

VILLAGE OF CALUMET
CALUMET, MICHIGAN
Houghton County



FINANCIAL REPORT

Year ended February 29, 2025

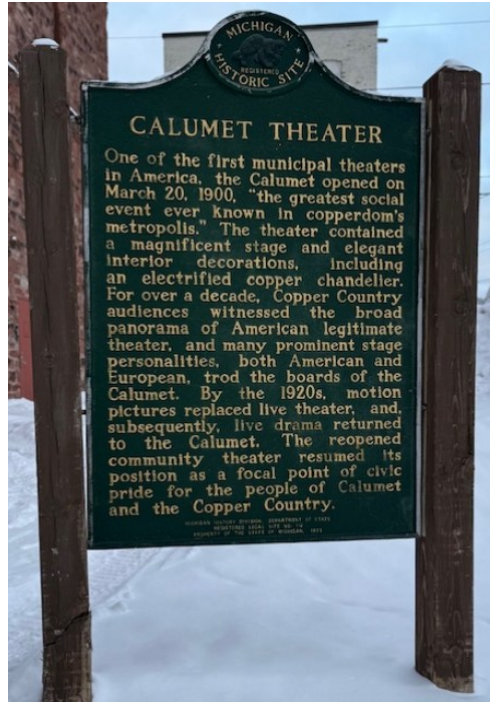
VILLAGE OF CALUMET
Village Council
February 28, 2025

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President

Pamela Que
President Pro-Tem

Vacant
Trustee

Bernice Smith
Trustee



Matt L'Esperancer
Trustee

Kelly Ryan
Trustee

James Tercha
Trustee

Lori Weir
Clerk

Debra Aubin
Treasurer

Megan Haselden
Village Manager

Coreen Balbough
Deputy Treasurer

Village of Calumet
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Calumet, Michigan 49913
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**VILLAGE OF CALUMET,
HOUGHTON COUNTY**

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-American Association of
Certified Public Accountants

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Association

-Michigan Association of
Certified Public Accountants

Independent Auditor's Report

To the Village Council
Village of Calumet, Michigan

Opinions

I have audited the financial statements of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Village of Calumet, Michigan (the "Village") as of and for the year ended February 28, 2025 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, as listed in the table of contents.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Village, as of February 28, 2025, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am required to be independent of the Village and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

To the Village Council
Village of Calumet, Michigan

Independent Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, I:

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

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to

To the Village Council
Village of Calumet, Michigan

my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Very truly yours,



Susan D Sanford, CPA PLLC
Certified Public Accountant

September 1, 2025

VILLAGE OF CALUMET, HOUGHTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended February 28, 2025

Using this Annual Report

The following is a discussion and analysis of Village of Calumet's ("the Village") financial performance and position, providing an overview of the activities for the year ending February 28, 2025. This analysis should be read in conjunction with the Independent Auditor's Report, this report, and with the Village's financial statements, which follow this section.

Financial Highlights

- The assets of the Village exceeded its liabilities and deferred inflow at the close of this fiscal year by \$3,807,762 (net position). Of this amount, \$343,945 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The Village's total net position increased \$406,635.
- At the close of the current fiscal year, the Village's governmental funds reported combined fund balances of \$649,832 an increase of \$61,726 in comparison with 2024. Approximately 43% of this amount (\$281,806) is available for spending at the government's discretion (unassigned fund balance).
- The Village's total outstanding long-term debt decreased by \$11,210 during the current fiscal year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to Village of Calumet, Michigan's basic financial statements. Village of Calumet, Michigan's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplemental information and other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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 nonfiduciary 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, deferred outflows and inflows of resources and liabilities, recording the difference between these 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 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, revenue 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, etc..

VILLAGE OF CALUMET, HOUGHTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended February 28, 2025

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 general government departments, public safety, public works, community and economic development, and recreation are reported under these activities.

The government-wide financial statements include not only the Village itself (known as the primary government), but also a legally separate Downtown Development Authority for which the Village is financially accountable (see Note 1 in the financial statement footnotes for more information). Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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 present reconciliations between the two statement types. 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 funds; however, depreciation expense is 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.

Long-term liabilities, such as bonds payable, 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.

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 buildings, land, equipment etc. These values are not included in the fund financial statements.

The government-wide financial statements can be found on page 11 and 12 of this report.

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The *basic financial statements* report major funds as defined by the Government 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.

VILLAGE OF CALUMET, HOUGHTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended February 28, 2025

The major funds for the Village include the General Fund, Major Street, Local Street, Municipal Street and Water Fund. There are seven nonmajor funds (Fire Museum, Sanitation, Revolving Loan, Historical District, Debt Service, Grant Fund and Public Improvement Fund). The Fire Museum and Grant Fund were closed out during fiscal year 2025.

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 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.

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

The Village maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds. The basic governmental fund financial statements can be found on pages 13-15 of this report.

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. The notes to the financial statement can be found on pages 16-27 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Village's budgetary comparison schedules.

This report also presents other supplementary information which includes the combining fund financial statements for the nonmajor governmental funds. The combining statements are presented immediately following the required supplementary information on budgets.

Government-Wide Financial Analysis

The assets of the Village exceeded its liabilities at the close of fiscal year 2025 by \$3,665,798 (net position). Of this amount, unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors, is \$312,433.

VILLAGE OF CALUMET, HOUGHTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended February 28, 2025

Governmental Activities

At the end of the current fiscal year, the Village is able to report positive balances in all three categories (net investment in capital assets, restricted and unrestricted) of net position.

At the close of the fiscal year, the Village's governmental activities reported combined ending net position of \$3,665,798, an increase of \$406,635 from 2024. Approximately 9.38% of this amount, \$343,945 is available for spending at the government's discretion (unrestricted net position).

A large portion of the Village's governmental activities' net position, \$3,009,420 (82.09%), reflects its investment in capital assets (i.e., land, buildings, vehicles, and equipment), less depreciation and any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported as 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.

The following condensed financial information was derived from the government-wide Statement of Net Position and reflects the Village's financial position for the years ended February 28, 2024 and February 28, 2025:

	Governmental Activities 2025	Governmental Activities 2024	Variance Increase (Decrease)	Percentage of Change
Assets				
Current and other assets	\$ 687,366	\$ 730,854	\$ (43,488)	-5.95%
Capital assets, net of depreciation	3,028,685	2,679,579	2,295	0.09%
Total assets	3,716,051	3,410,433	(41,193)	-1.21%
Liabilities				
Current liabilities	30,988	120,795	(89,807)	-28.98%
Long-term liabilities	19,265	30,475	(11,210)	-56.78%
Total liabilities	151,270	151,270	(49,800)	-24.77%
Net position				
Net investment in capital assets	3,009,420	2,649,104	360,316	13.60%
Restricted	343,945	393,632	(49,687)	-12.62%
Unrestricted	312,433	216,427	96,006	44.36%
Total net position	\$ 3,665,798	\$ 3,259,163	\$ 406,635	12.48%

VILLAGE OF CALUMET, HOUGHTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended February 28, 2025

The following table shows the changes of the net position as of the February 29, 2024 and February 28, 2025:

	Governmental Activities 2025	Governmental Activities 2024	Variance Increase (Decrease)	Percentage of Change
Program revenues				
Charges for services	\$ 94,269	\$ 73,770	\$ 20,499	27.79%
Operating grants and contributions	423,056	343,255	79,801	23.25%
Capital grants and contributions	517,221	236,029	281,192	119.13%
General revenue				
Property taxes	179,961	163,782	16,179	9.88%
State-shared revenue	123,312	128,775	(5,463)	-4.24%
Insurance recovery	9,864	724	9,140	1262.43%
Total revenues	<u>1,347,683</u>	<u>946,335</u>	<u>401,348</u>	<u>42.41%</u>
Program expenses				
General government	207,919	187,433	20,486	10.93%
Public safety	8,623	80,861	(72,238)	-89.34%
Public works	325,967	138,373	187,594	135.57%
Highway and streets	357,696	261,437	96,259	36.82%
Community and economic development	23,407	37,813	(14,406)	-38.10%
Recreation and culture	16,856	14,868	1,988	13.37%
Interest on long-term debt	580	830	(250)	-30.12%
Total expenses	<u>941,048</u>	<u>721,615</u>	<u>219,433</u>	<u>30.41%</u>
Income (loss)	406,635	(144,702)	181,915	-125.72%
Ending net position	<u>\$ 3,665,798</u>	<u>\$ 3,259,163</u>	<u>\$ 406,635</u>	<u>12.48%</u>

The Governmental Fund activities realized an increase in revenues in the amount of \$401,348 primarily due to an increase in state and federal grants of \$394,017 and in property taxes of \$20,499.

The 2025 expenses were \$219,433 more than 2024, primarily due to infrastructure improvements projects and community and economic development expenses that occurred in 2025. There was an increase in public works as a result of a \$204,000 grant in the water fund and an increase in winter maintenance due to a much larger snowfall than the prior year. There was a decrease in public safety expenses due to the large purchase of turnout gear in the prior year. There were increases in salaries and fringes in all departments during the current year.

The Village's Funds

The General Fund is the chief operating fund of the Village. Unless otherwise required by statute, contractual agreement, or board policy, all Village revenues and expenditures are recorded in the General Fund. The most significant functions in the General Fund are: general government, public works and capital outlay which incurred expenditures of \$206,600, \$217,296, and \$489,671 respectively, during 2025.

VILLAGE OF CALUMET, HOUGHTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended February 28, 2025

The following condensed financial information was derived from the governmental fund financial Statement of Revenues, Expenditures and Changes in Fund Balances for the years ended February 28, 2024 and 2025.

	Governmental Activities		Variance	Percentage
	2025	2024	Increase (Decrease)	Difference
Revenues				
Taxes	\$ 179,961	\$ 163,782	\$ 16,179	9.88%
Licenses and permits	8,121	8,331	(210)	-2.52%
Federal grants	409,124	257,918	151,206	58.63%
State grants	625,372	382,561	242,811	63.47%
Charges for services	56,388	63,389	(7,001)	-11.04%
Fines and forfeits	403	879	(476)	-54.15%
Interest and rentals	20,514	20,438	76	0.37%
Other revenue	220,473	147,071	73,402	49.91%
Total revenues	1,520,356	1,044,369	475,987	45.58%
Expenditures				
General government	206,600	186,057	20,543	11.04%
Public safety	7,357	79,595	(72,238)	-90.76%
Public works	452,836	215,745	237,091	109.89%
Highway and streets	228,186	408,867	(180,681)	-44.19%
Community and economic development	23,407	37,813	(14,406)	-38.10%
Recreation and cultural	11,440	9,452	1,988	21.03%
Capital outlay	527,878	32,611	495,267	1518.71%
Debt Service				
Principal	11,210	10,960	250	2.28%
Interest and fiscal Fees	580	830	(250)	-30.12%
Total expenditures	1,469,494	981,930	487,564	49.65%
Excess of revenues over (under) expenditures	50,862	62,439	(11,577)	-18.54%
Other financing sources (uses)				
Insurance recovery	9,864	-	9,864	100.00%
Gain on sale of asset	1,000	-	1,000	100.00%
Transfer in	4,987	63,160	(58,173)	-92.10%
Transfer (out)	(4,987)	(63,160)	58,173	92.10%
Total other financing sources (uses)	10,864	-	10,864	100.00%
Beginning fund balance	588,106	525,669	62,437	11.88%
Ending fund balance	\$ 649,832	\$ 588,108	\$ 61,724	10.50%

At the close of the fiscal year, the Village's governmental funds reported combined ending fund balances of \$649,832, an increase of \$61,724 from 2024. Approximately 43% of this amount, \$281,806, is available for spending at the government's discretion (unassigned fund balance).

The Village's total governmental revenues increased by approximately 45.58% or \$475,897. There were increases in federal and state grants during 2024 of \$394,017, and an increase in other revenue due to a contribution of \$37,000 and increase in equipment rental income due to a heavier snowfall this winter.

VILLAGE OF CALUMET, HOUGHTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended February 28, 2025

Expenditures increased by 49.65% (\$487,564). The majority of the increase is related to grant activity. The Water fund received a grant for \$242,000 and the capital outlay had grants associated with the land improvement, this increased by \$495,564. The areas that decreased were related to grants that were in the prior year.

General Fund Budgetary Highlights

During the year the original revenue budget was \$448,100, the final amended budget was \$976,276. The more significant amendments were made to federal grants and state grants. The actual revenues were \$1,042,893, which was \$66,617 more than the budget. The original expenditure budget was \$483,040 and was amended during the year to \$1,062,156. The more significant amendments were made to public works and capital outlay. The actual expenditures were \$947,266, which is \$114,890 less than the final amended budget.

Capital Asset and Debt Administration

Capital assets. The Village's investment in capital assets for its governmental activities as of February 28, 2025 amounts to \$3,028,685 (net of accumulated depreciation). This investment in capital assets includes land, buildings and site improvements, machinery, equipment, vehicles, park facilities, sidewalks, and infrastructure. During 2025, additions to capital assets included land improvements, used vehicles, and office equipment. There was \$178,772 in depreciation expense. Additional information on the Village's capital assets can be found starting on page 24 of this report.

Long-term debt. At the end of the current fiscal year, the Village had total of debt of \$19,265. The Village's total debt decreased by \$11,210 during 2025 as the Village continues to meet all debt service payments as they come due. Additional information on the Village's long-term debt can be found on page 26 of this report.

Economic Factors and Next Year's Budgets and Rates

The Village has considered the following factor in preparing the 2026 fiscal year budget:

Increase in property tax revenue due to increased transfers in property ownership.

Increase in charges for services to offset increased expenses.

All revenues were budgeted conservatively, not knowing the availability of grant funds.

Projected increases in staff wages, software fees, legal fees, ordinance enforcement costs, fuel, utilities, and supplies.

Consideration on beautification projects and use of using current staff in lieu of contracted services for smaller projects.

Capital improvements outlay and equipment purchases for current and future needs were considered.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact Village of Calumet at 340 Sixth Street, Calumet, Michigan 49913.

VILLAGE OF CALUMET
GOVERNMENT-WIDE STATEMENT OF NET POSITION
February 28, 2025

	PRIMARY GOVERNMENT	COMPONENT UNIT	
	Governmental Activities	DDA	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 529,596	\$ 62,751	\$ 592,347
Receivables, net	190,048	11,916	201,964
Internal Balances	(57,795)	57,795	-
Inventories	24,081	10,002	34,083
Prepaid expenses	1,436	-	1,436
Total current assets	<u>687,366</u>	<u>142,464</u>	<u>829,830</u>
Noncurrent assets			
Capital assets not being depreciated	164,634	-	164,634
Capital assets being depreciated, net	2,864,051	-	2,864,051
Total noncurrent assets	<u>3,028,685</u>	<u>-</u>	<u>3,028,685</u>
Total assets	<u>3,716,051</u>	<u>142,464</u>	<u>3,858,515</u>
Liabilities			
Accounts payable	21,290	500	21,790
Accrued and other liabilities	9,198	-	9,198
Unearned revenue	500	-	500
Noncurrent Liabilities			
Due within one year	11,471	-	11,471
Due in more than one year	7,794	-	7,794
Total liabilities	<u>50,253</u>	<u>500</u>	<u>50,753</u>
Net position			
Net investment in capital assets	3,009,420	-	3,009,420
Restricted	343,945	-	343,945
Unrestricted	312,433	141,964	454,397
Total net position	<u>\$ 3,665,798</u>	<u>\$ 141,964</u>	<u>\$ 3,807,762</u>

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

**VILLAGE OF CALUMET
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended February 28, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	DDA
Primary Government						
Governmental activities						
General government	\$ 207,919	\$ 6,587	\$ 4,794	\$ -	\$ (196,538)	\$ -
Public safety	8,623	1,937	4,369	-	(2,317)	-
Public works	325,967	85,345	229,914	-	(10,708)	-
Highway and streets	357,696	-	175,479	-	(182,217)	-
Community and economic development	23,407	-	-	296,188	272,781	-
Recreation and culture	16,856	400	8,500	221,033	213,077	-
Interest on long-term debt	580	-	-	-	(580)	-
Total Primary Government	941,048	94,269	423,056	517,221	93,498	-
Component Unit						
Downtown Development Authority	95,061	290	32,794	-	-	(61,977)
Total Component Unit	\$ 95,161	\$ 85,386	\$ 32,794.00	\$ -	\$ 93,498	\$ (61,977)
General Revenues						
Property taxes					\$ 179,961	\$ 78,964
Insurance recovery					9,864	-
Grants and contributions not restricted to specific programs					123,312	-
Total general revenues					313,137	78,964
Change in net position					406,635	16,987
Net position--beginning					3,259,163	124,977
Net position--ending					\$ 3,665,798	\$ 141,964

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

**VILLAGE OF CALUMET
BALANCE SHEET AND RECONCILIATION OF THE FUND BALANCE OF
GOVERNMENTAL FUNDS TO NET POSITION
GOVERNMENTAL FUNDS
February 28, 2025**

	MAJOR SPECIAL REVENUE FUNDS					Non-Major Governmental Funds	Total Governmental Funds
	General	Major Street	Local Street	Municipal Street	Water Fund		
Assets							
Cash	\$ 235,467	\$ 59,389	\$ 33,416	\$ 125,786	\$ 49,950	\$ 25,588	\$ 529,596
Receivables							
Accounts	28,560	-	-	-	-	-	28,560
Due from State	90,485	61,564	9,439	-	-	-	161,488
Due from component unit	8,400	-	-	-	-	2,500	10,900
Inventories	-	-	-	24,081	-	-	24,081
Prepaid expense	-	-	-	-	1,436	-	1,436
Total Current Assets	\$ 362,912	\$ 120,953	\$ 42,855	\$ 149,867	\$ 51,386	\$ 28,088	\$ 756,061
Liabilities							
Accounts payable	\$ 18,292	\$ 2,098	\$ 200	\$ 500	\$ -	\$ 200	\$ 21,290
Due to component unit	49,489	-	-	13,608	-	5,598	68,695
Accrued liabilities	6,779	2,284	135	-	-	-	9,198
Unearned revenue	-	-	-	-	-	500	500
Total liabilities	74,560	4,382	335	14,108	-	6,298	99,683
Deferred inflows of resources							
Unavailable revenues-receivables	6,546	-	-	-	-	-	6,546
Total deferred inflows of resources	6,546	-	-	-	-	-	6,546
Fund balances							
Nonspendable	-	-	-	24,081	1,436	-	25,517
Restricted	-	116,571	42,520	111,678	49,950	21,790	342,509
Unassigned	281,806	-	-	-	-	-	281,806
Total fund balances	281,806	116,571	42,520	135,759	51,386	21,790	649,832
Total liabilities, deferred inflows of resources and fund balances	\$ 362,912	\$ 120,953	\$ 42,855	\$ 149,867	\$ 51,386	\$ 28,088	\$ 756,061

Reconciliation of fund balances on the balance sheet for governmental funds to net position of governmental activities on the statement of net position

Fund balance--total governmental funds	\$ 649,832
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and not included in the funds	3,028,685
Revenues that do not provide current financial resources are not reported as revenue in the funds.	6,546
Certain liabilities, such as compensated absences, deferred outflows related to net pension liability, and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and loan payable	(19,265)
Total net position	\$ 3,665,798

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

**VILLAGE OF CALUMET
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended February 28, 2025**

	MAJOR SPECIAL REVENUE FUNDS					Non-Major Governmental	Total Governmental Funds
	General	Major Street	Local Street	Municipal Street	Water Fund		
Revenues							
Taxes and penalties	\$ 121,148	\$ -	\$ -	\$ 44,831	\$ -	\$ 13,982	\$ 179,961
Licenses and permits	8,120	-	-	-	-	-	8,120
Federal grants	423,996	-	-	-	204,161	2,000	630,157
State grants	228,107	140,585	31,076	3,818	-	753	404,339
Charges for services	55,988	-	-	-	-	400	56,388
Fines and forfeits	403	-	-	-	-	-	403
Interest and rentals	-	-	-	-	20,514	-	20,514
Other revenue	205,130	-	-	-	-	15,343	220,473
Total Revenues	1,042,892	140,585	31,076	48,649	224,675	32,478	1,520,355
Expenditures							
Current							
General government	206,600	-	-	-	-	-	206,600
Public safety	7,357	-	-	-	-	-	7,357
Public works	217,296	-	-	-	221,388	14,152	452,836
Highway and streets	-	186,932	40,754	500	-	-	228,186
Community and economic development	18,407	-	-	-	-	5,000	23,407
Recreation and culture	7,935	-	-	-	-	3,505	11,440
Capital outlay	489,671	38,207	-	-	-	-	527,878
Debt Service							
Principal	-	-	-	-	-	11,210	11,210
Interest	-	-	-	-	-	580	580
Total expenditures	947,266	225,139	40,754	500	221,388	34,447	1,469,494
Excess of revenues over (under) expenditures	95,626	(84,554)	(9,678)	48,149	3,287	(1,969)	50,861
Other financing sources (uses)							
Insurance recovery	9,864	-	-	-	-	-	9,864
Gain on sale of assets	1,000	-	-	-	-	-	1,000
Operating transfer in-Primary	2,040	-	-	-	-	2,947	4,987
Operating transfer (out)	(2,947)	-	-	-	-	(2,040)	(4,987)
Total other financing sources (uses)	9,957	-	-	-	-	907	10,864
Fund balances--Beginning	176,223	201,125	52,198	87,610	48,099	22,852	588,107
Net change in fund balance	105,583	(84,554)	(9,678)	48,149	3,287	(1,062)	61,725
Fund balances--Ending	<u>\$ 281,806</u>	<u>\$ 116,571</u>	<u>\$ 42,520</u>	<u>\$ 135,759</u>	<u>\$ 51,386</u>	<u>\$ 21,790</u>	<u>\$ 649,832</u>

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

**VILLAGE OF CALUMET
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended February 28, 2025**

NET CHANGE IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS \$ 61,726

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

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

Add--capital outlay	527,878
Add--additional infrastructure	-
Deduct--depreciation expense	(178,772)
Add--loss on asset disposal	1,000

Revenues earned, but not available for current resources, are not reported in the funds.

Net (decrease) increase in deferred revenue- receivables	(16,407)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Add--principal payments on long-term liabilities	<u>11,210</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 406,635</u></u>
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The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

I. Summary of significant accounting policies

The Village of Calumet, Michigan (the “Village” or “government”) was incorporated in 1875. The Village is governed by an elected seven-member governing Council consisting of a president and six trustees. The Village provides services to its residents in many areas including; fire protection, street maintenance, recreation and community enrichment. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below

A. Reporting entity

As required by generally accepted accounting principles, these financial statements present the Village and its component unit, an entity for which the Village is considered to be financially accountable. The component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Village.

Discretely Presented Component Unit

Downtown Development Authority

The Downtown Development Authority (the “DDA”) was formed in 1992 under the auspices of Public Act 197 of 1975, as amended (MCL 125.1651) to enhance the Village's business district by preservation, creation, and implementation of the development plans in the district to be financed by taxes from properties within its district. The members of the nine-member governing board of the DDA are appointed by the Village Council. The budgets and expenditures of the DDA must be approved by the Village Council. The Village Council also has the ability to significantly influence the operations of the DDA. The DDA is not separately audited. A complete financial statement of the DDA can be obtained from the Village Manager.

Jointly Governed Organization

North Houghton County Water and Sewage Authority

The North Houghton County Water and Sewage Authority (the “Authority”) was formed in 1983 for the purpose of constructing and making improvements to wastewater collection, transmission, and treatment facilities within the service area of the Authority. It operates under a seven-member board consisting of two members from the Village of Laurium, one member from Osceola Township, one member from the Village of Calumet and three members from the Charter Township of Calumet. The Authority’s board has control over its own budgeting and financing obligations. All of the financial operations of the Authority are recorded in the records of the Authority. It is expected that the revenues generated from the authority system users will be adequate to operate the sewage system and pay back any related construction debt and interest of

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

the Authority. The Authority is separately audited and separately audited financial statements are available from the Authority at the following contact:

Mr. Mark Bonenfant, Chairman
25880 Red Jacket Road
Calumet, MI 49913

Related Organization

Calumet Housing Commission

The Calumet Housing Commission (the “Commission”) is a related organization formed by the Village of Calumet under Public Act 18 of 1933 of the State of Michigan. The Commission operates under a Board of Commissioners appointed by the Village. The Commission is excluded from the financial statements as the Village’s accountability does not extend beyond making board appointments. The Village has no other influence over management, budget, or policies of the Commission. The Commission manages 98 units of low-rent public housing units. The Commission is separately audited and separately audited financial statements are available from the Commission at the following contact:

Gail Perala, Executive Director
1 Park Avenue
Calumet, MI 49913
Or phone at (906) 337-0005

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues. The primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and accrued employee benefit expenditures are recorded only when payment is due.

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

The 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 those accounted for and reported in another fund.

The ***major streets fund*** accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets.

The ***local streets fund*** accounts for the resources of state gas and weight tax revenues that are restricted for use on local streets.

The ***municipal streets fund*** accounts for the resources of property taxes and other revenues earmarked for use on municipal streets.

The ***water fund*** accounts for the resources of revenue from the water lease, which is earmarked for use of water hydrant rentals and water projects.

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

Additionally, the government reports the following fund types:

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

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

B. Assets, Liabilities, and Equity

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and certificates of deposit.

State law limits investments to specific government securities, certificates of deposit, and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. The Village's investment policy does not have specific limits in excess of state law pertaining to investment credit risk.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts outstanding at year-end were identified by as being uncollectible.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Inventories

All inventories are valued at the lower of cost or market, using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets, include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Computers, printers, and certain other peripheral technology equipment is capitalized at a lower limit of \$500. For infrastructure assets, the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

Prior to March 1, 2004, governmental funds' infrastructure assets were not capitalized. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. During the current fiscal year, no interest was capitalized in the enterprise funds.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	40 to 60 years
Site improvements	20 years
Water lines	35 to 80 years
Infrastructure	15 to 30 years
Vehicles	5 to 25 years
Office equipment	8 to 10 years
Computer equipment	5 years
Office furnishings	10 to 15 years

Unearned Revenues

Unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Deferred outflows/inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one item that qualifies for reporting in this category. The item arises only under a modified accrual basis of accounting, and is therefore only reported in the governmental fund balance sheet. The governmental fund reports unavailable revenue from

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

receivables which are not collected during the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred

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

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

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

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

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council assigns fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

3. Revenues and expenditures/expenses

Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property taxes attach as an enforceable lien on real property and are levied as of July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on September 15, at which time penalties and interest are assessed and unpaid real property taxes are turned over to Houghton County.

The 2024 taxable valuation of the government totaled \$10,841,314, on which taxes levied consisted of 9.7751 mills and 2.9646 mills for operating purposes, 1.7000 mills for waste collection, and 3.9095 mills for municipal streets. These amounts are recognized in the respective general and special revenue funds as tax revenue.

No tax abatements were provided to property taxpayers which would require disclosure in accordance with GASB Statement No. 77, *Tax Abatement Disclosures*.

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. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the Village.

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

Use of estimates

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

II. Budgetary information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all of the governmental funds. The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrance accounting is not utilized by the government.

III. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

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

The government has designated two financial institutions located in Michigan for the deposit of its funds. The government's deposits and investment policy are in accordance with statutory authority.

The book balance at February 28, 2025 is as follows:

	Primary Government	Component Unit-DDA	Total
Cash and cash equivalents	\$ 529,596	\$ 62,751	\$ 592,347
Total	<u>\$ 529,596</u>	<u>\$ 62,751</u>	<u>\$ 592,347</u>

Custodial credit risk. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of February 28, 2025, \$250,000 of the bank balance of was \$536,151 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the Village believes it is impractical to insure all bank deposits. As a result, the Village evaluates each financial institution with which it deposits Village funds and assesses the level of risk of each institution; only those

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

institutions with an acceptable estimated risk level are used as depositories. The DDA was fully insured at \$70,409 in their bank balance.

B. Capital assets

Capital asset activity for the year ended February 28, 2025, was as follows:

<u>Governmental-type activities</u>	Account Beginning Balance	Additions	Deductions	Ending Balance
Capital assets not being depreciated				
Land	\$ 85,115	\$ -	\$ -	\$ 85,115
Historical treasure	48,000	-	-	48,000
Construction in progress	31,519	313,476	-	344,995
Subtotal	<u>164,634</u>	<u>313,476</u>	<u>-</u>	<u>478,110</u>
Capital assets being depreciated				
Land improvements	-	188,104	-	188,104
Building and site improvements	235,027	-	-	235,027
Machinery and equipment	612,064	19,498	4,000	627,562
Vehicles	210,397	6,800	-	217,197
Water lines	360,402	-	-	360,402
Infrastructure	2,783,536	-	-	2,783,536
Total capital assets being depreciated	<u>4,201,426</u>	<u>214,402</u>	<u>4,000</u>	<u>4,411,828</u>
Building and site improvements	147,445	4,350	-	151,795
Machinery and equipment	389,500	22,033	3,000	408,533
Vehicles	104,028	15,671	-	119,699
Water lines	194,331	7,208	-	201,539
Infrastructure	851,177	129,510	-	980,687
Total accumulated depreciation	<u>1,686,481</u>	<u>178,772</u>	<u>3,000</u>	<u>1,862,253</u>
Net capital assets being depreciated	<u>2,514,945</u>	<u>35,630</u>	<u>1,000</u>	<u>2,549,575</u>
Total net capital assets governmental activities	<u>\$ 4,366,060</u>	<u>\$ 527,878</u>	<u>\$ 179,772</u>	<u>\$ 3,027,685</u>

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

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

Governmental activities	
General government	\$ 1,319
Public safety	1,266
Public works	129,510
Infrastructure	41,261
Parks and recreation	5,416
Total depreciation expense	\$ 178,772

C. Interfund and Inter-Governmental Activity

Interfund Activity

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

Primary Government Transfers Out:	Transfer In		
	General	Non-Major	Total
General fund	\$ -	\$ 2,947	\$ 2,947
Non-major	2,040		2,040
Total	\$ 2,040	\$ 2,947	\$ 4,987

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

The composition of interfund balances for the year ended February 28, 2025 were as follows:

Component Unit-DDA Payable Fund	Receivable Fund			
	General	Non-Major	DDA	Total
DDA	\$ 8,400	\$ 2,500	\$ -	\$ 10,900
General fund	-	-	49,489	49,489
Municipal Street fund	-	-	13,608	13,608
Non-Major	-	-	5,598	5,598
Total	\$ 8,400	\$ 2,500	\$ 68,695	\$ 79,595

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

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

D. Long-term liabilities

General obligation bonds and loans are direct obligations and pledge the full faith and credit of the government. Contractual agreements and installment purchase agreements are also general obligations of the government.

Long-term obligations activity for the year ended February 28, 2025 was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Addition</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment Loan-Direct Placement- Used to purchase a grader with monthly installments of \$982 at 2.25%, maturity in October 2026	\$ 30,475	\$ -	\$ (11,210)	\$ 19,265	\$ 11,471

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

<u>Year End February 28</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 11,471	\$ 319	\$ 11,790
2027	7,794	66	7,860
	<u>\$ 19,265</u>	<u>\$ 385</u>	<u>\$ 19,650</u>

E - Leases

The water line lease and operating agreement between the Village of Calumet, Michigan and Michigan-American Water Company is dated October 1, 1983. Annual rental is based on 10% of the net revenue generated by Michigan-American Water Company from the government's residents. This rental income is recorded in the water fund and amounts to \$20,507 for the year ended February 28, 2025. The lease has expired and is on a year-to-year basis.

F. Risk management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees (workers' compensation); and natural disasters. During the year ended February 28, 2025, the Village carried commercial insurance to cover all risks of loss. The Village has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years. There was no significant change in coverage during the year.

VILLAGE OF CALUMET, MICHIGAN

Notes to the Financial Statements

February 28, 2025

G. Contingencies

The government participates in various federal and state grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

H. Subsequent Events

At the end of the year the Village had the following projects that are included in the construction in progress:

- Village Hall Roof Replacement: 0% complete at year-end. During 2025, the Village made a 50% deposit. Total project estimate is \$112,450 funded by a Fiscally Distressed Cities, Villages and Township Grant through the Michigan Department of Treasury.
- Greenspace Project Land Improvement Grant: Creating a new park space across two vacant lots, adjacent to the Calumet Theatre and across the alleyway on 5th Street. The total project cost is estimated at \$539,858, of which \$488,625 is paid for from a CDBG Grant-Public Gathering Spaces through the MEDC and the remaining \$51,233 is paid as a local match from the Downtown Development Authority. At the year-end this project was at 48% completion of construction.

VILLAGE OF CALUMET
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended February 28, 2025

	BUDGETED AMOUNTS		Actual	Variance With
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Taxes and penalties	\$ 115,000	\$ 122,316	\$ 121,148	\$ (1,168)
Licenses and permits	9,500	9,850	8,120	(1,730)
Federal grants	-	350,000	423,996	73,996
State grants	130,000	288,910	228,107	(60,803)
Charges for services	60,000	60,000	55,988	(4,012)
Fines and forfeits	1,700	500	403	(97)
Interest and rentals	600	-	-	-
Other revenue	131,300	144,700	205,130	60,430
Total revenues	448,100	976,276	1,042,892	66,616
Expenditures				
General government	207,540	226,300	206,600	19,700
Public safety	17,000	16,500	7,357	9,143
Public works	215,000	263,250	217,296	45,954
Community and economic development	14,500	23,468	18,407	5,061
Recreation and culture	4,000	8,250	7,935	315
Capital outlay	25,000	524,388	489,671	34,717
Total expenditures	483,040	1,062,156	947,266	114,890
Excess of revenues over (under) expenditures	(34,940)	(85,880)	95,626	181,506
Other financing sources (uses)				
Sale of capital assets	-	1,000	1,000	-
Insurance recovery	-	9,864	9,864	-
Interfund transfers in	-	-	2,040	2,040
Interfund transfers (out)	(2,947)	(2,947)	(2,947)	-
Total other financing sources (uses)	(2,947)	7,917	9,957	2,040
Fund balance--beginning	176,223	176,223	176,223	-
Net change in fund balance	(37,887)	(77,963)	105,583	183,546
Fund balance--ending	\$ 138,336	\$ 98,260	\$ 281,806	\$ 183,546

**VILLAGE OF CALUMET
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR STREET FUND--MAJOR SPECIAL REVENUE FUND
For the Fiscal Year Ended February 28, 2025**

	<u>BUDGETED AMOUNTS</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
State grants	\$ 157,500	\$ 144,176	\$ 140,585	\$ (3,591)
Total revenues	<u>157,500</u>	<u>144,176</u>	<u>140,585</u>	<u>(3,591)</u>
Expenditures				
Public works	190,200	196,746	186,932	9,814
Capital outlay	-	38,207	38,207	-
Total expenditures	<u>190,200</u>	<u>234,953</u>	<u>225,139</u>	<u>9,814</u>
Excess of revenues over (under) expenditures	<u>(32,700)</u>	<u>(90,777)</u>	<u>(84,554)</u>	<u>6,223</u>
Net change in fund balance	(32,700)	(90,777)	(84,554)	6,223
Fund balance--beginning	<u>201,125</u>	<u>201,125</u>	<u>201,125</u>	<u>-</u>
Fund balance--ending	<u>\$ 168,425</u>	<u>\$ 110,348</u>	<u>\$ 116,571</u>	<u>\$ 6,223</u>

VILLAGE OF CALUMET
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
LOCAL STREET FUND--MAJOR SPECIAL REVENUE FUND
For the Fiscal Year Ended February 28, 2025

	<u>BUDGETED AMOUNTS</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
State grants	\$ 34,000	\$ 30,000	\$ 31,076	\$ 1,076
Total revenues	<u>34,000</u>	<u>30,000</u>	<u>31,076</u>	<u>1,076</u>
Expenditures				
Public Works	<u>34,000</u>	<u>43,650</u>	<u>40,754</u>	<u>2,896</u>
Total expenditures	<u>34,000</u>	<u>43,650</u>	<u>40,754</u>	<u>2,896</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(13,650)</u>	<u>(9,678)</u>	<u>3,972</u>
Net change in fund balance	-	(13,650)	(9,678)	3,972
Fund balance--Beginning	<u>52,198</u>	<u>52,198</u>	<u>52,198</u>	<u>-</u>
Fund balance--Ending	<u>\$ 52,198</u>	<u>\$ 38,548</u>	<u>\$ 42,520</u>	<u>\$ 3,972</u>

VILLAGE OF CALUMET
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL STREET FUND--MAJOR SPECIAL REVENUE FUND
For the Fiscal Year Ended February 28, 2025

	<u>BUDGETED AMOUNTS</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 31,000	\$ 32,155	\$ 32,156	\$ 1
State	-	1,750	3,818	2,068
County tax	11,500	12,675	12,675	-
Charges for services	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>50,000</u>	<u>46,580</u>	<u>48,649</u>	<u>2,069</u>
Expenditures				
Public works	<u>10,650</u>	<u>500</u>	<u>500</u>	<u>-</u>
Total expenditures	<u>10,650</u>	<u>500</u>	<u>500</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>39,350</u>	<u>46,080</u>	<u>48,149</u>	<u>2,069</u>
Net change in fund balance	39,350	46,080	48,149	2,069
Fund balance--Beginning	<u>126,960</u>	<u>87,610</u>	<u>87,610</u>	<u>-</u>
Fund balance--Ending	<u>\$ 166,310</u>	<u>\$ 133,690</u>	<u>\$ 135,759</u>	<u>\$ 2,069</u>

**VILLAGE OF CALUMET
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
WATER FUND--MAJOR SPECIAL REVENUE FUND
For the Fiscal Year Ended February 28, 2025**

	<u>BUDGETED AMOUNTS</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Federal grant	\$	\$ 205,956	\$ 204,161	\$ (1,795)
Interest and rentals	19,708	19,708	20,514	806
Total revenues	<u>19,708</u>	<u>225,664</u>	<u>224,675</u>	<u>(989)</u>
Expenditures				
Public Works	17,500	223,706	221,388	2,318
Total expenditures	<u>17,500</u>	<u>223,706</u>	<u>221,388</u>	<u>2,318</u>
Excess of revenues over (under) expenditures	<u>2,208</u>	<u>1,958</u>	<u>3,287</u>	<u>1,329</u>
Net change in fund balance	2,208	1,958	3,287	1,329
Fund balance--Beginning	<u>48,099</u>	<u>48,099</u>	<u>48,099</u>	<u>-</u>
Fund balance--Ending	<u>\$ 50,307</u>	<u>\$ 50,057</u>	<u>\$ 51,386</u>	<u>\$ 1,329</u>

**VILLAGE OF CALUMET
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
February 28, 2025**

	Special Revenue			Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Fire Museum	Sanitation	Revolving Loan	Debt Service	Grant Fund	Public Improvement	
Assets							
Cash	\$ -	\$ 9,998	\$ 6,745	\$ 74	\$ -	\$ 904	\$ 25,588
Due from component unit	-	-	-	-	-	-	2,500
Total assets	<u>\$ -</u>	<u>\$ 9,998</u>	<u>\$ 6,745</u>	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ 904</u>	<u>\$ 28,088</u>
Liabilities							
Accounts payable	\$ -	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ 200
Due to component unit	-	5,598	-	-	-	-	5,598
Unearned revenue	-	-	-	-	-	-	500
Total liabilities	<u>-</u>	<u>5,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,298</u>
Fund Balances							
Restricted for:							
Public works	-	4,200	-	-	-	-	4,200
Economic and development	-	-	-	-	-	-	9,867
Debt service	-	-	6,745	74	-	-	6,819
Committed for:							
Capital projects	-	-	-	-	-	904	904
Total fund balances	<u>-</u>	<u>4,200</u>	<u>6,745</u>	<u>74</u>	<u>-</u>	<u>904</u>	<u>21,790</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ -</u>	<u>\$ 9,998</u>	<u>\$ 6,745</u>	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ 904</u>	<u>\$ 28,088</u>

VILLAGE OF CALUMET
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended February 28, 2025

	Special Revenue				Debt Service	Capital Projects		Total Nonmajor
	Fire Museum	Sanitation	Revolving Loan	Historical District	Debt Service	Grant Fund	Public Improvement	Governmental Funds
Revenues								
Taxes	\$ -	\$ 13,982	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,982
Federal grants	-	-	-	2,000	-	-	-	2,000
State grants	-	753	-	-	-	-	-	753
Charges for services	-	-	-	400	-	-	-	400
Other	-	-	-	6,500	8,843	-	-	15,343
Total revenues	-	14,735	-	8,900	8,843	-	-	32,478
Expenditures								
Public works	-	14,152	-	-	-	-	-	14,152
Community and Economic Development	-	-	-	5,000	-	-	-	5,000
Recreation and cultural	-	-	-	3,505	-	-	-	3,505
Debt Service								
Principal	-	-	-	-	11,210	-	-	11,210
Interest	-	-	-	-	580	-	-	580
Total expenditures	-	14,152	-	8,505	11,790	-	-	34,447
Excess of revenues over (under) expenditures	-	583	-	395	(2,947)	-	-	(1,969)
Other Financing Sources (Uses)								
Operating transfers in	-	-	-	-	2,947	-	-	2,947
Operating transfers (out)	(680)	-	-	-	-	(1,360)	-	(2,040)
Total other financing sources (uses)	(680)	-	-	-	2,947	(1,360)	-	907
Excess of revenues and other sources over (under) expenditures and other uses	(680)	583	-	395	-	(1,360)	-	(1,062)
Fund balances--Beginning	680	3,617	6,745	9,472	74	1,360	904	22,852
Fund balances--Ending	\$ -	\$ 4,200	\$ 6,745	\$ 9,867	\$ 74	\$ -	\$ 904	\$ 21,790



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September 1, 2025

To the Village Council
Village of Calumet, Michigan

I have audited the financial statements of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Village of Calumet, Michigan, for the year ended February 28, 2025. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated April 7, 2025. Professional standards also require that I communicate to you the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated April 7, 2025, my responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. My audit of the financial statements does not relieve you or management of your responsibilities. My responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the that the financial statements are free of material misstatement.

As part of my audit, I considered the internal control of the Village. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

I am responsible for communicating significant matters related to the audit that are, in my professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, I am not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 25, 2025.

Compliance with All Ethics Requirements Regarding Independence

I and others in my network firms have complied with all relevant ethical requirements regarding independence. Management has reviewed and approved all journal entries proposed as a result of our audit engagement. Furthermore, an individual with suitable skill, knowledge and experience from management has reviewed the financial statements prepared by the auditor to ensure compliance with all statutory and regulatory guidance.

Significant Risks Identified

I have identified the following significant risks:

1. Improper Revenue Recognition – the risk that the Village will not record the revenues in the correct period creating either overstated or understated revenues.
2. Management Override – the risk that management will override the internal controls set in place.

To Village of Calumet Council
Calumet, Michigan

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Calumet, Michigan are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing was not changed during the February 28, 2025 fiscal year. I noted no transactions entered into by the Village of Calumet, Michigan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period, except for two funds, which had restatements to the beginning fund balance-see note E of the notes to the financial statements for details.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

I evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Except for the restatement made above, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated September 1, 2025.

To Village of Calumet Council
Calumet, Michigan

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Other Matters

I applied certain limited procedures to management’s discussion and analysis, budgetary comparison schedules, and pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

I was engaged to report on the combining and individuals fund schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,



Susan D Sanford, CPA PLLC
Certified Public Accountant