

Village of Brooklyn,
Michigan



Year Ended
June 30, 2024

Financial
Statements

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VILLAGE OF BROOKLYN, MICHIGAN

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	26
Major Street Special Revenue Fund	27
Local Street Special Revenue Fund	28
Street Tax Receiving Special Revenue Fund	29
Statement of Net Position - Proprietary Funds	30
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	31
Statement of Cash Flows - Proprietary Funds	32
Balance Sheet/Statement of Net Position – Corridor Improvement Authority Component Unit	34
Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities – Corridor Improvement Authority Component Unit	35
Notes to Financial Statements	37
Required Supplementary Information	
MERS Agent Multiple-Employer Defined Benefit Pension Plan:	
Schedule of Changes in Net Pension Liability and Related Ratios	62
Schedule of Contributions	65
Retiree Healthcare Benefits:	
Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios	66
Schedule of Contributions	68
Notes to Required Supplementary Information	69
Combining and Individual Fund Financial Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	72

VILLAGE OF BROOKLYN, MICHIGAN

Table of Contents

	<u>Page</u>
Internal Control and Compliance	
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 <i>Government Auditing Standards</i>	73
Schedule of Findings and Responses	75
Summary Schedule of Prior Audit Findings	76



INDEPENDENT AUDITORS' REPORT

December 30, 2024

The Members of the Village of
Brooklyn Council
Brooklyn, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Village of Brooklyn, Michigan** (the "Village"), as of June 30, 2024, 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 June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund 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 and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The 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 December 30, 2024, 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 Lobson LLC". The signature is written in a cursive, flowing style.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF BROOKLYN, MICHIGAN

Management's Discussion and Analysis

As management of the **Village of Brooklyn, 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 year ended June 30, 2024.

Financial Highlights

· Total net position	\$ 5,349,592
· Change in total net position	297,521
· Fund balances, governmental funds	1,053,196
· Change in fund balances, governmental funds	(67,157)
· Unassigned fund balance, general fund	623,320
· Change in fund balance, general fund	93,025
· Installment debt outstanding	1,643,184
· Change in installment debt	(260,200)

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, culture and recreation, and other functions. 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 two categories: governmental funds and proprietary funds.

VILLAGE OF BROOKLYN, MICHIGAN

Management's Discussion and Analysis

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains 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 balances for the general, major street special revenue, local street special revenue, and street tax receiving special revenue funds, each of which are considered to be major funds. 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 the *combining statements* elsewhere in this report.

Proprietary Funds. The Village maintains two different types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund 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 operations that provide services for equipment rentals. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 and other postemployment benefits plans immediately following the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor funds are presented immediately following the required supplementary information.

VILLAGE OF BROOKLYN, MICHIGAN

Management's Discussion and Analysis

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 \$5,349,592 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 8-month period:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 2,013,434	\$ 1,934,302	\$ 675,450	\$ 596,381	\$ 2,688,884	\$ 2,530,683
Capital assets, net	2,421,464	2,305,885	3,130,455	3,183,249	5,551,919	5,489,134
Total assets	4,434,898	4,240,187	3,805,905	3,779,630	8,240,803	8,019,817
Deferred outflows of resources	90,871	154,497	21,294	34,093	112,165	188,590
Liabilities						
Long-term liabilities	1,310,019	1,465,219	333,165	438,165	1,643,184	1,903,384
Pension and OPEB	433,482	475,987	90,908	94,931	524,390	570,918
Other liabilities	167,253	151,941	158,758	76,086	326,011	228,027
Total liabilities	1,910,754	2,093,147	582,831	609,182	2,493,585	2,702,329
Deferred inflows of resources	504,196	446,166	5,595	7,841	509,791	454,007
Net position						
Net investment in capital assets	1,111,445	1,095,183	2,797,290	2,745,084	3,908,735	3,840,267
Restricted	429,876	335,541	-	50,451	429,876	385,992
Unrestricted	569,498	424,647	441,483	401,165	1,010,981	825,812
Total net position	\$ 2,110,819	\$ 1,855,371	\$ 3,238,773	\$ 3,196,700	\$ 5,349,592	\$ 5,052,071

By far, the largest portion of the Village's net position, \$3,908,735, reflects its investment in capital assets (e.g., land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and water and sewer systems), 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, \$429,876, represents resources that are subject to external restriction on how they may be used. The remaining net position of \$1,010,981 is unrestricted.

The government's net position increased by \$297,521 during the current fiscal year.

VILLAGE OF BROOKLYN, MICHIGAN

Management's Discussion and Analysis

The following table shows the changes in net position during the current fiscal year with a comparison to the last 8-month period audited:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues -						
Charges for services	\$ 185,329	\$ 123,188	\$ 1,217,704	\$ 710,722	\$ 1,403,033	\$ 833,910
General revenues:						
Property taxes	556,551	39,526	239	-	556,790	39,526
Grants and contributions not restricted to specific programs	451,457	457,323	-	-	451,457	457,323
Unrestricted investment earnings	30,733	1,890	5,464	1,813	36,197	3,703
Other revenue	150,889	32,698	-	4,803	150,889	37,501
Total revenues	1,374,959	654,625	1,223,407	717,338	2,598,366	1,371,963
Expenses						
General government	365,218	226,044	-	-	365,218	226,044
Public safety	117,911	42,939	-	-	117,911	42,939
Public works	455,775	248,672	-	-	455,775	248,672
Culture and recreation	20,253	6,075	-	-	20,253	6,075
Other functions	136,263	108,571	-	-	136,263	108,571
Interest on long-term debt	24,091	12,678	-	-	24,091	12,678
Water	-	-	565,245	202,427	565,245	202,427
Sewer	-	-	616,089	388,215	616,089	388,215
Total expenses	1,119,511	644,979	1,181,334	590,642	2,300,845	1,235,621
Change in net position	255,448	9,646	42,073	126,696	297,521	136,342
Net position						
Beginning of year	1,855,371	1,845,725	3,196,700	3,070,004	5,052,071	4,915,729
Net position						
End of year	<u>\$ 2,110,819</u>	<u>\$ 1,855,371</u>	<u>\$ 3,238,773</u>	<u>\$ 3,196,700</u>	<u>\$ 5,349,592</u>	<u>\$ 5,052,071</u>

Governmental Activities. Governmental activities increased the Village's net position by \$255,448 during the current fiscal year compared to an increase of \$9,646 in 2023. This is primarily the result of fiscal year 2022-2023 was a short year (8 months – November 2022 – June 2023) and did not have any property tax revenue. Property tax revenue is posted each year on July 1.

Business-type Activities. Business-type activities increased the Village's net position by \$42,073 in the current year, compared to an increase of \$126,696 in 2023. This was primarily the result of the purchase of a new water meter system including software, system support, and water meters. The annualized 2023 total revenues totaled \$1,076,007 or a \$147,400 increase from 2023 to 2024. The annualized 2023 total expenses totaled \$885,963 or a \$295,371 increase from 2023 to 2024.

VILLAGE OF BROOKLYN, 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 \$1,053,196, a decrease of \$67,157 in comparison with the prior year. Approximately 59.2% of this total amount, \$623,320, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to pay for major streets (\$293,637), local streets (\$106,832), or building inspections (\$29,407).

General Fund Highlights

The general fund is the chief operating fund of the Village. As summarized below, during 2024 the general fund had total revenues of \$949,600 and total expenditures of \$856,575. As a result, the fund balance at year-end increased by \$93,025, to a total of \$623,320.

	Summary of General Fund Performance		
	Year Ended June 30, 2024		
	Original Budget	Final Budget	Actual Results
Total revenues	\$ 798,900	\$ 962,224	\$ 949,600
Total expenditures	(758,750)	(798,015)	(856,575)
Net change in fund balance	40,150	164,209	93,025
Fund balance - Beginning of year	530,295	530,295	530,295
End of year	\$ 570,445	\$ 694,504	\$ 623,320

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 which in this case is the same. Unassigned and total fund balance represents 73% of total general fund expenditures.

As shown in the budget to actual statement, the Village had originally budgeted revenues of \$798,900. During the course of the year, the Village had authorized total budget amendments of \$163,324 as a result of changes in intergovernmental revenue, amending budgeted revenues to \$962,224. Actual revenues were less than the budget by \$12,624, primarily due to intergovernmental revenue. The Village had originally budgeted operational expenditures of \$758,750. During the course of the current fiscal year, the Village authorized total budget amendments of \$39,265 as a result of an increase in Village hall and grounds. Actual operating results were more than the budget by \$58,560, primarily due general government and police safety expenditures coming in above budget by \$30,834.

VILLAGE OF BROOKLYN, MICHIGAN

Management's Discussion and Analysis

Major Street Special Revenue Fund Highlights

The major street special revenue fund is a major fund of the Village. During the 2024 year the major street fund had total revenues and transfers in of \$224,822 and total expenditures and transfers out of \$160,388. As a result, the fund balance at year-end increased by \$64,434, to a total of \$293,637.

Local Street Special Revenue Fund Highlights

The local street special revenue fund is a major fund of the Village. During 2024 the local street fund had total revenues and transfers in of \$311,335 and total expenditures and transfers out of \$288,981. As a result, the fund balance at year-end increased by \$22,354, to a total of \$106,832.

Street Tax Receiving Special Revenue Fund

The street tax receiving special revenue fund is a major fund of the Village. The fund balance of the street tax receiving special revenue fund decreased by \$2,864 during 2024. Fund balance decreased to zero as a result of transfers out of \$168,178 for major and local street projects.

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

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

Capital Asset and Debt Administration

Capital Assets. The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounted to \$5,551,919 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and water and sewer systems.

Major capital asset events during the current fiscal year were infrastructure additions toward high priority sidewalk replacements and toward continued street upgrades throughout the Village.

Capital Assets (Net of Depreciation)						
Governmental Activities		Business-type Activities		Total		
2024	2023	2024	2023	2024	2023	
Land	\$ 70,000	\$ 70,000	\$ 36,000	\$ 36,000	\$ 106,000	\$ 106,000
Land improvements	18,982	20,756	-	-	18,982	20,756
Buildings and improvements	573,557	591,318	938,726	970,991	1,512,283	1,562,309
Furniture and equipment	93,047	117,133	-	-	93,047	117,133
Vehicles	121,572	96,766	-	-	121,572	96,766
Infrastructure	1,544,306	1,409,912	-	-	1,544,306	1,409,912
Water system	-	-	823,339	875,263	823,339	875,263
Sewer system	-	-	1,332,390	1,300,995	1,332,390	1,300,995
Total capital assets, net	\$ 2,421,464	\$ 2,305,885	\$ 3,130,455	\$ 3,183,249	\$ 5,551,919	\$ 5,489,134

Additional information on the Village's capital assets can be found in Note 6 to the financial statements.

VILLAGE OF BROOKLYN, MICHIGAN

Management's Discussion and Analysis

Long-term Debt. The Village's long-term debt totaled \$1,643,184. This amount includes general obligation bonds and notes payable.

The Village's total indebtedness decreased by \$260,200 due to the continued pay down on debt outstanding.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 958,000	\$ 1,057,000	\$ 333,165	\$ 438,165	\$ 1,291,165	\$ 1,495,165
Notes from direct borrowings and direct placements	352,019	408,219	-	-	352,019	408,219
Total long-term debt	\$ 1,310,019	\$ 1,465,219	\$ 333,165	\$ 438,165	\$ 1,643,184	\$ 1,903,384

Additional information on the Village's long-term debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Village's budget for the 2024-25 fiscal year and will continue to be an on-going concern as the Village moves forward with projected budgets.

- Sidewalk replacement and upgrades of \$50,000 continues to be a priority for the Village to increase safety and walkability in the community.
- Budget considerations were also made for new asset management programs that will create detailed maintenance plans for Village assets that will have dedicated funds to increase sustainability, reliability, and efficiency of the water, sewer, and street systems.
- With the creation of a Village Parks Board and upgrades happening at Swain Park, funding levels for the park will see an increase for expected grants and expenses.
- Water meter Installation project with USG will show increased expense within the water fund and subsequent revenue from accuracy of new meters.

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 Brooklyn, 121 N. Main Street, Brooklyn, Michigan 49230.

BASIC FINANCIAL STATEMENTS

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VILLAGE OF BROOKLYN, MICHIGAN

Statement of Net Position

June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Corridor Improvement Authority
Assets				
Cash and investments	\$ 1,856,352	\$ 611,826	\$ 2,468,178	\$ 101,022
Receivables	72,082	148,624	220,706	617
Internal balances	85,000	(85,000)	-	-
Capital assets not being depreciated	70,000	36,000	106,000	-
Capital assets being depreciated, net	2,351,464	3,094,455	5,445,919	-
Total assets	4,434,898	3,805,905	8,240,803	101,639
Deferred outflows of resources				
Deferred pension amounts	90,871	21,294	112,165	-
Liabilities				
Accounts payable and accrued liabilities	42,253	158,758	201,011	13,023
Unearned revenue	125,000	-	125,000	-
Bonds, notes, and other long-term liabilities:				
Due within one year	155,231	110,000	265,231	-
Due in more than one year	1,154,788	223,165	1,377,953	-
Net pension liability (due in more than one year)	387,963	90,908	478,871	-
Total OPEB liability (due in more than one year)	45,519	-	45,519	-
Total liabilities	1,910,754	582,831	2,493,585	13,023
Deferred inflows of resources				
Deferred lease amounts	480,320	-	480,320	-
Deferred pension amounts	23,876	5,595	29,471	-
Total deferred inflows of resources	504,196	5,595	509,791	-
Net position				
Net investment in capital assets	1,111,445	2,797,290	3,908,735	-
Restricted for:				
Major streets	293,637	-	293,637	-
Local streets	106,832	-	106,832	-
Building inspection	29,407	-	29,407	-
Unrestricted	569,498	441,483	1,010,981	88,616
Total net position	\$ 2,110,819	\$ 3,238,773	\$ 5,349,592	\$ 88,616

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

VILLAGE OF BROOKLYN, MICHIGAN

Statement of Activities

Year Ended June 30, 2024

Functions / Programs	Expenses	Program Revenues	Net (Expense) Revenue
		Charges for Services	
Primary government			
Governmental activities:			
General government	\$ 365,218	\$ 138,374	\$ (226,844)
Public safety	117,911	46,955	(70,956)
Public works	455,775	-	(455,775)
Culture and recreation	20,253	-	(20,253)
Other functions	136,263	-	(136,263)
Interest on long-term debt	24,091	-	(24,091)
	<u>1,119,511</u>	<u>185,329</u>	<u>(934,182)</u>
Total governmental activities			
	<u>1,119,511</u>	<u>185,329</u>	<u>(934,182)</u>
Business-type activities:			
Water	565,245	468,549	(96,696)
Sewer	616,089	749,155	133,066
	<u>1,181,334</u>	<u>1,217,704</u>	<u>36,370</u>
Total business-type activities			
	<u>1,181,334</u>	<u>1,217,704</u>	<u>36,370</u>
Total primary government	<u>\$ 2,300,845</u>	<u>\$ 1,403,033</u>	<u>\$ (897,812)</u>
Component unit			
Corridor Improvement Authority	<u>\$ 22,259</u>	<u>\$ -</u>	<u>\$ (22,259)</u>

continued...

VILLAGE OF BROOKLYN, MICHIGAN

Statement of Activities

Year Ended June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Corridor Improvement Authority
Changes in net position				
Net (expense) revenue	\$ (934,182)	\$ 36,370	\$ (897,812)	\$ (22,259)
General revenues:				
Property taxes	556,551	239	556,790	31,878
Grants and contributions not restricted to specific programs	451,457	-	451,457	-
Unrestricted investment earnings	30,733	5,464	36,197	1,067
Other revenue	150,889	-	150,889	27,300
General revenues	1,189,630	5,703	1,195,333	60,245
Change in net position	255,448	42,073	297,521	37,986
Net position, beginning of year	1,855,371	3,196,700	5,052,071	50,630
Net position, end of year	<u>\$ 2,110,819</u>	<u>\$ 3,238,773</u>	<u>\$ 5,349,592</u>	<u>\$ 88,616</u>

concluded.

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

VILLAGE OF BROOKLYN, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2024

	General	Major Street	Local Street
Assets			
Cash and investments	\$ 1,214,830	\$ 189,248	\$ 99,575
Accounts receivable	15,031	-	-
Due from other governments	24,393	24,242	8,416
Due from other funds	-	85,000	-
Total assets	<u>\$ 1,254,254</u>	<u>\$ 298,490</u>	<u>\$ 107,991</u>
Liabilities			
Accounts payable	\$ 12,932	\$ 3,758	\$ 108
Accrued liabilities	12,682	1,095	1,051
Unearned revenue	125,000	-	-
Total liabilities	<u>150,614</u>	<u>4,853</u>	<u>1,159</u>
Deferred inflow of resources			
Deferred lease amounts	<u>480,320</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted for:			
Major streets	-	293,637	-
Local streets	-	-	106,832
Building inspections	-	-	-
Unassigned	<u>623,320</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>623,320</u>	<u>293,637</u>	<u>106,832</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,254,254</u>	<u>\$ 298,490</u>	<u>\$ 107,991</u>

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



Street Tax Receiving	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 32,837	\$ 1,536,490
-	-	15,031
-	-	57,051
-	-	85,000
<u>\$ -</u>	<u>\$ 32,837</u>	<u>\$ 1,693,572</u>
\$ -	\$ 2,969	\$ 19,767
-	461	15,289
-	-	125,000
<u>-</u>	<u>3,430</u>	<u>160,056</u>
<u>-</u>	<u>-</u>	<u>480,320</u>
-	-	293,637
-	-	106,832
-	29,407	29,407
-	-	623,320
<u>-</u>	<u>29,407</u>	<u>1,053,196</u>
<u>\$ -</u>	<u>\$ 32,837</u>	<u>\$ 1,693,572</u>

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VILLAGE OF BROOKLYN, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2024

Fund balances - total governmental funds	\$ 1,053,196
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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	70,000
Capital assets being depreciated, net of accumulated depreciation	2,351,464
Less: capital assets being accounted for in internal service fund	(264,002)

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 fund	583,126
--	---------

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General obligation bonds and notes payable	(1,310,019)
Accrued interest on long-term liabilities	(6,459)

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	(387,963)
Deferred outflows related to the net pension liability	90,871
Deferred inflows related to the net pension liability	(23,876)
Total OPEB liability	(45,519)

Net position of governmental activities	<u>\$ 2,110,819</u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF BROOKLYN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2024

	General	Major Street	Local Street
Revenues			
Property taxes	\$ 388,632	\$ 657	\$ 1,948
Licenses and permits	5,010	-	-
Intergovernmental	247,754	151,209	52,494
Charges for services	135,336	-	-
Interest	21,979	2,321	2,350
Rental	33,298	-	-
Other	117,591	-	-
Total revenues	949,600	154,187	56,792
Expenditures			
Current expenditures:			
General government	377,329	-	-
Public safety	83,331	-	-
Public works	191,707	147,698	273,517
Culture and recreation	20,560	-	-
Other functions	131,003	-	-
Debt service:			
Principal	47,200	4,500	4,500
Interest and fiscal charges	5,445	908	908
Total expenditures	856,575	153,106	278,925
Revenues over (under) expenditures	93,025	1,081	(222,133)
Other financing sources (uses)			
Transfers in	-	70,635	254,543
Transfers out	-	(7,282)	(10,056)
Total other financing sources (uses)	-	63,353	244,487
Net change in fund balances	93,025	64,434	22,354
Fund balances, beginning of year	530,295	229,203	84,478
Fund balances, end of year	\$ 623,320	\$ 293,637	\$ 106,832

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



Street Tax Receiving	Nonmajor Governmental Funds	Total Governmental Funds
\$ 165,314	\$ -	\$ 556,551
-	46,955	51,965
-	-	451,457
-	-	135,336
-	326	26,976
-	-	33,298
-	-	117,591
<u>165,314</u>	<u>47,281</u>	<u>1,373,174</u>
-	-	377,329
-	36,870	120,201
-	-	612,922
-	-	20,560
-	-	131,003
-	99,000	155,200
-	15,855	23,116
<u>-</u>	<u>151,725</u>	<u>1,440,331</u>
<u>165,314</u>	<u>(104,444)</u>	<u>(67,157)</u>
-	17,338	342,516
<u>(168,178)</u>	<u>(157,000)</u>	<u>(342,516)</u>
<u>(168,178)</u>	<u>(139,662)</u>	<u>-</u>
(2,864)	(244,106)	(67,157)
<u>2,864</u>	<u>273,513</u>	<u>1,120,353</u>
<u>\$ -</u>	<u>\$ 29,407</u>	<u>\$ 1,053,196</u>

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VILLAGE OF BROOKLYN, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ (67,157)
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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	280,016
Less: capital assets purchased / constructed in internal service fund	(53,171)
Depreciation expense	(162,467)
Less: depreciation expense in the internal service fund	53,571
Loss on disposal of capital assets	(1,970)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on bonds, notes, and other long-term liabilities	155,200
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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.

Net operating income from governmental activities in internal service fund	58,112
Interest earnings from internal service fund	3,757

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 bonds	(975)
Change in net pension liability and related deferred outflows and inflows	(9,757)
Change in total OPEB liability	289

Change in net position of governmental activities	\$ 255,448
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF BROOKLYN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 410,500	\$ 399,649	\$ 388,632	\$ (11,017)
Licenses and permits	8,500	8,150	5,010	(3,140)
Intergovernmental	230,000	374,824	247,754	(127,070)
Charges for services	101,000	112,000	135,336	23,336
Interest	2,500	5,974	21,979	16,005
Rental	32,000	31,500	33,298	1,798
Other	14,400	30,127	117,591	87,464
Total revenues	798,900	962,224	949,600	(12,624)
Expenditures				
Current expenditures:				
General government:				
Village council	16,925	30,140	23,980	(6,160)
Manager	117,600	112,300	115,931	3,631
Clerk	19,150	24,500	39,582	15,082
Treasurer	72,500	77,750	77,346	(404)
Village hall and grounds	78,750	101,805	120,490	18,685
Total general government	304,925	346,495	377,329	30,834
Public safety:				
Police	47,750	50,250	74,278	24,028
Building inspection	8,450	8,500	9,053	553
Total public safety	56,200	58,750	83,331	24,581
Public works:				
Department of public works	124,950	116,625	99,100	(17,525)
O&M agreement	78,750	81,000	90,029	9,029
Planning commission	2,625	2,400	2,578	178
Total public works	206,325	200,025	191,707	(8,318)
Culture and recreation -				
Parks and recreation	7,100	16,100	20,560	4,460
Other functions -				
Unallocated employee benefits	124,000	124,000	131,003	7,003
Debt service:				
Principal	55,200	47,200	47,200	-
Interest and fiscal charges	5,000	5,445	5,445	-
Total debt service	60,200	52,645	52,645	-
Total expenditures	758,750	798,015	856,575	58,560
Net change in fund balance	40,150	164,209	93,025	(71,184)
Fund balance, beginning of year	530,295	530,295	530,295	-
Fund balance, end of year	\$ 570,445	\$ 694,504	\$ 623,320	\$ (71,184)

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

VILLAGE OF BROOKLYN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Major Street Special Revenue Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ -	\$ 1,147	\$ 657	\$ (490)
Intergovernmental	135,000	135,000	151,209	16,209
Interest	-	-	2,321	2,321
Total revenues	<u>135,000</u>	<u>136,147</u>	<u>154,187</u>	<u>18,040</u>
Expenditures				
Current expenditures - Public works	187,900	185,900	147,698	(38,202)
Debt service:				
Principal	4,000	4,500	4,500	-
Interest and fiscal charges	<u>1,200</u>	<u>1,200</u>	<u>908</u>	<u>(292)</u>
Total expenditures	<u>193,100</u>	<u>191,600</u>	<u>153,106</u>	<u>(38,494)</u>
Revenues over (under) expenditures	<u>(58,100)</u>	<u>(55,453)</u>	<u>1,081</u>	<u>56,534</u>
Other financing sources (uses)				
Transfers in	67,500	67,500	70,635	3,135
Transfers out	<u>-</u>	<u>-</u>	<u>(7,282)</u>	<u>7,282</u>
Other financing sources (uses)	<u>67,500</u>	<u>67,500</u>	<u>63,353</u>	<u>(4,147)</u>
Net change in fund balance	<u>9,400</u>	<u>12,047</u>	<u>64,434</u>	<u>52,387</u>
Fund balance, beginning of year	<u>229,203</u>	<u>229,203</u>	<u>229,203</u>	<u>-</u>
Fund balance, end of year	<u>\$ 238,603</u>	<u>\$ 241,250</u>	<u>\$ 293,637</u>	<u>\$ 52,387</u>

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

VILLAGE OF BROOKLYN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Local Street Special Revenue Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ -	\$ 1,668	\$ 1,948	\$ 280
Intergovernmental	45,000	45,471	52,494	7,023
Interest	500	861	2,350	1,489
Total revenues	<u>45,500</u>	<u>48,000</u>	<u>56,792</u>	<u>8,792</u>
Expenditures				
Current expenditures - Public works	437,805	303,630	273,517	(30,113)
Debt service:				
Principal	4,500	4,500	4,500	-
Interest and fiscal charges	1,100	550	908	358
Total expenditures	<u>443,405</u>	<u>308,680</u>	<u>278,925</u>	<u>(29,755)</u>
Revenues under expenditures	<u>(397,905)</u>	<u>(260,680)</u>	<u>(222,133)</u>	<u>38,547</u>
Other financing sources (uses)				
Transfers in	401,000	249,000	254,543	5,543
Transfers out	-	-	(10,056)	10,056
Total other financing sources (uses)	<u>401,000</u>	<u>249,000</u>	<u>244,487</u>	<u>(4,513)</u>
Net change in fund balance	<u>3,095</u>	<u>(11,680)</u>	<u>22,354</u>	<u>34,034</u>
Fund balance, beginning of year	<u>84,478</u>	<u>84,478</u>	<u>84,478</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 87,573</u></u>	<u><u>\$ 72,798</u></u>	<u><u>\$ 106,832</u></u>	<u><u>\$ 34,034</u></u>

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

VILLAGE OF BROOKLYN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Street Tax Receiving Special Revenue Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 147,600	\$ 174,000	\$ 165,314	\$ (8,686)
Interest	1,500	-	-	-
Total revenues	<u>149,100</u>	<u>174,000</u>	<u>165,314</u>	<u>(8,686)</u>
Expenditures				
Current expenditures - Public works	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	147,500	174,000	165,314	(8,686)
Other financing uses				
Transfers out	<u>(147,500)</u>	<u>(170,500)</u>	<u>(168,178)</u>	<u>(2,322)</u>
Net change in fund balance	-	3,500	(2,864)	(6,364)
Fund balance, beginning of year	<u>2,864</u>	<u>2,864</u>	<u>2,864</u>	-
Fund balance, end of year	<u>\$ 2,864</u>	<u>\$ 6,364</u>	<u>\$ -</u>	<u>\$ (6,364)</u>

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

VILLAGE OF BROOKLYN, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2024

	Business-type Activities			Governmental Activities
	Water Enterprise	Sewer Enterprise	Total	Equipment Rental Internal Service Fund
Assets				
Current assets:				
Cash and investments	\$ 72,080	\$ 539,746	\$ 611,826	\$ 319,862
Accounts receivable	57,813	90,811	148,624	-
Total current assets	129,893	630,557	760,450	319,862
Noncurrent assets:				
Capital assets not being depreciated	1,000	35,000	36,000	-
Capital assets being depreciated, net	1,762,064	1,332,391	3,094,455	264,002
Total noncurrent assets	1,763,064	1,367,391	3,130,455	264,002
Total assets	1,892,957	1,997,948	3,890,905	583,864
Deferred outflows of resources				
Deferred pension amounts	7,242	14,052	21,294	-
Liabilities				
Current liabilities:				
Accounts payable	45,424	108,206	153,630	738
Accrued interest payable	1,770	-	1,770	-
Accrued liabilities	1,936	1,422	3,358	-
Due to other funds	85,000	-	85,000	-
Bonds payable, current portion	110,000	-	110,000	-
Total current liabilities	244,130	109,628	353,758	738
Noncurrent liabilities:				
Bonds payable	223,165	-	223,165	-
Net pension liability	30,916	59,992	90,908	-
Total noncurrent liabilities	254,081	59,992	314,073	-
Total liabilities	498,211	169,620	667,831	738
Deferred inflows of resources				
Deferred pension amounts	1,903	3,692	5,595	-
Net position				
Net investment in capital assets	1,429,899	1,367,391	2,797,290	264,002
Unrestricted (deficit)	(29,814)	471,297	441,483	319,124
Total net position	\$ 1,400,085	\$ 1,838,688	\$ 3,238,773	\$ 583,126

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

VILLAGE OF BROOKLYN, MICHIGAN

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

Proprietary Funds

Year Ended June 30, 2024

	Business-type Activities			Governmental Activities
	Water Enterprise	Sewer Enterprise	Total	Equipment Rental Internal Service Fund
Operating revenues				
Property taxes	\$ -	\$ 239	\$ 239	\$ -
Charges for services	468,549	749,155	1,217,704	145,000
Total operating revenues	<u>468,549</u>	<u>749,394</u>	<u>1,217,943</u>	<u>145,000</u>
Operating expenses				
Personnel services	89,018	60,290	149,308	798
Supplies and materials	10,817	5,044	15,861	32,339
Contractual and other	343,158	471,079	814,237	180
Utilities	20,554	18,794	39,348	-
Depreciation	94,058	60,882	154,940	53,571
Total operating expenses	<u>557,605</u>	<u>616,089</u>	<u>1,173,694</u>	<u>86,888</u>
Operating income (loss)	<u>(89,056)</u>	<u>133,305</u>	<u>44,249</u>	<u>58,112</u>
Nonoperating revenues (expenses)				
Interest revenue	113	5,351	5,464	3,757
Interest expense	(7,640)	-	(7,640)	-
Total nonoperating revenues (expenses)	<u>(7,527)</u>	<u>5,351</u>	<u>(2,176)</u>	<u>3,757</u>
Change in net position	<u>(96,583)</u>	<u>138,656</u>	<u>42,073</u>	<u>61,869</u>
Net position, beginning of year	<u>1,496,668</u>	<u>1,700,032</u>	<u>3,196,700</u>	<u>521,257</u>
Net position, end of year	<u>\$ 1,400,085</u>	<u>\$ 1,838,688</u>	<u>\$ 3,238,773</u>	<u>\$ 583,126</u>

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

VILLAGE OF BROOKLYN, MICHIGAN

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2024

	Business-type Activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Equipment Rental Internal Service Fund
Cash flows from operating activities				
Receipts from customers and users	\$ 453,122	\$ 730,172	\$ 1,183,294	\$ -
Receipts for interfund services	-	-	-	145,000
Payments to suppliers and contractors	(301,032)	(390,739)	(691,771)	(31,874)
Payments to employees for services	(88,702)	(53,044)	(141,746)	(798)
Net cash provided by operating activities	<u>63,388</u>	<u>286,389</u>	<u>349,777</u>	<u>112,328</u>
Cash flows from capital and related financing activities				
Acquisition/construction of capital assets	(9,854)	(92,292)	(102,146)	(53,171)
Principal paid on bonds, notes, and other long-term liabilities	(105,000)	-	(105,000)	-
Interest paid on bonds, notes, and other long-term liabilities	(8,198)	-	(8,198)	-
Net cash used in capital and related financing activities	<u>(123,052)</u>	<u>(92,292)</u>	<u>(215,344)</u>	<u>(53,171)</u>
Cash flows from investing activities				
Interest income received	<u>113</u>	<u>5,351</u>	<u>5,464</u>	<u>3,757</u>
Net change in cash and cash equivalents	<u>(59,551)</u>	<u>199,448</u>	<u>139,897</u>	<u>62,914</u>
Cash and investments, beginning of year	<u>131,631</u>	<u>340,298</u>	<u>471,929</u>	<u>256,948</u>
Cash and investments, end of year	<u>\$ 72,080</u>	<u>\$ 539,746</u>	<u>\$ 611,826</u>	<u>\$ 319,862</u>

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VILLAGE OF BROOKLYN, MICHIGAN

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2024

	Business-type Activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Equipment Rental Internal Service Fund
Reconciliation of operating income (loss) to net cash by operating activities				
Operating income (loss)	\$ (89,056)	\$ 133,305	\$ 44,249	\$ 58,112
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	94,058	60,882	154,940	53,571
Changes in operating assets and liabilities:				
Accounts receivable	(15,427)	(19,222)	(34,649)	-
Due from other funds	39,483	65,178	104,661	-
Deferred outflows of resources - pension	5,506	7,293	12,799	-
Accounts payable	43,198	39,000	82,198	645
Accrued liabilities	421	611	1,032	-
Due to other funds	(9,184)	-	(9,184)	-
Net pension liability	(4,582)	559	(4,023)	-
Deferred inflows of resources - pension	(1,029)	(1,217)	(2,246)	-
Net cash provided by operating activities	<u>\$ 63,388</u>	<u>\$ 286,389</u>	<u>\$ 349,777</u>	<u>\$ 112,328</u>

concluded.

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

VILLAGE OF BROOKLYN, MICHIGAN

Balance Sheet / Statement of Net Position

Corridor Improvement Authority

June 30, 2024

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 101,022	\$ -	\$ 101,022
Accounts receivable	617	-	617
Total assets	<u>\$ 101,639</u>	<u>-</u>	<u>101,639</u>
Liabilities			
Accounts payable	\$ 13,023	-	13,023
Fund balance			
Unassigned	<u>88,616</u>	<u>(88,616)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 101,639</u>		
Net position			
Unrestricted		<u>\$ 88,616</u>	<u>\$ 88,616</u>

VILLAGE OF BROOKLYN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities

Corridor Improvement Authority

Year Ended June 30, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 31,878	\$ -	\$ 31,878
Interest	1,067	-	1,067
Other	27,300	-	27,300
Total revenues	60,245	-	60,245
Expenditures/expenses			
Community development	22,259	-	22,259
Change in fund balance / net position	37,986	-	37,986
Fund balance / net position, beginning of year	50,630	-	50,630
Fund balance / net position, end of year	<u>\$ 88,616</u>	<u>\$ -</u>	<u>\$ 88,616</u>

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NOTES TO FINANCIAL STATEMENTS

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Village of Brooklyn, Michigan (the "Village") is governed by an elected seven-member Board. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Discretely presented component unit

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

Corridor Improvement Authority (the "CIA") - The CIA was formed to enhance the Village's business district by preservation, creation and implementation of the development plans in the district to be financed by Tax Increment Finance District (TIF) from properties within its district. The CIA is made up of nine individuals representing the community businesses, residents, and the Village President. The CIA works in partnership with area businesses, the Village Council, the Village Planning Commission, and others to create and maintain a thriving business environment with the district.

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 units. 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 certain component units 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 BROOKLYN, 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. However, fiduciary funds do not have a measurement focus. 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 maintenance and construction of streets designated by the Michigan Department of Transportation as major streets.

The *local street special revenue fund* is used to account for the maintenance and construction of streets designated by the Michigan Department of Transportation as local streets.

The *street tax receiving special revenue fund* is 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 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 system, capital additions and improvements, and retirement of related long-term debt. Financing is provided by user charges.

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

Additionally, the Village reports the following fund types:

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

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, 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.

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. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital 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.

Leases

Lessor. The Village is a lessor for noncancellable leases of land and buildings. The Village recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements; however, the lease was paid in full during the current fiscal year.

At the commencement of a lease, the Village initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Village determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Village uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Village monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital assets

Capital assets, which include land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and water and sewer systems, 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.

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

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

	Years
Land improvements	10-20
Buildings and improvements	3-12
Furniture and equipment	3-12
Vehicles	5-7
Infrastructure	10-30
Water and sewer systems	30-50

Deferred outflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net 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.

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. Bond issuance costs are expensed when incurred.

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 (revenue) until that time. The government has two types 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 plans. The Village also reports deferred inflows of resources related to a lease.

VILLAGE OF BROOKLYN, 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

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 March 1st of the following year, at which time penalties and interest are assessed.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, total other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pension expenses, 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 accounting principles generally accepted in the United States of America 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.

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

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.

The budget document presents information by fund, activity, department, 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.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Village were adopted at the activity level for the general fund and the fund level for special revenue funds. During the year the Village incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	Final Budget	Actual	Variance with Final Budget
General fund			
General government:			
Manager	\$ 112,300	\$ 115,931	\$ 3,631
Clerk	24,500	39,582	15,082
Village hall and grounds	101,805	120,490	18,685
Public safety:			
Police	50,250	74,278	24,028
Building inspection	8,500	9,053	553
Public works:			
O&M agreement	81,000	90,029	9,029
Planning commission	2,400	2,578	178
Culture and recreation - Parks and recreation	16,100	20,560	4,460
Other functions - Unallocated employee benefits	124,000	131,003	7,003

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of cash and cash equivalents as of June 30, 2024:

	Primary Government	Component Unit	Totals
Statement of net position			
Cash and investments	\$ 2,468,178	\$ 101,022	\$ 2,569,200
Deposits			
Demand deposits checking/savings accounts and CDs			\$ 308,817
Investments - Michigan CLASS			2,260,283
Cash on hand			100
Total			<u>\$ 2,569,200</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.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

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. As of June 30, 2024, the Village had all of their investments in Michigan CLASS which preserve the value of investments at \$1.00 per share which helps limit the risk exposure that the value of investments will decrease as a result of a rise in interest rates.

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. As of June 30, 2024, the Village had all of their investments in Michigan CLASS which were rated at AAA.

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, \$77,931 of the Village's bank balance of \$327,931 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. As of June 30, 2024, none of the Village's investments were exposed to risk since the investments are held in the Village's name by the counterparty.

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. As of June 30, 2024, the Village had all of their investments in Michigan CLASS.

5. RECEIVABLES

Receivables in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts receivable	\$ 15,031	\$ 148,624
Due from other governments	57,051	-
	<u>\$ 72,082</u>	<u>\$ 148,624</u>

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

6. CAPITAL ASSETS

Primary government

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities				
Capital assets not being depreciated -				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Capital assets being depreciated:				
Land improvements	98,831	-	(5,782)	93,049
Buildings and improvements	774,663	-	(32,506)	742,157
Furniture and equipment	555,154	-	(139,523)	415,631
Vehicles	341,783	53,171	(45,056)	349,898
Infrastructure	2,269,132	226,845	-	2,495,977
	<u>4,039,563</u>	<u>280,016</u>	<u>(222,867)</u>	<u>4,096,712</u>
Less accumulated depreciation for:				
Land improvements	(78,075)	(1,774)	5,782	(74,067)
Buildings and improvements	(183,345)	(15,790)	30,535	(168,600)
Furniture and equipment	(438,021)	(24,087)	139,524	(322,584)
Vehicles	(245,017)	(28,365)	45,056	(228,326)
Infrastructure	(859,220)	(92,451)	-	(951,671)
	<u>(1,803,678)</u>	<u>(162,467)</u>	<u>220,897</u>	<u>(1,745,248)</u>
Total capital assets being depreciated, net	<u>2,235,885</u>	<u>117,549</u>	<u>(1,970)</u>	<u>2,351,464</u>
Governmental activities capital assets, net	<u>\$ 2,305,885</u>	<u>\$ 117,549</u>	<u>\$ (1,970)</u>	<u>\$ 2,421,464</u>

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets not being depreciated -				
Land	\$ 36,000	\$ -	\$ -	\$ 36,000
Capital assets being depreciated:				
Buildings and improvements	1,632,407	9,853	-	1,642,260
Water system	1,960,966	-	(5,162)	1,955,804
Sewer system	2,775,370	92,293	(14,368)	2,853,295
	<u>6,368,743</u>	<u>102,146</u>	<u>(19,530)</u>	<u>6,451,359</u>
Less accumulated depreciation for:				
Buildings and improvements	(661,416)	(42,118)	-	(703,534)
Water system	(1,085,703)	(51,924)	5,162	(1,132,465)
Sewer system	(1,474,375)	(60,898)	14,368	(1,520,905)
	<u>(3,221,494)</u>	<u>(154,940)</u>	<u>19,530</u>	<u>(3,356,904)</u>
Total capital assets being depreciated, net	<u>3,147,249</u>	<u>(52,794)</u>	<u>-</u>	<u>3,094,455</u>
Business-type activities capital assets, net	<u>\$ 3,183,249</u>	<u>\$ (52,794)</u>	<u>\$ -</u>	<u>\$ 3,130,455</u>

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

Depreciation of governmental activities by function

General government	\$ 108,896
Public works	
Culture and recreation	
Capital assets held by the government's internal service fund is charged to the various functions based on their usage	<u>53,571</u>

Total governmental activities

\$ 162,467

Depreciation of business-type activities by function

Water	\$ 94,058
Sewer	<u>60,882</u>

Total business-type activities

\$ 154,940

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 20,505	\$ 153,630
Accrued interest payable	6,459	1,770
Accrued liabilities	15,289	3,358
	<u>\$ 42,253</u>	<u>\$ 158,758</u>

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2024, amounts due from and due to other funds were as follows:

	Payable Funds
Receivable Funds	Water Enterprise
Major street	\$ 85,000

Due to/from balances result primarily from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and/or payments between funds are made. Interfund receivables and payables represent routine and temporary cash flow assistance. The amounts outstanding at year end consisted of the water enterprise fund owing \$85,000 to the major street fund.

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

For the year ended June 30, 2024, interfund transfers are summarized as follows:

Transfers In	Transfers Out				Totals
	Major Street	Local Street	Street Tax Inspection	Nonmajor Governmental Funds	
Major street fund	\$ -	\$ -	\$ 70,635	\$ -	\$ 70,635
Local street fund	-	-	97,543	157,000	254,543
NMGF funds	7,282	10,056	-	-	17,338
	<u>\$ 7,282</u>	<u>\$ 10,056</u>	<u>\$ 168,178</u>	<u>\$ 157,000</u>	<u>\$ 342,516</u>

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; and (2) the street improvement capital project fund transferring \$17,338 to major street and local street funds, \$157,000 to street improvement and \$168,178 to street tax inspection special revenue fund.

9. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

Bonds, notes, and other long-term liability activity for the year ended June 30, 2024 is summarized as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 1,057,000	\$ -	\$ (99,000)	\$ 958,000	\$ 100,000
Notes from direct borrowings and direct placements	408,219	-	(56,200)	352,019	55,231
Total governmental activities	<u>\$ 1,465,219</u>	<u>\$ -</u>	<u>\$ (155,200)</u>	<u>\$ 1,310,019</u>	<u>\$ 155,231</u>
Business-type activities					
General obligation bonds	<u>\$ 438,165</u>	<u>\$ -</u>	<u>\$ (105,000)</u>	<u>\$ 333,165</u>	<u>\$ 110,000</u>

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

General obligation bonds. The Village 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.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 20 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	Amount
Governmental activities				
2021 capital improvement bonds	2033	1.50%	\$ 1,250,000	<u>\$ 958,000</u>
Business-type activities				
2006 Drinking Program #7183-01 general obligation unlimited tax bond	2027	2.125%	\$ 1,500,000	\$ 270,000
2006 Drinking Program #7183-02 general obligation unlimited tax bond	2027	2.125%	328,165	<u>63,165</u>
Total business-type activities				<u>\$ 333,165</u>

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

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 100,000	\$ 14,370	\$ 110,000	\$ 5,911
2026	102,000	12,870	110,000	3,574
2027	103,000	11,340	113,165	1,202
2028	105,000	9,795	-	-
2029	106,000	8,220	-	-
2030-2033	<u>442,000</u>	<u>16,695</u>	<u>-</u>	<u>-</u>
	<u>\$ 958,000</u>	<u>\$ 73,290</u>	<u>\$ 333,165</u>	<u>\$ 10,687</u>

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

Notes from Direct Borrowings and Direct Placements. The Village has entered into loan agreements with certain State agencies for program purposes. Loans payable at June 30, 2023 are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount
Governmental activities				
Brownfield redevelopment	2033	2.00%	\$ 228,965	\$ 112,019
DPW garage	2029	3.20%	630,000	240,000
				<u>\$ 352,019</u>

Annual debt service requirements to maturity for notes from direct borrowings and direct placements are as follows:

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 55,231	\$ 10,640
2026	55,435	8,861
2027	60,644	7,077
2028	60,857	5,114
2029	61,074	3,147
2030-2033	58,778	3,574
	<u>\$ 352,019</u>	<u>\$ 38,413</u>

10. 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 BROOKLYN, MICHIGAN

Notes to Financial Statements

11. 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.

12. 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 or 5 year period) and multipliers at 2.25%. Participants are considered to be fully vested in the plan after 10 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, 2023 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>8</u>
Total membership	<u><u>26</u></u>

Contributions. The employer 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. In addition, the employer may establish contribution rates to be paid by its covered employees. Employer contributions are 15.07% based on annual payroll. Member contributions are 4.70%.

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	6.93%, 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
- Disabled 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, 2023 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

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:

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%
Dedicated gains adjustment			-0.07%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>7.18%</u>

In February 2022, the MERS Retirement Board adopted a Dedicated Gains Policy. The purpose of the Policy is to automatically reduce the assumed rate of investment return for annual actuarial valuation purposes if the plan year's market value of investment income exceeds the expected investment income. Investment performance measured for the one-year period ending December 31, 2023 resulted in current year excess gains for use in lowering the assumed rate of investment return, as reflected above.

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2023 was 7.18% (down from 7.25% at December 31, 2022). 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.

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

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, 2022	\$ 1,473,894	\$ 948,781	\$ 525,113
Changes for the year:			
Service cost	50,121	-	50,121
Interest	103,920	-	103,920
Differences between expected and actual experience	(11,681)	-	(11,681)
Change in assumptions	9,155	-	9,155
Employer contributions	-	73,606	(73,606)
Employee contributions	-	20,426	(20,426)
Net investment income	-	105,929	(105,929)
Benefit payments, including refunds of employee contributions	(131,155)	(131,155)	-
Administrative expense	-	(2,204)	2,204
Net changes	20,360	66,602	(46,242)
Balances at December 31, 2023	\$ 1,494,254	\$ 1,015,383	\$ 478,871

Changes in assumptions. Amounts reported as changes in assumptions resulted from a decrease in the assumed rate of return from 7.00% to 6.93%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.18%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.18%) or 1% higher (8.18%) than the current rate:

1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
\$ 622,717	\$ 478,871	\$ 357,692

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

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

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

For the year ended June 30, 2024, the Village recognized pension expense of \$81,577. The City reported deferred outflows/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	\$ 17,190	\$ 29,471	\$ (12,281)
Changes in assumptions	16,707	-	16,707
Net difference between projected and actual earnings on pension plan investments	47,359	-	47,359
	81,256	29,471	51,785
Contributions subsequent to the measurement date	30,909	-	30,909
Total	\$ 112,165	\$ 29,471	\$ 82,694

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 June 30, 2025. Other amounts reported as deferred outflows/inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2025	\$ 14,014
2026	16,379
2027	29,102
2028	(7,710)
Total	\$ 51,785

Payable to the Pension Plan. At June 30, 2024, the Village had no amounts payable for contributions to the pension plan.

For the governmental activities, the net pension liability is generally liquidated by the general fund.

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

13. OTHER POSTEMPLOYMENT BENEFITS

General Information About the Plan

Plan Description. The Village provides certain health care benefits for retirees. The Village reimburses some of the retirees a monthly amount towards the cost of their Medicare Part B insurance premiums.

Benefits Provided. Other postemployment benefits are determined on an annual basis. For the year ended June 30, 2024, that amount was \$100 per retiree. No separate financial statements are issued with respect to this benefit obligation.

Employees Covered by Benefit Terms. At June 30, 2024, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	3
Active employees	<u>6</u>
Total membership	<u><u>9</u></u>

Contributions. The Village has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a “pay-as-you-go” basis). There were no prefunding contributions made in the current fiscal year. The amount of the annual required contribution is reflected in the schedule that follows. Administrative costs of the plan are paid for by the Village.

Total Other Postemployment Benefit Liability. The Village's total other postemployment benefit liability was measured as of June 30, 2024, and the total other postemployment liability used to calculate the net other postemployment liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total other postemployment liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25
Investment rate of return	3.65%, net of other postemployment benefit plan investment expense, including inflation

Mortality rates used were based on the Pub-2010 Scale MP-2019 Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study for the year end June 30, 2024.

For the year ended June 30, 2024, the Village has determined an estimated cost of providing postemployment benefits through an actuarial valuation as of June 30, 2024. The entry age cost method was used for the actuarial valuation. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed 30 years.

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions – Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Discount Rate. The discount rate used to measure the total other postemployment benefit liability as of June 30, 2024 was 3.65%. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at rates equal to the actuarially determined contributions rates. Based on these assumptions, the other postemployment benefit plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on other postemployment benefit plan investments was applied to all periods of projected benefit payments to determine the total other postemployment benefit liability.

Changes in Total Other Postemployment Benefit Liability

The components of the change in the total other postemployment benefit liability are summarized as follows:

Balance at June 30, 2023	<u>\$ 45,805</u>
Changes for the year:	
Service cost	2,137
Interest	1,603
Differences between expected and actual experience	(230)
Benefit payments and refunds	(3,600)
Other	<u>(196)</u>
Net changes	<u>(286)</u>
Balance at June 30, 2024	<u><u>\$ 45,519</u></u>

VILLAGE OF BROOKLYN, MICHIGAN

Notes to Financial Statements

Sensitivity of the Total Other Postemployment Benefit Liability to Changes in the Discount Rate. The following presents the total other postemployment benefit liability of the Village, calculated using the discount rate of 3.65%, as well as what the Village's total other postemployment benefit liability would be if it were calculated using a discount rate that is 1% lower (2.65%) or 1% higher (4.65%) than the current rate:

1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
\$ 50,689	\$ 45,519	\$ 41,182

Payable to the Other Postemployment Benefit Plan. At June 30, 2024, the Village had no amounts payable for contributions to the other postemployment benefit plan.

For the governmental activities, the total other postemployment benefit liability is generally liquidated by the general fund.

14. 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	\$ 70,000	\$ 36,000	\$ 106,000
Capital assets being depreciated, net	2,351,464	3,094,455	5,445,919
	<u>2,421,464</u>	<u>3,130,455</u>	<u>5,551,919</u>
Long-term liabilities:			
Bonds payable	958,000	333,165	1,291,165
Notes from direct borrowings and direct placements	352,019	-	352,019
	<u>1,310,019</u>	<u>333,165</u>	<u>1,643,184</u>
Net investment in capital assets	<u>\$ 1,111,445</u>	<u>\$ 2,797,290</u>	<u>\$ 3,908,735</u>

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BROOKLYN, 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 June 30,		For the Year Ended October 31,	
	2024	2023**	2022	2021
Total pension liability				
Service cost	\$ 50,121	\$ 48,600	\$ 49,669	\$ 43,817
Interest on total pension liability	103,920	97,563	101,072	94,794
Difference between expected and actual experience	(11,681)	51,572	(86,742)	6,615
Assumption changes	9,155	-	42,418	22,701
Benefit payments and refunds	(131,155)	(90,444)	(89,751)	(86,744)
Other changes	-	-	-	(9,884)
Net change in total pension liability	20,360	107,291	16,666	71,299
Total pension liability, beginning of year	1,473,894	1,366,603	1,349,937	1,278,638
Total pension liability, end of year	1,494,254	1,473,894	1,366,603	1,349,937
Plan fiduciary net position				
Employer contributions	73,606	82,210	73,574	58,422
Employee contributions	20,426	23,499	21,084	18,946
Net investment income (loss)	105,929	(107,947)	128,784	104,122
Benefit payments, including refunds of employee contributions	(131,155)	(90,444)	(89,751)	(86,744)
Administrative expense	(2,204)	(1,952)	(1,477)	(1,639)
Other	-	-	-	(9,884)
Net change in plan fiduciary net position	66,602	(94,634)	132,214	83,223
Plan fiduciary net position, beginning of year	948,781	1,043,415	911,201	827,978
Plan fiduciary net position, end of year	1,015,383	948,781	1,043,415	911,201
Net pension liability	<u>\$ 478,871</u>	<u>\$ 525,113</u>	<u>\$ 323,188</u>	<u>\$ 438,736</u>
Plan fiduciary net position as a percentage of total pension liability	67.95%	64.37%	76.35%	67.50%
Covered payroll	\$ 440,045	\$ 426,688	\$ 443,469	\$ 403,097
Net pension liability as a percentage of covered payroll	108.82%	123.07%	72.88%	108.84%

* For the 16-month period ended October 31

** For the 8-month period ended June 30

See notes to required supplementary information.

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For the Year Ended June 30,						
2020*	2019	2018	2017	2016	2015	
\$ 43,659	\$ 31,727	\$ 38,131	\$ 39,397	\$ 29,498	\$ 28,848	
94,545	91,294	89,948	87,300	84,322	84,362	
(10,607)	9,146	(12,287)	2,282	(43,816)	-	
30,564	-	-	-	50,694	-	
(88,887)	(96,258)	(95,246)	(95,246)	(86,868)	(92,258)	
-	-	(1)	-	2,636	570	
69,274	35,909	20,545	33,733	36,466	21,522	
1,209,364	1,173,455	1,152,910	1,119,177	1,082,711	1,061,189	
1,278,638	1,209,364	1,173,455	1,152,910	1,119,177	1,082,711	
48,221	45,203	49,009	45,258	46,280	42,303	
18,535	16,746	16,762	14,844	14,003	12,888	
99,923	(31,093)	97,549	78,758	(11,173)	46,134	
(88,887)	(96,258)	(95,246)	(95,246)	(86,868)	(92,258)	
(1,720)	(1,563)	(1,547)	(1,556)	(1,620)	(1,682)	
-	-	-	-	-	-	
76,072	(66,965)	66,527	42,058	(39,378)	7,385	
751,906	818,871	752,344	710,286	749,664	742,279	
827,978	751,906	818,871	752,344	710,286	749,664	
\$ 450,660	\$ 457,458	\$ 354,584	\$ 400,566	\$ 408,891	\$ 333,047	
64.75%	62.17%	69.78%	65.26%	63.47%	69.24%	
\$ 398,715	\$ 313,503	\$ 358,037	\$ 343,182	\$ 264,318	\$ 258,498	
113.03%	145.92%	99.04%	116.72%	154.70%	128.84%	

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VILLAGE OF BROOKLYN, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

For the Year Ended October 31/June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2024	\$ 75,672	\$ 65,335	\$ 10,337	\$ 423,117	15.44%
2023**	74,820	51,184	23,636	300,527	17.03%
2022	70,200	81,385	(11,185)	502,263	16.20%
2021	72,540	74,120	(1,580)	445,960	16.62%
2020*	72,890	72,890	-	550,827	13.23%
2019	45,005	45,005	-	342,848	13.13%
2018	49,009	49,009	-	358,037	13.69%
2017	43,892	45,258	(1,366)	343,182	13.19%
2016	38,297	46,257	(7,960)	264,318	17.50%
2015	42,303	42,303	-	258,498	16.36%

* For the 16-month period ended October 31

** For the 8-month period ended June 30

See notes to required supplementary information.

VILLAGE OF BROOKLYN, MICHIGAN

Required Supplementary Information

Retiree Healthcare Benefits

Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios

	For the Year Ended June 30,		For the Year Ended October 31,		
	2024	2023**	2022	2021	2020*
Change in total OPEB liability					
Service cost	\$ 2,137	\$ 1,970	\$ 3,177	\$ 5,953	\$ 5,137
Interest	1,603	1,627	1,771	1,105	1,083
Difference between expected and actual experience	(230)	2,272	(24,899)	(484)	19,349
Assumption changes	-	-	-	-	-
Benefit payments and refunds	(3,600)	(2,700)	(2,400)	(2,400)	(2,400)
Other	(196)	-	-	-	-
Net change in total OPEB liability	<u>(286)</u>	<u>3,169</u>	<u>(22,351)</u>	<u>4,174</u>	<u>23,169</u>
Total OPEB liability, beginning of year	<u>45,805</u>	<u>42,636</u>	<u>64,987</u>	<u>60,813</u>	<u>37,644</u>
Total OPEB liability, end of year	<u><u>\$ 45,519</u></u>	<u><u>\$ 45,805</u></u>	<u><u>\$ 42,636</u></u>	<u><u>\$ 64,987</u></u>	<u><u>\$ 60,813</u></u>
Covered payroll	\$ 402,966	\$ 226,674	\$ 417,911	\$ 396,024	\$ 493,381
Total OPEB liability as a percentage of covered payroll	11.30%	20.21%	10.20%	16.41%	12.33%

* For the 16-month period ended October 31

** For the 8-month period ended June 30

See notes to required supplementary information.

For the Year Ended June 30,			
2019		2018	
\$	2,801	\$	3,560
	1,273		728
	(469)		-
	2,400		-
	(2,400)		(2,400)
	-		2,404
	3,605		4,292
	34,039		29,747
\$	37,644	\$	34,039
\$	325,225	\$	355,525
	11.57%		9.57%

VILLAGE OF BROOKLYN, MICHIGAN

Required Supplementary Information

Retiree Healthcare Benefits

Schedule of Contributions

For the Year Ended October 31/June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2024	\$ 5,931	\$ 3,600	\$ 2,331	\$ 402,966	0.89%
2023**	5,494	2,700	2,794	226,674	1.19%
2022	6,223	2,400	3,823	417,911	0.57%
2021	10,286	2,400	7,886	396,024	0.61%
2020*	10,205	2,400	7,805	493,381	0.49%
2019	5,733	2,400	3,333	325,225	0.74%
2018	2,400	2,400	-	355,525	0.68%

* For the 16-month period ended October 31

** For the 8-month period ended June 30

See notes to required supplementary information.

Village of Brooklyn, Michigan

Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

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

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

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%.

In 2024, amounts reported as changes in assumptions resulted from a decrease in the assumed rate of return from 7.00% to 6.93%.

Notes to Schedule of Contributions

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.

Methods and assumptions used to determine contribution rates (2024, based on the 12/31/2021 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	7.00%, net of investment and administrative expense including inflation
Normal retirement age	Age 60

Village of Brooklyn, Michigan

Notes to Required Supplementary Information

Mortality

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

Disabled 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

Retiree Healthcare Benefits

GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to the Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios

Changes in assumptions.

In 2019, amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 3.50% to 1.81%.

Notes to Schedule of Contributions

Valuation date June 30, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage payroll
Remaining amortization period	12 years
Salary growth rate	3.25%
Investment rate of return	3.65%
Retirement age	65

VILLAGE OF BROOKLYN, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	Building Inspection	Street Improvement	Total
Assets			
Cash and investments	\$ 32,837	\$ -	\$ 32,837
Liabilities			
Accounts payable	\$ 2,969	\$ -	\$ 2,969
Accrued liabilities	461	-	461
Total liabilities	3,430	-	3,430
Fund balances			
Restricted	29,407	-	29,407
Total liabilities and fund balances	\$ 32,837	\$ -	\$ 32,837

VILLAGE OF BROOKLYN, MICHIGAN

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

Nonmajor Governmental Funds

Year Ended June 30, 2024

	Building Inspection	Street Improvement	Total
Revenues			
Licenses and permits	\$ 46,955	\$ -	\$ 46,955
Interest	326	-	326
Total revenues	<u>47,281</u>	<u>-</u>	<u>47,281</u>
Expenditures			
Current expenditures -			
Public safety	36,870	-	36,870
Debt service:			
Principal	-	99,000	99,000
Interest	-	15,855	15,855
Total expenditures	<u>36,870</u>	<u>114,855</u>	<u>151,725</u>
Revenues over (under) expenditures	<u>10,411</u>	<u>(114,855)</u>	<u>(104,444)</u>
Other financing sources (uses)			
Transfers in	-	17,338	17,338
Transfers out	-	(157,000)	(157,000)
Total other financing sources (uses)	<u>-</u>	<u>(139,662)</u>	<u>(139,662)</u>
Net change in fund balances	<u>10,411</u>	<u>(254,517)</u>	<u>(244,106)</u>
Fund balances, beginning of year	<u>18,996</u>	<u>254,517</u>	<u>273,513</u>
Fund balances, end of year	<u>\$ 29,407</u>	<u>\$ -</u>	<u>\$ 29,407</u>

**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**

December 30, 2024

The Members of the Village of
Brooklyn Council
Brooklyn, 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 Brooklyn** (the "Village"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 30, 2024.

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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2024-001 that we consider to be a material weakness.



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 Brooklyn's Response 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 responses. 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 Lohman LLC". The signature is written in a cursive, flowing style.

VILLAGE OF BROOKLYN, MICHIGAN

Schedule of Findings and Responses

For the Year Ended June 30, 2024

2024-001 - Preparation of Financial Statements in Accordance with GAAP (repeat)

Finding Type. Material Weakness in Internal Control over Financial Reporting

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

Condition. As is the case with many smaller and medium-sized entities, the Village has historically 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 the Village'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. We recommend that Management continue to evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP.

View of Responsible Officials. Management 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.

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VILLAGE OF BROOKLYN, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024

2023-001 - Reasonably Adjusted Trial Balance (repeat)

During our audit, we identified and proposed material adjustments (which were approved and posted by management) to adjust the Village's general ledger to the appropriate balances. Adjustments were required to correct cash, accounts payable, accrued wages, beginning fund balance/net position, amounts due to/from other funds, due from other governments and the related state revenue, capital outlay expenditures, interest expense, and transfers in/out. This matter was resolved in the current year.

2023-002 - Preparation of Financial Statements in Accordance with GAAP (repeat)

As is the case with many smaller and medium-sized entities, the Village has historically 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. This matter was repeated as finding 2024-001.

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INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

December 30, 2024

The Members of the Village of
Brooklyn Council
Brooklyn, 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 Brooklyn** (the "Village") as of and for the year ended June 30, 2024, and have issued our report thereon dated December 30, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 18, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Village solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated December 30, 2024.



Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on September 23, 2024.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Village's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Village is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements was:

- The assumptions used in the alternative calculation of the other postemployment benefits plan are based on historical trends and industry standards.

In addition, the financial statements include net pension liability and other related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards but are not within the control of management.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

The schedule of adjustments passed is included with management's written representations in Attachment B to this letter, and summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Village's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment B to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Village, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Village's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment A to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the **Village of Brooklyn, Michigan** and is not intended to be and should not be used by anyone other than these specified parties.

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

VILLAGE OF BROOKLYN, MICHIGAN

Attachment A – Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2024 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Village in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Village. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 101 ■ Compensated Absences

Effective 12/15/2024 (your FY 2025)

This standard revises the liability governments record for compensated absences payable to include any sick, vacation, personal time, or other PTO reasonably expected to be used by employees or paid out to them at termination.

GASB 102 ■ Certain Risk Disclosures

Effective 06/15/2025 (your FY 2025)

This standard requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. We do not expect this standard to have any significant effect on the Village.

GASB 103 ■ Financial Reporting Model Improvements

Effective 06/15/2026 (your FY 2026)

This standard establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following: a. management’s discussion and analysis (MD&A), b. unusual or infrequent items, c. presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, d. information about major component units in basic financial statements, e. budgetary comparison information, and f. financial trends information in the statistical section.

GASB 104 ■ Disclosure of Certain Capital Assets

Effective 06/15/2026 (your FY 2026)

This standard requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, requires certain intangible assets to be disclosed separately by major class, and requires additional disclosures for capital assets held for sale.

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VILLAGE OF BROOKLYN, MICHIGAN

Attachment B – Management Representations

For the June 30, 2024 Audit

The following pages contain the written representations that we requested from management.



December 30, 2024

Rehmann Robson
675 Robsinson Road
Jackson, Michigan 49203

This representation letter is provided in connection with your audit of 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 **Village of Brooklyn, Michigan**, as of and for the year ended June 30, 2024, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the respective budgetary comparison for the general fund and each major special revenue fund of the Village in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 30, 2024:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 18, 2024, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.

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4. With respect to the nonattest services provided, which include any assistance you provided in drafting the financial statements and related notes, proposing standard, adjusting or conversion journal entries, assistance with maintaining/updating a GASB 68 template for pension, and assistance with maintaining/updating a GASB 75 template for OPEB, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.
5. We acknowledge our responsibility 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.
6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
10. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
13. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
14. All funds and activities are properly classified.
15. All funds that meet the quantitative GASB criteria for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.

16. All components of net position and fund balance classifications have been properly reported.
17. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
19. All interfund and intra-entity transactions and balances have been properly classified and reported.
20. Special items and extraordinary items have been properly classified and reported.
21. Deposit and investment risks have been properly and fully disclosed.
22. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
23. All required supplementary information is measured and presented within the prescribed guidelines.
24. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
25. We are responsible for the fair presentation of the Village's net pension liability as calculated by the Municipal Employees' Retirement System of Michigan (MERS) and related amounts. We provided MERS with complete and accurate information regarding the Village's participation in the plan, and have reviewed the information provided by MERS for inclusion in the Village's financial statements.

Information Provided

26. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
27. All transactions have been recorded in the accounting records and are reflected in the financial statements.
28. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
29. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
30. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.

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31. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
32. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
33. We have a process to track the status of audit findings and recommendations.
34. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
35. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
36. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
37. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
38. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
39. The government has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
40. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.
41. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
42. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
43. The government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
44. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
45. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations

refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Supplementary Information in Relation to the Financial Statements as a Whole

46. With respect to the supplementary information accompanying the financial statements:

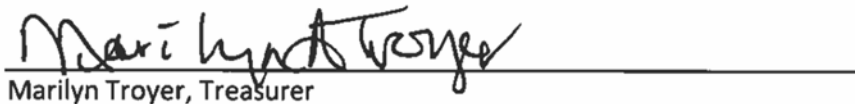
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Required Supplementary Information

47. With respect to the required supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.


Matt Swartzlander, Village Manager


Marilyn Troyer, Treasurer

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VILLAGE OF BROOKLYN, MICHIGAN

Schedule of Adjustments Passed (SOAP)

For the June 30, 2024 Audit

In accordance with generally accepted auditing standards, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. We are providing this schedule to both management and those charged with governance to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Equity	Revenues	Expenses/ Expenditures
Governmental activities					
Current Year -					
Overstatement of other income	\$ -	\$ -	\$ (101,279)	\$ 101,279	\$ -
Prior Year -					
Overstatement of depreciation	-	-	(22,573)	-	(22,573)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (123,852)</u>	<u>\$ 101,279</u>	<u>\$ (22,573)</u>
Misstatement as a percentage of total assets and deferred outflows of resources - governmental activities	0.0%	0.0%	-2.7%	2.2%	-0.5%