

**VILLAGE OF BROOKLYN
JACKSON COUNTY, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required and other supplementary information)**

YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-13
BASIC FINANCIAL STATEMENTS.....	14
Government-wide Financial Statements	
Statement of Net Position.....	15
Statement of Activities.....	16
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	20
Proprietary Funds	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Net Position	22
Statement of Cash Flows.....	23
Notes to Financial Statements	24-51
REQUIRED SUPPLEMENTARY INFORMATION	52
Budgetary Comparison Schedules	
General Fund.....	53-54
Major Street Fund.....	55
Local Street Fund	56
Street Tax Receiving Fund	57
Schedule of Changes in Village's Net Pension Liability and Related Ratios.....	58
Schedule of Village Pension Contributions	59
Schedule of Changes in Village's Net OPEB Liability and Related Ratios.....	60
Schedule of Village OPEB Contributions	61
Notes to Required Supplementary Information	62-64
OTHER SUPPLEMENTARY INFORMATION.....	65
Nonmajor Governmental Funds	
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	67

TABLE OF CONTENTS

Page

Component Unit Fund

Corridor Improvement Authority

Balance Sheet..... 68

Statement of Revenues, Expenditures, and Changes in Fund Balance 69

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

70-72



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Village Council of the
Village of Brooklyn
Jackson County, 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, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Village of Brooklyn's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Brooklyn, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Brooklyn 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.

Change in Accounting Principles

As discussed in Note 12 to the financial statements, during the year ended June 30, 2025, the Village of Brooklyn adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Brooklyn's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 other supplementary information is 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 October 24, 2025, on our consideration of the Village of Brooklyn'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 of Brooklyn'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 of Brooklyn's internal control over financial reporting and compliance.

Manes Costeiran PC

October 24, 2025

VILLAGE OF BROOKLYN MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the Village of Brooklyn's financial performance and position, providing an overview of the activities for the fiscal year ended June 30, 2025. This analysis should be read in conjunction with the *Independent Auditor's Report* and with the Village's financial statements, which follow this section. This discussion provides comparisons with the previous fiscal year as required by the Governmental Accounting Standards Board (GASB).

FINANCIAL HIGHLIGHTS

Total net position	\$ 5,782,227
Change in net position	458,984
 Total fund balance in the governmental funds	 834,613
Change in fund balance in the governmental funds	(218,583)
 Unassigned fund balance in the General Fund	 58,403
Change in fund balance in the General Fund	(207,717)
 Total investment in capital assets, net of accumulated depreciation	 5,640,911
Net change in capital assets	88,992
 Total long-term obligations outstanding	 1,310,829
Net change in long-term obligations	(358,704)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's annual financial report. The annual financial report of the Village consists of the following components: 1) *Independent Auditor's Report*; 2) *Management's Discussion and Analysis*; 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements); 4) *Required Supplementary Information* such as budget to actual comparisons for the General Fund and major Special Revenue Funds; and 5) *Other Supplementary Information* including combining financial statements for all nonmajor governmental funds and other funds.

Government-wide Financial Statements (Reporting the Village as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities, which report information about the Village as a whole, and about its activities. Their purpose is to assist in answering the question, is the Village, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Position presents all of the Village's assets and deferred outflows, less liabilities and deferred inflows, the difference of which is known as "net position". Over time, increases or decreases in net position measure whether the Village's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net position changed during the current fiscal year. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

VILLAGE OF BROOKLYN MANAGEMENT'S DISCUSSION AND ANALYSIS

Both statements report the following activities:

- **Governmental Activities** - Most of the Village's basic services are reported under this category. Taxes, charges for services, and intergovernmental revenue primarily fund these services. Most of the Village's government departments such as public safety, the Village Council, public works, and recreation and culture programs are reported under these activities. This also includes the activities such as the Major and Local Street maintenance, and economic development.
- **Business-type Activities** - These activities operate like private businesses. The Village charges fees to recover the cost of the services provided. The Village's Sewer Fund and Water Fund are examples of such activities.
- **Discretely Presented Component Unit** - The Discretely Presented Component Unit is a legally separate organization for which the Village Council appoints the applicable board and there is a degree of financial accountability to the Village.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, reconciliations between the two statement types are provided in the financial statements. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental fund. Capital assets and depreciation expense are reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the fund financial statements of the governmental funds.
- Internal service funds are reported as governmental activities on the government-wide statements but are reported as proprietary funds on the fund financial statements.
- Long-term liabilities, such as amounts accrued for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however, they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Long-term debt proceeds are reported as liabilities on the government-wide statements but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the Village's general capital assets such as land, buildings, equipment, infrastructure, etc. These values are not included in the fund financial statements.

Fund Financial Statements (Reporting the Village's Major Funds)

The fund financial statements provide information on the Village's major (significant) funds, and aggregated nonmajor funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

VILLAGE OF BROOKLYN MANAGEMENT'S DISCUSSION AND ANALYSIS

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as funds required by grant agreements. Funds are also utilized to track specific operations; these include the enterprise funds, which include the Sewer and Water funds.

The *basic financial statements* report major funds as defined by the Governmental Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for the Village include the General Fund, Major Street Fund, Local Street Fund, Street Tax Receiving Fund, Sewer Fund, and Water Fund. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type. The Village includes detailed information on its nonmajor funds in other supplementary sections of this report.

The Village's funds are divided into three categories - governmental, proprietary, and component units - and use different accounting approaches:

- **Governmental Funds** - Most of the Village's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the Village's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (where use of fund balance is restricted), *Debt Service Funds* (used to report debt tax millage collections and payment of long-term debt), and *Capital Projects Funds* (used to report major capital acquisitions and construction).
- **Proprietary Funds** - Services, for which the Village charges customers a fee, are generally reported in proprietary funds. Proprietary funds use the same accrual basis of accounting used in the government-wide statements and by private business. The Village has two types of proprietary funds. Enterprise funds report activities that provide supplies and/or services to the general public, such as the Sewer Fund and the Water Fund and the internal service fund which report activity associated with goods and services provided to other funds and departments of the Village on a cost reimbursement basis.
- **Discretely Presented Component Unit** - The Discretely Presented Component Unit is a legally separate organization for which the Village Council appoints the board and there is a degree of financial accountability to the Village. The Corridor Improvement Authority is an example of such an activity.

Notes to the Financial Statements

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

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund and the major special revenue funds. It also includes required schedules for both of the Village's defined benefit pension and OPEB plans.

**VILLAGE OF BROOKLYN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Other Supplementary Information

Other Supplementary Information includes combining financial statements for the nonmajor governments funds and the fund-level financial statements of the discretely presented component unit. These funds are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The following table shows, in a condensed format, a comparative analysis of the net position as of June 30, 2025, and 2024.

Net Position as of June 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total Primary Government	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
ASSETS						
Current and Other Assets	\$ 2,195,883	\$ 2,013,434	\$ 844,236	\$ 675,450	\$ 3,040,119	\$ 2,688,884
Capital Assets	2,617,602	2,421,464	3,023,309	3,130,455	5,640,911	5,551,919
TOTAL ASSETS	4,813,485	4,434,898	3,867,545	3,805,905	8,681,030	8,240,803
DEFERRED OUTFLOWS OF RESOURCES	82,222	90,871	13,385	21,294	95,607	112,165
LIABILITIES						
Current Liabilities	678,138	322,484	243,771	268,758	921,909	591,242
Noncurrent Liabilities	1,409,422	1,588,270	183,378	314,073	1,592,800	1,902,343
TOTAL LIABILITIES	2,087,560	1,910,754	427,149	582,831	2,514,709	2,493,585
DEFERRED INFLOWS OF RESOURCES	478,288	504,196	1,413	5,595	479,701	509,791
NET POSITION						
Net investment in capital assets	1,564,602	1,111,445	2,800,144	2,797,290	4,364,746	3,908,735
Restricted	420,210	429,876	-	-	420,210	429,876
Unrestricted	345,047	569,498	652,224	441,483	997,271	1,010,981
TOTAL NET POSITION	\$ 2,329,859	\$ 2,110,819	\$ 3,452,368	\$ 3,238,773	\$ 5,782,227	\$ 5,349,592

*The amounts as of June 30, 2024, have not been updated for the adoption of GASB Statement No. 101.

Net position may serve over time as a useful indicator of a government's financial position. The Village's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources as of June 30, 2025, with portion of the Village's net position reflecting its balance of unrestricted net position.

The Village's portion of total net position contains a net investment in capital assets which is determined by the amount invested in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding June 30, 2025. 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 capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**VILLAGE OF BROOKLYN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

An additional portion of the Village's net position represents resources that are subject to external restrictions on how they may be used. Overall, net position increased during the current year as indicated below.

Changes in Net Position for the Fiscal Years Ending June 30, 2025 and 2024

The condensed financial information that follows was derived from the government-wide Statement of Activities and reflects how the Village's net position changed between fiscal years 2025 and 2024:

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year Ending June 30,		Year Ending June 30,		Year Ending June 30,	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues						
Charges for Services	\$ 80,884	\$ 185,329	\$ 1,291,604	\$ 1,217,704	\$ 1,372,488	\$ 1,403,033
Operating Grants and Contributions	385,284	232,834	-	-	385,284	232,834
General Revenues						
Property Taxes	596,780	556,551	-	239	596,780	556,790
Marijuana Taxes	58,229	59,086	-	-	58,229	59,086
State Shared Revenue	162,113	159,537	-	-	162,113	159,537
Investment Earnings	65,297	30,733	23,746	5,464	89,043	36,197
Miscellaneous	5,262	150,889	-	-	5,262	150,889
TOTAL REVENUES	1,353,849	1,374,959	1,315,350	1,223,407	2,669,199	2,598,366
EXPENSES						
General Government	235,580	414,680	-	-	235,580	414,680
Public Safety	88,630	117,911	-	-	88,630	117,911
Public Works	589,054	537,321	-	-	589,054	537,321
Community and Economic Development	46,519	2,581	-	-	46,519	2,581
Recreation and Culture	56,013	22,927	-	-	56,013	22,927
Interest on Long-term Debt	20,840	24,091	-	-	20,840	24,091
Sewer	-	-	626,276	616,089	626,276	616,089
Water	-	-	547,303	565,245	547,303	565,245
TOTAL EXPENSES	1,036,636	1,119,511	1,173,579	1,181,334	2,210,215	2,300,845
TRANSFERS	(78,000)	-	78,000	-	-	-
Change in Net Position	239,213	255,448	219,771	42,073	458,984	297,521
Net Position, Beginning of Year, as Restated	2,090,646	1,855,371	3,232,597	3,196,700	5,323,243	5,052,071
Net Position, End of Year	\$ 2,329,859	\$ 2,110,819	\$ 3,452,368	\$ 3,238,773	\$ 5,782,227	\$ 5,349,592

*The amounts as of June 30, 2024, have not been updated for the adoption of GASB Statement No. 101; however, they have been adjusted to match the current year presentation.

Governmental Activities

Fiscal year 2025 results showed an increase in net position of approximately 11% from the prior fiscal year. The largest revenue sources were property taxes and operating grants and contributions which consists of approximately 44% and 28%, respectively, of the total revenues. The largest expenses are related to public works and general government which make up approximately 57% and 23%, respectively, of the total expenses. Key elements of the change in net position are as follows:

- Increase in property values and corresponding property tax revenue.
- Receipt of Safe Routes to School grant.

VILLAGE OF BROOKLYN MANAGEMENT'S DISCUSSION AND ANALYSIS

- Increase in interest income with better than anticipated markets and interest rates.
- Administrative assistant expenses decreased as the position was changed from full-time to part-time.
- Decrease in conferences/training expenses.

Business-type Activities

Fiscal year 2025 results showed an increase in net position of approximately 7% from the prior fiscal year. Key elements of the change in net position are as follows:

- Increased rates which increased charges for service revenues.
- Increase in interest income with better than anticipated markets and interest rates.

FINANCIAL ANALYSIS OF THE VILLAGE OF BROOKLYN MAJOR AND NONMAJOR FUNDS

Governmental Funds

As the Village completed fiscal year 2025, its governmental funds reported a positive *combined* fund balance. The net changes are summarized in the following chart:

	General Fund	Major Street Fund	Local Street Fund	Street Tax Receiving Fund	Nonmajor Governmental Funds	Total
Fund Balance at June 30, 2025	\$ 415,603	\$ 308,785	\$ 78,194	\$ 7	\$ 32,024	\$ 834,613
Fund Balance at June 30, 2024	\$ 623,320	\$ 293,637	\$ 106,832	\$ -	\$ 29,407	\$ 1,053,196
Net Change	\$ (207,717)	\$ 15,148	\$ (28,638)	\$ 7	\$ 2,617	\$ (218,583)

General Fund

The *General Fund* is the chief operating fund of the Village. Unless otherwise required by statute, contractual agreement, or Council policy, all Village revenues and expenditures are recorded in the General Fund. At the end of the current fiscal year, the total fund balance had decreased approximately 33%. Key elements of the change in fund balance are as follows:

- Development of a Master Plan and Parks and Recreation Plan.
- Swain Lake parking lot paving and striping and rubber nugget mulch.
- Purchase of a new HVAC system.
- Early payoff of the Brownfield Redevelopment loan.
- Transfer to supplement the Water Fund

Major Street Fund

The *Major Street Fund* accounts for revenues received from the State of Michigan for the Village's share of State gasoline and weight taxes, which is used for maintenance of the Village's major streets. At the end of the current fiscal year, the total fund balance had increased approximately 5%. Key elements of the change in fund balance are as follows:

- Increase in Michigan Transportation Fund (Act 51) revenue.
- Increase in interest income with better than anticipated markets and interest rates.
- Offset by Mill Street Bridge redesign expenditures.

**VILLAGE OF BROOKLYN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Local Street Fund

The *Local Street Fund* accounts for revenues received from the State of Michigan for the Village's share of State gasoline and weight taxes, which is used for maintenance of the Village's local streets. At the end of the current fiscal year, the total fund balance had decreased approximately 27%. Key elements of the change in fund balance are as follows:

- Increase in Michigan Transportation Fund (Act 51) revenue.
- Increase in interest income with better than anticipated markets and interest rates.
- Sidewalk replacement expenditures.
- Approximately a 50% increase of costs to salt roads during the 2024/2025 winter season.
- Transferred in approximately \$160,000 less into the Local Street Fund to offset expenditures.

Street Tax Receiving Fund

The *Street Tax Receiving Fund* accounts for the restricted financial resources (the street taxes) which are levied by the Village for street maintenance. At the end of the current fiscal year, the total fund balance had increased to \$7 and is restricted for the maintenance of the Village's streets.

Enterprise Funds

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

	Sewer Fund	Water Fund	Total
Net Position at June 30, 2025	\$ 2,032,725	\$ 1,419,643	\$ 3,452,368
Net Position at June 30, 2024	\$ 1,836,338	\$ 1,396,259	\$ 3,232,597
Net Change	\$ 196,387	\$ 23,384	\$ 219,771

Sewer System Fund

The *Sewer System Fund* accounts for the operations and maintenance required to provide sewer services to the general public with the costs (expenses, including depreciation) being financed or recovered primarily through user charges. At the end of the current fiscal year, the total net position had increased approximately 11%. Key elements of the change in net position are as follows:

- Increased rates which increased charges for service revenues.
- Increase in interest income with better than anticipated markets and interest rates.
- Offset by increased costs related to generator maintenance and system flushing.

Water System Fund

The *Water System Fund* accounts for the operations and maintenance required to provide water services to the general public with the costs (expenses, including depreciation) being financed or recovered primarily through user charges. At the end of the current fiscal year, the total net position had increased approximately 2%. Key elements of the change in net position are as follows:

- Transfer in from the General Fund to help offset expenses.
- Expenses were offset by a vendor credit of more than \$10,000.
- Repairs and maintenance expenses decreased without that needed expense.

VILLAGE OF BROOKLYN MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The Village's budget is a dynamic document. Although adopted in prior to the start of the fiscal year, the budget is amended during the course of the fiscal year to reflect changing operational demands.

Actual General Fund revenues totaled \$891,400, or \$95,479 less than the final amended budget which was increased \$45,766 from the original budget. General Fund actual expenditures and other financing uses ended the year at \$1,099,117 and the final amended budget was \$991,018, which was approximately 11% less than actual. The final amended budget was approximately 13% lower than the originally adopted budget after new information became available requiring the amendments.

The most significant variances related to the General Fund's budget are noted below.

	Original Budget	Final Amended Budget	Variance between Original and Final Budgets	Actual	Variance between Final Budget and Actual
General Fund					
Revenue					
Intergovernmental - Other	\$ 130,000	\$ 130,000	\$ -	\$ 48	\$ (129,952)
Charges for Services	97,500	105,250	7,750	134,233	28,983
Interest	5,000	44,000	39,000	59,105	15,105
Expenditures					
General government					
Manager	90,100	88,520	(1,580)	78,107	(10,413)
Debt service					
Principal	55,200	38,000	(17,200)	148,019	110,019

- Swain Park grant was budgeted again in FY 2025 but did not occur again.
- Charges for services came in higher as a result more park reservations and code enforcement.
- Interest revenue came in much higher than anticipated based on the market and interest rates.
- Spread salary based on where the City Manager spent their time.
- Early payoff of the Brownfield Redevelopment Loan.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the Village's investment in capital assets includes land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and sewer and water systems. Refer to Note 6 of the notes to the financial statements for more detailed information related to capital assets.

**VILLAGE OF BROOKLYN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The summary of capital assets below shows the net capital assets for both governmental and business-type activities as of June 30, 2025:

	Balance June 30, 2024	Change	Balance June 30, 2025
Land	\$ 106,000	\$ -	\$ 106,000
Land Improvements, net	18,982	56,439	75,421
Buildings and Improvements, net	1,512,283	(37,462)	1,474,821
Furniture and Equipment, net	93,047	134,446	227,493
Vehicles, net	121,572	16,475	138,047
Infrastructure, net	1,544,306	(12,749)	1,531,557
Sewer System, net	1,332,390	(59,816)	1,272,574
Water System, net	823,339	(8,341)	814,998
Capital assets, net	<u>\$ 5,551,919</u>	<u>\$ 88,992</u>	<u>\$ 5,640,911</u>

The net increase/(decrease) in the Village's investment in capital assets for the governmental and business-type activities in the current year was a result of purchasing the following:

- HVAC with air scrubber
- Mill Street Bridge
- Swain Park
 - Playground equipment
 - Parking lot paving and striping
 - Rubber nugget mulch

Outstanding Long-term Obligations

As of June 30, 2025, At the end of the current year, the Village's primary government had various long-term obligations outstanding aside from compensated absences. Refer to Note 7 to the financial statements for more detailed information related to long-term debt and compensated absences.

	Balance June 30, 2024	Change	Balance June 30, 2025
Primary Government			
Governmental Activities			
General Obligations Bonds	\$ 1,198,000	\$ (145,000)	\$ 1,053,000
Notes from direct borrowings			
and direct placements	112,019	(112,019)	-
Compensated absences	20,173	4,794	24,967
Total Governmental Activities	<u>1,330,192</u>	<u>(252,225)</u>	<u>1,077,967</u>
Business-type Activities			
General Obligations Bonds	333,165	(110,000)	223,165
Compensated absences	6,176	3,521	9,697
Total Business-type Activities	<u>339,341</u>	<u>(106,479)</u>	<u>232,862</u>
Total Primary Government	<u>\$ 1,669,533</u>	<u>\$ (358,704)</u>	<u>\$ 1,310,829</u>

**VILLAGE OF BROOKLYN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The net increase/(decrease) in the Village's long-term obligations for the governmental and business-type activities in the current year was primarily the result of paying the following:

- Debt service payments on street bonds, DPW garage bonds, drinking water revolving fund bonds, and pay off of Brownfield Redevelopment loan.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS & EFFECTS

The following factors were considered in preparing the Village's budget for the 2026 and subsequent fiscal years:

The Village expects a modest increase in property tax, continued increases from TIF Capture for CIA, and increase building activities for development and redevelopment activities, and increase in investment returns. The Village's positive revenue outlook, coupled with management's conservative approach to budgeting supports a positive outlook for stability. Lower State shared revenue in upcoming fiscal years, along with uncertain financial outlooks will drive a tighter and further strategic budget process and spending habits.

CONTACTING THE VILLAGE OF BROOKLYN

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Village of Brooklyn's Village Hall or visit the Village's website at www.villageofbrooklyn.com.

BASIC FINANCIAL STATEMENTS

**VILLAGE OF BROOKLYN
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit
ASSETS				
Current assets				
Cash	\$ 139,273	\$ 288,373	\$ 427,646	\$ 5,480
Investments	1,784,190	588,215	2,372,405	118,571
Receivables	28,996	152,648	181,644	505
Due from other governmental units	58,424	-	58,424	-
Internal balances	185,000	(185,000)	-	-
Total current assets	2,195,883	844,236	3,040,119	124,556
Noncurrent assets				
Capital assets not being depreciated	70,000	36,000	106,000	-
Capital assets, net of accumulated depreciation	2,547,602	2,987,309	5,534,911	-
Total noncurrent assets	2,617,602	3,023,309	5,640,911	-
TOTAL ASSETS	4,813,485	3,867,545	8,681,030	124,556
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	82,222	13,385	95,607	-
LIABILITIES				
Current liabilities				
Accounts payable	24,496	120,729	145,225	375
Accrued liabilities	18,300	2,160	20,460	316
Accrued interest payable	4,258	1,185	5,443	-
Unearned revenue	504,117	-	504,117	-
Current portion of compensated absences	24,967	9,697	34,664	-
Current portion of long-term debt	102,000	110,000	212,000	-
Total current liabilities	678,138	243,771	921,909	691
Noncurrent liabilities				
Noncurrent portion of long-term debt	951,000	113,165	1,064,165	-
Net pension liability	431,304	70,213	501,517	-
Total OPEB liability	27,118	-	27,118	-
Total noncurrent liabilities	1,409,422	183,378	1,592,800	-
TOTAL LIABILITIES	2,087,560	427,149	2,514,709	691
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - leases	469,607	-	469,607	-
Related to pensions	8,681	1,413	10,094	-
TOTAL DEFERRED INFLOWS OF RESOURCES	478,288	1,413	479,701	-
NET POSITION				
Net investment in capital assets	1,564,602	2,800,144	4,364,746	-
Restricted				
Building inspections	32,024	-	32,024	-
Streets and roads	386,986	-	386,986	-
Gazebo	1,200	-	1,200	-
Unrestricted	345,047	652,224	997,271	123,865
TOTAL NET POSITION	\$ 2,329,859	\$ 3,452,368	\$ 5,782,227	\$ 123,865

See accompanying notes to financial statements.

**VILLAGE OF BROOKLYN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Component Unit
Primary government						
Governmental activities						
General government						
Public safety	\$ 235,580	\$ 1,873	\$ 16,689	\$ (217,018)	\$ -	\$ -
Public works	88,630	50,813	10,787	(27,030)	-	-
Community and economic development	589,054	10,713	357,808	(220,533)	-	-
Recreation and culture	46,519	16,985	-	(29,534)	-	-
Interest on long-term debt	56,013	500	-	(55,513)	-	-
	20,840	-	-	(20,840)	-	-
Total governmental activities	1,036,636	80,884	385,284	(570,468)	-	-
Business-type activities						
Sewer	626,276	799,074	-	-	172,798	-
Water	547,303	492,530	-	-	(54,773)	-
Total business-type activities	1,173,579	1,291,604	-	-	118,025	-
Total primary government	\$ 2,210,215	\$ 1,372,488	\$ 385,284	(570,468)	118,025	-
Component unit						
Corridor Improvement Authority	\$ 17,428	\$ -	\$ -	-	-	(17,428)
General revenues						
Property taxes				596,780	-	44,968
Marijuana tax				58,229	-	-
State shared revenue				162,113	-	-
Investment earnings				65,297	23,746	5,709
Miscellaneous				5,262	-	2,000
Total general revenues				887,681	23,746	52,677
Transfers				(78,000)	78,000	-
Change in net position				239,213	219,771	35,249
Net position, beginning of the year, as previously reported				2,110,819	3,238,773	88,616
Change in accounting principle				(20,173)	(6,176)	-
Net position, beginning of the year, as restated				2,090,646	3,232,597	88,616
Net position, end of the year				\$ 2,329,859	\$ 3,452,368	\$ 123,865

See accompanying notes to financial statements.

**VILLAGE OF BROOKLYN
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	General	Major Street	Local Street	Street Tax Receiving	Nonmajor Governmental Funds	Total
ASSETS						
Cash	\$ 63,970	\$ 13,838	\$ 10,776	\$ 7	\$ 8,752	\$ 97,343
Investments	1,212,473	184,936	56,043	-	26,526	1,479,978
Accounts receivable	28,996	-	-	-	-	28,996
Due from other governmental units	24,433	25,227	8,764	-	-	58,424
Due from other funds	100,000	90,980	8,257	-	-	199,237
TOTAL ASSETS	\$ 1,429,872	\$ 314,981	\$ 83,840	\$ 7	\$ 35,278	\$ 1,863,978
LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Account payable	\$ 12,072	\$ 4,546	\$ 3,561	\$ -	\$ 2,925	\$ 23,104
Accrued liabilities	14,236	1,650	2,085	-	329	18,300
Due to other funds	14,237	-	-	-	-	14,237
Unearned revenue	504,117	-	-	-	-	504,117
TOTAL LIABILITIES	544,662	6,196	5,646	-	3,254	559,758
DEFERRED OUTFLOWS OF RESOURCES						
Unavailable revenue - lease	469,607	-	-	-	-	469,607
FUND BALANCES						
Restricted						
Building inspections	-	-	-	-	32,024	32,024
Streets and roads	-	308,785	78,194	7	-	386,986
Gazebo	1,200	-	-	-	-	1,200
Assigned						
Weatherwax park	200,000	-	-	-	-	200,000
Long-term debt	156,000	-	-	-	-	156,000
Unassigned	58,403	-	-	-	-	58,403
TOTAL FUND BALANCES	415,603	308,785	78,194	7	32,024	834,613
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,429,872	\$ 314,981	\$ 83,840	\$ 7	\$ 35,278	\$ 1,863,978

See accompanying notes to financial statements.

**VILLAGE OF BROOKLYN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balances - Governmental Funds \$ 834,613

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 3,684,792	
Accumulated depreciation is	<u>(1,356,605)</u>	
Capital assets, net		<u>2,328,187</u>

An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the government-wide statement of net position. 634,165

Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	82,222	
Deferred inflows of resources related to pensions	<u>(8,681)</u>	
		<u>73,541</u>

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Accrued interest payable	(4,258)	
Compensated absences	(24,967)	
Bonds payable	(1,053,000)	
Net pension liability	(431,304)	
Net OPEB liability	<u>(27,118)</u>	
		<u>(1,540,647)</u>

Net Position of Governmental Activities \$ 2,329,859

**VILLAGE OF BROOKLYN
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	General	Major Street	Local Street	Street Tax Receiving	Nonmajor Governmental Funds	Total
REVENUES						
Taxes	\$ 496,484	\$ -	\$ -	\$ 175,695	\$ -	\$ 672,179
Licenses and permits	7,113	-	-	-	25,370	32,483
Intergovernmental	178,802	164,242	63,240	-	-	406,284
Charges for services	134,233	-	-	-	14,973	149,206
Fines and forfeitures	50	-	-	-	-	50
Interest and rents	69,768	10,002	5,739	-	1,238	86,747
Other	4,950	688	1,262	-	-	6,900
TOTAL REVENUES	891,400	174,932	70,241	175,695	41,581	1,353,849
EXPENDITURES						
Current						
General government	505,811	-	-	-	-	505,811
Public safety	49,666	-	-	-	38,964	88,630
Public works	199,996	180,272	129,183	-	-	509,451
Community and economic development	46,519	-	-	-	-	46,519
Recreation and culture	47,589	-	-	-	-	47,589
Capital outlay	16,372	-	-	-	-	16,372
Debt service	155,164	5,263	5,263	-	114,370	280,060
TOTAL EXPENDITURES	1,021,117	185,535	134,446	-	153,334	1,494,432
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(129,717)	(10,603)	(64,205)	175,695	(111,753)	(140,583)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	73,789	101,899	-	114,370	290,058
Transfers out	(78,000)	(48,038)	(66,332)	(175,688)	-	(368,058)
TOTAL OTHER FINANCING SOURCES (USES)	(78,000)	25,751	35,567	(175,688)	114,370	(78,000)
NET CHANGE IN FUND BALANCES	(207,717)	15,148	(28,638)	7	2,617	(218,583)
Fund balances, beginning of year	623,320	293,637	106,832	-	29,407	1,053,196
Fund balances, end of year	\$ 415,603	\$ 308,785	\$ 78,194	\$ 7	\$ 32,024	\$ 834,613

See accompanying notes to financial statements.

VILLAGE OF BROOKLYN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Total Governmental Funds **\$ (218,583)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	299,420
Depreciation expense		<u>(128,695)</u>

Excess of capital outlay over depreciation expense	170,725
--	---------

An internal service funds is used by management to charge the costs of certain activities to individual funds. The net position of the internal service fund increased in the current period.	51,039
---	--------

Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current period, these amounts consist of:

Bond retirement	257,019
-----------------	---------

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	2,201	
(Increase) in accrued compensated absences	(4,794)	
(Increase) in net pension liability	(43,341)	
(Decrease) in deferred outflows of resources related to pensions	(8,649)	
Decrease in deferred inflows of resources related to pensions	15,195	
Decrease in net OPEB liability	<u>18,401</u>	

(20,987)

Change in Net Position of Governmental Activities	<u>\$ 239,213</u>
--	--------------------------

**VILLAGE OF BROOKLYN
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Business-type Activities			Governmental Activities
	Enterprise Funds			Internal Service Fund
	Sewer	Water	Total	
ASSETS				
Current assets				
Cash	\$ 156,529	\$ 131,844	\$ 288,373	\$ 41,930
Investments	588,215	-	588,215	304,212
Accounts receivable	94,096	58,552	152,648	-
Total current assets	838,840	190,396	1,029,236	346,142
Noncurrent assets				
Capital assets not being depreciated	35,000	1,000	36,000	-
Capital assets, net of accumulated depreciation	1,272,575	1,714,734	2,987,309	289,415
Total noncurrent assets	1,307,575	1,715,734	3,023,309	289,415
TOTAL ASSETS	2,146,415	1,906,130	4,052,545	635,557
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	8,605	4,780	13,385	-
LIABILITIES				
Current liabilities				
Accounts payable	71,608	49,121	120,729	1,392
Accrued liabilities	987	1,173	2,160	-
Accrued interest payable	-	1,185	1,185	-
Due to other funds	-	185,000	185,000	-
Current portion of compensated absences	3,655	6,042	9,697	-
Current portion of long-term debt	-	110,000	110,000	-
Total current liabilities	76,250	352,521	428,771	1,392
Noncurrent liabilities				
Noncurrent portion of long-term debt	-	113,165	113,165	-
Net pension liability	45,137	25,076	70,213	-
Total noncurrent liabilities	45,137	138,241	183,378	-
TOTAL LIABILITIES	121,387	490,762	612,149	1,392
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	908	505	1,413	-
NET POSITION				
Net investment in capital assets	1,307,575	1,492,569	2,800,144	289,415
Unrestricted	725,150	(72,926)	652,224	344,750
TOTAL NET POSITION	\$ 2,032,725	\$ 1,419,643	\$ 3,452,368	\$ 634,165

See accompanying notes to financial statements.

**VILLAGE OF BROOKLYN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025**

	Business-type Activities			Governmental Activities
	Enterprise Funds			Internal Service Fund
	Sewer	Water	Total	
OPERATING REVENUES				
Charges for services	\$ 799,074	\$ 492,530	\$ 1,291,604	\$ 145,000
OPERATING EXPENSES				
Personnel services	36,005	74,740	110,745	5,241
Supplies and materials	7,778	10,138	17,916	22,195
Professional and contractual services	470,049	321,681	791,730	582
Utilities	21,016	23,884	44,900	-
Repairs and maintenance	10,310	3,838	14,148	15,077
Other	21,301	13,391	34,692	-
Depreciation	59,817	94,305	154,122	64,201
TOTAL OPERATING EXPENSES	626,276	541,977	1,168,253	107,296
OPERATING INCOME (LOSS)	172,798	(49,447)	123,351	37,704
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	23,589	157	23,746	13,335
Interest expense	-	(5,326)	(5,326)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	23,589	(5,169)	18,420	13,335
NET OPERATING INCOME (LOSS) BEFORE TRANSFERS	196,387	(54,616)	141,771	51,039
TRANSFERS IN	-	78,000	78,000	-
CHANGE IN NET POSITION	196,387	23,384	219,771	51,039
Net position, beginning of the year, as previously reported	1,838,688	1,400,085	3,238,773	583,126
Change in accounting principle	(2,350)	(3,826)	(6,176)	-
Net position, beginning of the year, as restated	1,836,338	1,396,259	3,232,597	583,126
Net position, end of year	\$ 2,032,725	\$ 1,419,643	\$ 3,452,368	\$ 634,165

See accompanying notes to financial statements.

**VILLAGE OF BROOKLYN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

	Business-type Activities			Governmental Activities
	Enterprise Funds			Internal Service Fund
	Sewer	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 795,789	\$ 491,791	\$ 1,287,580	\$ 145,000
Cash paid for employees and benefits	(47,328)	(78,062)	(125,390)	(5,241)
Cash paid to suppliers	(567,052)	(369,820)	(936,872)	(37,200)
NET CASH PROVIDED BY OPERATING ACTIVITIES	181,409	43,909	225,318	102,559
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipt of interfund balances	-	178,000	178,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital asset acquisitions	-	(46,976)	(46,976)	(89,614)
Bond principal payments	-	(110,000)	(110,000)	-
Interest and fees paid	-	(5,326)	(5,326)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(162,302)	(162,302)	(89,614)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	414,859	-	414,859	280,942
Purchase of investments	(588,215)	-	(588,215)	(304,212)
Interest received	23,589	157	23,746	13,335
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(149,767)	157	(149,610)	(9,935)
NET INCREASE IN CASH	31,642	59,764	91,406	3,010
Cash, beginning of year	124,887	72,080	196,967	38,920
Cash, end of year	<u>\$ 156,529</u>	<u>\$ 131,844</u>	<u>\$ 288,373</u>	<u>\$ 41,930</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 172,798	\$ (49,447)	123,351	\$ 37,704
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	59,817	94,305	154,122	64,201
(Increase) decrease in:				
Accounts receivable	(3,285)	(739)	(4,024)	-
Deferred outflows of resources related to pension	5,447	2,462	7,909	-
Increase (decrease) in:				
Accounts payable	(36,598)	3,697	(32,901)	654
Accrued liabilities	(435)	(763)	(1,198)	-
Accrued interest payable	-	(585)	(585)	-
Compensated absences	1,304	2,217	3,521	-
Net pension liability	(14,855)	(5,840)	(20,695)	-
Deferred inflows of resources related to pension	(2,784)	(1,398)	(4,182)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 181,409	\$ 43,909	\$ 225,318	\$ 102,559

See accompanying notes to financial statements.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Brooklyn, located in Jackson County, Michigan, is incorporated as a general law village and is governed by an elected seven-member council. The Village operates with a Village Manager/Council form of government with a population of approximately 1,500 residents. The Village provides services to its residents in many areas including public safety (police), public improvements (streets, sidewalks, sewers, and water system), planning and zoning, recreation, and general administrative services.

The financial statements of the Village have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to village governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Village's more significant accounting policies are described below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the Village (primary 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 financial statements to emphasize that it is legally separate from the Village. The component unit is included in the Village's audited financial statements and is not audited separately.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Village contain all the funds controlled by the Village Council.

Discretely Presented Component Unit

These component unit is reported in a separate column to emphasize that, while legally separate, the Village remains financially accountable for this entity or the nature and significance of the relationship between these entities and the Village is such that exclusion of this entity would render the financial statements misleading. The financial statements contain the following discretely presented component unit:

Corridor Improvement Authority (CIA) - The CIA was formed to enhance the Village's business district by developing plans to prevent deterioration in the business districts, to redevelop the commercial corridors, and to promote economic growth of commercial districts. The CIA board is made up of nine individuals representing the community businesses, residents, and the Village President or designee and is funded by property tax revenues captured from properties within the district. The CIA works in partnership with area businesses, the Village Council, the Village Planning Commission, and others to analyze the impact of economic changes and growth in the development area and develop plans to promote orderly economic growth in the commercial districts. The CIA is included in the Village's audited financial statements and is not audited separately.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All activities of the primary government are included. For the most part, interfund activity has been eliminated in the preparation of 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.

The statement of activities presents the direct functional expenses of the primary government and its component unit and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Village's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The Village reports the following *Major Governmental Funds*:

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

The *Major Street Fund* is used to account for revenues received from the State of Michigan for the Village's share of State gasoline and weight taxes, which is used for maintenance and preservation of the Village's major streets.

The *Local Street Fund* is used to account for revenues received from the State of Michigan for the Village's share of State gasoline and weight taxes, which is used for maintenance and preservation of the Village's local streets.

The *Street Tax Receiving Fund* is used to account for the restricted financial resources (the street taxes) which are levied by the Village for street maintenance.

The Village reports the following *Major Enterprise Funds*:

The *Sewer Fund* is used to account for the operations required to provide sewer services for the general public; the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Major Enterprise Funds (continued):

The *Water Fund* is used to account for the operations required to provide sewer services for the general public; the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Additionally, the Village reports the following *Fund Types*:

The *Building Fund*, a *Special Revenue Fund*, accounts for the financial resources that are restricted for operating and enforcing the provisions of the State Construction Code Act.

The *Street Improvement Fund*, a *Debt Service Fund*, accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Internal Service Fund* accounts for the mobile equipment used by departments within the Village and the related expenses incurred on a cost reimbursement basis.

Measurement Focus

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

All proprietary (i.e., enterprise and internal service) funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

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 costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

If/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.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The Village employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. The Manager is required to submit to the Village Council a proposed operating budget for the commencing fiscal year prior to its start each year. The operating budget includes proposed expenditures and the means of financing them. Budgets are prepared on a basis consistent with the accounting basis utilized by the fund.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally enacted through passage of a resolution.
- d. The Manager is authorized to transfer budget amounts of \$500 or less between departments within any fund with subsequent Council ratification. Any revisions altering the total expenditures of a particular fund must be approved by the Village Council. Annual appropriations lapse at fiscal year-end.
- e. Budgets for the General and Special Revenue Funds are adopted on an activity basis and are consistent with accounting principles generally accepted in the United States of America.
- f. Budgeted amounts are reported as originally adopted or amended by the Village Council during the year.

Cash and Investments

Cash consists of various checking accounts and cash on hand. Investments consist of uncategorized pooled investments held by Michigan CLASS.

In accordance with Michigan Compiled Laws, the Village is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments (continued)

- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Receivables

Receivables consist of amounts due related to charges for services and other amounts owed to the Village at year-end.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan or other governments for various payments and grants.

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and business-type activities columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Land and construction in progress, if any, are not depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	7 - 15 years
Vehicles	5 - 7 years
Sewer system	10 - 40 years
Water system	3 - 40 years
Infrastructure	20 - 40 years

Leases

The Village is a lessor for a noncancelable lease of space on its water tower. 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 lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Village recognizes a deferred inflows of resources for the lease in the government-wide and fund financial statements as the lease receivable has been fully paid.

Key estimates and judgements include how the Village determines (1) the discount rate is used 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 noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

Unearned Revenue

Unearned revenue is reported in connection with resources that have been received but not yet earned.

Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations (continued)

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Compensated Absences

The Village recognizes a liability compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

Paid time off is earned in varying amounts depending on the number of years of service of an employee and is made available on the anniversary date of the employee. The liability for compensated absences included salary-related benefits, where applicable.

Upon termination, an employee receives payment for the balance of unused paid time off, which has been credited to an employee.

Pension

The Village offers a defined benefit pension plan to its employees. The Village records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension 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.

Other Post-Employment Benefits

The Village offers a retiree healthcare benefits to its employees. The Village records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position, if any. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position and balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has several items that qualify for reporting in these categories and are reported in the government-wide financial statement of net position, the governmental funds, or proprietary funds balance sheet/statement of net position.

The Village reports deferred outflows of resources and deferred inflows of resources which correspond to the Village's net pension liability and net OPEB liability and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual plan investment earnings, and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow or inflow of resources in the period to which they apply.

The Village also reports unavailable revenue for long-term leases entered into by the Village in which the Village is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

Property Tax

The Village bills and collects its own property taxes. The Village's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph.

Property taxes are levied by the Village on July 1 and are payable without penalty through September 15. The July 1 levy is composed of the Village's millage and voted millage. All real property taxes not paid to the Village by the due date are turned over to the Jackson County Treasurer for collection. The Jackson County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent personal property taxes are retained by the Village for subsequent collection. The Village's property tax revenues are recognized as revenues in the fiscal year levied.

The Village is permitted to levy taxes up to 12.50 mills (\$12.50 per \$1,000 of taxable valuation) for general governmental services. For the year ended June 30, 2025, the Village levied 8.4000 mills per \$1,000 of assessed valuation for general governmental services. In addition, the Village levied 3.6254 for streets. The total taxable value for the 2024 levy for property within the was \$52,647,378.

Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Abatements

The Village's tax revenues have been reduced by tax abatements. Management has determined these amounts to be immaterial to the financial statements.

Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate restrictions imposed by the funding source or some other outside source, which precludes their use for unrestricted purposes.

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the Village's highest level of decision-making authority is the Village Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is through passage of a resolution by the Village Council.

For assigned fund balance, the Village has not approved a policy indicating who is authorized to assign amounts to a specific purpose. As a result, this authority is retained by the Village Council.

The Village has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposits and investments referred to below have been reported in the cash and investments captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categories of cash and investments as of June 30, 2025.

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Reporting Entity</u>
Cash	\$ 427,646	\$ 5,480	\$ 433,126
Investments	<u>2,372,405</u>	<u>118,571</u>	<u>2,490,976</u>
	<u>\$ 2,800,051</u>	<u>\$ 124,051</u>	<u>\$ 2,924,102</u>

As of June 30, 2025, the Village had cash and investments summarized by the following categorization:

Deposits	
Checking	\$ 433,026
Petty cash	100
Michigan CLASS Investment Pool	<u>2,490,976</u>
	<u>\$ 2,924,102</u>

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of June 30, 2025, \$217,762 of the Village's bank balance of \$467,762 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the fiscal period, the amount the Village held as cash increased significantly. As a result, the amount of uninsured and uncollateralized cash was substantially higher at these peak periods than at year-end.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Investments

The Village will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Village Council and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Village will do business in accordance with the Village Council approved policy.

Interest Rate Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard & Poor's Rating</u>
Michigan CLASS Investment Pool	<u>\$ 2,490,976</u>	<u>0.1068</u>	AAAm

One day maturity equals .0027, one year equals 1.00.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of June 30, 2025, the Village's investments subject to rating are noted above.

Concentration of Credit Risk

The Village will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Village's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign Currency Risk

The Village is not authorized to invest in investments which have this type of risk.

Investments in Entities that Calculate Net Asset Value per Share

The Village holds shares or interest in the Michigan CLASS investment pool which invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value per Share (continued)

At the year ended June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency if Eligible</u>	<u>Redemption Notice Period</u>
Michigan CLASS Investment Pool	<u>\$ 2,490,976</u>	<u>\$ -</u>	No restrictions	None

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables at June 30, 2025:

	<u>Due from Other Funds</u>			
	<u>Governmental Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	
Due To Other Funds				
Governmental Funds				
General Fund	\$ -	\$ 5,980	\$ 8,257	\$ 14,237
Proprietary Funds				
Water Fund	<u>100,000</u>	<u>85,000</u>	<u>-</u>	<u>185,000</u>
Total	<u>\$ 100,000</u>	<u>\$ 90,980</u>	<u>\$ 8,257</u>	<u>\$ 199,237</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE 4 - INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds and component unit funds have been eliminated.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INTERFUND TRANSFERS (continued)

The following schedule details interfund transfers for the year ended June 30, 2025:

	Transfers In				Total
	Governmental Funds			Proprietary Funds	
	Major Street Fund	Local Street Fund	Nonmajor Governmental Funds	Water Fund	
Transfers Out					
Governmental Funds					
General Fund	\$ -	\$ -	\$ -	\$ 78,000	\$ 78,000
Major Street Fund	-	-	48,038	-	48,038
Local Street Fund	-	-	66,332	-	66,332
Street Tax Receiving Fund	73,789	101,899	-	-	175,688
Total	<u>\$ 73,789</u>	<u>\$ 101,899</u>	<u>\$ 114,370</u>	<u>\$ 78,000</u>	<u>\$ 368,058</u>

Transfers to the Major and Local Street funds were to finance public works projects and administrative costs. Transfers to nonmajor governmental funds were to fund street related debt service. Transfers to proprietary funds were to cover operational costs.

NOTE 5 - LEASES

The Village leases space on a water tower to a third party. Significant details regarding the lease for the year ended June 30, 2025, are as follows:

	June 30, 2025		Year Ended June 30, 2025		Payment Escalator	Payment Frequency	Term End Date After All Renewals
	Lease Receivable	Deferred Inflows of Resources	Lease Revenue	Interest Revenue			
Governmental Activities							
Space on water tower	<u>\$ -</u>	<u>\$ 469,607</u>	<u>\$ 7,983</u>	<u>\$ 2,730</u>	N/A	N/A - paid off	Jun. 30, 2068

VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

Primary Government

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Capital assets being depreciated				
Land improvements	93,049	59,625	-	152,674
Buildings and improvements	742,157	16,372	-	758,529
Furniture and equipment	415,631	167,706	-	583,337
Vehicles	349,898	52,842	-	402,740
Infrastructure	2,495,977	92,489	-	2,588,466
Subtotal	4,096,712	389,034	-	4,485,746
Less accumulated depreciation for:				
Land improvements	(74,067)	(3,186)	-	(77,253)
Buildings and improvements	(168,600)	(14,845)	-	(183,445)
Furniture and equipment	(322,584)	(33,260)	-	(355,844)
Vehicles	(228,326)	(36,367)	-	(264,693)
Infrastructure	(951,671)	(105,238)	-	(1,056,909)
Subtotal	(1,745,248)	(192,896)	-	(1,938,144)
Net capital assets being depreciated	2,351,464	196,138	-	2,547,602
Total net capital assets	\$ 2,421,464	\$ 196,138	\$ -	\$ 2,617,602

VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (continued)

Primary Government (continued)

Business-type Activities

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 36,000	\$ -	\$ -	\$ 36,000
Capital assets being depreciated				
Buildings and improvements	1,642,260	-	-	1,642,260
Sewer system	2,853,295	-	-	2,853,295
Water system	1,955,804	46,976	(17,987)	1,984,793
Subtotal	6,451,359	46,976	(17,987)	6,480,348
Less accumulated depreciation for:				
Buildings and improvements	(703,534)	(38,989)	-	(742,523)
Sewer system	(1,520,905)	(59,816)	-	(1,580,721)
Water system	(1,132,465)	(55,317)	17,987	(1,169,795)
Subtotal	(3,356,904)	(154,122)	17,987	(3,493,039)
Net capital assets being depreciated	3,094,455	(107,146)	-	2,987,309
Total net capital assets	\$ 3,130,455	\$ (107,146)	\$ -	\$ 3,023,309

Depreciation expense was charged to the following activities:

	Governmental Activities	Business-type Activities
General government	\$ 2,290	\$ -
Public works	181,824	-
Recreation and culture	8,782	-
Sewer	-	59,817
Water	-	94,305
Total depreciation expense	\$ 192,896	\$ 154,122

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) for the year ended June 30, 2025:

	Restated Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Amounts Due Within One Year
Primary Government					
Governmental Activities					
General Obligations Bonds					
2014 Capital Improvements Bonds	\$ 240,000	\$ -	\$ (45,000)	\$ 195,000	\$ 45,000
2021 Capital Improvements Bonds	958,000	-	(100,000)	858,000	102,000
Notes from direct borrowings and direct placements					
Brownfield redevelopment loan	112,019	-	(112,019)	-	-
Compensated absences*	20,173	4,794	-	24,967	24,967
Total governmental activities	<u>1,330,192</u>	<u>4,794</u>	<u>(257,019)</u>	<u>1,077,967</u>	<u>171,967</u>
Business-type Activities					
General Obligations Bonds					
2006 Drinking program #7183-01	270,000	-	(90,000)	180,000	90,000
2006 Drinking program #7183-02	63,165	-	(20,000)	43,165	20,000
Compensated absences*	6,176	3,521	-	9,697	9,697
Total business-type activities	<u>339,341</u>	<u>3,521</u>	<u>(110,000)</u>	<u>232,862</u>	<u>119,697</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,669,533</u>	<u>\$ 8,315</u>	<u>\$ (367,019)</u>	<u>\$ 1,310,829</u>	<u>\$ 291,664</u>

* The change in compensated absences is presented as a net change.

Significant details regarding outstanding long-term debt (including current portion) are presented below:

Primary Government

\$630,000 Capital Improvement Bonds dated July 30, 2014, due in annual installments ranging from \$45,000 to \$50,000 through May 1, 2029, with interest of 3.200%, payable semi-annually. \$ 195,000

\$1,250,000 Capital Improvement Bonds dated April 1, 2021, due in annual installments ranging from \$102,000 to \$113,000 through April 1, 2033, with interest of 1.500%, payable semi-annually. 858,000

\$1,500,000 Drinking Program #7183-01 dated June 22, 2006, due in annual installments of \$90,000 through October 1, 2026, with interest of 2.125%, payable semi-annually. 180,000

\$328,165 Drinking Program #7183-02 dated December 14, 2006, due in annual installments ranging from \$20,000 to \$23,165 through October 1, 2026, with interest of 2.125%, payable semi-annually. 43,165

1,081,165

Compensated absences 34,664

\$ 1,115,829

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

The Village's outstanding obligations from direct borrowings and direct placements contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

Compensated Absences

The Village recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, multiple types of leave qualify for recognition as a compensated absences liability. This liability, including salary related benefits, has been accrued on the government-wide financial statements.

The annual requirements to pay the principal and interest outstanding for bonds are as follows:

Year Ending June 30,	General Obligation Bonds			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 147,000	\$ 12,870	\$ 110,000	\$ 3,574
2027	153,000	11,340	113,165	1,202
2028	155,000	9,795	-	-
2029	156,000	8,220	-	-
2030	108,000	6,630	-	-
2031-2033	334,000	10,065	-	-
	<u>\$ 1,053,000</u>	<u>\$ 58,920</u>	<u>\$ 223,165</u>	<u>\$ 4,776</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan Description

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's 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 MERS website at www.mersofmich.com.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

Summary of Significant Accounting Policies

For the purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established, and amends the benefit provisions of the participants in MERS. The MERS plan covers full-time employees at the Village electing the defined benefit retirement plan. Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Village Council. The benefits provided are summarized as follows:

Division	General
Open or closed to new hires	Open
Benefit multiplier	2.25% Multiplier (80% max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	N/A
Early retirement (reduced)	Age 50 with 25 years of service; Age 55 with 15 years of service
Final average compensation (FAC)	3 years
Employer contributions	12.76% - 14.55% per month
Employee contributions	4.70%
Act 88	No

At the December 31, 2024, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>8</u>
	<u><u>28</u></u>

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. 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 costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Payable to the Pension Plan

At June 30, 2025, there were no amounts outstanding by the Village for contributions to the pension plan required for the year ended June 30, 2025.

Net Pension Liability

The Village's Net Pension Liability was measured as of December 31, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2024 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: 3.00% plus merit and longevity, 3.00% in the long-term

Investment rate of return: 6.93%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 3.00%-4.00%

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the 2019-2023 Five-Year Experience Study.

Discount Rate

The discount rate used to measure the total pension liability is 7.18%. 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
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS PLANS (continued)

Defined Benefit Plan (continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	Not applicable, the Plan is not pre-funded through a trust
Salary increases	Not applicable, the Plan has no active participants
Inflation rate	Not applicable, the Plan is not pre-funded through a trust
20-year Aa municipal bond rate	4.81%
Utilization	100%, actual coverage of participants who are all receiving benefits
Mortality	Public 2016 General Healthy Retiree, headcount weighted with IRS 2024 Adjusted Scale MP-2021 improvement scale

Discount Rate

The discount rate used to measure the total OPEB liability was 4.81%. Because the plan does not have a dedicated OPEB trust, assets are not projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits (not applicable for this plan). From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability.

Projected Cash Flows

As this plan is not pre-funded, no long-term expected rate of return on Plan investments was determined.

Changes in Benefits

The changes of benefit terms during the plan year were as follows:

As of July 1, 2024, vested active employees receive a \$100 per month contribution to MERS Retiree Health Savings Account.

Change in Assumptions

The changes in assumptions during the plan year were as follows:

Discount rate updated from 3.65% to 4.81%

Mortality table updated from Public 2010 General Retirees, Headcount weighted 50% Male and 50% Female with MP-2019 to the Pub-2016 General Healthy Retirees, Headcount weighted, IRS 2024 Adjusted Scale MP-2021 Headcount weighted

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS PLANS (continued)

Defined Benefit Plan (continued)

Change in Total OPEB Liability

Changes in the total OPEB liability during the measurement year were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2024	\$ 45,519	\$ -	\$ 45,519
Service cost	2,104	-	2,104
Interest on total OPEB liability	1,672	-	1,672
Changes in benefits	(15,478)	-	(15,478)
Difference between expected and actual experience	1,598	-	1,598
Changes in assumptions	(4,697)	-	(4,697)
Employer contributions	-	3,600	(3,600)
Benefit payments, including employee refunds	(3,600)	(3,600)	-
Net changes	(18,401)	-	(18,401)
Balances at June 30, 2025	\$ 27,118	\$ -	\$ 27,118

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Village, calculated using a discount rate of 4.81%, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$ 28,797	\$ 27,118	\$ 25,637

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

Because the plan provides eligible retirees with a set \$100 per month stipend toward the reimbursement of health care costs, potential healthcare cost trend increases and decreases are not applicable.

OPEB Expense/Benefit and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Village recognized OPEB benefit of \$14,801. As of June 30, 2025, the Village did not report any deferred outflows of resources or deferred inflows of resources related to OPEB as all participants are retired, there is no service life to amortize, and the plan is considered closed.

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS PLANS (continued)

Defined Contribution Plan

The Village administers a defined contribution plan which requires a contribution into an individual Municipal Employees' Retirement System of Michigan (MERS) Health Care Savings Program (HCSP) account of \$100 per month for each eligible employee employed by the Village as of July 1, 2024, or hired after July 1, 2024. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employee is responsible for determining how the contributions are invested within their own HCSP account and therefore, assumes all management of the funds, including the risk of loss of the funds. The HCSP is only for post-employment use and retirees may withdraw funds to pay for any eligible medical expenses as defined by Internal Revenue Code Section 213(d) including health care insurance premiums.

For the year ended June 30, 2025, the Village contributed \$3,100 to the plan for its employees.

NOTE 10 - RISK MANAGEMENT

The Village participates in a State pool, the Michigan Municipal League Liability and Property Pool, with other municipalities for general liability, property, crime, auto, public officials liability, employee benefits liability, and cyber liability and data breach. The pool is organized under Public Act 138 of 1982, as amended. State pool members' limits of coverage are detailed in their policy agreements with the authority. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Village has not been informed of any special assessments being required in any of the past three fiscal years.

The Village also participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Village has not been informed of any special assessments being required in any of the past three fiscal years.

NOTE 11 - CALCULATION OF NET INVESTMENT IN CAPITAL ASSETS

The net investment in capital assets presented in the government-wide statement of net position is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital assets, net	\$ 2,617,602	\$ 3,023,309
Less:		
General obligation bonds	<u>(1,053,000)</u>	<u>(223,165)</u>
Net investment in capital assets	<u>\$ 1,564,602</u>	<u>\$ 2,800,144</u>

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2025, the Village implemented the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The following is a summary of the new pronouncement:

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

NOTE 13 - RESTATEMENT OF BEGINNING NET POSITION

During the year ended June 30, 2025, a change in accounting principles resulted in a restatement of beginning net position as follows:

	Restatements of Beginning Balances			
	Governmental Activities	Business-type Activities	Sewer Fund	Water Fund
Net position, as previously reported	\$ 2,110,819	\$ 3,238,773	\$ 1,838,688	\$ 1,400,085
Change in accounting principle GASB Statement 101, <i>Compensated Absences</i>	(20,173)	(6,176)	(2,350)	(3,826)
Net position, as restated	<u>\$ 2,090,646</u>	<u>\$ 3,232,597</u>	<u>\$ 1,836,338</u>	<u>\$ 1,396,259</u>

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;

**VILLAGE OF BROOKLYN
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF BROOKLYN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes				
Property taxes	\$ 427,900	\$ 445,687	\$ 438,255	\$ (7,432)
Marijuana taxes	65,000	58,229	58,229	-
Licenses and permits	7,500	7,500	7,113	(387)
Intergovernmental				
Revenue sharing	165,000	160,000	162,113	2,113
Local community stabilization	25,500	25,500	16,641	(8,859)
Other	130,000	130,000	48	(129,952)
Charges for services	97,500	105,250	134,233	28,983
Fines and forfeitures	-	-	50	50
Interest	5,000	44,000	59,105	15,105
Rents	10,713	10,713	10,663	(50)
Other	7,000	-	4,950	4,950
TOTAL REVENUES	<u>941,113</u>	<u>986,879</u>	<u>891,400</u>	<u>(95,479)</u>
EXPENDITURES				
Current				
General government				
Village council	21,160	20,310	19,329	981
Manager	90,100	88,520	78,107	10,413
Clerk	34,542	41,375	43,310	(1,935)
Treasurer	54,750	54,875	51,908	2,967
Administrative support and operations	38,775	69,875	70,556	(681)
Village hall and grounds	86,700	102,700	103,377	(677)
Other	124,200	129,700	139,224	(9,524)
Total general government	<u>450,227</u>	<u>507,355</u>	<u>505,811</u>	<u>1,544</u>
Public safety				
Police	27,000	27,000	22,063	4,937
Fire	20,000	20,000	20,000	-
Building inspection	-	14,850	7,603	7,247
Total public safety	<u>47,000</u>	<u>61,850</u>	<u>49,666</u>	<u>12,184</u>
Public works				
Department of public works	108,825	109,975	112,795	(2,820)
O&M agreements	73,250	94,750	87,201	7,549
Total public works	<u>182,075</u>	<u>204,725</u>	<u>199,996</u>	<u>4,729</u>
Community and economic development				
Planning commission	32,625	39,033	46,519	(7,486)
Recreation and culture				
Parks and recreation	263,300	39,250	47,589	(8,339)

**VILLAGE OF BROOKLYN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Capital outlay	\$ 25,000	\$ 17,000	\$ 16,372	\$ 628
Debt service				
Principal	55,200	38,000	148,019	(110,019)
Interest	3,800	5,805	7,145	(1,340)
Total debt service	59,000	43,805	155,164	(111,359)
TOTAL EXPENDITURES	1,059,227	913,018	1,021,117	(108,099)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(118,114)	73,861	(129,717)	(203,578)
OTHER FINANCING (USES)				
Transfers out	(78,000)	(78,000)	(78,000)	-
NET CHANGE IN FUND BALANCE	(196,114)	(4,139)	(207,717)	(203,578)
Fund balance, beginning of year	623,320	623,320	623,320	-
Fund balance, end of year	<u>\$ 427,206</u>	<u>\$ 619,181</u>	<u>\$ 415,603</u>	<u>\$ (203,578)</u>

**VILLAGE OF BROOKLYN
MAJOR STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 997,000	\$ 997,000	\$ 164,242	\$ (832,758)
Interest	-	-	10,002	10,002
Other	800	800	688	(112)
	<u>997,800</u>	<u>997,800</u>	<u>174,932</u>	<u>(822,868)</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Public works	1,145,767	1,145,767	180,272	965,495
Debt service				
Principal	4,500	4,500	4,500	-
Interest	800	800	763	37
	<u>1,151,067</u>	<u>1,151,067</u>	<u>185,535</u>	<u>965,532</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(153,267)</u>	<u>(153,267)</u>	<u>(10,603)</u>	<u>142,664</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	78,000	78,000	73,789	(4,211)
Transfers out	(48,000)	(48,000)	(48,038)	(38)
	<u>30,000</u>	<u>30,000</u>	<u>25,751</u>	<u>(4,249)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	(123,267)	(123,267)	15,148	138,415
Fund balance, beginning of year	293,637	293,637	293,637	-
Fund balance, end of year	<u>\$ 170,370</u>	<u>\$ 170,370</u>	<u>\$ 308,785</u>	<u>\$ 138,415</u>

**VILLAGE OF BROOKLYN
LOCAL STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 63,240	\$ 18,240
Interest	1,000	1,000	5,739	4,739
Other	1,000	1,000	1,262	262
TOTAL REVENUES	<u>47,000</u>	<u>47,000</u>	<u>70,241</u>	<u>23,241</u>
EXPENDITURES				
Current				
Public works	187,585	187,585	129,183	58,402
Debt service				
Principal	4,500	4,500	4,500	-
Interest	550	550	763	(213)
TOTAL EXPENDITURES	<u>192,635</u>	<u>192,635</u>	<u>134,446</u>	<u>58,189</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(145,635)</u>	<u>(145,635)</u>	<u>(64,205)</u>	<u>81,430</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	98,000	98,000	101,899	3,899
Transfers out	-	-	(66,332)	(66,332)
TOTAL OTHER FINANCING SOURCES (USES)	<u>98,000</u>	<u>98,000</u>	<u>35,567</u>	<u>(62,433)</u>
NET CHANGE IN FUND BALANCE	<u>(47,635)</u>	<u>(47,635)</u>	<u>(28,638)</u>	<u>18,997</u>
Fund balance, beginning of year	<u>106,832</u>	<u>106,832</u>	<u>106,832</u>	<u>-</u>
Fund balance, end of year	<u>\$ 59,197</u>	<u>\$ 59,197</u>	<u>\$ 78,194</u>	<u>\$ 18,997</u>

**VILLAGE OF BROOKLYN
STREET TAX RECEIVING FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	<u>\$ 173,100</u>	<u>\$ 173,100</u>	<u>\$ 175,695</u>	<u>\$ 2,595</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>173,100</u>	<u>173,100</u>	<u>175,695</u>	<u>2,595</u>
OTHER FINANCING (USES)				
Transfers out	<u>(169,000)</u>	<u>(169,000)</u>	<u>(175,688)</u>	<u>(6,688)</u>
NET CHANGE IN FUND BALANCE	<u>4,100</u>	<u>4,100</u>	<u>7</u>	<u>(4,093)</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 4,100</u></u>	<u><u>\$ 4,100</u></u>	<u><u>\$ 7</u></u>	<u><u>\$ (4,093)</u></u>

VILLAGE OF BROOKLYN
SCHEDULE OF CHANGES IN VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT DATES
(AMOUNTS DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 55,914	\$ 50,121	\$ 48,600	\$ 49,669	\$ 43,817	\$ 43,659	\$ 31,727	\$ 38,131	\$ 39,397	\$ 29,498
Interest	105,012	103,920	97,563	101,072	94,794	94,545	91,294	89,948	87,300	84,322
Difference between expected and actual experience	34,356	(11,681)	51,572	(86,742)	6,615	(10,607)	9,146	(12,287)	2,282	(43,816)
Changes of assumptions	(9,301)	9,155	-	42,418	22,701	30,564	-	-	-	50,694
Benefit payments, including employee refunds	(119,280)	(131,155)	(90,444)	(89,751)	(86,744)	(88,887)	(96,258)	(95,246)	(95,246)	(86,868)
Other	-	-	-	-	(9,884)	-	-	(1)	-	2,636
Net Change in Total Pension Liability	66,701	20,360	107,291	16,666	71,299	69,274	35,909	20,545	33,733	36,466
Total Pension Liability, beginning	1,494,254	1,473,894	1,366,603	1,349,937	1,278,638	1,209,364	1,173,455	1,152,910	1,119,177	1,082,711
Total Pension Liability, ending	\$ 1,560,955	\$ 1,494,254	\$ 1,473,894	\$ 1,366,603	\$ 1,349,937	\$ 1,278,638	\$ 1,209,364	\$ 1,173,455	\$ 1,152,910	\$ 1,119,177
Plan Fiduciary Net Position										
Contributions - employer	\$ 67,830	\$ 73,606	\$ 82,210	\$ 73,574	\$ 58,422	\$ 48,221	\$ 45,203	\$ 49,009	\$ 45,258	\$ 46,280
Contributions - employee	22,341	20,426	23,499	21,084	18,946	18,535	16,746	16,762	14,844	14,003
Net investment income (loss)	75,395	105,929	(107,947)	128,784	104,122	99,923	(31,093)	97,549	78,758	(11,173)
Benefit payments, including employee refunds	(119,280)	(131,155)	(90,444)	(89,751)	(86,744)	(88,887)	(96,258)	(95,246)	(95,246)	(86,868)
Administrative expense	(2,231)	(2,204)	(1,952)	(1,477)	(1,639)	(1,720)	(1,563)	(1,547)	(1,556)	(1,620)
Other	-	-	-	-	(9,884)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	44,055	66,602	(94,634)	132,214	83,223	76,072	(66,965)	66,527	42,058	(39,378)
Plan Fiduciary Net Position, beginning	1,015,383	948,781	1,043,415	911,201	827,978	751,906	818,871	752,344	710,286	749,664
Plan Fiduciary Net Position, ending	\$ 1,059,438	\$ 1,015,383	\$ 948,781	\$ 1,043,415	\$ 911,201	\$ 827,978	\$ 751,906	\$ 818,871	\$ 752,344	\$ 710,286
Village's Net Pension Liability	\$ 501,517	\$ 478,871	\$ 525,113	\$ 323,188	\$ 438,736	\$ 450,660	\$ 457,458	\$ 354,584	\$ 400,566	\$ 408,891
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	68%	68%	64%	76%	67%	65%	62%	70%	65%	63%
Covered payroll	\$ 480,768	\$ 440,045	\$ 426,688	\$ 443,469	\$ 403,097	\$ 398,715	\$ 313,503	\$ 358,037	\$ 343,182	\$ 264,318
Village's Net Pension Liability as a percentage of covered payroll	104%	109%	123%	73%	109%	113%	146%	99%	117%	155%

VILLAGE OF BROOKLYN
SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS
(AMOUNTS WERE DETERMINED AS OF 6/30 OR 10/31 OF EACH FISCAL YEAR)

	For the Year Ended June 30,			For the Year Ended October 31,			For the Year Ended June 30,			
	2025	2024	2023 ⁽²⁾	2022	2021	2020 ⁽¹⁾	2019	2018	2017	2016
Actuarial determined contributions ⁽³⁾	\$ 64,852	\$ 75,672	\$ 74,820	\$ 70,200	\$ 72,540	\$ 72,890	\$ 45,005	\$ 49,009	\$ 43,892	\$ 38,297
Contributions in relation to the actuarially determined contribution	70,852	65,335	51,184	81,385	74,120	72,890	45,005	49,009	45,258	46,257
Contribution deficiency (excess)	<u>\$ (6,000)</u>	<u>\$ 10,337</u>	<u>\$ 23,636</u>	<u>\$ (11,185)</u>	<u>\$ (1,580)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,366)</u>	<u>\$ (7,960)</u>
Covered payroll	\$ 465,757	\$ 423,117	\$ 300,527	\$ 502,263	\$ 445,960	\$ 550,827	\$ 342,848	\$ 358,037	\$ 343,182	\$ 264,318
Contributions as a percentage of covered payroll	15%	15%	17%	16%	17%	13%	13%	14%	13%	18%

(1) For the 16-month period ended October 31, 2020

(2) For the 8-month period ending June 30, 2023

(3) The actuarially determined contribution was calculated based on projected covered payroll. Employer contributions were made in full based on actual covered payroll. Accordingly, the actuarially-determined contribution has been expressed above as a percentage of actual payroll.

VILLAGE OF BROOKLYN

SCHEDULE OF CHANGES IN VILLAGE'S NET OPEB LIABILITY AND RELATED RATIOS LAST EIGHT MEASUREMENT DATES (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED) (AMOUNTS WERE DETERMINED AS OF 6/30 OR 10/31 OF EACH FISCAL YEAR)

	For the Year Ended June 30,				For the Year Ended October 31,			For the Year Ended June 30,	
	2025	2024	2023 ⁽²⁾	2022	2021	2020 ⁽¹⁾	2019	2018	
Total OPEB Liability									
Service cost	\$ 2,104	\$ 2,137	\$ 1,970	\$ 3,177	\$ 5,953	\$ 5,137	\$ 2,801	\$ 3,560	
Interest	1,672	1,603	1,627	1,771	1,105	1,083	1,273	728	
Changes of benefit terms	(15,478)	-	-	-	-	-	-	-	
Difference between expected and actual experience	1,598	(230)	2,272	(24,899)	(484)	19,349	(469)	-	
Changes of assumptions	(4,697)	-	-	-	-	-	2,400	-	
Benefit payments, including employee refunds	(3,600)	(3,600)	(2,700)	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	
Other	-	(196)	-	-	-	-	-	2,404	
Net Change in Total OPEB Liability	(18,401)	(286)	3,169	(22,351)	4,174	23,169	3,605	4,292	
Total OPEB Liability, beginning	45,519	45,805	42,636	64,987	60,813	37,644	34,039	29,747	
Total OPEB Liability, ending	\$ 27,118	\$ 45,519	\$ 45,805	\$ 42,636	\$ 64,987	\$ 60,813	\$ 37,644	\$ 34,039	
Plan Fiduciary Net Position									
Contributions - employer	\$ 3,600	\$ 3,600	\$ 2,700	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	
Benefit payments, including employee refunds	(3,600)	(3,600)	(2,700)	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-	
Plan Fiduciary Net Position, beginning	-	-	-	-	-	-	-	-	
Plan Fiduciary Net Position, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Village's Net OPEB Liability	\$ 27,118	\$ 45,519	\$ 45,805	\$ 42,636	\$ 64,987	\$ 60,813	\$ 37,644	\$ 34,039	
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0%	0%	0%	0%	0%	0%	0%	0%	
Covered employee payroll	\$ -	\$ 402,966	\$ 226,674	\$ 417,911	\$ 396,024	\$ 493,381	\$ 325,225	\$ 355,525	
Village's Net OPEB Liability as a percentage of covered employee payroll	0%	11%	20%	10%	16%	12%	12%	10%	

(1) For the 16-month period ended October 31, 2020

(2) For the 8-month period ending June 30, 2023

VILLAGE OF BROOKLYN

SCHEDULE OF VILLAGE OPEB CONTRIBUTIONS

**LAST EIGHT MEASUREMENT DATES (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OR 10/31 OF EACH FISCAL YEAR)**

	For the Year Ended June 30,				For the Year Ended October 31,				For the Year Ended June 30,			
	2025	2024	2023 ⁽²⁾		2022	2021	2020 ⁽¹⁾		2019	2018		
Actuarial determined contributions	\$ 5,987	\$ 5,931	\$ 5,494		\$ 6,223	\$ 10,286	\$ 10,205		\$ 5,733	\$ 2,400		
Contributions in relation to the actuarially determined contribution	3,600	3,600	2,700		2,400	2,400	2,400		2,400	2,400		
Contribution deficiency (excess)	<u>\$ 2,387</u>	<u>\$ 2,331</u>	<u>\$ 2,794</u>		<u>\$ 3,823</u>	<u>\$ 7,886</u>	<u>\$ 7,805</u>		<u>\$ 3,333</u>	<u>\$ -</u>		
Covered employee payroll	\$ -	\$ 402,966	\$ 226,674		\$ 417,911	\$ 396,024	\$ 493,381		\$ 325,225	\$ 355,525		
Contributions as a percentage of covered employee payroll	0%	1%	1%		1%	1%	0%		1%	1%		

(1) For the 16-month period ended October 31, 2020

(2) For the 8-month period ending June 30, 2023

VILLAGE OF BROOKLYN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The Village's budgeted expenditures in the General and major Special Revenue Funds have been shown at the functional classification level. The approved budgets of the Village have been adopted at the activity level for the General Fund and Special Revenue Funds.

During the year ended June 30, 2025, the Village incurred expenditures in excess of amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
General government			
Clerk	\$ 41,375	\$ 43,310	\$ 1,935
Administrative support and operations	69,875	70,556	681
Village hall and grounds	102,700	103,377	677
Other	129,700	139,224	9,524
Public works			
Department of public works	109,975	112,795	2,820
Community and economic development			
Planning commission	39,033	46,519	7,486
Recreation and culture			
Parks and recreation	39,250	47,589	8,339
Debt service			
Principal	38,000	148,019	110,019
Interest	5,805	7,145	1,340
Major Street Fund			
Transfers out	48,000	48,038	38
Local Street Fund			
Debt service			
Interest	550	763	213
Transfers out	-	66,332	66,332
Street Tax Receiving Fund			
Transfers out	169,000	175,688	6,688

**VILLAGE OF BROOKLYN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 2 - DEFINED BENEFIT PENSION PLAN

Actuarial valuation information relative to the determination of contributions:

Valuation date	December 31, 2024
Measurement date	December 31, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, open
Asset valuation method	5 year smoothing
Remaining amortization period	15 years
Investment rate of return	6.93%, net of investment and administrative expense including inflation
Discount rate	7.18%
Salary increases	3.00% in the long-term plus merit and longevity
Inflation rate	2.50%
Mortality	Version of Pub-2010 and fully generational MP-2019

Changes in Benefits

There have been no changes in benefit terms during the plan years presented.

Changes in Assumptions

<u>Plan Year</u>	
2024	Adopted the results of an experience study covering the period of January 1, 2019 through December 31, 2023.
2023	Discount rate was lowered from 7.25% to 7.18%. Investment rate of return was lowered from 7.00% to 6.93%, net of administrative and investment expenses.
2021	Discount rate was lowered from 7.60% to 7.25%. Investment rate of return was lowered from 7.35% to 7.00%, net of administrative and investment expenses. Mortality rates were updated to be based on the Pub-2010 mortality tables.
2020	Increases in merit and longevity pay assumptions.
2019	Salary increase was decreased from 3.75% to 3.00%. Discount rate was lowered from 8.00% to 7.60%. Investment rate of return was lowered from 7.75% to 7.35%, net of administrative and investment expenses. Adopted the results of an experience study covering the period of January 1, 2014 through December 31, 2018.
2015	Discount rate was lowered from 8.25% to 8.00%. Investment rate of return was lowered from 8.00% to 7.75%, net of administrative and investment expenses. Mortality rates were updated to be based on the RP-2014 group mortality tables.

**VILLAGE OF BROOKLYN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 3 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2025
Measurement date	June 30, 2025

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	16 years
Investment rate of return	Not applicable, the Plan is not pre-funded through a trust
Discount rate	4.81%
Salary increases	Not applicable, the Plan has no active participants
Inflation rate	Not applicable, the Plan is not pre-funded through a trust
20-year Aa municipal bond rate	4.81%
Utilization	100%, actual coverage of participants who are all receiving benefits
Mortality	Public 2016 General Healthy Retiree, headcount weighted with IRS 2024 Adjusted Scale MP-2021 improvement scale

Changes in Benefits

Plan Year
<u>Ending</u>

Jun. 30, 2025 As of July 1, 2024, vested active employees receive \$100/month contribution to MERS Retiree Health Savings Account.

Changes in Assumptions

Plan Year
<u>Ending</u>

Jun. 30, 2025 Discount rate updated from 3.65% to 4.81%
Mortality table updated from Public 2010 General Retirees, Headcount weighted 50% Male and 50% Female with MP-2019 to the Pub-2016 General Healthy Retirees, Headcount weighted, IRS 2024 Adjusted Scale MP-2021 Headcount weighted

Jun. 30, 2019 Discount rate updated from 2.31% to 3.50%

OTHER SUPPLEMENTARY INFORMATION

**VILLAGE OF BROOKLYN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	<u>Special Revenue</u>	<u>Debt Service</u>	
	<u>Building</u>	<u>Street Improvement</u>	<u>Total</u>
ASSETS			
Cash	\$ 8,752	\$ -	\$ 8,752
Investments	26,526	-	26,526
TOTAL ASSETS	<u>\$ 35,278</u>	<u>\$ -</u>	<u>\$ 35,278</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,925	\$ -	\$ 2,925
Accounts liabilities	329	-	329
TOTAL LIABILITIES	<u>3,254</u>	<u>-</u>	<u>3,254</u>
FUND BALANCES			
Restricted	<u>32,024</u>	<u>-</u>	<u>32,024</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 35,278</u>	<u>\$ -</u>	<u>\$ 35,278</u>

VILLAGE OF BROOKLYN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025

	Special Revenue	Debt Service	
	Building	Street Improvement	Total
REVENUES			
Licenses and permits	\$ 25,370	\$ -	\$ 25,370
Charges for services	14,973	-	14,973
Interest	1,238	-	1,238
TOTAL REVENUES	41,581	-	41,581
EXPENDITURES			
Current			
Public safety	38,964	-	38,964
Debt service			
Principal	-	100,000	100,000
Interest	-	14,370	14,370
TOTAL EXPENDITURES	38,964	114,370	153,334
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,617	(114,370)	(111,753)
OTHER FINANCING SOURCES			
Transfer in	-	114,370	114,370
NET CHANGE IN FUND BALANCES	2,617	-	2,617
Fund balances, beginning of year	29,407	-	29,407
Fund balances, end of year	<u>\$ 32,024</u>	<u>\$ -</u>	<u>\$ 32,024</u>

**VILLAGE OF BROOKLYN
COMPONENT UNIT FUND - CORRIDOR IMPROVEMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2025**

ASSETS	
Cash	\$ 5,480
Investments	118,571
Accounts receivable	<u>505</u>
TOTAL ASSETS	<u>\$ 124,556</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 375
Accrued liabilities	<u>316</u>
TOTAL LIABILITIES	<u>691</u>
FUND BALANCE	
Unassigned	<u>123,865</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 124,556</u>

Note: Reconciliation of the balance sheet to the statement of net position for the component unit is not required as the fund balance was equal to the net position as of June 30, 2025.

**VILLAGE OF BROOKLYN
 COMPONENT UNIT FUND - CORRIDOR IMPROVEMENT AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 YEAR ENDED JUNE 30, 2025**

REVENUES	
Taxes	\$ 44,968
Interest	5,709
Other	<u>2,000</u>
TOTAL REVENUES	<u><u>52,677</u></u>
EXPENDITURES	
Current	
Community and economic development	<u>17,428</u>
NET CHANGE IN FUND BALANCE	35,249
Fund balance, beginning of year	<u>88,616</u>
Fund balance, end of year	<u><u>\$ 123,865</u></u>

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance to the statement of activities for the component unit is not required as the net change in fund balance was equal to the change in net position for the year ended June 30, 2025.



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

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

To the Village Council of the
Village of Brooklyn
Jackson County, 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, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 24, 2025.

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 were not identified. We identified the following deficiency in internal control that we consider to be a material weakness:

2025-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries for the proper recognition of beginning fund balance were proposed by the auditors. These misstatements were not detected by the Village's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the Village's general ledger.

2025-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS (continued)

Criteria: Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the recording of all appropriate journal entries so that the trial balances from which the audited financial statements are prepared, reflect amounts that are in conformity with U.S. generally accepted accounting principles.

Cause: These misstatements were not identified as part of the Village's internal control procedures.

Effect: Without the recording of these journal entries, the financial statements would have been materially misstated.

Recommendation: We recommend that the Village take steps to assure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: The Village's management has made the corrections and do not anticipate this to be an issue in the future.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*:

2025-002 UNFAVORABLE BUDGET VARIANCES

Condition: Expenditures exceeded the amounts appropriated for various activities in the General Fund, Major Street Fund, Local Street Fund, and Street Tax Receiving Fund.

Criteria: The Uniform Budgeting and Accounting Act requires the Village to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of deviation can be determined." The Act also states that "an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body."

Cause: The Village did not adequately monitor expenditures in relation to budgeted amounts in the areas where the overages occurred.

Effect: The approved budgets of the Village have been adopted at the activity level for the General Fund and Special Revenue Funds. Having unfavorable budget variances as described above, the Village is not in compliance with Public Act 621 of 1978, as amended.

Recommendation: We recommend the Village review budgets on a periodic basis to ensure compliance with the Uniform Budgeting and Accounting Act and amend the budget when necessary.

Corrective Action Response: The Village's management has worked to better the process in regard to budget variance and will intentionally act to make periodic budget amendments as directly needed or on a quarterly basis. This is a priority implementation for the current fiscal year and budgeting process.

Village of Brooklyn's Responses to Findings

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

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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

October 24, 2025

