VILLAGE OF CALUMET

CALUMET, MICHIGAN

Houghton County

FINANCIAL REPORT

Year ended February 28, 2026

VILLAGE OF CALUMET
Village Council
February 28, 2026

Rob Tarvis
President

Pamela Que
President Pro-Tem

Matt L'Esperance
Trustee

Ariel Pizzo
Trustee

Kelly Ryan
Trustee

Bernice Smith
Trustee

James Tercha
Trustee

Lori Weir
Clerk

Debra Aubin
Treasurer

Megan Haselden
Village Manager

Village of Calumet
340 Sixth Street
Calumet, Michigan 49913
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VILLAGE OF CALUMET,
HOUGHTON COUNTY

TABLE OF CONTENTS

Page

Independent Auditor's Report 1-3

Management's Discussion and Analysis 4-10

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements
Statement of Net Position 11
Statement of Activities 12

Governmental Fund Financial Statements
Balance Sheet and Reconciliation of the Fund Balance of Governmental Funds to Net Position 13
Statement of Revenues, Expenditures and Changes in Fund Balances 14
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities 15

NOTES TO FINANCIAL STATEMENTS 16-27

REQUIRED SUPPLEMENTAL INFORMATION

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual—General Fund 28

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual—Major Street Fund 29

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual—Local Street Fund 30

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual—Municipal Street Fund 31

OTHER SUPPLEMENTARY INFORMATION AND SCHEDULES

Non-Major Governmental Funds
Combining Balance Sheet 32
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances 33

General Fund-Individual Schedules
Schedule of Revenues—Budget to Actual 34
Schedule of Expenditures—Budget to Actual 35

Schedule of Findings 36

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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, 2026 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, 2026, 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.

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

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

Susan D Sanford, CPA PLLC
Certified Public Accountant

September 3, 2026

VILLAGE OF CALUMET, HOUGHTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 28, 2026

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, 2026. 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 $4,055,836 (net position). Of this amount, $438,935 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 $265,874.
- At the close of the current fiscal year, the Village's governmental funds reported combined fund balances of $602,522, a decrease of $47,310 in comparison with 2025. Approximately 49% of this amount ($293,368) is available for spending at the government's discretion (unassigned fund balance).
- The Village's total outstanding long-term debt decreased by $11,471 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.

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.

The major funds for the Village include the General Fund, Major Street, Local Street, and Municipal Street Fund. There are six nonmajor funds (Sanitation, Water, Revolving Loan, Historical District, Debt Service, and Public Improvement Fund). The Fire Museum and Grant Fund were closed out during fiscal year 2025 and the Water Fund was changed from a major fund in 2025 to a nonmajor fund in 2026.

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 2026 by $3,931,672 (net position). Of this amount, unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors, is $314,771.

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 $3,931,672, an increase of $265,874 from 2025. Approximately 8.01% of this amount, $314,771 is available for spending at the government's discretion (unrestricted net position).

A large portion of the Village's governmental activities' net position, $3,329,150 (84.68%), 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, 2025 and February 28, 2026:

	Governmental Activities 2026	Governmental Activities 2025	Variance Increase (Decrease)	Percentage of Change
Assets				
Current and other assets	$ 684,192	$ 688,366	$ (4,174)	-0.61%
Capital assets, net of depreciation	3,336,944	3,027,685	2,295	0.08%
Total assets	4,021,136	3,716,051	(1,879)	-0.05%
Liabilities				
Current liabilities	81,670	30,988	(28,128)	-18.89%
Long-term liabilities	7,794	19,265	(21,672)	-41.56%
Total liabilities	89,464	50,253	(49,800)	-24.77%
Net position				
Net investment in capital assets	3,329,150	3,009,420	319,730	10.62%
Restricted	287,751	343,945	(56,194)	-16.34%
Unrestricted	314,771	312,433	2,338	0.75%
Total net position	$ 3,931,672	$ 3,665,798	$ 265,874	7.25%

The following table shows the changes of the net position as of the February 28, 2025 and February 28, 2026:

	Governmental Activities 2026	Governmental Activities 2025	Variance Increase (Decrease)	Percentage of Change
Program revenues				
Charges for services	$ 73,260	$ 94,269	$ (21,009)	-22.29%
Operating grants and contributions	261,386	423,056	(161,670)	-38.21%
Capital grants and contributions	453,473	517,221	(63,748)	-12.33%
General revenue				
Property taxes	196,570	179,961	16,609	9.23%
Unrestricted grants, investment earnings and net gain (loss) on sale of assets	121,020	123,312	(2,292)	-1.86%
Insurance recovery	2,716	9,864	(7,148)	-72.47%
Total revenues	1,108,425	1,347,683	(239,258)	-17.75%
Program expenses				
General government	265,350	207,919	57,431	27.62%
Public safety	17,427	8,623	8,804	102.10%
Public works	56,799	325,967	(269,168)	-82.58%
Highway and streets	452,822	357,696	95,126	26.59%
Community and economic development	13,534	23,407	(9,873)	-42.18%
Recreation and culture	36,300	16,856	19,444	115.35%
Interest on long-term debt	319	580	(261)	-45.00%
Total expenses	842,551	941,048	(98,497)	-10.47%
Income (loss)	265,874	406,635	(140,761)	-34.62%
Ending net position	$ 3,931,672	$ 3,665,798	$ 265,874	7.25%

The Governmental Fund activities realized a decrease in revenues in the amount of $239,259 primarily due to a decrease in operating and capital grants and contributions. There was a slight increase in property taxes from the prior year of $16,609.

The 2026 expenses were $98,498 less than 2025, primarily due to infrastructure improvements projects and community and economic development expenses that occurred in 2025. There was a decrease in public works as a result of a $204,000 grant in the water fund. There was an winter maintenance due to a larger snowfall than 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 $258,480, $211,101, and $522,521 respectively, during 2026.

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, 2025 and 2026.

	Governmental Activities		Variance Increase (Decrease)	Percentage Difference
	2026	2025		
Revenues				
Taxes	$ 196,570	$ 179,961	$ 16,609	9.23%
Licenses and permits	6,168	8,121	(1,953)	-24.05%
Federal grants	243,037	409,124	(166,087)	-40.60%
State grants	492,624	625,372	(132,748)	-21.23%
Charges for services	76,428	56,388	20,040	35.54%
Fines and forfeits	-	403	(403)	-100.00%
Interest and rentals	104	20,514	(20,410)	-99.49%
Other revenue	342,417	220,473	121,944	55.31%
Total revenues	1,357,348	1,520,356	(163,008)	-10.72%
Expenditures				
General government	258,084	206,600	51,484	24.92%
Public safety	4,684	7,357	(2,673)	-36.33%
Public works	241,713	452,836	(211,123)	-46.62%
Highway and streets	323,312	228,186	95,126	41.69%
Community and economic development	13,534	23,407	(9,873)	-42.18%
Recreation and cultural	24,891	11,440	13,451	117.58%
Capital outlay	537,521	527,878	9,643	1.83%
Debt Service				
Principal	11,471	11,210	261	2.33%
Interest and fiscal Fees	319	580	(261)	-45.00%
Total expenditures	1,415,529	1,469,494	(53,965)	-3.67%
Excess of revenues over (under) expenditures	(58,181)	50,862	(109,043)	-214.39%
Other financing sources (uses)				
Insurance recovery	2,716	9,864	(7,148)	100.00%
Gain on sale of asset	8,155	1,000	7,155	100.00%
Transfer in	84,502	4,987	79,515	1594.45%
Transfer (out)	(84,502)	(4,987)	(79,515)	-1594.45%
Total other financing sources (uses)	10,871	10,864	7	100.00%
Beginning fund balance	649,832	588,106	61,726	10.50%
Ending fund balance	$ 602,522	$ 649,832	$ (47,310)	-7.28%

At the close of the fiscal year, the Village's governmental funds reported combined ending fund balances of $602,522, a decrease of $47,310 from 2025. Approximately 49% of this amount, $293,368, is available for spending at the government's discretion (unassigned fund balance).

The Village's total governmental revenues decreased by approximately 10.72% or $163,009. There were decreases in federal and state grants during 2026 of $348,835, partially offset by an increase in other revenue and an increase in property taxes of $16,609. The private grants and donations increased by $121,944 in 2026.

Expenditures decreased by 3.67% ($53,966). The decrease is primarily related to lower public works spending, which was unusually high in 2025 due to a Water fund grant project. This was partially offset by higher highway and streets spending and a modest increase in capital outlay.

General Fund Budgetary Highlights

During the year the original revenue budget was $1,009,921, the final amended budget was $1,090,337. The actual revenues were $1,053,617, which was $43,720 less than the final budget. The original expenditure budget was $1,009,921 and was amended during the year to $1,90,337. The actual expenditures were $1,040,138, which was $57,199 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, 2026 amounts to $3,336,944 (net of accumulated depreciation). This investment in capital assets includes land, buildings and site improvements, machinery, equipment, vehicles, park facilities, sidewalks, and infrastructure. During 2026, additions to capital assets included land improvements, buildings, and road and shop equipment. There was $201,656 in depreciation expense. Additional information on the Village's capital assets can be found in the notes to this report.

Long-term debt. At the end of the current fiscal year, the Village had a total of debt of $7,794. The Village's total debt decreased by $11,471 during 2026 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 in the notes to this report.

Economic Factors and Next Year's Budgets and Rates

The Village has considered the following factor in preparing the 2027 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, 2026

	PRIMARY GOVERNMENT	COMPONENT UNIT	
	Governmental Activities	DDA	Total
Assets			
Current assets			
Cash and cash equivalents	$ 485,776	$ 47,403	$ 533,179
Receivables, net	176,006	66,319	242,325
Inventories	21,403	10,002	31,405
Prepaid expenses	1,007	440	1,447
Total current assets	684,192	124,164	808,356
Noncurrent assets			
Capital assets not being depreciated	841,618	-	841,618
Capital assets being depreciated, net	2,495,326	-	2,495,326
Total noncurrent assets	3,336,944	-	3,336,944
Total assets	4,021,136	124,164	4,145,300
Liabilities			
Accounts payable	64,126	-	64,126
Accrued and other liabilities	11,332	-	11,332
Unearned revenue	6,212	-	6,212
Noncurrent Liabilities			
Due within one year	7,794	-	7,794
Total liabilities	89,464	-	89,464
Net position			
Net investment in capital assets	3,329,150	-	3,329,150
Restricted	287,751	-	287,751
Unrestricted	314,771	124,164	438,935
Total net position	$ 3,931,672	$ 124,164	$ 4,055,836

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, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit: DDA
Primary Government						
Governmental activities						
General government	$ 265,350	$ 5,268	$ 9,230	$ 86,771	$ (164,081)	$ -
Public safety	17,427	1,005	4,110	-	(12,312)	-
Public works	56,799	59,649	20,439	-	23,289	-
Highway and streets	452,822	-	209,640	15,000	(228,182)	-
Community and economic development	13,534	-	8,672	-	(4,862)	-
Recreation and culture	36,300	7,338	9,295	351,702	332,035	-
Interest on long-term debt	319	-	-	-	(319)	-
Total Primary Government	842,551	73,260	261,386	453,473	(54,432)	-
Component Unit						
Downtown Development Authority	125,879	240	16,500	-	-	(109,139)
Total Component Unit	$ 125,879	$ 240	$ 16,500	$ -	$ (54,432)	$ (109,139)
General Revenues						
Property taxes					$ 196,570	$ 91,339
Insurance recovery					2,716	-
Grants and contributions not restricted to specific programs					139,369	-
Unrestricted investment earnings					102	-
Gain (loss) on sale of assets					(18,451)	-
Total general revenues					320,306	91,339
Change in net position					265,874	(17,800)
Net position--beginning					3,665,798	141,964
Net position--ending					$ 3,931,672	$ 124,164

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

VILLAGE OF CALUMET
BALANCE SHEET AND RECONCILATION OF THE FUND BALANCE OF
GOVERNMENTAL FUNDS TO NET POSITION
GOVERNMENTAL FUNDS
February 28, 2026

		MAJOR SPECIAL REVENUE FUNDS			Non-Major	Total
	General	Major Street	Local Street	Municipal Street	Governmental Funds	Governmental Funds
Assets						
Cash	$ 235,691	$ 41,923	$ 27,384	$ 100,442	$ 80,336	$ 485,776
Receivables						
Accounts	31,752	-	-	-	-	31,752
Due from State	40,320	81,284	18,036	319	4,295	144,254
Due from other funds	41,923		3,364	-	-	45,287
Inventories	910	-	-	20,493	-	21,403
Prepaid expense	1,007	-	-	-	-	1,007
Total Current Assets	$ 351,603	$ 123,207	$ 48,784	$ 121,254	$ 84,631	$ 729,479
Liabilities						
Accounts payable	$ 42,650	$ 4,726	$ -	$ 11,474	$ 5,276	$ 64,126
Due to other funds	-	45,287	-	-	-	45,287
Accrued liabilities	7,956	3,027	349	-	-	11,332
Unearned revenue	5,712	-	-	-	500	6,212
Total liabilities	56,318	53,040	349	11,474	5,776	126,957
Fund balances						
Nonspendable	1,917	-	-	20,493	-	22,410
Restricted	-	70,167	48,435	89,287	78,855	286,744
Unassigned	293,368	-	-	-	-	293,368
Total fund balances	295,285	70,167	48,435	109,780	78,855	602,522
Total liabilities, deferred inflows of reources and fund balances	$ 351,603	$ 123,207	$ 48,784	$ 121,254	$ 84,631	$ 729,479

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	$ 602,522
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	3,336,944
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	(7,794)
Total net position	$ 3,931,672

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, 2026

		MAJOR SPECIAL REVENUE FUNDS				Total
	General	Major Street	Local Street	Municipal Street	Non-Major Governmental	Governmental Funds
Revenues						
Taxes and penalties	$ 134,633	$ -	$ -	$ 47,204	$ 14,733	$ 196,570
Licenses and permits	6,168	-	-	-	-	6,168
Federal grants	241,037	-	-	-	2,000	243,037
State grants	289,480	158,227	38,304	3,107	3,506	492,624
Charges for services	76,348	-	-	-	80	76,428
Interest and rentals	102	1	1	-	-	104
Other revenue	294,978	25,000	-	-	22,439	342,417
Total Revenues	1,042,746	183,228	38,305	50,311	42,758	1,357,348
Expenditures						
Current						
General government	258,084	-	-	-	-	258,084
Public safety	4,684	-	-	-	-	4,684
Public works	211,101				30,612	241,713
Highway and streets	-	287,344	32,390	3,578	-	323,312
Community and economic development	8,958	-	-	-	4,576	13,534
Recreation and culture	23,000	-	-	-	1,891	24,891
Capital outlay	522,521	15,000	-	-	-	537,521
Debt Service						
Principal	-	-	-	-	11,471	11,471
Interest	-	-	-	-	319	319
Total expenditures	1,028,348	302,344	32,390	3,578	48,869	1,415,529
Excess of revenues over (under) expenditures	14,398	(119,116)	5,915	46,733	(6,111)	(58,181)
Other financing sources (uses)						
Insurance recovery	2,716	-	-	-	-	2,716
Gain on sale of assets	8,155	-	-	-	-	8,155
Operating transfer in-Primary	-	72,712	-	-	11,790	84,502
Operating transfer (out)	(11,790)	-	-	(72,712)	-	(84,502)
Total other financing sources (uses)	(919)	72,712	-	(72,712)	11,790	10,871
Fund balances--Beginning	281,806	116,571	42,520	135,759	73,176	649,832
Net change in fund balance	13,479	(46,404)	5,915	(25,979)	5,679	(47,310)
Fund balances--Ending	$ 295,285	$ 70,167	$ 48,435	$ 109,780	$ 78,855	$ 602,522

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, 2026

NET CHANGE IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS	$ (47,310)
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	537,521
Deduct--depreciation expense	(201,656)
Add--loss on asset disposal	(26,606)
Revenues earned, but not available for current resources, are not reported in the funds.	
Net (decrease) increase in deferred revenue- receivables	(7,546)
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	11,471
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 265,874

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

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

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

Mr. Tim Gasperich, 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.

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 grantor/provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period 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.

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 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.

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:

Capital asset classes	Lives
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

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.

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 2025 taxable valuation of the government totaled $11,894,416, on which taxes levied consisted of 9.2443 mills and 2.8036 mills for operating purposes, 1.7000 mills for waste collection, and 3.6972 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.

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.

Expenditures in Excess of Budget

The expenditure of funds in excess of appropriations is contrary to the provisions of Public Act 2 of 1968, as amended. The act requires the Village council to make budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

At February 28, 2026, the following special revenue funds had expenditures in excess of the budget:

Fund/Function/Activity	Budget	Actual	Excess Expenditures
Special revenue funds:			
Major Street Fund			
Public works	$ 279,625	$ 287,344	$ (7,719)
Muncipal Street Fund			
Transfer Out	43,500	72,712	(29,212)

III. Detailed noes 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, 2026 is as follows:

	Primary Government	Component Unit-DDA	Total
Cash and cash equivalents	$ 485,776	$ 47,403	$ 533,179
Total	$ 485,776	$ 47,403	$ 533,179

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, 2026, $275,966 of the bank balance of was $485,624 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 institutions with an acceptable estimated risk level are used as depositories. The DDA was fully insured at $57,403 in their bank balance.

B. Capital assets

Capital asset activity for the year ended February 28, 2026, was as follows:

Governmental-type activities	Account Beginning Balance	Additions	Deductions	Ending Balance
Capital assets not being depreciated				
Land	$ 85,115	$ -	$ -	$ 85,115
Historical treasure	48,000	-	-	48,000
Land improvements	188,104	520,399	-	708,503
Construction in progress	344,995	-	344,995	-
Subtotal	666,214	520,399	344,995	841,618

B. Capital assets (Continued)

Governmental-type activities	Account Beginning Balance	Additions	Deductions	Ending Balance
Capital assets being depreciated				
Land improvements	-	15,000	-	15,000
Building and site improvements	235,027	190,920	-	425,947
Machinery and equipment	627,562	156,197	84,676	699,083
Vehicles	217,197	-	24,137	193,060
Water lines	360,402	-	-	360,402
Infrastructure	2,783,536	-	-	2,783,536
Total capital assets being depreciated	4,223,724	362,117	108,813	4,477,028
Accumulated depreciation				
Land improvements	-	50	-	50
Building and site improvements	151,795	11,155	-	162,950
Machinery and equipment	408,532	37,155	58,070	387,617
Vehicles	119,699	16,579	24,137	112,141
Water lines	201,539	7,208	-	208,747
Infrastructure	980,687	129,510	-	1,110,197
Total accumulated depreciation	1,862,253	201,657	82,207	1,981,702
Net capital assets being depreciated	2,549,575	160,460	26,606	2,495,326
Total net capital assets governmental activities	$ 3,027,685	$ 882,516	$ 573,258	$ 3,336,944

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

Governmental activities	
General government	$ 7,266
Public safety	12,743
Public works-infrastructure	129,510
Public works	40,729
Parks and recreation	11,409
Total depreciation expense	$ 201,657

C. Interfund and Inter-Governmental Activity

Interfund Activity

The composition of interfund transfers for the year ended February 28, 2026 was as follows:

Fund	Transfers Out:	Fund	Transfers In
General fund	$ 11,790	Nonmajor fund	$ 11,790
Municipal Street	72,712	Major Street	72,712
Total	$ 84,502	Total	$ 84,502

Interfund transfers are used to: 1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 2) 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, 2026 were as follows:

Fund	Payable Fund	Fund	Receivable Fund
Major Street	$ 45,287	General Fund	$ 41,923
		Local Street	3,364
Total	$ 45,287	Total	$ 45,287

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.

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, 2026 was as follows:

Governmental Activities	Beginning Balance	Addition	Reductions	Ending Balance	Due Within One Year
Installment Loan-Direct Placement-Used to purchase a grader with monthly installments of $982 at 2.25%, maturity in October 2026	$ 19,265	$ -	$ (11,471)	$ 7,794	$ 7,794

D. Long-term liabilities (Continued)

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

	Governmental Activities		
Year End February 28	Principal	Interest	Total
2027	$ 7,794	$ 66	$ 7,860
	$ 7,794	$ 66	$ 7,860

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 $20,439 for the year ended February 28, 2026. The lease has expired and is on a year-to-year basis.

F. Adjustment to beginning fund balance

For the year ended February 28, 2026, the Village had the following adjustment to beginning fund balance:

	Water Fund	Major Governmental Funds	Nonmajor Governmental Funds
Fund balances, beginning of year, as previously reported	$ -	$ 628,042	$ 21,790
Change from major to nonmajor fund	51,386	(51,386)	51,386
Fund balances, beginning of year, as adjusted		$ 576,656	$ 73,176

G. 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, 2026, 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

H. 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 number 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.

VILLAGE OF CALUMET
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended February 28, 2026

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes and penalties	$ 128,571	$ 124,186	$ 134,633	$ 10,447
Licenses and permits	10,000	5,167	6,168	1,001
Federal grants	250,000	250,000	241,037	(8,963)
State grants	390,000	298,348	289,480	(8,868)
Charges for services	60,750	77,350	76,348	(1,002)
Interest and rentals	750	750	102	(648)
Other revenue	169,850	290,665	294,978	4,313
Total revenues	1,009,921	1,046,466	1,042,746	(3,720)
Expenditures				
General government	225,000	271,875	258,084	13,791
Public safety	25,500	9,000	4,684	4,316
Public works	189,074	222,866	211,101	11,765
Community and economic development	10,000	9,550	8,958	592
Recreation and culture	20,000	23,000	23,000	-
Capital outlay	528,500	549,199	522,521	26,678
Total expenditures	998,074	1,085,490	1,028,348	57,142
Excess of revenues over (under) expenditures	976	(39,024)	14,398	53,422
Other financing sources (uses)				
Sale of capital assets	-	8,155	8,155	-
Insurance recovery	-	2,716	2,716	-
Interfund transfers in	-	40,000	-	(40,000)
Interfund transfers (out)	(11,847)	(11,847)	(11,790)	57
Total other financing sources (uses)	(976)	39,024	(919)	(39,943)
Fund balance--beginning	176,223	176,223	281,806	105,583
Net change in fund balance	-	-	13,479	13,479
Fund balance--ending	$ 176,223	$ 176,223	$ 295,285	$ 119,062

VILLAGE OF CALUMET
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR STREET FUND--MAJOR SPECIAL REVENUE FUND
For the Fiscal Year Ended February 28, 2026

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
State grants	$ 188,500	$ 163,458	$ 158,227	$ (5,231)
Interest and rents	-	-	1	1
Other Revenue	-	-	25,000	25,000
Total revenues	188,500	163,458	183,228	19,770
Expenditures				
Public works	188,500	279,625	287,344	(7,719)
Capital outlay	-	15,000	15,000	-
Total expenditures	188,500	294,625	302,344	(7,719)
Excess of revenues over (under) expenditures	-	(131,167)	(119,116)	12,051
Total other financing sources (uses)				
Operating transfers in	-	-	72,712	-
Total other financing sources (uses)	-	-	72,712	-
Net change in fund balance	-	(131,167)	(46,404)	12,051
Fund balance--beginning	116,571	116,571	116,571	-
Fund balance--ending	$ 116,571	$ (14,596)	$ 70,167	$ 84,763

VILLAGE OF CALUMET
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
LOCAL STREET FUND--MAJOR SPECIAL REVENUE FUND
For the Fiscal Year Ended February 28, 2026

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
State grants	$ 133,000	$ 36,075	$ 38,304	$ 2,229
Interest and rentals	-	-	1	1
Total revenues	133,000	36,075	38,305	2,230
Expenditures				
Public Works	148,000	45,500	32,390	13,110
Total expenditures	148,000	45,500	32,390	13,110
Excess of revenues over (under) expenditures	(15,000)	(9,425)	5,915	15,340
Other financing sources (uses)				
Operating transfers In	15,000	-	-	-
Total other financing sources (uses)	15,000	-	-	-
Net change in fund balance	-	(9,425)	5,915	15,340
Fund balance--Beginning	42,520	42,520	42,520	-
Fund balance--Ending	$ 42,520	$ 33,095	$ 48,435	$ 15,340

VILLAGE OF CALUMET
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL STREET FUND--MAJOR SPECIAL REVENUE FUND
For the Fiscal Year Ended February 28, 2026

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	$ 34,545	$ 32,155	$ 32,026	$ (129)
State	1,750	2,700	3,107	407
County tax	12,750	15,178	15,178	-
Charges for services	7,500	16,500	-	(16,500)
Total revenues	56,545	66,533	50,311	(16,222)
Expenditures				
Public works	8,500	17,500	3,578	13,922
Total expenditures	8,500	17,500	3,578	13,922
Excess of revenues over (under) expenditures	48,045	49,033	46,733	(2,300)
Other financing sources (uses)				
Operating transfers (out)	(15,000)	(43,500)	(72,712)	(29,212)
Total other financing sources (uses)	(15,000)	(43,500)	(72,712)	(29,212)
Net change in fund balance	33,045	5,533	(25,979)	(31,512)
Fund balance--Beginning	135,759	135,759	135,759	-
Fund balance--Ending	168,804	141,292	109,780	(31,512)

VILLAGE OF CALUMET
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
February 28, 2026

	Special Revenue Funds				Debt Service	Capital Projects	Total Nonmajor
	Sanitation	Water	Revolving Loan	Historical District	Debt Service	Public Improvement	Governmental Funds
Assets							
Cash	$ 12,335	$ 54,298	$ 6,745	$ 5,980	$ 74	$ 904	$ 80,336
Due from State	139	-	-	4,156	-	-	4,295
Total assets	$ 12,474	54,298	$ 6,745	$ 10,136	$ 74	$ 904	$ 84,631
Liabilities							
Accounts payable	$ 5,276	-	$ -	$ -	$ -	$ -	$ 5,276
Unearned revenue	-	-	-	500	-	-	500
Total liabilities	5,276	-	-	500	-	-	5,776
Fund Balances							
Restricted for:							
Public works	7,198	54,298	-	-	-	-	61,496
Economic and development	-	-	-	9,636	-	-	9,636
Debt service	-	-	6,745	-	74	-	6,819
Committed for:							
Capital projects	-	-	-	-	-	904	904
Total fund balances	7,198	54,298	6,745	9,636	74	904	78,855
Total liabilities, deferred inflows of resources and fund balance	$ 12,474	54,298	$ 6,745	$ 10,136	$ 74	$ 904	$ 84,631

VILLAGE OF CALUMET
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended February 28, 2026

	Special Revenue Funds				Debt Service	Capital Projects	Total Nonmajor
	Sanitation	Water	Revolving Loan	Historical District	Debt Service	Public Improvement	Governmental Funds
Revenues							
Taxes	$ 14,733	$ -	$ -	$ -	$ -	$ -	$ 14,733
Federal grants	-	-	-	2,000	-	-	2,000
State grants	1,350	-	-	2,156	-	-	3,506
Charges for services	-	-	-	80	-	-	80
Other	-	20,439	-	2,000	-	-	22,439
Total revenues	16,083	20,439	-	6,236	-	-	42,758
Expenditures							
Public works	13,085	17,527	-	-	-	-	30,612
Community and Economic Development	-	-	-	4,576	-	-	4,576
Recreation and cultural	-	-	-	1,891	-	-	1,891
Debt Service							
Principal	-	-	-	-	11,471	-	11,471
Interest	-	-	-	-	319	-	319
Total expenditures	13,085	17,527	-	6,467	11,790	-	48,869
Excess of revenues over (under) expenditures	2,998	2,912	-	(231)	(11,790)	-	(6,111)
Other Financing Sources (Uses)							
Operating transfers in	-	-	-	-	11,790	-	11,790
Total other financing sources (uses)	-	-	-	-	11,790	-	11,790
Excess of revenues and other sources over (under) expenditures and other uses	2,998	2,912	-	(231)	-	-	5,679
Beginning fund balance	4,200	51,386	6,745	9,867	74	904	73,176
Fund balances--Ending	$ 7,198	$ 54,298	$ 6,745	$ 9,636	$ 74	$ 904	$ 78,855

VILLAGE OF CALUMET
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES--BUDGET AND ACTUAL--GENERAL FUND
For the Fiscal Year Ended February 28, 2026

	BUDGETED AMOUNTS			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Taxes and Penalties				
Current property taxes	$ -	$ 78,458	$ 78,458	$ -
Delinquent real property taxes	-	25,905	25,905	-
SBTE Reimbursement	-	-	1,040	1,040
Payment in lieu of taxes	-	17,700	27,107	9,407
Interest and penalties on taxes	-	396	396	-
Administration fees	-	1,727	1,727	-
Total Taxes and Penalties	128,571	124,186	134,633	10,447
Licenses and Permits				
Parking permits	500	900	900	-
Cable franchise fees	10,000	4,267	5,268	1,001
Total Licenses and Permits	10,500	5,167	6,168	1,001
Federal Grants				
Greenspace grant	250,000	250,000	241,037	(8,963)
Total Federal Grants	250,000	250,000	241,037	(8,963)
State Grants				
State liquor law enforcement	-	4,110	4,110	-
State revenue sharing	-	115,008	139,369	24,361
Local community stabilization	-	9,230	9,230	-
State Historial Preservation Office	-	50,000	50,000	-
FDCVT grant	-	120,000	86,771	(33,229)
Total State Grants	390,000	298,348	289,480	(8,868)
Charges for Services				
Sidewalk snow removal	-	55,000	51,930	(3,070)
Business snow contracs	-	5,250	7,719	2,469
Event tickets and sales	-	7,200	7,258	58
Event sponsorship fees	-	9,300	9,336	36
Miscellaneous charges	-	600	105	(495)
Total Charges for Services	60,600	77,350	76,348	(1,002)
Interest and Rents				
Interest earning	750	750	102	(648)
Total Interest and Rents	750	750	102	(648)
Other Revenues				
Contributions from private sources	18,000	62,665	63,336	671
Contributions from DDA	-	16,000	6,000	(10,000)
Fringe benefit recovery	14,000	17,000	21,600	4,600
Equipment rental	137,500	195,000	204,042	9,042
Total other revenues	169,500	290,665	294,978	4,313
Total Revenues	1,009,921	1,046,466	1,042,746	(3,720)
Other Financing Sources				
Transfer in	-	40,000	-	(40,000)
Sale of capital assets	-	8,155	8,155	-
Insurance recovery	-	2,716	2,716	-
Total other financing sources	-	50,871	10,871	(40,000)
Total Revenue and Other Financing Sources	$ 1,009,921	$ 1,097,337	$ 1,053,617	$ (43,720)

VILLAGE OF CALUMET
SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY
BUDGET AND ACTUAL--GENERAL FUND
For the Fiscal Year Ended February 28, 2026

	BUDGETED AMOUNTS			Variance Favorable
	Original	Final	Actual	(Unfavorable)
General Government				
Legislative				
Village council	$ -	$ 4,500	$ 3,710	$ 790
Chief Executive				
Village manager	-	83,775	80,827	2,948
Financial and tax administration				
Accounting services	-	7,200	7,200	-
Clerk	-	3,970	3,858	112
Treasurer	-	4,345	4,323	22
Office	-	124,205	115,608	8,597
Other general government				
Building and grounds	-	41,130	40,713	417
Attorney	-	2,750	1,845	905
Total general government	225,000	271,875	258,084	13,791
Public Safety				
Public safety contribution	12,500	2,000	-	2,000
Fire	13,000	7,000	4,684	2,316
Total public safety	25,500	9,000	4,684	4,316
Public Works				
Department of public works	176,574	185,591	173,888	11,703
Winter sidewalk and snow plowing	-	22,650	22,625	25
Street lighting expense	12,500	14,625	14,588	37
Total public works	189,074	222,866	211,101	11,765
Community and Economic Development				
Planning	-	5,500	5,007	493
Economic development	-	1,000	938	62
Blight	-	3,050	3,013	37
Total community and economic development	10,000	9,550	8,958	592
Recreation and Culture				
Parks and playgrounds	20,000	23,000	23,000	-
Total recreation and culture	20,000	23,000	23,000	-
Capital outlay				
Land improvements	300,000	235,000	231,789	3,211
Buildings	200,000	208,815	190,920	17,895
Road equipment	25,000	92,000	86,464	5,536
Shop equipment	-	10,634	10,634	-
Office equipment	3,500	2,750	2,714	36
Total capital outlay	528,500	549,199	522,521	26,678
Total Expenditures	998,074	1,085,490	1,028,348	57,142
Other Financing Uses				
Interfund transfers out	11,847	11,847	11,790	57
Total interfund transfers out	11,847	11,847	11,790	57
Total expenditures and other financing uses	$ 1,009,921	$ 1,097,337	$ 1,040,138	$ 57,199

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Schedule of Findings

To the Village Council
Village of Calumet

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Calumet (the "Village"), as of and for the year ended February 28, 2026, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued my report thereon dated September 3, 2026.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, I 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 Village'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. My 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, I 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 objective of my audit, and accordingly, I do not express such an opinion.

The results of my tests disclosed noncompliance issues as listed below:

Finding 2026-001 Expenditures Exceed Budget

The expenditure of funds in excess of appropriations is contrary to the provisions of Public Act 2 of 1968, as amended. The act requires the Village Council to make budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

Condition: During the fiscal year ended February 28, 2026, expenditures were incurred in excess of amounts appropriated in the amended budget as follows:

Fund/Function/Activity	Budget	Actual	Excess Expenditures
Special revenue funds:			
Major Street Fund			
Public works	$ 279,625	$ 287,344	$ (7,719)
Muncipal Street Fund			
Transfer Out	43,500	72,712	(29,212)

Purpose of this Report

The purpose of this report is intended solely for the use of the Village officials and management of Village and is not intended to be and should not be used by anyone other than these specified parties.

Susan D. Sanford, CPA PLLC
Traverse City, Michigan

September 3, 2026

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September 3, 2026

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, 2026. 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 July 9, 2026.

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, 2026 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 3, 2026.

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

Susan D Sanford, CPA PLLC
Certified Public Accountant