



Year Ended
September 30,
2022

Financial
Statements and
Single Audit Act
Compliance

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VILLAGE OF BLISSFIELD, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

March 28, 2023

The Members of the Village of
Blissfield Council
Blissfield, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan (the "Village"), as of and for the year ended September 30, 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund and the major special revenue fund 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 (GAAS) 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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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



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

Independent Auditors' 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 auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Villages' basic financial statements. The combining and individual fund financial statements and schedules 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF BLISSFIELD, MICHIGAN

Management's Discussion and Analysis

As management of the Village of Blissfield, Michigan (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 September 30, 2022.

Financial Highlights

· Total net position	\$ 16,157,973
· Change in total net position	1,828,155
· Fund balances, governmental funds	2,978,995
· Change in fund balances, governmental funds	588,237
· Unassigned fund balance, general fund	1,196,159
· Change in fund balance, general fund	486,860
· Installment debt outstanding	10,605,426
· Change in installment debt	3,932,839

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village finances. The longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services. 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 governmental activities of the Village include general government, public safety, public works, and culture and recreation. The business-type activities of the Village include water and sewer operations.

The government-wide financial statements include not only the Village itself (known as the primary government), but also a legally separate entity 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.

Fund Financial Statements. The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Village's operation in more detail than the government-wide financial statements by providing information about the Village's most significant funds. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

VILLAGE OF BLISSFIELD, MICHIGAN

Management's Discussion and Analysis

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare 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.

The Village maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the general and major street special revenue funds, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds. The Village maintains two 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 operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses an internal service fund to account for its motor vehicle operations. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The fiduciary fund statements provide financial information about activities for which the Village acts solely as a trustee or custodian for the benefit of those outside of the government.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis and the schedules for the pension plan.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,157,973 at the close of the most recent fiscal year. The following table shows, in a condensed format, the net position as of the current date and compared to the prior year:

VILLAGE OF BLISSFIELD, MICHIGAN

Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current assets	\$ 3,595,755	\$ 2,711,414	\$ 3,100,361	\$ 2,192,811	\$ 6,696,116	\$ 4,904,225
Capital assets, net	5,279,808	5,526,018	16,206,155	12,845,645	21,485,963	18,371,663
	<u>8,875,563</u>	<u>8,237,432</u>	<u>19,306,516</u>	<u>15,038,456</u>	<u>28,182,079</u>	<u>23,275,888</u>
Deferred outflows of resources	<u>325,867</u>	<u>281,693</u>	<u>273,670</u>	<u>206,197</u>	<u>599,537</u>	<u>487,890</u>
Liabilities						
Long-term debt	2,763,420	3,102,015	7,957,173	3,696,900	10,720,593	6,798,915
Current and other liabilities	749,558	668,527	621,889	1,699,734	1,371,447	2,368,261
	<u>3,512,978</u>	<u>3,770,542</u>	<u>8,579,062</u>	<u>5,396,634</u>	<u>12,092,040</u>	<u>9,167,176</u>
Deferred inflows of resources	<u>288,944</u>	<u>154,034</u>	<u>242,659</u>	<u>112,750</u>	<u>531,603</u>	<u>266,784</u>
Net position						
Net investment in capital assets	2,572,031	2,482,084	8,266,468	9,172,326	10,838,499	11,654,410
Restricted	1,788,728	1,516,082	-	-	1,788,728	1,516,082
Unrestricted	1,038,749	596,383	2,491,997	562,943	3,530,746	1,159,326
Total net position	<u>\$ 5,399,508</u>	<u>\$ 4,594,549</u>	<u>\$ 10,758,465</u>	<u>\$ 9,735,269</u>	<u>\$ 16,157,973</u>	<u>\$ 14,329,818</u>

By far, the largest portion of the Village's net position, \$10,838,499, reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, equipment, and infrastructure), less any debt used to acquire those assets still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position, \$1,678,258, represents resources that are subject to external restriction on how they may be used. Also, \$110,470 is restricted as nonexpendable related to permanent funds. The remaining net position of \$3,530,746 is unrestricted.

The government's net position increased by \$1,828,155 during the current fiscal year. This increase was a combination of an increase of \$804,959 in governmental activities and an increase of \$1,023,196 in business-type activities.

VILLAGE OF BLISSFIELD, MICHIGAN

Management's Discussion and Analysis

The following table shows the changes in net position during the current year with a comparison to prior year:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 316,300	\$ 255,466	\$ 3,576,344	\$ 3,639,636	\$ 3,892,644	\$ 3,895,102
Operating grants and contributions	268,525	103,586	2,555	947	271,080	104,533
General revenues:						
Property taxes	1,381,114	1,463,762	-	-	1,381,114	1,463,762
Grants and contributions not restricted to specific programs	1,084,504	1,058,042	-	-	1,084,504	1,058,042
Unrestricted investment earnings	8,574	5,814	1,235	317	9,809	6,131
Total revenues	3,059,017	2,886,670	3,580,134	3,640,900	6,639,151	6,527,570
Expenses						
General government	392,021	428,141	-	-	392,021	428,141
Public safety	619,498	668,611	-	-	619,498	668,611
Public works	554,696	449,080	-	-	554,696	449,080
Culture and recreation	723,938	732,145	-	-	723,938	732,145
Interest on long-term debt	94,666	105,229	-	-	94,666	105,229
Water	-	-	1,568,347	1,475,300	1,568,347	1,475,300
Sewer	-	-	857,830	684,784	857,830	684,784
Total expenses	2,384,819	2,383,206	2,426,177	2,160,084	4,810,996	4,543,290
Change in net position before transfers	674,198	503,464	1,153,957	1,480,816	1,828,155	1,984,280
Transfers	130,761	243,820	(130,761)	(243,820)	-	-
Change in net position	804,959	747,284	1,023,196	1,236,996	1,828,155	1,984,280
Net position, beginning of year	4,594,549	3,847,265	9,735,269	8,498,273	14,329,818	12,345,538
Net position, end of year	\$ 5,399,508	\$ 4,594,549	\$ 10,758,465	\$ 9,735,269	\$ 16,157,973	\$ 14,329,818

Governmental Activities. Governmental activities increased the Village's net position by \$804,959. This is primarily the result of the reduced transfers out in the current year.

Business-type Activities. Business-type activities increased the Village's net position by \$1,023,196. This was primarily the result of revenues from the increase in utility rates.

VILLAGE OF BLISSFIELD, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$2,978,995, an increase of \$588,237 in comparison with the prior year. Approximately 40% of this total amount, \$1,196,159, constitutes unassigned fund balance, which is available for spending at the government's discretion. \$9,141 is considered nonspendable for inventory and \$110,470 for permanent funds. The remainder of fund balance is restricted to pay for major, local, and municipal streets (\$1,024,244), to accomplish capital projects (\$266,472), or other purposes (\$194,240).

General Fund Highlights

The general fund is the chief operating fund of the Village. The fund balance of the Village's general fund increased by \$486,860 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,196,159, while total fund balance totaled \$1,374,428.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 68% of total general fund expenditures and transfers out, while total fund balance represents 78% of that same amount.

The most significant expenditure category is culture and recreation, which includes the operations of the parks, and which incurred expenditures of \$643,733 in 2022 or 39% of the total general fund expenditures.

Another significant expenditure category is public safety, which includes the operations of the police department, and which incurred expenditures of \$605,980 in 2022 or 37% of the total general fund expenditures.

General government expenditures totaled \$317,521, which include the various administrative departments, insurance, and special projects activities of the general fund. Transfers out for the general fund was \$121,430 which was transferred to the local streets and capital project funds.

General Fund Budgetary Highlights

Over the course of the year, the Village amended the budget to take into account events during the year. Current property tax revenues were amended within the general fund from \$1,240,000 to \$1,290,000 due to an increase in property taxable values. Additionally, the same was true for State Shared Revenue which was amended within the general fund revenues from \$335,000 to \$390,000, resulting in revenues coming in at \$417,935. The Village did see an increase in Local Community Stabilization Share being budgeted at \$180,000 and amended to \$210,000, resulting in revenues of \$222,569. The Village received a generous donation to the Blissfield Aquatic Center which resulted in an amendment to the general fund donation revenues in the amount of \$178,200 for future capital projects. Other changes between the original and final budget and the actual amount of expenditures did not report anything of significance.

VILLAGE OF BLISSFIELD, MICHIGAN

Management's Discussion and Analysis

Major Street Fund Highlights

The major street fund is a major fund of the Village. The fund balance of the major street fund increased by \$179,365 during the current fiscal year. At the end of the current fiscal year, the total fund balance of the major street fund was \$762,310. Total expenditures for the fiscal year were \$153,077 for various street projects.

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

Business-type Activities. Business-type activities increased the Villages' net position by \$1,023,196. This was primarily the result of revenues from the increase in utility rates.

Capital Asset and Debt Administration

Capital Assets. The Village's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounted to \$21,485,963 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, equipment, and infrastructure.

Major capital asset additions during the current fiscal year included the following:

- New roof for the Water Plant
- Wastewater treatment plant design and construction in progress.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 341,545	\$ 341,545	\$ -	\$ -	\$ 341,545	\$ 341,545
Construction in progress	-	25,614	7,008,032	3,452,394	7,008,032	3,478,008
Land improvements	529,039	567,926	-	-	529,039	567,926
Buildings	3,133,670	3,234,373	-	-	3,133,670	3,234,373
Equipment, furniture, and books	260,846	279,456	55,930	40,899	316,776	320,355
Infrastructure	1,014,708	1,077,104	9,142,193	9,352,352	10,156,901	10,429,456
Total capital assets, net	\$ 5,279,808	\$ 5,526,018	\$ 16,206,155	\$ 12,845,645	\$ 21,485,963	\$ 18,371,663

Additional information on the Village's capital assets can be found in the notes to financial statements.

VILLAGE OF BLISSFIELD, MICHIGAN

Management's Discussion and Analysis

Long-term Debt. The Village's long-term debt totaled \$10,720,593. This amount includes general obligation bonds, municipal purchase agreements, revenue bonds, loans, compensated absences (earned but unused sick and vacation time), and premiums on bonds.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 2,275,000	\$ 2,560,000	\$ 1,085,000	\$ 1,170,000	\$ 3,360,000	\$ 3,730,000
Municipal purchase agreements	390,739	439,268	-	-	390,739	439,268
Revenue bonds	-	-	285,000	344,978	285,000	344,978
Loans	-	-	6,569,687	2,158,341	6,569,687	2,158,341
Compensated absences	55,643	58,081	17,486	23,581	73,129	81,662
Premiums on bonds	42,038	44,666	-	-	42,038	44,666
Total long-term debt	\$ 2,763,420	\$ 3,102,015	\$ 7,957,173	\$ 3,696,900	\$ 10,720,593	\$ 6,798,915

Additional information on the Village's long-term debt can be found in the notes to financial statements.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Village's budget for the 2022-23 fiscal year and will continue to be an on-going concern as the Village moves forward with projected budgets.

- The occupancy rate of the Village's central business district increased to 91%. However, a few unoccupied storefronts plan to open as retail and food service establishments in FY22-23.
- Inflationary trends in the Village continue to compare favorably to national indices.
- State revenue sharing/CVTRS payments are expected to increase approximately 1.8% in FY22-23.
- Village property taxes are expected to hold steady for FY22-23, when personal property tax reimbursements are factored out. There was a slight change in the tax millage rate as a result of Proposal A and the Headlee amendment in FY21-22, and is expected to carry over to FY22-23. The Village is expecting that larger than anticipated state personal property tax reimbursements will continue. Thus far, the phase-out of personal property taxes has had no negative impact on Village finances. The Village will see 100% of the Village millage from property taxes and personal property taxes go to the general fund instead of being split between general fund fund and municipal street fund.
- Act 51 and other state street funds are estimated to increase again in FY22-23. This is a result of state statutes.
- The Village faces several significant projects in the next several years, including a new DPW facility, park facility improvements, and major infrastructure (street, water, and sewer) improvements.
- The Village continues to work on stabilizing personnel costs, particularly health insurance costs, through implementing various alternative plans for these benefits. Wages increased by 3% in FY21-22. Full-time fringe benefit costs have increased slightly at nearly 3%.

During FY22-23, the Village expects continued pressure on the general fund's fund balance. This will be primarily due to significant capital projects. Due to the limitations that affect revenues and spending in the general fund, the Village cannot count on adding significantly to that fund balance. The Village will likely need to review water and sewer rates and fees periodically in the future as the Village completes the wastewater treatment plant project and prepares for upcoming infrastructure projects related to the water and sewer lines.

VILLAGE OF BLISSFIELD, MICHIGAN

Management's Discussion and Analysis

Contacting the Village's Management

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Blissfield, 130 South Lane Street, Blissfield, Michigan 49228.

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BASIC FINANCIAL STATEMENTS

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VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Net Position

September 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Assets				
Cash and cash equivalents	\$ 2,830,001	\$ 2,543,598	\$ 5,373,599	\$ 133,930
Receivables	380,309	552,152	932,461	41,357
Internal balances	32,223	(32,223)	-	-
Inventories and prepaid items	9,141	36,834	45,975	2,501
Restricted assets	344,081	-	344,081	-
Capital assets not being depreciated	341,545	7,008,032	7,349,577	-
Capital assets being depreciated, net	4,938,263	9,198,123	14,136,386	425,475
Total assets	8,875,563	19,306,516	28,182,079	603,263
Deferred outflows of resources				
Deferred pension amounts	325,867	273,670	599,537	-
Liabilities				
Accounts payable and accrued liabilities	101,004	365,464	466,468	9,016
Unearned revenue	343,220	-	343,220	14,570
Long-term debt:				
Due within one year	348,419	301,749	650,168	-
Due in more than one year	2,415,001	7,655,424	10,070,425	-
Net pension liability, due in more than one year	305,334	256,425	561,759	-
Total liabilities	3,512,978	8,579,062	12,092,040	23,586
Deferred inflows of resources				
Deferred pension amounts	288,944	242,659	531,603	-
Net position				
Net investment in capital assets	2,572,031	8,266,468	10,838,499	425,475
Restricted for:				
Streets	1,024,244	-	1,024,244	-
Capital projects	272,364	-	272,364	-
Other purposes	381,650	-	381,650	-
Nonexpendable	110,470	-	110,470	-
Unrestricted	1,038,749	2,491,997	3,530,746	154,202
Total net position	\$ 5,399,508	\$ 10,758,465	\$ 16,157,973	\$ 579,677

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

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2022

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
General government	\$ 392,021	\$ 139,299	\$ 192,707	\$ (60,015)
Public safety	619,498	38,384	8,456	(572,658)
Public works	554,696	71,733	-	(482,963)
Culture and recreation	723,938	66,884	67,362	(589,692)
Interest on long-term debt	94,666	-	-	(94,666)
Total governmental activities	2,384,819	316,300	268,525	(1,799,994)
Business-type activities:				
Water	1,568,347	1,932,890	2,555	367,098
Sewer	857,830	1,643,454	-	785,624
Total business-type activities	2,426,177	3,576,344	2,555	1,152,722
Total primary government	<u>\$ 4,810,996</u>	<u>\$ 3,892,644</u>	<u>\$ 271,080</u>	<u>\$ (647,272)</u>
Component unit				
Downtown Development Authority	<u>\$ 183,021</u>	<u>\$ -</u>	<u>\$ 50,925</u>	<u>\$ (132,096)</u>

continued...

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Changes in net position				
Net (expense) revenue	\$ (1,799,994)	\$ 1,152,722	\$ (647,272)	\$ (132,096)
General revenues:				
Property taxes	1,381,114	-	1,381,114	84,928
Grants and contributions not restricted to specific programs	1,084,504	-	1,084,504	14,217
Unrestricted investment earnings	8,574	1,235	9,809	-
Transfers	130,761	(130,761)	-	-
Total general revenues	2,604,953	(129,526)	2,475,427	99,145
Change in net position	804,959	1,023,196	1,828,155	(32,951)
Net position, beginning of year	4,594,549	9,735,269	14,329,818	612,628
Net position, end of year	<u>\$ 5,399,508</u>	<u>\$ 10,758,465</u>	<u>\$ 16,157,973</u>	<u>\$ 579,677</u>

concluded.

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

VILLAGE OF BLISSFIELD, MICHIGAN

Balance Sheet

Governmental Funds

September 30, 2022

	General	Major Street	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,203,289	\$ 708,961	\$ 809,824	\$ 2,722,074
Accounts receivable	98,164	-	7,013	105,177
Due from other governments	184,607	55,160	35,365	275,132
Due from other funds	43,647	-	-	43,647
Inventories	-	-	9,141	9,141
Restricted assets	-	-	344,081	344,081
Total assets	\$ 1,529,707	\$ 764,121	\$ 1,205,424	\$ 3,499,252
Liabilities				
Accounts payable	\$ 49,079	\$ -	\$ 3,427	\$ 52,506
Accrued payroll	10,713	387	713	11,813
Due to other funds	-	1,424	9,915	11,339
Unearned revenue	-	-	343,220	343,220
Total liabilities	59,792	1,811	357,275	418,878
Deferred inflows of resources				
Unavailable revenue - property taxes	95,487	-	5,892	101,379
Fund balances				
Nonspendable:				
Inventories	-	-	9,141	9,141
Endowments	-	-	110,470	110,470
Restricted	178,269	762,310	722,646	1,663,225
Unassigned	1,196,159	-	-	1,196,159
Total fund balances	1,374,428	762,310	842,257	2,978,995
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,529,707	\$ 764,121	\$ 1,205,424	\$ 3,499,252

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

VILLAGE OF BLISSFIELD, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
September 30, 2022

Fund balances - total governmental funds	\$ 2,978,995
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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 are not reported in the funds.

Capital assets not being depreciated	341,545
Capital assets being depreciated, net of accumulated depreciation	4,938,263
Less: capital assets being accounted for in internal service funds	(146,995)

Deferred inflows of resources in governmental funds is susceptible to full accrual on the government-wide statements.

Property taxes	101,379
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Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Net position of governmental internal service funds	254,432
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable, premium on bonds, and municipal purchase agreements	(2,707,777)
Accrued interest on long-term debt	(36,280)
Compensated absences	(55,643)

Certain pension-related amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability	(305,334)
Deferred outflows related to the net pension liability	325,867
Deferred inflows related to the net pension liability	(288,944)

Net position of governmental activities	<u>\$ 5,399,508</u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2022

	General	Major Street	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 1,282,367	\$ -	\$ 86,045	\$ 1,368,412
Licenses and permits	2,784	-	-	2,784
State revenue	641,135	330,012	164,103	1,135,250
Fees	73,980	-	38,384	112,364
Charges for services	43,628	-	138,617	182,245
Donations	178,269	-	-	178,269
Interest revenue	1,802	2,430	3,744	7,976
Other	18,907	-	39,928	58,835
Total revenues	2,242,872	332,442	470,821	3,046,135
Expenditures				
Current expenditures:				
General government	317,521	-	-	317,521
Public safety	605,980	-	30,823	636,803
Public works	67,348	153,077	235,440	455,865
Culture and recreation	643,733	-	78,844	722,577
Debt service:				
Principal	-	-	333,529	333,529
Interest and fiscal charges	-	-	101,971	101,971
Capital outlay	-	-	22,913	22,913
Total expenditures	1,634,582	153,077	803,520	2,591,179
Revenues over (under) expenditures	608,290	179,365	(332,699)	454,956
Other financing sources (uses)				
Transfers in	-	-	330,788	330,788
Transfers out	(121,430)	-	(76,077)	(197,507)
Total other financing sources (uses)	(121,430)	-	254,711	133,281
Net change in fund balances	486,860	179,365	(77,988)	588,237
Fund balances, beginning of year	887,568	582,945	920,245	2,390,758
Fund balances, end of year	\$ 1,374,428	\$ 762,310	\$ 842,257	\$ 2,978,995

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

VILLAGE OF BLISSFIELD, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended September 30, 2022

Net change in fund balances - total governmental funds	\$	588,237
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased / constructed	130,985
Depreciation expense	(338,513)
Less: depreciation expense being accounted for in internal service funds	65,941
Loss on disposal of capital assets	(38,682)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Change in unavailable property tax receivable	12,702
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Principal payments on long-term debt	333,529
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Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenues (expense) attributable to those funds is reported with governmental activities.

Operating income from governmental activities in internal service fund	4,033
Interest revenue from internal service fund	180
Transfers made from governmental internal services fund	(2,520)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest payable on long-term debt	4,677
Change in net pension liability and related deferred outflows and inflows	39,324
Change in the accrual for compensated absences	2,438
Amortization of issuance premium on bonds payable	2,628

Change in net position of governmental activities	\$	804,959
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,242,600	\$ 1,294,200	\$ 1,282,367	\$ (11,833)
Licenses and permits	2,600	2,600	2,784	184
State revenue	515,500	600,500	641,135	40,635
Fees	79,250	72,935	73,980	1,045
Charges for services	41,150	41,150	43,628	2,478
Donations	-	178,200	178,269	69
Interest revenue	500	1,400	1,802	402
Other	4,650	18,450	18,907	457
Total revenues	1,886,250	2,209,435	2,242,872	33,437
Expenditures				
General government:				
Village council	38,345	39,950	37,774	(2,176)
Village administrator	49,250	41,555	39,670	(1,885)
Clerk/Treasurer	41,005	42,747	40,426	(2,321)
Village hall and grounds	183,835	167,575	148,487	(19,088)
Planning commission	38,350	24,515	23,825	(690)
Professional services	4,700	29,750	27,339	(2,411)
Total general government	355,485	346,092	317,521	(28,571)
Public safety:				
Police	700,954	670,160	603,488	(66,672)
Zoning administrator	6,646	2,861	2,492	(369)
Total public safety	707,600	673,021	605,980	(67,041)
Public works:				
Department of public works	71,125	65,060	51,516	(13,544)
Municipal improvements	18,155	13,685	10,477	(3,208)
Recycling	5,280	5,860	5,355	(505)
Total public works	94,560	84,605	67,348	(17,257)

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VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Culture and recreation:				
Parks	\$ 101,160	\$ 109,075	\$ 89,300	\$ (19,775)
Library	256,560	267,965	253,862	(14,103)
Pool	118,120	171,428	163,918	(7,510)
Festival	500	6,665	6,478	(187)
Urban forestry	132,420	133,395	123,707	(9,688)
Historical depot	8,815	8,030	6,468	(1,562)
Total culture and recreation	<u>617,575</u>	<u>696,558</u>	<u>643,733</u>	<u>(52,825)</u>
Total expenditures	<u>1,775,220</u>	<u>1,800,276</u>	<u>1,634,582</u>	<u>(165,694)</u>
Revenues over expenditures	111,030	409,159	608,290	199,131
Other financing uses				
Transfers out	<u>(121,430)</u>	<u>(121,430)</u>	<u>(121,430)</u>	<u>-</u>
Net change in fund balance	(10,400)	287,729	486,860	199,131
Fund balance, beginning of year	<u>887,568</u>	<u>887,568</u>	<u>887,568</u>	<u>-</u>
Fund balance, end of year	<u>\$ 877,168</u>	<u>\$ 1,175,297</u>	<u>\$ 1,374,428</u>	<u>\$ 199,131</u>

concluded.

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

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Major Street Special Revenue Fund

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State revenue	\$ 300,700	\$ 300,700	\$ 330,012	\$ 29,312
Interest revenue	1,000	2,200	2,430	230
Total revenues	301,700	302,900	332,442	29,542
Expenditures				
Public works	239,915	185,568	153,077	(32,491)
Net change in fund balances	61,785	117,332	179,365	62,033
Fund balances, beginning of year	582,945	582,945	582,945	-
Fund balances, end of year	<u>\$ 644,730</u>	<u>\$ 700,277</u>	<u>\$ 762,310</u>	<u>\$ 62,033</u>

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

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Net Position

Proprietary Funds
September 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Motor Vehicle Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,037,758	\$ 1,505,840	\$ 2,543,598	\$ 107,927
Accounts receivable	263,399	288,753	552,152	-
Inventories	34,949	1,885	36,834	-
Total current assets	<u>1,336,106</u>	<u>1,796,478</u>	<u>3,132,584</u>	<u>107,927</u>
Noncurrent assets:				
Capital assets not being depreciated	-	7,008,032	7,008,032	-
Capital assets being depreciated, net	6,313,063	2,885,060	9,198,123	146,995
Total noncurrent assets	<u>6,313,063</u>	<u>9,893,092</u>	<u>16,206,155</u>	<u>146,995</u>
Total assets	<u>7,649,169</u>	<u>11,689,570</u>	<u>19,338,739</u>	<u>254,922</u>
Deferred outflows of resources				
Deferred pension amounts	<u>173,678</u>	<u>99,992</u>	<u>273,670</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable	4,512	263,505	268,017	-
Accrued payroll	6,487	5,071	11,558	405
Due to other funds	13,783	18,440	32,223	85
Deposits payable	34,832	34,156	68,988	-
Accrued interest payable	14,431	2,470	16,901	-
Compensated absences, current portion	957	792	1,749	-
Bonds and loans payable, current portion	90,000	210,000	300,000	-
Total current liabilities	<u>165,002</u>	<u>534,434</u>	<u>699,436</u>	<u>490</u>
Noncurrent liabilities:				
Compensated absences, net of current portion	8,613	7,124	15,737	-
Bonds and loans payable, net of current portion	995,000	6,644,687	7,639,687	-
Net pension liability	162,734	93,691	256,425	-
Total noncurrent liabilities	<u>1,166,347</u>	<u>6,745,502</u>	<u>7,911,849</u>	<u>-</u>
Total liabilities	<u>1,331,349</u>	<u>7,279,936</u>	<u>8,611,285</u>	<u>490</u>
Deferred inflows of resources				
Deferred pension amounts	<u>153,998</u>	<u>88,661</u>	<u>242,659</u>	<u>-</u>
Net position				
Net investment in capital assets	5,228,063	3,038,405	8,266,468	146,995
Unrestricted	<u>1,109,437</u>	<u>1,382,560</u>	<u>2,491,997</u>	<u>107,437</u>
Total net position	<u>\$ 6,337,500</u>	<u>\$ 4,420,965</u>	<u>\$ 10,758,465</u>	<u>\$ 254,432</u>

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

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Motor Vehicle Internal Service Fund
Operating revenues				
Charges for services	\$ 1,958,521	\$ 1,617,823	\$ 3,576,344	\$ 202,745
Other	2,555	-	2,555	9,928
Total operating revenues	<u>1,961,076</u>	<u>1,617,823</u>	<u>3,578,899</u>	<u>212,673</u>
Operating expenses				
Other operating costs	260,850	188,062	448,912	-
Contractual services	65,660	98,153	163,813	-
Wages and benefits	601,946	400,734	1,002,680	60,360
Insurance	20,375	10,483	30,858	10,141
Maintenance	55,857	30,183	86,040	24,184
Supplies	258,121	21,565	279,686	48,014
Depreciation	261,573	61,463	323,036	65,941
Total operating expenses	<u>1,524,382</u>	<u>810,643</u>	<u>2,335,025</u>	<u>208,640</u>
Operating income	<u>436,694</u>	<u>807,180</u>	<u>1,243,874</u>	<u>4,033</u>
Nonoperating revenues (expenses)				
Interest revenue	1,235	-	1,235	180
Interest expense	(43,965)	(47,187)	(91,152)	-
Total nonoperating revenues (expenses)	<u>(42,730)</u>	<u>(47,187)</u>	<u>(89,917)</u>	<u>180</u>
Income before transfers	393,964	759,993	1,153,957	4,213
Transfers out	<u>(46,889)</u>	<u>(83,872)</u>	<u>(130,761)</u>	<u>(2,520)</u>
Change in net position	347,075	676,121	1,023,196	1,693
Net position, beginning of year	<u>5,990,425</u>	<u>3,744,844</u>	<u>9,735,269</u>	<u>252,739</u>
Net position, end of year	<u>\$ 6,337,500</u>	<u>\$ 4,420,965</u>	<u>\$ 10,758,465</u>	<u>\$ 254,432</u>

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

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Motor Vehicle Internal Service Fund
Cash flows from operating activities				
Receipts from customers and users	\$ 1,958,828	\$ 1,613,535	\$ 3,572,363	\$ -
Receipts for interfund services	-	-	-	212,673
Payments to suppliers and contractors	(649,522)	(1,334,594)	(1,984,116)	(82,286)
Payments to employees for services	(615,747)	(392,872)	(1,008,619)	(61,197)
Net cash provided by (used in) operating activities	<u>693,559</u>	<u>(113,931)</u>	<u>579,628</u>	<u>69,190</u>
Cash flows from noncapital financing activities				
Transfers out	(46,889)	(83,872)	(130,761)	(2,520)
Cash flows from capital and related financing activities				
Proceeds from long-term debt	-	4,570,346	4,570,346	-
Principal paid on debt	(94,978)	(209,000)	(303,978)	-
Interest paid on debt	(45,977)	(47,620)	(93,597)	-
Purchase of capital assets	(127,908)	(3,555,638)	(3,683,546)	-
Net cash provided by (used in) capital and related financing activities	<u>(268,863)</u>	<u>758,088</u>	<u>489,225</u>	<u>-</u>
Cash flows from investing activities				
Interest income received	1,235	-	1,235	180
Net change in cash and cash equivalents	<u>379,042</u>	<u>560,285</u>	<u>939,327</u>	<u>66,850</u>
Cash and cash equivalents, beginning of year	<u>658,716</u>	<u>945,555</u>	<u>1,604,271</u>	<u>41,077</u>
Cash and cash equivalents, end of year	<u>\$ 1,037,758</u>	<u>\$ 1,505,840</u>	<u>\$ 2,543,598</u>	<u>\$ 107,927</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 436,694	\$ 807,180	\$ 1,243,874	\$ 4,033
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	261,573	61,463	323,036	65,941
Changes in assets and liabilities:				
Accounts receivable	(2,248)	(4,288)	(6,536)	-
Inventories	5,795	295	6,090	-
Accounts payable	(3,709)	(1,005,097)	(1,008,806)	(32)
Accrued payroll	(4,042)	(424)	(4,466)	(837)
Due to other funds	(21,535)	(15,078)	(36,613)	85
Deposits payable	34,832	34,156	68,988	-
Compensated absences	(3,313)	(2,782)	(6,095)	-
Net pension liability	(54,505)	(7,775)	(62,280)	-
Deferred outflows related to the net pension liability	(33,127)	(34,346)	(67,473)	-
Deferred inflows related to the net pension liability	77,144	52,765	129,909	-
Net cash provided by (used in) operating activities	<u>\$ 693,559</u>	<u>\$ (113,931)</u>	<u>\$ 579,628</u>	<u>\$ 69,190</u>

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

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Fiduciary Net Position

Custodial Fund
September 30, 2022

Assets	
Cash and cash equivalents	\$ 212
Liabilities	
Undistributed taxes	<u>212</u>
Net position	
Restricted for other governments	<u><u>\$ -</u></u>

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

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Changes in Fiduciary Net Position

Custodial Fund

September 30, 2022

Additions

Taxes collected for other governments	\$ 6,480
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Deductions

Payments of taxes to other governments	<u>6,480</u>
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Total change in net position	-
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Net position, beginning of year	<u>-</u>
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Net position, end of year	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Village of Blissfield, Michigan (the "Village") is a Michigan Municipal Corporation governed by the Village Council. As required by generally accepted accounting principles (GAAP), these financial statements present the government and its component unit, entities for which the Village is financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statement to emphasize that it is legally separate from the government.

Discretely presented component unit

The following component unit is reported within the component unit column in the statement of net position:

Downtown Development Authority (the "DDA") - The DDA was created as a separate legal entity under Public Act 197 of 1975 of the State of Michigan. The purpose of the DDA is to plan and develop the downtown area of the Village and to attract new businesses and residents. The governing body of the DDA is appointed by the Village Council for a fixed term. The Village approves the annual budget and any capital projects of the DDA. Prior approval by the Village is needed on any taxation by the DDA and the Village's approval is needed for any borrowing done by the DDA. Separate financial statements are not prepared. The DDA uses governmental fund type accounting and is reported in a separate column.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and permits, state revenue, fees, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The *general fund* is the Village's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

The *major street special revenue fund* is used to account for the road expenditures for all streets designated as "major."

The Village reports the following major proprietary funds:

The *water fund* accounts for the operation and maintenance of the water system, capital additions and improvements, and retirement of related long-term debt. Financing is provided by user charges.

The *sewer fund* accounts for the operation and maintenance of the sewer systems, capital additions and improvements, and retirement of related long-term debt. Financing is provided by user charges.

Additionally, the Village reports the following fund types:

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

The *debt service fund* accounts for all financial resources restricted, committed, or assigned to expenditure for principal and interest.

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's purposes.

The *internal service fund* accounts for equipment expense by which other government funds reimburse through equipment rental charges.

The *custodial fund* accounts for assets held for other governments in a custodial capacity.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Village pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

Receivables and payables

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are recorded as unearned revenue.

Inventories and prepaid items

Inventories in both the governmental and proprietary funds are accounted for utilizing the consumption method and are valued at lower of cost (first-in, first-out) or market. 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 using the consumption method.

Capital assets

Capital assets, which include land, construction in progress, land improvements, buildings, equipment, furniture and books, 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. The Village defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

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

	Years
Land improvements	20-50
Buildings	50
Equipment, furniture, and books	10-20
Infrastructure	10-100

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

Deferred outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows of resources for the change in expected and actual investment returns, assumptions, and benefits provided in its pension plan, as well as a portion that represents contributions to the plan subsequent to the plan measurement date.

Compensated absences

It is the Village's policy to permit employees to accumulate earned but unused sick and vacation time. A liability for sick and vacation time is accrued when incurred in the government-wide and proprietary fund financial statements, whereas it is reported in governmental funds only if it has matured, for example, as a result of employee resignations or retirements.

Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources until that time. The government has one type of item that qualifies for reporting in this category. The Village reports deferred inflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

Fund balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Village Council. A formal resolution of the Village Council is required to establish, modify, or rescind a fund balance commitment. The Village currently has no committed fund balance. The Village has no assigned fund balance as the Village Council has not yet given authority for the making of such assignments; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund or for any fund in a deficit position.

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

Property taxes

Village property taxes are attached as an enforceable lien on property as of December 31. The taxes are levied July 1 and are due without penalty on or before September 14. The Village bills and collects its own property taxes for general governmental services. Unpaid real property taxes are turned over to Lenawee County and reimbursed through a revolving fund. Therefore, property taxes receivable are not accounted for under the 60-day rule. The government's general operating tax rate for fiscal 2021-22 was 14.0497 mills with an additional 0.1000 mills for bridge capital projects bond and 0.7500 mills for pool capital projects bond.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2. BUDGETARY INFORMATION

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The general fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually.

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

The budget document presents information by fund, function, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level. Expenditures at this level in excess of amounts budgeted for activities are a violation of Michigan law. Budget amendments are proposed as needed and subject to formal approval by the Village Council.

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. During the year ended September 30, 2022, the Village incurred expenditures or transfers out over appropriations in the library nonmajor special revenue fund in the amount of \$2,163.

3. CASH AND CASH EQUIVALENTS

Following is a reconciliation of cash and cash equivalents as of September 30, 2022:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and cash equivalents	\$ 5,373,599	\$ 133,930	\$ 5,507,529
Restricted assets	344,081	-	344,081
Statement of fiduciary net position			
Cash and cash equivalents	212	-	212
Total	<u>\$ 5,717,892</u>	<u>\$ 133,930</u>	<u>\$ 5,851,822</u>
Deposits			
Demand deposits (checking/savings accounts)			\$ 5,851,202
Cash on hand			620
Total			<u>\$ 5,851,822</u>

Statutes authorize the Village to invest funds in the following:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase, are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the investment company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the listing of authorized investments above. The Village's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Village had no investments at September 30, 2022.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in the list of authorized investments above. The Village's investment policy does not have specific limits in excess of state law on investment credit risk. The Village had no investments at September 30, 2022.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. State law does not require and the Village does not have a policy for deposit custodial credit risk. As of year-end, \$6,088,913 of the Village's bank balance of \$6,338,913 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Village does not have a policy for investment custodial credit risk. The Village had no investments at September 30, 2022.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Village's investment policy does not have specific limits in excess of state law on concentration of credit risk. The Village had no investments at September 30, 2022.

4. RECEIVABLES

Receivables in the governmental and business-type activities of the primary government, as well as the discretely presented component unit are as follows:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	\$ 105,177	\$ 552,152	\$ -
Loans receivable	-	-	27,140
Due from other governments	275,132	-	14,217
	<u>\$ 380,309</u>	<u>\$ 552,152</u>	<u>\$ 41,357</u>
Amount not expected to be collected within one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,512</u>

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

5. CAPITAL ASSETS

Primary government

Capital asset activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 341,545	\$ -	\$ -	\$ -	\$ 341,545
Construction in progress	25,614	-	-	(25,614)	-
	<u>367,159</u>	<u>-</u>	<u>-</u>	<u>(25,614)</u>	<u>341,545</u>
Capital assets being depreciated:					
Land improvements	1,220,966	-	-	-	1,220,966
Buildings	4,148,288	-	-	25,614	4,173,902
Equipment, furniture, and books	1,802,143	71,750	(24,463)	-	1,849,430
Infrastructure	12,592,702	59,235	(77,364)	-	12,574,573
	<u>19,764,099</u>	<u>130,985</u>	<u>(101,827)</u>	<u>25,614</u>	<u>19,818,871</u>
Less accumulated depreciation for:					
Land improvements	(653,040)	(38,887)	-	-	(691,927)
Buildings	(913,915)	(126,317)	-	-	(1,040,232)
Equipment, furniture, and books	(1,522,687)	(90,360)	24,463	-	(1,588,584)
Infrastructure	(11,515,598)	(82,949)	38,682	-	(11,559,865)
	<u>(14,605,240)</u>	<u>(338,513)</u>	<u>63,145</u>	<u>-</u>	<u>(14,880,608)</u>
Total capital assets being depreciated, net	<u>5,158,859</u>	<u>(207,528)</u>	<u>(38,682)</u>	<u>25,614</u>	<u>4,938,263</u>
Governmental activities					
capital assets, net	<u>\$ 5,526,018</u>	<u>\$ (207,528)</u>	<u>\$ (38,682)</u>	<u>\$ -</u>	<u>\$ 5,279,808</u>

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets not being depreciated -				
Construction in progress	\$ 3,452,394	\$ 3,555,638	\$ -	\$ 7,008,032
Capital assets being depreciated:				
Equipment	220,230	22,908	(2,643)	240,495
Infrastructure	16,178,942	105,000	(2,288)	16,281,654
	<u>16,399,172</u>	<u>127,908</u>	<u>(4,931)</u>	<u>16,522,149</u>
Less accumulated depreciation for:				
Equipment	(179,331)	(7,877)	2,643	(184,565)
Infrastructure	(6,826,590)	(315,159)	2,288	(7,139,461)
	<u>(7,005,921)</u>	<u>(323,036)</u>	<u>4,931</u>	<u>(7,324,026)</u>
Total capital assets being depreciated, net	<u>9,393,251</u>	<u>(195,128)</u>	<u>-</u>	<u>9,198,123</u>
Business-type activities capital assets, net	<u>\$ 12,845,645</u>	<u>\$ 3,360,510</u>	<u>\$ -</u>	<u>\$ 16,206,155</u>

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

Depreciation of governmental activities by function

General government	\$ 77,105
Public safety	1,131
Public works	125,647
Culture and recreation	68,689
Capital assets held by the government's internal service fund is charged to the various functions based on their usage	<u>65,941</u>

Total governmental activities \$ 338,513

Depreciation of business-type activities by function

Water	\$ 261,573
Sewer	<u>61,463</u>

Total business-type activities \$ 323,036

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

Component unit - DDA

Capital asset activity for the DDA for the year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component unit - DDA				
Capital assets being depreciated -				
Land improvements	\$ 869,885	\$ -	\$ -	\$ 869,885
Less accumulated depreciation for -				
Land improvements	(427,012)	(17,398)	-	(444,410)
DDA capital assets, net	\$ 442,873	\$ (17,398)	\$ -	\$ 425,475

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued expenses in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities	Component Unit
Accounts payable	\$ 52,506	\$ 268,017	\$ 8,061
Accrued payroll	12,218	11,558	955
Deposits payable	-	68,988	-
Accrued interest payable	36,280	16,901	-
	<u>\$ 101,004</u>	<u>\$ 365,464</u>	<u>\$ 9,016</u>

7. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

For the year ended September 30, 2022, interfund transfers are summarized as follows:

	Transfers Out					
	General Fund	Nonmajor Governmental Funds	Water Fund	Sewer Fund	Motor Vehicle Internal Service Fund	Total
Transfers In						
NMGF	\$ 121,430	\$ 76,077	\$ 46,889	\$ 83,872	\$ 2,520	\$ 330,788

NMGF - nonmajor governmental funds

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.

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

8. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2022 is summarized as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 2,560,000	\$ -	\$ (285,000)	\$ 2,275,000	\$ 290,000
Notes from direct borrowings/placements -					
Municipal purchase agreements	439,268	-	(48,529)	390,739	50,227
Compensated absences	58,081	69,656	(72,094)	55,643	5,564
Deferred amounts -					
For issuance premiums	44,666	-	(2,628)	42,038	2,628
Total governmental activities	<u>\$ 3,102,015</u>	<u>\$ 69,656</u>	<u>\$ (408,251)</u>	<u>\$ 2,763,420</u>	<u>\$ 348,419</u>
Business-type activities					
General obligation bonds	\$ 1,170,000	\$ -	\$ (85,000)	\$ 1,085,000	\$ 90,000
Revenue bonds	344,978	-	(59,978)	285,000	50,000
Notes from direct borrowings/placements -					
Loans	2,158,341	4,570,346	(159,000)	6,569,687	160,000
Compensated absences	23,581	28,603	(34,698)	17,486	1,749
Total business-type activities	<u>\$ 3,696,900</u>	<u>\$ 4,598,949</u>	<u>\$ (338,676)</u>	<u>\$ 7,957,173</u>	<u>\$ 301,749</u>

For governmental activities, compensated absences are generally liquidated by the general fund.

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as five to 25 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Balance
Governmental activities				
2014 general obligation limited tax bonds refunding	2024	3.10%	\$ 1,470,000	\$ 330,000
2017 general obligation unlimited tax bonds	2031	3.75%	355,000	250,000
2018 general obligation unlimited tax bonds	2038	3.50%	2,080,000	<u>1,695,000</u>
Total governmental activities				<u><u>\$ 2,275,000</u></u>
Business-type activities				
2011 capital improvement limited tax bonds	2032	3.99%	\$ 1,650,000	<u><u>\$ 1,085,000</u></u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 290,000	\$ 78,930	\$ 90,000	\$ 41,496
2024	290,000	69,378	90,000	37,905
2025	125,000	59,825	95,000	34,214
2026	125,000	55,388	95,000	30,424
2027	130,000	50,950	95,000	26,633
2028-2032	640,000	184,850	620,000	62,244
2033-2037	555,000	79,625	-	-
2038	120,000	4,200	-	-
	<u>\$ 2,275,000</u>	<u>\$ 583,146</u>	<u>\$ 1,085,000</u>	<u>\$ 232,916</u>

Revenue bonds. The Village issues revenue bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount
Business-type activities				
1998 wastewater treatment plant improvement revenue bonds refunding	2027	5.10% - 5.20%	\$ 995,000	<u><u>\$ 285,000</u></u>

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

Revenue bond debt service requirements to maturity are as follows:

Year Ended September 30,	Business-type Activities	
	Principal	Interest
2023	\$ 50,000	\$ 14,820
2024	55,000	12,220
2025	55,000	9,360
2026	60,000	6,500
2027	65,000	3,380
	<u>\$ 285,000</u>	<u>\$ 46,280</u>

Notes from direct borrowings / placements - municipal purchase agreements. The Village has entered into a municipal purchase agreement to finance improvements to the new Village office building. The municipal purchase agreement outstanding at year-end is as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount
Governmental activities				
2014 municipal purchase agreement	2029	3.50%	\$ 736,000	\$ 390,739

Annual debt service requirements to maturity for the municipal purchase agreement is as follows:

Year Ended September 30,	Governmental Activities	
	Principal	Interest
2023	\$ 50,227	\$ 13,676
2024	51,985	11,918
2025	53,805	10,098
2026	55,688	8,215
2027	57,637	6,266
2028-2029	121,397	6,410
	<u>\$ 390,739</u>	<u>\$ 56,583</u>

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

Notes from direct borrowings / placements - loans. The Village has entered into loans with the Department of Agriculture to assist in obtaining safe drinking water and adequate waste disposal facilities. The loans outstanding at year-end are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount
Business-type activities				
2020 Series A - Loan 92-03	2061	1.250%	\$ 6,849,000	\$ 6,504,687
2020 Series B - Loan 92-04	2061	1.125%	1,300,000	<u>65,000</u>
Total business-type activities				<u><u>\$ 6,569,687</u></u>

Annual debt service requirements to maturity for the loans are as follows:

Year Ended September 30,	Business-type Activities	
	Principal	Interest
2023	\$ 160,000	\$ 98,283
2024	162,000	96,315
2025	165,000	94,323
2026	167,000	92,294
2027	168,000	90,240
2028-2032	877,000	419,583
2033-2037	930,000	364,365
2038-2042	989,000	305,736
2043-2047	1,054,000	243,311
2048-2052	1,119,000	176,896
2053-2057	1,192,000	106,293
2058-2061	1,007,000	31,166
Less: amounts not drawn	<u>(1,420,313)</u>	<u>-</u>
	<u><u>\$ 6,569,687</u></u>	<u><u>\$ 2,118,805</u></u>

9. RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for medical benefit claims. The Village participates in the Michigan Municipal League risk pool for claims relating to workers' compensation, property loss, torts, and errors and omissions. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

10. CONTINGENCIES

In the normal course of its activities, the Village has become a party in various legal actions, including property tax assessment appeals. Management of the Village is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Village and, therefore, has not reflected loss reserves in the financial statements.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

11. PENSION PLAN

General Information About the Plan

Plan Description. The Village's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Village participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 year period) and multipliers at 2.00%. Participants are considered to be fully vested in the plan after 6 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, or age 55 with 15 years of service, depending on division/bargaining unit.

Employees Covered by Benefit Terms. At the December 31, 2021 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>25</u>
Total membership	<u><u>50</u></u>

Contributions. The Village is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended September 30, 2022, employer contributions were 12.54% of annual payroll. In addition, the employer may establish contribution rates to be paid by its covered employees. Currently, members are not required to contribute to the plan.

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation

The base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disables retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>7.25%</u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2021 was 7.25% (down from 7.60% at December 31, 2020). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2020	\$ 5,148,841	\$ 4,394,742	\$ 754,099
Changes for the year:			
Service cost	131,632	-	131,632
Interest	384,744	-	384,744
Differences between expected and actual experience	(116,050)	-	(116,050)
Changes in assumptions	222,269	-	222,269
Employer contributions	-	173,719	(173,719)
Net investment income	-	648,252	(648,252)
Benefit payments, including refunds of employee contributions	(304,482)	(304,482)	-
Administrative expense	-	(7,036)	7,036
Net changes	<u>318,113</u>	<u>510,453</u>	<u>(192,340)</u>
Balances at December 31, 2021	<u>\$ 5,466,954</u>	<u>\$ 4,905,195</u>	<u>\$ 561,759</u>

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

Changes in assumptions. In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the Village, calculated using the discount rate of 7.25%, as well as what the Village's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 1,287,500	\$ 561,759	\$ (36,183)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the Village recognized pension expense of \$163,001. The Village reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 121,326	\$ 369,575	\$ (248,249)
Changes in assumptions	340,344	-	340,344
Net difference between projected and actual earnings on pension plan investments	-	162,028	(162,028)
	461,670	531,603	(69,933)
Contributions subsequent to the measurement date	137,867	-	137,867
Total	\$ 599,537	\$ 531,603	\$ 67,934

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2023	\$ 4,790
2024	(36,455)
2025	4,385
2026	<u>(42,653)</u>
Total	<u>\$ (69,933)</u>

Payable to the Pension Plan. At September 30, 2022, the Village had no amounts payable for contributions to the pension plan.

12. NET INVESTMENT IN CAPITAL ASSETS

Following is a summary of the Village's net investment in capital assets as presented in the government-wide statement of net position:

	Governmental Activities	Business-type Activities	Total
Capital assets:			
Capital assets not being depreciated	\$ 341,545	\$ 7,008,032	\$ 7,349,577
Capital assets being depreciated, net	<u>4,938,263</u>	<u>9,198,123</u>	<u>14,136,386</u>
	<u>5,279,808</u>	<u>16,206,155</u>	<u>21,485,963</u>
Related debt:			
Total installment debt	2,665,739	7,939,687	10,605,426
Premium on bonds	<u>42,038</u>	<u>-</u>	<u>42,038</u>
	<u>2,707,777</u>	<u>7,939,687</u>	<u>10,647,464</u>
Net investment in capital assets	<u>\$ 2,572,031</u>	<u>\$ 8,266,468</u>	<u>\$ 10,838,499</u>

13. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the Village for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past two years, the Village has been awarded funds from various sources to respond to the impacts of the COVID-19 pandemic. Approximately \$343,000 received through the State and Local Fiscal Recovery Fund has been reported as unearned revenue and is available to spend at year end. At this time, management does not believe that any ongoing negative financial impact related to the pandemic, if any, would be material to the Village.

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Financial Statements

14. FUND BALANCES - GOVERNMENTAL FUNDS

Detailed information on fund balances of governmental funds is as follows:

	General	Major Street	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$ -	\$ -	\$ 9,141	\$ 9,141
Permanent funds	-	-	110,470	110,470
	-	-	119,611	119,611
Restricted for:				
Pool	178,269	-	-	178,269
Streets	-	762,310	261,934	1,024,244
Recreation	-	-	17,989	17,989
Building inspection	-	-	36,642	36,642
Garbage collection	-	-	5,393	5,393
Drug forfeiture	-	-	93	93
Library	-	-	133,262	133,262
Grants	-	-	861	861
Capital projects	-	-	266,472	266,472
	178,269	762,310	722,646	1,663,225
Unassigned	1,196,159	-	-	1,196,159
Total fund balances - governmental funds	\$ 1,374,428	\$ 762,310	\$ 842,257	\$ 2,978,995

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BLISSFIELD, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios

	For the Year Ended September 30,			
	2022	2021	2020	2019
Total pension liability				
Service cost	\$ 131,632	\$ 122,514	\$ 113,666	\$ 106,461
Interest on total pension liability	384,744	343,124	337,474	321,058
Difference between expected and actual experience	(116,050)	202,210	(38,760)	(10,036)
Assumption changes	222,269	166,095	125,743	-
Benefit payments	(304,482)	(277,272)	(215,102)	(216,656)
Net change in total pension liability	<u>318,113</u>	<u>556,671</u>	<u>323,021</u>	<u>200,827</u>
Total pension liability, beginning of year	<u>5,148,841</u>	<u>4,592,170</u>	<u>4,269,149</u>	<u>4,068,322</u>
Total pension liability, end of year	<u>5,466,954</u>	<u>5,148,841</u>	<u>4,592,170</u>	<u>4,269,149</u>
Plan fiduciary net position				
Employer contributions	173,719	147,200	136,497	145,297
Pension plan net investment income (loss)	648,252	506,372	490,532	(150,232)
Benefit payments and refunds	(304,482)	(277,272)	(215,102)	(216,656)
Pension plan administrative expense	(7,036)	(8,054)	(8,453)	(7,452)
Net change in plan fiduciary net position	<u>510,453</u>	<u>368,246</u>	<u>403,474</u>	<u>(229,043)</u>
Plan fiduciary net position, beginning of year	<u>4,394,742</u>	<u>4,026,496</u>	<u>3,623,022</u>	<u>3,852,065</u>
Restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year	<u>4,905,195</u>	<u>4,394,742</u>	<u>4,026,496</u>	<u>3,623,022</u>
Net pension liability	<u>\$ 561,759</u>	<u>\$ 754,099</u>	<u>\$ 565,674</u>	<u>\$ 646,127</u>
Plan fiduciary net position as a percentage of total pension liability	89.72%	85.35%	87.68%	84.87%
Covered payroll	\$ 1,385,604	\$ 1,308,913	\$ 1,200,276	\$ 1,164,784
Net pension liability as a percentage of covered payroll	40.54%	57.61%	47.13%	55.47%

See notes to required supplementary information.

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For the Year Ended September 30,			
2018	2017	2016	2015
\$ 99,933	\$ 102,383	\$ 101,440	\$ 92,111
325,488	317,624	193,711	272,458
(286,795)	(138,965)	70,517	-
-	-	185,504	-
(177,899)	(185,113)	(179,570)	(179,570)
(39,273)	95,929	371,602	184,999
4,107,595	4,011,666	3,640,064	3,455,065
4,068,322	4,107,595	4,011,666	3,640,064
127,768	111,509	108,569	91,270
456,158	360,156	175,208	193,799
(177,899)	(185,113)	(179,570)	(179,570)
(7,219)	(7,108)	-	-
398,808	279,444	104,207	105,499
3,453,257	3,173,813	3,499,283	3,393,784
-	-	(429,677)	-
3,852,065	3,453,257	3,173,813	3,499,283
\$ 216,257	\$ 654,338	\$ 837,853	\$ 140,781

94.68%	84.07%	79.11%	96.13%
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\$ 1,089,783	\$ 1,084,562	\$ 1,093,104	\$ 992,577
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19.84%	60.33%	76.65%	14.18%
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VILLAGE OF BLISSFIELD, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Contributions

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2015	\$ 91,270	\$ 91,270	\$ -	\$ 992,577	9.20%
2016	108,569	108,569	-	1,093,104	9.93%
2017	111,509	111,509	-	1,084,562	10.28%
2018	144,257	144,257	-	1,229,443	11.73%
2019	141,195	141,195	-	1,246,915	11.32%
2020	159,823	159,823	-	1,338,382	11.94%
2021	151,895	151,895	-	1,442,330	10.53%
2022	204,765	204,765	-	1,397,433	14.65%

See notes to required supplementary information.

Village of Blissfield, Michigan

Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Notes to the Schedule of Changes in the City's Net Pension Liability and Related Ratios

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Changes in Assumptions. In 2016, amounts reported as changes in assumptions resulted primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return, and changes in asset smoothing.

In 2020, amounts reported as changes in assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

In 2021, amounts reported as changes in assumptions related to updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

Notes to Schedule of Contributions

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Valuation Date	Actuarially determined contribution rates are calculated as of the December 31 that is 18 months prior to the beginning of the fiscal year in which contributions are reported.
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Methods and assumptions used to determine contribution rates (2022, based on the 12/31/2019 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	17 years
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

VILLAGE OF BLISSFIELD, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2022

	Special Revenue Funds	Franklin Street Debt Service	Capital Project Funds	Permanent Funds	Totals
Assets					
Cash and cash equivalents	\$ 449,299	\$ -	\$ 250,055	\$ 110,470	\$ 809,824
Accounts receivable	1,121	-	5,892	-	7,013
Due from other governments	18,948	-	16,417	-	35,365
Inventories	9,141	-	-	-	9,141
Restricted assets	344,081	-	-	-	344,081
Total assets	<u>\$ 822,590</u>	<u>\$ -</u>	<u>\$ 272,364</u>	<u>\$ 110,470</u>	<u>\$ 1,205,424</u>
Liabilities					
Accounts payable	\$ 3,427	\$ -	\$ -	\$ -	\$ 3,427
Accrued payroll	713	-	-	-	713
Due to other funds	9,915	-	-	-	9,915
Unearned revenue	343,220	-	-	-	343,220
Total liabilities	<u>357,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,275</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	5,892	-	5,892
Fund balances					
Nonspendable:					
Inventories	9,141	-	-	-	9,141
Permanent funds	-	-	-	110,470	110,470
Restricted	456,174	-	266,472	-	722,646
Total fund balances	<u>465,315</u>	<u>-</u>	<u>266,472</u>	<u>110,470</u>	<u>842,257</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 822,590</u>	<u>\$ -</u>	<u>\$ 272,364</u>	<u>\$ 110,470</u>	<u>\$ 1,205,424</u>

VILLAGE OF BLISSFIELD, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2022

	Special Revenue Funds	Franklin Street Debt Service	Capital Project Funds	Permanent Funds	Totals
Revenues					
Property taxes	\$ 91	\$ -	\$ 85,954	\$ -	\$ 86,045
State revenue	113,357	-	50,746	-	164,103
Fees	38,384	-	-	-	38,384
Charges for services	138,617	-	-	-	138,617
Interest revenue	2,809	-	935	-	3,744
Other	39,510	-	-	418	39,928
Total revenues	332,768	-	137,635	418	470,821
Expenditures					
Current expenditures:					
Public safety	30,823	-	-	-	30,823
Public works	235,440	-	-	-	235,440
Culture and recreation	78,844	-	-	-	78,844
Debt service:					
Principal	-	160,000	173,529	-	333,529
Interest and fiscal charges	-	12,958	89,013	-	101,971
Capital outlay	-	-	22,913	-	22,913
Total expenditures	345,107	172,958	285,455	-	803,520
Revenues over (under) expenditures	(12,339)	(172,958)	(147,820)	418	(332,699)
Other financing sources (uses)					
Transfers in	100,000	166,808	63,980	-	330,788
Transfers out	(76,077)	-	-	-	(76,077)
Total other financing sources (uses)	23,923	166,808	63,980	-	254,711
Net change in fund balances	11,584	(6,150)	(83,840)	418	(77,988)
Fund balances, beginning of year	453,731	6,150	350,312	110,052	920,245
Fund balances, end of year	\$ 465,315	\$ -	\$ 266,472	\$ 110,470	\$ 842,257

VILLAGE OF BLISSFIELD, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

September 30, 2022

	Local Street	Municipal Street	Recreation	Building Inspection
Assets				
Cash and cash equivalents	\$ 245,330	\$ -	\$ 19,423	\$ 42,154
Accounts receivable	-	91	-	-
Due from other governments	18,948	-	-	-
Inventories	-	-	-	-
Restricted assets	-	-	-	-
Total assets	<u>\$ 264,278</u>	<u>\$ 91</u>	<u>\$ 19,423</u>	<u>\$ 42,154</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,427
Accrued payroll	452	-	261	-
Due to other funds	1,983	-	1,173	2,085
Unearned revenue	-	-	-	-
Total liabilities	<u>2,435</u>	<u>-</u>	<u>1,434</u>	<u>5,512</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted	261,843	91	17,989	36,642
Total fund balances	<u>261,843</u>	<u>91</u>	<u>17,989</u>	<u>36,642</u>
Total liabilities and fund balances	<u>\$ 264,278</u>	<u>\$ 91</u>	<u>\$ 19,423</u>	<u>\$ 42,154</u>

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Garbage Collection	Drug Forfeitures	Library	ARPA	Total
\$ 4,363	\$ 93	\$ 137,936	\$ -	\$ 449,299
1,030	-	-	-	1,121
-	-	-	-	18,948
9,141	-	-	-	9,141
-	-	-	344,081	344,081
<u>\$ 14,534</u>	<u>\$ 93</u>	<u>\$ 137,936</u>	<u>\$ 344,081</u>	<u>\$ 822,590</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,427
-	-	-	-	713
-	-	4,674	-	9,915
-	-	-	343,220	343,220
-	-	4,674	343,220	357,275
9,141	-	-	-	9,141
5,393	93	133,262	861	456,174
14,534	93	133,262	861	465,315
<u>\$ 14,534</u>	<u>\$ 93</u>	<u>\$ 137,936</u>	<u>\$ 344,081</u>	<u>\$ 822,590</u>

VILLAGE OF BLISSFIELD, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended September 30, 2022

	Local Street	Municipal Street	Recreation	Building Inspection
Revenues				
Property taxes	\$ -	\$ 91	\$ -	\$ -
State revenue	113,357	-	-	-
Fees	-	-	-	38,384
Charges for services	-	-	52,868	-
Interest revenue	801	771	-	143
Other	-	14,438	-	-
Total revenues	114,158	15,300	52,868	38,527
Expenditures				
Current expenditures:				
Public safety	-	-	-	30,123
Public works	134,809	32,572	-	-
Culture and recreation	-	-	39,906	-
Total expenditures	134,809	32,572	39,906	30,123
Revenues over (under) expenditures	(20,651)	(17,272)	12,962	8,404
Other financing sources				
Transfers in	100,000	-	-	-
Transfers out	(24,966)	(51,111)	-	-
Total other financing sources (uses)	75,034	(51,111)	-	-
Net change in fund balances	54,383	(68,383)	12,962	8,404
Fund balances, beginning of year	207,460	68,474	5,027	28,238
Fund balances, end of year	\$ 261,843	\$ 91	\$ 17,989	\$ 36,642

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Garbage Collection	Drug Forfeitures	Library	ARPA	Total
\$ -	\$ -	\$ -	\$ -	\$ 91
-	-	-	-	113,357
-	-	-	-	38,384
71,733	-	14,016	-	138,617
16	-	217	861	2,809
-	-	25,072	-	39,510
71,749	-	39,305	861	332,768
-	700	-	-	30,823
68,059	-	-	-	235,440
-	-	38,938	-	78,844
68,059	700	38,938	-	345,107
3,690	(700)	367	861	(12,339)
-	-	-	-	100,000
-	-	-	-	(76,077)
-	-	-	-	23,923
3,690	(700)	367	861	11,584
10,844	793	132,895	-	453,731
\$ 14,534	\$ 93	\$ 133,262	\$ 861	\$ 465,315

VILLAGE OF BLISSFIELD, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended September 30, 2022

	Local Street		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
State revenue	102,000	113,357	11,357
Fees	-	-	-
Charges for services	-	-	-
Interest revenue	250	801	551
Other	-	-	-
Total revenues	<u>102,250</u>	<u>114,158</u>	<u>11,908</u>
Expenditures			
Current expenditures:			
Public safety	-	-	-
Public works	157,461	134,809	(22,652)
Culture and recreation	-	-	-
Total expenditures	<u>157,461</u>	<u>134,809</u>	<u>(22,652)</u>
Revenues over (under) expenditures	<u>(55,211)</u>	<u>(20,651)</u>	<u>34,560</u>
Other financing sources (uses)			
Transfers in	100,000	100,000	-
Transfers out	(25,000)	(24,966)	(34)
Total other financing sources (uses)	<u>75,000</u>	<u>75,034</u>	<u>(34)</u>
Net change in fund balances	<u>19,789</u>	<u>54,383</u>	<u>34,594</u>
Fund balances, beginning of year	<u>207,460</u>	<u>207,460</u>	<u>-</u>
Fund balances, end of year	<u>\$ 227,249</u>	<u>\$ 261,843</u>	<u>\$ 34,594</u>



Municipal Street			Recreation		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ 91	\$ 91	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	52,461	52,868	407
770	771	1	-	-	-
14,478	14,438	(40)	-	-	-
15,248	15,300	52	52,461	52,868	407
-	-	-	-	-	-
32,610	32,572	(38)	-	-	-
-	-	-	48,730	39,906	(8,824)
32,610	32,572	(38)	48,730	39,906	(8,824)
(17,362)	(17,272)	90	3,731	12,962	9,231
-	-	-	-	-	-
(51,112)	(51,111)	(1)	-	-	-
(51,112)	(51,111)	(1)	-	-	-
(68,474)	(68,383)	91	3,731	12,962	9,231
68,474	68,474	-	5,027	5,027	-
\$ -	\$ 91	\$ 91	\$ 8,758	\$ 17,989	\$ 9,231

continued...

VILLAGE OF BLISSFIELD, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended September 30, 2022

	Building Inspection		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
State revenue	-	-	-
Fees	37,370	38,384	1,014
Charges for services	-	-	-
Interest revenue	130	143	13
Other	-	-	-
Total revenues	<u>37,500</u>	<u>38,527</u>	<u>1,027</u>
Expenditures			
Current expenditures:			
Public safety	31,650	30,123	(1,527)
Public works	-	-	-
Culture and recreation	-	-	-
Total expenditures	<u>31,650</u>	<u>30,123</u>	<u>(1,527)</u>
Revenues over (under) expenditures	<u>5,850</u>	<u>8,404</u>	<u>2,554</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>5,850</u>	<u>8,404</u>	<u>2,554</u>
Fund balances, beginning of year	<u>28,238</u>	<u>28,238</u>	<u>-</u>
Fund balances, end of year	<u>\$ 34,088</u>	<u>\$ 36,642</u>	<u>\$ 2,554</u>



Garbage Collection			Drug Forfeitures		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
71,845	71,733	(112)	-	-	-
-	16	16	-	-	-
-	-	-	-	-	-
71,845	71,749	(96)	-	-	-
-	-	-	793	700	(93)
75,250	68,059	(7,191)	-	-	-
-	-	-	-	-	-
75,250	68,059	(7,191)	793	700	(93)
(3,405)	3,690	7,095	(793)	(700)	93
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(3,405)	3,690	7,095	(793)	(700)	93
10,844	10,844	-	793	793	-
\$ 7,439	\$ 14,534	\$ 7,095	\$ -	\$ 93	\$ 93

continued...

VILLAGE OF BLISSFIELD, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended September 30, 2022

	Library		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
State revenue	-	-	-
Fees	-	-	-
Charges for services	13,845	14,016	171
Interest revenue	200	217	17
Other	19,240	25,072	5,832
Total revenues	<u>33,285</u>	<u>39,305</u>	<u>6,020</u>
Expenditures			
Current expenditures:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	36,775	38,938	2,163
Total expenditures	<u>36,775</u>	<u>38,938</u>	<u>2,163</u>
Revenues over (under) expenditures	<u>(3,490)</u>	<u>367</u>	<u>3,857</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(3,490)</u>	<u>367</u>	<u>3,857</u>
Fund balances, beginning of year	<u>132,895</u>	<u>132,895</u>	<u>-</u>
Fund balances, end of year	<u>\$ 129,405</u>	<u>\$ 133,262</u>	<u>\$ 3,857</u>

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ARPA		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	861	861
-	-	-
-	861	861
-	-	-
-	-	-
-	-	-
-	-	-
-	861	861
-	-	-
-	-	-
-	-	-
-	861	861
-	-	-
\$ -	\$ 861	\$ 861

concluded.

VILLAGE OF BLISSFIELD, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Project Funds

September 30, 2022

	Capital Project	Pool Capital Project	Bridge Capital Project	Total
Assets				
Cash and cash equivalents	\$ 12,030	\$ 191,031	\$ 46,994	\$ 250,055
Accounts receivable	-	5,192	700	5,892
Due from other governments	-	13,682	2,735	16,417
Total assets	<u>\$ 12,030</u>	<u>\$ 209,905</u>	<u>\$ 50,429</u>	<u>\$ 272,364</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	\$ -	\$ 5,192	\$ 700	\$ 5,892
Fund balances				
Restricted	<u>12,030</u>	<u>204,713</u>	<u>49,729</u>	<u>266,472</u>
Total deferred inflows of resources and fund balances	<u>\$ 12,030</u>	<u>\$ 209,905</u>	<u>\$ 50,429</u>	<u>\$ 272,364</u>

VILLAGE OF BLISSFIELD, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Capital Project Funds

For the Year Ended September 30, 2022

	Capital Project	Pool Capital Project	Bridge Capital Project	Total
Revenues				
Property taxes	\$ -	\$ 75,202	\$ 10,752	\$ 85,954
State revenue	-	42,290	8,456	50,746
Interest revenue	58	689	188	935
Total revenues	58	118,181	19,396	137,635
Expenditures				
Debt Service:				
Principal	48,529	100,000	25,000	173,529
Interest and fiscal charges	15,375	63,325	10,313	89,013
Capital outlay	15,364	6,291	1,258	22,913
Total expenditures	79,268	169,616	36,571	285,455
Revenues under expenditures	(79,210)	(51,435)	(17,175)	(147,820)
Other financing sources				
Transfers in	63,980	-	-	63,980
Net change in fund balances	(15,230)	(51,435)	(17,175)	(83,840)
Fund balances, beginning of year	27,260	256,148	66,904	350,312
Fund balances, end of year	\$ 12,030	\$ 204,713	\$ 49,729	\$ 266,472

VILLAGE OF BLISSFIELD, MICHIGAN

Combining Balance Sheet

Nonmajor Permanent Funds
September 30, 2022

	Bachmayer Little League	Bachmayer Memorial Park	Police Equipment	Total
Assets				
Cash and cash equivalents	\$ 36,469	\$ 51,744	\$ 22,257	\$ 110,470
Fund balance				
Nonspendable	\$ 36,469	\$ 51,744	\$ 22,257	\$ 110,470

VILLAGE OF BLISSFIELD, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Permanent Funds

For the Year Ended September 30, 2022

	Bachmayer Little League	Bachmayer Memorial Park	Police Equipment	Total
Revenue				
Interest revenue	\$ 138	\$ 196	\$ 84	\$ 418
Fund balances, beginning of year	36,331	51,548	22,173	110,052
Fund balances, end of year	<u>\$ 36,469</u>	<u>\$ 51,744</u>	<u>\$ 22,257</u>	<u>\$ 110,470</u>

VILLAGE OF BLISSFIELD, MICHIGAN

Balance Sheet / Statement of Net Position

Downtown Development Authority Component Unit

September 30, 2022

	General	Debt Service	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 133,930	\$ -	\$ 133,930
Loans receivable	27,140	-	27,140
Due from other governments	14,217	-	14,217
Prepaid items	2,501	-	2,501
Capital assets being depreciated, net	-	-	-
Total assets	<u>\$ 177,788</u>	<u>\$ -</u>	<u>\$ 177,788</u>
Liabilities			
Accounts payable	\$ 8,061	\$ -	\$ 8,061
Accrued payroll	955	-	955
Unearned revenue	14,570	-	14,570
Total liabilities	<u>23,586</u>	<u>-</u>	<u>23,586</u>
Deferred inflows of resources			
Unavailable - loans receivable	27,140	-	27,140
Fund balances			
Nonspendable - prepaid items	2,501	-	2,501
Unassigned	124,561	-	124,561
Total fund balances	<u>127,062</u>	<u>-</u>	<u>127,062</u>
Total liabilities and fund balances	<u>\$ 177,788</u>	<u>\$ -</u>	<u>\$ 177,788</u>
Net position			
Investment in capital assets			
Unrestricted			
Total net position			



Adjustments	Statement of Net Position
\$ -	\$ 133,930
-	27,140
-	14,217
-	2,501
425,475	425,475
<u>425,475</u>	<u>603,263</u>
-	8,061
-	955
-	14,570
<u>-</u>	<u>23,586</u>
<u>(27,140)</u>	-
(2,501)	-
<u>(124,561)</u>	-
<u>(127,062)</u>	-
<u>\$ (154,202)</u>	-
425,475	425,475
<u>154,202</u>	<u>154,202</u>
<u>\$ 579,677</u>	<u>\$ 579,677</u>

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities Downtown Development Authority Component Unit For the Year Ended September 30, 2022

	General	Debt Service	Total Governmental Funds
Revenues			
Property taxes	\$ 84,928	\$ -	\$ 84,928
State revenue	14,217	-	14,217
Business loan income	12,401	-	12,401
Operating grants and contributions	50,925	-	50,925
Total revenues	162,471	-	162,471
Expenditures / expenses			
Community and economic development	165,625	-	165,625
Change in fund balance / net position before transfers	(3,154)	-	(3,154)
Transfers	3,384	(3,384)	-
Change in fund balance / net position	230	(3,384)	(3,154)
Fund balance / net position			
Beginning of year	126,832	3,384	130,216
End of year	<u>\$ 127,062</u>	<u>\$ -</u>	<u>\$ 127,062</u>



Adjustments	Statement of Activities
\$ -	\$ 84,928
-	14,217
(12,401)	-
-	50,925
(12,401)	150,070
17,396	183,021
(29,797)	(32,951)
-	-
(29,797)	(32,951)
482,412	612,628
\$ 452,615	\$ 579,677

VILLAGE OF BLISSFIELD, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Downtown Development Authority General Fund

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 92,000	\$ 84,000	\$ 84,928	\$ 928
State revenue	-	8,000	14,217	6,217
Business loan income	10,000	12,400	12,401	1
Operating grants and contributions	47,700	50,097	50,925	828
Total revenues	149,700	154,497	162,471	7,974
Expenditures				
Community and economic development	250,229	194,990	165,625	(29,365)
Revenues under expenditures	(100,529)	(40,493)	(3,154)	37,339
Other financing sources				
Transfers in	-	-	3,384	3,384
Net change in fund balance	(100,529)	(40,493)	230	40,723
Fund balance, beginning of year	126,832	126,832	126,832	-
Fund balance, end of year	<u>\$ 26,303</u>	<u>\$ 86,339</u>	<u>\$ 127,062</u>	<u>\$ 40,723</u>

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

March 28, 2023

The Members of the Village of
Blissfield Council
Blissfield, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Village of Blissfield, Michigan** (the "Village") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements. We issued our report thereon dated March 28, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Lobson LLC



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VILLAGE OF BLISSFIELD, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Agriculture Water and Waste Disposal Systems for Rural Communities	10.760	Direct	N/A	<u>\$ 4,570,346</u>

See notes to schedule of expenditures of federal awards.

VILLAGE OF BLISSFIELD, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Village of Blissfield, Michigan (the "Village") under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position or cash flows of the Village.

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

2. 10% DE MINIMIS COST RATE

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

3. REVOLVING LOAN PROGRAMS

The outstanding balance on the 2020 Series A Loan was \$6,504,687 as of September 30, 2022. The outstanding balance on the 2020 Series B Loan was \$65,000 as of September 30, 2022.

4. RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

A reconciliation of revenues from federal sources per the financial statements and expenditures per the single audit act compliance Schedule is as follows:

Federal revenue as reported in the financial statements:

Governmental funds	\$ -
Add: State revolving loan program borrowings	<u>4,570,346</u>

The Schedule	<u><u>\$ 4,570,346</u></u>
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**INDEPENDENT AUDITORS' 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**

March 28, 2023

The Members of the Village of
Blissfield Council
Blissfield, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Village of Blissfield, Michigan** (the "Village"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 28, 2023.

Report on Internal Control Over Financial Reporting

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

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2022-001 and -002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Blissfield's Responses to Findings

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

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 Village'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.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 28, 2023

The Members of the Village of
Blissfield Council
Blissfield, Michigan

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the compliance of the **Village of Blissfield, Michigan** (the "Village") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Village's major federal program for the year ended September 30, 2022. The Village's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

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

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



Responsibilities of Management for Compliance

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

Independent Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Rehmann Rohan LLC". The signature is written in a cursive, flowing style.

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VILLAGE OF BLISSFIELD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 X yes no

Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to financial statements

 yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 yes X none reported

Type of auditors' report issued on compliance for each major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 yes X no

Identification of the major program:

Assistance Listing Number

Name of Federal Program or Cluster

10.760

Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

VILLAGE OF BLISSFIELD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

2022-001 – Material Audit Adjustments (repeat)

Finding Type. Material Weakness in Internal Controls over Financial Reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. During our audit, we identified and proposed several material adjustments (which were approved and posted by management) to adjust the Village's general ledger to the appropriate balances. These entries required correction of depreciation expense and related accumulated depreciation, accounts payable and related construction in progress, and accounts receivable and related charges for services revenue.

Cause. The Village did not initially perform an appropriate reconciliation of the year end balances that resulted in the adjustments during the year.

Effect. As a result of this condition, the Village's accounting records were initially misstated by amounts material to the financial statements.

Recommendation. We recommend that the Village routinely reconcile significant account balances to underlying detail, but at least on an annual basis, to ensure amounts are properly supported and reported.

View of Responsible Officials. Management concurs and will work at implementing the auditor recommendation as stated above.

VILLAGE OF BLISSFIELD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

2022-002 – Preparation of Financial Statements in Accordance with GAAP (repeat)

Finding Type. Material Weakness in Internal Control over Financial Reporting

Criteria. The preparation of financial statements in accordance with GAAP is the responsibility of the Village's management and requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting financial statements including the related footnotes (i.e., external financial reporting).

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

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

Effect. As a result of this condition, the Village lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

Recommendation. The Village 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 Village to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

View of Responsible Officials. Management concurs and will work at implementing the auditor recommendation as stated above.

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VILLAGE OF BLISSFIELD, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2022

2021-001 – Material Audit Adjustments (Repeat)

Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP). The auditors identified and proposed several adjustments (which were approved and posted by management) to adjust the Village's general ledger to the appropriate balances. Material audit adjustments were also identified and corrected during the current year. This finding has been repeated as 2022-001.

2021-002 – Preparation of Financial Statements in Accordance with GAAP (Repeat)

The Village relied on its independent auditors to assist in the preparation of the financial statements and footnotes as part of its external financial reporting process. External auditors cannot, by definition, be considered a part of the Village's internal controls. This finding has been repeated as 2022-002.

2021-003 – Written Policies Required by the Uniform Guidance

The Uniform Guidance requires a non-federal entity that has expended federal awards for a grant awarded on or after December 26, 2014 to have written policies pertaining to: 1) Payments (draws of federal funds and how to minimize the time lapsing between the receipt of federal funds and the disbursement to contractors/employees/subrecipients) (§200.302(6)); 2) Procurement (including bidding and a conflict of interest policy) (§200.318); 3) Allowability of costs charged to federal programs (§200.302(7)); 4) Compensation (personnel and benefits policy) (§200.430 and §200.431); and 5) Travel costs (including mileage and per diem) (§200.474). Although the Village has processes in place to cover these areas, there are no formal written policies covering payments, procurement, allowability of costs, compensation, and travel costs in accordance with the Uniform Guidance. This finding has been resolved.

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