

Village of Schoolcraft

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

Year Ended February 28, 2025

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Village of Schoolcraft

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February 28, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Schoolcraft

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Schoolcraft, as of and for the year ended February 28, 2025, and the related notes to the financial statements, which collectively comprise Village of Schoolcraft basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Schoolcraft, as of February 28, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report, continued
To the Village Council
Village of Schoolcraft

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

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

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

Required Supplementary Information

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



Douglas Wohlberg, CPA
Grandville, Michigan
August 18, 2025

Village of Schoolcraft

Management's Discussion and Analysis

For the year ended February 28, 2025

The purpose of management's discussion and analysis (MD&A) is to help Village residents and other readers understand what the financial statements and notes in this financial report say about the Village's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the Village's finances.

If you have questions about this report or require further information, contact the Village Manager's Office at 442 North Grand Street, Schoolcraft, Michigan, 49087, phone: (269) 679-4304.

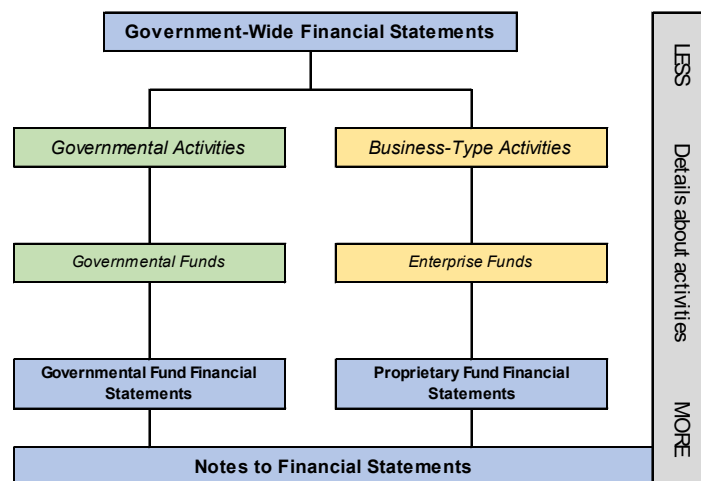
Overview of the Financial Statements

The Village's financial report contains basic financial statements. Those financial statements present the Village's finances at both an overall and a detailed level. The first two—the government-wide financial statements—cover the Village's governmental activities and business-type activities together (See the diagram below.)

- Governmental activities comprise the Village's most basic functions, such as public safety, culture and recreation, and economic development. Governmental activities primarily are financed by taxes paid by Village residents and businesses and grants from the State of Michigan and the federal government.
- Business-type activities, the sewer and water systems, are Village services primarily financed in whole or in part with charges to customers.

The remaining basic financial statements present the Village's finances in greater detail and present fiduciary activities. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The Village reports two groups of funds:

- Governmental fund financial statements report all of the governmental activities except those that involve providing services to Village departments. In addition to the Village's main operating fund—the general fund—those financial statements report a special revenue fund to track the use of a portion of the Village's property taxes for the library and special revenue funds to track Michigan Transportation Funds for street maintenance and construction.
- Proprietary fund financial statements report all of the business-type activities (enterprise funds).



Village of Schoolcraft

Management's Discussion and Analysis

For the year ended February 28, 2025

The next section of this financial report contains notes to financial statements, which delve deeper into the Village's finances as reported in the financial statements. The information in the notes is as important to understanding the Village's finances as the information in the financial statements. The Village uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Types of Information in the Financial Statements

All of the Village's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting; see the figure below. In other words, they comprehensively report all types of financial statement elements:

- Assets—resources the Village controls, from short-term assets like cash to long-term assets like roads and bridges
- Liabilities—amounts the Village owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions
- Deferred outflows of resources and deferred inflows of resources—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related
- Revenues and expenses—inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on the construction of a Village building.

Village of Schoolcraft

Management's Discussion and Analysis

For the year ended February 28, 2025

Types of Information Reported in the Village's Financial Statements

	Financial Statements		
	Government-Wide	Proprietary Fund	Governmental Fund
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short term and long term		Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of revenues/additions	All types of revenues/additions that flow into the government during the year that relate to that year, regardless of when cash is received		Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/deductions/expenditures	All types of expenses/deductions that flow out of the government during the year that relate to that year, regardless of when cash is paid		Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	All types of resources that flow into and out of the government during the year that relate to a future year		Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies, beginning on page 23.

Village of Schoolcraft

Management's Discussion and Analysis

For the year ended February 28, 2025

Analysis of the Township's Finances

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current assets	\$ 2,880,930	\$ 2,571,405	\$ 746,898	\$ 751,467	\$ 3,627,828	\$ 3,322,872
Noncurrent assets	1,991,630	1,916,453	1,416,908	1,267,793	3,408,538	3,184,246
Total assets	4,872,560	4,487,858	2,163,806	2,019,260	7,036,366	6,507,118
Liabilities:						
Long-term debt outstanding	166,215	205,000	-	-	166,215	205,000
Other liabilities	237,700	50,177	8,722	9,833	246,422	60,010
Total liabilities	403,915	255,177	8,722	9,833	412,637	265,010
Net position:						
Net investment in capital assets	1,836,630	1,711,453	1,416,908	1,267,793	3,253,538	2,979,246
Restricted	1,174,122	1,223,383	-	-	1,174,122	1,223,383
Unrestricted	1,457,893	1,297,845	738,176	741,634	2,196,069	2,039,479
Total net position	\$ 4,468,645	\$ 4,232,681	\$ 2,155,084	\$ 2,009,427	\$ 6,623,729	\$ 6,242,108

The table above shows that as of February 28, 2025, the Village's total net position—assets and deferred outflows minus liabilities and deferred inflows—was \$6,623,729, an increase of \$381,621 or 13 percent compared with February 29, 2024. This increase is primarily due to the strong financial performance of all funds. The following sections of MD&A analyze the finances of the governmental activities and business-type activities separately.

Village of Schoolcraft

Management's Discussion and Analysis

For the year ended February 28, 2025

Governmental activities

The table below shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total net position of the Village's governmental activities was over \$6.6 million, an increase of \$381,621 million from 2024. Various events contributed to this increase in net position; however, the four primary factors affecting the change in net position are as follows:

- (1) Revenues exceeded expenses in all funds
- (2) Able to maintain staffing, but struggle to increase staffing
- (3) Careful budgeting and monitoring
- (4) No large projects or capital outlays

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues						
Charges for services	\$ 40,961	\$ 38,356	\$ 333,288	\$ 322,125	\$ 374,249	\$ 360,481
Operating grants	414,621	440,323	103,379	84,600	518,000	524,923
Capital grants	-	119,604	-	-	-	119,604
General revenues						
Property taxes	1,010,646	970,087	-	-	1,010,646	970,087
State-shared revenues	184,587	184,702	-	-	184,587	184,702
Franchise fees	8,885	10,129	-	-	8,885	10,129
Unrestricted investment income	21,633	21,923	6,451	6,287	28,084	28,210
Intergovernmental	31,855	32,725	-	-	31,855	32,725
Miscellaneous	46,865	12,565	952	1,800	47,817	14,365
Total revenues	1,760,053	1,830,414	444,070	414,812	2,204,123	2,245,226
Expenses						
General government	316,403	319,801	-	-	316,403	319,801
Public safety	495,824	467,686	-	-	495,824	467,686
Public works	327,461	252,829	-	-	327,461	252,829
Community and economic development	100,015	72,274	-	-	100,015	72,274
Recreation and culture	279,771	253,322	-	-	279,771	253,322
Interest on long-term debt	4,615	5,839	-	-	4,615	5,839
Water Fund	-	-	298,413	353,308	298,413	353,308
Total expenses	1,524,089	1,371,751	298,413	353,308	1,822,502	1,725,059
Change in net position	235,964	458,663	145,657	61,504	381,621	520,167
Net position-beginning	4,232,681	3,733,035	2,009,427	1,940,292	6,242,108	5,673,327
Prior period adjustment	-	40,983	-	7,631	-	48,614
Net position-restated	4,232,681	3,774,018	2,009,427	1,947,923	6,242,108	5,721,941
Net position-ending	\$ 4,468,645	\$ 4,232,681	\$ 2,155,084	\$ 2,009,427	\$ 6,623,729	\$ 6,242,108

Village of Schoolcraft

Management's Discussion and Analysis

For the year ended February 28, 2025

Revenues exceeded expenses in all funds

Revenues exceeded expenses/expenditures in all of the Village's funds. There was no area that experienced divergent financial results.

The Village is able to maintain staffing, but struggles to increase staffing

The Village was able maintain staffing levels similar to prior years. However, the Village finds some difficulty in locating additional staff to increase the Village's service levels.

Careful budgeting and monitoring

The Village management works hard to develop effective budgets and goals. In addition, the financial processes provide management with reliable and timely information to respond to challenges, take advantage of opportunities, and make adjustments.

Large projects or capital outlay

During the year, the Village invested over \$200,000 improving its streets. The Village management follows a plan for capital outlays.

Village of Schoolcraft

Management's Discussion and Analysis

For the year ended February 28, 2025

Governmental funds

The Village reports four major funds individually in the governmental fund financial statements. Those funds are:

- General Fund
- Major Streets Fund
- Local Streets Fund
- Library Fund

Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the Village's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. There were significant changes to one of the four major funds. A summary of that major fund is shown in the following table and is discussed in more detail below.

	General Fund	
	2025	2024
Total Revenues	\$ 1,124,194	\$ 1,137,029
Total Expenditures	(1,047,120)	(993,128)
Other financing sources (uses)	5,000	-
Net change in fund balance	82,074	143,901
Fund balance-beginning	1,019,376	875,475
Fund balance-end of period	\$ 1,101,450	\$ 1,019,376

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

General fund

The fund balance of the Village's general fund increased by 8 percent. A significant change from the prior year is that approximately \$134,000 of ARPA revenue was recognized in the prior year and none in the current year. The Village experienced a 6% increase in property taxes. The Village also benefits from a generally positive economic environment.

Village of Schoolcraft

Management's Discussion and Analysis

For the year ended February 28, 2025

Business-type activities and enterprise funds

The total net position of the Village's water fund, the business-type activities, (which also are reported as a major enterprise fund) increased slightly during the year. The water fund net position experienced an increase of 7.25 percent. The business-type activities had no significant changes from the prior year. The Village Council adjusts utility rates annually based on periodic rate studies.

Business-type Revenues and Expenses

	Water Fund	
	2025	2024
Total operating revenues	\$ 333,288	\$ 322,125
Total operating expenses	(298,413)	(353,308)
Operating income (loss)	34,875	(31,183)
Other nonoperating revenues (expenses)		
Earnings on investments	6,451	6,287
State grants	-	31,855
Federal grants	103,379	52,745
Miscellaneous	952	1,800
Total other nonoperating revenues (expenses)	110,782	92,687
Increase (decrease) in fund net position	145,657	61,504
Total fund net position-beginning	2,009,427	1,940,292
Restatement	-	7,631
Total fund net position-beginning, restated	2,009,427	1,947,923
Total fund net position-ending	\$ 2,155,084	\$ 2,009,427

Significant capital asset and long-term financing activity

The discussion thus far has only touched upon certain significant transactions and events during 2025 with respect to capital assets and long-term debt. Overall, the carrying value of capital assets—original cost minus accumulated depreciation—decreased 6 percent over 2024.

The Village's governmental activities added \$235,000 to streets infrastructure improvements and \$16,000 to library books.

The Township issued no new debt during 2025. The balance on the \$525,000 Capital Improvement Bonds at year end is \$205,000. These will be fully paid in the fiscal year 2028.

Village of Schoolcraft

Management's Discussion and Analysis

For the year ended February 28, 2025

Currently known facts, decisions, or conditions

The Village is aware of five developments that will have an impact on the Village's finances in the future and were therefore incorporated into next year's budget:

- (1) Close the Downtown Development Authority Fund
- (2) Considering \$4.3 million capital improvements to the Water Fund
- (3) \$400,000 State of Michigan grant to reconstruct West Eliza Street
- (4) \$100,000 award from Kalamazoo County to assist in the State mandated lead line replacement
- (5) Uncertainty of future funding

Close the Downtown Development Authority Fund

The Village Council has determined that the DDA Fund has little activity and will be closed. The activities of the Downtown Development Fund will be taken over by the General Fund.

Considering \$4.3 million capital improvements to the Water Fund

The Village Council is considering making capital improvements to the Water Fund infrastructure. These improvements will address the needs of the users in the community as well as environmental concerns.

\$400,000 State of Michigan grant to reconstruct West Eliza Street

The Village Council expects the Village will receive a grant of approximately \$400,000 in the coming year. This grant will allow for better traffic flow for businesses and residents and increase the life of West Eliza Street.

\$100,000 award from Kalamazoo County to assist in the State mandated lead line replacement

Lead water pipes in the Water Fund infrastructure is a concern of the Village. Kalamazoo County is considering granting approximately \$100,000 to the Village to aid in locating and replacing lead lines and connections in coming years.

Uncertainty in the future

The Village management does have concern regarding future revenues from the State of Michigan, both revenue sharing and Act 51 revenues. The Village relies heavily on these revenues from the state to pay for expenditures in the General Fund and in the Major and Local Streets Funds.

The Village is facing large expenditures in future years including capital improvements to its aging water infrastructure and roads. These revenues do not come from the General Fund so it will be necessary to increase water rates accordingly, and the Village Council may need to consider millages and/or special assessments for road work, public safety, and fire service.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Village of Schoolcraft

Statement of Net Position

February 28, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,637,647	\$ 629,060	\$ 3,266,707
Receivables, net	180,966	157,254	338,220
Inventories	3,785	-	3,785
Interfund balances	40,584	(40,584)	-
Prepays	17,948	1,168	19,116
Land	130,000	-	130,000
Construction in progress	-	81,479	81,479
Capital assets, net of accumulated depreciation	1,861,630	1,335,429	3,197,059
Total assets	\$ 4,872,560	\$ 2,163,806	\$ 7,036,366
LIABILITIES			
Accounts payable	\$ 205,000	\$ 7,126	\$ 212,126
Accrued liabilities	17,180	1,596	18,776
Deposits payable	15,520	-	15,520
Noncurrent liabilities:			
Due within one year	50,000	-	50,000
Due in more than one year	105,000	-	105,000
Compensated absences	11,215	-	11,215
Total liabilities	403,915	8,722	412,637
NET POSITION			
Net investment in capital assets	1,836,630	1,416,908	3,253,538
Restricted for:			
Streets	691,127	-	691,127
Library	387,643	-	387,643
Community development	95,352	-	95,352
Unrestricted	1,457,893	738,176	2,196,069
Total net position	4,468,645	2,155,084	6,623,729
Total liabilities and net position	\$ 4,872,560	\$ 2,163,806	\$ 7,036,366

The Notes to Financial Statements are an integral part of this statement.

Village of Schoolcraft

Statement of Activities

For the year ended February 28, 2025

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:						
Primary government:						
Governmental activities:						
General government	\$ 316,403	\$ -	\$ -	\$ (316,403)	\$ -	\$ (316,403)
Public safety	495,824	23,900	7,015	(464,909)	-	(464,909)
Public works	327,461	12,375	319,461	4,375	-	4,375
Community and economic development	100,015	-	4,500	(95,515)	-	(95,515)
Recreation and culture	279,771	4,686	83,645	(191,440)	-	(191,440)
Interest on long-term debt	4,615	-	-	(4,615)	-	(4,615)
Total governmental activities	1,524,089	40,961	414,621	(1,068,507)	-	(1,068,507)
Business-type activities:						
Water	298,413	333,288	103,379	-	138,254	138,254
Total primary government	\$ 1,822,502	\$ 374,249	\$ 518,000	(1,068,507)	138,254	(930,253)
General revenues:						
Property taxes				1,010,646	-	1,010,646
State shared revenue				184,587	-	184,587
Franchise fees				8,885	-	8,885
Unrestricted investment income				21,633	6,451	28,084
Intergovernmental				31,855	-	31,855
Miscellaneous				46,865	952	47,817
Total general revenues and transfers				1,304,471	7,403	1,311,874
Change in net position				235,964	145,657	381,621
Net position-beginning				4,232,681	2,009,427	6,242,108
Net position-ending				\$ 4,468,645	\$ 2,155,084	\$ 6,623,729

The Notes to Financial Statements are an integral part of this statement.

Village of Schoolcraft

Governmental Funds

Balance Sheet

February 28, 2025

	General	Major Street	Local Street	DDA	Library	Total
ASSETS						
Cash and cash equivalents	\$ 1,032,448	\$ 688,038	\$ 214,237	\$ 85,543	\$ 311,448	\$ 2,331,714
Receivables, net	42,366	-	-	12,366	81,468	136,200
Intergovernmental receivable	-	34,055	10,711	-	-	44,766
Due from other funds	41,676	-	-	-	-	41,676
Inventories	3,785	-	-	-	-	3,785
Prepays	16,497	822	425	204	-	17,948
Total assets	\$ 1,136,772	\$ 722,915	\$ 225,373	\$ 98,113	\$ 392,916	\$ 2,576,089
LIABILITIES						
Accounts payable	\$ 9,815	\$ 46,368	\$ 145,920	\$ 2,483	\$ -	\$ 204,586
Accrued liabilities	9,787	555	226	74	5,273	15,915
Due to other funds	200	-	-	-	-	200
Deposits payable	15,520	-	-	-	-	15,520
Total liabilities	35,322	46,923	146,146	2,557	5,273	236,221
FUND BALANCES						
Nonspendable:						
Prepaid items	16,497	822	425	204	-	17,952
Restricted for:						
Streets	-	612,325	78,802	-	-	691,127
Library	-	-	-	-	387,643	387,643
Community development	-	-	-	95,352	-	95,352
Unassigned	1,084,953	62,845	-	-	-	1,147,794
Total fund balances	1,101,450	675,992	79,227	95,556	387,643	2,339,868
Total liabilities, deferred inflows of resources and fund balances	\$ 1,136,772	\$ 722,915	\$ 225,373	\$ 98,113	\$ 392,916	\$ 2,576,089

The Notes to Financial Statements are an integral part of this statement.

Village of Schoolcraft

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

February 28, 2025

Total fund balances - governmental funds	\$	2,339,868
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,912,849
Internal service funds are used by management to charge the costs of equipment rental activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		383,410
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Balances at February 28, 2025 were:		
Long-term debt		(155,000)
Accrued interest		(1,267)
Compensated absences		(11,215)
Net position of governmental activities	\$	4,468,645

The Notes to Financial Statements are an integral part of this statement.

Village of Schoolcraft

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended February 28, 2025

	General	Major Street	Local Street	DDA	Library	Total
REVENUES						
Taxes	\$ 739,318	\$ -	\$ -	\$ 47,538	\$ 223,791	\$ 1,010,647
Licenses and permits	33,373	-	-	-	-	33,373
State grants	225,469	199,947	62,876	-	11,106	499,398
Contributions from local units	-	-	-	-	7,050	7,050
Charges for services	18,205	-	-	-	1,925	20,130
Fines and forfeits	-	-	-	-	141	141
Interest and rents	12,589	1,345	339	66	2,369	16,708
Other revenue	95,240	-	-	-	24,232	119,472
Total revenues	1,124,194	201,292	63,215	47,604	270,614	1,706,919
EXPENDITURES						
Current:						
General government	283,247	-	-	-	-	283,247
Public safety	478,048	-	-	-	-	478,048
Public works	117,117	137,812	172,596	-	-	427,525
Community and economic development	80,518	-	-	19,319	-	99,837
Recreation and culture	33,167	-	-	-	233,338	266,505
Debt service	55,023	-	-	-	-	55,023
Total expenditures	1,047,120	137,812	172,596	19,319	233,338	1,610,185
Excess (deficiency) of revenues over expenditures	77,074	63,480	(109,381)	28,285	37,276	96,734
OTHER FINANCING SOURCES (USES)						
Transfers in	5,000	-	-	-	-	5,000
Transfers out	-	-	-	(5,000)	-	(5,000)
Total other financing sources (uses)	5,000	-	-	(5,000)	-	-
Net change in fund balances	82,074	63,480	(109,381)	23,285	37,276	96,734
Fund balances-beginning	1,019,376	612,512	188,608	72,271	350,367	2,243,134
Fund balances-ending	\$ 1,101,450	\$ 675,992	\$ 79,227	\$ 95,556	\$ 387,643	\$ 2,339,868

The Notes to Financial Statements are an integral part of this statement.

Village of Schoolcraft

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended February 28, 2025

Net change in fund balances - total governmental funds	\$	96,734
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.		
Add--Capital outlay		234,802
Deduct--Depreciation expense of governmental activities		(157,168)
(Increase) decrease in compensated absences		(11,215)
Repayment of long-term debt is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		50,000
Some expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Accrued interest		408
An internal service fund is used by management to charge the cost of equipment and vehicles to individual funds. The net revenue of internal service funds is reported with governmental activities.		
		22,403
Change in net position of governmental activities	\$	235,964

The Notes to Financial Statements are an integral part of this statement.

Village of Schoolcraft

Proprietary Funds

Statement of Net Position

February 28, 2025

	Water Fund	Governmental activities - Internal Service Fund
ASSETS		
Current assets:		
Cash and investments	\$ 629,060	\$ 305,933
Accounts receivable	74,917	-
Intergovernmental receivable	82,337	-
Due from other funds	200	-
Prepaid items	1,168	-
Total current assets	787,682	305,933
Noncurrent assets:		
Capital assets, net of accumulated depreciation	81,479	78,782
Capital assets	1,335,429	-
Total noncurrent assets	1,416,908	78,782
Total assets	\$ 2,204,590	\$ 384,715
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 7,126	\$ 413
Accrued liabilities	1,596	-
Due to other funds	40,784	892
Total current liabilities	49,506	1,305
NET POSITION		
Net investment in capital assets	1,416,908	78,782
Unrestricted	738,176	304,628
Total net position	2,155,084	383,410
Total liabilities and net position	\$ 2,204,590	\$ 384,715

The Notes to Financial Statements are an integral part of this statement.

Village of Schoolcraft

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

For the year ended February 28, 2025

	Water Fund	Governmental activities - Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 325,383	\$ 48,209
Fees	7,905	-
Total operating revenues	333,288	48,209
OPERATING EXPENSES		
Salaries	88,594	-
Payroll taxes	7,342	-
Employee benefits	11,742	-
Supplies	15,981	6,185
Contractual services	36,935	-
Utilities	13,467	-
Repairs	31,177	12,091
Rent	11,275	-
Depreciation	75,967	12,455
Other	5,933	-
Total operating expenses	298,413	30,731
Operating income (loss)	34,875	17,478
NONOPERATING REVENUES (EXPENSES)		
Interest	6,451	4,925
Federal grants	103,379	-
Miscellaneous	952	-
Total nonoperating revenues (expenses)	110,782	4,925
Change in net position	145,657	22,403
Net position-beginning	2,009,427	361,007
Net position-ending	\$ 2,155,084	\$ 383,410

The Notes to Financial Statements are an integral part of this statement.

Village of Schoolcraft

Proprietary Funds

Statement of Cash Flows

For the year ended February 28, 2025

	Water Fund	Governmental activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 273,640	\$ 59,893
Payments to suppliers	(159,503)	(21,505)
Payments to employees	(95,936)	-
Net cash provided by (used for) operating activities	18,201	38,388
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(225,081)	(9,998)
Other receipts (payments)	104,331	-
Net cash provided by (used for) capital and related financing activities	(120,750)	(9,998)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	6,451	4,925
Net increase (decrease) in cash and cash equivalents	(96,098)	33,315
Cash and cash equivalents - beginning of year	725,158	272,618
Cash and cash equivalents - end of year	\$ 629,060	\$ 305,933
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 34,875	\$ 17,478
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	75,967	12,455
(Increase) decrease in accounts receivable	(59,612)	-
(Increase) decrease in due from other funds	(36)	11,684
(Increase) decrease in prepaid items	(564)	-
Increase (decrease) in accounts payable	4,667	274
Increase (decrease) in accrued liabilities	(5,778)	-
Increase (decrease) in due to other funds	(31,318)	(3,503)
Net cash provided by operating activities	\$ 18,201	\$ 38,388

The Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Schoolcraft conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Schoolcraft.

A. Reporting Entity

The Village of Schoolcraft is governed by an elected seven-member Council. The Village operates under a President-Council form of government and provides the following services: public safety, public works, culture and recreation, and general administration services. In addition, the Village operates a water system.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity," these financial statements present the Village (the primary government). The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

There are no other units that should be included in the financial statements.

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the 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 revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Revenues are recognized in the accounting period in which they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, 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 government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund and Local Street Fund are used to account for the maintenance and construction of the Village's street system. This fund accounts for revenues provided by the Michigan Transportation Fund (MTF) Distribution, known as Public Act 51 of 1951.

The Downtown Development Authority Fund accounts for property taxes captured and spent to encourage the economic development of the Downtown District of the Village.

The Library Fund accounts for the property taxes and other revenues and costs of maintaining the library.

The government reports the following major proprietary funds:

The Water Fund accounts for the activities of the water distribution system.

Additionally, the government reports the following fund type:

The Internal Service Fund accounts for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost reimbursement basis.

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

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

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 needed.

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

Bank Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on September 15, at which time penalties and interest are assessed and collected by Schoolcraft Township.

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following useful lives:

Capital Asset Classes	Lives
Buildings, additions, and improvements	15 to 50 years
Water lines	50 to 75 years
Roads	20 years
Sidewalks	20 years
Vehicles	3 to 5 years
Furniture	8 years
Books	5 Years

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

Deferred outflows/inflows 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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government did not have any items qualifying for this category.

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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from state revenue sharing. This amount is deferred and recognized as inflow of resources in the period that the amounts become available.

Long-term Obligations

In the government-wide financial statements and the 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 and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

Use of Estimates

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

Other Financing Sources (Uses)

Transfers of cash between the various Village funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

Net Position and Fund Balances

The difference between fund assets and liabilities is "Net Position" on the government-wide, proprietary, and fiduciary fund statements and "Fund Balances" on governmental fund statements. Net Position are classified as "Net investment in capital assets," legally "Restricted" for a specific purpose, or "Unrestricted" and available for appropriation for the general purposes of the fund. In governmental fund financial statements, fund balances are classified as follows:

- Nonspendable—Amounts that cannot be spent either because they are (a) not in spendable form; or (b) legally or contractually required to be maintained intact.
- Restricted—Amounts with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or; (b) imposed by law through constitutional provisions or enabling legislation.
- Committed—Amounts that can be used only for specific purposes determined by a formal action by Village Council ordinance or resolution, and that remain binding unless removed in the same manner.
- Assigned—Amounts neither restricted nor committed for which a government has a stated intended use as established by the Village Council or a body or official to which the Village Council has delegated the authority to assign amounts for specific purposes.
- Unassigned—Amounts that cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Village's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

E. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Property Taxes

The Village of Schoolcraft's property tax is levied on each July 1 on the taxable valuation of property as of the preceding December 31. It is the Village's policy to recognize revenues from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for financing operations. Taxes are considered delinquent on September 15, at which time penalties and interest are assessed.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relate to charges to customers for sales and services. The water fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary 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.

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

NOTE 2-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Village is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to year end, the Village Manager submits to the Village Council a proposed operating budget for the fiscal year commencing the following March 1. Public hearings are held to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to March 1.

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. The Village Manager is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Village Council.

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

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Village of Schoolcraft incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Fund and Activity</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
General Fund			
Community development	31,000	74,680	43,680
Major Streets Fund	109,608	137,812	28,204
Local Streets Fund	59,043	172,596	113,553

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS

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

At year end, the Village's deposits and investments were reported in the basic financial statements in the following categories:

Governmental activities	\$	2,637,647
Business-type activities		629,060
Total	\$	3,266,707

The breakdown between deposits and investments is as follows:

Bank deposits (checking, savings, and money market accounts)	\$	3,165,523
Certificate of deposits		100,828
Petty cash and cash on hand		356
Total	\$	3,266,707

Custodial Credit Risk-Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village's deposits may not be recovered. The bank balance of the Village's deposits is \$3,315,555, of which \$1,324,594 is covered by federal depository insurance. The remaining \$1,990,961 is uninsured and uncollateralized. The Village does not have a policy for custodial risk.

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government, for the year was as follows:

Governmental Activities	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 130,000	\$ -	\$ -	\$ 130,000
Capital assets, being depreciated:				
Land improvements	29,998	-	-	29,998
Buildings, additions and improvements	1,501,562	-	-	1,501,562
Machinery and equipment	338,794	9,998	-	348,792
Furniture	148,283	-	-	148,283
Vehicles	349,095	-	-	349,095
Books	57,528	15,570	10,325	62,773
Infrastructure	1,615,602	219,232	-	1,834,834
Total capital assets, being depreciated	4,040,862	244,800	10,325	4,275,337
Less accumulated depreciation for:				
Land improvements	5,400	2,000	-	7,400
Buildings, additions and improvements	764,680	34,177	-	798,857
Machinery and equipment	281,750	12,646	-	294,396
Furniture	148,283	-	-	148,283
Vehicles	281,237	17,670	-	298,907
Books	30,963	12,554	10,325	33,192
Infrastructure	742,096	90,576	-	832,672
Total accumulated depreciation	2,254,409	169,623	10,325	2,413,707
Total capital assets being depreciated, net	1,786,453	75,177	-	1,861,630
Governmental activities capital assets, net	\$ 1,916,453	\$ 75,177	\$ -	\$ 1,991,630

Depreciation expense was charged to the functions/programs of the governmental activities as follows:

Governmental Activities:	
General government	\$ 30,117
Public safety	11,245
Public works	99,248
Community and economic development	178
Recreation	28,835
Total governmental activities	\$ 169,623

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

Business-type Activities	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 81,479	\$ -	\$ 81,479
Capital assets, being depreciated:				
Buildings and additions	\$ 1,138,648	\$ -	\$ -	\$ 1,138,648
Machinery and equipment	9,350	-	-	9,350
Water system	2,020,321	143,603	-	2,163,924
Total capital assets being depreciated, net	3,168,319	143,603	-	3,311,922
Less accumulated depreciation for:				
Buildings and additions	736,522	22,413	-	758,935
Machinery and equipment	9,154	98	-	9,252
Water system	1,154,850	53,456	-	1,208,306
Total accumulated depreciation	1,900,526	75,967	-	1,976,493
Total capital assets being depreciated, net	1,267,793	67,636	-	1,335,429
Business-type activities capital assets, net	\$ 1,267,793	\$ 149,115	\$ -	\$ 1,416,908

Depreciation expense was charged to the functions/programs of the proprietary activities as follows:

Business-type Activities:	
Water	\$ 75,967

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of February 28, 2025 is as follows:

Due to/from other funds:

Payable Fund:	Receivable Fund:		
	General	Water	Total
General	\$ -	\$ 200	\$ 200
Local Street	-	-	-
Water	40,784	-	40,784
Equipment	892	-	892
Total	\$ 41,676	\$ 200	\$ 41,876

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

NOTE 6 - INTERFUND TRANSFERS

The composition of interfund transfers for the year ended February 28, 2025 is as follows:

Interfund Transfers:

<u>Transfers In Fund:</u>	<u>Transfers Out Fund:</u>	
	Downtown	Development
General	\$	5,000

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

NOTE 7 - LONG-TERM DEBT

Long-term obligation activity, for the year ended February 28, 2025, can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation bonds	\$ 205,000	\$ -	\$ 50,000	\$ 155,000	\$ 50,000
Other liabilities:					
Compensated absences	-	11,215	-	11,215	-
Total governmental activities	\$ 205,000	\$ 11,215	\$ 50,000	\$ 166,215	\$ 50,000

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The General Fund provides resources for the retirement of this long-term debt. General obligation bonds currently outstanding are as follows:

Governmental activities:

\$525,000 Capital Improvement Refunding Bonds (LTGO) dated March 28, 2017, payable in annual installments of \$35,000 to \$55,000 through November 2027 with interest of 2.45%. \$ 155,000

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

February 28,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 50,000	\$ 3,798	\$ 53,798
2027	50,000	2,572	52,572
2028	55,000	1,348	56,348
Totals	\$ 155,000	\$ 7,718	\$ 162,718

The Village paid \$5,023 in interest expense for the year.

In March of 2017, the Village refunded the 2007 General Obligation Capital Improvement Bonds (Limited Tax), dated July 30, 2007 by issuing \$525,000 of the 2017 Capital Improvement Refunding Bonds (LTGO), dated March 28, 2017. The bond proceeds have been deposited into the Escrow Fund for the Refunded Bonds to ensure the payment of the old bonds.

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

NOTE 8 - RECEIVABLES

In the governmental activities statement of net position, amounts are aggregated into a single receivables (net of allowance for uncollectibles) line for certain funds and aggregated columns. The detail for this line item (Receivables, net) is as follows:

Receivables, net	General	Major Streets	Local Streets	DDA	Library	Total
Taxes	\$ 42,366	\$ -	\$ -	\$ 12,366	\$ 81,468	\$ 136,200
Michigan Transportation Fund Distributions	-	34,055	10,711	-	-	44,766
Net receivables	\$ 42,366	\$ 34,055	\$ 10,711	\$ 12,366	\$ 81,468	\$ 180,966

NOTE 9 - RISK MANAGEMENT

The Village of Schoolcraft 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 of Schoolcraft obtains commercial insurance coverage for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

The Village provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The plan permits employees to defer a portion of their current compensation until the employee terminates employment. The plan is administered by third-party trustees. Plan provisions and contribution requirements are established and may be amended by the Village Council. The contribution by the Village is 3% of each employee's and 10% of manager's gross earnings. No contribution is required by the employee. Total contributions for each employee (and interest allocated to the employee's account) are immediately 100% vested. The Village is not a trustee of the plan, nor is the Village responsible for investment management of plan assets.

The Village made contributions of \$22,180 for the fiscal year ended February 28, 2025.

Village of Schoolcraft

Notes to Financial Statements

For the year ended February 28, 2025

NOTE 11 - JOINTLY GOVERNED ORGANIZATION

The Village of Schoolcraft is a member of the South Kalamazoo County Fire Authority. The Authority was established under Michigan Public Act No. 57 of 1998 to jointly provide fire protection services within the member municipalities in southern Kalamazoo County, Michigan. The Authority is comprised of the Villages of Schoolcraft and Vicksburg, and the Townships of Brady, Prairie Ronde, Schoolcraft, and Wakeshma.

In compliance with the terms in its operating agreement, the Village reimburses the Authority for its share of the services provided. The governing documents of the Authority do not explicitly convey an equity interest to its members. The Village is unaware of any indication that the Authority is accumulating significant financial resources or is experiencing fiscal stress that may cause a benefit or burden on the Village in the near future. Payments to the Authority during the year amounted to \$62,210 for its operation.

The South Kalamazoo County Fire Authority receives an annual audit of its financial statements by an independent certified public accountant. A copy of the annual audit is kept on file at the Village of Schoolcraft office, and can be reviewed upon request. Summary financial information is as follows:

At March 31, 2024		At March 31, 2024	
Total Assets	\$ 3,770,322	Revenues	\$ 834,674
Total Liabilities	\$ 921,975	Expenses	466,694
Total Net Position	2,848,347	Change in Net Position	\$ 367,980
Total Liabilities and Net Position	\$ 3,770,322		

NOTE 12 - SUBSEQUENT EVENTS

Management evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation was performed through August 18, 2025, the date the financial statements were approved for issuance. There were no subsequent events that should be accounted for or require disclosure in the accompanying financial statements.

Required Supplementary Information

Village of Schoolcraft

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the year ended February 28, 2025

	Budgeted Amounts		Variance with Original Budget-over (under) Final	Actual Amounts Budgetary (and GAAP)	Variance with Final Budget- over (under) Actual
	Original	Final	Budget	Basis	Amounts
REVENUES					
Taxes:					
Property taxes	\$ 675,000	\$ 731,730	\$ 56,730	\$ 737,955	\$ 6,225
Industrial facility tax	1,500	1,500	-	500	(1,000)
Penalties and interest	-	-	-	733	733
Property tax administration fee	-	185	185	130	(55)
Total taxes	676,500	733,415	56,915	739,318	5,903
Licenses and permits:					
Non-business Permits	1,500	1,500	-	1,522	22
Franchise fees	10,500	10,500	-	8,885	(1,615)
Non-business licenses and permits	8,500	23,200	14,700	22,966	(234)
Total licenses and permits	20,500	35,200	14,700	33,373	(1,827)
State grants:					
State revenue sharing	183,026	184,426	1,400	184,587	161
Other state grants	23,750	40,550	16,800	40,882	332
Total intergovernmental	206,776	224,976	18,200	225,469	493
Charges for services:					
Fees	10,750	20,125	9,375	17,270	(2,855)
Services rendered	500	500	-	935	435
Total fines and forfeitd	11,250	20,625	9,375	18,205	(2,420)
Interest	9,500	9,500	-	12,589	3,089
Other revenue:					
Reimbursements	-	1,485	1,485	1,485	-
Miscellaneous	725	7,725	7,000	93,755	86,030
Total other revenue	725	9,210	8,485	95,240	86,030
Total revenues	925,251	1,032,926	107,675	1,124,194	91,268

Village of Schoolcraft

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the year ended February 28, 2025

	Budgeted Amounts		Variance with Original Budget-over (under) Final	Actual Amounts Budgetary (and GAAP)	Variance with Final Budget- over (under) Actual
	Original	Final	Budget	Basis	Amounts
EXPENDITURES					
Current:					
General government:					
Village Council	\$ 20,185	\$ 20,185	\$ -	\$ 15,431	\$ (4,754)
Manager	110,064	110,064	-	91,555	(18,509)
Clerk	8,379	12,229	3,850	11,649	(580)
Treasurer	66,564	83,864	17,300	83,104	(760)
Municipal complex	112,140	82,760	(29,380)	81,508	(1,252)
Total general government	317,332	309,102	(8,230)	283,247	(25,855)
Public safety:					
Police	414,213	414,213	-	361,412	(52,801)
Fire department	64,519	64,519	-	64,519	-
Building inspection department	12,300	54,300	42,000	52,117	(2,183)
Total public safety	491,032	533,032	42,000	478,048	(54,984)
Public works:					
Department of public works	136,729	143,729	7,000	114,075	(29,654)
Sanitation	4,185	4,185	-	3,042	(1,143)
Total public works	140,914	147,914	7,000	117,117	(30,797)
Community and economic development:					
Planning	4,404	7,204	2,800	5,823	(1,381)
Zoning	1,171	1,171	-	15	(1,156)
Community development	31,000	31,000	-	74,680	43,680
Total community and economic development	36,575	39,375	2,800	80,518	41,143
Parks and recreation department	45,561	48,906	3,345	33,167	(15,739)

Village of Schoolcraft

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the year ended February 28, 2025

	Budgeted Amounts		Variance with Original Budget-over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget- over (under) Actual Amounts
	Original	Final			
Debt service:					
Principal	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -
Interest	5,023	5,023	-	5,023	-
Total debt service	55,023	55,023	-	55,023	-
Total expenditures	1,086,437	1,133,352	46,915	1,047,120	(86,232)
Excess (deficiency) of revenues over expenditures	(161,186)	(100,426)	60,760	77,074	177,500
OTHER FINANCING SOURCES (USES)					
Transfers in	-	5,000	5,000	5,000	-
Net change in fund balance	(161,186)	(95,426)	65,760	82,074	177,500
Fund balance-beginning	1,019,376	1,019,376	1,019,376	1,019,376	-
Fund balance-ending	\$ 858,190	\$ 923,950	\$ 1,085,136	\$ 1,101,450	\$ 177,500

Village of Schoolcraft

Required Supplementary Information

Major Streets Fund

Budgetary Comparison Schedule

For the year ended February 28, 2025

	Budgeted Amounts		Variance with Original Budget-over (under) Final	Actual Amounts Budgetary (and GAAP)	Variance with Final Budget- over (under) Actual
	Original	Final	Budget	Basis	Amounts
REVENUES					
Michigan transportation funds	\$ 189,761	\$ 189,761	\$ -	\$ 199,947	\$ 10,186
Interest	-	-	-	1,345	1,345
Miscellaneous	850	850	-	-	(850)
Total revenues	190,611	190,611	-	201,292	10,681
EXPENDITURES					
Current:					
Public works:					
Construction of streets	-	3,500	3,500	49,535	46,035
Preservation of streets	54,875	54,875	-	41,504	(13,371)
Traffic services	24,560	30,810	6,250	30,287	(523)
Winter maintenance	7,540	15,840	8,300	15,015	(825)
Administration and engineering	4,583	4,583	-	1,471	(3,112)
Total expenditures	91,558	109,608	18,050	137,812	28,204
Net change in fund balance	99,053	81,003	(18,050)	63,480	(17,523)
Fund balance-beginning	612,512	612,512	612,512	612,512	-
Fund balance-ending	\$ 711,565	\$ 693,515	\$ 594,462	\$ 675,992	\$ (17,523)

Village of Schoolcraft

Required Supplementary Information

Local Streets Fund

Budgetary Comparison Schedule

For the year ended February 28, 2025

	Budgeted Amounts		Variance with Original Budget-over (under) Final	Actual Amounts Budgetary (and GAAP)	Variance with Final Budget- over (under) Actual
	Original	Final	Budget	Basis	Amounts
REVENUES					
Michigan transportation funds	\$ 59,924	\$ 59,924	\$ -	\$ 62,876	\$ 2,952
Interest	200	200	-	339	139
Total revenues	60,124	60,124	-	63,215	3,091
EXPENDITURES					
Current:					
Public works:					
Construction of streets	-	-	-	145,845	145,845
Preservation of streets	40,604	40,604	-	13,235	(27,369)
Traffic services	1,424	4,224	2,800	3,829	(395)
Winter maintenance	6,234	10,334	4,100	9,079	(1,255)
Administration and engineering	3,881	3,881	-	608	(3,273)
Total expenditures	52,143	59,043	6,900	172,596	113,553
Net change in fund balance	7,981	1,081	(6,900)	(109,381)	(110,462)
Fund balance-beginning	188,608	188,608	188,608	188,608	-
Fund balance-ending	\$ 196,589	\$ 189,689	\$ 181,708	\$ 79,227	\$ (110,462)

Village of Schoolcraft

Required Supplementary Information

DDA Fund

Budgetary Comparison Schedule

For the year ended February 28, 2025

	Budgeted Amounts		Variance with Original Budget-over (under) Final	Actual Amounts Budgetary (and GAAP)	Variance with Final Budget- over (under) Actual
	Original	Final	Budget	Basis	Amounts
REVENUES					
Property Taxes	\$ 29,750	\$ 43,750	\$ 14,000	\$ 47,538	\$ 3,788
Interest revenue	30	30	-	66	36
Total revenues	29,780	43,780	14,000	47,604	3,824
EXPENDITURES					
Current:					
Economic development	30,735	23,235	(7,500)	19,319	(3,916)
Excess (deficiency) of revenues over expenditures	(955)	20,545	21,500	28,285	7,740
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(5,000)	5,000	(5,000)	-
Net change in fund balance	(955)	15,545	26,500	23,285	7,740
Fund balance-beginning	72,271	72,271	72,271	72,271	-
Fund balance-ending	\$ 71,316	\$ 87,816	\$ 98,771	\$ 95,556	\$ 7,740

Village of Schoolcraft

Required Supplementary Information

Library Fund

Budgetary Comparison Schedule

For the year ended February 28, 2025

	Budgeted Amounts		Variance with Original Budget-over (under) Final	Actual Amounts Budgetary (and GAAP)	Variance with Final Budget- over (under) Actual
	Original	Final	Budget	Basis	Amounts
REVENUES					
Taxes	\$ 289,242	\$ 289,242	\$ -	\$ 223,791	\$ (65,451)
State grants	5,500	5,500	-	11,106	5,606
Contributions from local units	6,500	6,500	-	7,050	550
Charges for services	1,946	1,946	-	1,925	(21)
Fines and forfeits	74	74	-	141	67
Interest and rents	1,295	1,295	-	2,369	1,074
Other revenue	16,840	16,840	-	24,232	7,392
Total revenues	321,397	321,397	-	270,614	(50,783)
EXPENDITURES					
Current:					
Library	263,889	263,889	-	233,338	(30,551)
Net change in fund balance	57,508	57,508	-	37,276	(20,232)
Fund balance-beginning	350,367	350,367	350,367	350,367	-
Fund balance-ending	\$ 407,875	\$ 407,875	\$ 350,367	\$ 387,643	\$ (20,232)

Village of Schoolcraft

Required Supplementary Information

Notes to Budgetary Comparison Schedules

For the year ended February 28, 2025

General Fund Revenue Budgets

- The original property tax budget was increased by \$56,730 when management learned what the actual billed property tax revenue would be.
- The License revenue original budget was increased during the year by \$14,700 to allow for unanticipated permit fees during the year.
- Other state grants revenues was increased during the year by \$16,800 to allow for greater than expected Local Community Stabilization Authority revenue.
- The actual miscellaneous revenues exceeded the final budget by \$86,030 because of the \$51,000 Vicksburg Grant and an adjustment of \$27,625 for delinquent property tax.

General Fund Expenditures Budgets

- The original municipal complex budget amount was lowered during the year because operating expenditures were lower than expected.
- The original building inspection budget was increased by \$42,000 to allow for unanticipated project during the year.
- The actual community development expenditure exceeded the final budget amount by \$43,680 because the \$51,000 Vicksburg Grant Expense was reclassified from grant revenue to grant expenditure and the expenditure budget was not amended.

Major Streets Fund

Actual expenditures exceeded the final budgeted amount by \$28,204 because management did not amend the budget for a significant payable at year end.

Local Streets Fund

Actual expenditures exceeded the final budgeted amount by \$113,553 because management did not amend the budget for a significant payable at year end.