of Kingsley, Michigan, is a general law village incorporated under the General Village Act of 1895. As required by generally accepted accounting principles, these financial statements present all activities of the Village. Entities for which the Village is considered to be financially accountable are called component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units on the other hand, are reported in a separate column in the financial statements to emphasize they are legally separate from the primary government.

DISCRETELY PRESENTED COMPONENT UNITS

Downtown Development Authority (DDA) – The DDA was established pursuant to the provisions of Act No. 197 of the Public Acts of the State of Michigan 1975. The members of the governing board of the Downtown Development Authority are appointed by the Kingsley Village council.

Brownfield Redevelopment Authority (BRA) – The BRA was established pursuant to the provisions of Act 381 of the Public Acts of the State of Michigan of 1996, as amended. The members of the governing board of the Brownfield Redevelopment Authority are appointed by the Kingsley Village council. There has been no activity in the Brownfield Redevelopment Authority since inception.

Financial statements of the individual component units are included as supplemental information in the annual financial report of the Village of Kingsley, Michigan. The component units do not issue separate financial reports.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. 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.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

As discussed earlier, the Village has two discretely presented component units. While the Downtown Development Authority and the Brownfield Redevelopment Authority are considered to be major component units, they are nevertheless shown in separate columns in the government-wide financial statements.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between government's water and sewer functions and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category – governmental and enterprise – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The Village of Kingsley 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 Street Fund* is used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares.

The *Local Street Fund* receives all local street money paid to the Village by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

The *Oil, Gas and Mineral Trust Fund* is a *permanent fund* and uses the accrual method of accounting. Permanent funds account for assets that are legally restricted to the extent that only the earnings, and not the principal, may be used.

The *2008 Series A Debt Service Fund* accounts for the servicing of long-term debt not being financed by proprietary or nonexpendable trust funds.

The Village of Kingsley reports the following major enterprise funds:

The *Water Fund* and *Sewer Fund* record financial activity of the water system which provides water to customers and the operations of the Village's sanitary sewer system.

The *Market Fund* is a self-supporting fund which does business with individuals outside the local unit departments for the local farmers market and therefore is classified as an Enterprise Fund.

Additionally, the Village of Kingsley reports the following enterprise fund:

Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, transfers between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 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. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources focus* and the *accrual basis of accounting*.

F. Budgetary Information

1. Budgetary Basis of Accounting

- Prior to March 1, the Village Clerk submits to the Village Council a proposed operating budget for all governmental funds for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- The Village Council holds a public hearing and adopts a resolution approving the budgets.
- All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the Village Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.
- Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year-end. Budgeted amounts are as originally adopted, or as amended by the Village Council from time to time throughout the year.
- Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Village because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

2. Excess of Expenditures Over Appropriations

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Public Safety		
Police	\$ 30,000	\$ 30,678
Parks and Recreation	43,884	62,987

These overages were funded by available fund balance.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. The government considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. Investments

(I) The Village Council requires that the Village Treasurer maintains a sufficient amount of cash to meet the reasonably anticipated operating requirements in a demand depository account. The Council has authorized any remaining funds to be invested in the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts if a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States, or as an alternative to the foregoing with regard to certificate of deposit, if the requirements of Section 1(5) of Act 20 have been satisfied. Some investments authorized by state law are shown as cash on the financial statements.
- c) Repurchase agreements consisting of instruments listed above are documented by a written agreement and are fully collateralized by delivery to an independent third-party custodian.
- d) Commercial paper rated at the time of purchase within the highest classifications established by not less than 2 national rating services and that matures not more than 270 days after the date of purchase provided that no more than 3 percent of the total portfolio may be invested in any one issuer's obligation.
- e) Bankers' acceptances of United States banks.
- f) Obligations described above if purchased through an interlocal agreement under the urban cooperation act of 1967, which Act 7 of Public Acts of Michigan on 1967, as amended.
- g) Mutual funds registered under the federal investment company act of 1940 with the intention to maintain a \$1.00 per share net asset value and that purchase only investment vehicles that are legal for direct investment by a public corporation. No mutual fund may be purchased which charges sale or loan commissions at the time of purchase or redemption.
- h) The investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

- i) Other prudent investment instruments allowed by Act 20 and specifically approved prior to purchase by a two-thirds majority of the Village Council.

In addition, the Village has authorized the Oil and Gas Fund to invest funds per Public Act 220 of 2008, which is codified as Section 7 of PA 20 of 1943, being MCL 129.97.

3. *Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out method. Currently, the Village does not have inventory and inventories are recorded as expenditures when purchased.

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.

4. *Restricted Assets*

Certain debt proceeds of the Village's enterprise funds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants, and they are maintained in separate bank accounts.

5. *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 or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government, as well as the component unit are depreciated using the straight-line method over the following estimated useful lives:

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

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

6. *Unearned Revenue*

Unearned revenue arises when resources are received by the Village before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The Village has \$1,250,650 in unearned revenue related to a water tower lease (\$329,881) unearned grant revenue (\$750,000) and American Rescue Plan Act (ARPA) funds that were received but not yet spent as of February 28, 2023 (\$170,769).

7. *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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has no items that qualify for reporting in this category.

8. *Long-Term Obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *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.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

10. Fund Balance Flow Assumption

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 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.

11. 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. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

12. Use of Estimates

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenue 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

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. *Property Taxes*

The 2022 taxable valuation of the Village of Kingsley totaled \$37,508,604 on which ad valorem taxes levied consisted of 9.1212 mills for the Village of Kingsley operating purposes. This results in approximately \$306,000 of tax revenue for the Village. The DDA also collects tax revenues amounting to approximately \$85,000 this fiscal year.

3. *Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused sick pay benefits. No liability is reported for nonvesting, unpaid accumulated sick leave. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

4. *Proprietary Funds Operating and Nonoperating Revenues and Expenses*

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 water fund, sewer fund, market fund and internal service fund are charges to customers for services. Operating expenses for enterprise funds and internal services fund include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. DETAILED NOTES ON ALL FUNDS

A. *Violations of Legal or Contractual Provisions*

Note I.F.2, on the Excess of Expenditures Over Appropriations, describes a budgetary violation that occurred for the year ended February 28, 2023.

III. DETAILED NOTES ON ALL FUNDS

A. *Deposits and Investments*

As of February 28, 2023, The Village had deposits and investments subject to the following risk:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of February 28, 2023, \$3,014,698 of the Village's bank balance of \$3,903,486 was exposed to custodial credit risk because it was uninsured and uncollateralized. The majority of the concentration of credit risk falls within the Water Fund followed by the Sewer Fund and General Fund. As of the same date, \$8,427 of the discretely presented component unit's bank balance of \$258,427 was exposed to custodial credit risk because it was uninsured and uncollateralized.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

Interest rate risk. The Village will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Village's cash requirement.

Investment Type	Fair Value	Weighted Average Maturity (Years)
US Treasury Note	\$ 99,250	0.3333
Corporate Bonds	49,066	0.3750
US Treasury Note	148,289	0.5000
US Treasury Note	168,766	0.8333
Corporate Bonds	50,001	1.0000
Corporate Bonds	46,445	1.5000
Corporate Bonds	46,655	1.9167
Stocks	139,037	0.0027
Baird Short Assets	37,335	0.0027
	<u>\$ 784,844</u>	
Portfolio Weighted Average Maturity		<u>0.6063</u>
1 Day Maturity Equals 0.0027, One Year Equals 1.000		

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Standard & Poor's Rating
US Treasury Note	\$ 99,250	Aaa
Corporate Bonds	49,066	BB+
US Treasury Note	148,289	Aaa
US Treasury Note	168,766	Aaa
Corporate Bonds	50,001	A-
Corporate Bonds	46,445	BBB+
Corporate Bonds	46,655	BBB
	<u>\$ 608,472</u>	

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

Concentration of credit risk. The Village will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Village's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All of the Village's investments in Corporate Bonds and Mutual Funds and Stocks are subject to disclosure because they represent more than 5% of total investments and are not considered to be exempt for disclosure.

Foreign currency risk. The Village is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by: limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the Village will do business.

During the year ended February 28, 2023, the Village realized a net gain of \$20,856 from the sale of bond investments. The calculation of realized gains/losses is independent of the calculation of the net increase/decrease in the fair value of investments. Realized gains and losses on investments that had been held in more than one reporting period and sold in the current reporting period were included as a change in fair value of investments reported in the prior reporting period(s) and the current reporting period.

The Village invests in a brokerage account with Baird, Inc. for funds within the Village's Oil, Gas, and Mineral Trust Fund. The brokerage account holds cash and cash equivalents in a money market account and investments in corporate bonds and stocks and options. The amount of \$193,830 inside the brokerage account that is considered cash and cash equivalents is not considered an investment but rather a deposit. The investments within the brokerage account are subject to fair value disclosures.

Fair Market Value Disclosure - 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 reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices from similar securities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S. government agency securities, corporate securities, and commercial paper.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments that are measured at fair value using net asset per value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

	Level 1	Level 2	Level 3	Total
Investments at Fair Value				
Corporate Bonds	\$ 0	\$ 192,167	\$ 0	\$ 192,167
US Treasury Notes	0	416,305	0	416,305
Stocks	139,037	0	0	139,037
Baird Short Assets	37,335	0	0	37,335
Total Investments at Fair Value	\$ 176,372	\$ 608,472	\$ 0	\$ 784,844

The deposits and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of February 28, 2023:

	Primary Government	Component Units	Reporting Entity
Cash & Cash Equivalents	\$ 3,316,901	\$ 258,427	\$ 3,575,328
Restricted Cash & Cash Equivalents	596,777	0	596,777
Investments	784,844	0	784,844
	\$ 4,698,522	\$ 258,427	\$ 4,956,949

B. Receivables

Receivables as of year-end for the government's individual major funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Major Street	Local Street	Oil, Gas & Mineral	Water	Sewer	Total
Receivables							
Accounts	\$ 2,565	\$ 0	\$ 0	\$ 0	\$ 18,679	\$ 34,681	\$ 55,925
Accrued Interest	0	0	0	2,330	0	0	2,330
Due from Other Governments	68,819	34,539	23,986	0	0	0	127,344
Total	\$ 71,384	\$ 34,539	\$ 23,986	\$ 2,330	\$ 18,679	\$ 34,681	\$ 185,599

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs. By ordinance, the Village can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

C. Capital Assets

1. Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated				
Land	\$ 254,909	\$ 0	\$ 0	\$ 254,909
Capital Assets, Being Depreciated				
Buildings and Improvements	1,405,409	0	0	1,405,409
Land Improvements	723,937	49,543	0	773,480
Machinery and Equipment	186,962	0	0	186,962
Office Equipment and Fixtures	26,281	0	0	26,281
Infrastructure	3,442,975	48,916	0	3,491,891
 Total Capital Assets, Being Depreciated	 5,785,564	 98,459	 0	 5,884,023
 Less Accumulated Depreciation for:				
Buildings and Improvements	399,095	29,102	0	428,197
Land Improvements	497,843	23,983	0	521,826
Machinery and Equipment	156,065	1,101	0	157,166
Office Equipment and Fixtures	26,280	0	0	26,280
Infrastructure	1,151,034	68,934	0	1,219,968
 Total Accumulated Depreciation	 2,230,317	 123,120	 0	 2,353,437
 Total Capital Assets, Being Depreciated, Net	 3,555,247	 (24,661)	 0	 3,530,586
 Governmental Activities Capital Assets, Net	 \$ 3,810,156	 \$ (24,661)	 \$ 0	 3,785,495
 Internal Service Fund Net Capital Assets				 229,911
 Net Capital Assets per Statement of Net Position				 \$4,015,406

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated				
Land	\$ 251,496	\$ 0	\$ 0	\$ 251,496
Capital Assets, Being Depreciated				
Buildings and Improvements	346,375	0	0	346,375
Land Improvements	237,639	0	0	237,639
Machinery and Equipment	453,717	0	0	453,717
Office Equipment and Fixtures	24,938	0	0	24,938
Water and Sewer Systems	9,425,991	0	0	9,425,991
Total Capital Assets, Being Depreciated	10,488,660	0	0	10,488,660
Less Accumulated Depreciation				
Buildings and Improvements	173,103	10,713	0	183,816
Land Improvements	141,291	8,607	0	149,898
Machinery and Equipment	423,489	6,045	0	429,534
Office Equipment and Fixtures	24,937	0	0	24,937
Water and Sewer Systems	4,825,011	226,103	0	5,051,114
Total Capital Assets, Being Depreciated	5,587,831	251,468	0	5,839,299
Total Capital Assets, Being Depreciated, Net	4,900,829	(251,468)	0	4,649,361
Business-Type Activities Net Capital Assets	\$ 5,152,325	\$ (251,468)	\$ 0	\$ 4,900,857

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 44,295
Public Works	68,934
Recreation and Culture	9,891
Total Depreciation Expense - Governmental Activities	<u>\$ 123,120</u>

Business-Type Activities

Water and Sewer	<u>\$ 251,468</u>
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VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

2. Component Unit

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Downtown Development Authority</u>				
Capital Assets, Being Depreciated				
Land Improvements	\$ 49,406	\$ 0	\$ 0	\$ 49,406
Less Accumulated Depreciation for:				
Land Improvements	20,187	2,471	0	22,658
Component Unit Capital Assets, Net	<u>\$ 29,219</u>	<u>\$ (2,471)</u>	<u>\$ 0</u>	<u>\$ 26,748</u>

Depreciation expense was charged to functions/programs of the component unit as follows:

Component Unit:

Community and Economic Development	<u>\$ 2,471</u>
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D. Interfund Receivables, Payables and Transfers

Interfund receivables and payable for the fiscal year ending February 28, 2023, were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Market Fund	\$ 2,935
Major Street Fund	General Fund	10,162
Local Street Fund	General Fund	4,182
Water Fund	General Fund	7,500
Sewer Fund	General Fund	343
Local Street Fund	Major Street Fund	70
		<u>\$ 25,192</u>

All remaining balances resulted from time the lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at February 28, 2023 are expected to be repaid within one year.

Interfund Transfers as of February 28, 2023, were:

<u>Fund Transferred To</u>	<u>Funds Transferred From</u>	<u>Amount</u>
General Fund	Water Fund	\$ 9,000
General Fund	Sewer Fund	9,000
Market Fund	General Fund	2,549
2008 Series A Debt Service	General Fund	36,000
		<u>\$ 56,549</u>

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

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

E. Long-Term Obligations

1. Primary Government

The following is a summary of long-term obligation transactions of the Village of Kingsley for the year ended February 28, 2023:

Governmental Activities:

	GENERAL OBLIGATION BONDS	COMPENSATED ABSENCES	TOTAL
Balance at March 1, 2022	\$ 441,000	\$ 17,614	\$ 458,614
Additions	0	2,321	2,321
Deletions	(18,000)	(2,610)	(20,610)
Balance at February 28, 2023	<u>\$ 423,000</u>	<u>\$ 17,325</u>	<u>\$ 440,325</u>
Due within one year	<u>\$ 19,000</u>	<u>\$ 0</u>	<u>\$ 19,000</u>

Debt payable at February 28, 2023, is comprised of the following individual issues:

General Obligation Bonds:

\$612,000 Capital Improvement Bonds, General Obligation Limited Tax due
in installments of \$19,000 to \$36,000 through May 1, 2038;
plus interest at 4.50%.

\$ 423,000

Accumulated sick pay owed to Village employees.

17,325

\$ 440,325

Compensated absences will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

The annual requirements to amortize these debts outstanding other than compensated absences as of February 28, 2023, including interest payments of \$170,392 are as follows:

<u>YEAR ENDING FEBRUARY 28,</u>	<u>GENERAL</u>
	<u>OBLIGATION BONDS</u>
2024	
PRINCIPAL	\$ 19,000
INTEREST	18,607
TOTAL	<u>37,607</u>
2025	
PRINCIPAL	19,000
INTEREST	17,753
TOTAL	<u>36,753</u>
2026	
PRINCIPAL	20,000
INTEREST	16,875
TOTAL	<u>36,875</u>
2027	
PRINCIPAL	21,000
INTEREST	15,952
TOTAL	<u>36,952</u>
2028	
PRINCIPAL	22,000
INTEREST	14,985
TOTAL	<u>36,985</u>
2029-2033	
PRINCIPAL	127,000
INTEREST	58,748
TOTAL	<u>185,748</u>
2034-2038	
PRINCIPAL	159,000
INTEREST	25,852
TOTAL	<u>184,852</u>
2039	
PRINCIPAL	36,000
INTEREST	1,620
TOTAL	<u>37,620</u>
GRAND TOTAL	
PRINCIPAL	423,000
INTEREST	170,392
TOTAL	<u>\$ 593,392</u>

Interest expense for governmental activities for the year ended February 28, 2023, was \$19,470.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

Business-Type Activities:

	REVENUE BONDS
Balance at March 1, 2022	\$ 2,101,000
Additions	0
Deletions	(58,000)
Balance at February 28, 2023	\$ 2,043,000
Due within one year	\$ 59,000

Debt payable at February 28, 2023, is comprised of the following individual issues:

Revenue Bonds:

\$1,148,000 Sewer Revenue Refunding Bonds, due in annual installments of \$30,000 to \$48,000 through May 1, 2044; plus interest at 2.25%.	\$ 839,000
\$867,000 Sewer Revenue Bonds, due in annual installments of \$11,000 to \$76,000 through May 1, 2050; plus interest at 2.25%.	749,000
\$597,000 Water Revenue Bonds due in annual installments of \$18,000 to \$29,000 through October 1, 2043; plus interest at 2.125%.	455,000
	<u>\$ 2,043,000</u>

The annual requirements to amortize these debts outstanding as of February 28, 2023, including interest payments of \$674,455 are as follows:

YEAR ENDING FEBRUARY 28,	REVENUE BONDS
2024	
PRINCIPAL	\$ 59,000
INTEREST	45,555
TOTAL	<u>104,555</u>
2025	
PRINCIPAL	61,000
INTEREST	44,238
TOTAL	<u>105,238</u>
2026	
PRINCIPAL	62,000
INTEREST	42,900
TOTAL	<u>104,900</u>

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2023

<u>YEAR ENDING</u> <u>FEBRUARY 28,</u>	<u>REVENUE</u> <u>BONDS</u>
2027	
PRINCIPAL	64,000
INTEREST	41,517
TOTAL	<u>105,517</u>
2028	
PRINCIPAL	65,000
INTEREST	40,111
TOTAL	<u>105,111</u>
2029-2033	
PRINCIPAL	349,000
INTEREST	178,229
TOTAL	<u>527,229</u>
2034-2038	
PRINCIPAL	393,000
INTEREST	137,706
TOTAL	<u>530,706</u>
2039-2043	
PRINCIPAL	429,000
INTEREST	92,231
TOTAL	<u>521,231</u>
2044-2048	
PRINCIPAL	339,000
INTEREST	44,384
TOTAL	<u>383,384</u>
2049-2051	
PRINCIPAL	222,000
INTEREST	7,584
TOTAL	<u>229,584</u>
GRAND TOTAL	
PRINCIPAL	2,043,000
INTEREST	674,455
TOTAL	<u><u>\$ 2,717,455</u></u>

Interest expense for business-type activities for the year ended February 28, 2023, was \$46,023.

IV. OTHER INFORMATION

A. Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2023

The Village participates in a distinct pool of governmental entities within the State of Michigan for various risks of loss, including general liability, property and casualty and worker's disability compensation. The pool is considered a public entity risk pool. The Village pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Village has not been informed to any special assessments being required. The Village continued to carry commercial insurance for other risks of loss, including employee health and accident insurance.

B. Retirement Benefits

Retirement benefits are provided to full-time Village employees through contributions to individual retirement accounts. Such contributions equal three percent of each employee's base pay. Individual retirement account balances become the property of the employee immediately. Therefore, there are no plan assets or liabilities which would be included as part of the Village reporting entity. Covered wages were \$260,638 and total wages were \$327,665. The Village's total contributions were \$7,337 for the year ended February 28, 2023, and employee contributions were \$26,338. The Council has the authority to establish and amend the plan.

C. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the Village. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Prior to year-end, the Village approved a bid with Grand Traverse Construction for \$195,220 for the sludge drying bed project and with Wade Trim for engineering services for \$126,436.

D. Subsequent Events

After February 28, 2023, The Village approved a contract with Seasons Underground Construction in the amount of \$1,198,300 for water service line replacements. The Village obtained a Michigan Infrastructure Grant through MEDC for 1.5 million to help offset the cost of the project. No adjustments were made to the financial statements as a result of the subsequent event.

E. Joint Venture

The Village is a member of the Civic Center South Recreation Authority. The Authority is a joint venture of Paradise, Mayfield and Fife Lake Townships, as well as the Village of Kingsley created to manage the Civic Center South Park for the member municipalities. The Village contributed \$10,000 to the Authority for operations this fiscal year.

A copy of the audited financial statements may be obtained upon request from the Authority's treasurer.

VILLAGE OF KINGSLEY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED FEBRUARY 28, 2023

	GENERAL FUND			MAJOR STREET FUND			LOCAL STREET FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES									
Taxes	\$ 350,676	\$ 350,676	\$ 305,804	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	13,500	13,500	13,488	0	0	0	0	0	0
State Grants	175,000	175,000	220,164	155,000	155,000	148,959	84,000	84,000	77,327
Federal Grants	85,043	85,043	0	0	0	0	0	0	0
Contributions From Local Units	2,000	2,000	25,000	15,000	15,000	14,921	15,000	15,000	14,921
Charges for Services	27,000	27,000	37,162	0	0	0	0	0	0
Interest and Rents	8,000	8,000	21,681	500	500	601	100	100	190
Other Revenue	211,010	211,010	56,640	0	0	0	0	0	0
Total Revenues	872,229	872,229	679,939	170,500	170,500	164,481	99,100	99,100	92,438
EXPENDITURES									
General Government									
Village Council	19,000	19,000	17,181	0	0	0	0	0	0
Manager	68,000	76,000	37,071	0	0	0	0	0	0
Attorney and Audit	8,000	8,000	7,390	0	0	0	0	0	0
Clerk	20,000	20,000	12,815	0	0	0	0	0	0
Treasurer	45,000	45,000	15,080	0	0	0	0	0	0
Buildings and Grounds	75,000	75,000	74,092	0	0	0	0	0	0
Other General Government	153,230	160,230	60,054	0	0	0	0	0	0
Public Safety									
Police	30,000	30,000	30,678	0	0	0	0	0	0
Public Works									
Department of Public Works	238,572	244,572	124,638	0	0	0	0	0	0
Roads, Streets and Bridges	10,000	0	0	170,500	170,500	119,024	99,100	99,100	60,379
Street Lighting	18,000	26,000	25,602	0	0	0	0	0	0
Community and Economic Development									
Planning and Zoning	32,000	32,000	14,871	0	0	0	0	0	0
Recreation and Culture									
Parks and Recreation	43,884	43,884	62,987	0	0	0	0	0	0
Total Expenditures	760,686	779,686	482,459	170,500	170,500	119,024	99,100	99,100	60,379
Excess (Deficiency) of Revenues Over Expenditures	111,543	92,543	197,480	0	0	45,457	0	0	32,059
OTHER FINANCING SOURCES (USES)									
Transfers In	18,000	18,000	18,000	0	0	0	0	0	0
Transfers Out	(44,500)	(53,500)	(38,549)	0	0	0	0	0	0
Total Other Financing Sources (Uses)	(26,500)	(35,500)	(20,549)	0	0	0	0	0	0
Net Change in Fund Balance	85,043	57,043	176,931	0	0	45,457	0	0	32,059
FUND BALANCE -									
Beginning of Year	0	0	391,573	0	0	395,035	0	0	109,803
FUND BALANCE -									
End of Year	\$ 85,043	\$ 57,043	\$ 568,504	\$ 0	\$ 0	\$ 440,492	\$ 0	\$ 0	\$ 141,862

VILLAGE OF KINGSLEY, MICHIGAN
COMPONENT UNIT

REQUIRED SUPPLEMENTARY INFORMATION
DOWNTOWN DEVELOPMENT AUTHORITY FUND

COMPARATIVE BALANCE SHEET
YEARS ENDED

	<u>FEBRUARY 28,</u> <u>2023</u>	<u>FEBRUARY 28,</u> <u>2022</u>
<u>ASSETS</u>		
Cash	\$ 258,427	\$ 189,919
Receivables		
Taxes	2,900	43,180
TOTAL ASSETS	<u>\$ 261,327</u>	<u>\$ 233,099</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 500
<u>FUND BALANCE</u>		
Unassigned	261,327	232,599
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 261,327</u>	<u>\$ 233,099</u>

VILLAGE OF KINGSLEY, MICHIGAN
COMPONENT UNIT

REQUIRED SUPPLEMENTARY INFORMATION
DOWNTOWN DEVELOPMENT AUTHORITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEARS ENDED

	<u>FEBRUARY 28,</u> <u>2023</u>	<u>FEBRUARY 28,</u> <u>2022</u>
<u>REVENUES</u>		
Taxes	\$ 84,926	\$ 75,195
Other Revenue	500	0
Interest and Rents	343	211
Total Revenues	85,769	75,406
<u>EXPENDITURES</u>		
Community and Economic Development	57,041	19,488
Net Change in Fund Balance	28,728	55,918
<u>FUND BALANCE</u> - Beginning of Year	232,599	176,681
<u>FUND BALANCE</u> - End of Year	\$ 261,327	\$ 232,599

VILLAGE OF KINGSLEY, MICHIGAN
COMPONENT UNIT

REQUIRED SUPPLEMENTARY INFORMATION
BROWNFIELD REDEVELOPMENT AUTHORITY FUND

COMPARATIVE BALANCE SHEET
YEARS ENDED

	<u>FEBRUARY 28,</u> <u>2023</u>	<u>FEBRUARY 28,</u> <u>2022</u>
<u>ASSETS</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unassigned	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>

VILLAGE OF KINGSLEY, MICHIGAN
COMPONENT UNIT

REQUIRED SUPPLEMENTARY INFORMATION
BROWNFIELD REDEVELOPMENT AUTHORITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEARS ENDED

	<u>FEBRUARY 28,</u> <u>2023</u>	<u>FEBRUARY 28,</u> <u>2022</u>
<u>REVENUES</u>	\$ 0	\$ 0
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 0</u>	<u>\$ 0</u>

VILLAGE OF KINGSLEY, MICHIGAN
SEWER REVENUE REFUNDING BONDS, SERIES 2010B
FEBRUARY 28, 2023

<u>TITLE OF ISSUE</u>	Village of Kingsley \$1,148,000 Sewer Revenue Refunding Bonds, Series 2010B
<u>PURPOSE</u>	Refunding of Junior Lien Sewer Revenue Bonds, Series 2004
<u>DATE OF ISSUE</u>	December 15, 2010
<u>AMOUNT OF ISSUE</u>	\$ 1,148,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 280,000
During Current Year	29,000
	309,000
<u>BALANCE OUTSTANDING</u> - February 28, 2023	\$ 839,000

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2023	2.250%	\$ 30,000	\$ 9,439	\$ 39,439
November 1, 2023			9,101	9,101
May 1, 2024	2.250%	30,000	9,101	39,101
November 1, 2024			8,764	8,764
May 1, 2025	2.250%	31,000	8,764	39,764
November 1, 2025			8,415	8,415
May 1, 2026	2.250%	32,000	8,415	40,415
November 1, 2026			8,055	8,055
May 1, 2027	2.250%	32,000	8,055	40,055
November 1, 2027			7,695	7,695
May 1, 2028	2.250%	33,000	7,695	40,695
November 1, 2028			7,324	7,324
May 1, 2029	2.250%	34,000	7,324	41,324
November 1, 2029			6,941	6,941
May 1, 2030	2.250%	35,000	6,941	41,941
November 1, 2030			6,548	6,548
May 1, 2031	2.250%	36,000	6,548	42,548
November 1, 2031			6,143	6,143
May 1, 2032	2.250%	36,000	6,143	42,143
November 1, 2032			5,738	5,738
May 1, 2033	2.250%	37,000	5,738	42,738
November 1, 2033			5,321	5,321
May 1, 2034	2.250%	38,000	5,321	43,321
November 1, 2034			4,894	4,894

VILLAGE OF KINGSLEY, MICHIGAN
SEWER REVENUE REFUNDING BONDS, SERIES 2010B
FEBRUARY 28, 2023

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2035	2.250%	39,000	4,894	43,894
November 1, 2035			4,455	4,455
May 1, 2036	2.250%	40,000	4,455	44,455
November 1, 2036			4,005	4,005
May 1, 2037	2.250%	41,000	4,005	45,005
November 1, 2037			3,544	3,544
May 1, 2038	2.250%	42,000	3,544	45,544
November 1, 2038			3,071	3,071
May 1, 2039	2.250%	43,000	3,071	46,071
November 1, 2039			2,588	2,588
May 1, 2040	2.250%	44,000	2,588	46,588
November 1, 2040			2,093	2,093
May 1, 2041	2.250%	45,000	2,093	47,093
November 1, 2041			1,586	1,586
May 1, 2042	2.250%	46,000	1,586	47,586
November 1, 2042			1,069	1,069
May 1, 2043	2.250%	47,000	1,069	48,069
November 1, 2043			540	540
May 1, 2044	2.250%	48,000	540	48,540
		<u>\$ 839,000</u>	<u>\$ 225,219</u>	<u>\$ 1,064,219</u>

VILLAGE OF KINGSLEY, MICHIGAN
SEWER REVENUE BONDS, SERIES 2010A
FEBRUARY 28, 2023

<u>TITLE OF ISSUE</u>	Village of Kingsley \$867,000 Sewer Revenue Bonds, Series 2010A
<u>PURPOSE</u>	Refunding of Junior Lien Sewer Revenue Bonds, Series 2004
<u>DATE OF ISSUE</u>	December 15, 2010
<u>AMOUNT OF ISSUE</u>	\$ 867,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 107,000
During Current Year	11,000
	<u>118,000</u>
<u>BALANCE OUTSTANDING</u> - February 28, 2023	<u>\$ 749,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2023	2.250%	\$ 11,000	\$ 8,426	\$ 19,426
November 1, 2023			8,303	8,303
May 1, 2024	2.250%	12,000	8,303	20,303
November 1, 2024			8,168	8,168
May 1, 2025	2.250%	12,000	8,168	20,168
November 1, 2025			8,033	8,033
May 1, 2026	2.250%	12,000	8,033	20,033
November 1, 2026			7,898	7,898
May 1, 2027	2.250%	13,000	7,898	20,898
November 1, 2027			7,751	7,751
May 1, 2028	2.250%	13,000	7,751	20,751
November 1, 2028			7,605	7,605
May 1, 2029	2.250%	13,000	7,605	20,605
November 1, 2029			7,459	7,459
May 1, 2030	2.250%	13,000	7,459	20,459
November 1, 2030			7,313	7,313
May 1, 2031	2.250%	13,000	7,313	20,313
November 1, 2031			7,166	7,166
May 1, 2032	2.250%	14,000	7,166	21,166
November 1, 2032			7,009	7,009
May 1, 2033	2.250%	15,000	7,009	22,009
November 1, 2033			6,840	6,840
May 1, 2034	2.250%	15,000	6,840	21,840
November 1, 2034			6,671	6,671

VILLAGE OF KINGSLEY, MICHIGAN
SEWER REVENUE BONDS, SERIES 2010A
FEBRUARY 28, 2023

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2035	2.250%	15,000	6,671	21,671
November 1, 2035			6,503	6,503
May 1, 2036	2.250%	15,000	6,503	21,503
November 1, 2036			6,334	6,334
May 1, 2037	2.250%	15,000	6,334	21,334
November 1, 2037			6,165	6,165
May 1, 2038	2.250%	16,000	6,165	22,165
November 1, 2038			5,985	5,985
May 1, 2039	2.250%	16,000	5,985	21,985
November 1, 2039			5,805	5,805
May 1, 2040	2.250%	16,000	5,805	21,805
November 1, 2040			5,625	5,625
May 1, 2041	2.250%	17,000	5,625	22,625
November 1, 2041			5,434	5,434
May 1, 2042	2.250%	17,000	5,434	22,434
November 1, 2042			5,243	5,243
May 1, 2043	2.250%	18,000	5,243	23,243
November 1, 2043			5,040	5,040
May 1, 2044	2.250%	18,000	5,040	23,040
November 1, 2044			4,838	4,838
May 1, 2045	2.250%	68,000	4,838	72,838
November 1, 2045			4,073	4,073
May 1, 2046	2.250%	69,000	4,073	73,073
November 1, 2046			3,296	3,296
May 1, 2047	2.250%	71,000	3,296	74,296
November 1, 2047			2,498	2,498
May 1, 2048	2.250%	72,000	2,498	74,498
November 1, 2048			1,688	1,688
May 1, 2049	2.250%	74,000	1,688	75,688
November 1, 2049			855	855
May 1, 2050	2.250%	76,000	855	76,855
		<u>\$ 749,000</u>	<u>\$ 327,622</u>	<u>\$ 1,076,622</u>

VILLAGE OF KINGSLEY, MICHIGAN
WATER REVENUE BONDS, SERIES 2015
FEBRUARY 28, 2023

<u>TITLE OF ISSUE</u>	Water Revenue Bonds, Series 2015		
<u>PURPOSE</u>	Acquisition and construction of Improvements to the Public Water Supply System		
<u>DATE OF ISSUE</u>	April 15, 2015		
<u>AMOUNT OF ISSUE</u>	\$ 597,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$ 124,000		
During Current Year	<u>18,000</u>	<u>142,000</u>	
<u>BALANCE OUTSTANDING - February 28, 2023</u>		<u>\$ 455,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
April 1, 2023			\$ 5,143	\$ 5,143
October 1, 2023	2.125%	\$ 18,000	5,143	23,143
April 1, 2024			4,951	4,951
October 1, 2024	2.125%	19,000	4,951	23,951
April 1, 2025			4,760	4,760
October 1, 2025	2.125%	19,000	4,760	23,760
April 1, 2026			4,558	4,558
October 1, 2026	2.125%	20,000	4,558	24,558
April 1, 2027			4,356	4,356
October 1, 2027	2.125%	20,000	4,356	24,356
April 1, 2028			4,144	4,144
October 1, 2028	2.125%	21,000	4,144	25,144
April 1, 2029			3,931	3,931
October 1, 2029	2.125%	21,000	3,931	24,931
April 1, 2030			3,708	3,708
October 1, 2030	2.125%	22,000	3,708	25,708
April 1, 2031			3,485	3,485
October 1, 2031	2.125%	22,000	3,485	25,485
April 1, 2032			3,251	3,251
October 1, 2032	2.125%	23,000	3,251	26,251
April 1, 2033			3,018	3,018
October 1, 2033	2.125%	23,000	3,018	26,018
April 1, 2034			2,773	2,773
October 1, 2034	2.125%	24,000	2,773	26,773

VILLAGE OF KINGSLEY, MICHIGAN
WATER REVENUE BONDS, SERIES 2015
FEBRUARY 28, 2023

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
April 1, 2035			2,529	2,529
October 1, 2035	2.125%	25,000	2,529	27,529
April 1, 2036			2,274	2,274
October 1, 2036	2.125%	25,000	2,274	27,274
April 1, 2037			2,008	2,008
October 1, 2037	2.125%	26,000	2,008	28,008
April 1, 2038			1,743	1,743
October 1, 2038	2.125%	26,000	1,743	27,743
April 1, 2039			1,466	1,466
October 1, 2039	2.125%	27,000	1,466	28,466
April 1, 2040			1,190	1,190
October 1, 2040	2.125%	27,000	1,190	28,190
April 1, 2041			903	903
October 1, 2041	2.125%	29,000	903	29,903
April 1, 2042			616	616
October 1, 2042	2.125%	18,000	616	18,616
		<u>\$ 455,000</u>	<u>\$ 121,614</u>	<u>\$ 576,614</u>

VILLAGE OF KINGSLEY, MICHIGAN
CAPITAL IMPROVEMENT BONDS, GENERAL OBLIGATION LIMITED TAX, SERIES 2008A
FEBRUARY 28, 2023

<u>TITLE OF ISSUE</u>	Capital Improvement Bonds, General Obligation Limited Tax, Series 2008A
<u>PURPOSE</u>	Acquisition and construction of new library and village office
<u>DATE OF ISSUE</u>	June 5, 2008
<u>AMOUNT OF ISSUE</u>	\$ 612,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 171,000
During Current Year	18,000
	<u>189,000</u>
<u>BALANCE OUTSTANDING</u> - February 28, 2023	<u>\$ 423,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2023	4.50%	\$ 19,000	\$ 9,517	\$ 28,517
November 1, 2023			9,090	9,090
May 1, 2024	4.50%	19,000	9,090	28,090
November 1, 2024			8,663	8,663
May 1, 2025	4.50%	20,000	8,662	28,662
November 1, 2025			8,213	8,213
May 1, 2026	4.50%	21,000	8,212	29,212
November 1, 2026			7,740	7,740
May 1, 2027	4.50%	22,000	7,740	29,740
November 1, 2027			7,245	7,245
May 1, 2028	4.50%	23,000	7,245	30,245
November 1, 2028			6,727	6,727
May 1, 2029	4.50%	24,000	6,728	30,728
November 1, 2029			6,188	6,188
May 1, 2030	4.50%	25,000	6,187	31,187
November 1, 2030			5,625	5,625
May 1, 2031	4.50%	27,000	5,625	32,625
November 1, 2031			5,018	5,018
May 1, 2032	4.50%	28,000	5,017	33,017
November 1, 2032			4,388	4,388
May 1, 2033	4.50%	29,000	4,387	33,387
November 1, 2033			3,735	3,735

VILLAGE OF KINGSLEY, MICHIGAN
CAPITAL IMPROVEMENT BONDS, GENERAL OBLIGATION LIMITED TAX, SERIES 2008A
FEBRUARY 28, 2023

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2034	4.50%	30,000	3,735	33,735
November 1, 2034			3,060	3,060
May 1, 2035	4.50%	32,000	3,060	35,060
November 1, 2035			2,340	2,340
May 1, 2036	4.50%	33,000	2,340	35,340
November 1, 2036			1,598	1,598
May 1, 2037	4.50%	35,000	1,597	36,597
November 1, 2037			810	810
May 1, 2038	4.50%	36,000	810	36,810
		<u>\$ 423,000</u>	<u>\$ 170,392</u>	<u>\$ 593,392</u>



207 S. Brownson Ave. P.O. Box 208 Kingsley, MI 49649

TO: Village Council

FROM: Mary Lajko, Village President

DATE: October 4, 2023

SUBJECT: Employee Health Care Benefits, Ancillary Benefits and General Employee
Benefits – December 1, 2023 Renewal

Over the past several months the Village Manager and the Employee Committee have been working with Advantage Benefits Group reviewing healthcare options for Village of Kingsley Employees, as well as other common benefits for local government employees in the State of Michigan.

Representatives with Advantage Benefits Group will attend our Village Council meeting on October 9 to outline the options the Manager and Employee Committee members have determined to be the options best suited for meeting our employees' needs.

I, and the Employee Committee, are recommending Village Council approve the employee benefit package as presented.



Village of Kingsley
Summary of Employee Benefit Renewal Recommendations
Annual Cost Summary
Effective 12/1/23 - 11/30/24 Plan Year

Current Plans and Carriers Renew with No Changes				Recommended Changes		
Coverage Line	Carrier	Current Village Annual Cost	Renewal Village Annual Cost	Notes	Recommended Decision Cost	Cost difference to Current
Medical/RX	BCN/BCBSM	\$50,686	\$50,435	1. Renew current Traditional PPO \$250 / \$500 Deductible Plan = -\$251 decrease/year 2. Add an optional High Deductible Health Plan (HDHP) 3. Village of Kingsley will contribute \$167 single / \$334 double/family per month into Health Savings Account. Maximum additional cost to Village = +\$77.26/year *45% of ABG's Northern MI Employers offer a HDHP option to employees (2022) 4. Reduce employee premium contributions to 20% for both plans = +\$5,724.46/year *ABG NMI Book of Business benchmark for employee contributions is 20%	\$56,488	\$5,802
Dental	Blue Dental	\$3,852	\$4,034	1. Remain with Blue Dental. Keep in-network coverage the same. 2. Reduce out of network coverage to 50% and increase annual per person benefit from \$1,000 to \$1,500	\$3,228	(\$624)
Vision	Blue Vision (VSP)	\$249	\$255	1. Remain with Blue Vision. 2. Vision exams are currently covered every 24 months. Recommended to cover once every 12 months.	\$345	\$96
Group Life Insurance	Dearborn \$10,000	\$641	\$641	Benchmark Group Life Insurance for Small Employers is \$10,000-\$25,000 Increasing Group Life Insurance to remain competitive with surrounding large entities is critical. 1. Recommending increasing to \$25,000 Life Insurance and changing carriers to The Hartford	\$422	(\$219)
Short-Term Disability	N/A	N/A	N/A	28% of Small employers (<50 EE's) offer STD coverage. 54% of large employers (50+ EE's) offer STD coverage. ABG Northern MI Book of Business 70% offer STD 1. To compete with large group employers consider adding STD coverage. Pricing provided includes disability coverage of 66.67% of pay, up to \$1,500/week. Max 26 weeks. Coverage with The Hartford.	\$1,910	\$1,910
Total		\$55,428	\$55,365		\$62,393	\$6,964

Village of Kingsley				
Bills presented for approval and payment				
10/9/2023				
GENERAL	Victory Printing	Water/Sewer bill card printing	\$ 350.00	
	Wade Trim	Brownson Park Project	\$ 2,334.81	
	MMTA	Treasurer yearly membership	\$ 99.00	
	UHY	Assistance in W/S reconciliation	\$ 2,150.00	
	Affinity	Monthly Computer support	\$ 361.10	
		TOTAL		\$ 4,933.81
WATER	SOS Analytical	Water Testing	\$ 3,491.00	
	Michigan Pipe & Valve	Tap	\$ 82.00	
	USA Bluebook	Testing sample dispensers	\$ 868.12	
	Wade Trim	Water Replacement Project	\$ 10,237.33	
	Mika Meyers Attorneys	Water Sewer extension-Rd. Com	\$ 1,106.00	
		TOTAL		\$ 15,784.45
SEWER	Operation Services	WWTP Operator Services	\$ 9,397.05	
		TOTAL		\$ 9,397.05
EQUIPMENT	AIS	Loader repair (#14)	\$ 2,443.25	
	Voyager	Gas from equipment	\$ 1,063.08	
		TOTAL		\$ 3,506.33
MAJOR	Wade Trim	Paser Ratings	248.18	
		TOTAL		\$ 248.18
LOCAL	Wade Trim	Paser Rating	248.18	
		TOTAL		\$ 248.00
BOND & INTEREST PAYMENTS				
		TOTAL		\$ -
		TOTAL		\$ 34,117.82

			Credit Card Transactions			
	9/2023					
Elan (VISA)		Company	Billed to	Item		Cost
		Smart Sign	G	Clerk & Trustee name plate	\$	29.91
		Amazon	G	Computer cable	\$	8.47
		Tubby's	G	Food for trip to get truck	\$	15.14
		Harbor Freight	G	Tools for DPW	\$	96.40
		Dr. Bubbles	E	Car Wash (x3)	\$	21.00
		Amazon	G	Adding Machine Tape	\$	18.01
		Amazon	G	Clerk standup workstation	\$	211.99
		Amazon	G	Clerk calculator	\$	68.77
		Mi Assoc of Clerks	G	Membership	\$	75.00
		Amazon	G	2 Monitors & File organizer	\$	370.12
		Staples	CCS	Toilet paper	\$	84.99
		Amazon	G	Password organizers (2)	\$	22.24
		Suretybonds	G	Clerk Notary bond	\$	55.00
		MI Secretary of State	G	Clerk Notary application	\$	10.17
		GT County	G	Clerk Notary Bond filing	\$	12.00
	9/21	Notary Stamp	G	Notary bag, stamp, journal	\$	70.09
7/24		MML	G	Manager- Planning Conf.	\$	675.00
		MML	G	Clerk-Planning Confer	\$	610.00
				Total	\$	2,454.30
	9/2023					
Menards			Billed to	Item		Price
			G	Goggles/Insecticide	\$	95.30
				Total	\$	95.30

VILLAGE OF KINGSLEY BALANCE SHEET						
PREPARED FOR COUNCIL MEETING October 9th, 2023						
ALL ACCOUNTS:						Budget
	GENERAL FUND					\$ 842,302.00
	GENERAL CHECKING				\$669,740.96	
	CHRISTMAS ACCT				\$2,779.08	
	GEN. CENSUS/FUND BALANCE				\$177,585.93	
**	CREDIT CARD TRANSFER ACCT				\$56,346.14	
**	ESCROW ACCOUNT				\$18,553.28	
**	FARMERS MARKET				\$10,850.19	
	TOTAL GENERAL				\$935,855.58	
	WATER					\$ 371,900.00
	RECEIVING OPER. & MAINT				195,780.17	
**	2014 PROJECT ACCOUNT				\$11,537.64	
	WATER TOWER MONEY MKT.				\$236,435.59	
**	2014 BOND & INTEREST				\$4,615.60	
	CAPITAL IMPROVEMENT				\$378,921.81	
**	2015 BOND RESERVE (CD)				\$24,419.68	
**	REPLACE/REPAIR/IMPROVE (RRI)				\$131,973.26	
	TOTAL WATER				\$787,903.58	
	SANITARY SEWER					\$ 483,900.00
	OPER. & MAINT. CHECKING				\$6,404.02	
	RECEIVING CHECKING				\$67,693.62	
**	IMP/REPAIR MONEY MKT.				\$259,076.39	
	CAPITAL IMPROVEMENT				\$18,050.39	
**	2010 BOND RESERVE A (CD)				\$38,323.43	
**	2010 BOND RESERVE B (CD)				\$46,171.10	
**	2010 SEWER BOND & INTEREST A				\$57,835.47	
**	2010 SEWER BOND & INTEREST B				\$43,568.35	
	TOTAL SEWER				\$537,122.77	
	EQUIPMENT					\$ 94,000.00
	EQUIPMENT CHECKING				\$32,813.42	
	CAPITAL IMPROVEMENT				\$29,444.00	
	TOTAL EQUIPMENT				\$62,257.42	
	MAJOR STREET				\$154,164.59	\$ 98,105.00
	LOCAL STREET				\$139,488.66	\$ 77,045.00
	LIBRARY/OFFICE					
**	L/O USRDA B&I				\$15,769.09	
	OIL & GAS TRUST FUND	TOTAL OIL & GAS			\$984,489.00	
**	ASSETS & PRINCIPLE					
	INCOME CASH					
	TOTAL ALL ACCOUNTS				\$3,617,050.69	
**	RESTRICTED FUNDS				\$1,703,528.62	
	TOTAL AVAILABLE FUNDS				\$1,913,522.07	\$ 1,967,252.00

TO: Village Council

From: Terry Almquist, DPW

Water

All Seasons has finished for the year, there is a chance depending on the weather that they may be back yet.

All Seasons has had to make a couple repairs. A bent stop box and a leaking water service.

Sewer

Not much to report in the Sewer Dept.

Buildings and Grounds

The French drain was installed behind the library. If you'd notice how clean it looks with the bushes pulled, I feel a little landscaping around the building would look nice.

Streets

All but 3 catch basins have been cleaned. We had a couple that were full, those couple have been hand cleaned a few times over the past few years, but overall they weren't very bad. Total cost \$3,000.

Equipment

AIS was in to repair the loader, it was an easy fix, low voltage issues, they replaced the batteries and it took care of the problem.

We have started slowly getting ready for winter.



207 S. Brownson Ave.

P.O. Box 208

Kingsley, MI 49649

TO: Kaitlyn Aldrich, Village Manager
FROM: Deb Nickerson, Village Treasurer
DATE: October 2023

Subject: October Monthly Report

Water/Sewer billing:

We used 4,822,758 gallons of water in the month of September . We shut off 4 residents for non-payment. Three were turned on that day, one was vacant.

2023 Property Taxes

The 2023 tax year went very smoothly. They were due September 14th and the delinquent taxes were turned into and purchased by Grand Traverse County Treasurer, in the amount of \$23,073.52. This turned out to be only 5.96% of the parcels that went unpaid. The Village will be turning over \$50,683.82 to the DDA for the captured tax amount from the DDA district.

FFC

PA

Supp

Water

W

W

2023

T

2023

2023

2023

2023

Tax Year 2023

KINGSLSEY VILLAGE TREASURER'S FINAL SETTLEMENT WITH GRAND TRAVERSE COUNTY TREASURER

Village Unit Levy	Original	(b) Original Roll	(c) DNR Roll	(d) CFM Roll	DDAK	(i) +/- Adjust	(j) Original Levy	(k) Adjustments	(l) Adjusted Levy	(m) Less Payments	(n) Less IFT	(o) Less Delq Real	(p) Less Delq Pers	(q) Less Leased Land	Balance
VILLAGE	\$ 383,853.49	\$ 383,853.49	\$ -	\$ -	\$ (50,683.82)	\$ -	\$ 333,169.67	\$ -	\$ 333,169.67	\$ 316,435.17	\$ -	\$ 16,734.50	\$ -	\$ -	\$ -
DDAK	\$ -	\$ -	\$ -	\$ -	\$ 50,683.82	\$ -	\$ 50,683.82	\$ -	\$ 50,683.82	\$ 44,459.36	\$ -	\$ 6,224.46	\$ -	\$ -	\$ (0.00)
DIQ SEWER/WATER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,389.73	\$ -	\$ 1,389.73	\$ 1,389.73	\$ -	\$ -	\$ -	\$ -	\$ -
VILLAGE ADM FEE	\$ 1,916.20	\$ 1,916.20	\$ -	\$ -	\$ -	\$ -	\$ 1,916.20	\$ -	\$ 1,916.20	\$ 1,801.64	\$ -	\$ 114.56	\$ -	\$ -	\$ (0.00)
Village Total	\$ 385,769.69	\$ 385,769.69	\$ -	\$ -	\$ -	\$ -	\$ 385,769.69	\$ 1,389.73	\$ 387,159.42	\$ 364,085.50	\$ -	\$ 23,073.92	\$ -	\$ -	\$ (0.00)
GRAND TOTALS	\$ 385,769.69	\$ 385,769.69	\$ -	\$ -	\$ -	\$ -	\$ 385,769.69	\$ 1,389.73	\$ 387,159.42	\$ 364,085.50	\$ -	\$ 23,073.92	\$ -	\$ -	\$ (0.00)

VILLAGE TREASURER'S STATEMENT: I CERTIFY THAT THE INFORMATION PRESENTED ABOVE ACCURATELY REPRESENTS THE 2023 TAX ROLL AND THE COLLECTIONS THEREUPON DURING THE PERIOD OF JULY 1, 2023 THRU SEPTEMBER 14, 2023 FOR VILLAGE OF KINGSLSEY

Heather J. Johnson

DATE: 9-28-2023

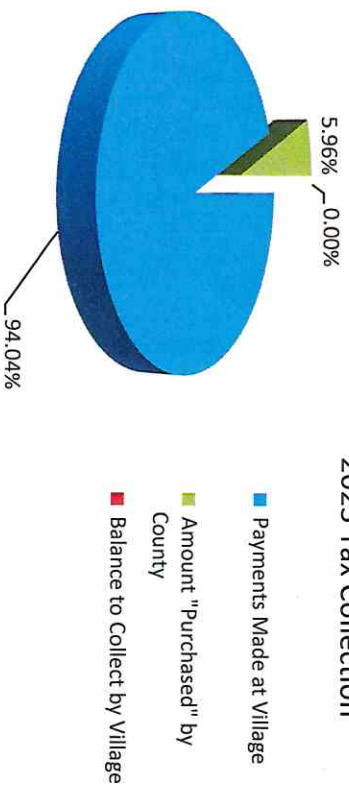
TOWNSHIP ASSESSOR'S STATEMENT: I CERTIFY THAT TAXABLE VALUATIONS, STATE EQUALIZED VALUATION, ADJUSTED VALUATIONS, AND THE SPREAD OF TAXES AND ADJUSTED TAXES ARE CORRECTLY RECORDED IN THE 2023 SETTLEMENT ROLL FOR VILLAGE OF KINGSLSEY. I ALSO CERTIFY THAT THIS SETTLEMENT ROLL REPORTS ALL CHANGES IN THE PRE-COLLECTION TAX ROLL FOR THE PERIOD OF JULY 1, 2023 THRU SEPTEMBER 14, 2023 FOR VILLAGE OF KINGSLSEY

Debra M. K. K. K.

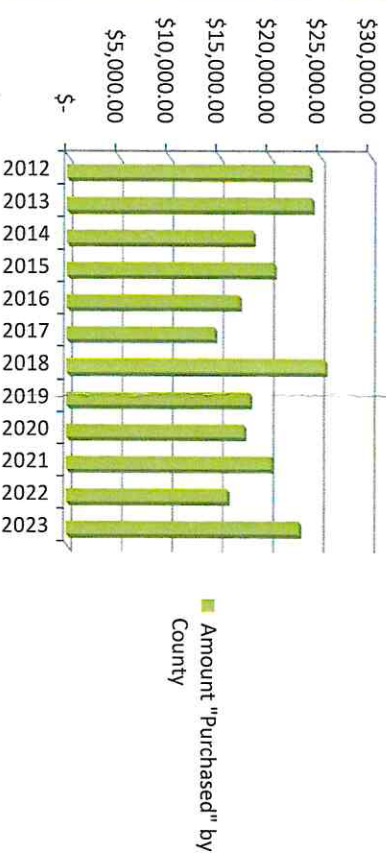
DATE: 9-28-2023

Settlement History for Village of Kingsley

2023 Tax Collection



Amount "Purchased" by County



Year	Total Adjusted Levy	Payments Made at Village	Amount "Purchased" by County	Balance to Collect by Village
2012	\$ 268,662.64	\$ 243,533.51	\$ 24,048.40	\$ 1,080.73
2013	\$ 277,556.57	\$ 252,311.22	\$ 24,283.02	\$ 962.33
2014	\$ 276,266.37	\$ 257,330.74	\$ 18,461.85	\$ 473.78
2015	\$ 279,922.58	\$ 259,214.14	\$ 20,530.78	\$ 177.66
2016	\$ 279,649.66	\$ 262,351.08	\$ 17,087.37	\$ 211.21
2017	\$ 284,164.02	\$ 269,037.75	\$ 14,672.56	\$ 453.71
2018	\$ 291,560.31	\$ 265,652.68	\$ 25,599.95	\$ 307.68
2019	\$ 306,523.22	\$ 287,248.73	\$ 18,161.92	\$ 1,112.57
2020	\$ 321,787.25	\$ 303,974.24	\$ 17,615.57	\$ 197.44
2021	\$ 332,180.96	\$ 311,716.01	\$ 20,325.48	\$ 139.47
2022	\$ 344,915.06	\$ 328,668.12	\$ 15,971.95	\$ 274.99
2023	\$ 387,159.42	\$ 364,085.90	\$ 23,073.52	\$ -

Monthly Client Report for Kingsley Wastewater Treatment Plant September 2023

To provide the Village of Kingsleys' Council with a summary of our activities for the month of September, Operations Services has prepared this report for your use. We welcome any suggestions to improve the information contained in these reports. Please contact us if you believe this report contains errors, or if you have any questions about it.

The Kingsley Wastewater Treatment Plant maintained compliance with TIN levels this past month. We have been producing quality effluent.

INFLUENT	EFFLUENT
3,297,525 GALLONS	4,390,880 GALLONS

TOTAL INORGANIC NITROGEN (TIN) CHART LIMIT 5 MG/L

Date	TIN mg/l	Ammonia mg/L	Nitrate mg/L	Nitrite mg/L
9/5/23	1.45	1.17	0.263	0.026
9/6	4.41	4.15	0.247	<0.015
9/11	0.469	0.224	<0.23	<0.015
9/12	0.452	0.187	0.25	<0.015
9/18	0.63	0.217	0.398	<0.015
9/19	0.498	0.273	0.201	<0.015
9/25	3.11	2.86	<0.23	<0.015
9/26	1.98	1.66	0.3	<0.015

MAINTENANCE AND MAJOR EVENTS

- Blowers were greased and rotated.
- The permit required DMR was submitted to Miwaters.
- Monthly QAQC was completed on the lab equipment.
- DO probes were cleaned as needed.

- The air compressor had an issue where the low-pressure head was blowing off. We investigated and found that a reed valve had failed. We ordered and replaced the broken part, and the compressor is back running normally.
- We had the motor on blower 1 go down. The main bearing is bad. We took the good blower and installed it on motor two. Motor three and blower two will be sent in for repairs.
- The parts from aero mod have arrived and we will do the installation on the actuators as time permits.
- The ferric pump was replaced with a spare we had on the shelf.
- The headworks was cleaned as needed.
- Oil was changed in the air compressor after we did the work on it.

CONSIDERATIONS

I think it's time to replace the effluent meter. I will use the same one we installed in the influent channel a few years ago. This will require some work from Topline to get it to communicate with the SCADA at the plant.

OTHER NOTEWORTHY EVENTS OR ACTIVITIES

I had a lengthy call with Mike Engels from rural water to discuss assets and their conditions.

If you have any questions regarding this report, please feel free to contact me at (231) 709-3593.



Joshua Hall
Vice President
Operations Services Inc.

KIN7534-23y